

# 2013 ALBERTA NONPROFIT SURVEY



CCVO  
Calgary Chamber of  
Voluntary Organizations





# 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, the implementation of Alberta's Social Policy Framework, and the impact of the elimination of two provincial 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.

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 weeks as some of the implications of the provincial budget became known.

▶ As this report was in its final stages, many southern Alberta communities declared states of emergency due to severe flooding, the full impact of which will not be known for many months.

## SURVEY HIGHLIGHTS

### Demand, revenue and reserves

This year's survey revealed that many of Alberta's nonprofits experienced challenges associated with population growth. Some organizations were either unable to meet demand or were reporting to be "at capacity." Seventy-six percent of organizations reported that demand had increased, with 28% reporting an increase in demand of 10% or more.

Many lacked a sufficient reserve to sustain their programs and operations through times of heightened demand or reduced revenue, financing their operations on a month-to-month basis. Forty-one percent of organizations had less than a month's equivalent of operating costs in the form of a cash reserve.

Trends with respect to total revenue have remained relatively unchanged. However, we noticed that the sector's level of optimism had been somewhat eroded. The proportion of organizations that expected their finances to improve dropped by 16% and 9% more expected their financial picture to worsen. Despite this shift, nearly two-thirds of organizations expected their finances to stay the same or improve in the coming year.

Finances are but one indication of respondents' perceptions about the future, and while we did observe a shift in the overall mood of the sector, we are attributing some of this shift to what many are viewing as a challenging provincial budget, introduced just prior to the survey. Of course, budget implementation occurs over time, so the impacts on the sector (and those it serves), be they positive, negative, or somewhere in between, are being realized on a daily basis.

## Jury is out on the Social Policy Framework

The responses to our question on the anticipated impact of the Social Policy Framework illustrate the multiple and diverse realities 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.

## Elimination of two provincial grant programs anticipated to have significant consequences

Forty percent of respondents received Summer Temporary Employment Program (STEP) funding and 50% received Community Spirit grants in the past two years. Four out of every ten organizations that responded to the survey reported that they have been, or will be, affected by the elimination of these programs.

It has been observed that the cuts were announced without consideration of the unintended consequences, or sufficient time for organizations to make contingency plans.

## Benchmark established for executive turnover

The findings of this year's survey built on those from last year. One in four organizations anticipated the departure of their CEO or ED within two years, and similarly, one in four cited a departure in the past two years. We now have a reliable benchmark against which to measure attrition and the impact of "boomer" age leaders transitioning into retirement.

## Charities not silenced by stricter regulations, political rhetoric

Despite recent changes to Canada Revenue Agency (CRA) regulations and high profile public officials questioning the legitimacy of charitable organizations participating in advocacy, Alberta nonprofits appeared to have been unaffected. Thirteen percent reported that their level of participation in advocacy had increased in the past year, compared to less than 3% that reported a decrease.

It is possible that the heightened attention to this topic, and the response it evoked from charities and capacity-building groups, served to clarify rules and embolden some organizations.

## Where to from here?

While it is too early to know how a dynamic provincial context will affect the sector, this year's responses suggest the sector might be at a turning point. An important reference point for these surveys in recent years has been the economic downturn, with a theme of stabilizing circumstances.

The new reality may be an instability created by the political climate and by the natural disaster that has impacted southern Alberta.

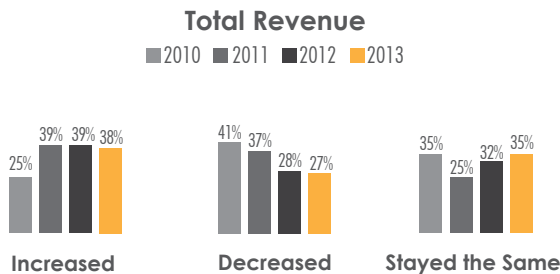
Our 2014 survey will paint a fuller picture of the effect of this shifting context on nonprofits and charities and the communities they serve.

# KEY INDICATORS

## FINANCES & REVENUES

Trends relative to organizations reporting increases in total revenue have remained relatively constant, which can be attributed to a continued post-recession stabilization. A higher proportion of Red Deer organizations reported an increase in revenue (50%) and a lower proportion reported a decrease in revenue (22%).

The proportion of organizations reporting total revenue had increased grew with organization size, a trend we have noted in previous years.



## Revenues by Subsector

	Increased	Decreased	Stayed the Same
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%
Social Services	44%	28%	27%
Recreation	35%	26%	38%
Health	41%	24%	35%
Law, Advocacy & Politics*	29%	14%	57%

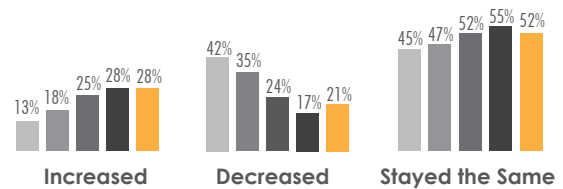
\*responses totaling less than 4% of sample

## Government contracts

Over the past five years, we have observed a steady increase in the number of organizations reporting more revenue from government contracts, and fewer organizations reporting a decrease. This year, however, slightly more (21%) reported decreases as compared to 2012 (17%).

## Government Contracts

■ 2009 ■ 2010 ■ 2011 ■ 2012 ■ 2013

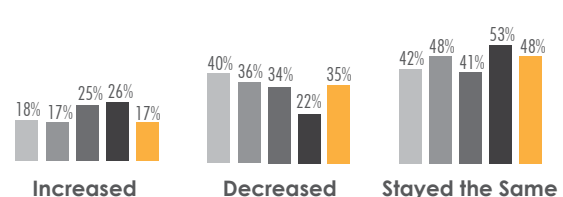


## Grants from government

Eighty-three percent of respondents reported that government grant funding decreased or remained flat. Arts and Culture organizations were more likely to report grants had decreased.

## Grants from Government

■ 2009 ■ 2010 ■ 2011 ■ 2012 ■ 2013



## Grants from foundations

As compared to previous years, significantly more organizations reported that their foundation grant revenue had decreased, and fewer reported that it has increased or remained the same.

## Donations

There was little change to what organizations reported last year regarding both corporate and individual donations; approximately one third of respondents reported increases. Health organizations were more likely to report increases.

## Earned income

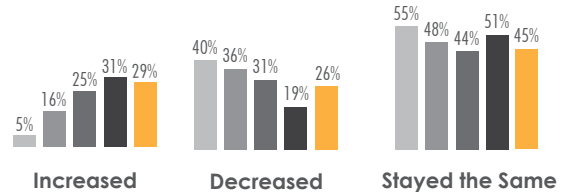
One of the more notable long-term trends is in the area of earned income. Since 2009, the number of organizations reporting success in generating earned income has increased almost threefold.

## Income from investments

Most organizations responded that their income from investments remained the same as last year. This is to be expected as there have not been any major fluctuations in key economic indicators.

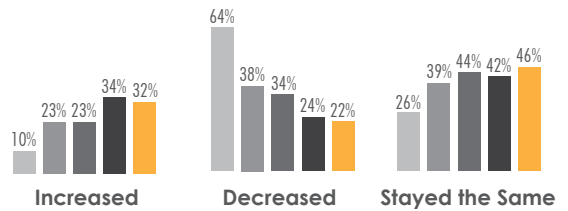
### Grants from Foundations

■ 2009 ■ 2010 ■ 2011 ■ 2012 ■ 2013



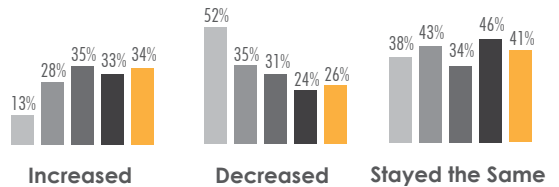
### Donations from Corporations

■ 2009 ■ 2010 ■ 2011 ■ 2012 ■ 2013



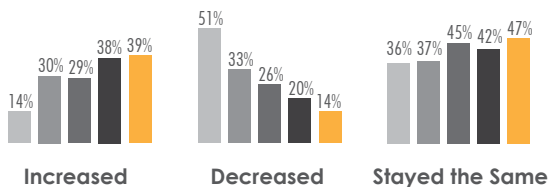
### Donations from Individuals

■ 2009 ■ 2010 ■ 2011 ■ 2012 ■ 2013



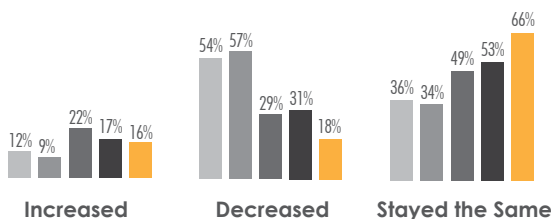
### Earned Income

■ 2009 ■ 2010 ■ 2011 ■ 2012 ■ 2013



### Income from Investments

■ 2009 ■ 2010 ■ 2011 ■ 2012 ■ 2013



## FUTURE EXPECTATIONS

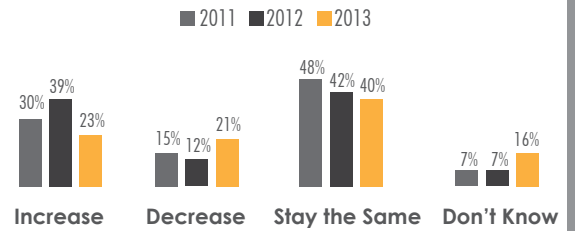
There was a significant jump in the percentage of organizations reporting that they expected their financial situation to worsen in the next year and a drop of almost 16% in the organizations reporting they expected improvement. At the root of many responses was uncertainty and concerns about provincial funding. This is a notable change from last year when survey respondents expected more funding from the province.

Organizations based in Wood Buffalo and those with operating budgets in the \$1.5 to \$5 million range were most likely to expect improvement in their finances over the next year. Organizations of this size tend to be more likely to be in a growth stage of their development.

Thirty percent of Arts and Culture organizations anticipated their financial outlook to worsen in the next 12 months, the highest rate of any subsector. Those based in Edmonton—and those with operating budgets between \$250,000 and \$500,000—were also more likely to expect their financial situation to worsen in the next 12 months.

Few organizations in the areas of Education and Research, Health, and Social Services expected circumstances to change, and all three subsectors had more organizations expecting improvement rather than worsening circumstances.

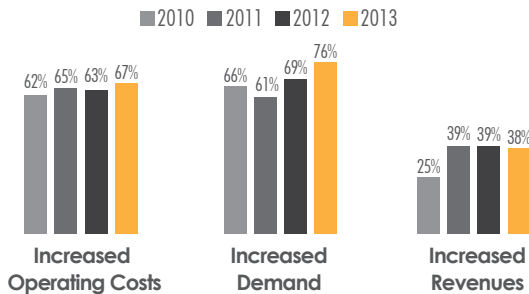
Expectations of Finances in the Next Year



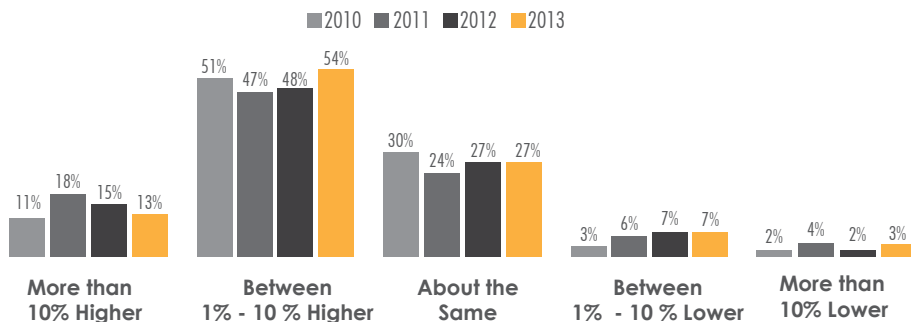
## OPERATING COSTS

Overall, changes to operating costs were similar to last year. However, the percentage of organizations reporting costs have risen by more than 10% has gone down since 2011.

Operating Costs, Demands and Revenues



Changes in Operating Costs



“

The charitable dollar is becoming increasingly harder to get. There are too many people with their hands out.  
*- Leduc County, Environment*

We expect significant reductions in provincial funding  
*- No Information Given*

With the changes to the federal and provincial budgets, we have seen a decrease in the number of grants available. It is challenging to predict donations from the public as their ability to donate is directly related to the economy, which is more sluggish than predicted.  
*- No Information Given*

Accountability measures require increased administrative time.  
*- Coaldale, Social Services*

”

# DEMAND FOR PROGRAMS & SERVICES

## The continued rise of demand

Overall, organizations reported increases in demand for programs and services.

- Seventy-six percent of organizations reported demand had increased. This is an 8% increase over 2012 and a 15% increase over 2011.
- The organizations reporting the greatest increases in demand were in Health, Social Services, and Education and Research.
- A higher proportion of Edmonton and Wood Buffalo organizations reported increased demand.

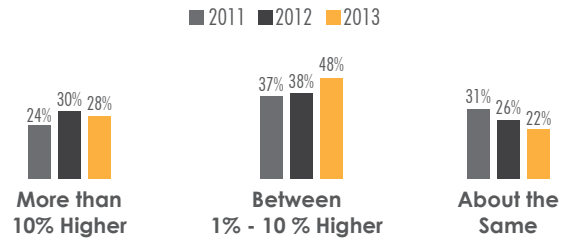
Population growth appears to be the principle driver in increased demand. Eighty-five percent of organizations larger than \$1.5 million cited population growth as contributing to increased service demand, as did 100% of Wood Buffalo respondents.

## Ability to meet demand

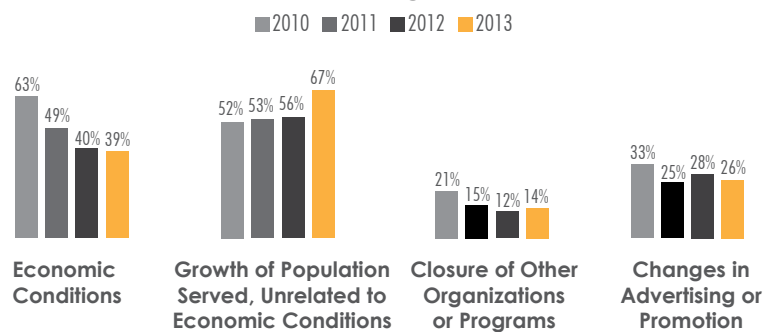
Some organizations reported an ability to adequately cope with existing levels of demand, but also expressed concerns that they have reached capacity. Some of these reported to have reset their priorities and to have taken “creative” steps to meet demand.

Many organizations reported that their ongoing ability to meet demand was conditional on sustained funding. Overall, 59% of organizations reported that they were not able to fully meet demand.

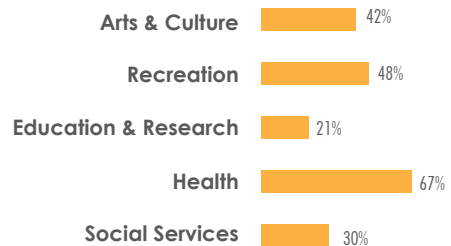
Demand for Services



Reasons for Change in Demand



Able to Meet Demand (by Subsector)



We will always have greater demand than we can provide for. We have to consider the balance of immediate need and long-term community change in setting priorities.

- Calgary, Education & Research

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

- Edmonton, Social Services

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

- Flagstaff County, Social Services

The issues we deal with are becoming more complex and wider in scope.

- Wood Buffalo, Education & Research

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.

- Calgary, Social Services

Demand is always high!

- Edmonton & Calgary, Education & Research







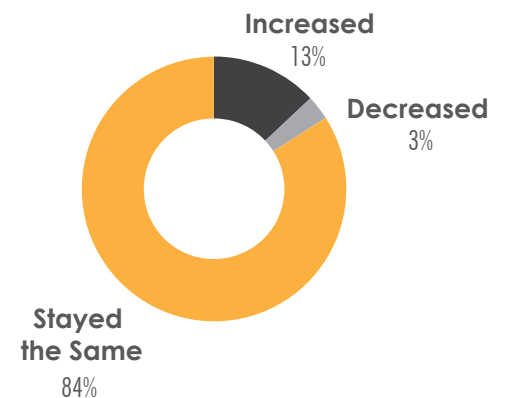
# ADVOCACY

We asked whether respondents felt confident in their knowledge of the rules that apply to charities with respect to advocacy and “political activities.” Eighty-five 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 13% reported an increase and only 3% reported a decrease in advocacy activity.

**Advocacy in the Past Year**





# OPERATING RESERVES & CAPITAL CAMPAIGNS

## Operating reserves

Of total survey respondents:

- Forty-one percent of organizations reported having less than one month of operating reserve.
- Forty-nine percent have more than three months' worth.
- Thirty percent are in a strong position with more than six months of operating reserve.

As would be expected, the likelihood of having an operating reserve increases with organization size.

Recreation groups were most likely to report having an operating reserve, while Education and Research organizations were least likely to report a reserve. Regionally, Wood Buffalo nonprofits reported operating reserves at a lower rate than the rest of the province.

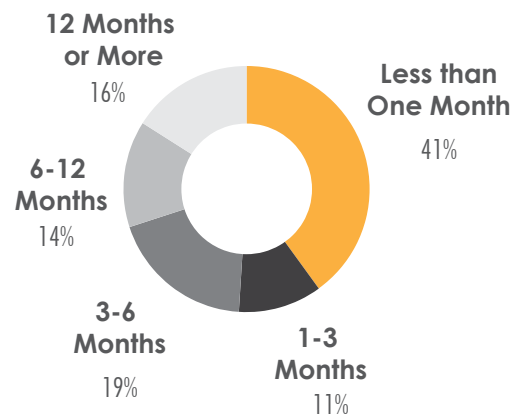
## Capital campaigns

Approximately 13% of respondents are currently conducting capital campaigns. At 17%, Calgary had the highest proportion of respondents running capital campaigns. Curiously, not one respondent from Red Deer reported conducting a capital campaign. This may be attributed to the effect of a recent large-scale capital campaign that “tapped” revenues for the time being.

Capital campaigns were most prevalent among organizations with budgets under \$250,000 and those over \$1.5 million. Fewer than 10% of organizations between \$250,000 and \$1.5 million reported that they are running capital campaigns.

The cumulative “ask” of the 41 respondents who provided a dollar figure was \$186 million. We cannot extrapolate onto the 24,000 plus Alberta nonprofits; however, this starts to give us an indication of the capital and infrastructure requirements of the sector. The recent flooding disaster in southern Alberta has only added to this area of need.

Percentage of Organizations Reporting an Operating Reserve





# EXECUTIVE TURNOVER

## Actual CEO turnover within the past two years by subsector

In most subsectors, 21 to 25% of organizations reported turnover in their CEO position over the past two years. Within Social Services, turnover has been higher than average (30%).

Wood Buffalo led the province in senior executive turnover over the past two years; half of the respondents from the region reported a change.

## Anticipated CEO turnover in the next two years

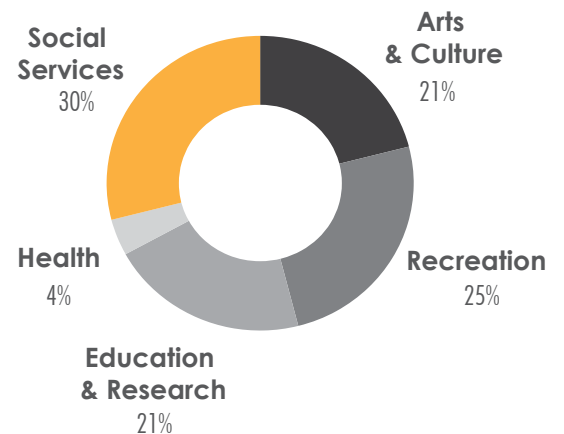
Approximately a quarter of organizations anticipated CEO turnover within the next two years. This would indicate that many organizations have a fair degree of continuity. However, we recognize that the length of tenure varies significantly across organizations.

Expected leadership turnover was especially high in Wood Buffalo (50%) and Red Deer (36%). These figures are identical to what was reported in the past two years within these regions.

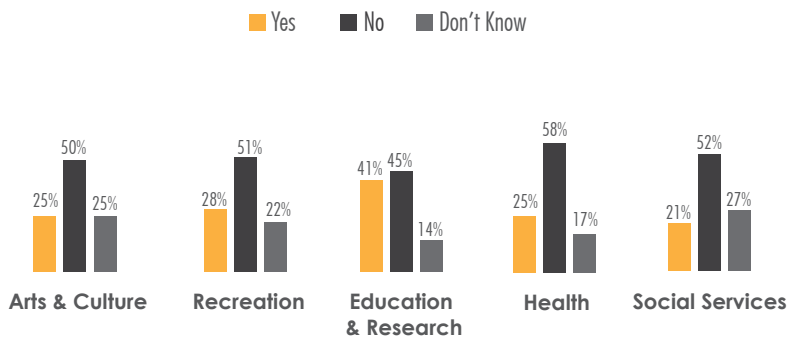
Actual CEO Turnover in the Past Two Years



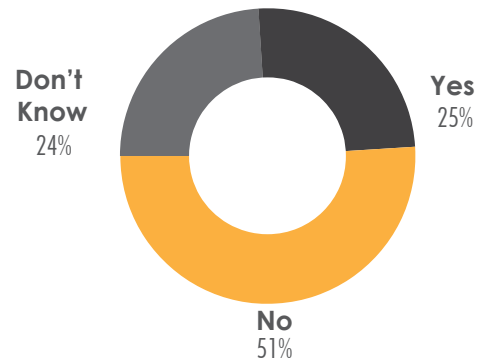
Actual CEO Turnover in the Past Two Years (by Subsector)



Anticipate CEO Turnover in Next Two Years (by Subsector)



Anticipate CEO Turnover in the Next Two Years





# PROVINCIAL POLICY

## SOCIAL POLICY FRAMEWORK

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 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 didn't see their mandate expressed through the Framework.



There are changes taking place, particularly within Human Services, which seem very positive and effectively oriented toward better client service.  
- Calgary, Social Services

We anticipated that the Social Policy Framework would elevate the importance of the work being done in the not-for-profit sector. Given the release of the policy was followed shortly thereafter by multiple layers of funding cuts, it would seem unless you are offering programs in the “flavor of the month” areas, we are likely going to make difficult service delivery decisions in the coming years.  
- No location given, Recreation

The Social Policy Framework is going to have a great impact on our organization because it deals with root causes and preventative support.  
- Newell, Social Services

We are unclear at this time, though concerned about government moving away from being a “funder.” Without their commitment, it is harder to leverage support from the private sector. They want to see government involved and participating.  
- Edmonton & Calgary, Education & Research

The conceptual framework is positive. If government uses this as a way to push more services from paid to voluntary services, that would be negative.  
- Calgary, Social Services

The Social Policy Framework priorities and recommended operating style dovetail with our organization. Whether funding to support the articulated priorities follows remains to be seen.  
- Jasper, Social Services

The Social Policy Framework implementation will take time and, of course, the worry is that we spent a lot of time and effort only to have government go in a different direction. If the Social Policy Framework is implemented in a collaborative manner across the province, I believe there will be positive outcomes on a number of fronts.  
- Calgary, Social Services



## 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.

Forty percent of respondents reported that they received STEP funding within the last two years. The majority of these organizations were in Social Services. A higher proportion of larger organizations utilized the STEP program.

Respondents identified the following impacts on their organizations from the suspension of STEP:

- ▶ **Loss or Reduction of Programs:** Many organizations previously relied on STEP funding in order to run their summer programs. Without this funding, there will be fewer summer programs for youth and a smaller portion of the community will be served. In general, nearly a third of written responses referred to the loss or reduction of programs.

Eighty percent of Arts and Culture organizations and 46% of Sports and Recreation organizations expected program losses as a result of the cancellation of the STEP program.

Due to the timing of the survey, it is difficult to know how many organizations will be able to sustain programs in some other way.

- ▶ **Reduced Opportunities for Students:** Approximately one quarter of respondents expressed concerns about reduced opportunities for students.

Specifically, a number voiced concerns that fewer students would gain exposure to work in the nonprofit sector, affecting the future viability of the nonprofit workforce.

- ▶ **Financial Impact:** A number of organizations reported that the elimination of the program would have a negative financial impact. Some organizations had sought out alternative funding through grants and fundraising in order to continue operating their summer programs. Those who had budgeted around the STEP program may need to cut into their reserves or reduce staff.

- ▶ **Other Impacts:** Other impacts mentioned included increased workloads for current staff, general program changes within the organization in order to balance the loss of funding, a greater reliance on the Canada Summer Jobs grant (this stream of funding is awarded later than STEP so organizations and some programs reported being in a state of limbo), and higher fees for end users.



It will hurt us and the children and families we serve. We rely on a STEP student to offset the costs in our summer program. We now have to consider a range of options (do we offer a summer program, reduce spaces, reduce program length, reduce staffing, increase volunteer support, etc.?).

- *Camrose, Recreation*

It will seriously affect what we are able to offer in summer programming – we have historically run special town tours and weekly children’s programs through the summer, all because of the added staff from STEP and [other] funding. At best, we will have one of those this year and will then have to alter program offerings accordingly.

- *High River, Arts & Culture*

Many of these STEP students have graduated and come back to work for our charity in a permanent role, so it has been valuable in recruitment as well! We are all disappointed with the loss of STEP funding and a program that made extremely worthwhile connections between students, communities and nonprofits.

- *Edmonton & Calgary, Education & Research*

It subsidized our contribution. We may be able to increase our contribution this year, but can’t sustain that. We are looking for alternative funding. We may have to cut the program.

- *Camrose, Housing*



## 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.<sup>1</sup>

Fifty percent of respondents reported that their organization had been a recipient of the Community Spirit program within the past two years. Most respondents reported the elimination of the program as having a measurable impact on their organization beyond this year, especially when combined with other reductions in government funding.

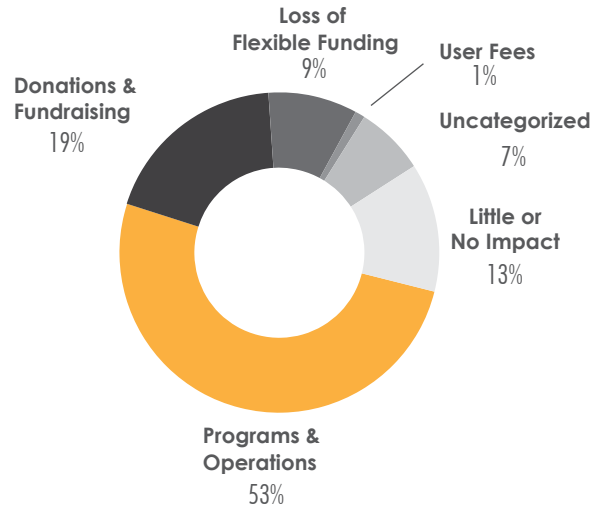
Impacts were identified in the following areas:

- ▶ **Impact on Programs and Operations:** Many organizations reported that programs or services would be cut or scaled back in the absence of Community Spirit.
- ▶ **Donations/Fundraising:** Community Spirit utilized a matching mechanism that was attractive to donors. Organizations reported 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.

Smaller organizations expressed greater concerns about the elimination of the program, as they have fewer alternate funding streams to offset this loss.

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

Impact of CSP Elimination



We made major changes over the past three years to be eligible for Community Spirit. Now all our fundraising activities are designed around maximizing Spirit of Community. Small amounts of funding go a long way in our organization.

- Camrose, Recreation

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 donations by a large amount.

- Edson, Social Services





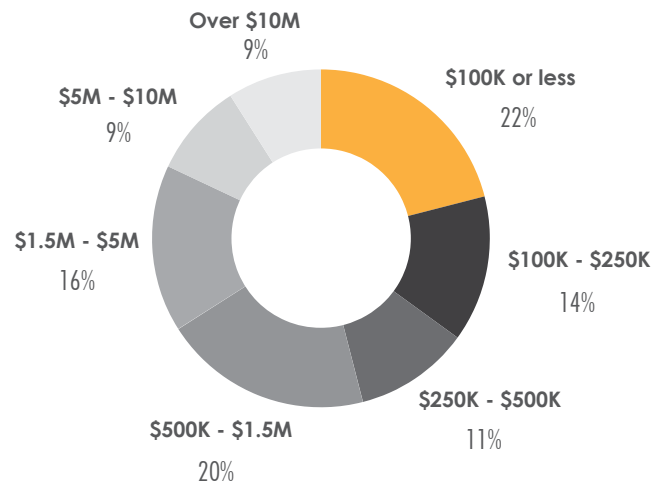


# PROFILE OF RESPONDENTS

## BY SUBSECTOR

43.6%	Social Services
17.0%	Recreation
9.6%	Arts & Culture
8.3%	Health
7.7%	Education & Research
3.5%	Fundraising & Voluntarism
2.6%	Environment
2.6%	Law, Advocacy & Politics
1.9%	Business, Professional Associations & Unions
1.3%	Religion
0.6%	Development
0.6%	Housing
0.6%	International

## BY OPERATING BUDGET



## BY REGION

49%	Calgary
19%	Edmonton
11%	Red Deer
6%	Wood Buffalo - Cold Lake
5%	Lethbridge - Medicine Hat
3%	Athabasca - Grande Prairie
3%	Camrose - Drumheller
2%	Banff - Jasper - Rocky Mountain House
5%	Multiple Locations



# 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.



