2014 ALBERTA Nonprofit SURVEY

CCVO
Calgary Chamber *of* Voluntary Organizations

ABOUT THE SURVEY

CCVO's Alberta Nonprofit Survey takes an annual snapshot of the health and experience of Alberta's nonprofits and charities and captures information on finances, demand for services, staffing, and the future economic outlook of organizations. These surveys help illustrate the changes and trends occurring across Alberta's nonprofit sector, and results are used by the nonprofit sector, government, funders and researchers for education, advocacy and to inform decisions. This survey has a provincial reach and spans various subsectors. A profile of respondents is included on page 18. The 2014 survey is the seventh in this series.

Each year CCVO tries to explore timely and topical issues affecting the sector. In 2014 we examined the implementation of Alberta's Social Policy Framework, the continued effects of the elimination of two provincial programs, the impact of the June 2013 floods and emergency preparedness in the sector.

The report is based on the analysis of 652 responses collected from nonprofit organizations across Alberta between January 30th and February 21st 2014. The sample for the survey is not representative; however, our sample has remained relatively constant year to year.

HIGHLIGHTS

A NEW NORMAL

Overall, the 2014 Alberta Nonprofit Survey reveals certain continuity, stability and some renewed optimism within Alberta's nonprofit sector. Last year, the survey was in the field when the provincial budget was tabled, which included cuts that had broad implications for the sector. This year, the proportion of organizations that expect their finances to worsen has dropped from 25% to 12%, a return to 2012 levels.

There were no dramatic changes in response to most key indicators, and the sector appears to be settling into a "new normal" after a number of volatile recessionary and post-recession years.

While a persistent gap exists between the proportion of organizations who, on the one hand report increased demand and operating costs, and on the other a corresponding increase in revenue, this gap has closed somewhat since 2010.

In recent years, Alberta nonprofits have experienced increased success in generating earned income, which they rely upon for approximately one-half of their revenue.

SOCIAL POLICY FRAMEWORK

Alberta's social agencies are familiar with the government's new Social Policy Framework, have communicated it to staff and those in governance roles, and to varying degrees have factored it into planning, program design and delivery. There appears to be room for broader engagement with organizations that support quality of life through means other than social programs (e.g. Arts and Culture, Sports and Recreation).

FLEXIBLE FUNDING

The importance of flexible/unrestricted funding was highlighted in the responses of organizations who had utilized the Community Spirit Program, in addition to those that incurred flood-related costs. Organizations noted that the elimination of the Community Spirit Program has contributed to the erosion of flexible funding and stressed that securing funding of this sort is exceptionally difficult. Without flexible funding to address emergent needs, organizations are left dipping into operating reserves. Our research suggests that flood-affected organizations have tapped into their operating reserves to cover flood-related costs.

THE BENEFITS OF SCALE

This year's survey once again demonstrates that larger organizations are more likely to see revenues increase, expand programs and services, hire staff and increase salaries. A closer look at organizations in a more fragile state raises questions about how to learn from their experiences and how we, as a sector, can support recovery or, where appropriate, mergers, acquisitions or closures.

SUBSECTORS TO WATCH

Despite provincial and municipal efforts to eliminate homelessness, **Housing organizations** are struggling to meet demand. Ninety-one percent reported increased demand over last year and 83% reported they are unable to fully meet demand.

Environmental organizations appear to be experiencing increased difficulties garnering financial support. Although a relatively small sample, 50% reported that corporate donations have decreased in the past year. It will be important to monitor the health and experiences of organizations in these subsectors in the coming years.

IN THE WAKE OF THE FLOODS

There is no question that the response to last year's floods underscored the resilience of Alberta communities, and that individuals and organizations were generous with both time and money. Through the recovery, there was growing concern that it was harder to raise funds for other essential and important community initiatives; that funding was being diverted from "regular" causes to flood relief and recovery. Comparing funding trends to previous years and between organizations that were impacted by the floods and those that were not, it becomes apparent that these concerns were justified. Organizations in flood affected areas that did not incur additional expenses had less success securing donations and grants.

While many organizations reported that they have returned to business as usual and have no outstanding needs, it is too soon to assess the longer term impact on the financial health and stability of flood-affected organizations.

EMERGENCY PREPAREDNESS

The scope of the 2013 flooding prompted us to pursue questions about emergency preparedness within Alberta's nonprofit sector. The 2014 survey established benchmarks that can be used in the coming years to measure the impact of capacity building in this area. For example, only half of respondents reported they have a clear communications plan to contact and speak with staff, volunteers, and clients in an emergency situation.

A NEW NORMAL

REVENUE

Over the past few years the results of the annual survey have revealed a trend towards stabilizing finances, post-recession. Once again this year, fewer organizations reported decreased total revenue. In fact, the percentage of organizations reporting decreases this year is half of that reported in 2010. So while we don't have pre-recession data, it appears as though revenue trends are settling into a more stable pattern and a new 'normal' is emerging. Although some forms of funding, such as earned income and donations, are more directly tied to the state of the economy, all forms of funding, including government grants and contracts are impacted. Given the cyclical nature of Alberta's economy, the question remains as to how we can smooth out support for the nonprofit sector and ensure essential services can respond during times of heightened need.

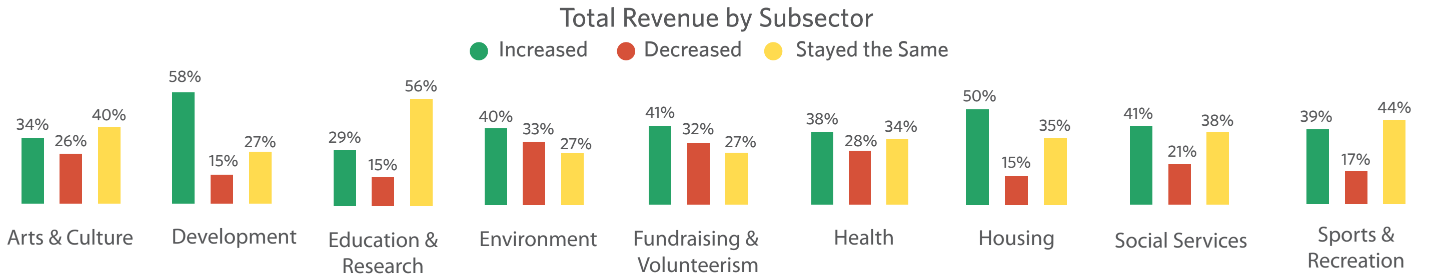
Almost 40% of organizations reported increases in earned income, more than any other revenue stream. This has been the trend since 2012. Although the information is rather dated, the 2003 National Survey on Nonprofit and Voluntary Sector Organizations (NSNVO) found that earned revenue makes up a higher proportion of funding for the sector in Alberta than in any other province (49%).

There has been consistent growth in the proportion of Arts and Culture and Sports and Recreation organizations reporting increases in revenue over the past 3 years. These two subsectors had the highest percentage of organizations reporting decreases in 2010. Quite likely, patrons, funders and participants view these programs and services as more discretionary during times of economic downturn. Therefore, these subsectors had further to rebound. This in part explains the positive trends with respect to earned income as identified above.

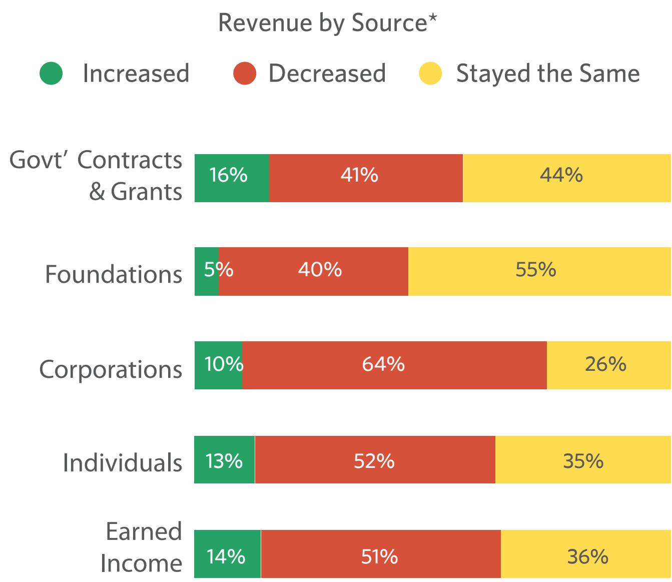
WANING SUPPORT FOR ENVIRONMENTAL ORGANIZATIONS

Thirty three percent of Environmental organizations in this sample saw their total revenue decrease in 2013, more than any other subsector. While the sample is comparatively small, 50% of Environmental organizations reported a decrease in corporate funding, substantially more than any other subsector. One factor that might have contributed to this decline is the diversion of funding to flood related expenses. However, it also raises questions about whether the politically charged discourse around the role and work of Environmental organizations has led to reluctance on the part of corporate funders to support them.

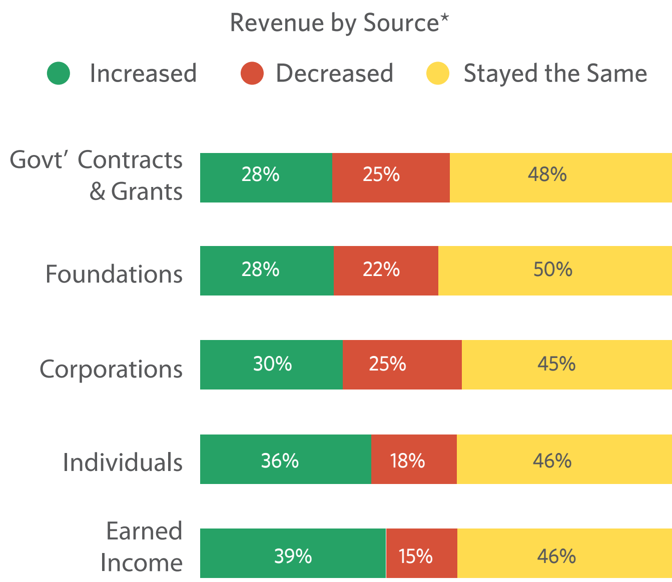
Anecdotal evidence suggests that while funding remains more intact for conservation focussed organizations, the same cannot be said for those addressing issues related to climate change.



2009



2014



*The 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 total accordingly.

UNDER DURESS

At any given time, a small proportion of organizations will be considering closure. This might be viewed as natural attrition within the sector and, for some, a logical and expected outcome (e.g. a society that forms around a one-time special event). This year CCVO took a closer look at the nine organizations that reported operating at a deficit AND considered closure.

These organizations typically reported that in the past year they have:

- Sought additional funding.
- Cut programs and services.
- Reduced staffing and salaries.
- Adjusted staff responsibilities.

Additionally:

- All of these organizations reported that demand has increased or remained the same.
- Five reported they have no cash reserve.
- One considered a merger.
- One expects its finances to improve.

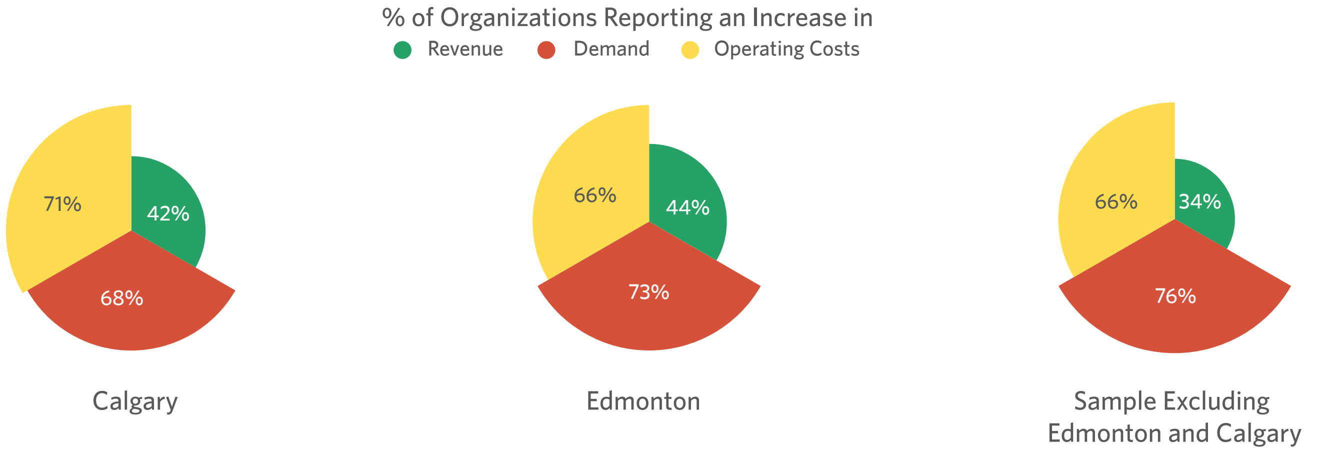
Can we learn from the experience of organizations that exist on the margins? Are there ways that financial crises can be avoided? From a governance perspective, is it possible to make objective decisions about whether or not a given organization should continue to exist?

DEMAND FOR PROGRAMS AND SERVICES

The proportion of organizations reporting increases in demand is consistent with 2013 results. The notion of "demand" for programs and services means different things to different organizations and across subsectors. Subsector shifts in demand must be explored within the larger socioeconomic context, as what causes increased demand in the Health subsector is different from Arts and Culture. The Housing and Social Services subsectors had the largest percentage of organizations reporting increases in demand. Moreover, Housing was the subsector in which the smallest proportion of organizations reported they were able to meet demand. With the exception of Sports and Recreation and Fundraising and Volunteerism, more than half of organizations within each subsector reported they were unable to meet demand.

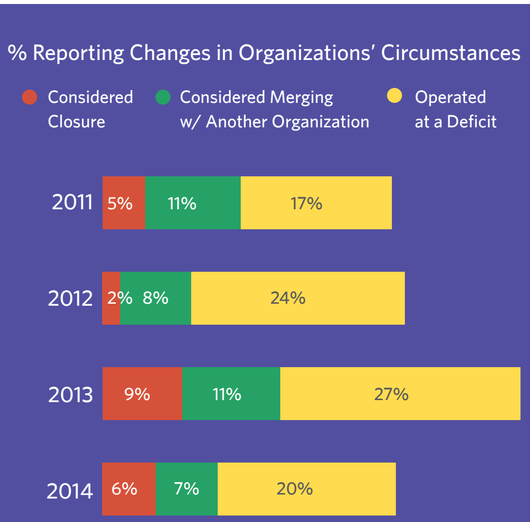
The gap between the proportion of organizations reporting increased demand and operating costs, versus those reporting increased revenues, persists; however, as compared to 2010 it has closed considerably.

Consistent with 2013 data, a larger percentage of nonprofit organizations operating in Fort McMurray/ Regional Municipality of Wood Buffalo reported increased demand and reported that this was attributable to population growth.

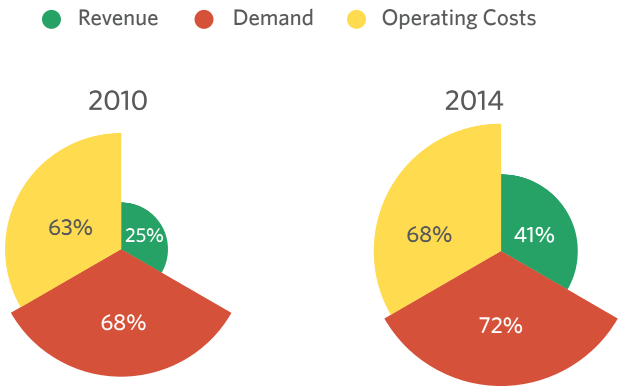


ORGANIZATIONAL FRAGILITY

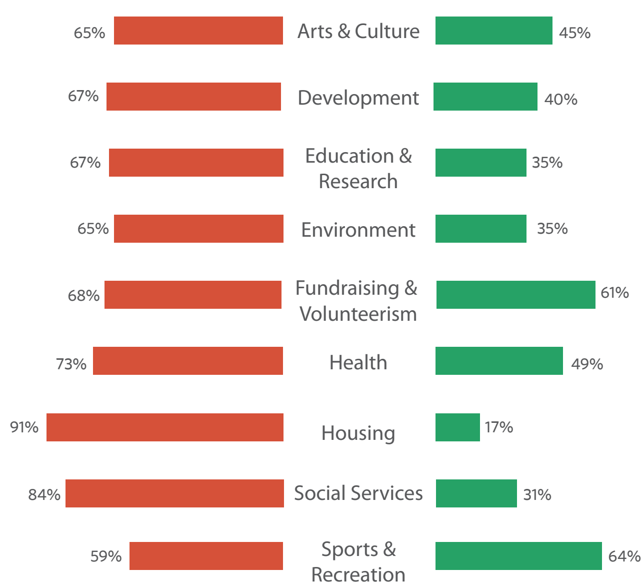
This chart illustrates three factors generally, though not exclusively, associated with organizational fragility. This year there was a slight decrease in the percentage of organizations operating at a deficit, or considering mergers or closure. This is consistent with observations around a smaller proportion of organizations reporting declining revenues.



% of Organizations Reporting an Increase in



Increased Demand vs. Ability to Meet Demand

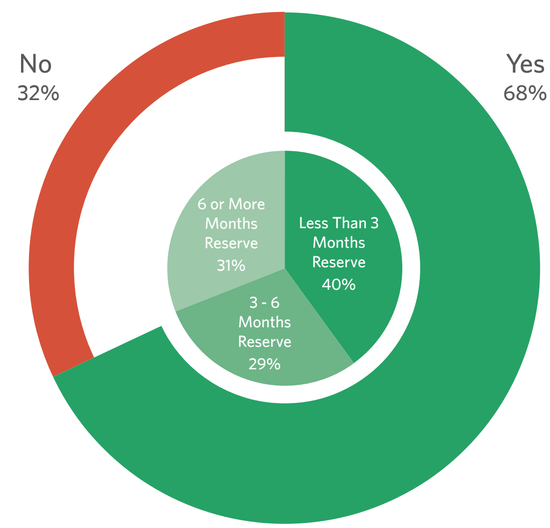


OPERATING RESERVES

While the percentage of organizations that reported they have an operating reserve is relatively consistent with the 2013 results, this year, the percentage of organizations with 1-3 months of operating reserves has increased while the percentage indicating they have more than six months has decreased. This may be partially explained by examining organizations that sustained physical damage or other additional costs as a result of the flood. Approximately half of these organizations had only 1-3 months of operating reserve, as compared to only one-third of organizations that did not sustain damage or incur additional costs. This is likely due to flood-affected organizations dipping into reserves to cover unexpected costs as well as a lag between when costs were incurred and any insurance or flood relief payments are received.

Forty-eight percent of organizations in Fort McMurray/ Wood Buffalo did not have an operating reserve.

% of Organizations Reporting an Operating Reserve



"We are working longer hours to meet the needs of the community"

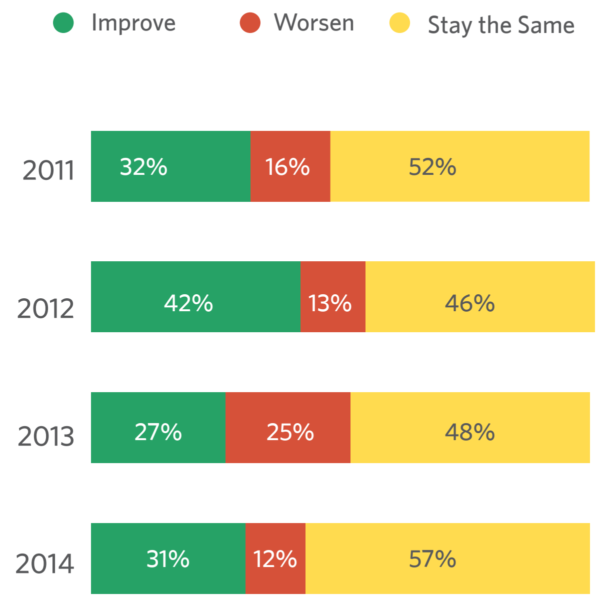
- Swan Hills, Social Services

EXPECTATIONS FOR THE FUTURE

In 2014 there was a slight increase in the percentage of organizations that expected their financial situations to improve. To an extent, this increased optimism may be attributable to a sector-wide sense that funding was diverted to flood recovery in 2013, and will be available for more 'regular' initiatives in 2014. Likewise, as compared to last year when one-quarter of respondents expected their financial situation to worsen, this year's results are more consistent with 2011 and 2012. The spike in last year's results may have been a reaction to the (then) recently announced cuts to various government programs. When organizations' anticipation of their financial situation is compared to what they actually reported for revenue in this year's survey it becomes evident that on average, organizations fared better than expected.

The greatest disparity emerged between the percentages of organizations, within each subsector, that expected their financial situation to remain the same. Over the past few years Sports and Recreation organizations have consistently had the highest percentage of organizations anticipating stable finances. This is possibly a function of the more predictable nature of funding derived from enrollment or membership - the type of earned revenue most common to Sports and Recreation organizations. This year 43% of Sports and Recreation organizations reported earned income as their primary source of revenue.

Expectations of Finances in the Coming Year



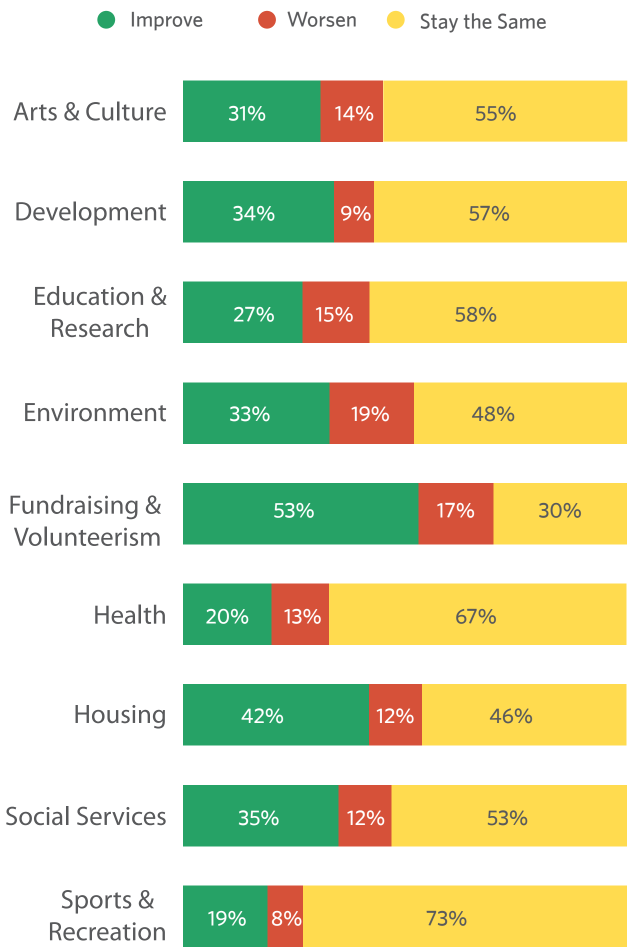
> "Time to start pounding the pavement to try and find more funding"
>
> - Fort McMurray/Wood Buffalo, Sports & Recreation

HOUSING

While the sample size is relatively small, the trends that emerged around Housing organizations warrant sharing. The percentage of Housing organizations reporting increased demand and greater difficulty meeting demand was consistently higher than other subsectors. Ninety-one percent of Housing organizations saw an increase in demand from last year. Sixty-five percent of Housing organizations saw their waitlists increase and only 17% of organizations indicated they could meet demand. These findings are somewhat expected given the shortage of affordable housing in Alberta and the 2013 floods. 71% of the Housing organizations in our sample operate in either Fort McMurray or Calgary, two of the top three centres with the highest average rent in the province[1]. The average apartment vacancy rate in Alberta municipalities is 1.6%. (CMHC 2013) .

Given the fact that most Housing organizations are operating at, or over capacity, it is not surprising that in comparison to other subsectors, more Housing organizations reported feeling strained. This is evidenced by the fact that 29% of Housing organizations operated at a deficit and 13% considered merging with another organization, both higher percentages than any other subsector. This trend is observed despite the fact that

Expectations of Finances in the Coming Year by Subsector



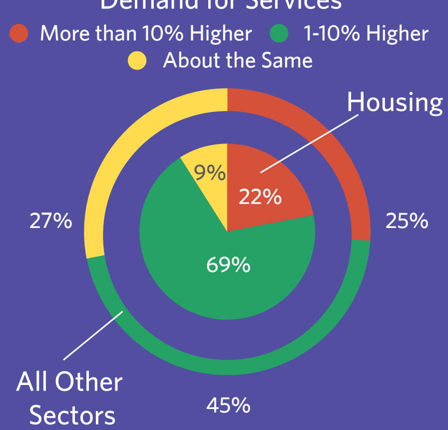
> “Funders will change but with persistent efforts we will continue to find funding to continue all programs”
>
> - Calgary, Development

> “... struggling with issues of poverty in our community is on the rise”
>
> - Edmonton, Social Services

50% of Housing organizations reported an increase in funding. So while some funding is being made available to address the issue, concerns remain that housing is not keeping up with demand. We also know, anecdotally, that some housing organizations with money to finance capital projects are experiencing difficulties securing land.

1.Canada Mortgage and Housing Corporation (2013) Rental Market Report: Alberta Highlights. http://www.cmhc-schl.gc.ca/odpub/esub/64483/64483_2013_B02.pdf

Demand for Services

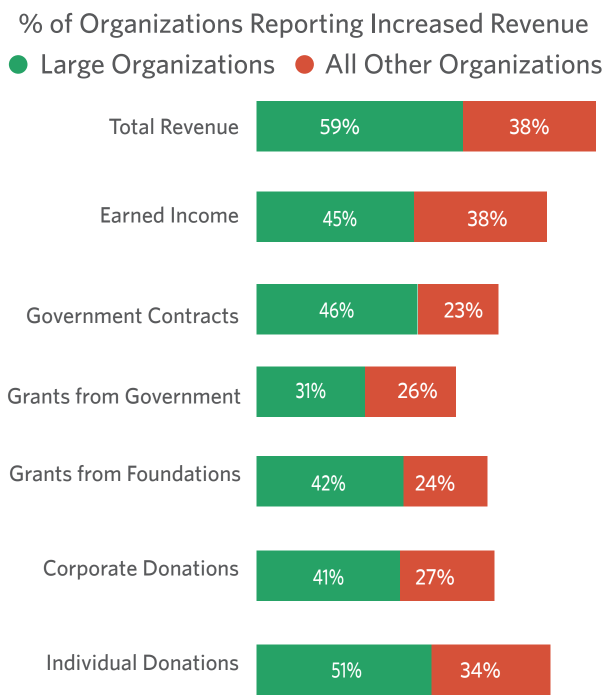


THE BENEFITS OF SCALE

In previous years CCVO has observed that the proportion of organizations reporting increases in total revenue grew with organization size. Again this year larger organizations (organizations with an operating budget over 5 million) were more likely to report increases in revenue (59%). The chart to the right examines the percentage of organizations reporting increases in revenue, comparing large organizations to all other organizations based on source of revenue. The percentage of large organizations seeing increases is substantially more than all other organizations across all revenue streams.

In addition to this overall trend, a similar trend was observed when considering other proxies for organizational strength and size. For example, the number of organizations with an operating reserve increases from small organizations (61%) to large (85%). Moreover, large organizations were more likely to indicate that they expanded programs or services, increased employees and increased salaries.

Large organizations are not without challenges as they are more likely to work in the Social Services or Housing subsectors where they are constantly struggling to meet demand.

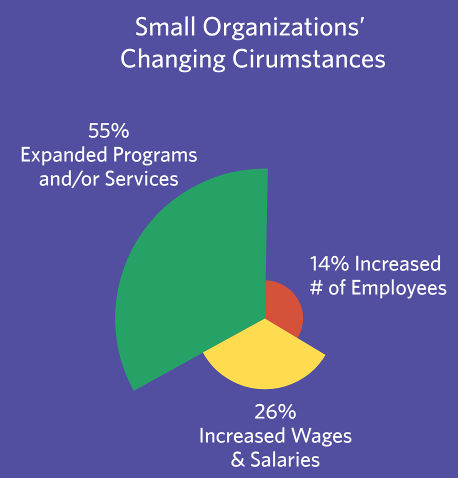


Organization Size by Operating Budget

Small	<$250,000
Medium / Small	$250 K - $1.5 M
Medium / Large	$1.5M - $5M
Large	>$5M

SMALL FEELING SQUEEZED?

The flipside of this bifurcation trend is that smaller organizations appear to operate in a more fragile state. Thirty-nine percent of small organizations reported an increase in revenue last year, 20% less than large organizations. Similarly, 10% of small organizations considered closure in 2013, compared to just 4% of large organizations. The chart to the right highlights that more than half of small organizations expanded programs but only 14% were able to increase their staffing or provide wage increases for staff, who are presumably being asked to do more. It should be noted; however, that smaller organizations may rely more heavily on volunteers to deliver programming.



PROVINCIAL PROGRAMS

SUMMER TEMPORARY EMPLOYMENT PROGRAM (STEP)

The Summer Temporary Employment Program (STEP) was eliminated in the spring of 2013. The program awarded over $20 million dollars in its last three years operations. The program, created in 1972, was cancelled in the absence of consultation with the nonprofit sector and with little time for organizations to adjust. Respondents told us about the implications that the decision to eliminate STEP had on their organizations.

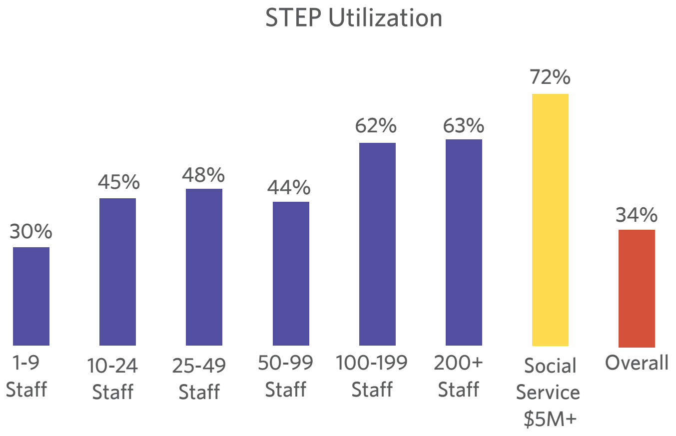
Approximately one-quarter of organizations that used STEP in the past, were not able to hire at the same level as in previous years.

One in five organizations:

- Reported a loss or reduction of programs and services.
- Noted the financial impact the loss of STEP funding had on their organization.

Four percent of organizations reported the elimination of STEP had little or no impact on their organization; however, most of these were larger organizations.

Some respondents expressed concerns over the loss of an opportunity for youth to gain exposure to careers with nonprofits and charities.



> “It was disappointing as we have been applying for STEP the last few years. It was such a great way of allowing students to explore various job fields and obtain work experience”
>
> - Edmonton, Social Services

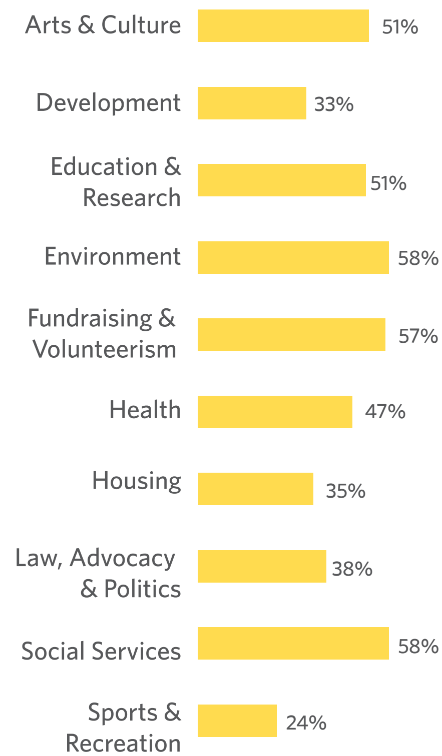
> “This program has been in existence for so many years that it’s hard to imagine the 1000's of small but very significant projects that have been funded that made a real impact to the quality of community life across Alberta.
> Losing this program is a shame.”
>
> - Edmonton, Arts & Culture/Health

COMMUNITY SPIRIT PROGRAM

The donation matching component of Alberta's Community Spirit Program was brought to an end in 2012-13. Forty six percent of survey respondents reported utilizing the Community Spirit Program in the past three years. Environment, Social Services and Fundraising and Volunteerism organizations had the highest utilization rate over the past three years, all over 55%.

Because payments were issued into 2013, not all survey respondents were in a position to fully assess the impact of the eliminating this program on their organizations. The largest proportion of comments about the implications spoke, in a general sense, to financial impacts. More specific themes that emerged were around the loss of a flexible form of funding, the need to reduce or eliminate programming, and the loss of donor incentive.

% of Organizations Reporting Use of Community Spirit Program in Past Three Years by Subsector



> "Devastating!!! We totally changed the way we fundraised. I felt that the Alberta Government had started a cultural change which we, and our donors, bought into, only to have them kick out our feet from under us"
>
> - Camrose, Recreation

> "Community Spirit funding gave us a lot more freedom where most funding has such huge stipulations"
>
> - Rocky Mountain House, Arts & Culture

> "The loss of Community Spirit funds has meant we are just treading water at present"
>
> - Calgary, Social Services

SOCIAL POLICY FRAMEWORK

ONE YEAR LATER

Alberta's Social Policy Framework (SPF) was launched in February of 2013 after a far-reaching consultation with Albertans. The framework is intended "...to direct the future of Alberta's social policy and programs."[1]

We asked respondents whether they were aware of the framework. The Province has achieved a high level of awareness among organizations that engage in addressing social issues. Almost eighty percent of Social Service respondents reported that they were aware of the Framework.

Predictably, fewer organizations from other subsectors are aware the Social Policy Framework; one half of Fundraising and Volunteerism organizations and 22% of Arts & Culture and Sports and Recreation organizations. Although one wouldn't expect the same levels of awareness among these organizations, there is room to consider the ways in which other subsectors contribute to the social outcomes identified in the Social Policy Framework.

How are Alberta's Social Service Organizations Implementing the Social Policy Framework?[2]

- One in ten have changed program structure.
- One in five have changed service delivery practices.
- One in three have factored SPF into strategic planning.
- One half have shared information with staff.

[1]Government of Alberta. (2013). Alberta's Social Policy Framework. Retrieved from http://socialpolicyframework.alberta.ca/Document/Albertas_Social_Policy_Framework

[2]Responses of organizations that reported they are aware of Alberta's Social Policy Framework.

"Much of what is included in the SPF was already part of our focus and strategic direction"

- Medicine Hat, Housing

"Our programs are preventive in nature so our work already aligns with this key principle of the strategy"

- Calgary, Development

"Currently reviewing Social Policy in comparison to our existing social policy"

- Calgary, Health

FLOOD IMPACT

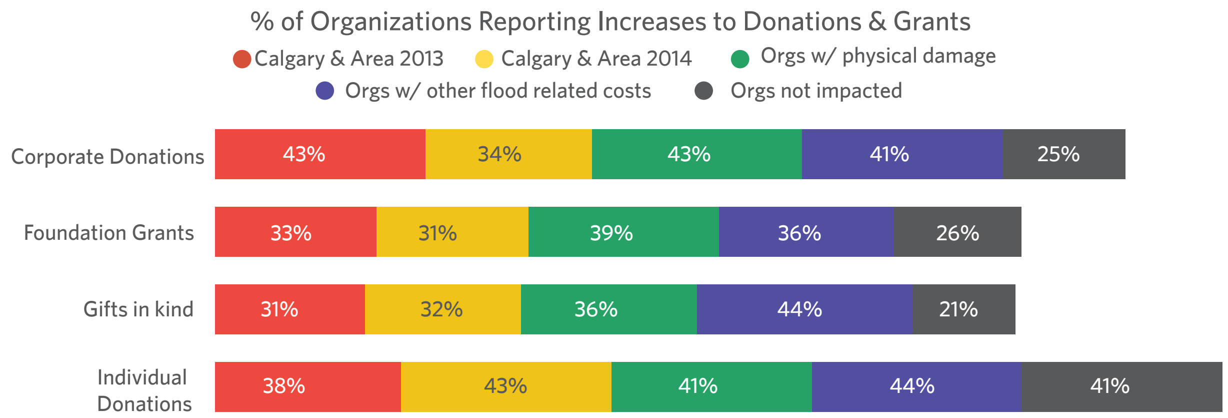
PHYSICAL IMPACTS

17% of organizations working in flood affected areas across Alberta indicated they sustained physical damage to property, facilities or contents (e.g. equipment, furniture, supplies) as a direct result of flooding / sewer back-up.

FINANCIAL IMPACTS

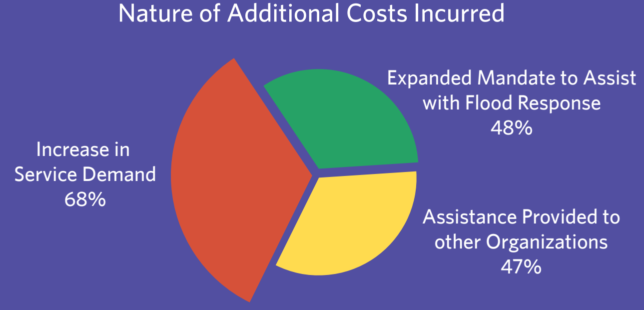
Without question, individuals, corporations and foundations have responded to organizational and individual needs arising from the floods. While it is too soon to determine the longer term impact on organizations in flood affected areas, it appears that nonprofits and charities are rightly concerned that some funding has been diverted away from non-flood affected programs and services to support flood response and recovery.

While we are unable to compare results to last year for all flood affected areas, the chart below provides evidence that less money has been made available for non-flood affected programs and services. Predictably, this trend was especially apparent with respect to gifts in-kind.



ADDITIONAL COSTS

41% of organizations working in flood affected areas indicated that they incurred additional costs.



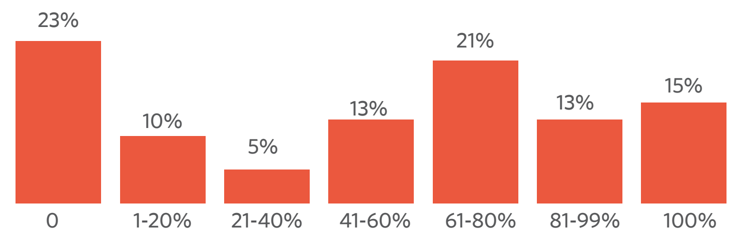
KEY LEARNINGS

Emergency preparedness and business continuity planning need to be promoted and supported within the nonprofit sector.

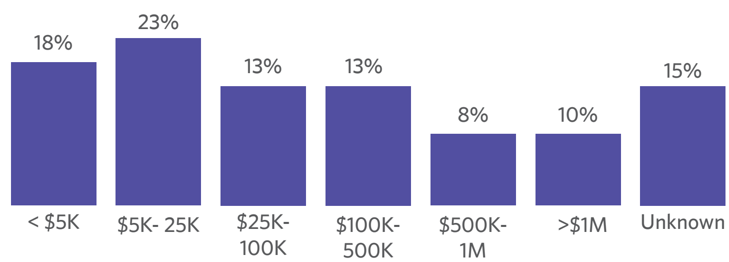
Emergency communications need to be enhanced both internally and externally to clients, members and volunteers.

The need for adequate reserve funds in order to weather emergencies and prepare for the subsequent funding shortfalls.

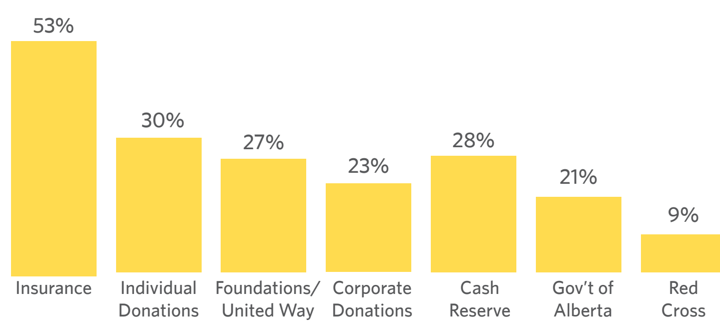
Percentage of Losses Covered by a Third-Party (eg. Insurance/FRP/Donations)



Approximate Value of Damage and/or Losses



How Organizations Paid for Losses



"We were not able to hold any of our summer programs as a result of the floods"

- Calgary, Arts & Culture

"Increased staff time devoted to flood related damage and housing inquiries because of flood"

- Calgary, Housing

53% of organizations do not have emergency plans.

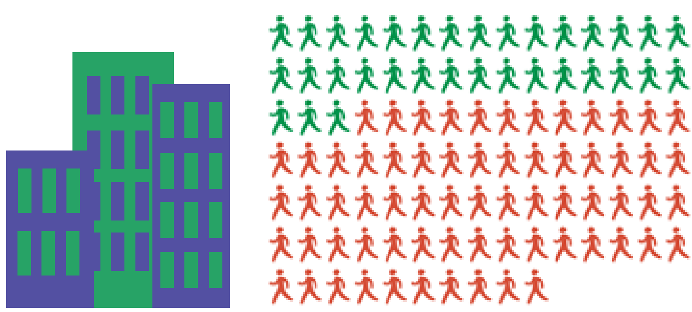
No 53% Yes 47%

We have an effective evacuation plan

Agree 69% Disagree 16% Neutral 15%

We have a reoccupation plan

Yes 33% No 67%



84% back up computer files & store that back up in a safe location.

70% do not have a plan to operate out of another facility if forced to evacuate.

70% have copies of vital records and store them in a safe location.

77% of respondents say their vital equipment is located in the safest part of their building

41% agreed "We have the plans we need in case key staff and/or volunteers cannot do their jobs as a result of an emergency."

56% agreed "People in my organization understand their roles in an emergency."

47% agreed "People with key roles in an emergency have received the training they require to do that job."

53% agree that they have clearly identified which business functions MUST be maintained during an emergency (eg. care to vulnerable clients).

49% agree their organization has a clear communication plan to contact & speak with staff, volunteers and clients in an emergency situation.

44% agree their organization has a clear communication plan to contact & speak with the public and key stakeholders in an emergency situation.

PROFILE OF RESPONDENTS

BY SUBSECTOR

12%	Arts & Culture
1%	Business, Professional Associations & Unions
6%	Development
8%	Education & Research
4%	Environment
5%	Fundraising & Voluntarism
8%	Health
4%	Housing
2%	International
2%	Law, Advocacy & Politics
1%	Religion
29%	Social Services
18%	Sports & Recreation

BY REGION*

48%	Calgary and Area
35%	Edmonton and Area
19%	Camrose - Drumheller
13%	Lethbridge - Medicine Hat
11%	Wood Buffalo - Cold Lake
7%	Red Deer
7%	Athabasca - Grande Prairie
4%	Banff - Jasper - Rocky Mountain House

*Please note that some organizations work in multiple regions across Alberta.

BY OPERATING BUDGET

24%	$100,000 or less
16%	$100,000 - $250,000
15%	$250,000 - $500,000
16%	$500,000 - $1.5 M
16%	$1.5M - $5M
7%	$5M - $10 M
7%	Over $10 M

BY PAID STAFF

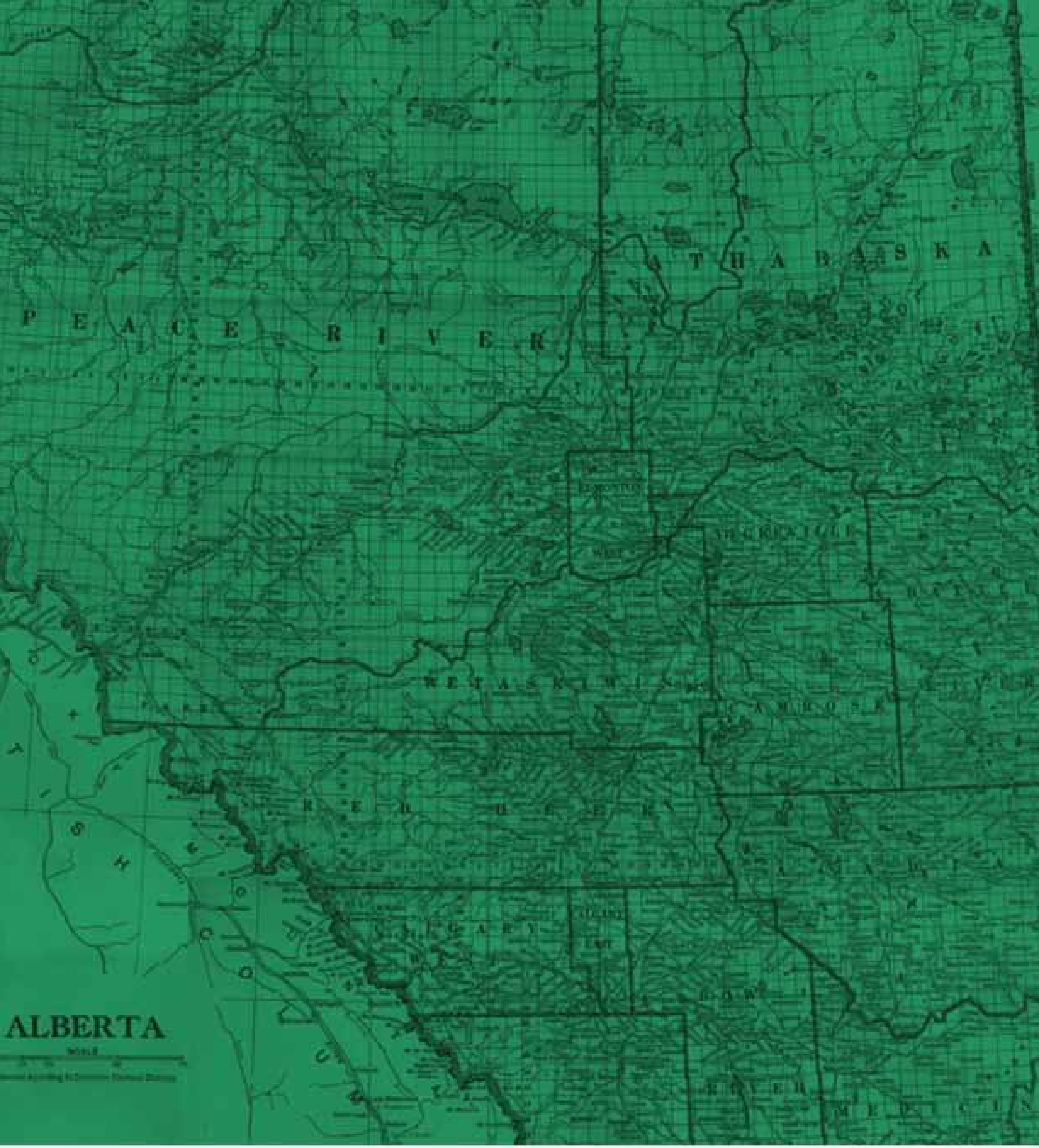
17%	0
45%	1-9
14%	10-24
8%	25-49
5%	50-99
6%	100-199
5%	200 +

ACKNOWLEDGEMENTS

Thank you to all the individuals and organizations that helped us reach a wider audience this year. We hope to continue to expand the reach of the survey in subsequent years.

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.



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Calgary Chamber *of*
Voluntary Organizations

www.calgarycvo.org