

# ALBERTA Nonprofit SURVEY

2015 Edition



**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. The survey series, initiated in 2009 to gauge the impact of the global recession, is the only source of Alberta-specific research that documents longitudinal trends across the breadth of Alberta's nonprofit sector.

**This year we captured information on the impact of the drop in the price of oil on Alberta's nonprofits.**

The report is based on the analysis of 438 responses collected from nonprofit organizations across Alberta between February 18th and March 20th, 2015.

**It is important to remember the survey was in the field during a time of much economic uncertainty, prior to what was promised to be a bad-news budget, and following months of low oil prices.**

As the sample of this survey is not representative, please keep in mind **that the percentage values represent the percentage of respondents, not the percentage of organizations across Alberta.**

If you need help interpreting or making statements based on the data please contact CCVO at [policy@calgarycvo.org](mailto:policy@calgarycvo.org).

## HIGHLIGHTS

### SHIFTING CONTEXT, SHIFTING MOOD

At the time the survey was in the field, many of Alberta's nonprofits were bracing for a tough provincial budget. The survey captured a specific 'mood' that subsequently shifted – first when the Progressive Conservative government tabled a budget far less severe than expected, and second when they were defeated in the 2015 election. As we now know, the PC budget will not be passed and Alberta's new NDP government will pass a new budget in fall of 2015. What hasn't changed is low oil prices, the full effect of which will be borne out over time. Given these factors and the timing of the survey, it is not surprising that over twice as many organizations reported that they expect their finances to worsen in the coming year.

### OIL PRICES AND NONPROFIT SECTOR FINANCES

CCVO has been tracking financial indicators of Alberta's nonprofit sector for the past seven years. Respondents are asked whether various forms of revenue have increased, decreased or remained the same over the past year. Our data underscores the extent to which the financing of Alberta's nonprofits and charities is affected by the cyclical nature of Alberta's resource-based economy. Amidst dropping oil prices, approximately one-quarter of organizations saw revenues increase, as compared to just over 40% last year. The percentage of organizations reporting decreases has remained relatively flat, however CCVO will continue to monitor this trend next year, when, if the downturn continues, we anticipate more organizations will be reporting decreased funding.

This year we have a new way to make our survey data more accessible! Visit our interactive Data Portal at [www.calgarycvo.org/nonprofitsurvey](http://www.calgarycvo.org/nonprofitsurvey). We hope this tool will give you access to the data that matters most to your organization, at your fingertips.

## REVENUE DIVERSIFICATION

A lot of stock is put in revenue diversification as a means of shielding organizations from dramatic shifts to any one revenue source and a means of preserving organizational autonomy. It appears to be less effective;

however, as a means of recession proofing organizational finances. When the economy slows, all forms of revenue are impacted.

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## PREPARING FOR A DOWNTURN

While 30% of organizations expect their finances to worsen in the coming year, approximately 75% have taken some steps to prepare for the fallout from Alberta's economic downturn. This speaks to the overall fragility of organizational finance and the level of caution that flavours the work of the sector. Preparation ranges from looking for cost-saving opportunities in budgets to reducing staff. For the past three years there has

been a downward shift in the number of months of operating reserve organizations report having, with a larger proportion of organizations reporting fewer months reserve. While last year we attributed this, at least in part, to the flood, this year the shift may also be attributable to more organizations dipping into financial reserves to offset shortfalls and maintain service levels.

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## WORKFORCE DIVERSITY

This year, we established some important benchmarks relative to the degree to which Alberta's nonprofit workforce is reflective of the diversity of our communities. The bottom line is that we've got a ways to

go, particularly in making our workforce more inclusive of Aboriginals and people with disabilities.

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## SUBSECTORS TO WATCH

As the effect of prolonged low oil prices are felt over the coming year in Alberta's nonprofit sector, we will be paying particular attention to the Environmental subsector, which has appeared to struggle in recent

years, as well as other sub-sectors where work is seen by many to be more discretionary in nature, such as Arts and Culture.

# SHIFTING CONTEXT, SHIFTING MOOD

## REVENUE

After several years of economic recovery and growing stability of nonprofit finances, this year marks a reversal of that trend. The proportion of organizations reporting increased total revenue dropped from 41% to 24%, approximately the same percentage as in 2010. Roughly half of respondents reported funding remained flat over the past year, a continuation of an upward trend that we have been observing since 2011. Many organizations are impacted by population growth and inflationary pressures. For them, flat funding is in effect a net reduction.

**We anticipate more organizations will report decreased funding next year, if the economic downturn continues.**

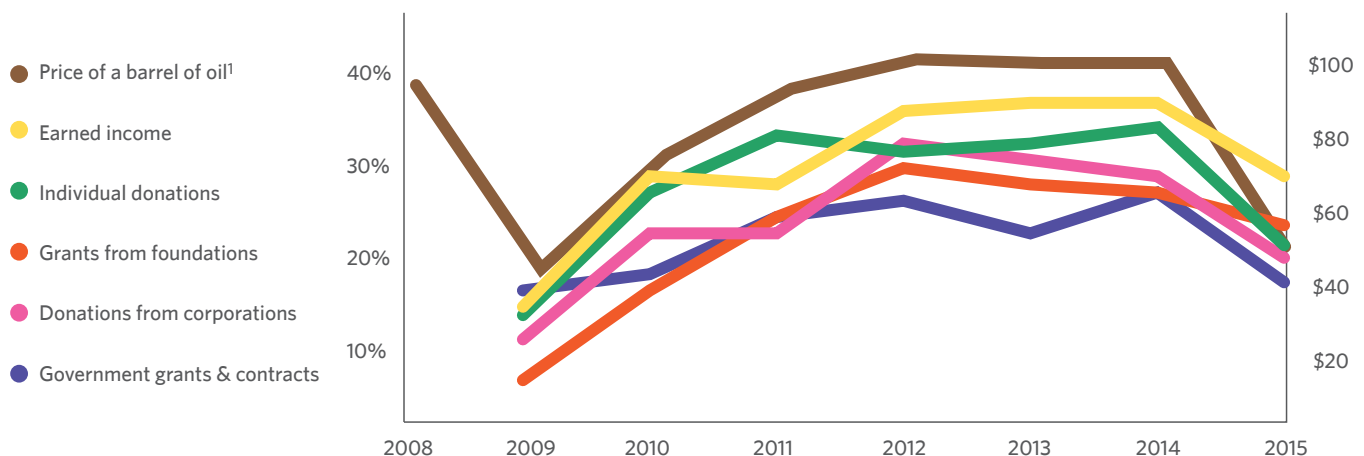
Organizations were most likely to see increases in earned revenue, where 30% reported more revenue. Still, this is down from 39% in 2014.

The largest proportion of organizations reported decreases in donations from corporations, where 27% reported less revenue. However, to put this in perspective, 64% of organizations reported decreases in corporate funding in 2009.

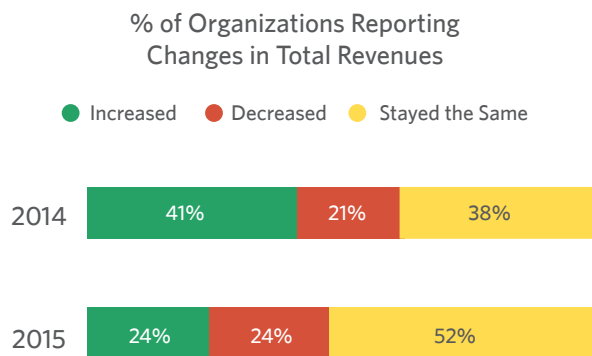
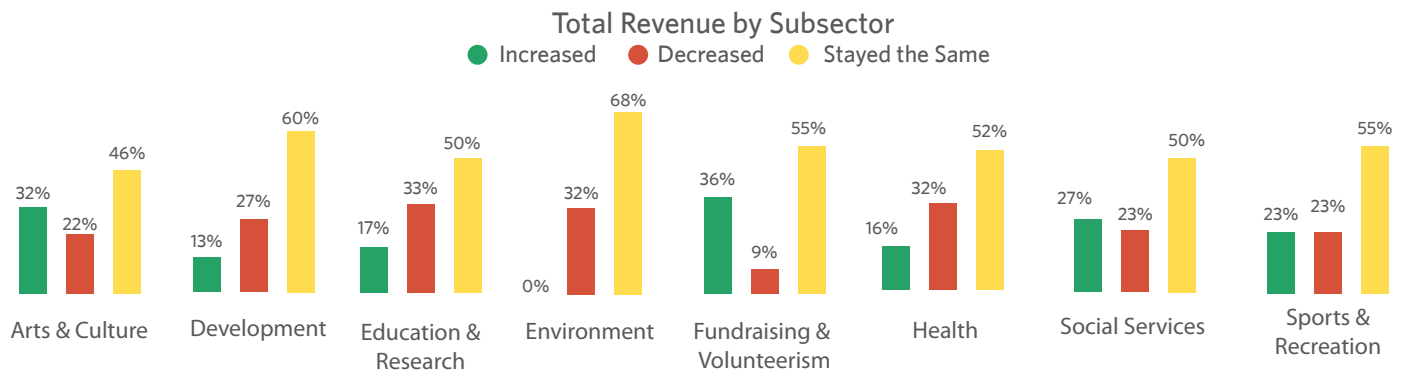
We anticipate more organizations will report decreased funding next year, if the economic downturn continues.

It will also be important to monitor how the various forms of revenue trend as we progress further into an era of low oil prices. The chart below demonstrates just how strongly oil price trends mirror the financing of Alberta's nonprofit sector.

Oil Prices and Revenue Trends  
(% of Organizations Reporting Increased Revenue)

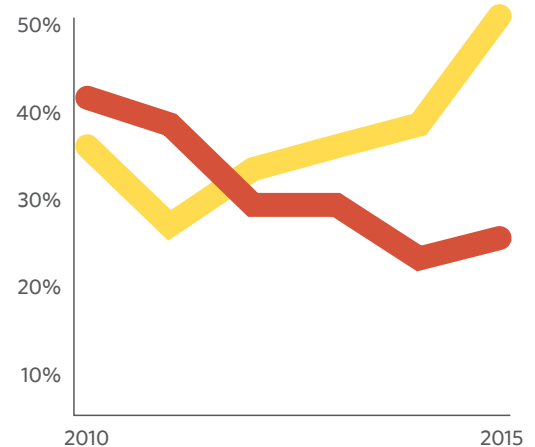


<sup>1</sup> WTI Spot Price (Retrieved May 2015).



**% Of Organizations Reporting Decreased or Flatlined Revenue**

● Total Revenue Stayed the Same ● Total Revenue Decreased



The chart at the right demonstrates that although a larger percentage of organizations are reporting revenues are down, thus far the economic slowdown has not affected Alberta's nonprofit sector to nearly the same extent as the last recession. The chart also highlights the upward trend in the percentage of organizations reporting flat funding. CCVO will monitor this next year as we suspect the results may give us a better indication of the effects of the slowdown.

## A NOTE ON DIVERSIFICATION

It is often suggested during times of economic downturn, that nonprofits should look to diversify their revenue sources or find ways to increase levels of earned revenue. This year, and in 2009, revenue diversification was among the most common strategies nonprofits reported employing to adapt to difficult times. However, evidence from 2009 shows that all forms of revenue decline during economic downturns, and that various forms of funding in Alberta tend to rise and fall with oil prices. This demonstrates that rather than expecting that some funding sources

will offset reductions, **there is a compounding impact on organizations.**

Additionally, it is important to note that there are examples where organizations do well in the absence of diversification. Sports and Recreation organizations that derive all of their revenue from earned income are more likely to generate a surplus than those that have other or multiple revenue streams. It is quite likely that there is something unique about these organizations' work that make this so, but it serves as an example

that runs contrary to conventional wisdom on diversification.

None of this is to say we should ignore calls to diversify. Obviously diversification makes an organization less vulnerable to shifting funding priorities or the scaling back or cancellation of a given funding program, but what our data tells us is that **diversification is not a guaranteed means of recession-proofing an organization.**



# ARTS AND CULTURE ORGANIZATIONS

Arts organizations often struggle during times of economic downturn, when donors and funders may view their work as more discretionary than work performed by other nonprofit subsectors.

Since 2011, it appears that funding for the arts has been rebounding after significant decreases in the wake of the last global recession. This pattern holds true this year. Likewise, the Calgary Arts Development Authority reports that aggregate private funding for their grantees is up year over year<sup>1</sup>. We will monitor this closely as the effects of prolonged low oil prices are felt in the coming year.

# ENVIRONMENTAL ORGANIZATIONS

Last year CCVO noted that Environmental organizations in our small sample were struggling. The trend continues this year as not one Environmental organization reported increased total revenue and fifty percent said corporate donations had decreased. In 2014 CCVO questioned whether the politically charged discourse around the work of Environmental organizations had led to reluctance by corporations to support them. This year there has been continued media attention around the CRA audits of a few high profile Environmental organizations. Additionally, the oil industry continues its efforts to counter perceptions about Alberta’s ‘dirty’ oil industry. Environmental organizations were also more likely than other subsectors to:

- Cut programs and services (26%).
- Operate at a deficit (39%).
- Report low wages as a concern (57%).
- Expect decreases in staffing (19%).

# FINANCIAL EXPECTATIONS

The percentage of organizations that reported they expected their finances to improve in the next year is half of what it was last year, while the percentage of organizations expecting things to worsen more than doubled.

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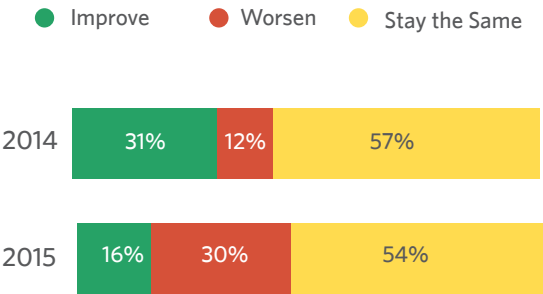
In both cases the percentage was the lowest and highest we have seen in the past 5 years, respectively.

Again, it is important to note that the survey was in the field in advance of the former government

tabling a budget they stated would include a 5% to 9% decrease in funding and amidst a context of low oil prices.

Had the survey been in the field post-provincial election the results may have captured a more optimistic mood.

Expectations of Finances in the Coming Year



<sup>1</sup>Based on data collected from Calgary Arts Development’s 2015 Operating Grant Program

# DEMAND, REVENUE, OPERATING COSTS & RESERVES

Last year CCVO noted that the gap between the percentage of organizations reporting, on the one hand, increased demand for services, and on the other, increased revenue and operating costs, had closed somewhat. However, this year we see a return to the

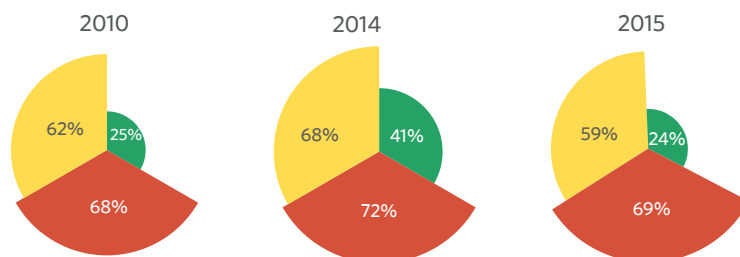
pattern observed in post-recession 2010. While a smaller percentage of organizations reported increased operating costs as compared to 2014, the majority continue

to report increased demand, amidst what, for most organizations, is flat or reduced funding.

It stands to reason that if this is the case, some organizations will be drawing down their operating reserves. For the past three years, CCVO has been asking organizations whether they have an operating reserve, and if so, how much. Our information to date suggests that many organizations are dipping into operating reserves to deal with a generally flat funding environment and, in the case of southern Alberta organizations, flood related expenses. The proportion of organizations reporting they have an operating reserve has remained relatively constant.

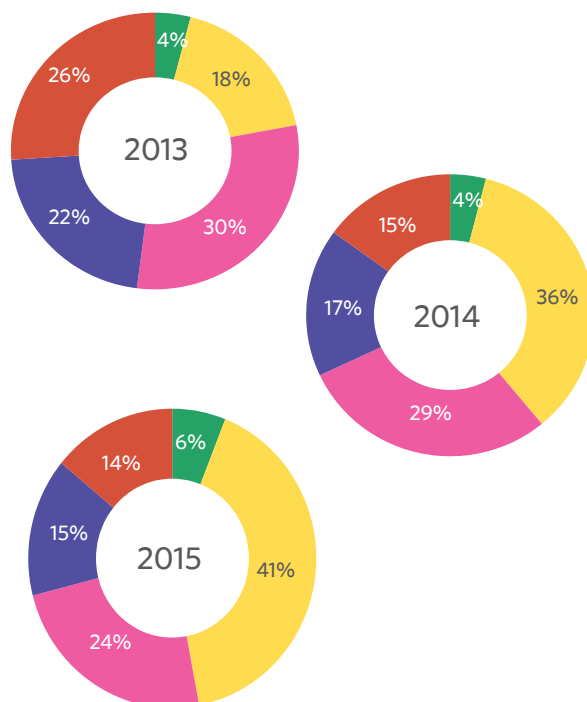
What has changed is the proportion reporting less than the equivalent of three months' worth of operating reserve. Of the roughly two-thirds that possess an operating reserve, the proportion that possess three months or less has risen from 21% to 46% since 2013.

% of Organizations Reporting an Increase in



% of Organizations Reporting an Operating Reserve

Less than 1 month 1 - 3 months 3-6 months 6-12 months more than 12 months



LOOKING FOR DATA ON YOUR SPECIFIC REGION OR SUBSECTOR?

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[WWW.CALGARYCVO.ORG/NONPROFITSURVEY](http://WWW.CALGARYCVO.ORG/NONPROFITSURVEY)

## ADAPTING TO THE ECONOMIC DOWNTURN

When asked what steps their organization had taken to prepare for the fallout from Alberta's economic downturn, approximately three-quarters of organizations mentioned having taken some steps, including: reviewing, or changing, existing organizational budgets; creating contingency

budget scenarios based on different funding levels; diversifying funding; and increasing fundraising.

A few indicated they were already prepared as a result of steps taken during or following the 2008 economic crisis.

## WHAT, IF ANY, STEPS HAS YOUR ORGANIZATION TAKEN TO PREPARE FOR THE FALLOUT FROM ALBERTA'S ECONOMIC DOWNTURN?

“We are running through different budget scenarios and are preparing to scale back operations to sustain core services.”

- Edmonton & Area

“We have risk mitigation strategies in place from the 2008 recession.”

- Calgary & Area

“Reduced staff and eliminating some programs.”

- Multi-region/Province-wide

“Panic. Looking for other revenue streams. Creative fundraising. Cutting budget lines.”

- Camrose-Drumheller

“None as of yet, beyond long-standing contingency fund.”

- Calgary & Area

“Praying.”

- Camrose-Drumheller



# NONPROFIT WORKFORCE

## WORKFORCE CHALLENGES

When respondents were asked to identify their most significant workforce challenges almost 50% of organizations reported low wages, by far the most frequently reported challenge. Small and mid-sized organizations (<\$5,000,000) were more likely to report low wages as a challenge. This is consistent with research indicating, not surprisingly, that there is a strong relationship between the size of a nonprofit or charity and compensation levels - the larger the organization the higher the compensation.<sup>1,2,3</sup> This confirms what is already known anecdotally, that small organizations not only compete with better paying sectors but also with larger nonprofit organizations that are able to offer higher compensation rates.

Turnover in staff was another, related, workforce challenge reported by 35% of organizations. As the sector often struggles to recruit and retain employees on the basis of wages, many organizations indicated they attempt to compete by providing non-monetary benefits including: professional development, flex days and flexibility in roles/assignments.

Top Workforce Challenges by Subsector  
(Based on % of Organizations Reporting Challenges)

	Low Wages	Retirement/ Succession	Staff with New Ideas	Skills & Expertise	Turnover	Workplace Climate
Arts & Culture	●	●	●			
Sports & Rec	●			●		●
Education Research	●			●	●	
Health	●	●			●	
Social Services	●			●	●	
Environment	●		●	●	●	
Development	●	●		●		
Fundraising	●			●	●	●

“With low wage levels, we cannot retain young staff. We become a training ground for students and recent graduates but they cannot afford to continue to work with us.”

- Medicine Hat

“We are currently looking at succession planning as many of our volunteers and employees are past the age of retirement. We are offering PD to all staff to address skills and expertise.”

-Lethbridge/Medicine Hat Region

<sup>1</sup>HR Council for the Nonprofit Sector. (2013). Compensation of Full-Time Employees in Small Charities in Canada.

<sup>2</sup>Charity Village. (2012). Nonprofit Compensation & Benefits Study.

<sup>3</sup>Peter T. Boland & Associates Inc. (2013). Boland Survey of Not For Profit Sector Salaries and Human Resource Practices, Alberta Region.

# GOVERNMENT OF ALBERTA CONTRACTING PROCESSES & PRACTICES

When asked to select from a list of possible challenges with current Government of Alberta contracting processes and practices over one-third of respondents selected:

- Length of contract.
- Level of discretion or flexibility that can be exercised by the service provider in allocating funds to fulfill contractual obligations.
- Reporting and monitoring accountability requirements.

Other issues raised included funding levels and lack of full cost recovery.

“Please move from 1 year to 5 year contracts”

- Fort McMurray

“Typically underfunded against expected outcomes.”

- Calgary & Area

“Lengthy application for funding process.”

- Multi-region/Province-wide

“Inability to include operating costs at a level that is congruent with the real costs.”

- Edmonton & Area

# WORKFORCE CHALLENGES, CONT.

Evidence suggests that organizations that receive contract or grant funding to deliver services on behalf of the Government of Alberta have struggled more with turnover in staff and low wages than organizations that do not receive government funding.

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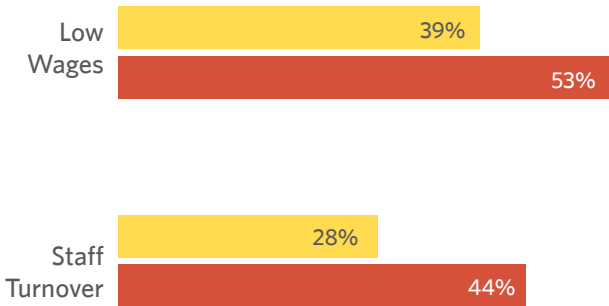
Despite a sustained effort on the part of the Province to address the issue of low wages among contracted nonprofit service providers, the net effect has been to stay just ahead of inflation and a significant gap exists between what is paid by nonprofits and what is paid to comparable positions in the public sector.

Approximately fifty-five percent of Environmental and Social Services organizations reported low wages as a challenge. This is unsurprising for Environmental organizations given the financial

challenges CCVO has observed in this subsector over the past few years.

% of Organizations Reporting Organizational Workforce Challenge

- Not contracted to deliver services on behalf of GOA
- Contracted to deliver services on behalf of GOA



# EXECUTIVE DIRECTOR TURNOVER

The percentage of organizations that anticipate a change in the Executive Director or CEO position within the next 2 years is fairly comparable to what we have seen in previous years, with approximately a quarter of agencies reporting that they anticipate turnover at the executive level.

# DIVERSITY IN THE SECTOR

The nonprofit sector continues to struggle with employing staff from underutilized talent pools, with the exception of mature workers. What isn't clear is to what extent this is due to factors including lack of inclusive recruitment/retention practices versus whether persons in these talent pools see the nonprofit sector as a viable employment opportunity.

Organizations serving these specific populations generally do a good job of ensuring they have at least some representation of their target population among their staff.

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NONPROFITSURVEY

% of Organizations That Employ Members\* of the Following Population Groups

	Mature Workers (55+)	New Canadians	People with Disabilities	Aboriginal Workers	Youth (<25)
Average Across All Subsectors	78%	47%	31%	30%	61%
Arts & Culture	61%	21%	12%	14%	64%
Sports & Recreation	63%	32%	14%	7%	59%
Education & Research	90%	60%	47%	32%	83%
Health	84%	48%	42%	40%	55%
Social Services	86%	55%	38%	46%	63%

\*At least one percent of employees.

% OF ALBERTA'S WORKING AGE POPULATION (AGE 15 & OLDER)<sup>1</sup>

28% MATURE WORKERS (AGE 55+)

20% IMMIGRANTS

13% PEOPLE WITH DISABILITIES

6% ABORIGINAL

16% YOUTH (AGE 15-24)

<sup>1</sup>Statistics Canada. (2011, 2012, 2013, 2014). Various.

# ORGANIZATIONAL CAPACITY

We revisited the topic of organizational capacity this year and found organizations in our sample were most likely to report being weak in fund development. Likewise

**This raises a question about whether these continued efforts serve to increase overall sector finances, or merely up the ante in competing for finite funds.**

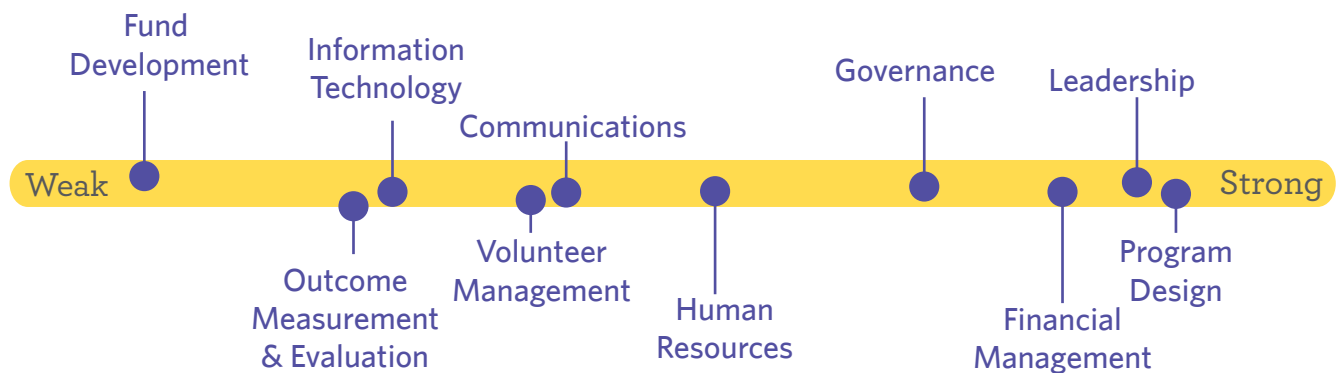
over 60% of organizations identified fund development as one of their top three capacity-building needs. We consistently hear from organizations that they plan to increase fund development efforts and capacity. This raises a question about whether these continued efforts serve to increase overall sector finances, or

merely up the ante in competing for finite funds.

Small organizations were less likely to indicate they were

proficient in all functional areas, with the exception of volunteer management, which one might expect given that many small organizations rely heavily on volunteers. That being said, small organizations were the most likely to report volunteer management as a priority area for capacity building.

We were surprised that more organizations didn't assess their governance as weak, as when we've surveyed current and emerging leaders for other research, this was often a common concern. It could be that when taken in the context of other organizational needs, it's not as pressing an issue as other capacity building areas.

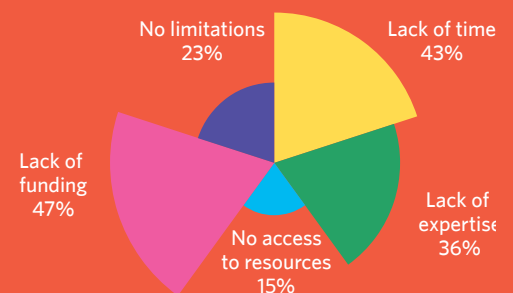


## EMERGENCY PREPAREDNESS

In 2014, as part of our ongoing flood research, we asked a series of questions on emergency preparedness. This year just over 50%, of organizations reported to have emergency plans in place, a slight increase over last year. It appears that of those that have preparedness plans, a significant number expanded on them. For example, a significantly larger percentage of organizations now have a plan to reoccupy their facilities if forced to evacuate.

When asked what limitations organizations face in regards to their ability to prepare for emergencies, the most frequent responses were around lack of time and funding, which are arguably related. While only 15% of organizations felt they lacked access to emergency preparedness information, we are hearing that more in-depth preparedness training is still required.

Limitations to Emergency Preparedness as Identified by Organizations



## CHALLENGES TO ACHIEVING MISSION

Respondents were asked an open-ended question about their organization's most significant challenges to achieving their missions. Overwhelmingly the greatest challenge identified by respondents was funding and finances (46%), followed by human resources issues (15%) and then a host of issues ranging from leadership capacity to facilities. This is consistent with what respondents reported when asked similar questions in the past and when we surveyed executive directors, CEOs and emerging leader cohorts<sup>1</sup>.

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“Building a sustainable revenue base to support our programs and operations and that keeps pace with increases in operating costs.”

- Calgary & Area

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“The multiple barriers that our clients face combined with a lack of appropriate resources to support them.”

- Edmonton & Area

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“Maintaining the ability to think and work in a way that allows us to be adaptive and responsive to the communities in which we serve.”

- Calgary & Area

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<sup>1</sup>Turning Point: Creating Sustainable Nonprofit Leadership, 2013 ([www.calgarycvo.org/turningpoint](http://www.calgarycvo.org/turningpoint))

## WAYS ORGANIZATIONS ARE ADAPTING FOR THE FUTURE

Expand Partnerships   Younger Members   Development  
Stay Relevant   Expand   Measure   Technology   Advocacy   Capacity Building  
Efficiency   Diversify Income   Funding   Leadership   Increase Services  
Staff   Improve   More Entrepreneurial   Volunteers   Social Media  
Board Renewal   Succession Planning   Do More With Less   Resources  
Sustain Growth

# PROFILE OF RESPONDENTS

## BY SUBSECTOR

13%	Arts & Culture
1%	Business, Professional Associations & Unions
5%	Development
5%	Education & Research
6%	Environment
4%	Fundraising & Voluntarism
10%	Health
3%	Housing
2%	International
3%	Law, Advocacy & Politics
1%	Religion
37%	Social Services
10%	Sports & Recreation

## BY REGION

39%	Calgary and Area
24%	Edmonton and Area
4%	Camrose - Drumheller
4%	Lethbridge
3%	Medicine Hat
5%	Fort McMurray - Wood Buffalo - Cold Lake
6%	Red Deer and Area
3%	Athabasca - Grande Prairie
2%	Banff - Jasper - Rocky Mountain House
11%	Multi-Region/Province wide

## BY OPERATING BUDGET

33%	\$250,000 or less
35%	\$250,000 - \$1.5 M
16%	\$1.5M - \$5M
8%	\$5M - \$10 M
9%	Over \$10 M

## BY PAID STAFF

9%	0
43%	1-9
14%	10-24
11%	25-49
6%	50-99
3%	100-199
5%	200 or more

## ACKNOWLEDGEMENTS

Thank you to all the individuals and organizations that helped us disseminate the survey this year.

The report was prepared by Anna Burrowes and Geoff Braun with support and contributions from Jackie Coe, and designed by Johanna Schwartz.

## 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. Learn more at [www.calgarycvo.org](http://www.calgarycvo.org).







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