

2016 ALBERTA Nonprofit SURVEY

Calgary and Area Results

Background

This survey was in the field eight months into the first provincial political regime change in nearly half a century, and a year and a half into a provincial economic downturn. Many within Alberta's nonprofit sector, particularly those who serve vulnerable populations, perceive the new government as more attuned and sympathetic to the issues they work to address. However, this renewed optimism is tempered by the fiscal challenges facing the Province. Over the past year and a half, Alberta has experienced decreased corporate profits, a 4% decline in GDP¹, an unemployment rate above 7% for the first time since 2010, and decreased net migration². Despite these challenges, the NDP government adopted an ambitious legislative agenda that included the following policy developments in the months leading up to the survey:

- The first in a series of increases to minimum wage.
- Increased funding for the Family and Community Support Services (FCSS) program.
- Increased funding for domestic violence programs.
- A continued thrust toward competitive procurement for contracts administered by Alberta Human Services.
- Creation of a ministry focusing on the status of women.
- Completion of the Mental Health Review.
- Restoration of the Summer Temporary Employment Program (STEP).

1. Statistics Canada (2016) Table 379-0030. Gross domestic product (GDP) at basic prices, by North American Industry Classification System (NAICS), provinces and territories (Percentage Change (year-to-year))

2. Government of Alberta. (2016). 2015-16 Government of Alberta Annual Report - Complete Volume. Retrieved from http://finance.alberta.ca/publications/annual_repts/govt/2015-16/goa-2015-16-annual-report.html

Highlights

MIXED FINANCIAL PICTURE

The effects of an altered political, demographic, and economic context are playing out in Calgary's nonprofit and charitable sector. While the decline in oil prices has resulted in substantial decreases to corporate funding, the provincial government's commitment to maintaining spending through the downturn seems to have provided some stability for government-funded organizations at the time of the survey. Overall, Calgary and Area organizations in our sample appeared to be faring better than organizations in other regions, largely due to greater success in securing individual donations. However, it is important to recognize there may be a lag effect at play.

UNCERTAINTY IN A NEW REALITY

Calgary and Area nonprofits are struggling with the uncertainty of what 44% of organizations believe is a new economic reality. While 30% don't know what to expect from this downturn, fewer than 20% of organizations expect their financial situation to improve in the next year, and one-quarter believe it will get worse. This suggests that many organizations believe this downturn will be more protracted, and some predict the worst is yet to come.

ADAPTATION STRATEGIES AND WORKFORCE EFFECTS

Seventy percent of organizations had felt the effects of the downturn as of early 2016. At that time, the most common adaptation strategies were to increase fundraising efforts and decrease discretionary spending. While over half of organizations have increased programs or services during the downturn (some perhaps responding to increased need),

almost 20% have reduced staff. This combination has resulted in 54% of organizations reporting heavy staff workloads as a significant challenge.

SHIFTING LANDSCAPE

In addition to the challenging economic environment, policy changes and shifting demographics are starting to make their mark on the sector. Some health organizations are seeing demand for services rise as the population ages. New policies such as the continued transition to \$15 minimum wage will have a disproportionate effect on some nonprofits. Subsectors such as arts and culture and sports and recreation will feel the effects directly as they are more likely to employ staff at or just above minimum wage, while many in the social services subsector are quick to point out the positive effect this shift will have on their clients.

EMERGENCY PREPAREDNESS

The sector is becoming more prepared for emergencies, as fewer organizations face limitations to preparedness planning. Health and social service organizations are more likely to have emergency plans, possibly as a result of the nature of their work and clientele.

Financial Picture

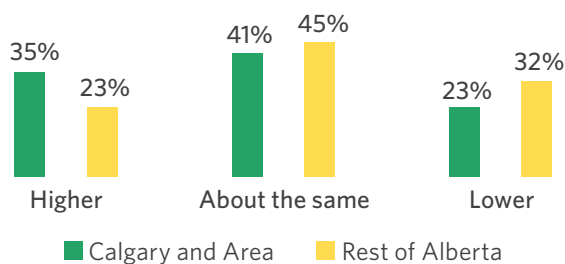
While Calgary and Area nonprofits are feeling the effects of the recession, the impact at the time of the survey was less pronounced in the region compared to other regions across Alberta.

The proportion of organizations reporting decreased revenue has remained relatively consistent over the past four years. Almost twice as many organizations reported decreased total revenue in 2010, when the full effect of the last recession was being felt, as compared to 2016.

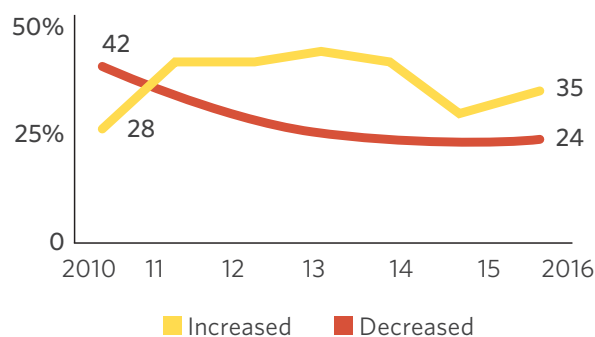
Consistent with a trend we noted last year, Calgary and Area organizations in our sample have fared better than other regions. Twelve percent more organizations in Calgary and Area reported increased revenue, largely due to more organizations reporting increased individual donations this year. Approximately 78% of organizations in CCVO's Calgary and Area sample receive some of their funding in the form of individual donations.

The effects of the downturn have not been uniform across subsectors or organization size¹. On average, large, small, and social service organizations have weathered the storm better. The majority of small organizations in the sample don't receive corporate

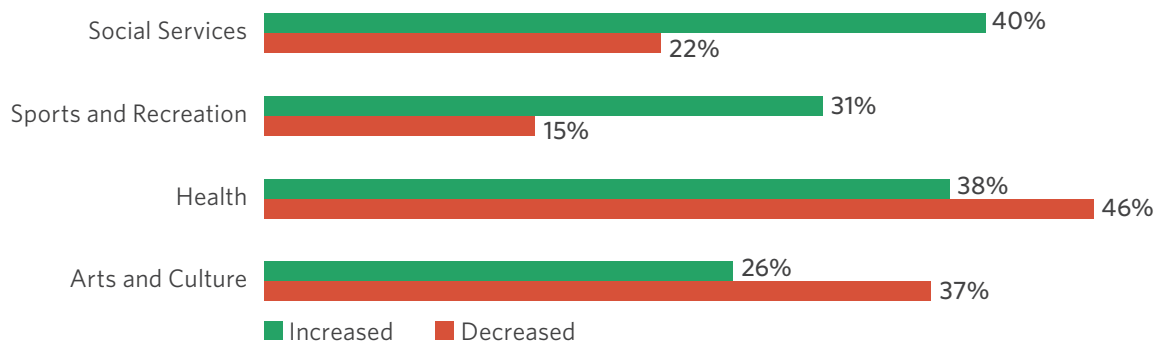
Total Revenue (Year-over-year)



Calgary and Area Total Revenue



Total Revenue by Subsector (Year-over-year)



1. Organization Size by Operating Budget

Small <\$250,000

Medium / Small \$250K - \$1.5M

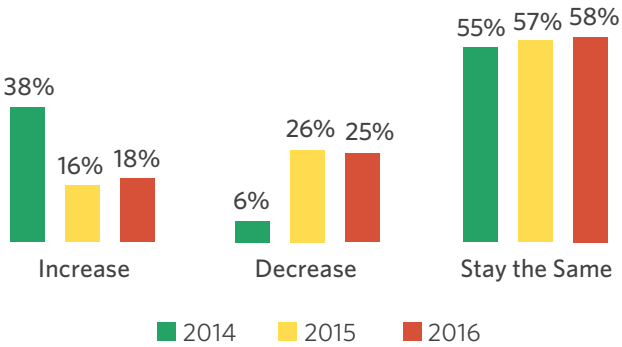
Medium / Large \$1.5M - \$5M

Large >\$5 M

funding so are not affected by declines in that funding source. Moreover, the downturn's effects vary in nature and manifest over varying timelines for different subsectors and even within subsectors. For example, while sports and recreation organizations haven't been particularly hard hit just yet, we know anecdotally that some are expecting the impact to hit next year when more households will be looking to curb spending.

Over the past two years, less than 20% of organizations have expected their finances to improve, a sign that many are anticipating this will be a prolonged downturn. Moreover, 25% of Calgary and Area organizations expect their finances to worsen next year. While on par with 2015, this suggests that at least some organizations anticipate the worst is yet to come.

Expectations for Finances in the Coming Year

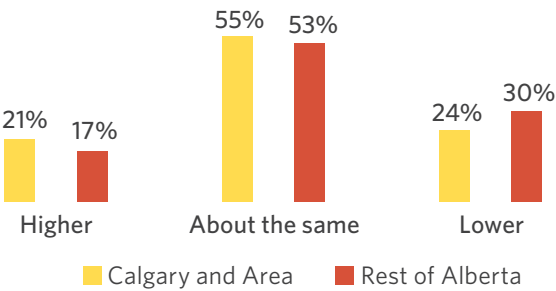


FOUNDATION FUNDING

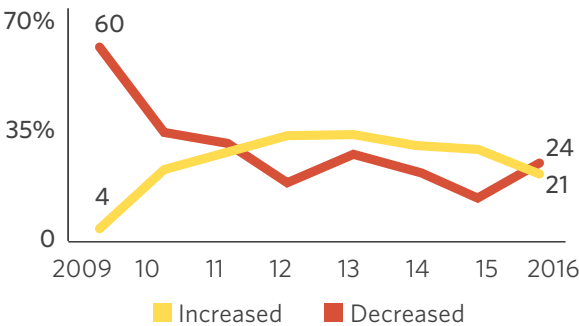
Almost 25% of organizations reported decreased funding from foundations, compared to 13% in 2015. Of the 6% of organizations with foundations as their primary source of revenue, the majority of which are social service organizations, 33% reported decreases.

Funding from foundations has remained more stable in Calgary and Area as compared to other regions. This may be partly a result of larger endowments in Calgary and Area foundations, and less foundation money available for organizations in small centres and rural Alberta.

Grants from Foundations (Year-over-year)



Grants from Foundations



Financial Picture continued...

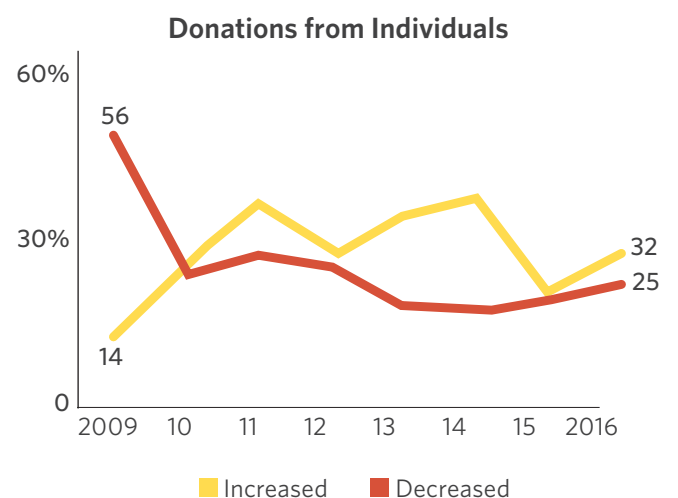
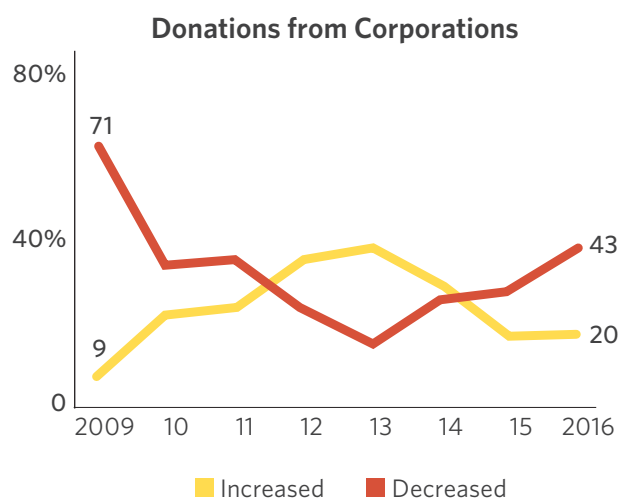
GOVERNMENT, INDIVIDUAL, AND CORPORATE FUNDING

As is the case across the province, corporate funding in Calgary and Area has been impacted significantly by the downturn. The percentage of organizations reporting decreased funding has more than doubled since 2013. However, to-date the decline is not nearly as drastic as was seen in 2009, when 71% of organizations reported decreased corporate funding. The effects of the downturn on Calgary and Area corporate funding may be somewhat delayed as Calgary is more of an oil and gas administrative hub as opposed to a processing or operations centre.

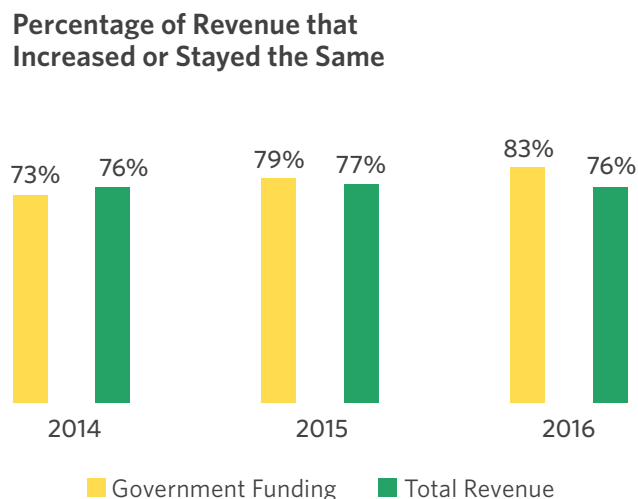
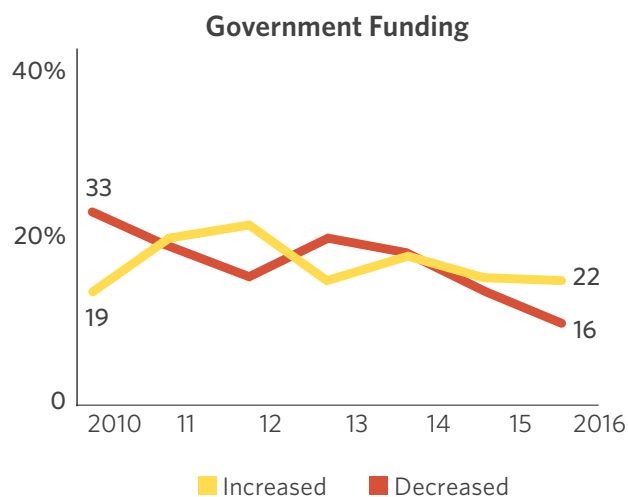
Large social service organizations appear to be the primary beneficiaries of the spike in individual donations in Calgary and Area, as 57% reported increased funding from this source. The well-known social service agencies, especially those that address basic needs, are often top-of-mind for

individuals looking to donate during tough times. Calgary is home to a segment of corporate high-income earners who are likely less affected by the local economic conditions and so can maintain their levels of giving. Alternatively, as our data doesn't reveal the number of individual donors, this year's trend in Calgary could be representative of the larger trend toward fewer donors giving more. While the cause of the increase is unclear, it leads to questions around whether individual donations will be more affected next year, should unemployment rates remain high and as individuals draw down savings and/or exhaust benefits.

While corporate, and to a lesser extent, other forms of revenue have been hit hard by the downturn, government funding has had a stabilizing effect. This reflects the provincial government's decision to maintain spending through the downturn.



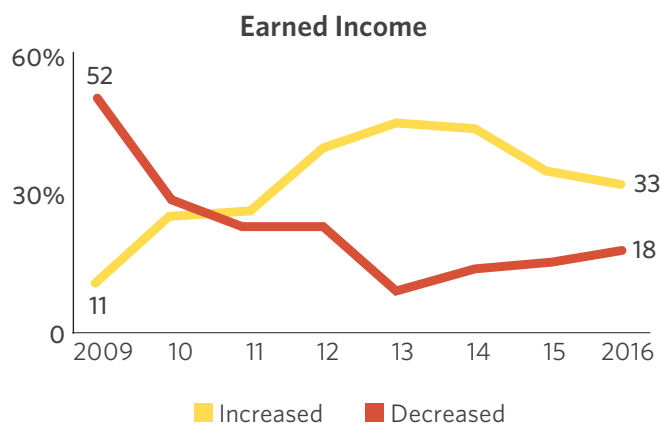
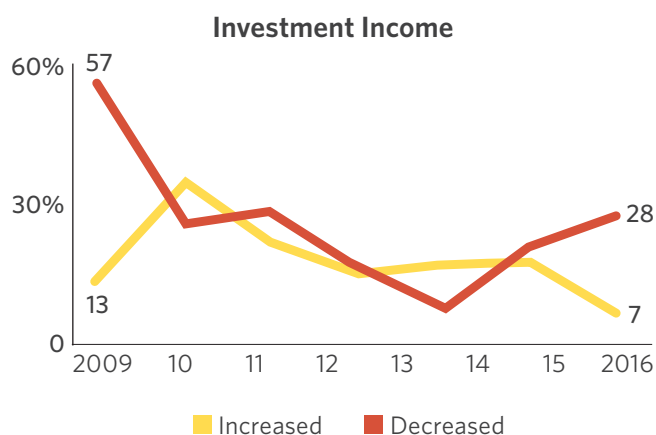
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EARNED AND INVESTMENT INCOME

Although low interest rates and market volatility have hurt investment income, the less severe drop in earned income likely had a greater effect on the sector. On average, investment income makes up only 3% of total income, while all other earned income makes up

approximately 46% of total income¹. While earned income has been more stable in Calgary and Area relative to other regions, the subsectors that rely heavily on earned income, such as sports and recreation and arts and culture, are vulnerable to economic fluctuations.



1. Roach, R. (2006). *The Nonprofit and Voluntary Sector in Alberta: Regional Highlights from the National Survey of Nonprofit and Voluntary Organizations*. Imagine Canada: Toronto, ON.

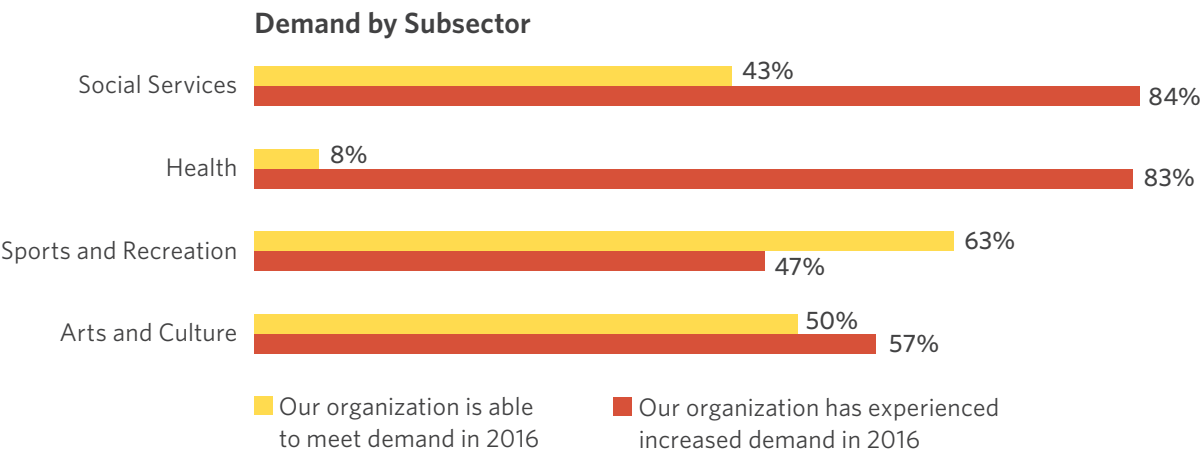
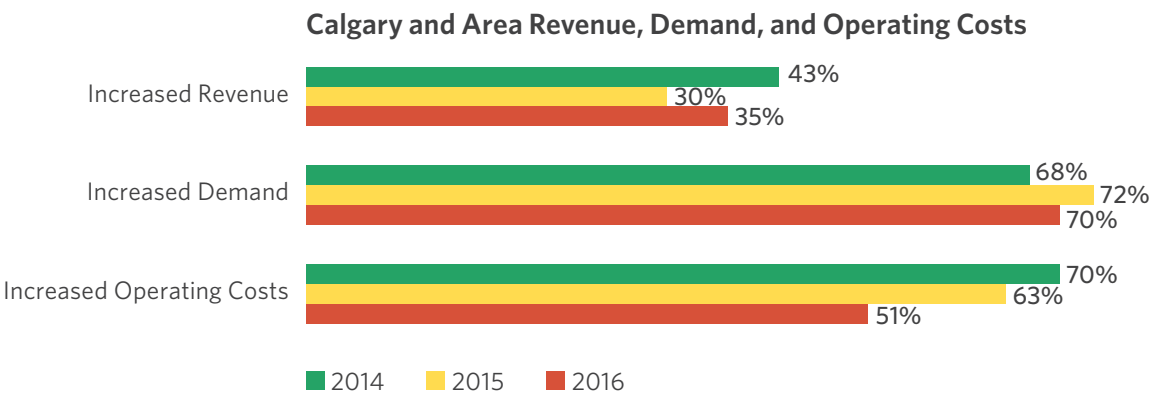
Demand, Operating Costs, and Reserves

Demand has remained fairly consistent over the past three years for Calgary and Area organizations; however, a greater proportion are reporting increases of more than 10%.

Compared to 2014, social service organizations were more likely to report they could meet demand, whereas health organizations were far less likely to report they could meet demand. While this runs contrary to expectations, and what we've been hearing anecdotally from social service organizations, it is important to remember that the ability to meet demand is influenced by a variety of factors

ranging from funding and staffing levels to public policy and client acuity. Moreover, social service organizations are more likely to report that growth in demand is a product of economic factors, while health organizations cite an increase in the population served.

Not surprisingly, a smaller proportion of organizations are reporting increased operating costs. Anecdotally, we are aware that some Calgary and Area organizations are taking advantage of a soft commercial real estate market and reducing costs by relocating or negotiating lower lease rates at renewal time.



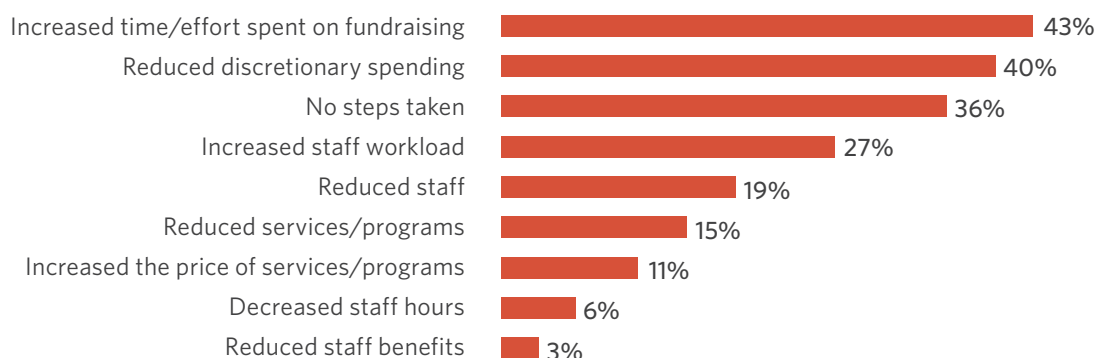
Adapting to the Economic Downturn

Approximately 70% of Calgary and Area organizations had already experienced impacts of the economic downturn by early 2016, and 64% had taken steps to adapt.

The impact of the downturn has varied significantly among subsectors. Only 40% of sports and recreation organizations had taken steps to adapt, compared to 86% of arts and culture organizations. Small organizations were more likely to report that they didn't know what to expect, and were also less likely to have taken steps to adapt to the downturn.

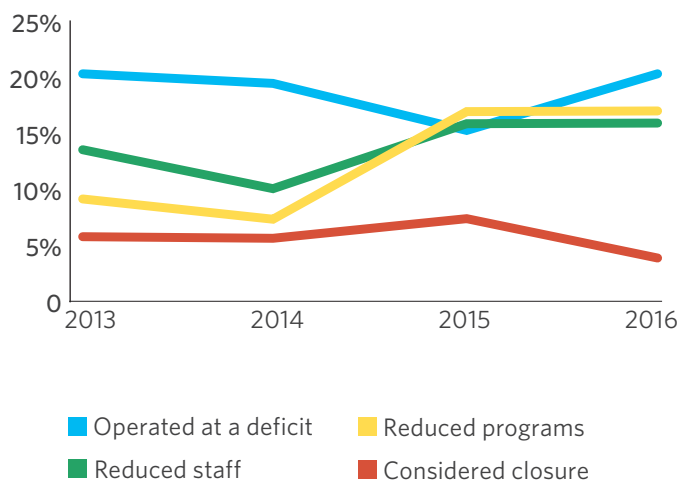


Steps Taken by Organizations to Adapt to the Economic Downturn



The chart to the right uses proxies for organizational health to outline how organizations have fared as the economy has slumped. While a greater percentage of organizations have reduced programs and staff over the past four years, the percentage that have operated at a deficit or considered closure has remained more constant. It may provide evidence that some organizations may be insulated from the downturn's effects, whereas others may be especially vulnerable. Over half of the organizations reported that they expanded programs and/or services (net growth) as compared to the one-fifth that cut programs (net reduction).

In the past 12 months my organization has:



Workforce and Collaboration

The economic downturn is placing strain on the nonprofit workforce, both directly and indirectly, through the effects on clients, members, and patrons. More than half of organizations reported heavy staff workloads as a challenge, with arts and culture (71%) and social service (58%) organizations especially vulnerable to this

pressure. As 70% of organizations reported increased demand and almost 20% reported they had reduced staff, the increase in workloads is unsurprising. It also may explain how over half of the survey respondents managed to expand services—significantly higher than the proportion that reported increased total revenue.

Workforce Challenges



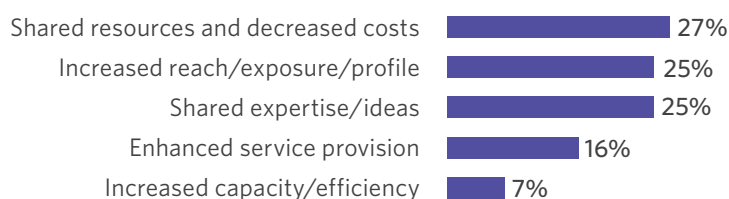
COLLABORATION

Eighty-seven percent of organizations in Calgary and Area engage in at least some collaboration with external partners. For the majority of organizations, less than one-quarter of their work is collaborative, and only 11% of organizations engage in collaboration for more than half of their work. This raises questions about how much of the sector's work *should* be collaborative. While collaboration is often essential to achieving large-scale change, it also requires a significant investment of time and resources, especially up front, in order for the benefits to come to fruition. CCVO will continue to monitor the degree of collaboration in the sector over time.

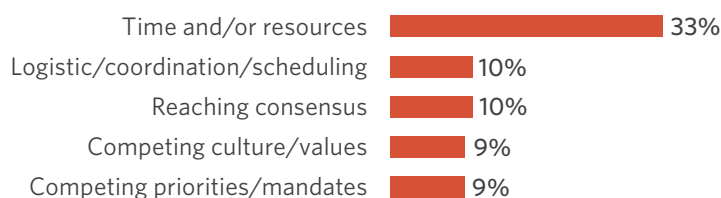
For 70% of organizations, collaborating with external partners makes up 25% or less of their work.

13% of organizations don't engage in collaborative work.

Benefits



Challenges



Minimum Wage

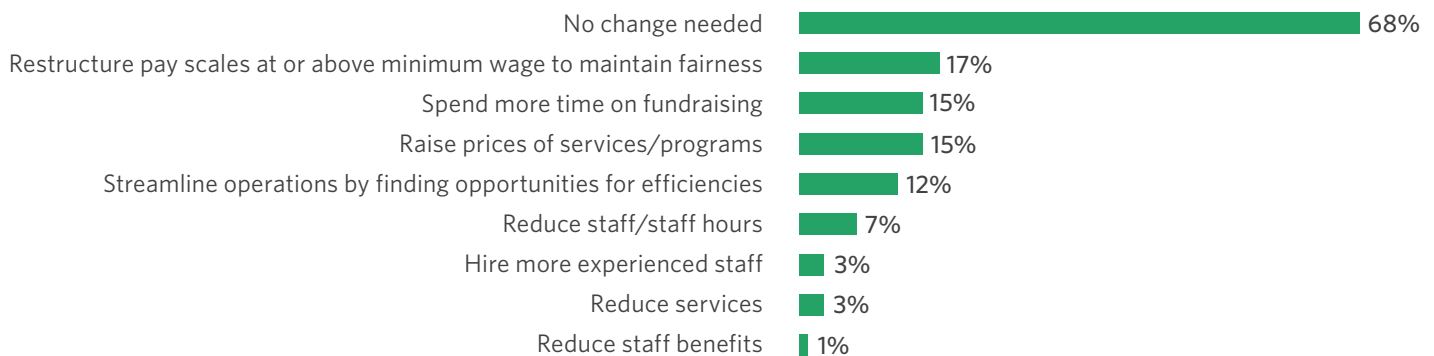
KEY FINDINGS:

- 12% of organizations have staff who make \$11.20/hr.
- 35% of organizations have staff who make between \$11.20/hr and \$15/hr.

As organizations transition from the current minimum wage of \$11.20/hr toward \$15/hr, the impacts and challenges of the increase are being felt in varying

degrees across the sector. The arts and culture subsector had the highest percentage of organizations that reported employing staff at minimum wage, followed by sports and recreation. This is likely due to a large number of front-line and customer service roles in these subsectors.

Adjusting to the Minimum Wage Increase

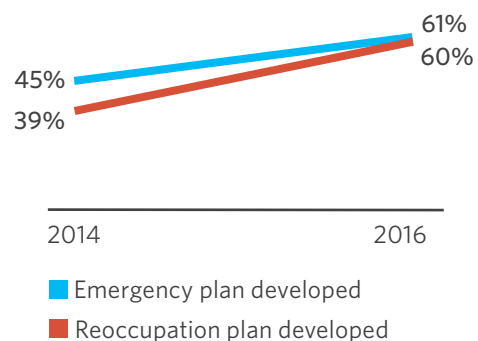


Emergency Preparedness

The sector continues to make progress in its emergency preparedness. While fewer organizations reported facing limitations this year, insufficient time, funding, and expertise continue to be the most common barriers to emergency planning.

Unsurprisingly, given the nature of their programs and clientele, health and social services organizations were more likely to report having an emergency preparedness plan. Small organizations were far less likely to have an emergency plan; however, some of these organizations may view emergency plans as less applicable.

Preparedness of the Sector for an Emergency



Profile of Respondents

BY SUBSECTOR

Arts and Culture	13%
Business, Professional Associations, and Unions	2%
Development	5%
Education and Research	4%
Environment	4%
Fundraising and Volunteerism	4%
Health	7%
Housing	2%
International	1%
Law, Advocacy, and Politics	2%
Religion	1%
Social Services	38%
Sports and Recreation	18%

BY URBAN VS RURAL

Urban	84%
Rural	5%
Equal Parts Urban and Rural ...	10%
Outside of Alberta	1%

BY OPERATING BUDGET

Less than \$250,000 ...	31%
\$250,000 to \$1.5M	30%
\$1.5M to \$5M	15%
\$5M to \$10M	9%
More than \$10M	15%

BY PAID STAFF

No paid staff ...	13%
Less than 1	11%
1 to 9	32%
10 to 24	11%
25 to 49	13%
50 to 99	6%
100 to 199	8%
200 or more ...	5%



CCVO
Calgary Chamber of
Voluntary Organizations

ABOUT THE SURVEY

The Alberta Nonprofit Survey takes an annual snapshot of the health and experience of Alberta's nonprofits and charities to capture information on finances, demand for services, staffing, and the future economic outlook of organizations. It is the only source of Alberta-specific research that documents long-term trends across Alberta's nonprofit sector.

The report is based on the analysis of 198 responses collected from Calgary and Area nonprofit organizations between February 2-26th, 2016. 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. For questions or requests for assistance to interpret or make statements based on the survey data, please contact the Calgary Chamber of Voluntary Organizations at policy@calgarycvo.org.

This report was prepared by Anna Burrowes, Geoff Braun, and Melody Brooks. Design by Studio X Design Inc.

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