Survey Findings:

# Impact of the Economic Downturn on Alberta's Nonprofits & Charities

***Prepared for Nonprofit/Voluntary Sector Leaders of the Alberta Nonprofit and Voluntary Sector Initiative (ANVSI)***

volunteer Alberta

connecting the nonprofit/voluntary sector

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# Overview

- Alberta organizations are showing early signs of the impact of the economic downturn with an increase in demand for their services and a decline in certain revenue categories.
- Experiences in 2008 varied considerably across the sector, with declines in earned income, donations of stock, and corporate donations and sponsorships.
- Many organizations are adapting to the situation as it emerges by considering options to increase funding and reduce costs in order to maintain existing programs and services for their communities.
- High levels of uncertainty about how their revenue sources will be affected in 2009 and onwards is impacting their ability to plan ahead.
- It is anticipated that a follow-up survey will be undertaken later in 2009 to track trending changes.

# Survey Background

- The survey was coordinated by the Nonprofit/Voluntary Sector leaders of the Alberta Nonprofit/Voluntary Sector Initiative (ANVSI).
- The survey was distributed by the following organizations:
  - Calgary Chamber of Voluntary Organizations
  - The Edmonton Chamber of Voluntary Organizations,
  - The Community Foundation of Medicine Hat & Southeastern Alberta,
  - The City of Red Deer, and
  - Volunteer Alberta.

# Purpose

To develop a current snapshot of how organizations are being impacted by the economic conditions.

# Methodology

- The survey was conducted online between February 5 and February 20, 2009.
- 414 responses were collected.
- The results are not based on a random sample, as respondents self-selected.

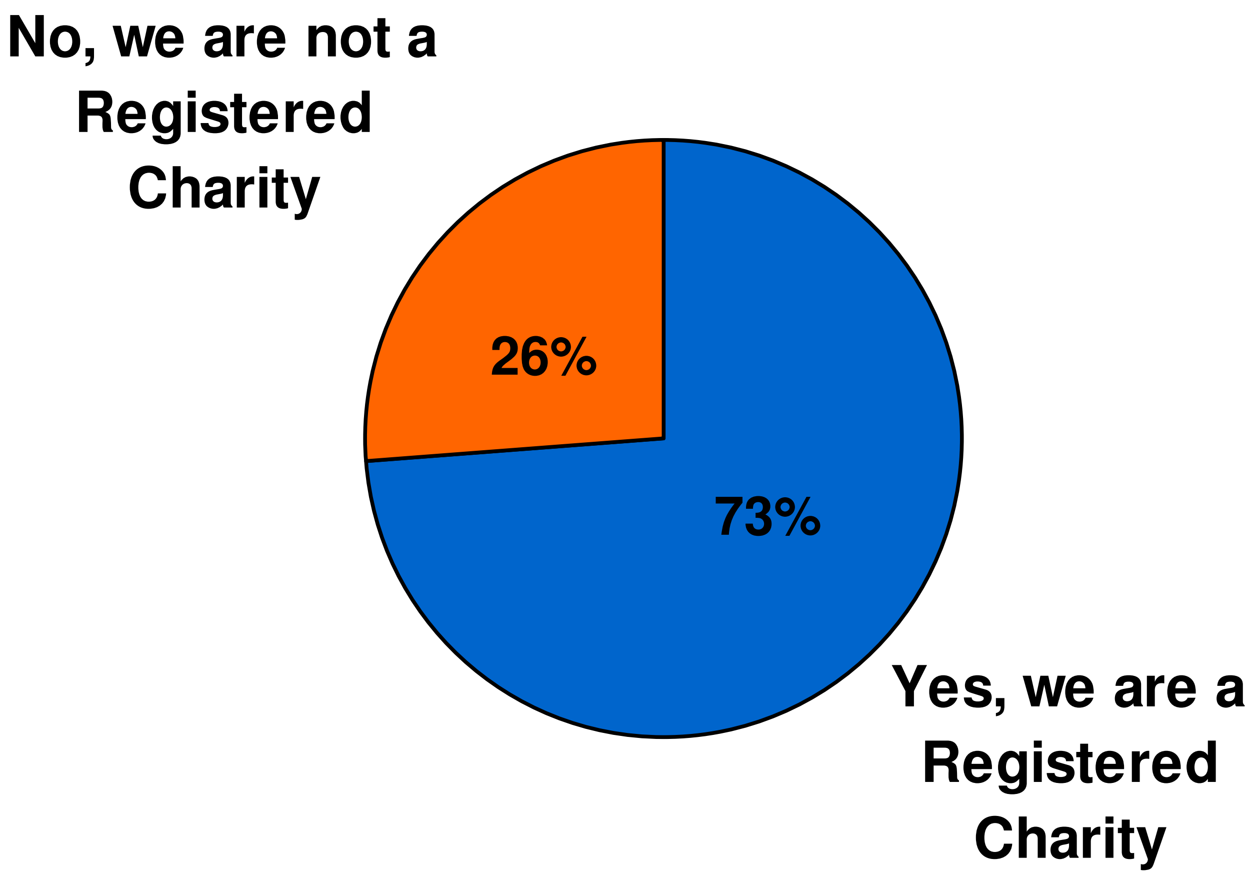
Question Selection:

- The survey's 17 questions focused on:
  - status of revenue sources and impact moving forward,
  - responses and actions if revenues are lower,
  - changes in demand for programs and services, and
  - an opportunity to provide comments on key issues.

# Profile of the Respondents

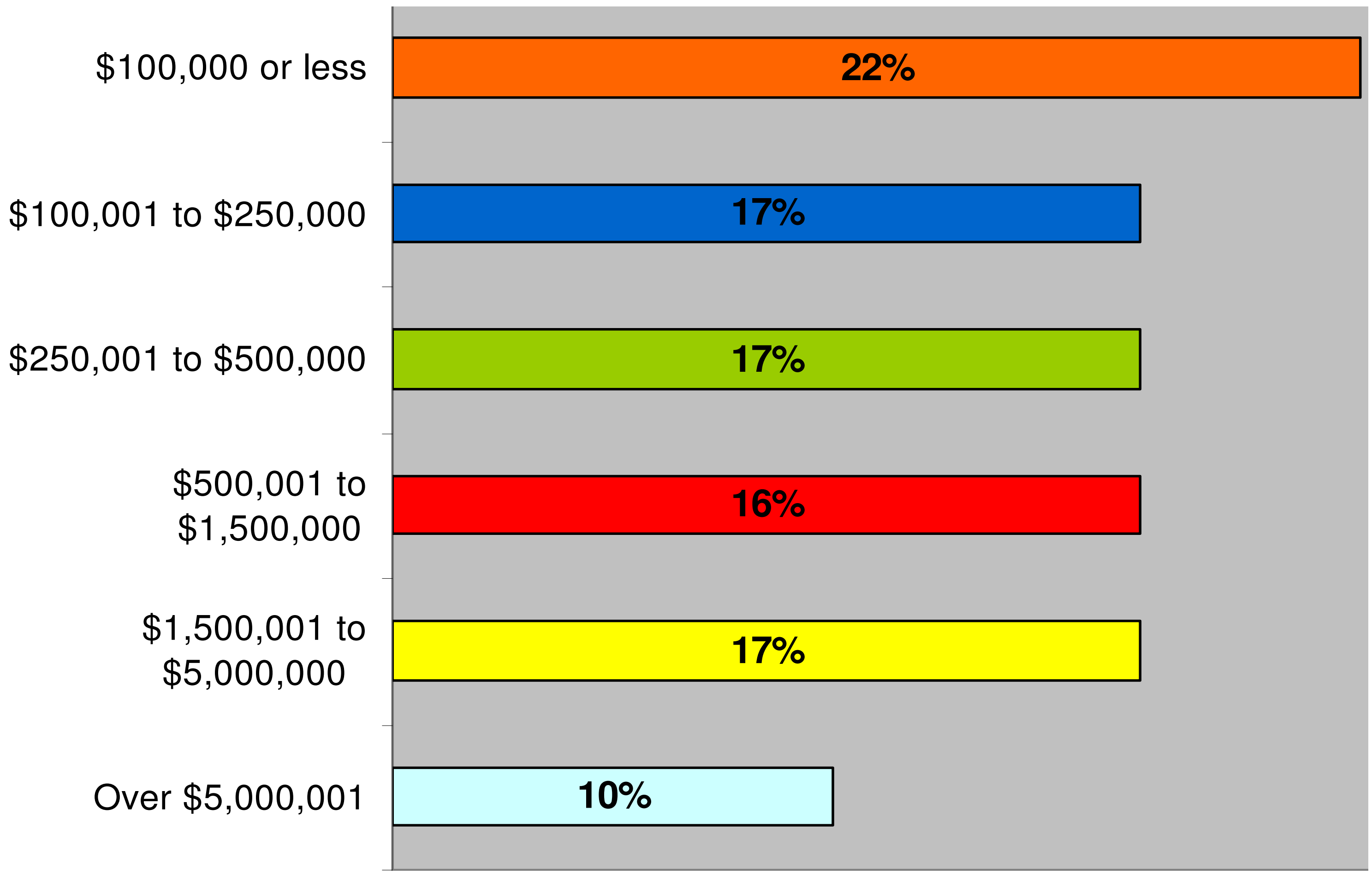
# Profile of the Respondents

**Question:** Are you a Federally Registered Charity?



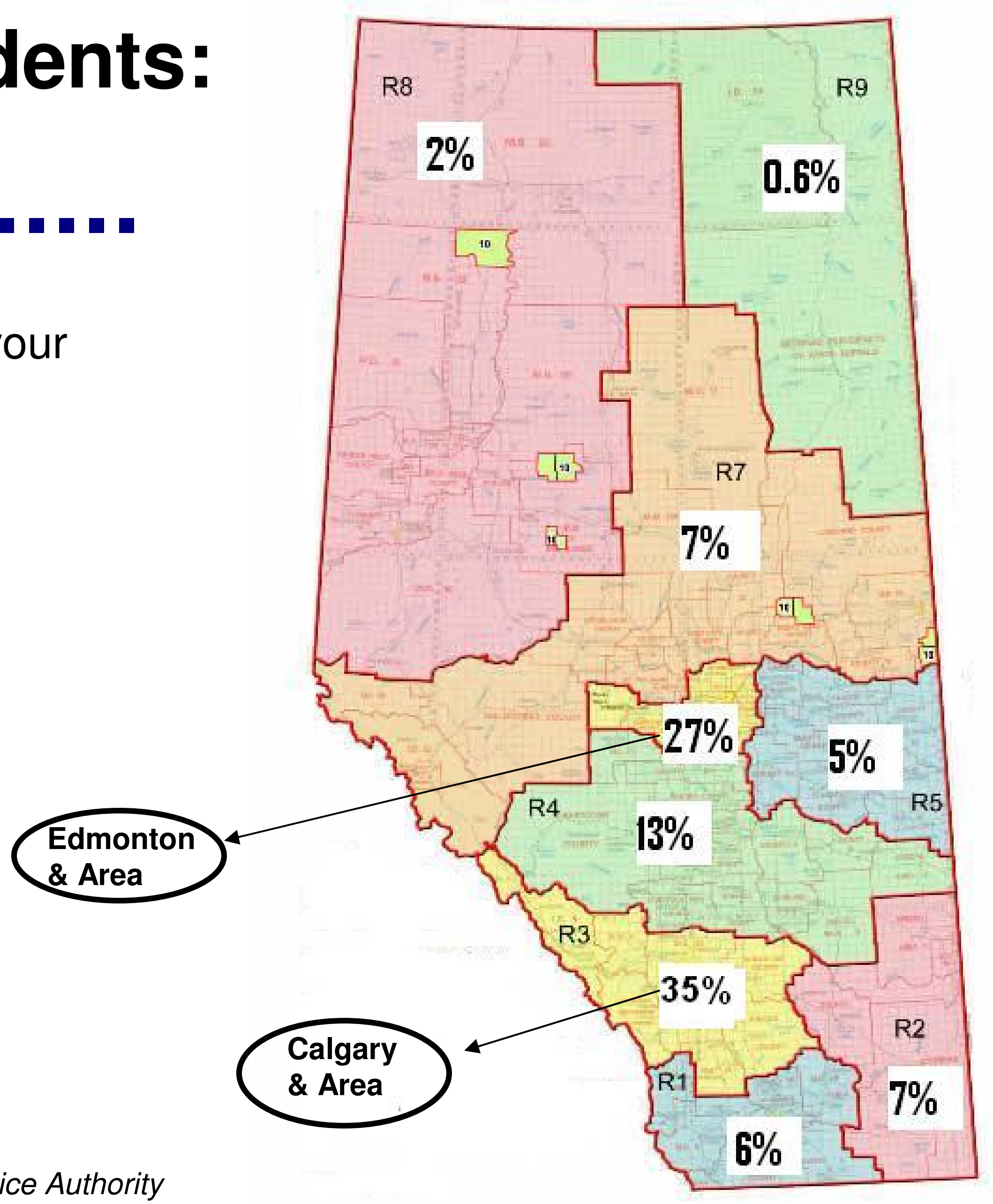
# Profile of Respondents: Operating Revenue

**Question:** Please indicate your organization's annual operating budget.



# Profile of Respondents: Location

**Question:** Where in Alberta is your organization located?



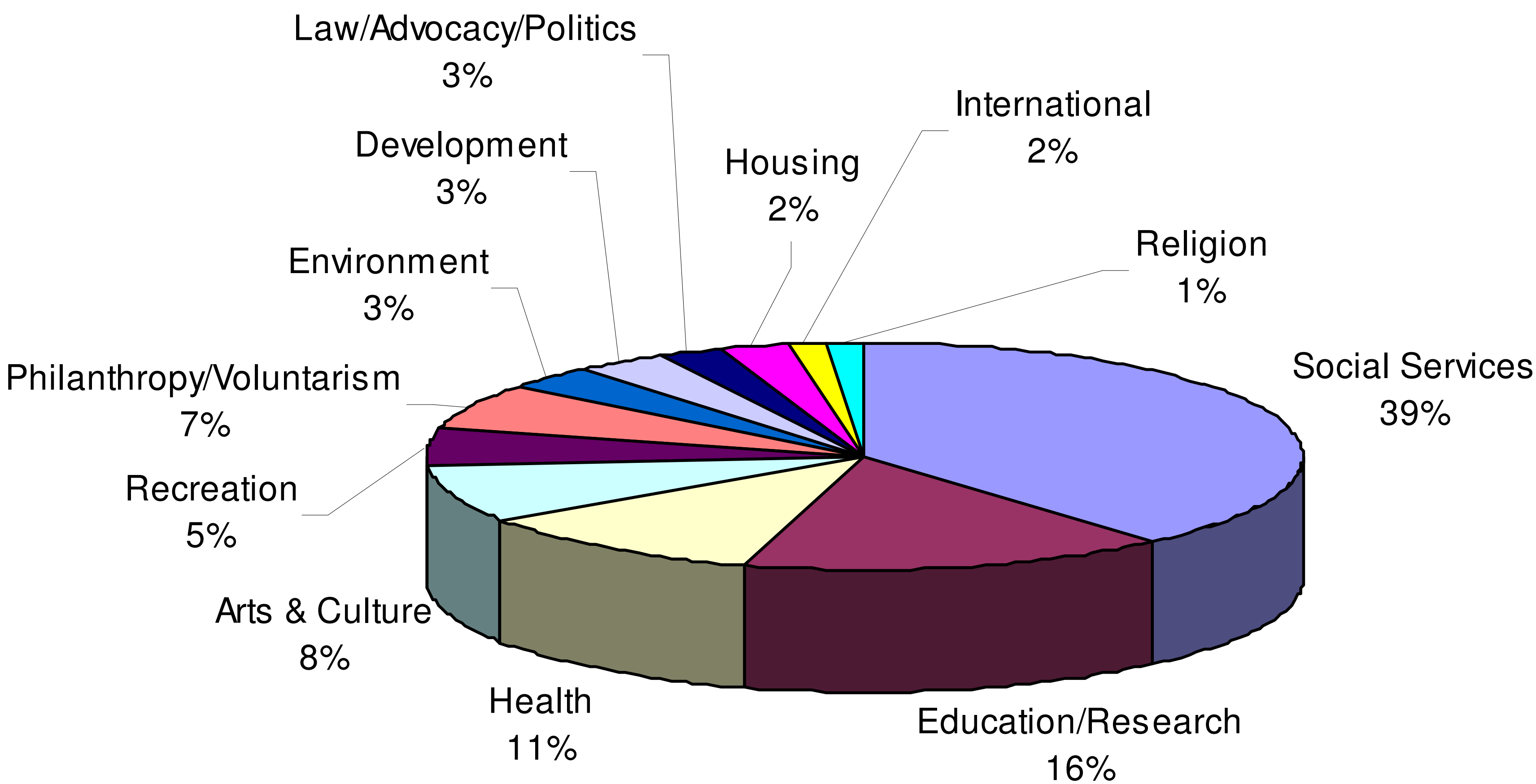

**Region Description***

| | |
|---|---|
| **R1** | Southern Alberta |
| **R2** | Southeast Alberta |
| **R3** | Calgary and Area |
| **R4** | Central Alberta |
| **R5** | East Central Alberta |
| **R6** | Edmonton and Area |
| **R7** | North Central Alberta |
| **R8** | Northwest Alberta |
| **R9** | Northeast Alberta |

** Alberta Government's Child and Family Service Authority Regions*

# Profile of Respondents: Sector Categories

**Question:** What term best describes your organization's work?



# Key Findings

# Status of Revenue Sources – 2007 vs 2008

**Question:** Please rate each of the following revenue sources for January 1, 2008 to December 31, 2008 as compared to the same time frame in 2007.

*The category with the highest response rate is marked in red*

| | Higher | Same | Lower | Not Applicable | Don't Know |
|---|---|---|---|---|---|
| **Earned Income** | 16.2% | 24.5% | 29.3% | 27.1% | 2.8% |
| **Government Contracts** | 9.2% | 28.2% | 14.1% | 44.4% | 4.1% |
| **Government Grants** | 17.9% | 35.8% | 22.3% | 19.4% | 4.6% |
| **Cash Donations** | 18.9% | 32.3% | 25.3% | 19.9% | 3.5% |
| **In Kind Gifts** | 13.4% | 40.4% | 17.5% | 23.7% | 5.1% |
| **Corporate Donations & Sponsorships** | 19.9% | 24.0% | 28.8% | 23.5% | 3.8% |
| **Other Revenue** | 7.7% | 38.1% | 26.4% | 22.9% | 4.9% |
| **Foundation Grants** | 12.1% | 28.0% | 24.9% | 30.1% | 4.9% |
| **Donation of Stocks** | 2.8% | 6.1% | 12.0% | 72.5% | 6.6% |

# Status of Revenue Sources-2007 vs 2008

## Key Themes from Respondent Comments

- In the open ended responses, survey respondents indicated the following:
  - Many organizations anticipate that 2009 will bring financial challenges as a result of the economic downturn.
  - While 51% reported that their cash donations had remained the same or increased in 2008, many expected cash donations to fall in 2009.

# Regional Revenue Comparisons

- Revenue data from four regions- Calgary, Edmonton, Medicine Hat and Area, and Red Deer and Area was compared.

- The top revenue sources for Alberta organizations as defined by the National Survey of Nonprofit and Voluntary Sector Organizations (NSNVO) were selected, along with other revenue sources of interest:

| Top Revenue Sources for Alberta | Other Revenue Categories of Interest: |
|---|---|
| •Earned Income (49%)<br>•Government Contracts (18%)<br>•Government Grants (14%)<br>•Individual Cash Donations (10%) | •Foundation Grants,<br>•Corporate Donations and Sponsorships. |

# Regional Comparisons - Highlights

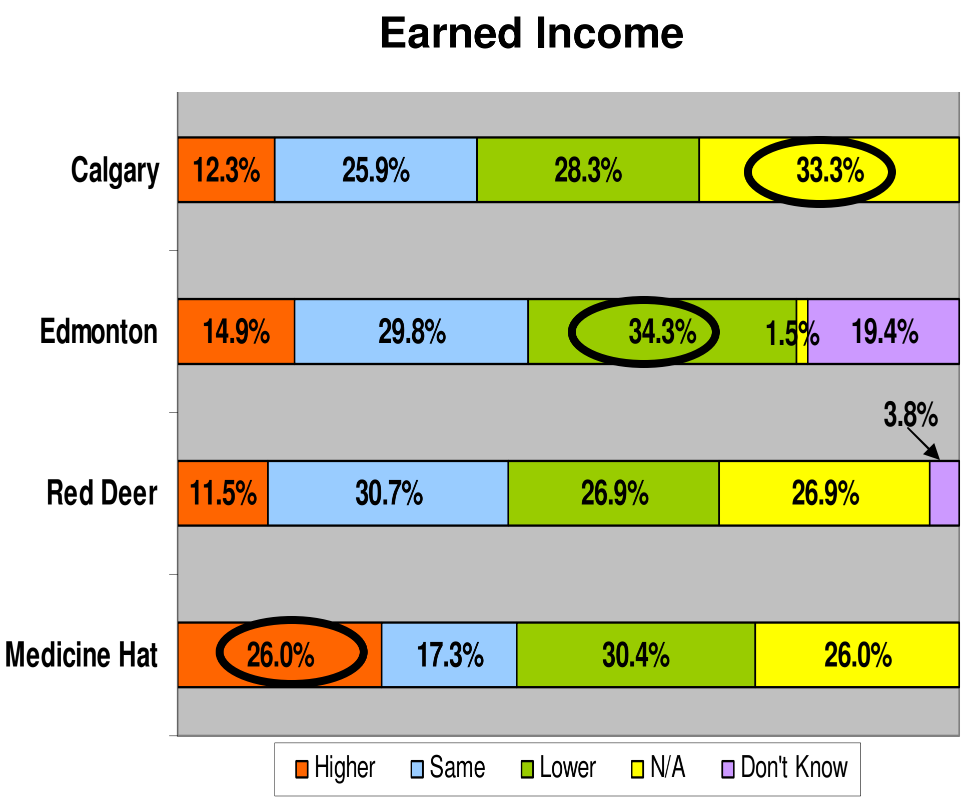
**Earned Income**

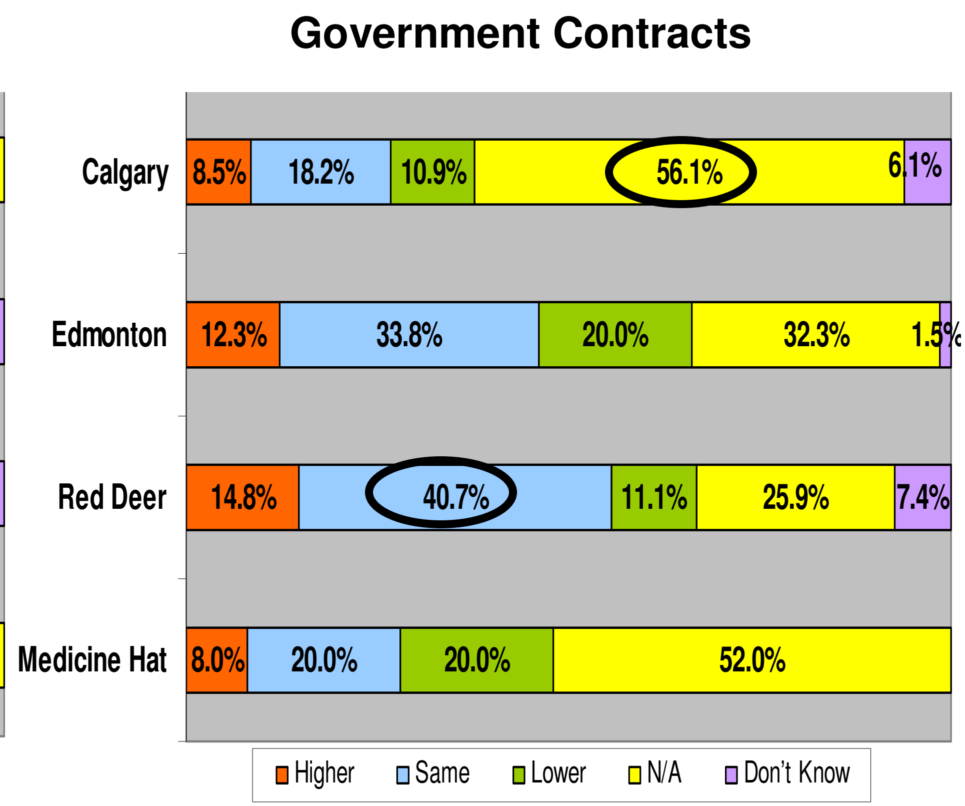
- More Edmonton organizations reported a drop in earned income levels- 34% versus 26% to 30% in other regions.
- 26% of Medicine Hat organizations reported higher earned income levels, compares to 11% to 14% in other regions.

**Government Contracts**

- 20% of organizations in both Edmonton and Medicine Hat saw a reduction in government contracts, compared to 10% in Calgary and 11% in Red Deer.
- 40% of Red Deer organizations saw their government contract levels remain the same.
- 46% of Calgary organizations said that government contracts were "not applicable"; i.e., they didn't receive this form of government support.

# Regional Revenue Comparisons



# Regional Comparisons - Highlights

**Government Grants**

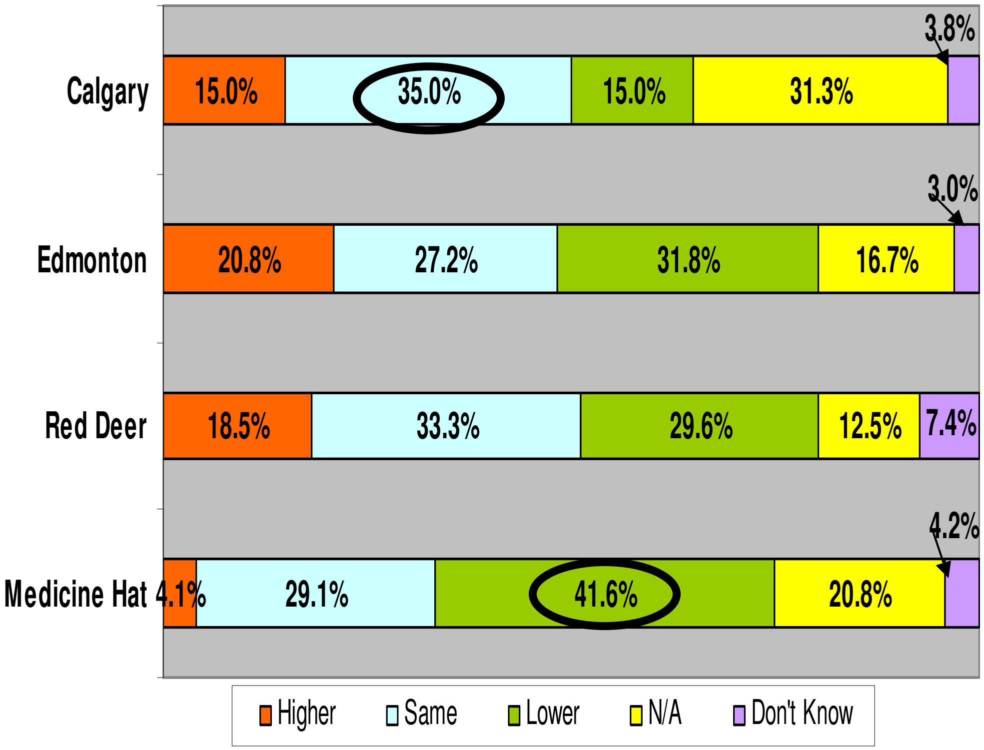
- 41% of Medicine Hat organizations reported lower government grants, compared to 15% to 31% in other regions.

**Cash Donations**

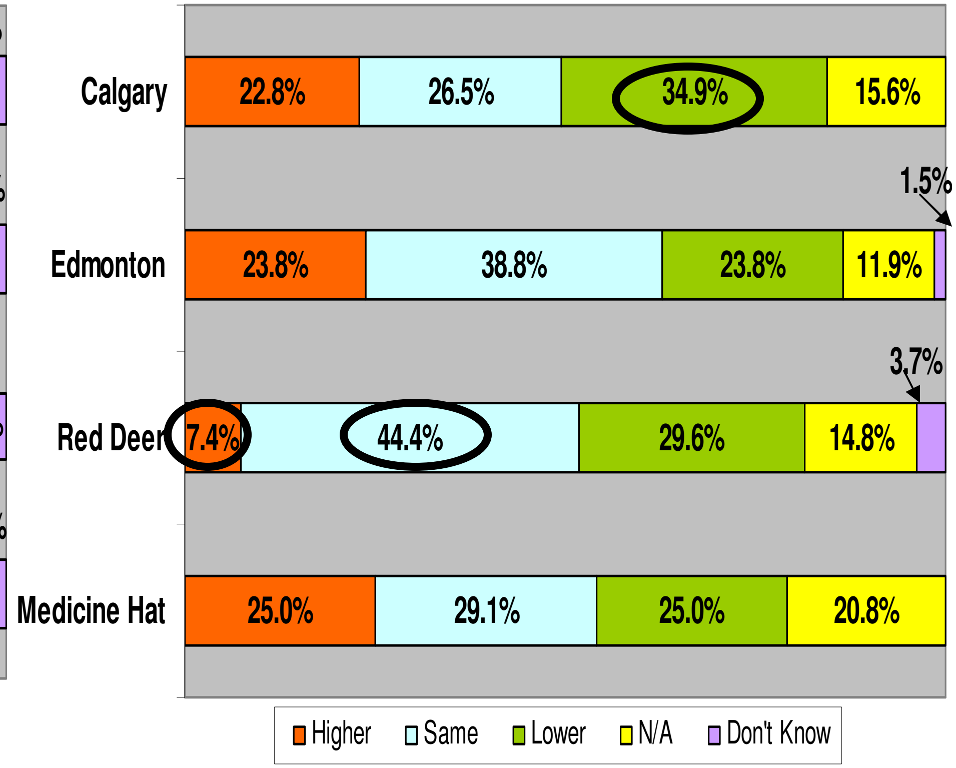
- 34% of Calgary organizations reported a drop in cash donations, compared to 23% to 29% in the other regions.
- 7% of Red Deer organizations saw their cash donations increase in 2008, compared to 22% to 25% in the other three regions.
- 44% of Red Deer organizations saw their cash donations stay the same in 2008, compared to 26% to 38% in the other three regions.

# Regional Revenue Comparisons

## Government Grants




## Cash Donations



# Regional Comparisons - Highlights

**Foundation Grants**

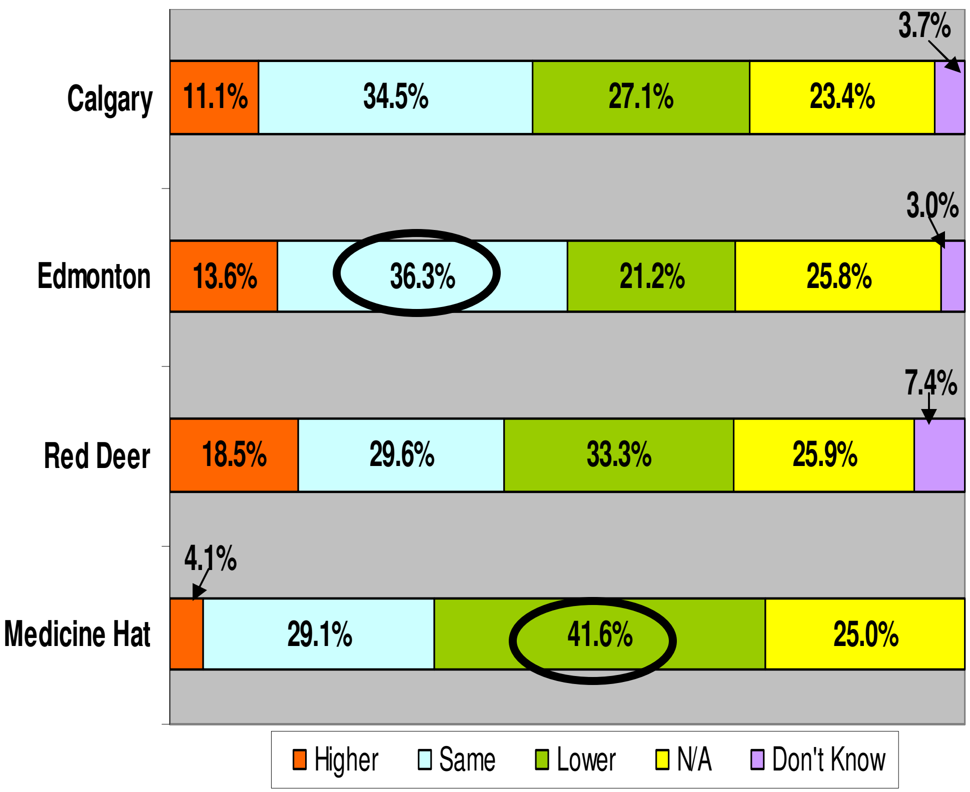
- 18% of Red Deer organizations reported an increase in foundation grants, versus 4% to 13% in other regions.
- 41% of Medicine Hat organizations saw foundation grants decrease, compared to 21% to 33% in other regions.

**Corporate Donations & Sponsorships**

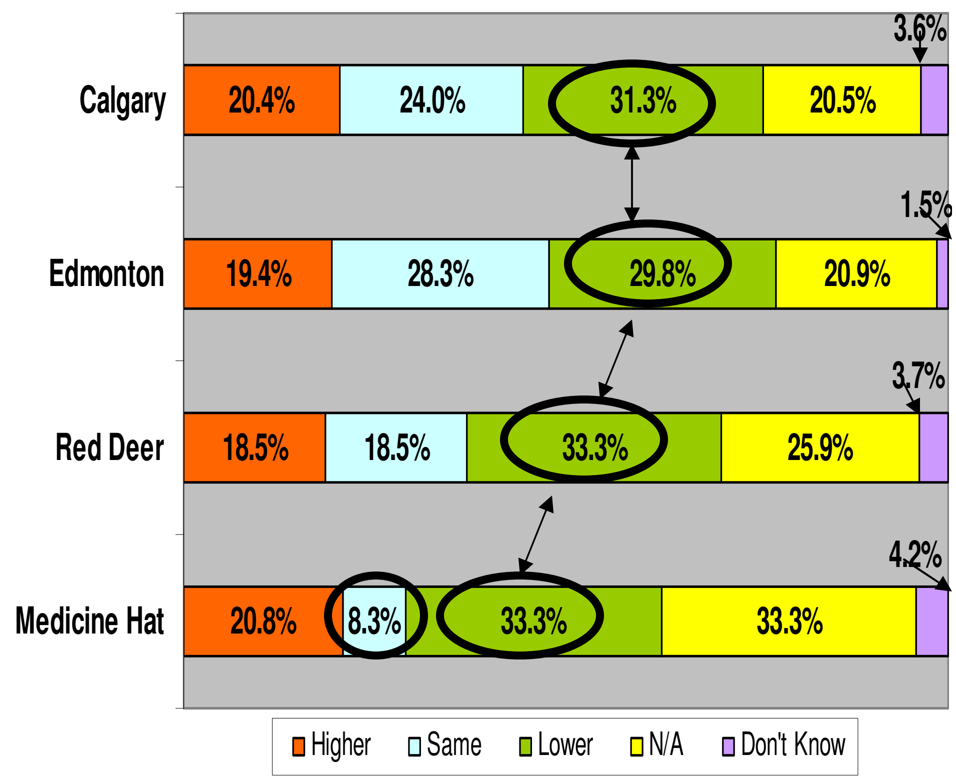
- Organizations across Alberta saw a similar drop in corporate donations and sponsorships with 31% drop in Calgary, 29% in Edmonton, 33% in Red Deer and 33% in Medicine Hat.
- Only 8% of Medicine Hat organizations reported that corporate donations and sponsorships stayed the same, compared to 18% to 20% in other regions.

# Regional Revenue Comparisons

## Foundation Grants

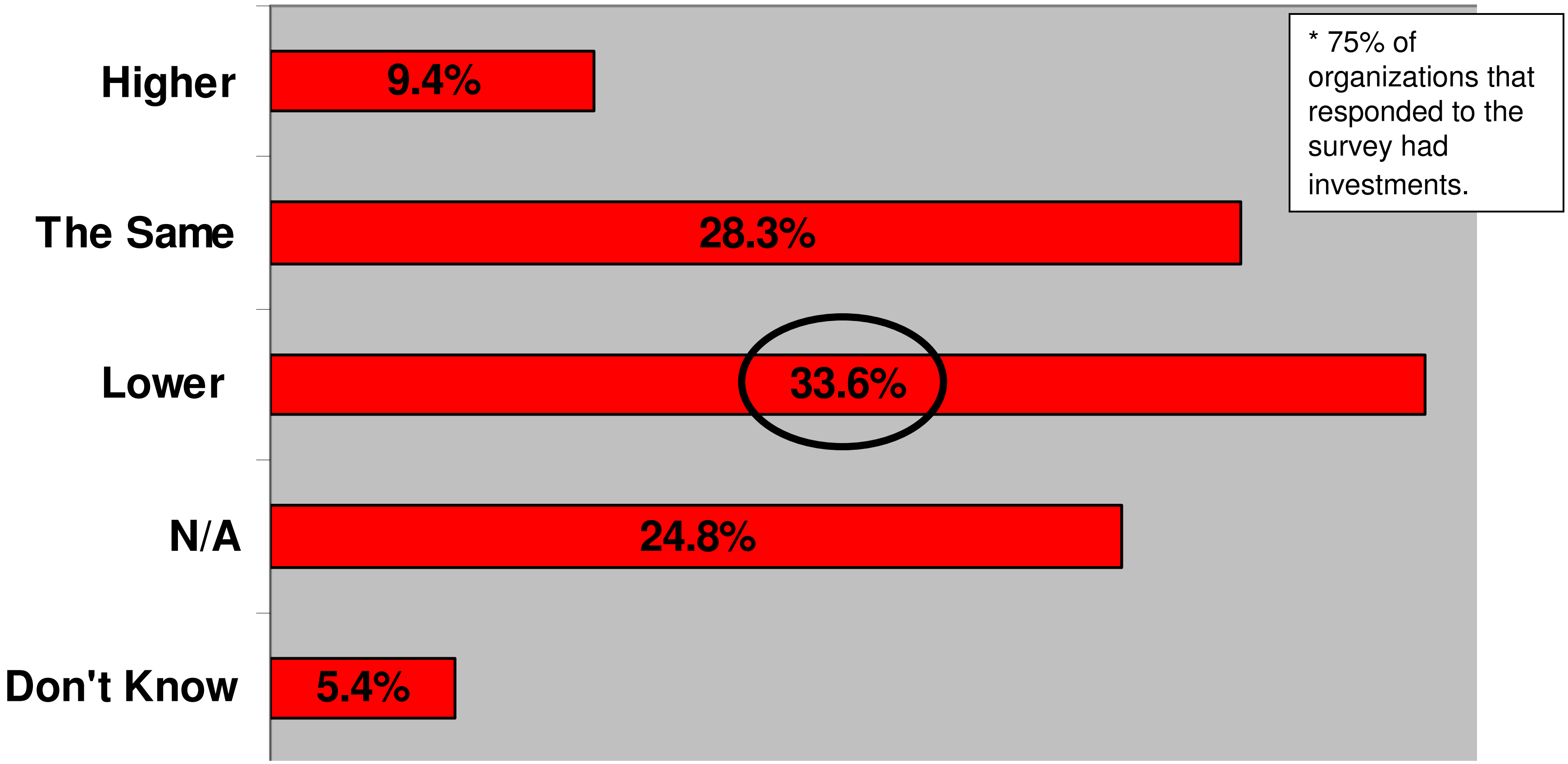



## Corporate Donations & Sponsorships



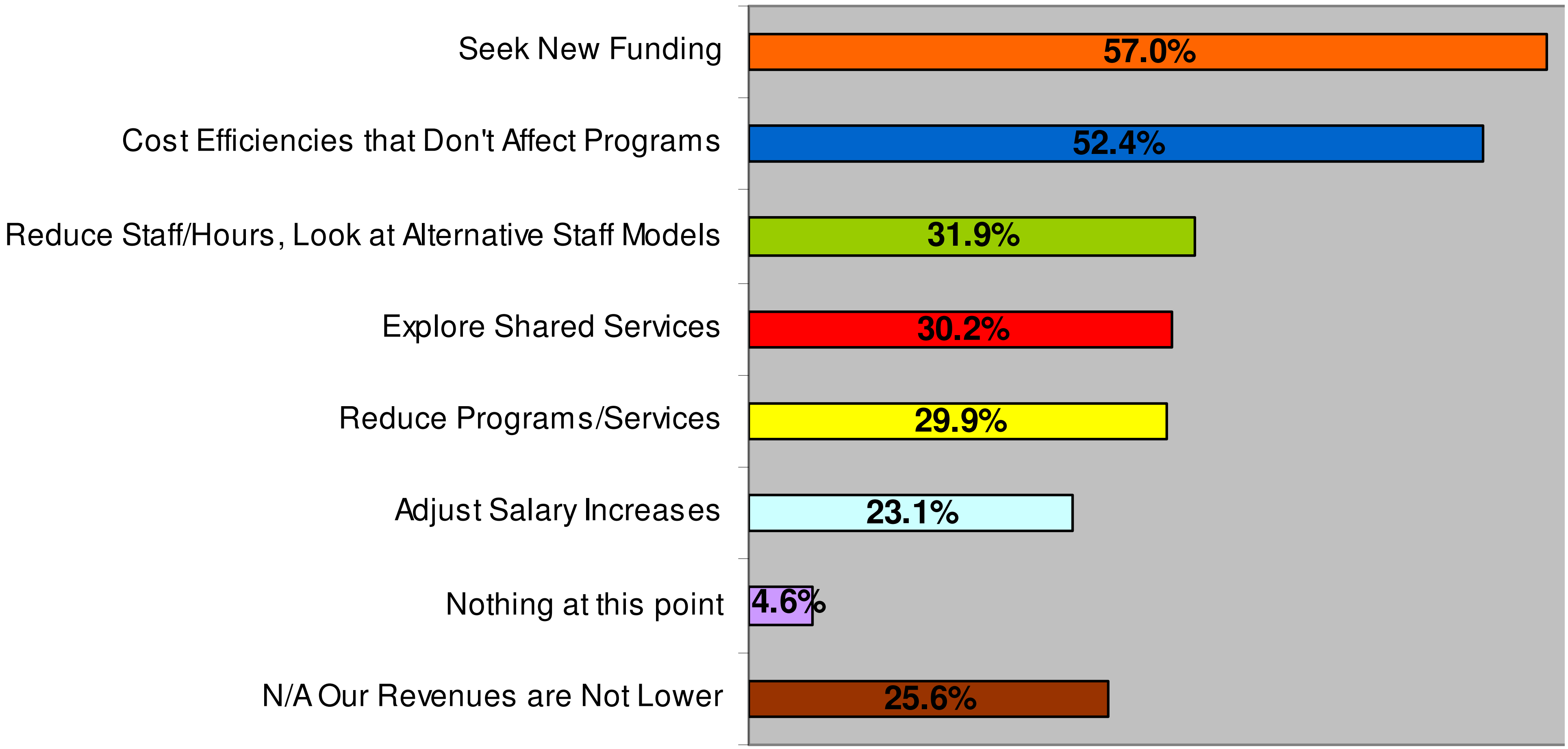
# Investment Values in 2008 vs 2007

**Question:** Compared to last year at the same time, the value of your organization's own investments are:



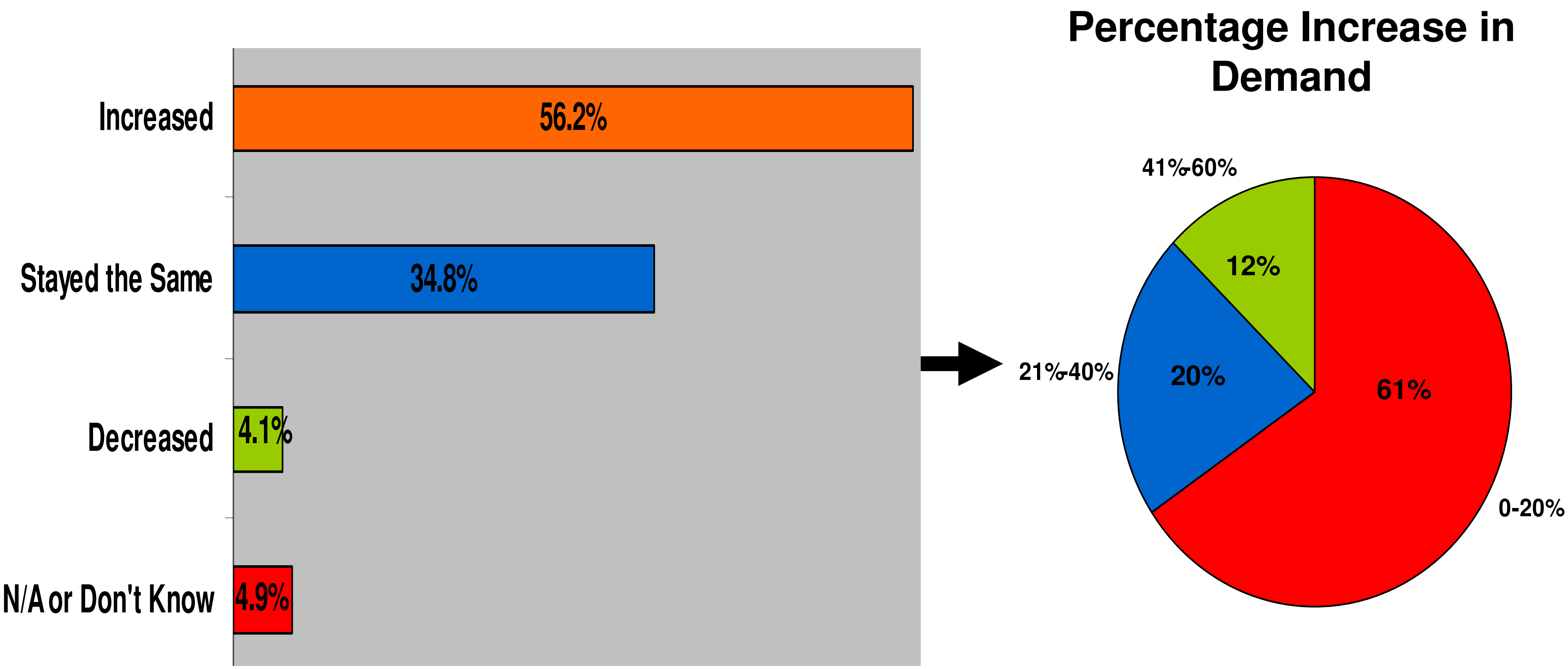
# Responses to Lower Revenues

**Question:** If your organization's total revenues (all sources) are lower than last year, how will you adjust your operations? (Check all that apply)



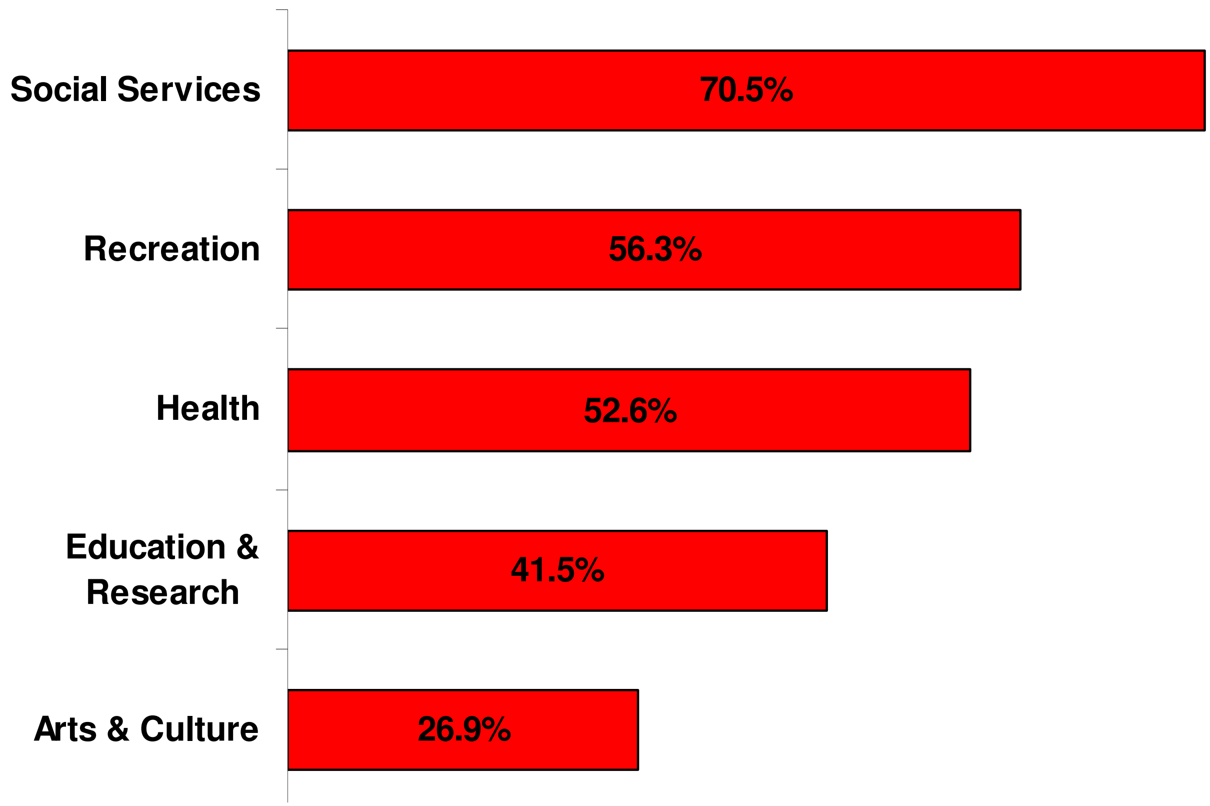
# Demand For Services

**Question:** Since September 1st, 2008, has the demand for your organization's programs and services:



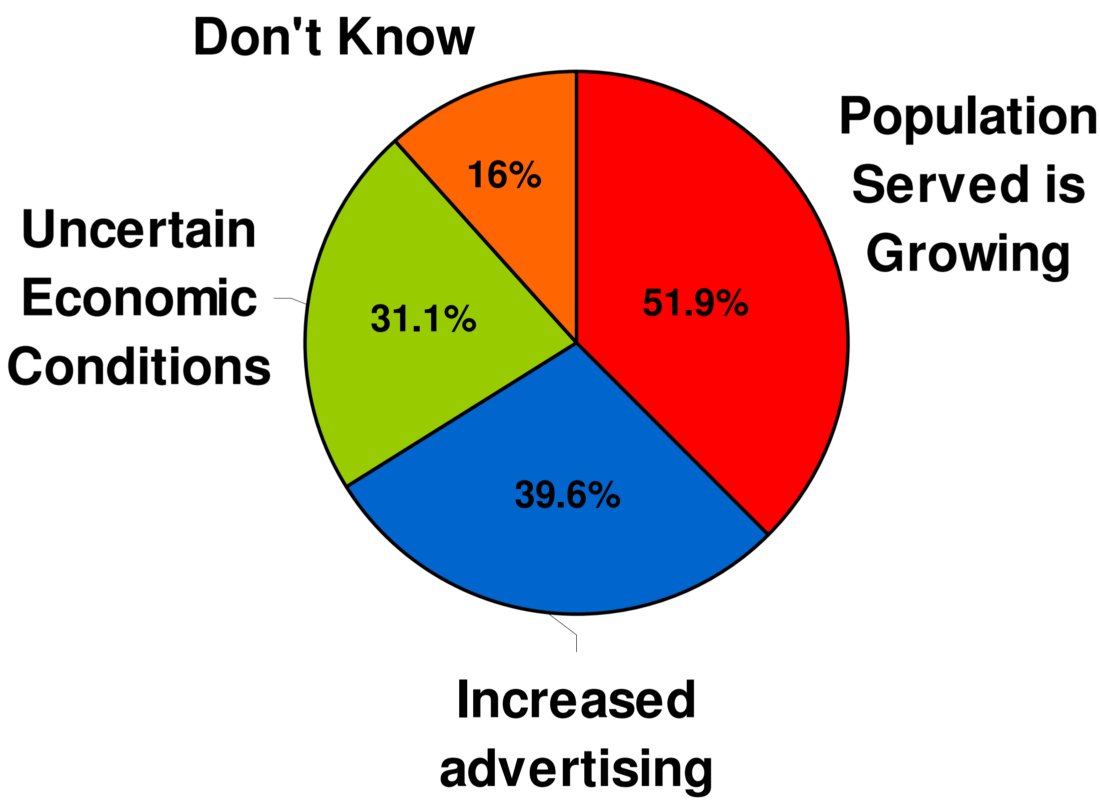
# Increase in Demand in Selected Sub-Sectors

When broken out by their area of work, the following chart shows the percentage of organizations in selected sub-sectors that reported an increase in demand.



# Reasons for Increase in Demand

**Question:** If demand has increased, can you attribute this increase to one of the following reasons?



# Increase in Demand:
## Key Themes from Respondent Comments

- Concerns about how much demand will continue to increase if the economic situation continues to decline, and if they will be able to meet this demand, particularly with HR resources that are already under strain.

- For many, the increase in demand was directly connected to the economic downturn, for example those offering programs or services targeted at:
  - the unemployed, such as retraining opportunities,
  - immigrants,
  - temporary foreign workers,
  - low-income families, and
  - seniors.

- The economic downturn had some positive implications, particularly for sports and recreation organizations. For example, some respondents indicated that with less disposable income, more people were more looking for low cost activities in their own community, increasing the demand for local sports and recreation programs.

# Impact on Organizations: Key Themes

**Question:** Do you have any other comments to add on the topic of the current economic environment and its impact on your organization?

**Funding**

- Concern about meeting funding targets.
- Uncertainty about funding disbursements in 2009 and beyond.
- Critical role of government funding during difficult economic times; impact of budget decisions made by all levels of government.
- Pressure to find new funding sources.
- Optimism for economic recovery – looking at short term solutions, rather than deeper changes.

**Growing demand for services/programs not matched by increased resources.**

**Human Resources**

- Growing service demand resulting in heavier workloads and potential staff burnout.
- Cooling economy may make it easier to recruit and retain staff.

**Accountability and reporting burden**

- Increased impact on internal resources that are becoming more constrained.

# The Upside of the Downturn: Opportunities

**Open Ended Question:** Do you see any opportunities for your organization arising from the current economic climate?

**Fundraising:**

- Opportunities to reach out to new sources, seek out government RFPs or contracts, a renewed focus on smaller/local donors.

**Human Resources:**

- Reduced HR pressures – opportunities for targeted recruitment of skilled workers, higher retention rates and more competitive salaries.

**New Models of Operating:**

- Increased collaboration or partnerships; shared space or services.
- Expect rationalization of the sector (consolidation).
- Lower cost of doing business- lower costs for rent, fuel, etc.

# The Upside of the Downturn: Opportunities (con't)

**Profile and outreach**

- Anticipate increased public awareness and support for community services and needs of vulnerable populations during difficult economic times

**Increased volunteer rates**

- As people have less to give financially, people staying closer to home, or have more time to volunteer due to unemployment.

**Program Adjustments**

- Re-focus to meet community needs.
- Opportunities to partner with other organizations on shared programs.
- More demand for local activities or programs.

# Closing Remarks

- Alberta organizations are just starting to see the impact on their operations.
- Organizations are beginning to adapt, but with high levels of uncertainty about how their revenue sources will be affected in 2009 and onwards makes it difficult for organizations to plan.
- Many organizations waiting for more clarity about how their revenue sources will be affected before making major adjustments to their operations.
- Anticipate undertaking a follow-up survey later in 2009 to monitor impacts.

# Contact Information

For more information about this survey, please contact:

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