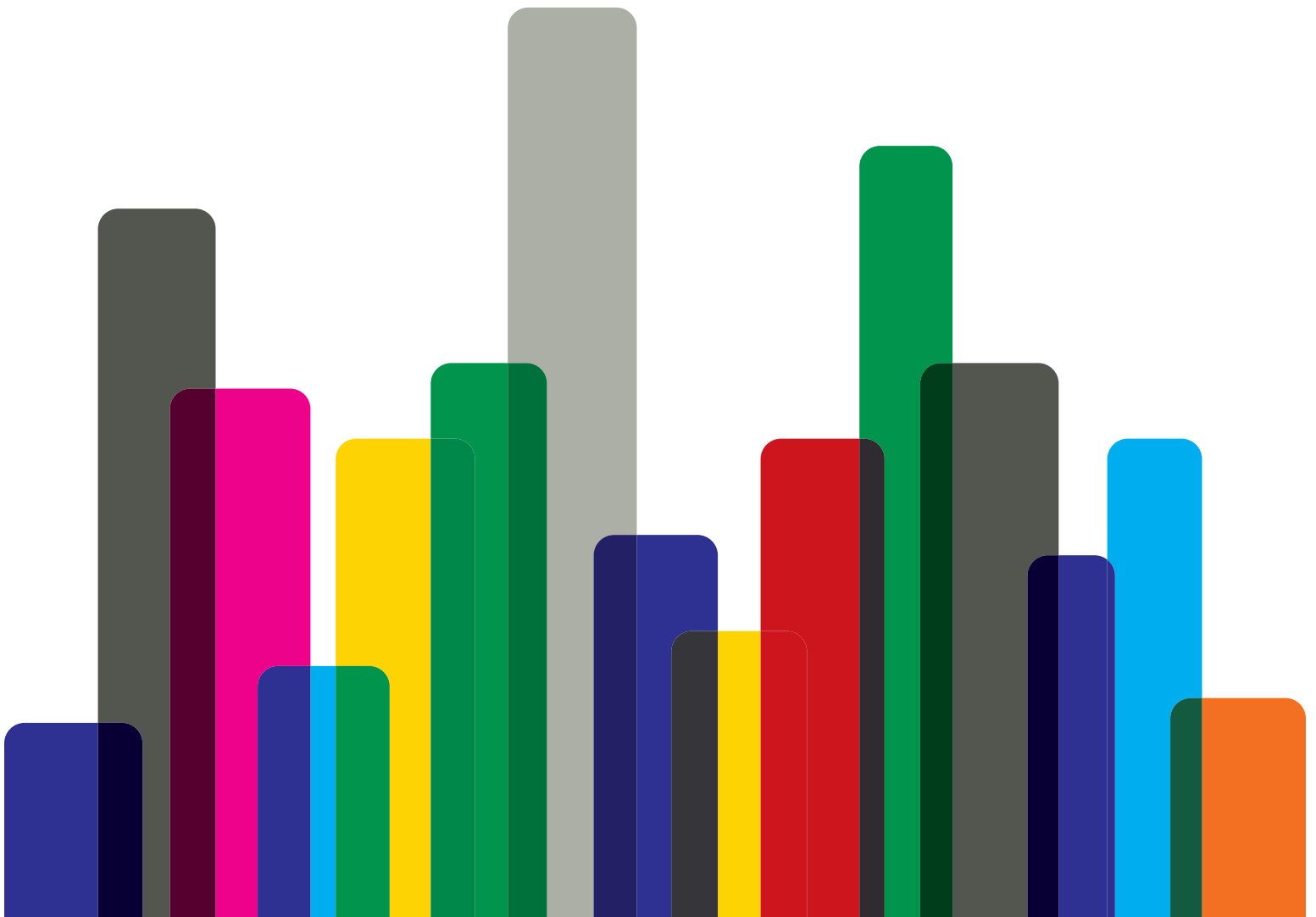


2012 ALBERTA NONPROFIT SURVEY



CCVO

Calgary Chamber of
Voluntary Organizations



Section 1: About the Survey

The CCVO Alberta Nonprofit Surveys take an annual snapshot of the health and experience of Alberta's nonprofits and charities. Originally titled the *Economic Climate Survey of Alberta's Nonprofits and Charities*, these surveys were initiated in 2009 to gauge the impact of the global recession on Alberta's nonprofit sector. The survey captures information on the financial health, demand for services, staffing and future economic outlook of organizations.

This year's survey includes additional questions on social enterprise, anticipated Executive Director (ED) or Chief Executive Officer (CEO) turnover, as well as respondents' biggest successes and worries. The findings are based on 512 responses from across the province and all subsectors, and the sample is consistent with past surveys.

These surveys help illustrate the changes occurring in Alberta's nonprofit sector. Results of past surveys have contributed to a deeper understanding of sector trends and have provided essential information to nonprofit leaders and boards, governments, funders and community stakeholders.

This series remains the only source of Alberta-specific research that documents the ongoing experience and evolution across the entire breadth of Alberta's nonprofit sector.

Summary of Findings

- **Post-recession, Alberta's nonprofits and charities are showing continued stabilization.** Fewer organizations are reporting revenue has decreased.
- **More than a quarter of organizations expect turnover in their CEO or ED position within the next two years.**
- **Larger organizations are more likely to see increases in funding and staffing than smaller ones.** The percentage of organizations reporting increases in revenues, staff, and volunteer base grew with the size of organization.
- **Half of organizations that operate a social enterprise report that it generates a surplus to support other mission-related activities.** Larger organizations are more likely to operate a profitable social enterprise.
- **Organizations appear to be facing persistent gaps between demand and finances.** Compared to the number of organizations reporting increased demand and operating costs, fewer are reporting increased revenue.
- **There is increasing optimism about the future.** While about 40% of organizations expect their financial situation to remain the same in the coming year, more expect it to improve and fewer expect it to worsen.
- **Finances are the major preoccupation of sector leaders.** Far and away, the challenge most commonly cited by respondents was about financing their work.

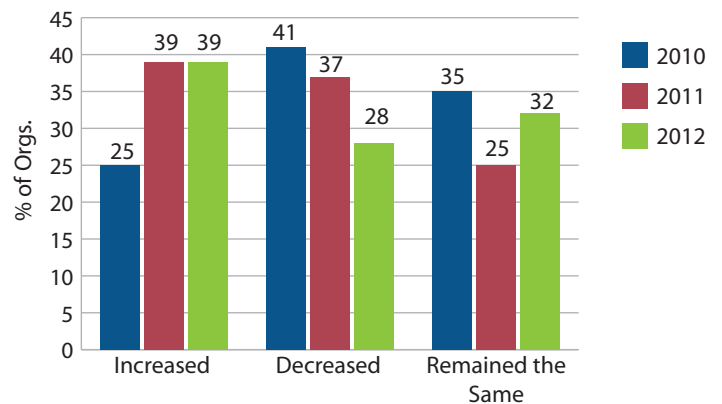
Section 2: Finance and Revenues

Revenues Continue to Stabilize

Two in five organizations reported total revenues increased over the past year, the same proportion as in our 2011 survey. As the size of organization increased, so too did the likelihood that total revenues grew. Sixty percent of organizations with annual revenues above \$10 million saw their revenues increase, compared to approximately 40% of those with revenues between \$100,000 and \$5 million, and 20% for those with annual revenues below \$100,000. Organizations in Calgary were more likely to report increased revenues than organizations in Edmonton.

Arts and culture organizations appear to have experienced a difficult year, with over half of respondents reporting a decrease in revenues.

Total Revenue



“Overall, funding has not decreased.”

—A social services organization
from Edmonton

Changes in Revenues by Subsector

Subsector	Revenues ↑	Revenues ↓	Revenues ↔
Arts and Culture	22.2%	52.8%	25.0%
Business, Professional Assoc., Unions*	70.0%	10.0%	20.0%
Development*	20.0%	40.0%	40.0%
Education and Research	36.7%	36.7%	26.6%
Environment	40.0%	30.0%	30.0%
Fundraising and Volunteerism	53.3%	13.3%	33.4%
Health	60.0%	32.0%	8.0%
Recreation	32.4%	29.4%	38.2%
Religion*	44.4%	0.0%	55.6%
Social Services	39.1%	21.9%	40.0%

* = small sample size

Donations

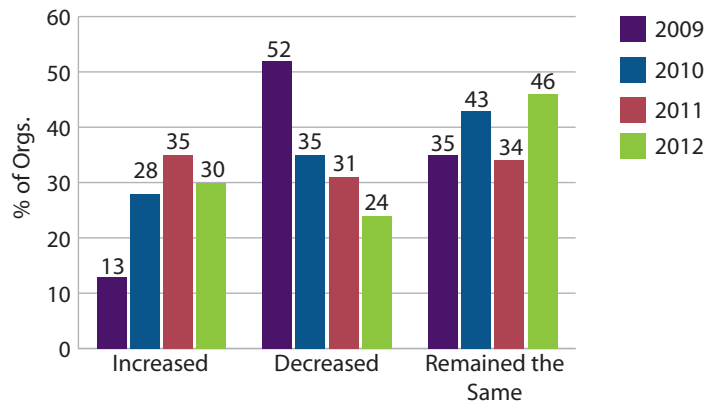
This year, fewer organizations reported increases in donations from individuals. Environment, arts and culture, and recreation groups reported smaller increases in donations from individuals than other subsectors. Corporate donations continue to rebound and arts and culture organizations were more likely to see increases in levels of corporate support.

Although both forms of donations are strongly tied to economic conditions, our data suggests that, compared to individual donations, corporate donations decline more quickly in times of recession and rebound more slowly in times of economic recovery.

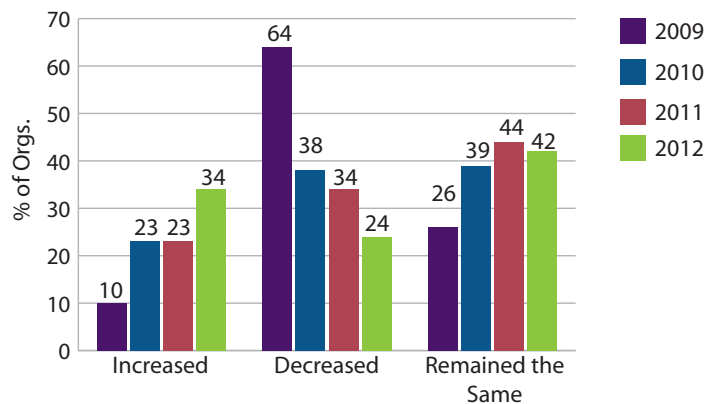
Although only a small portion of the sample (14%) reported gifts of stocks, a higher number than last year reported donations of stocks fell.

While over half of the respondents reported that their grants from foundations decreased compared to last year, the number reporting increasing foundation revenues has been steadily rising since the recession, now at roughly one third.

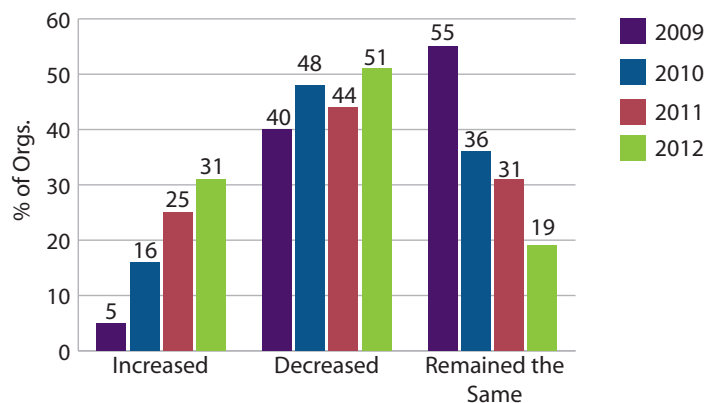
Donations from Individuals



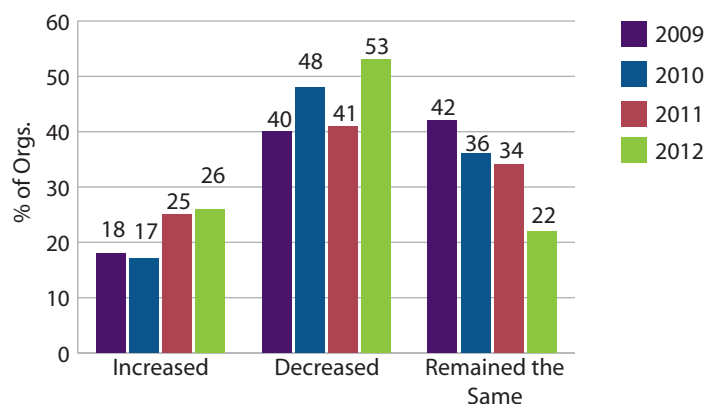
Donations from Corporations



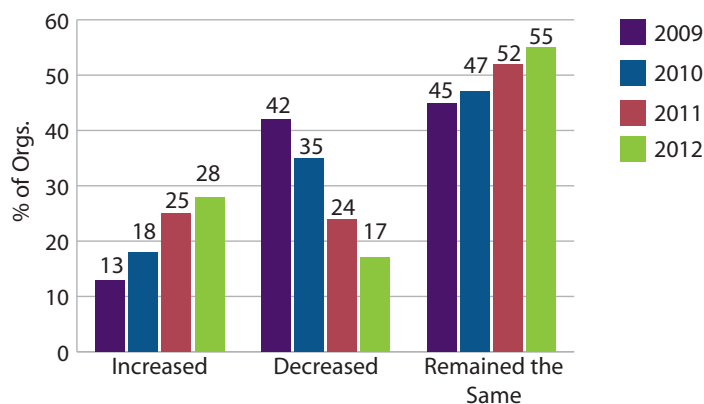
Grants from Foundations



Grants from Government



Government Contracts



Revenues from Government

The percentage of organizations reporting increases in government grants remained flat over the past year. There was a notable increase in organizations reporting that government grants were down from last year.

Government contracting revenues appear to be showing more stability with more organizations reporting it stayed the same or increased. Since 2009, the percentage reporting contracting revenue has gone down has dropped steadily from 42% to 17%.

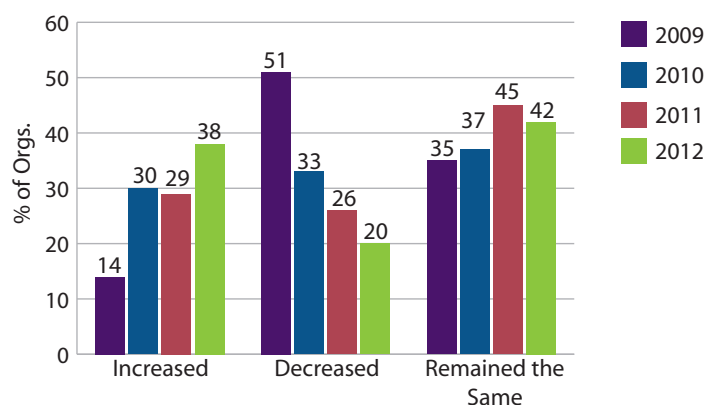
Earned Income

Earned income trends are encouraging. Compared to last year, there was a 9% increase in organizations experiencing a rise in earned income, and a 6% decrease in organizations reporting a decline.

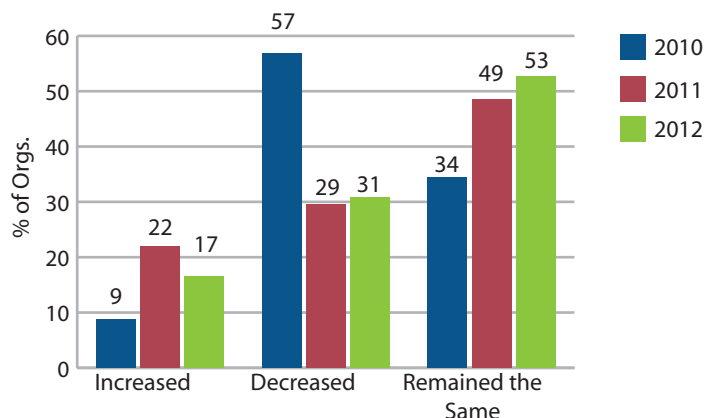
Investment income trended a little worse compared to last year. Fewer organizations reported income from investments increased and more reported it had decreased. However, these figures still represent an improvement over those from two years ago.

Casino revenues showed marginal improvement over 2011 figures, but fewer than 10% of organizations are seeing an increase in this area.

Earned Income



Income from Investments



How Organizations Have Responded to Changes in Revenues

Response	2011	2012
Sought additional funding sources	68.8%	68.8%
Identified and implemented cost adjustments that do not affect programs and/or services	51.1%	47.0%
Adjusted programs and/or services	41.3%	45.3%
Adjusted number of employees	22.8%	20.0%
Adjusted staff hours	19.9%	16.5%
Adjusted staff responsibilities	27.9%	23.9%
Adjusted staff compensation and benefits	12.7%	6.7%
Operated at a deficit	16.7%	23.5%
Considered shared service opportunities	26.1%	20.0%
Considered merging with another organization(s)	10.5%	8.1%
Considered closure	4.7%	2.1%
Nothing at this point	8.7%	13.3%

Responses to Decreases in Revenues

“We continue to expand our fund development activities, community engagement, and we are currently moving to strengthen our investment policies.”

—A fundraising and volunteerism organization from Wood Buffalo

Organizations have responded to declining revenues through increased fundraising activities and more advanced fundraising strategies. Boards have also become more focused on fundraising and membership.

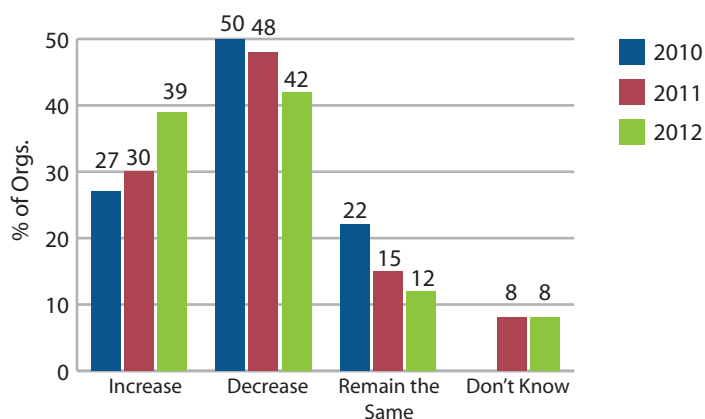
The responses from 2012 and 2011 are close enough in most areas to suggest that any change has been moderate. The above chart suggests that staffing has generally been less impacted than other areas, quite likely because staffing adjustments occurred in prior years.

Other trends include:

- Organizations that reported adjusting programs and services were evenly distributed across all regions and subsectors, and were representative of the sample.
- Of the nonprofits and charities that reported they have not taken any course of action in response to falling revenues, a higher number came from arts and culture, recreation and smaller organizations.
- Organizations with annual operating budgets between \$1.5 million and \$5 million were more likely to have adjusted their staff numbers and implemented cost adjustments that did not affect programs and services.
- Education and research organizations reported adjusting staff hours in greater numbers.
- Social services organizations reported adjusting staff responsibilities, rather than the number of staff or hours of work. This is consistent with findings in previous years and is a reflection of the work performed by these organizations.
- Organizations with annual operating budgets under \$100,000 were most likely to consider merging with other organizations. All organizations that reported considering closure in the past year had annual budgets below \$500,000.

Future Expectations

Expectations for Finances
in Coming Year



Organizations are becoming more optimistic about their finances for the coming year:

- 39% expect their financial situation to improve
- 42% expect their situation to worsen, down from 50% two years ago

Small- to medium-sized organizations, particularly those with budgets below \$100,000, are more likely to expect their financial situation to worsen in the next year, as are education and research organizations.

Section 3: Demand for Services and Operating Costs

Demand for Services Continues to Rise

“We are at capacity and stopped keeping wait lists.”

—A social services organization
from Calgary

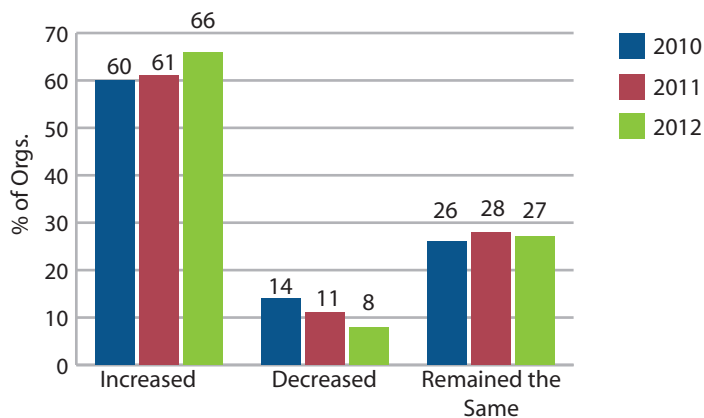
Two-thirds of all organizations reported increased demand for programs and services over the previous year. Fewer than 10% reported a decrease in the number of individuals served.

The increase in demand for services is particularly notable in Fort McMurray/Wood Buffalo, where 50% of respondents reported demand had increased by more than 10% over the previous year.

Social services organizations were the most likely to report increases in demand for services:

- 48% reported demand was more than 10% higher
- 44% reported demand was between 1 and 10% higher

Clients, Members, Patrons Served



“We will extend into our line of credit to support our programs.”

—A housing organization
from Red Deer

Population Growth Biggest Factor in Increased Demand

Reasons for Change in Demand for Programs and Services

Changes	2009	2010	2011	2012
Growth of population served, unrelated to economic conditions	50.8%	51.7%	53.4%	54.4%
Economic conditions	42.2%	63.1%	49.2%	39.5%
Changes in advertising or promotions	41.8%	33.0%	25.4%	27.2%
Closure of other organizations or programs	N/A	21.3%	15.3%	11.5%

Nearly 60% of organizations from Alberta's six largest centres: Calgary, Edmonton, Red Deer, Lethbridge, Medicine Hat and Fort McMurray reported demand for services had increased due to population growth. Organizations also attributed rising demand to increases in public awareness of their organizations' services.

Larger organizations were more likely to attribute increased demand for services to program closures.

"Although funding has not decreased, the lack of increase combined with increased costs means we need to hunt for income."

—An education and research organization from Edmonton

Operating Costs

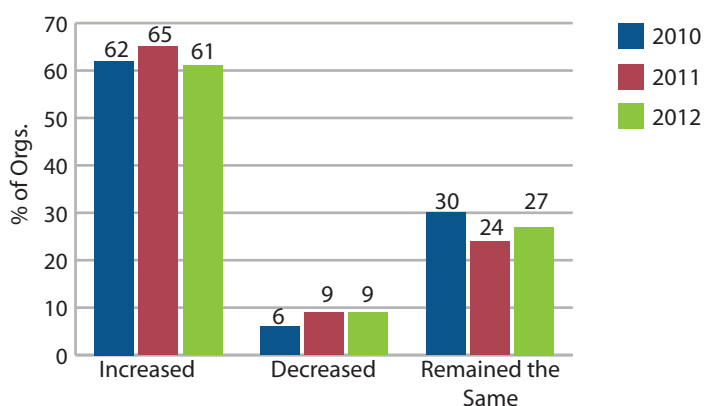
Larger organizations were more likely to report increased operating costs. Nearly 75% of organizations with budgets over \$10 million dollars reported costs had risen.

Smaller organizations were more likely to report that operating costs stayed the same. Nearly 40% of organizations with budgets under \$250,000 reported costs remained unchanged.

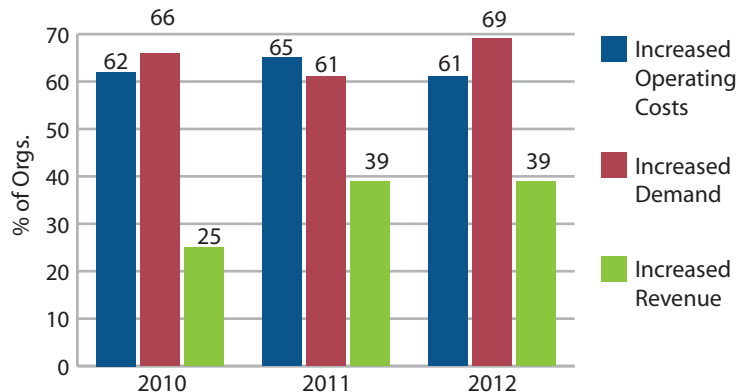
Staffing was the most commonly cited reason for changes in operating costs. Rent and occupancy costs were cited by many respondents, likely a sign of a strengthening economy.

The percentage of organizations that reported increases in demand and operating costs was consistently higher than those reporting increases in revenue.

Change in Operating Costs



Operating Costs, Demand, Revenue



Section 4: Human Resources and Succession Planning

Staff Recruitment and Retention

For the past two years, approximately one third of organizations have reported an increased ability to attract and retain employees. Larger organizations have been more successful than smaller ones. Likewise, larger organizations were more likely to have added staff and were also more likely to have grown their volunteer base.

“We give employees ownership over program development and the opportunity to be creative and apply their ideas.”

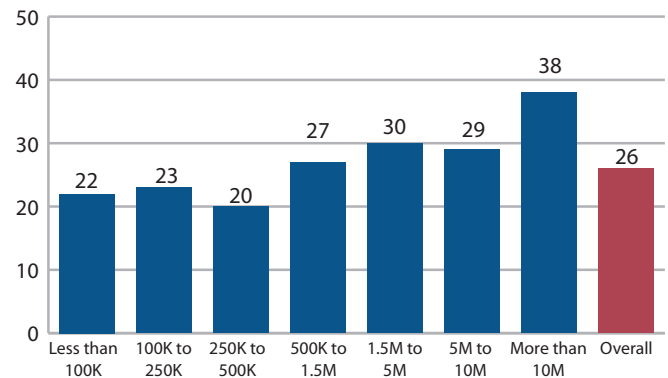
—A social services organization from Red Deer

“Finding qualified staff [is challenging] when the salaries paid are 40-50% less than their government counterparts. We have lost five potential leaders as a result of this.”

—A social services organization based in Edmonton and Calgary

Executive Changes

Percentage of Organizations Anticipating a Change in the CEO Position in the Next 2 Years



Out of 118 organizations that expect to undergo a leadership change within two years:

- Nearly 2 in 5 reported a succession plan was in place or under development
- 1 in 6 reported planning to promote from within the organization to fill the position
- 1 in 5 reported taking no action at the time of filling out the survey

The percentage of respondents expecting their ED or CEO to leave in the next two years increased with the size of the organization, likely because of the age demographic occupying senior roles in larger organizations. Organizations that expected turnover were twice as likely to expect their financial situation to worsen in the coming year.

Section 5: Biggest Successes and Biggest Worries

This year, we asked respondents to tell us what was on their minds, both in terms of the things they were most proud of as well as those that keep them up at night.

Biggest Successes

Some organizations talked to us about their impact, strategy and collaborative approach.

Organizations referenced success in the following areas:

- Strategic successes
 - Implementing a new strategic plan
 - Reprioritizing organizational missions
- Collaboration successes
 - Collaborating or partnering with other organizations
 - Collaborating within the same organization (where different offices or departments were concerned)

Most organizations reported on operational matters, including:

- Program- or service-related successes
 - Increasing clients served or members
 - Implementing new programs

“Our organization has truly embraced a community impact model which drives our work. We are now seeing the success of this focus as we are reaching diverse communities in our programs, and focusing on systems change as part of our work.”

*—A health organization
from Calgary*

- Funding successes, which include
 - Maintaining or increasing levels of funding
 - Diversifying funding streams
 - Successfully applying for grants or funding
- Staffing successes
 - Managing leadership transitions
 - Raising staff salaries
 - Hiring or keeping the “right” staff
- Simply surviving
 - Continuing to keep doors open
 - Fulfilling organizational mandates in tough times

Biggest Worries

“Money, money and human resources.”

*—A social services organization
from Calgary*

Sixty-three percent of respondents identified matters pertaining to finances when asked about their biggest challenge or worry. Most respondents were concerned with increases in costs and demand that outpaced revenues, as well as an inability to offer competitive salaries.

Larger organizations were more likely to report concerns over attracting and retaining strong leaders while smaller organizations were more likely to report concerns about populating their boards and practicing good governance.

Survey participants on their: Biggest Successes

“Creating a detailed training resource for new staff.”

*—A social services organization
from Calgary*

“Taking the risk to create the infrastructure that will allow us to increase our services by one third (we’re not a very big organization).”

*—A social services organization
from Lethbridge*

“Raising \$1.2 million for a capital project without undermining regular donations or our operating budget.”

*—A religion organization
from Calgary*

“We have built new collaborative relationships among capacity-building organizations in our community; we’re becoming a more mature and strategic organization.”

*—A social services organization
from Wood Buffalo*

“Our biggest success has been providing programs to parents and children successfully for over 10 years.”

—An education and research organization from Calgary

Biggest Worries

“Staff retention. There need to be more subsidies in Fort McMurray to make nonprofits even remotely competitive. The grocery store pays \$25 an hour to stock shelves. How can I retain staff for \$25 an hour?”

*—A social services organization
from Wood Buffalo*

“We worry about getting enough qualified board members to help us carry out our work; we do have volunteers in other areas but they are not willing to step into board positions.”

*—An arts and culture organization
from Red Deer*

“Our funding is mostly annual, meaning we need to reapply each year. This takes a lot of staff time away from other programs and hinders us from longer term planning.”

*—An environment organization
from Calgary*

“Matching resources to increased demand... We’ve operated in deficits and had negative cash flows for a couple of years—this record makes it difficult to solicit funds moving forward.”

*—A social services organization
from Edmonton*

“The sharp decrease in government funding happened very quickly, and left us scrambling to try to make up the difference.”

*—An arts and culture organization
from central Alberta*

Section 6: Special Focus

Social Enterprise in Alberta's Nonprofit Sector

We included questions on social enterprise because of the increased attention it is receiving as a means of supplementing or replacing other sources of revenue.

Key Findings

- Thirty-one percent of organizations reported that they currently operate a social enterprise
- Sixty percent of these organizations have operated a social enterprise for more than 10 years
- The overwhelming majority plan to continue operating their social enterprise
- Larger organizations are more likely to operate social enterprises
- Of the 69% of respondents that do not currently operate a social enterprise:
 - 3% reported operating one in the past
 - 16% are considering initiating one

The percentage of organizations that generate a surplus from their social enterprise and direct it to other aspects of their work increases with the age of the enterprise and the size of the organization operating it.

- Fifty-six percent of organizations that have operated a social enterprise for more than 10 years generate and direct a surplus to other work areas, compared to 39% when social enterprises have been operating for less than two years.
- Larger organizations are more likely to have a social enterprise that finances other programs or services.

Numerous Challenges in Operating a Social Enterprise

Organizations reported facing a number of challenges in operating social enterprises. Key among these were:

- Aligning the social enterprise with their organization's mission
- Staffing (including finding and keeping staff with the right skill sets and mindsets, and keeping volunteers motivated and enthusiastic)
- Maintaining cash flow, securing working capital and earning a profit
- Marketing
- Affording suitable space

“Hopefully, there will be less cheerleading in future, and more in-depth study of the real challenges faced by those entering this business field.”

*—A social services organization
from Edmonton*

“Finding the right balance of staff with the right qualifications for the specific business is a challenge.”

*—A social services organization
from Calgary*

Section 7: Summary and Conclusions

Continued Stabilization of Finances

Notwithstanding a variety of challenges identified in this survey, the level of optimism within Alberta's nonprofit sector is increasing. Trends associated with overall revenues point to a continued stabilization within Alberta's nonprofit sector and notable improvement since the full effect of the global recession was felt. Nonetheless, some organizations are recovering more slowly than others. Arts and culture funding has not rebounded to the same extent as funding for other subsectors.

Concerns about Widening Gaps between Revenues and Expenses

It is important to note that a considerable gap exists between the number of organizations reporting increases in operating costs and demand for services and the number reporting increases in revenues. This is especially pronounced among social services organizations. Eighty-five percent reported increases in demand for services, 70% reported increases in operating costs and only 37% reported increases in revenues.

If this is an accurate picture of what is occurring in Alberta's nonprofit sector, then we have reason to be very concerned. This is a trend that persists through economic cycles and has shown little change in the time CCVO has been administering this survey. It would suggest the longer-term sustainability of the sector may be at risk. But, to what extent does perception match reality? Do we need a more finely grained method for measuring this funding gap? Additionally, do we need a better means of assessing how organizations are sustaining themselves in this context? Our 2013 survey will explore these issues in more detail.

Larger Organizations Faring Better

Relative to a number of indicators, including revenues and staffing, the health of organizations appears to improve as the size of organization increases. Smaller organizations were more likely to report that staffing levels and revenues had decreased. Likewise, they were more likely to consider merging with another organization and, as one would expect, they were more likely to have considered closing their doors. This tendency can be viewed from different perspectives.

It can be viewed as a natural attrition within the sector. As organizations have served their original purpose, they transition into decline. The market emphasis that has been applied to the sector in recent decades equates growth to success and decline to failure. But is this always the case?

Another perspective is that the larger, more professionalized organizations, the ones that have achieved scale, are better positioned to compete for funds and are better equipped to thrive in a sector that is increasingly financed through project-based funding. The unintended consequence may be a crowding out of smaller organizations, those more inclined to participate in public education, advocacy and grassroots citizen engagement.

Senior Executives Concerned about Finances and HR

The survey revealed that finances are the top concern for nonprofit sector leaders. They worry about keeping pace with demand and sustaining a skilled workforce. This is consistent with a 2011 community consultation undertaken by CCVO in which community leaders expressed concern that EDs and CEOs are overly consumed with financing their organizations' work and less able to properly attend to the higher level mission-related work.

The Leadership Challenge

Twenty-five percent of the organizations we surveyed expect turnover in their ED or CEO position in the next two years. This is likely understated, as not all individuals in such a position will know if they will vacate their position or be comfortable stating their intentions. Additionally, there is a domino effect when individuals are recruited from within the sector.

Some Observations on Social Enterprise

Lastly, there has been much expectation placed on social enterprise to fill funding gaps and help sustain the sector's work. It is viewed as a relatively new development and, by some, as the future of the sector. Our results tell us that many of the earned income activities that we now refer to as social enterprise have in fact been around for some time and that roughly half of social enterprises generate surplus revenue that is directed to other aspects of an organization's work. Not all social enterprises exist to generate profit. Some simply utilize a different business model to pursue a social or environmental aim. However, if their purpose is to finance gaps in funding elsewhere within an organization, the social enterprises reached through this sample are falling short.

A common perception is that social enterprises differ significantly from more familiar, safe, and stable programs and services. Undoubtedly, some do; however, based on the responses we received, social enterprise appears to be understood as a broad classification that includes more traditional organizational forms. Our collective thinking about social enterprise seems to rely on a definition that includes a very broad continuum of nonprofit undertakings and this definition may prove problematic in the future as we attempt to assess the extent to which social enterprise has fulfilled our expectations.

The Challenge Ahead

When set against a backdrop of population growth, labour shortages, a strengthening economy and the potential for further downloading of services, the issues revealed in this survey cannot be ignored. The challenge for the sector will be to sufficiently address these issues while both provincial and federal governments seek to eliminate deficits.

Appendix A: Methodology

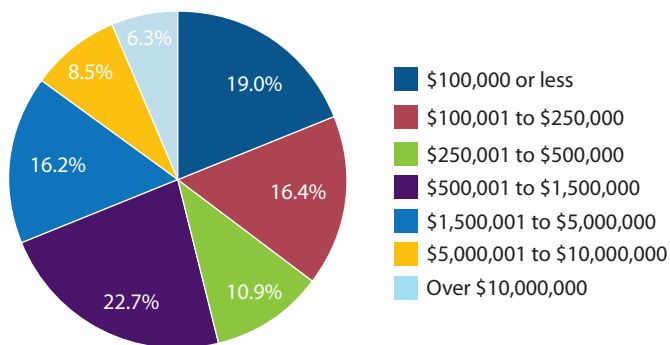
The survey ran from February 22 to March 16, 2012, and received 512 responses.

The survey was promoted through a variety of channels:

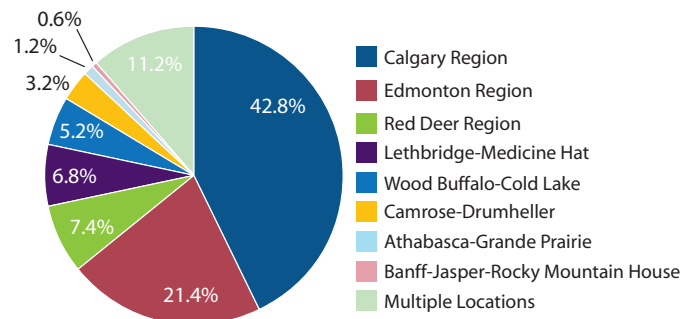
- Through colleague organizations' distribution networks across the province (please see "Acknowledgements" for more information)
- CCVO's bi-weekly E-Bulletin to approximately 3,000 subscribers
- CCVO email notifications to our membership of over 400 organizations and individuals
- CCVO's homepage

Appendix B: Profile of Respondents

By Annual Operating Budget

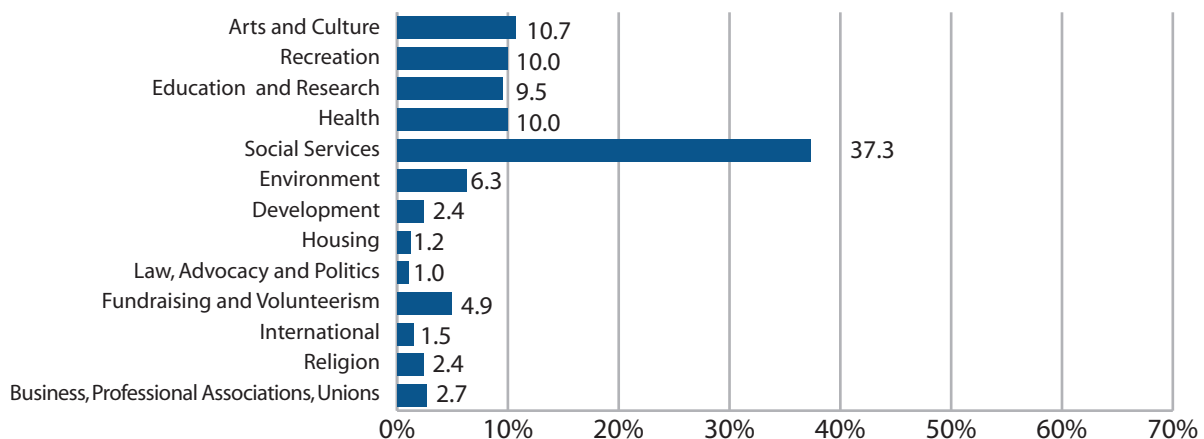


By Location¹



¹ Using Statistics Canada's economic regions

By Subsector



Acknowledgements

CCVO thanks our colleague organizations that helped circulate the survey, including:

- Alberta Association of Services for Children and Families
- Alberta Council of Disability Services
- Alberta Ecotrust Foundation
- Alberta Home Visitation Network
- Boys & Girls Clubs Big Brothers Big Sisters of Edmonton and Area
- Calgary Interfaith Food Bank
- The City of Red Deer
- Community Foundation of Medicine Hat and Southeastern Alberta
- Edmonton Chamber of Voluntary Organizations
- Edmonton Social Planning Council
- Family and Community Support Services Association of Alberta
- Federation of Calgary Communities
- Max Bell Foundation
- Nonprofit Sector Link Wood Buffalo
- Sport Calgary
- United Way of Calgary and Area
- United Way of Fort McMurray
- Volunteer Alberta
- Volunteer Calgary
- Volunteer Lethbridge

We also thank the Alberta Ministry of Culture for providing financial support toward the cost of undertaking the survey.

This report was co-authored by:
Geoff Braun, Director, Policy and Research
Aditya Banerjee, Policy Analyst

Mission Statement: The Calgary Chamber of Voluntary Organizations (CCVO) promotes and strengthens the nonprofit and voluntary sector by developing and sharing resources and knowledge, building connections, leading collaborative work, and giving voice to critical issues affecting the sector.



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Calgary Chamber of
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