

2013

ALBERTA

NONPROFIT

SURVEY

SOCIAL SERVICE RESPONDENT RESULTS

PREPARED FOR ALBERTA HUMAN SERVICES BY



CCVO
Calgary Chamber of
Voluntary Organizations

OCTOBER, 2013



ABOUT THE SURVEY

The Calgary Chamber of Voluntary Organizations' (CCVO) Alberta Nonprofit Surveys take an annual snapshot of the health and experience of Alberta's nonprofits and charities and capture information on finances, demand for services, staffing, and the future economic outlook of organizations. These surveys help illustrate the changes occurring in Alberta's nonprofit sector. The 2013 survey is the sixth in this series.

This year we explored new areas including operating reserves, capital campaigns, advocacy, Alberta's Social Policy Framework, and the impact of the elimination of two provincial funding programs. The survey ran from March 21 to May 6, 2013 and received 402 responses. This is not a scientific survey and nor is the sample representative. That said, the composition of our sample remains relatively constant from year to year.

This customized report has been prepared for Alberta Human Services and is based on an analysis of the information provided by the 136 Social Service respondents to the survey. It includes a breakdown of responses to each survey question for the Social Services subsector and, where possible and relevant, provides comparisons to the rest of the sample, to previous years and across regions and size categories. Caution should be exercised when interpreting data according to region and size categories due to the small sample sizes.

▶ The survey was administered shortly after the provincial budget was introduced. Budget 2013 triggered a strong reaction from some areas within Alberta's nonprofit sector and a lot has happened since this survey was in the field. Our initial assessment was that this survey captured a mood (or moods) that may have shifted over the intervening months as some of the implications of the provincial budget became known. It is also important to consider that many southern Alberta communities declared states of emergency due to severe flooding in June, 2013. In surveys conducted subsequent to the flooding, we have heard concerns that revenues, particularly in the form of individual and corporate donations, and those generated by special events, will decline in the coming months; however, the full impact of the disaster will not be known for some time.

SURVEY HIGHLIGHTS

Financing

There exists a persistent gap between the proportion of organizations reporting increased demand (89%) as well as increased operating expenses (72%) in the 2013 survey, and those reporting increased revenue (44%). In previous years we have questioned the extent to which this trend is a function of perception versus reality. However, this raises questions about the longer term sustainability of programs and services. This year we noted that a larger percentage of Edmonton organizations attributed their increases in demand for service to program and organizational closure.

Two thirds of social service organizations possess fewer than three-months equivalent operating expenses in the form of a cash reserve and approximately half possess less than one month. This is the first year we have pursued this question and we will monitor this over time. The lack of cash reserve has implications on the ability to sustain operations through cash-flow fluctuations, respond to unforeseen revenue loss, test new service approaches, or attend to infrastructure requirements.

Approximately one half of social service respondents identified the provincial government as their primary source of revenue. It is, therefore, important to consider that 82% of respondents reported flat or decreased revenue from government grants (all levels) and likewise, 68% for government contracts. It is also important to consider how social service funding is impacted by prevailing economic conditions and the need to look for ways to stabilize funding during times of heightened need.

More organizations are reporting equal amounts of revenue from more than one funding source. In part, this could be a function of diversification and/or consolidation of programs and services among 'scaled up' organizations.

To the extent that expectations for finances in the future is a measure of optimism, it has been eroded somewhat over the past year. Three quarters of organizations expect finances to remain flat, decrease or are unsure. The percentage that expect finances to increase has dropped from 36% to 24% year over year.

Provincial Grant Programs

Fifty five percent of social service organizations utilized the Summer Temporary Employment Program over the past two years as compared to 40% for all other nonprofit subsectors. Similarly, 63% utilized the Community Spirit Program as opposed to 50% for all other subsectors. Both programs appear to have been more heavily utilized in Calgary and Edmonton than by organizations in smaller centres. These programs were eliminated with little time for organizations to make contingency plans and many expressed concerns about the impact these cuts would have on programs and services. Our 2014 survey will seek to understand how organizations were actually impacted.

Social Policy Framework

The responses to our question on the anticipated impact of the Social Policy Framework illustrate the multiple and diverse perspectives of organizations. Some are pleased with the government's priority setting and believe the Framework will sharpen the focus of existing efforts to address social problems. They are eager to collaborate, and hopeful about the future. Some are taking a wait-and-see approach. Still others are skeptical that the implementation will be sufficiently funded.

Executive Turnover

The rate of Executive Director and CEO turnover among social service respondents was 30% over the past two years, as compared to 25% for the remainder of the nonprofit sector. It was particularly high (40%) among Edmonton respondents. Approximately one in five respondents anticipate turnover in the next two years. This increases to 30% when 'don't know' responses are removed from the sample. While we do not believe this has reached a crisis proportion, a sustained and coordinated effort will be required to sustain sector leadership amidst changing demographics, a strengthening economy, and shifting values and aspirations across generations.

Regional Variances

Notwithstanding the fact that relatively small sample sizes result when segmenting data according to region, there appear to be some notable difference in terms of how organizations are financed. For example in smaller centres, organizations were less reliant on foundation grants, individual donations, and the now defunct STEP and Community Spirit programs. Edmonton organizations were less likely to see an increase in corporate donations and more likely to see an increase in government contract revenue. Future research could focus on understanding the structural difference between how social service organizations, programs and services are financed across regions and in larger versus smaller centres.

Other variations may speak to the level of stability or flux across regions. As mentioned earlier, Edmonton organizations were more likely to reference program closures or report senior executive turnover.



KEY INDICATORS

FINANCES & REVENUES

Total Revenue

The proportion of social service organizations reporting increased overall revenue is a continuation of a trend that supports a theme of post-recession stabilization that we have observed across the nonprofit sector.

As compared to all other subsectors, a slightly higher proportion of social service organizations reported increases in total revenue; 44% versus 38%. It should be noted that 72% of social service respondents reported increased operating costs and 89% reported increased demand.

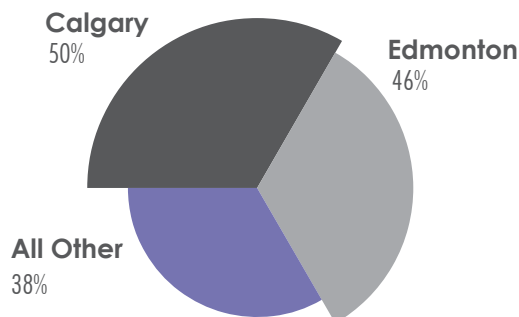
Among social service organizations, Calgary and Edmonton organizations were more likely to report increases in total revenue than were organizations outside these major centres.

Total Revenues by Subsector¹

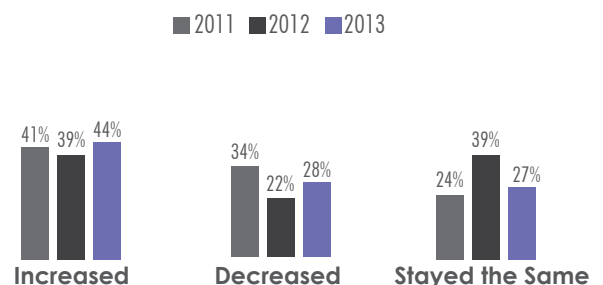
	Increased	Decreased	Stayed the Same
Social Services	44%	28%	27%
All other Subsectors	38%	31%	31%
Arts & Culture	26%	37%	37%
Business, Professional Associations & Unions*	25%	75%	0%
Education & Research	44%	26%	30%
Environment*	50%	33%	17%
Fundraising & Voluntarism*	55%	11%	33%
Recreation	35%	26%	38%
Health	41%	24%	35%
Law, Advocacy & Politics*	29%	14%	57%

*responses totaling less than 4% of sample

Social Service Organizations Reporting Increase in Total Revenue



Total Revenue (Social Services)



¹The percentages reflect the proportion of organizations to which a given source of income applies. That is, we have removed "n/a" responses and adjusted count totals accordingly.

KEY INDICATORS

Since 2011, we have been asking organizations to identify their primary source of revenue. This provides some insight into how organizations are impacted by fluctuations in various sources of funding, such as occur during times of economic downturn. As one would expect, the highest percentage of social service organizations report the provincial government as their primary source, although this has fluctuated significantly over the three years.

It is notable that the percentage reporting that they receive equal amounts from more than one funder has increased from 7.9% to 21.8% over the three years, suggesting a thrust toward diversification. In this time we have also seen a somewhat higher proportion of larger organizations (operating budgets of \$5 million or more), in our sample. Social Service organizations with operating budgets in the \$1.5 million to \$5 million range and those over \$10 million were also most likely to see increases in their total revenue at 64% and 50% respectively. While caution must be exercised in analyzing this information, these factors when taken together, are consistent with trends discussed in contemporary literature on the 'marketization' of the social service sector – specifically consolidation of services among 'scaled up' organizations.

It is too early to tell whether the short term increase in earned income is the beginning of a longer term trend; however, given the heightened emphasis on social enterprise and various forms of fee-for-service, we will be monitoring this in the coming years.

Primary Source of Revenue

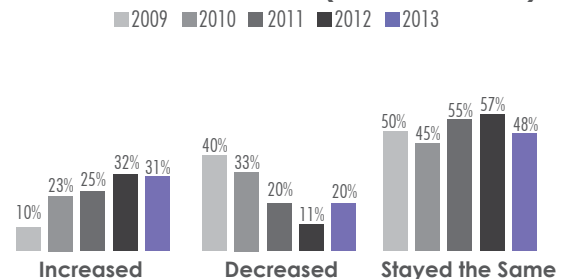
	Social Services 2011	Social Services 2012	Social Services 2013	All other Subsectors 2013
Provincial Government	55%	41%	47%	22%
Earned Income	8%	7%	13%	25%
Federal Government	2%	6%	6%	3%
Foundations / United Way	10%	9%	5%	5%
Municipal Government	5%	9%	5%	11%
Donations from Individuals	8%	11%	4%	13%
Donations from Corporations	5%	5%	0%	9%
Receive Equal Amounts from More than One Funder	8%	13%	22%	12%

We are expecting the government to reduce funding to support individuals with disabilities.

Government Contracts

The overall trend since 2009 is one of more organizations reporting increases in government contract revenue and fewer reporting decreases. However, in 2013 the percentage reporting decreases over the past year nearly doubled from 11% to 20%. Sixty eight percent reported flat or decreased contract revenue. Of those organizations in other subsectors that hold government contracts, approximately one-quarter reported decreases in both 2012 and 2013. Edmonton social service organizations were more likely to see increases to government contract revenue than were organizations in the remainder of the province.

Government Contracts (Social Services)



Grants from Government

A similar but more pronounced trend has occurred relative to government grants to social service organizations, where the percentage of organizations reporting increases has dropped from 33% last year to 18% this year. Correspondingly, over twice as many reported decreases. This mirrors what has occurred, on average, across the rest of the sector.



The funding is tight and the demands from funders are increasing.



Grants from Foundations and Corporate Donations

Since we began surveying the sector in 2009, grants from foundations and corporate donations have followed a similar trajectory to government funding with the obvious exception that that these sources drop off more dramatically during times of economic downturn. Calgary organizations were most likely to see increases in corporate donations year over year (38% of organizations), followed by smaller centres and rural Alberta (26%) and Edmonton (17%). This is likely owing to the number of head offices located in Calgary and community investment patterns in oil-producing regions. Notably fewer organizations from outside Calgary and Edmonton receive funding from foundations.



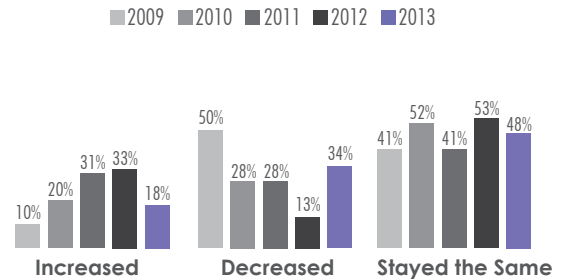
We are increasing our fundraising.



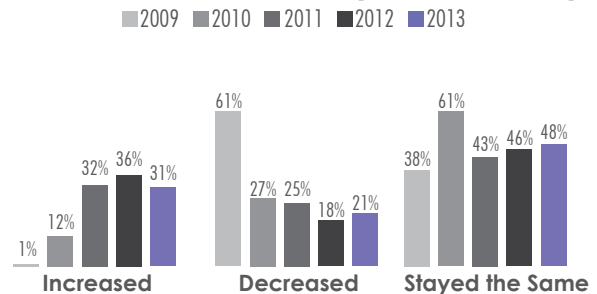
Donations from Individuals

Donations from individuals to nonprofits continue to stabilize – less so however, for other subsectors. The proportion of social service organizations reporting decreases has dropped from 26% to 16% year over year. For the rest of the sectors it has risen from 23% to 32%. Social service organizations outside Calgary and Edmonton were more likely to see individual donations decrease.

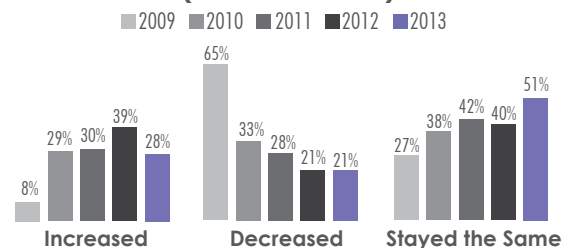
Grants from Government (Social Services)



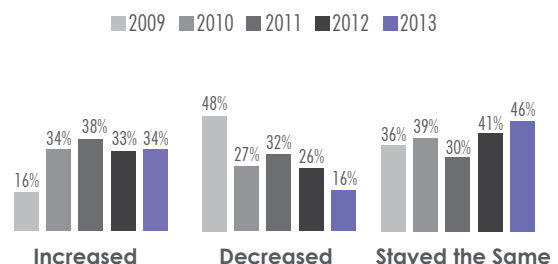
Grants from Foundations (Social Services)



Donations from Corporations (Social Services)

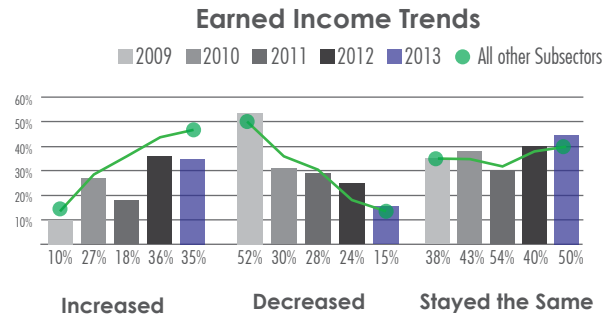


Donations from Individuals (Social Services)



Earned Income

As compared to the rest of the nonprofit sector, earned income within the social service subsector appears to be slower to recover post-recession, and to have been more volatile (although as mentioned earlier, there has been a short-term increase in the proportion of social service organizations reporting it as their primary source of income). One explanation for this difference is that earned income in other subsectors, for example ticket sales for a theatre or registration fees in amateur sports programs, might correlate more strongly to population increase and the overall health of the economy. Within the social services, there may be less predictability associated with various forms of social enterprise and fee-for-service activities. Organizations outside of Calgary and Edmonton were more likely to report decreases in earned income in 2012-13.



We have increased our focus on social enterprise and partnering.

Income from Investments

Three quarters of social service organizations reported no change in income from investments. This is to be expected as most of this revenue will be derived from interest bearing accounts and rates remain at historically low levels.

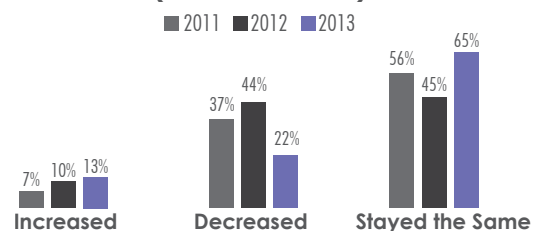
Income from Investments (Social Services)



Casino / Gambling Revenue

Similarly, the majority of organizations saw casino revenue remain flat, likely due to the overall pace of the economic recovery.

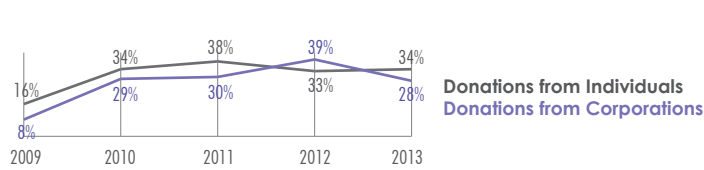
Casino/Gambling Revenues (Social Services)



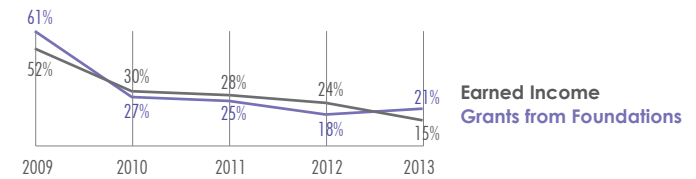
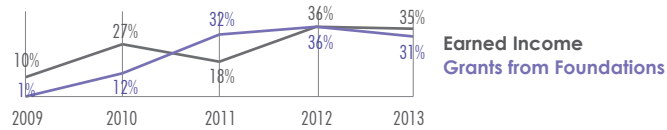
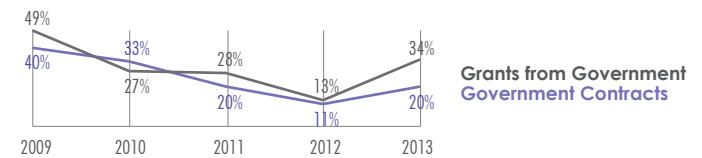
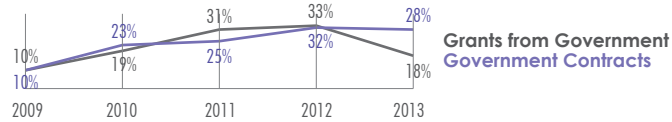
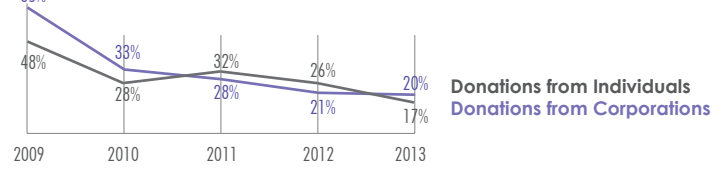
The Five Year Trend

The following charts demonstrate how various forms of funding for social service organizations are impacted through economic recession and recovery. This raises questions around the need for funders to consider their roles in stabilizing and ensuring adequate funding during times when organizations are responding to heightened community needs.

Organizations Reporting Increase in Revenues



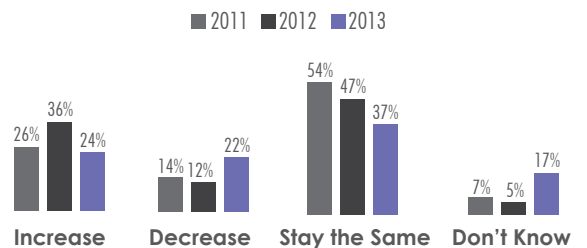
Organizations Reporting Decrease in Revenues



Expectations for Finances in the Coming Year

We know from previous surveys that financing service delivery is top of mind for leaders within the sector. If expectations of finances for the future are to be taken as a measure of optimism within the sector, our 2013 results suggest it has diminished somewhat. Additionally, the increase in the number of 'don't know' responses suggests a greater level of uncertainty. Only 11% of social service organizations in smaller centres expect their finances to improve.

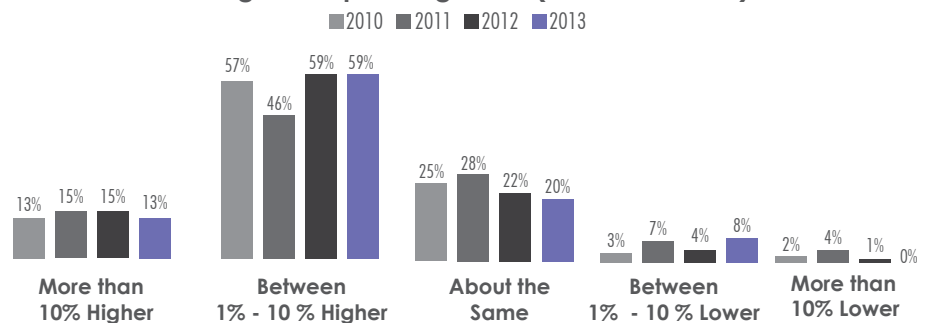
Expectations of Finances in the Next Year (Social Services)



Operating Costs

Overall trends relative to operating costs have remained relatively constant year over year. They are what one would expect given rising demand for service and inflationary pressure, as modest as it might be in some regions.

Changes in Operating Costs (Social Services)



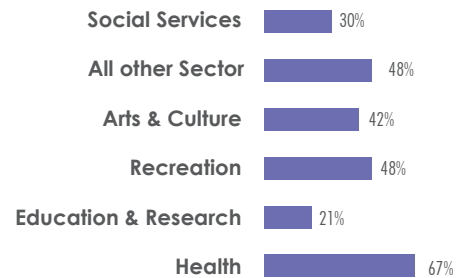
DEMAND FOR PROGRAMS & SERVICES

Eighty nine percent of social services organizations reported an increase in demand for services in the 12 months leading up to the survey, up 14% over 2011 responses. Seventy percent of organizations across other subsectors reported an increase in demand.

Generally, the same proportion of social service organizations across regions reported increased demand, but the size of the increase was greater in Calgary and Edmonton. The majority of organizations attributed increase in demand to economic conditions and growth of population served; however, the latter was more pronounced in Calgary and Edmonton. Nearly one-third of Edmonton organizations also attributed it to the closure of other services and organizations (versus 7% for Calgary and 13% for the remainder of the province).

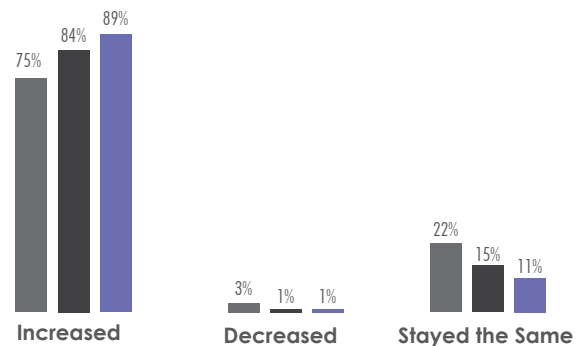
Organizations in smaller centres were less likely to report an ability to sufficiently meet demand and overall, only 30% of social service organizations reported they were able to meet demand. When interpreting this information, one must keep in mind that within the social services, “demand” is easier to define and quantify for some organizations than it is for others.

Able to Meet Demand (by Subsector)



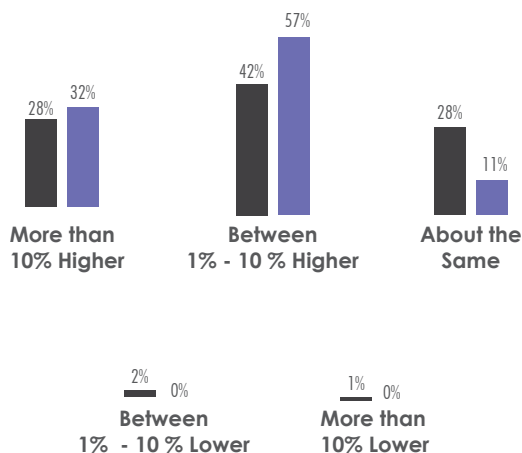
Demand for Programs and Services

■ 2011 ■ 2012 ■ 2013



Demand for Programs and Services

■ All other Subsectors ■ Social Services



“

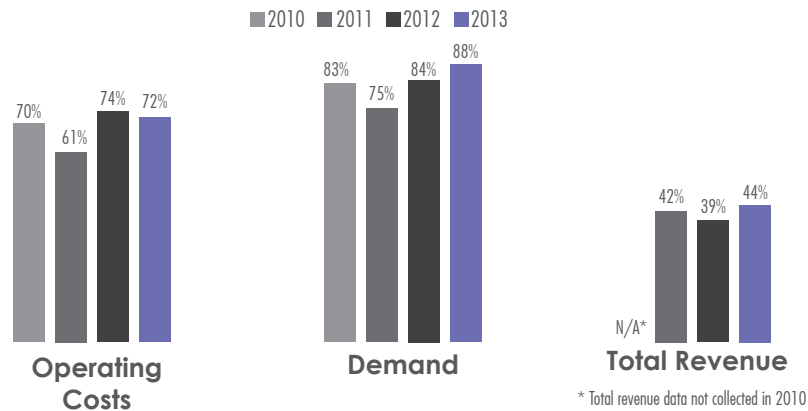
So far we’ve been able to meet demand. We’ve needed to be creative.

We need more resources. Help!

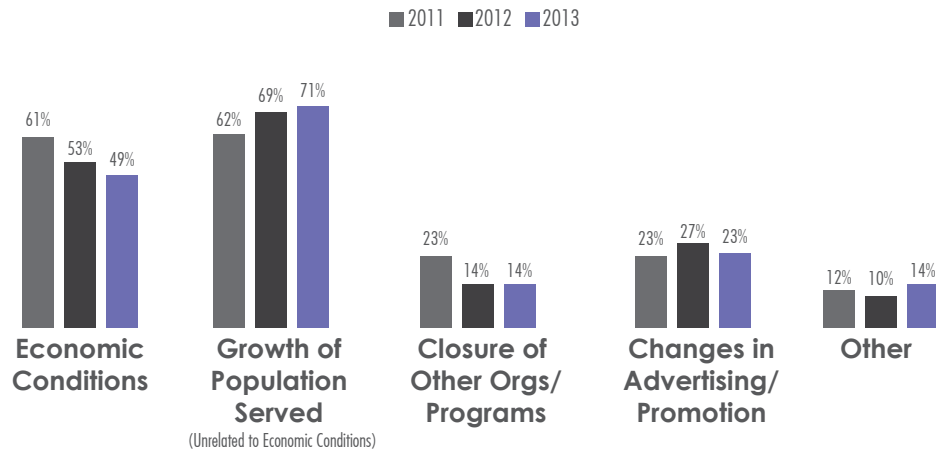
We are unable to adjust to increased need due to hand to mouth funding.

”

Organizations Reporting Increases in Operating Costs, Demand and Total Revenues (Social Services)



Reasons for Change in Demand (Social Services)



We do not advertise any of our services, and we still cannot keep up with demand.

We don't have enough services in rural Alberta to keep up with demand.

We are experiencing much higher volumes of individual and drop-in clients with a variety of needs. We are at maximum capacity for our programs.

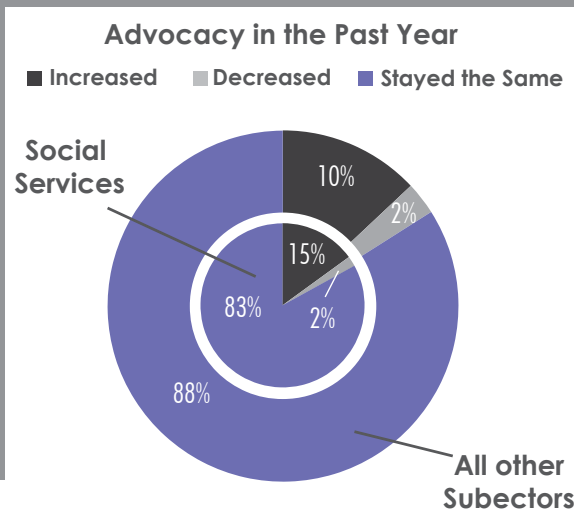


ADVOCACY

We asked whether respondents felt confident in their knowledge of the rules that apply to charities with respect to advocacy and “political activities.” Eighty-nine percent reported they were confident in their knowledge.

Following amendments to the Income Tax Act, introduced in federal Budget 2012, and well-publicized comments from ministers and senators questioning the legitimacy of charities participating in advocacy, many expected to see an increased “advocacy chill.”

Respondents were asked whether their level of advocacy had increased, decreased or remained the same. We were surprised to find that 15% reported an increase and only 2% reported a decrease in advocacy activity.





OPERATING RESERVES & CAPITAL CAMPAIGNS

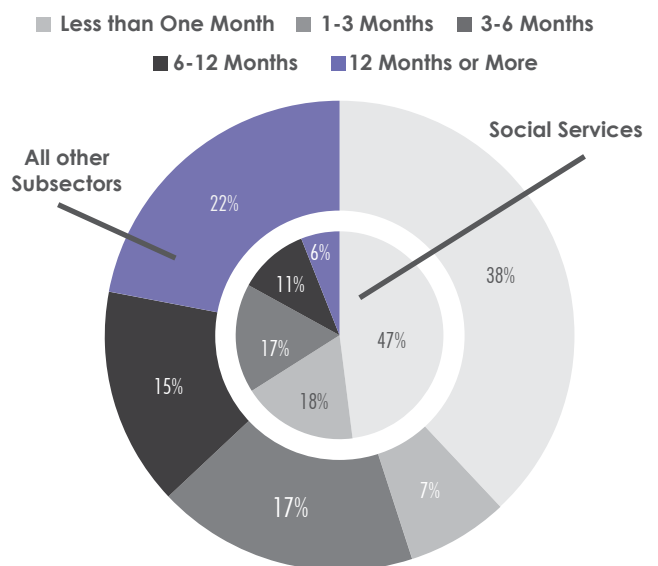
Operating Reserves

Two thirds of social service respondents have less than three months of operating reserve, and approximately half have less than one month. This suggests that many have very little room to respond to unexpected fluctuations in funding. Seventeen percent have more than six months of operating reserve, compared to 37% across the other subsectors. Larger organizations were more likely to possess an operating reserve, as were those situated in Edmonton. Roughly the same proportion of urban and non-urban organizations reported having an operating reserve.

Capital Campaigns

Twelve percent of social service respondents identified that they were presently conducting capital campaigns. A much higher proportion of Calgary organizations were undertaking capital campaigns at the time of the survey at 59%.

Percentage of Social Service Organizations Reporting an Operating Reserve



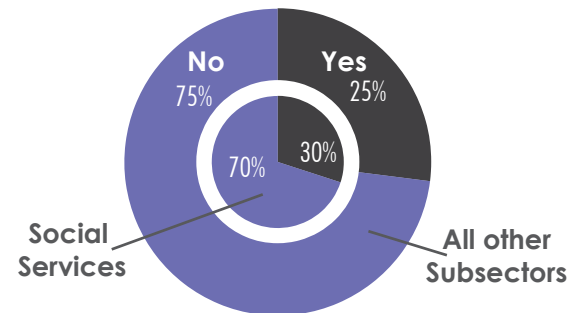


EXECUTIVE TURNOVER

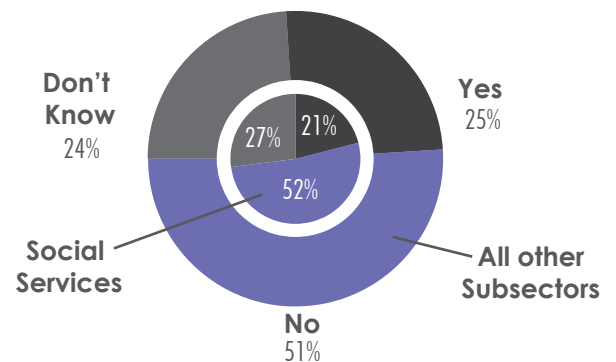
Thirty percent of social service respondents reported that they have had turnover in the Executive Director / CEO role over the past two years. Notwithstanding the relatively small sample sizes that result when comparing across regions, we were surprised that of the Edmonton social service organizations that responded, fully 40% reported a change in the Executive Director or CEO position in the last two years. Calgary, smaller centres, and rural areas were closer to the average for the total of the nonprofit sector at 23.3% and 31% respectively.

Looking ahead, approximately 15% of Calgary and Edmonton social service organizations reported that they anticipate turnover in this role in the next two years. This percentage doubles for smaller centres and rural Alberta.

Actual CEO Turnover in the Past Two Years



Anticipate CEO Turnover in the Next Two Years





PROVINCIAL POLICY

SOCIAL POLICY FRAMEWORK

(Please note: this section is largely as it appears in our original 2013 Alberta Nonprofit Survey Report. The identified themes were based upon analysis of social service responses)

Alberta's Social Policy Framework was released earlier this year following an extensive, province-wide consultation throughout 2012 that consolidated input from 31,000 Albertans. In the government's words, "...it reflects a clear vision for our future, identifies outcomes and strategies to achieve them, and will guide how we will work together to achieve the results Albertans expect." The government frequently points to the Social Policy Framework as a guide for future policy decisions and has linked it to the Results-based Budgeting process. We asked organizations how, if at all, they expect the Social Policy Framework to impact their work.

For many, it was too soon to know specifically what the effect will be and over a third of both total and social service respondents were unsure how the Framework would affect their organizations and service recipients.

We took a closer look at responses from Social Services organizations. The major themes that surfaced were as follows:

- ▶ **Minimal Impact or Too Soon to Tell:** Approximately 45% of respondents expressed that they were unsure as to how the Framework might impact their work or that they did not see it having an impact. Some observed that the Framework is largely consistent with current priorities and therefore did not anticipate much change.
- ▶ **Opportunities Ahead:** A number of respondents expressed optimism about the potential for the Framework to result in a greater level of collaboration with government and across organizations. Some noted "critical investment areas" and saw the potential for increased funding to support their mandates.
- ▶ **Focus and Alignment:** Some respondents commented to the effect that the priorities outlined in the Social Policy Framework align with their mandate and their current work. Some offered that it will sharpen the focus of their planning initiatives, while others suggested it will result in a stronger focus on the client.
- ▶ **Guarded Optimism:** Respondents expressed that the Framework gives them hope. They feel it identifies the right priorities, but are concerned that government's direction may change and that it might not be properly resourced.
- ▶ **Wariness:** Some respondents speculated that the Framework will be used to rationalize service delivery by forcing mergers and closing down service providers. Others suggested that it will result in additional off-loading without providing adequate resources and will increase pressure to utilize volunteers. Some expressed concerns about funding reductions if they did not see their mandate expressed through the Framework.

“

[The Social Policy Framework] validates work done in the community as well as reinforces importance of addressing underlying issues/causes and attempts to provide opportunities for meaningful solutions. If this vision is to be realized, resources will need to be attached.

I believe that the Social Policy Framework will allow us to advocate on behalf of the greatest needs areas in the community, specifically homelessness and the social determinants of health. It is also our hope that critical investment areas will be identified within the Framework and that action will be taken in response to findings.

It is nice but the outcomes are so vague and unmeasurable that this too will pass.

Unless the government is pro-active on all of the points they outline, there should (theoretically) be an increase in support to do the work we do in order to accomplish the goals outlined in the Social Policy Framework.

This will be a wait and see situation. I find that non-profits are being asked to do more with less and most of our organizations are doing the work and responsibility of government and we are not being compensated.

”

SUMMER TEMPORARY EMPLOYMENT PROGRAM

The Summer Temporary Employment Program (STEP) was indefinitely suspended in Alberta Budget 2013. STEP was developed by the Alberta Government and community partners in 1972 to help students who would benefit from temporary employment during the spring and summer months. The program awarded just over \$7 million in funding for each of the last three years.

The program was more heavily utilized by social service organizations than by the remainder of Alberta's nonprofit sector. Fifty five percent of social service respondents reported having utilized the program in the past two years, versus 45% across all other subsectors. Approximately 60% of Calgary and Edmonton respondents had utilized the program and just under half of respondents from smaller centres and rural Alberta.

The highest proportion of social service organizations (one in five) commented on the impact the elimination of STEP would have on programming, and particularly various forms of summer camps. Some organizations anticipated reducing programs, while others were planning to cancel them. Still others simply expressed concern over how they would sufficiently staff them. Due to the timing of the survey, it was not possible to determine how many organizations would be able to sustain programs through some other means.

Additional concerns that were raised included the loss of mentorship opportunities for youth, difficulties organizations would have with vacation cover-off, the additional workload that would be placed on staff, and the overall financial strain the elimination of the program would put on their organizations. Five percent reported it would have little or no impact.

“

STEP funding allowed us to deliver our summer programming to 2500 children. We will have to source other funding or cancel our programs.

The impact will be minimal, however, we lose the opportunity to introduce summer students to our sector.

”

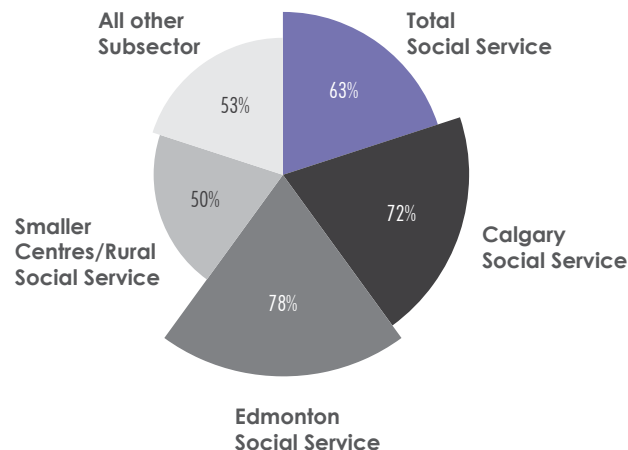
COMMUNITY SPIRIT PROGRAM

The Community Spirit Donor Grant Program was established in 2008 and distributed nearly \$70 million to over 7,000 organizations through fiscal year 2011/2012 before its elimination in Budget 2013.¹

As with the STEP program, the majority of social service respondents utilized the Community Spirit program over the past two years. Likewise, a higher proportion of Edmonton and Calgary based organizations utilized it than did those in smaller centres and rural areas. It appears that fewer organizations in smaller centres receive individual donations than do their counterparts in Edmonton and Calgary. Twenty percent of social service respondents from smaller centres and rural Alberta reported 'not applicable' to our question about individual donations, versus 10% for Calgary and Edmonton based respondents. This might explain a lower rate of CSP utilization among smaller centres and rural organizations.

The impacts identified by social service respondents mirrored those from the rest of the nonprofit sector.

Utilized Community Spirit Program in Past Two Years



- ▶ **Programs:** The highest proportion, 40%, of social service organizations reported that programs or services would be adversely impacted in the absence of the Community Spirit program.
- ▶ **Donations/Fundraising:** Community Spirit utilized a matching mechanism that was attractive to donors. Twenty three percent of organizations reported that it would be harder to fundraise with this incentive removed.
- ▶ **Loss of Flexible Funding:** The program was one of the few sources of flexible funding available to many organizations, as most funding is more prescriptive. Sixteen percent of respondents commented to this effect.
- ▶ **Little or no Impact:** Larger organizations with more diversified funding were more likely to report the elimination of the program would have little or no impact.

¹<http://albertalotteryfund.ca/AlfWhoBenefitsAPP/>

The market to fund donations is already competitive and the elimination of this grant program will only add to the struggle.

We will increase user fees.

Most of our individual cash donations are motivated by the fact that we may be matched by the Community Spirit program. We could foresee a decrease in those donations, therefore decreasing our total donations by a large amount.

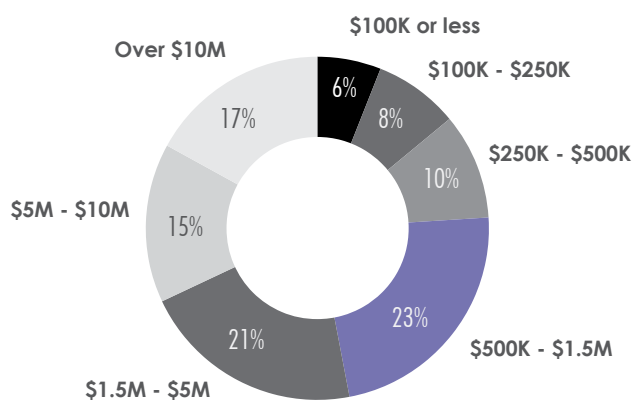


PROFILE OF RESPONDENTS

SOCIAL SERVICE BY REGION

40%	Calgary
25%	Edmonton
11%	Red Deer
3%	Wood Buffalo - Cold Lake
11%	Lethbridge - Medicine Hat
2%	Athabasca - Grande Prairie
4%	Camrose - Drumheller
5%	Banff - Jasper - Rocky Mountain House

SOCIAL SERVICE BY OPERATING BUDGET





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
- 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
- Propellus (formerly Volunteer Calgary)
- Sport Calgary
- United Way of Calgary and Area
- United Way of Fort McMurray
- Volunteer Alberta
- Volunteer Lethbridge

ABOUT CCVO

The Calgary Chamber of Voluntary Organizations 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.



ALBERTA

SCALE
0 10 20 30 40 50 60 70 80 90 100 110 120 130 140 150 160 170 180 190 200 210 220 230 240 250 260 270 280 290 300 310 320 330 340 350 360 370 380 390 400 410 420 430 440 450 460 470 480 490 500 510 520 530 540 550 560 570 580 590 600 610 620 630 640 650 660 670 680 690 700 710 720 730 740 750 760 770 780 790 800 810 820 830 840 850 860 870 880 890 900 910 920 930 940 950 960 970 980 990 1000



CCVO

Calgary Chamber of
Voluntary Organizations