



*The Nonprofit and Voluntary
Sector in Alberta*

REGIONAL HIGHLIGHTS OF THE NATIONAL SURVEY OF
NONPROFIT AND VOLUNTARY ORGANIZATIONS

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Canada 

The Nonprofit and Voluntary Sector in Alberta

Regional Highlights from the National Survey of Nonprofit and Voluntary Organizations

By

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Executive Summary

Maximizing the Potential of the Nonprofit and Voluntary Sector

Conducted in 2003, the landmark National Survey of Nonprofit and Voluntary Organizations (NSNVO) gathered data from 13,000 incorporated nonprofit organizations. Nonprofit and voluntary organizations are defined for this purpose as organizations that are non-governmental (i.e., institutionally separate from governments); nonprofit-distributing (i.e., they do not return any profits generated to their owners or directors); self-governing (i.e., independent and able to regulate their own activities); voluntary (i.e., benefit to some degree from voluntary contributions of time or money); and formally incorporated or registered under specific legislation with provincial, territorial or federal governments.¹

This report focuses on nonprofit and voluntary organizations operating in Alberta and draws on the results of the NSNVO to paint a statistical portrait of Alberta's nonprofit and voluntary sector. To date, this information has been sorely lacking and we are now able to use concrete data to advance debate about the role, value and future of Alberta's nonprofit and voluntary organizations.

The survey results reveal that Alberta's nonprofit and voluntary sector is extremely diverse, but united by a common set of characteristics and concerns. Some organizations have annual revenues in the millions of dollars; others operate on a few thousand. All organizations, however, engage volunteers and many face similar challenges related to their capacity to carry out their mandates.

There are over 19,000 nonprofit and voluntary organizations in Alberta. These organizations have 2.5 million volunteer positions, operate in areas ranging from sports and recreation and the arts to religion and post-secondary education, generate revenues of \$9.6 billion a year and employ over 175,000 people. These findings hint at the significant economic and social contributions made by the sector. What would our communities be like without museums, soccer leagues, universities, hospitals, professional associations, homeless shelters, and places of worship? They would be different places indeed.

The story about the sector that emerges from the NSNVO is that it is a large, diverse, community-oriented, and economically important part of life in Canada with a substantial number of employees and volunteers. The sector is both a crucial medium of social exchange and a provider of a range of critical and life-enhancing goods and

¹ The scope of the NSNVO does not include grassroots or citizen's groups that are not formally incorporated or registered with provincial, territorial or federal governments.

services. Nonprofit and voluntary organizations form a vital part of the infrastructure of a healthy civil society and the results of the NSNVO show that this infrastructure is large, complex and active in communities in a wide variety of important ways.

The NSNVO results, however, also raise some concerns. A significant proportion of organizations report declining revenues and volunteer support and many organizations are having trouble fulfilling their missions. As a consequence, these organizations are not maximizing their contributions to society.

Indeed, the results of the NSNVO suggest that the nonprofit and voluntary sector in Alberta and elsewhere in the country is under a great deal of stress and faces many barriers to reaching its full potential. On the one hand, we have one of the most vibrant nonprofit and voluntary sectors in the world that achieves great things everyday; on the other hand, the sector has untapped potential and many organizations get by with very little.

Most nonprofit and voluntary organizations in Alberta serve the local community in which they are based and tend to provide public benefits over and above those they provide to their members. The overall size of their annual revenues, the number of staff they employ, and the specific activities they engage in or groups they target are enormous.

A relatively small number of organizations generate most of the sector's revenues. The less than 1% of organizations in Alberta with annual revenues of \$10 million or more account for half of the sector's total annual revenues. The four in ten organizations with annual revenues of less than \$30,000 collectively account for less than 1% of total annual revenues. From a financial perspective, there are a lot of small organizations running on a few thousand dollars a year, and a small number of organizations with annual revenues in the millions of dollars.

Reliance on paid staff highlights a similar divide within the sector. Only four in ten of Alberta's nonprofit and voluntary organizations report having paid staff with the others running solely on volunteer labour. In addition, over three quarters (78%) of the paid staff work for the 6% of organizations with annual revenues of \$1 million or more. This stands in stark contrast to the fact that the 43% of organizations with annual revenues of less than \$30,000 account for just 2% of all the paid staff in the sector. From an employment perspective, there are a small number of organizations employing most of the paid staff and a large number of organizations with very few paid staff or no paid staff at all.

The range of primary activity areas reported by organizations demonstrates the diversity of the sector. Sports and Recreation organizations are the most common type of organization in Alberta and comprise about a quarter of the sector. This is followed by Religious organizations (19%), Grantmaking, Fundraising and Voluntarism Promotion

organizations (11%), and Arts and Culture organizations (10%). Although Hospitals, Universities and Colleges represent only 1% of organizations, they account for more than one-tenth of total revenues.

Alberta's nonprofit and voluntary sector stands out as the one that receives the least amount of government funding. In 2003, revenues from governments account for one-third of total revenues of nonprofit and voluntary organizations in Alberta compared to a national average of 49%. This finding, however, is easily misinterpreted to mean that the sector in Alberta receives less support from governments than elsewhere in the country. In fact, much of the difference is explained by differences in the number and funding of organizations in the Hospitals, Universities and Colleges category. This category represents only a small percentage of the total number of organizations in Alberta and in the country, but when it is excluded, its effects on the government revenue findings are dramatic. Excluding Hospitals, Universities and Colleges, the gap between the Alberta average and the national average drops from 16 percentage points to just 6 percentage points. This is still a notable difference, but it is much less than the findings suggest at first blush.

The NSNVO findings also suggest that some organizations are experiencing significant stress. Key capacity challenges for many include difficulty recruiting and retaining volunteers, planning for the future, and obtaining funding.

Overall, the portrait of the nonprofit and voluntary sector in Alberta painted by the NSNVO is one of a vibrant but sometimes struggling group of diverse organizations that are nonetheless united by a common theme of voluntarism and community benefit.

Introduction

The first-of-its-kind National Survey of Nonprofit and Voluntary Organizations (NSNVO) was conducted in 2003 by a consortium of organizations led by Imagine Canada.² The survey was administered by Statistics Canada to over 13,000 organizations representing the more than 161,000 nonprofit and voluntary organizations operating in Canada in 2003.³ The survey provides, for the first time, a comprehensive statistical portrait of the thousands of organizations that form the social glue that holds our communities together.

As a member of the consortium, the Canada West Foundation wrote this report on the findings of the survey as they relate to the 19,356 nonprofit and voluntary organizations in Alberta.⁴ Of these organizations, 57% are registered charities. The inclusion of the 43% of Alberta's incorporated nonprofits without charitable status provides the first opportunity to examine these two types of nonprofit and voluntary organizations in Alberta and how they compare to the Canadian sector as a whole.

From a regional perspective, it is striking how similar Alberta's nonprofit and voluntary sector is to the sector in other parts of the country. Despite some minor variations, Alberta's nonprofit and voluntary sector is much the same as in other parts of the country.

As is the case across Canada, the nonprofit and voluntary sector in Alberta is comprised of numerous organizations (19,356), has a significant presence in the economy (\$9.6 billion in annual revenue), is volunteer-based (2.5 million volunteers⁵), is a major

² The Voluntary Sector Research Consortium (VSRC) consists of Imagine Canada (formerly Canadian Centre for Philanthropy); l'Alliance de recherche universités-communautés en économie sociale à l'Université du Québec à Montréal; Canada West Foundation; Canadian Council on Social Development; Capacity Development Network at the University of Victoria; Community Services Council of Newfoundland and Labrador; the Voluntary and Non-Profit Sector Organization of Manitoba; Queen's University School of Policy Studies; and Statistics Canada.

³ Many terms are used to describe the various organizations that are of interest to the NSNVO (e.g., voluntary, nonprofit, charities, third sector, civil society, and community-based). The NSNVO uses the term nonprofit and voluntary to convey two of the key defining characteristics of organizations in the sector.

⁴ Reports on the sector in British Columbia; Manitoba, Saskatchewan, and the Territories; Ontario; Quebec; and Atlantic Canada are also available.

⁵ This estimate is based on the total number of volunteer hours that organizations reported receiving. It should be noted that the National Survey of Giving, Volunteering and Participating (NSGVP) estimates that Alberta had a total of 913,000 volunteers in 2000 (see M.H. Hall, L. McKeown and K. Roberts, *Caring Canadians, Involved Canadians: Highlights from the 2000 National Survey of Giving, Volunteering and Participating*, Catalogue no. 71-542-XPE (Ottawa: Statistics Canada, 2001).

employer (176,000 paid staff), and the provider of a wide range of services and products that enrich the lives of Albertans. These organizations are linked, both in Alberta and across Canada, by their engagement of volunteers and their pursuit of goals that serve the public or their members rather than the goal of profit. Indeed, all of the organizations surveyed have an institutional form that does not allow any profit they may generate to be distributed to owners or directors.

Methodology

NSNVO data were collected by Statistics Canada via personal interviews with 13,000 individuals representing incorporated nonprofit organizations and registered charities⁶ in 2003. The NSNVO defines nonprofit and voluntary organizations as:

- non-governmental (i.e., are institutionally separate from government);
- non-profit distributing (i.e., do not return any profits generated to their owners or directors);
- self-governing (i.e., are independent and able to regulate their own activities);
- voluntary (i.e., they benefit to some degree from voluntary contributions of time or money); and
- formally incorporated or registered under specific legislation⁷ with provincial, territorial, or federal governments.

Symbols:

The following symbols have been used in this publication:

* Suppressed to meet the confidentiality requirements of the *Statistics Act*.

E Use with caution.

⁶ Registered charities are organizations that have obtained registered charitable status from the Government of Canada.

⁷ The NSNVO excluded grass-roots organizations or citizens' groups that are not formally incorporated or registered with provincial, territorial, or federal governments. It also excluded some registered charities that are considered to be public sector agencies (e.g., school boards, public libraries, and public schools)

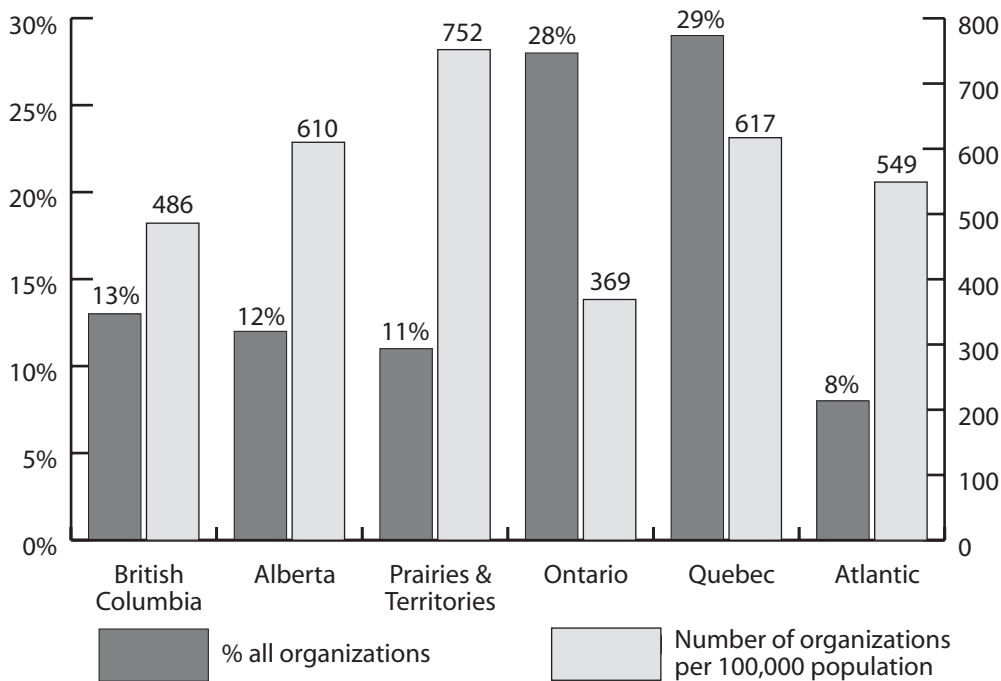
Key Characteristics

How many organizations are there?

Canadians benefit immeasurably from the existence of more than 161,000 incorporated nonprofit and voluntary organizations.⁸ At 19,356, Alberta's share of the country's nonprofit and voluntary organizations is 12% – just over its 10% share of the national population.

Nationally, there are 508 nonprofit and voluntary organizations per 100,000 people, but this ratio varies significantly across the provinces (see Figure 1). Alberta has about 610 organizations for every 100,000 people in the province, or 6.1 for every 1,000.

Figure 1: Percentage of organizations and number of organizations per 100,000 population by region



⁸ Organizations that are not formally incorporated or registered with provincial, territorial or federal governments have been excluded from the study because of the substantial difficulties identifying and locating them. The NSNVO also excludes some registered charities that are considered to be public sector agencies (e.g., school boards, public libraries and public schools). For more information, see Michael H. Hall, et al., *Cornerstones of Community: Highlights of the National Survey of Nonprofit and Voluntary Organizations*, Catalogue no. 61-533-XPE (Ottawa, Statistics Canada, 2004).

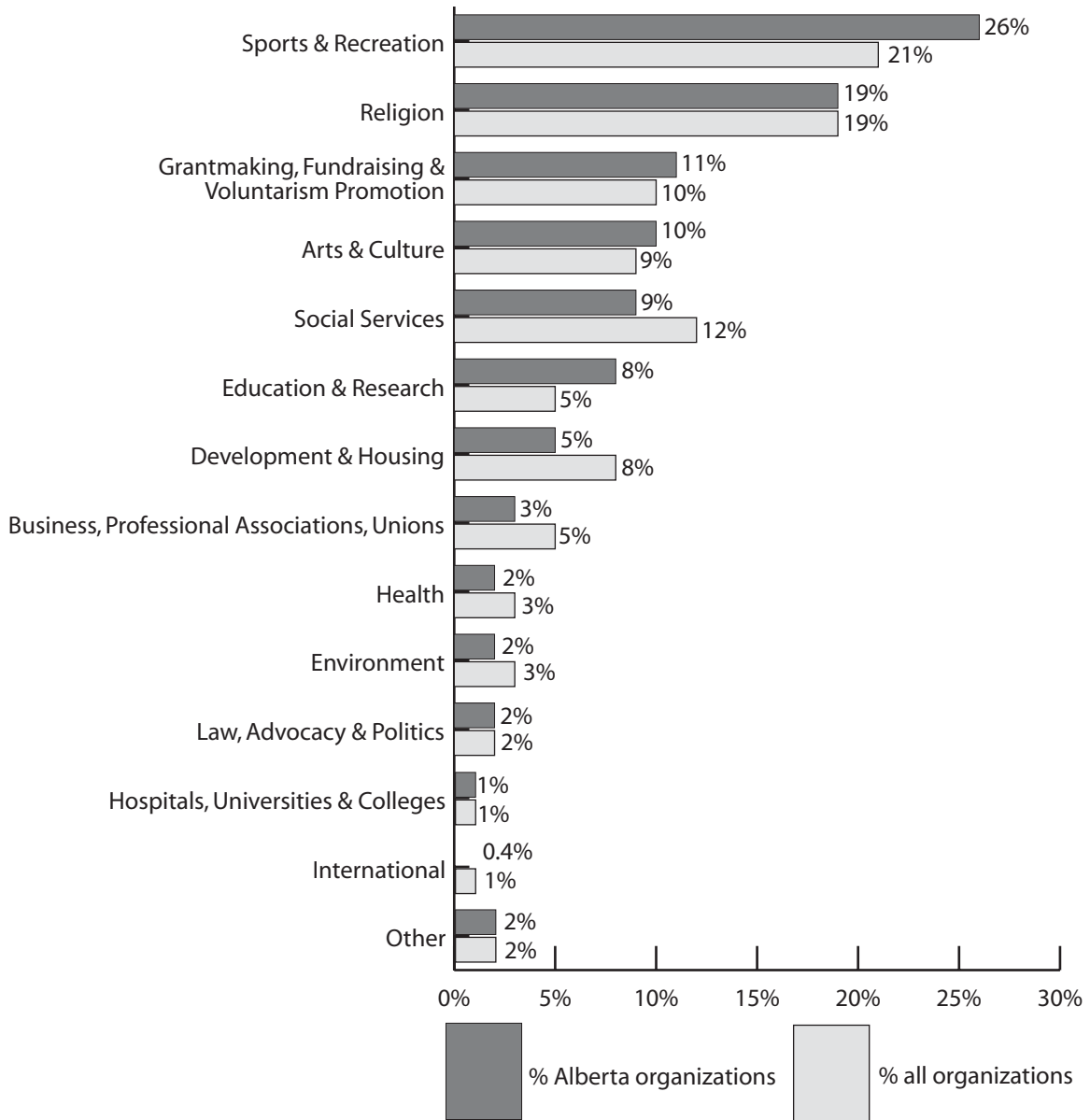
The variation in the number of organizations per 100,000 residents across Canada should *not* be interpreted as a proxy for the robustness, capacity or importance of regional nonprofit and voluntary sectors. The reasons for the variation are not clear. Factors such as geography, urbanization, organizational amalgamation, and the size of individual organizations in terms of revenue, staff, and volunteers all potentially affect the ratio of nonprofit and voluntary organizations to population in a given area.

What do organizations do?

Nonprofit and voluntary organizations in Alberta touch virtually every aspect of life in the province. Using a version of the International Classification of Nonprofit Organizations (ICNPO) customized for the Canadian context, the NSNVO collected data on 15 primary activity areas of nonprofits (14 when Hospitals, Universities and Colleges are combined). As a result, we now know the relative proportion of Alberta nonprofit organizations operating in these key areas and can compare this to the situation in other parts of Canada and in other countries.

When compared to Canada's nonprofit and voluntary sector as a whole, the breakdown of Alberta organizations by primary activity area roughly matches the national picture (see Figure 2). It is important to note that, for example, the somewhat higher proportion of Alberta's nonprofit and voluntary organizations in the Sports and Recreation category (26%) compared to the national average (21%) does not necessarily imply that nonprofit and voluntary Sports and Recreation organizations are more important in Alberta than in other parts of the country. Similarly, the smaller proportion of Alberta's nonprofit and voluntary organizations in the Social Services category (9% in Alberta compared to 12% nationally) does not necessarily mean that Social Services organizations are less important or less effective in Alberta. What these data may show is that provincial nonprofit and voluntary sectors are organized differently and that more research is required to understand these structural differences.

Figure 2: Percentage of organizations by primary activity area



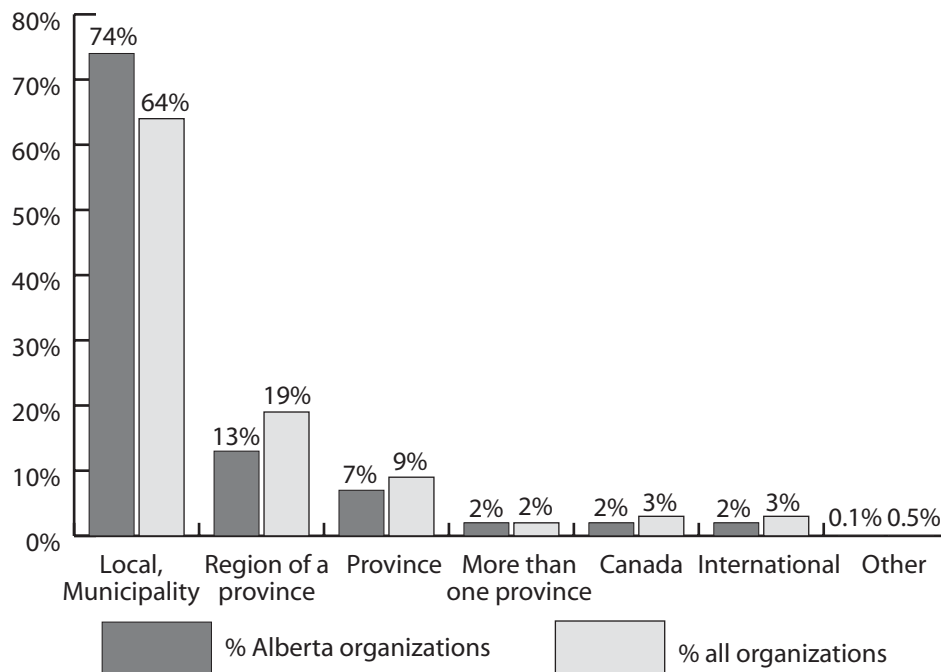
Who do organizations serve?

The depth and scope of the nonprofit and voluntary sector in Alberta is seen in the variety of geographic populations and members that they serve. By touching so many lives, nonprofit and voluntary organizations have the ability to touch virtually all aspects of our communities.

Geographic reach

The vast majority of Alberta's nonprofit and voluntary organizations (74%) serve the local community (i.e., a neighbourhood, city, town, or rural municipality), a number somewhat higher than the national average of 64% (see Figure 3). Organizations that serve a region within Alberta or the province as a whole total 20%, with the balance (6%) serving more than one province, the country in general, or focused on areas other than Canada.

Figure 3: Main geographic areas served

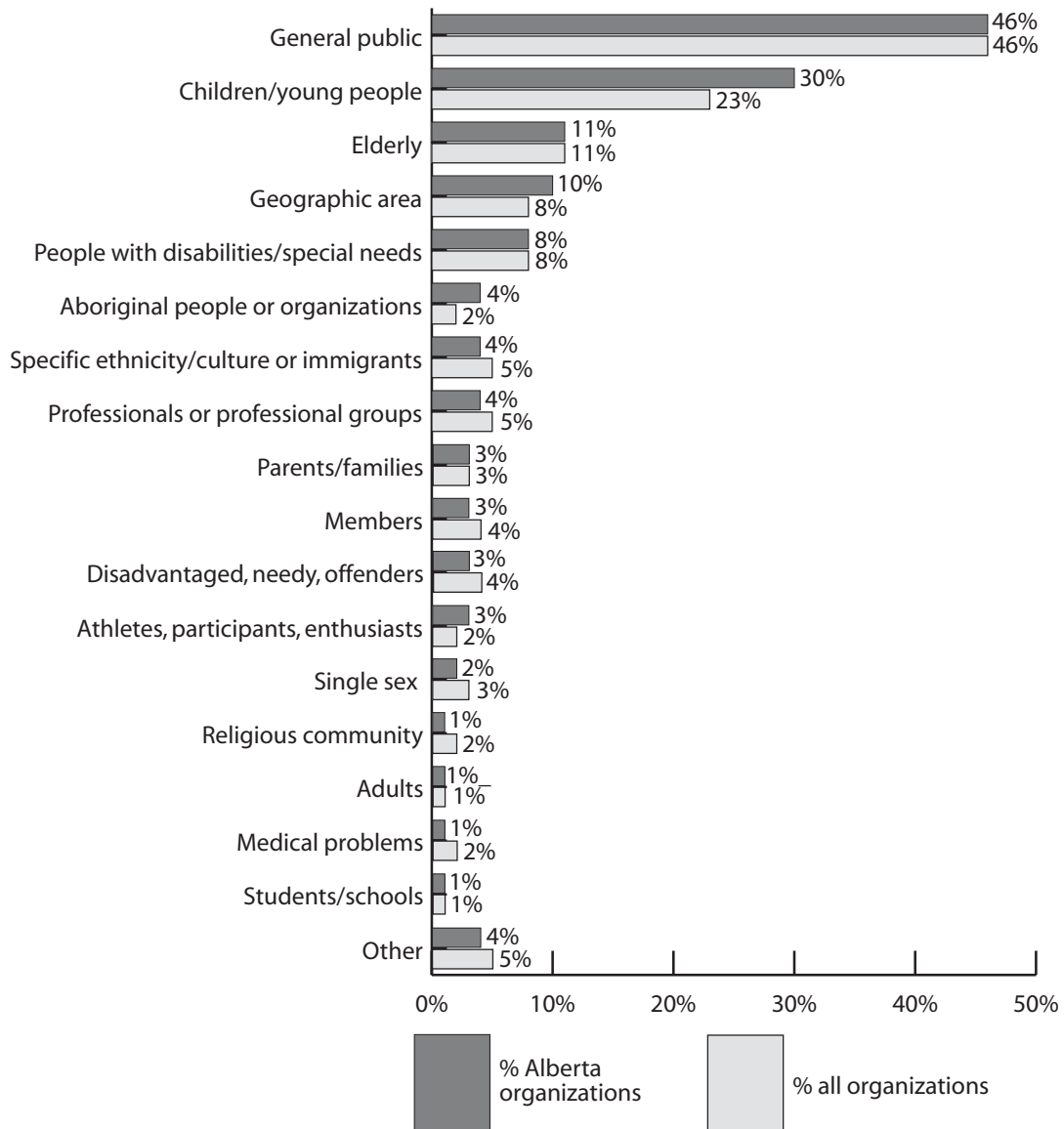


Populations served

About 8 in 10 of Alberta's nonprofit and voluntary organizations provide services or products directly to people (as opposed to other organizations), compared to about 7 in 10 (73%) nationally. Almost half (46%) of the organizations in Alberta that serve people directly report that they serve the general public, which is the same as the national

average. These organizations also provide services to specific segments of the population such as children and young people (30%), the elderly (11%), people in a particular geographic area (10%) and persons with disabilities or special needs (8%). The range of groups served – from students and Aboriginal peoples to the elderly and the disadvantaged – illustrates the broad spectrum of ways that the nonprofit and voluntary sector in Alberta works to improve lives, communities, and society as a whole.

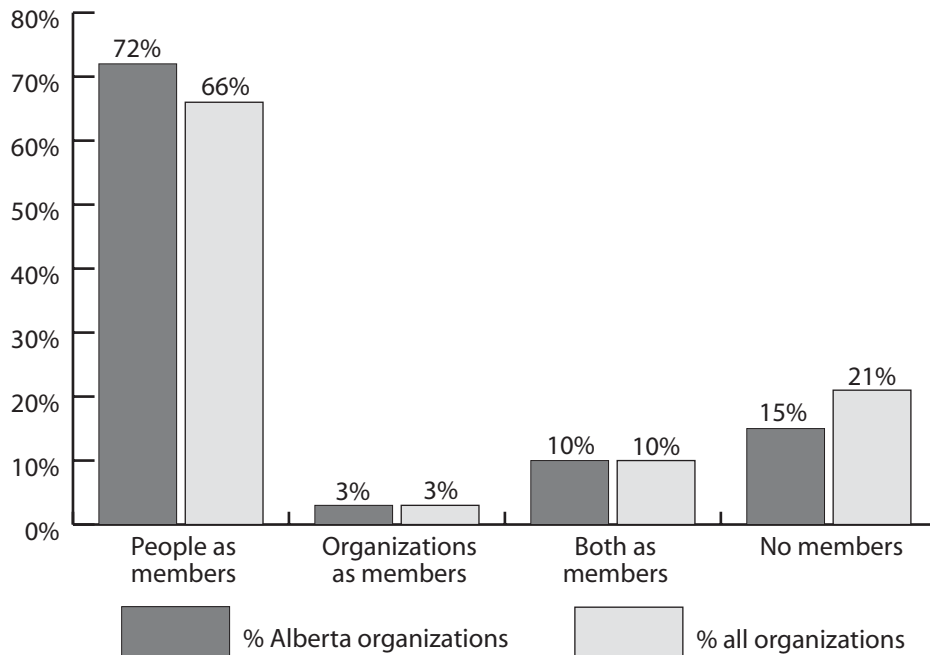
Figure 4: Population served



The role of membership

As is the case nationally, most nonprofit and voluntary organizations in Alberta have only people as members (66% of all organizations in Canada have only people as members compared to 72% in Alberta) and another 10% of Alberta organizations have both people and other organizations as members (see Figure 5).

Figure 5: Membership composition



The total number of members of nonprofit and voluntary organizations in Alberta in 2003 was 9,332,132.⁹ This translates into an average of 589 members per organization that reports having people as members (the national average is 1,132 for a total of 139,347,008 members). The gap between the Alberta average and the national average is an area worthy of further research.

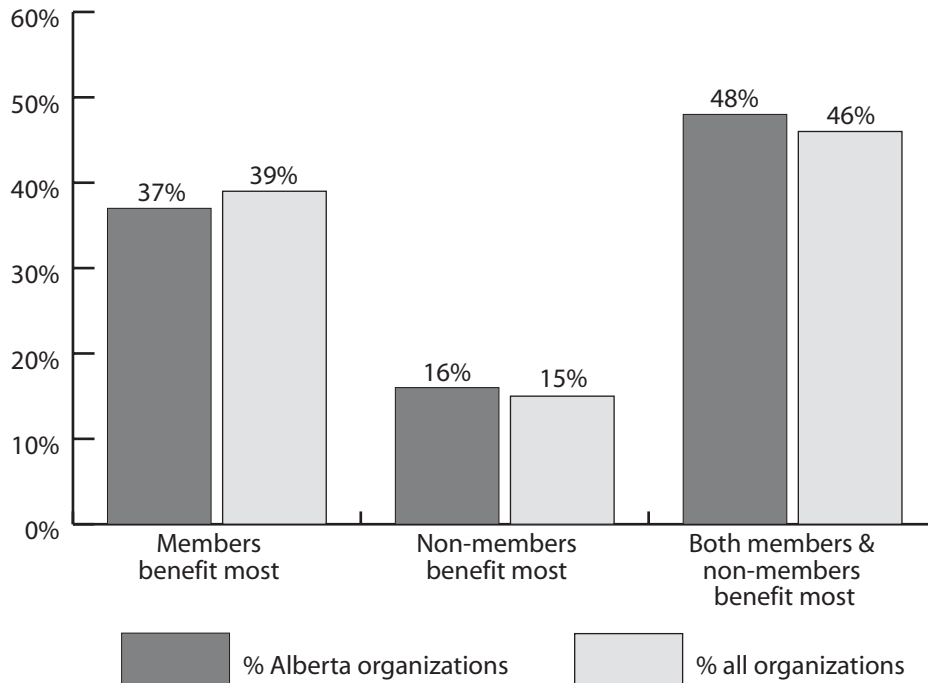
The fact that the number of members reported in Alberta is 3 times the population indicates that many Albertans are members of multiple organizations (some members of Alberta organizations may also be from outside the province).

Despite the huge number of members, only 37% of Alberta organizations with people as members report that their members benefit most from the services or products they provide, whereas just shy of two-thirds (64%) report that either non-members or both

⁹ Respondents were asked to estimate membership size based on their own organization's definition of a member. It should be noted that this definition may vary from one organization to another.

members and non-members receive the most benefit. Alberta mirrors the national scene in this respect as well (see Figure 6).

Figure 6: Primary beneficiaries of services or products



In keeping with this, less than a third (31%) of Alberta organizations with people as members report that their members receive special benefits or privileges from their membership beyond voting rights or receiving a newsletter. These data highlight the public benefit orientation of nonprofit and voluntary organizations since the majority provides services to both members and non-members.

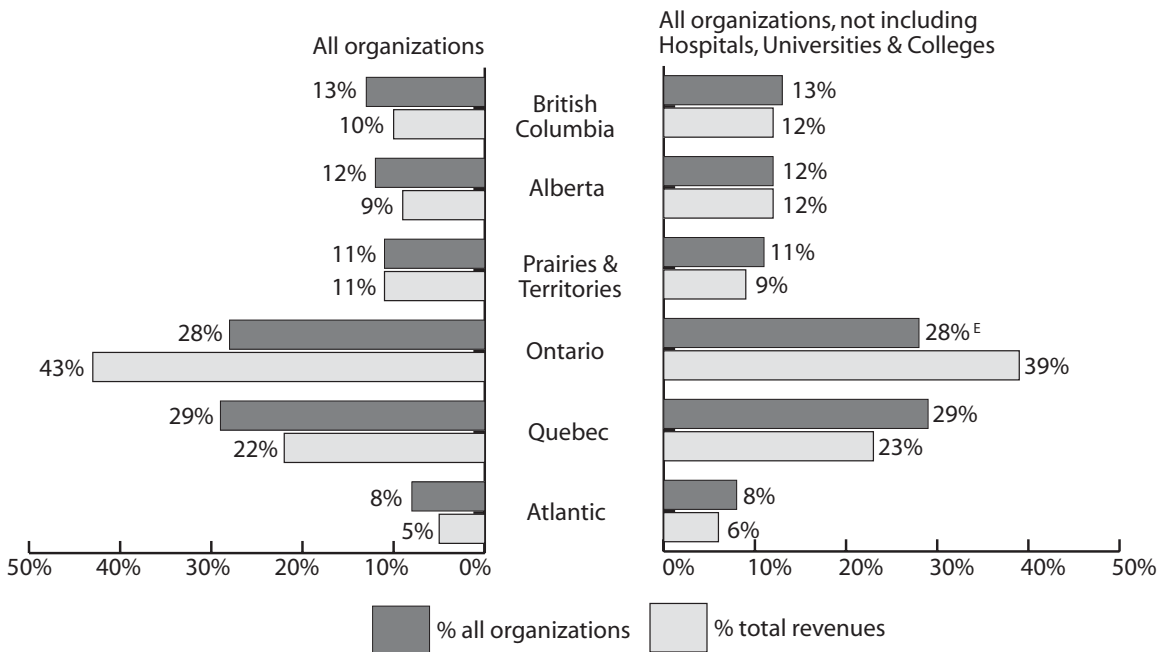
Financial Resources

The significant economic presence of the sector in Alberta is evidenced by the fact that total revenues of nonprofit and voluntary organizations in the province in 2003 amounted to \$9.6 billion. This equates to 9% of the national total (\$111.6 billion).

Alberta's 9% share of all revenues is slightly lower than its 12% share of all organizations. Only Ontario has a higher share of total revenues relative to its share of all organizations in Canada at 43% of total revenues, compared to 28% of all organizations (see Figure 7). This can be explained by the fact that Ontario has a large number of high-revenue organizations (17% have annual revenues of \$500,000 or more, compared to just 11% in Alberta and 12% for all of Canada) with a national reach (14% in Ontario compared with 4% for the rest of the country).

When the distorting effects of the high-revenue organizations in the Hospitals, Universities and Colleges category are excluded, Alberta's share of total revenues matches its share of total organizations (12%), and the gap between Ontario and the rest of the country – although still significant – closes somewhat.

Figure 7: Percentage of organizations and percentage of total revenues by region



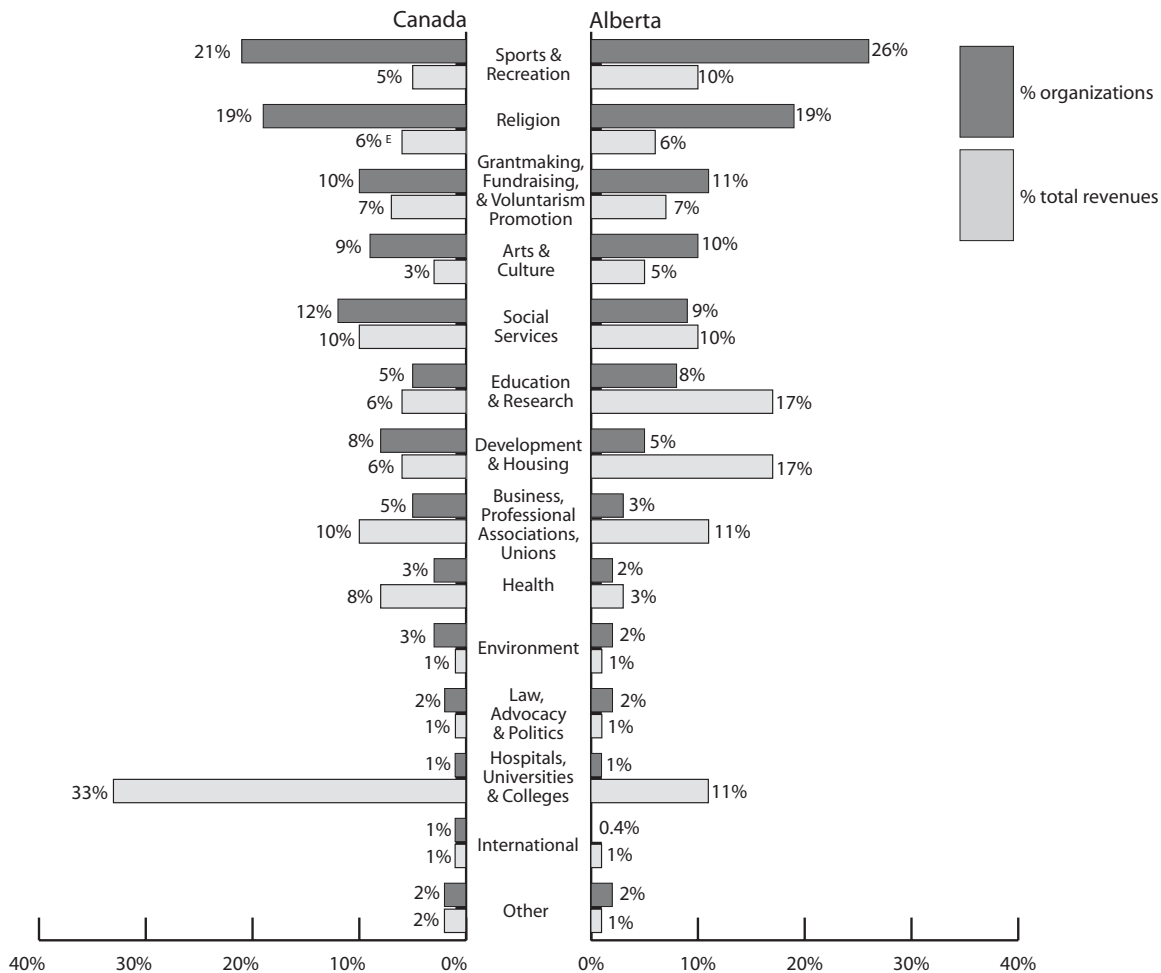
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How are revenue distributed across organizations?

The Hospitals, Universities and Colleges category accounts for 11% (\$1.0 billion) of Alberta's nonprofit and voluntary sector revenues (see Figure 8). Although the concentration of financial resources in Hospitals, Universities and Colleges in Alberta is far less pronounced than in the country as a whole (1% of all organizations in Canada in the Hospitals, Universities and Colleges category account for 33% of all revenues or \$36.8 billion), it is still significant.

Generally speaking, the percentage of organizations in a particular activity area does not equal its share of total revenues. Arts and Culture organizations in Alberta, for example, represent 10% of nonprofit and voluntary organizations but only 5% of total revenues, whereas Development and Housing organizations account for 5% of all organizations but 17% of total revenues. In most cases, there is a large gap between an activity area's share of organizations and its share of total revenues. This shows that there are a number of activity areas where there are a large number of organizations with relatively small budgets (e.g., Sports and Recreation, and Religion) and vice versa (e.g., Hospitals, Universities and Colleges, and Business and Professional Associations and Unions).

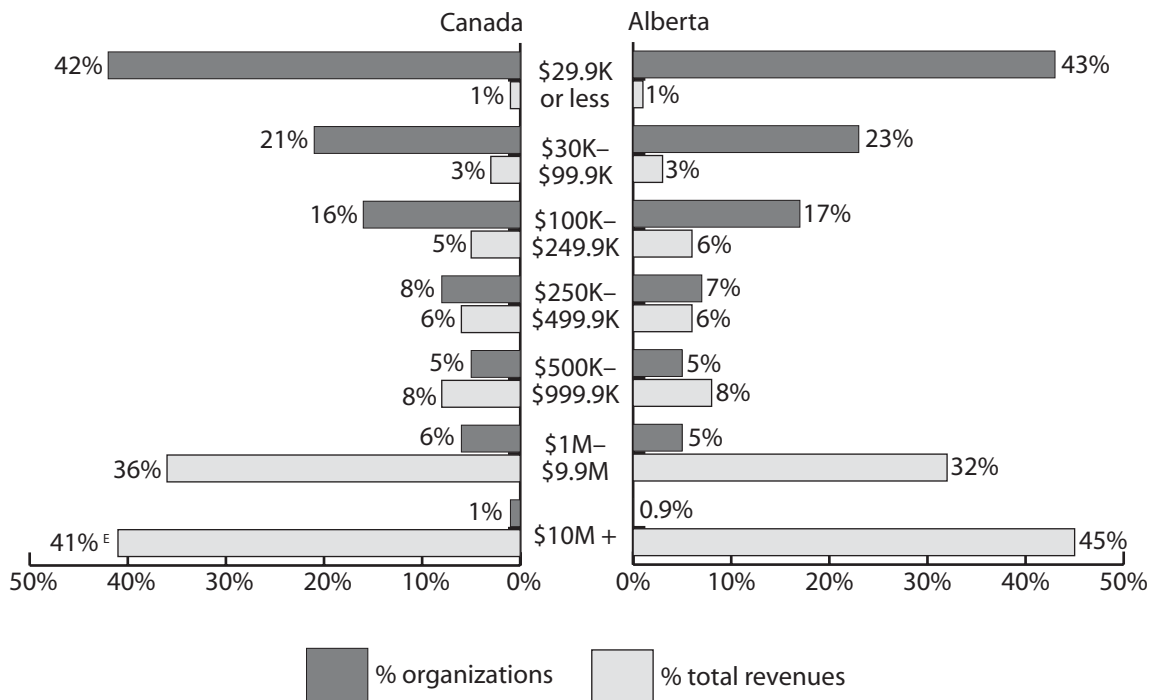
Figure 8: Percentage of organizations and percentage of total revenues by primary activity area



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As is the case in the country as a whole, and with the exception of Hospitals, Universities and Colleges, most nonprofit and voluntary organizations in Alberta have annual revenues of less than \$100,000 (66%) with only 5% reporting annual revenues in 2003 of \$1,000,000 or more. The 66% of organizations with annual revenues under \$100,000, however, account for only 4% of total revenues whereas the 5% of organizations with revenues of \$1,000,000 or more account for a whopping 77% of total revenues. Put simply, there are a lot of organizations with small budgets that add up to very little and a handful with huge budgets that add up to a great deal of money. In between these two extremes, are 29% of Alberta’s nonprofit and voluntary organizations with annual revenues equal to 20% of the sector’s annual total. The Alberta experience in this regard roughly matches that of Canada as a whole.

Figure 9: Percentage of organizations and percentage of total revenues by revenue size, excluding Hospitals, Universities and Colleges



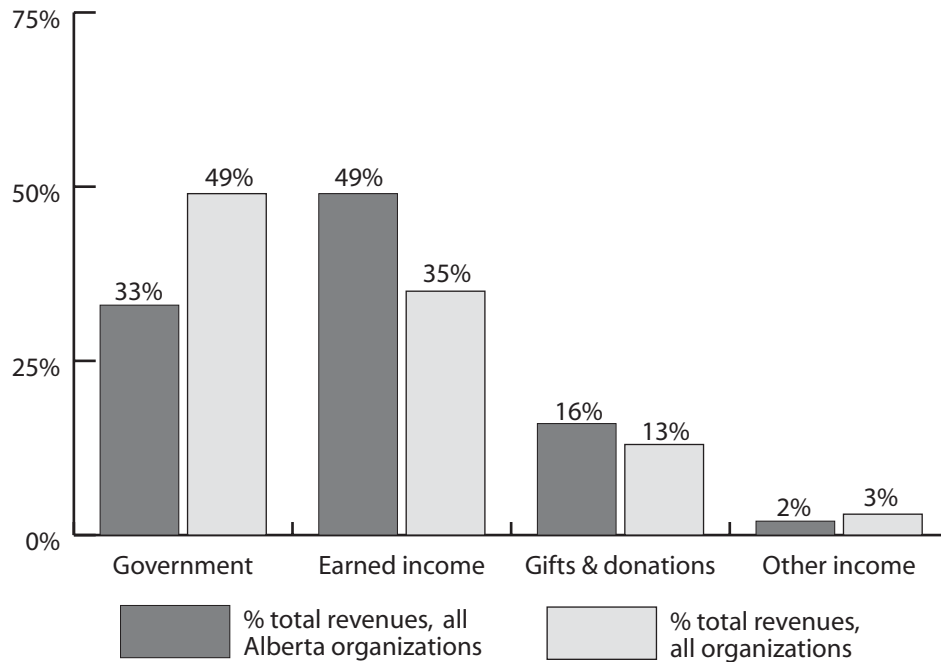
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How do organizations generate revenue?

Governments (including government grants and contracts) and earned income¹⁰ are the two main sources of revenue for Alberta organizations and together provide 82% of the funds that organizations receive or generate. Governments account for 33% of revenues and earned income accounts for 49%. The remaining 18% comes from gifts and donations (16%) and other sources (2%).

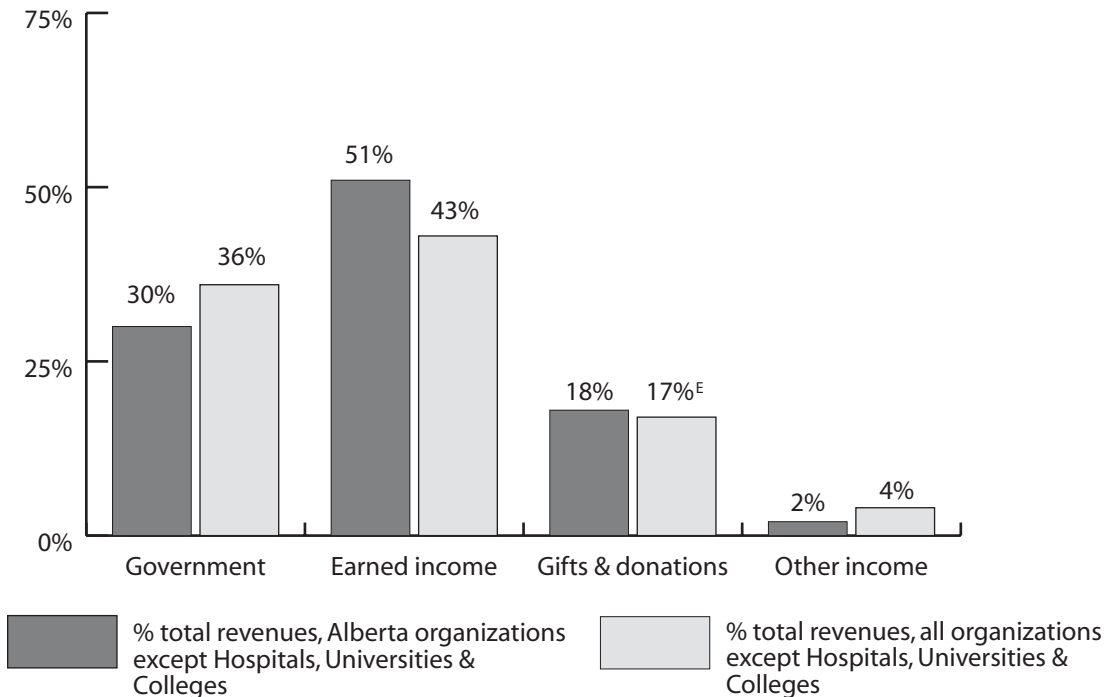
¹⁰ Earned income excludes government revenue sources, but includes such items as charitable gambling, membership fees or dues, fees for goods and services and earnings from endowments or investments.

Figure 10: Sources of revenue



There is a significant difference between the proportion of annual revenues provided to Alberta organizations by governments and the national average. The national average of revenues from governments is 16 percentage points higher than in Alberta (49% compared to 33%). The difference is mirrored by a corresponding gap in the amount of money in the earned income category (35% nationally compared to 49% in Alberta). The initial reaction here is to attribute the difference to a relative lack of government funding for nonprofit and voluntary organizations in Alberta. The explanation, however, is probably more complex. Part of the explanation lies in the number of Hospitals, Universities and Colleges in Alberta and how they are funded compared to other parts of the country. When this category of organizations is excluded, the gap between the national average for funding from governments and the Alberta figure drops from 16 percentage points to just 6 percentage points (see Figure 11).

Figure 11: Sources of revenue, excluding Hospitals, Universities and Colleges



E use with caution

When looking at government revenues per organization, the distorting effects of Hospitals, Universities and Colleges are even more evident. For the country as whole, nonprofit and voluntary organizations each receive an average of about \$336,000 in government funding compared to about \$162,000 in Alberta. Excluding Hospitals, Universities and Colleges, the national average drops to about \$170,000 per organization and the Alberta average is about \$132,000—still lower but much closer. In percentage terms, the national average drops from being more than double the Alberta average when Hospitals, Universities and Colleges are included, to 29% when they are excluded.

Nonetheless, even when Hospitals, Universities and Colleges are excluded, the average amount of government funding per organization is nearly \$37,000 less than the national average. This gap may be explained in part by differences in the role played by governments in Alberta compared to other parts of the country (in that some services in Alberta may be delivered directly by government instead of on its behalf by nonprofit and voluntary organizations). However, the NSNVO cannot speak to this gap. Further research is required in this regard.

The federal government and municipalities are relatively minor contributors to the revenues of the nonprofit and voluntary sector in Alberta. Federal government funding

was \$525.3 million or 5% of total annual revenues (the national average is 7% of total revenues) and municipal sources added another \$153.0 million or 2% of total revenues (the national average is also 2%). Provincial governments, by contrast, are a significant contributor of funds at 25% of total revenues, or \$2.4 billion. Alberta stands out here when compared to the national average of 40% of total revenues coming from provincial government sources.

The relatively lower proportion of revenue flowing from government sources to Alberta organizations is made up by earned income. Earned income accounts for 49% of the total revenue of Alberta organizations, compared to a national average of 35%. Most of this difference is due to a higher proportion of revenues generated by non-government fees for goods and services charged by Alberta organizations (31% of total revenues compared to 20% nationally). Membership fees are also a significant form of earned income, bringing in 12% of total revenues (the national average is 11%).

Revenues from charitable gaming also fall under the earned income heading. Although they represent only 3% of the total revenues of Alberta organizations (the same as investment income), this highly contentious method of raising funds (due in part to ethical concerns regarding the negative effects of gambling on addicts and their families) is often a particularly alluring form of revenue. The allure of gambling revenues is rooted in the fact that they come with few strings attached and require a minimal amount of organizational resources to obtain them, whereas other forms of fundraising often involve more investment. As a result, the \$289 million raised through charitable gaming is a unique form of revenue that brings with it significant pros and cons.

One of the most striking findings of the NSNVO is the relatively small amount of revenue generated by individual donations (10% of total revenues or \$927.8 million). On the one hand, the fact that individuals gave almost a billion dollars to Alberta's nonprofit and voluntary organizations is very encouraging and illustrates the value people place on the sector. This means that on average, each Albertan gave over \$300 to a nonprofit and voluntary sector organization in 2003. This form of giving, moreover, far outpaces corporate giving (\$361.8 million or 4% of total revenues). On the other hand, at about 1 in 10 dollars of revenue, individual donations are dwarfed by government and earned income sources. In this regard, the situation in Alberta roughly matches the national averages.

Table 1: Detailed sources of revenue

	Alberta organizations		All organizations	
	Revenues	% total revenues	Revenues	% total revenues
Revenue from government				
Government payments for goods and services				
Payments from the federal government	\$89,386,886	1%	\$1,629,494,890	1%
Payments from provincial government	\$1,584,235,945	16%	\$17,202,528,730	15%
Payments from municipal government	\$59,794,806	1%	\$1,035,070,183	1%
Government payments from other	\$9,917,478	0%	\$85,258,416	0%
Total government payments for goods and services	\$1,743,331,344	18%	\$19,952,383,088	18%
Government grants and contributions				
Grants from the federal government	\$435,910,159	5%	\$6,039,958,845	5%
Grants from provincial government	\$864,417,005	9%	\$26,944,104,382	24%
Grants from municipal government	\$93,238,884	1%	\$1,068,108,183	1%
Government grants from other	\$3,078,130	0%	\$155,583,730	0%
Total government grants	\$1,396,641,700	14%	\$34,207,876,777	31%
Total revenues from government	\$3,139,973,044	33%	\$54,160,259,865	49%
Earned income from non-governmental sources				
Charitable gaming	\$289,008,621	3%	\$1,242,885,015	1%
Membership fees	\$1,181,852,806	12%	\$12,033,551,619	11%
Fees for goods or services (non-government)	\$2,969,209,995	31%	\$21,844,521,113	20%
Investment income (including interest)	\$325,431,457	3%	\$4,173,428,911	4%
Total revenues from earned income	\$4,765,502,880	49%	\$39,294,386,657	35%
Gifts and donations				
Individual donations	\$927,790,716	10%	\$8,369,669,565	8%
Fundraising organizations/family community foundations	\$108,149,097	1%	\$1,137,834,369	1%
Disbursements from nonprofits	\$169,049,612	2%	\$1,935,468,417	2%
Corporate sponsorships, donations or grants	\$361,774,005	4%	\$2,815,372,908	3%
Total revenues from gifts and donations	\$1,566,763,431	16%	\$14,258,345,259	13%
Other income	\$174,282,685	2%	\$3,882,569,114	3%
Total revenues	\$9,646,522,040	100%	\$111,595,560,896	100%

E Use with caution

Table 2: Detailed sources of revenue, excluding Hospitals, Universities and Colleges

	Alberta organizations, excluding Hospitals, Universities & Colleges		All organizations, excluding Hospitals, Universities & Colleges	
	Amount	% total revenues	Amount	% total revenues
Revenue from government				
Government payments for goods and services				
Payments from the federal government	\$87,539,773	1%	\$1,505,063,091	2%
Payments from provincial government	\$1,469,329,102	17%	\$8,551,956,531	11%
Payments from municipal government	\$59,762,198	1%	\$1,001,668,540	1%
Government payments from other	\$9,917,478	0%	\$84,760,908	0%
Total government payments for goods and services	\$1,626,544,779	19%	\$11,143,479,938	15%
Government grants and contributions				
Grants from the federal government	\$429,502,263	5%	\$5,205,314,016	7%
Grants from provincial government	\$404,065,604	5%	\$9,756,379,277	13%
Grants from municipal government	\$93,098,467	1%	\$995,148,362	1%
Government grants from other	\$2,138,999	0%	\$119,625,599	0%
Total government grants	\$928,802,856	11%	\$16,076,588,892	22%
Total revenues from government	\$2,555,347,635	30%	\$27,220,068,830	36%
Earned income from non-governmental sources				
Charitable gaming	\$287,795,111	3%	\$1,229,768,874	2%
Membership fees	\$1,156,712,272	13%	\$11,699,530,741	16%
Fees for goods or services (non-government)	\$2,616,874,974	30%	\$15,843,379,066	21%
Investment income (including interest)	\$294,885,466	3%	\$3,196,448,914	4%
Total revenues from earned income	\$4,356,267,823	51%	\$31,969,127,594	43%
Gifts and donations				
Individual donations	\$907,458,653	11%	\$7,991,880,133	11%
Fundraising organizations/family community foundations	\$104,702,581	1%	\$993,244,007	1%
Disbursements from nonprofits	\$155,981,731	2%	\$1,242,260,766	2%
Corporate sponsorships, donations or grants	\$358,094,443	4%	\$2,575,685,869	3%
Total revenues from gifts and donations	\$1,526,237,408	18%	\$12,803,070,775	17%
Other income	\$170,369,641	2%	\$2,770,494,686	4%
Total revenues	\$8,608,222,507	100%	\$74,762,761,886	100%

E Use with caution

Total revenues from governments to Alberta organizations equaled \$3.1 billion in 2003. When Hospitals, Universities and Colleges are excluded, this drops to \$2.6 billion. It is notable that one key traditional source of philanthropic dollars – gifts and donations – account for only 16% (\$1.6 billion) of total revenues (the national average is 13% or \$14.3 billion). This highlights the relative importance of state and self-generated revenue versus individual, foundation, and private sector gifts and donations in both Alberta and the country in general. Even when large recipients of state revenue (Hospitals, Universities and Colleges) are excluded, the proportion of revenues from gifts and donations rises a mere two percentage points to 18%.

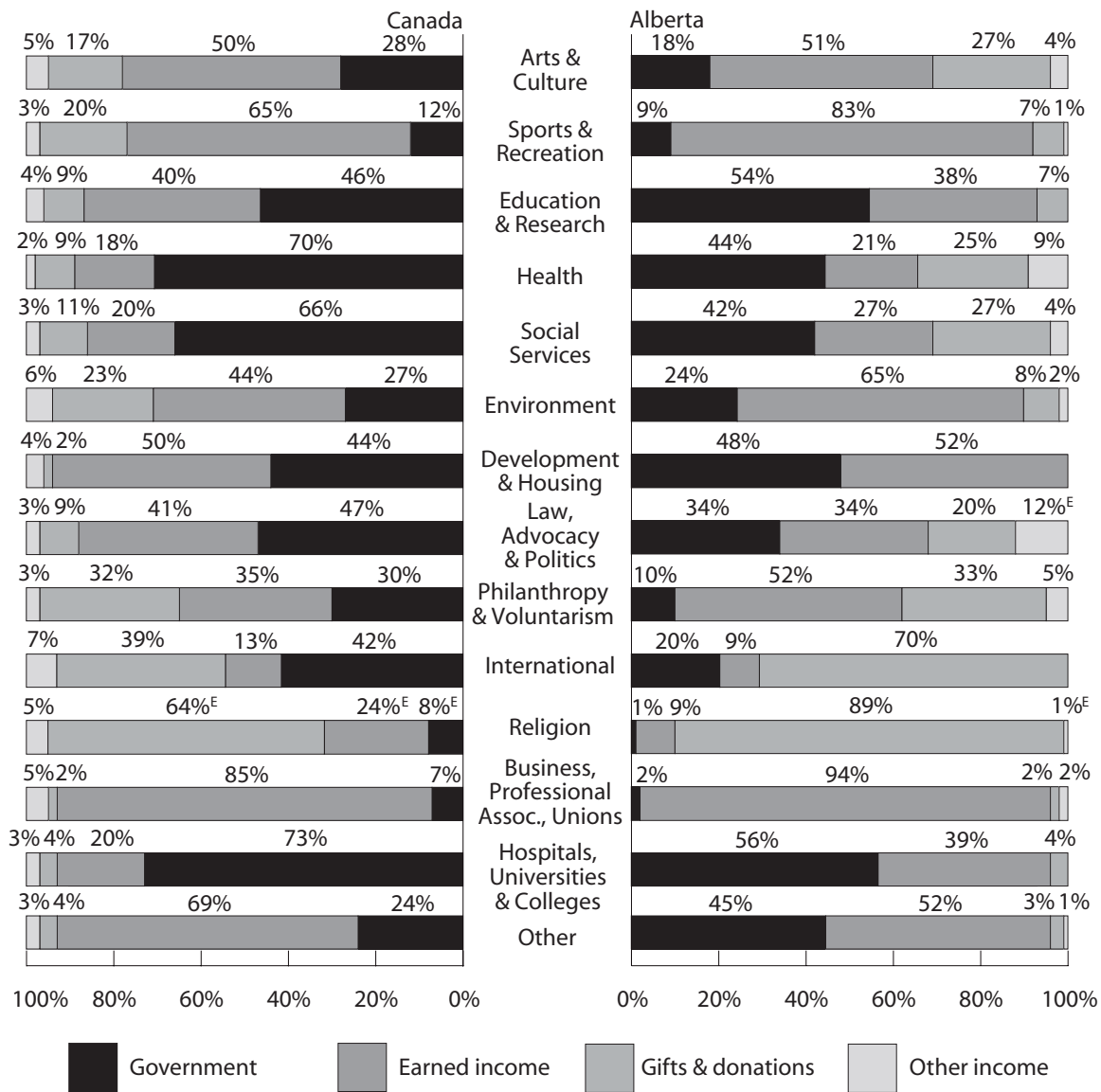
The relative proportion of revenue from governments, earned income, grants and donations, and other sources also varies significantly by activity area. Business and Professional Associations and Unions generate 94% of their annual revenues from earned income sources (likely membership fees or dues) whereas Religious organizations rely on gifts and donations for 89% of their annual revenues. Other activity areas that rely on earned income for more than 50% of their revenues include Sports and Recreation (83%), Environment (65%), Development and Housing (52%), Grantmaking, Fundraising and Voluntarism Promotion (52%), and Arts and Culture (51%).

The only activity area in Alberta other than Religion that receives more than half of its revenues from grants and donations is International organizations.

Hospitals, Universities and Colleges is one of the few categories of Alberta's nonprofit and voluntary organizations that receives over half of its revenue from governments (56%). Governments are the largest source of revenue for Education and Research (54%), Development and Housing (48%), Health (44%), Social Services (42%), and Law, Advocacy and Politics (34% - tied with earned income).

In terms of revenues from governments, when the Alberta case is compared to Canada as a whole, a number of significant differences are evident. Nationally, Hospitals, Universities and Colleges receive 73% of their revenues from governments, compared to 56% in Alberta. The proportion of revenues coming from governments is higher in all activity areas in Canada compared to Alberta, except for three areas (Education and Research, Development and Housing, and Other). These data suggest that Alberta organizations are less reliant on government funding and/or have less access to government tax dollars than the sector as a whole.

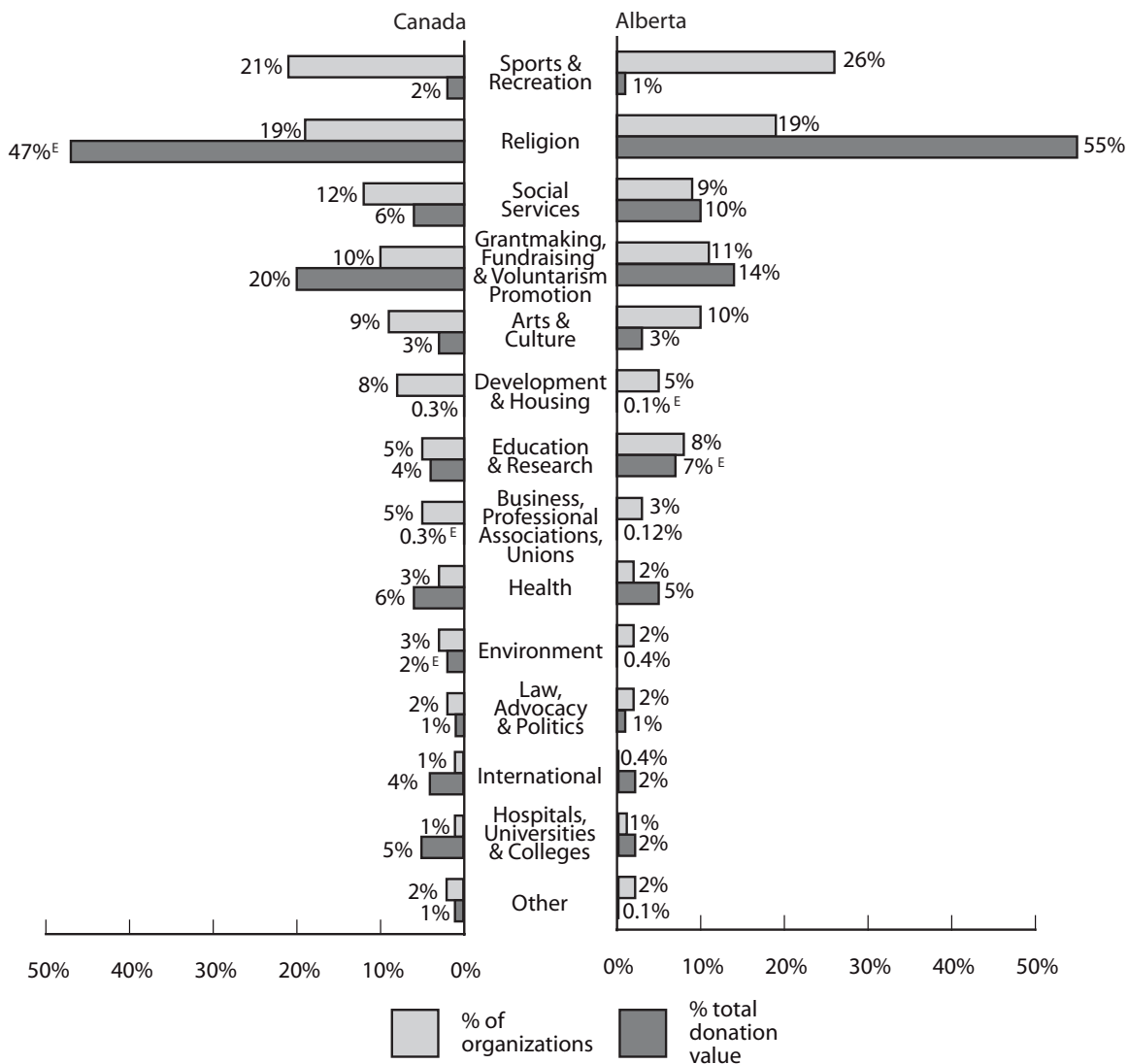
Figure 12: Sources of revenue by primary activity area



^E Use with caution

In 2003, individuals donated \$928 million to nonprofit and voluntary organizations in Alberta, which equals 10% of total revenues (the national figures are \$8.4 billion and 8% of total revenues). Some organizations receive far greater amounts from individuals than others. Religious organizations comprise about 19% of the organizations in Alberta's nonprofit and voluntary sector but account for 55% of individual donations or \$506 million. Sports and Recreation organizations, alternatively, represent 26% of the sector but only receive 1% of the money donated by individuals. Clearly, organizations depend on individual giving to varying degrees, with some types receiving very little of this form of revenue compared to other organizations.

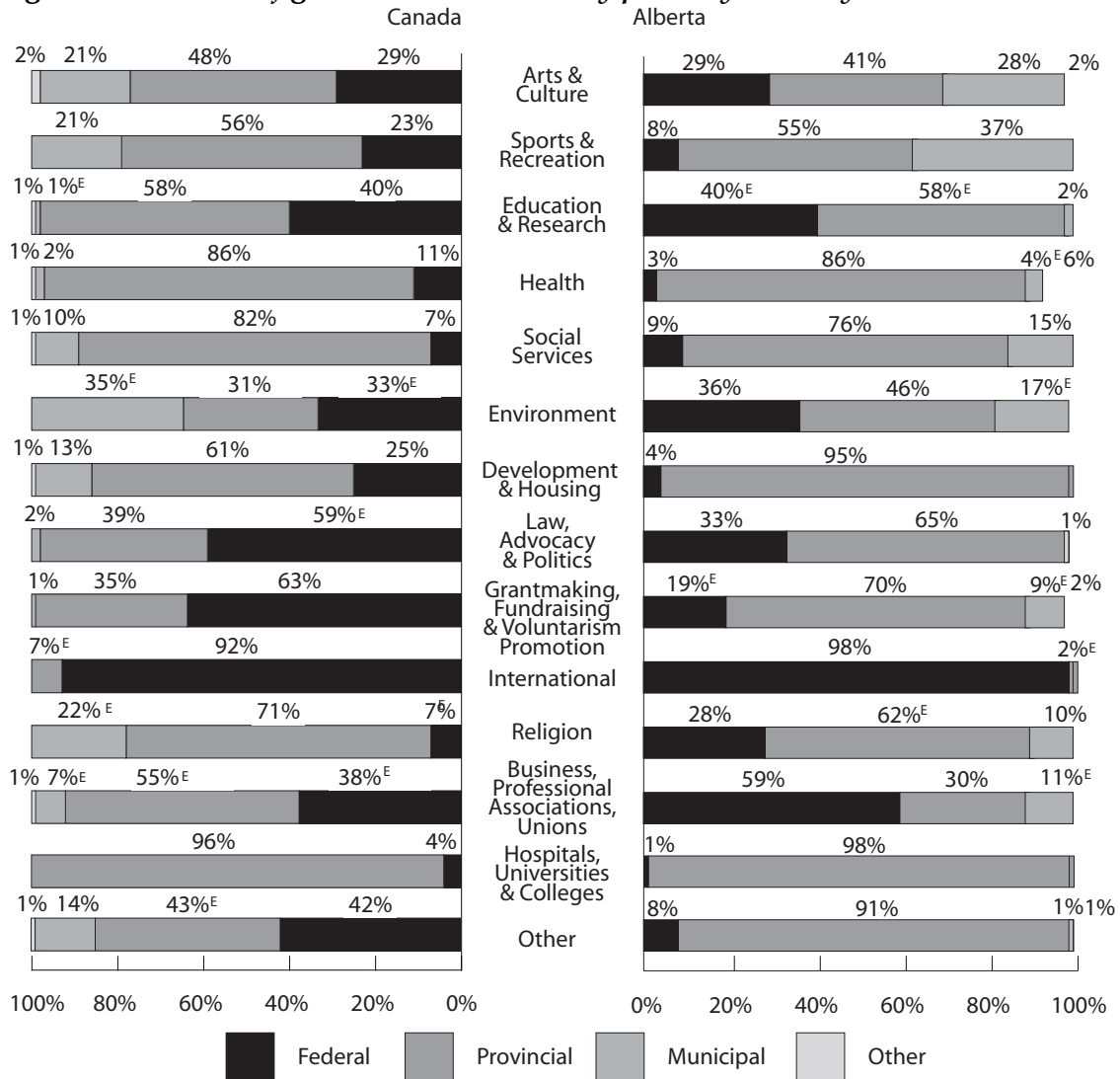
Figure 13: Percentage of total number of organizations and percentage of total donation value by primary activity area



For Alberta organizations that receive funding from governments, provincial revenue is the main source, with 78% (\$2.5 billion) of all government funding coming from provincial sources. This is roughly equivalent to the national average of 82% (\$44.1 billion). Not surprisingly, activity areas that fall largely within the provincial areas of jurisdiction of Health, Education and Research, and Social Services receive most of their government funding from provincial sources. Hospitals, Universities and Colleges in Alberta, for example, receive 98% (\$575.3 million) of their government funding from the province.

After provincial sources, the federal government is the next-largest source of state funds (17% or \$525.3 million), followed by municipalities at 5% (\$153.0 million) of total government funding.

Figure 14: Sources of government revenue by primary activity area



E Use with caution

Government funding comes in two main forms: payments for goods and services (or contracts), and grants. On average, payments for goods and services comprise 56% of government funding. This ratio, however, varies depending on the activity area of organizations. Arts and Culture organizations, for example, receive most of their government funding in the form of grants (82%) whereas Development and Housing organizations receive most of their government dollars as payments for goods and services (95%). Social Services organizations receive 77% of their government funding as payments for goods and services.

Governments, in other words, are often contracting with some nonprofit and voluntary agencies to provide specific goods and services rather than providing them with general support. At the high end, Development and Housing organizations receive 95% of their government dollars as payments for goods and services. At the low end, Arts and Culture organizations receive just 18% in this form. As such, the nonprofit and voluntary sector sometimes serves as a direct provider of government services.

While the difference between grants versus contractual payments for goods and services is often arbitrary, research suggests that payments for goods and services tend to come with a lot of “strings attached” that place added stress on organizations and threaten to undermine their independence from the state and their unique positive qualities.¹¹

Given the importance of government funding and the value of a nonprofit and voluntary sector that is distinct from the state, the effects of government funding and how it is structured should be carefully reviewed and debated. If the nonprofit and voluntary sector becomes merely an extension of government, what Jennifer Wolch refers to as a “shadow state,”¹² some of the unique and valuable characteristics of the sector may be jeopardized such as greater flexibility, grassroots input, and innovation.

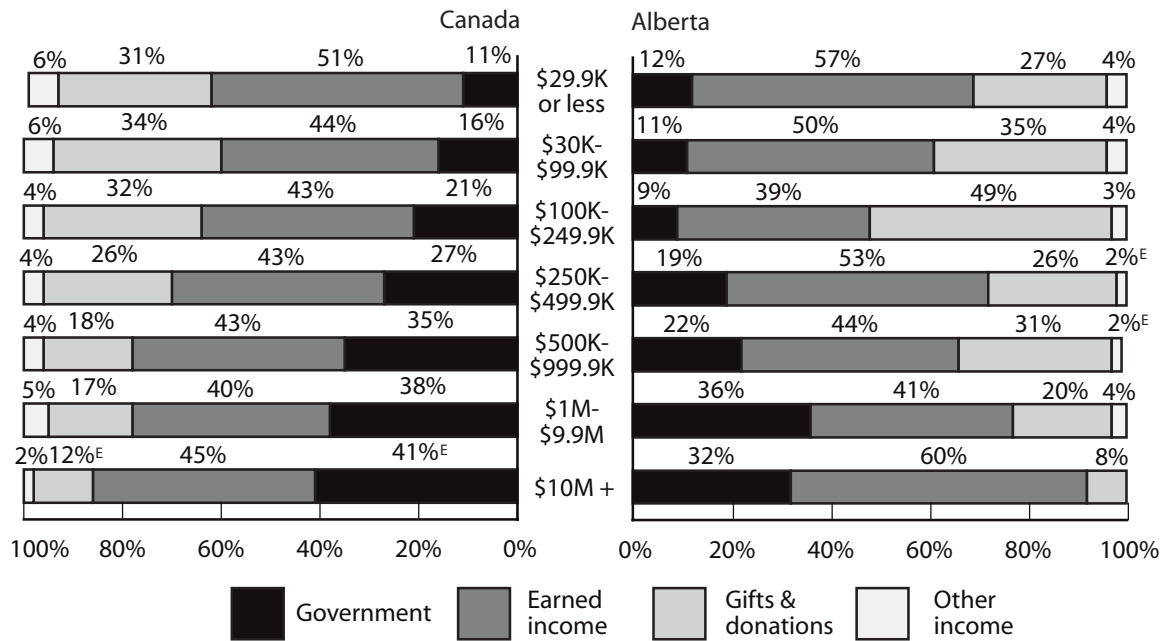
In both Alberta and Canada, larger organizations depend more on government funding than do smaller organizations. Government sources account for 32% of the funding of Alberta organizations with annual revenues of \$10 million or more and 36% of the funding of organizations with revenues between \$1 million and \$9,999,999. For Alberta organizations with revenues below \$250,000, the proportion of their revenues from government sources drops to between 9% and 12%.¹³

¹¹ See, for example, S. McFarlane and R. Roach, *Great Expectations: The Ideal Characteristics of Nonprofits*, (Calgary: Canada West Foundation, 1999); S. McFarlane and R. Roach, *Strings Attached: Nonprofits and Their Funding Relationships With Government*, (Calgary: Canada West Foundation, 1999); R. Roach, *Building Better Partnerships: Improving Relations Between Governments and Nonprofits*, (Calgary: Canada West Foundation, 2000).

¹² J. Wolch, *The Shadow State: Government and Voluntary Sector in Transition*, (New York: The Foundation Center, 1990).

¹³ These figures exclude hospitals, universities and colleges.

Figure 15: Sources of government revenue by revenue size, excluding Hospitals, Universities and Colleges



E Use with caution

How much revenue is transferred to other organizations?

About a third (32%) of Alberta organizations transfer funds totaling \$459.7 million to other nonprofit and voluntary organizations in Canada (the national average is 27%, totaling \$4.7 billion). This is equal to 4.8% of total revenues (the national average is 4.2%). Given that the primary function of some organizations (e.g., a United Way or family philanthropic foundation) within the sector is to provide funding to nonprofit and voluntary organizations, this is not too surprising. Some of the funds transferred are also likely for goods and services purchased from other nonprofit and voluntary organizations and, in some cases, may represent funds transferred by a local or regional branch to a national umbrella organization.

Smaller but still significant amounts are also transferred annually from Alberta organizations to organizations outside of Canada (\$22.3 million), and to governments (\$13.7 million).

How much do organizations rely on donations of goods and services?

Overall, nonprofit and voluntary organizations in Alberta receive only a small percentage of their annual revenues from in-kind support (not including volunteer time). In-kind support includes donations of business services. Just over a third (36%) of Alberta organizations (28% nationally) report receiving in-kind donations worth the equivalent of \$345 million or about 4% of total monetary revenues. The national value of in-kind donations is \$2.3 billion or 2% of total revenues.¹⁴

Figure 16: Percentage of organizations receiving in-kind donations by region

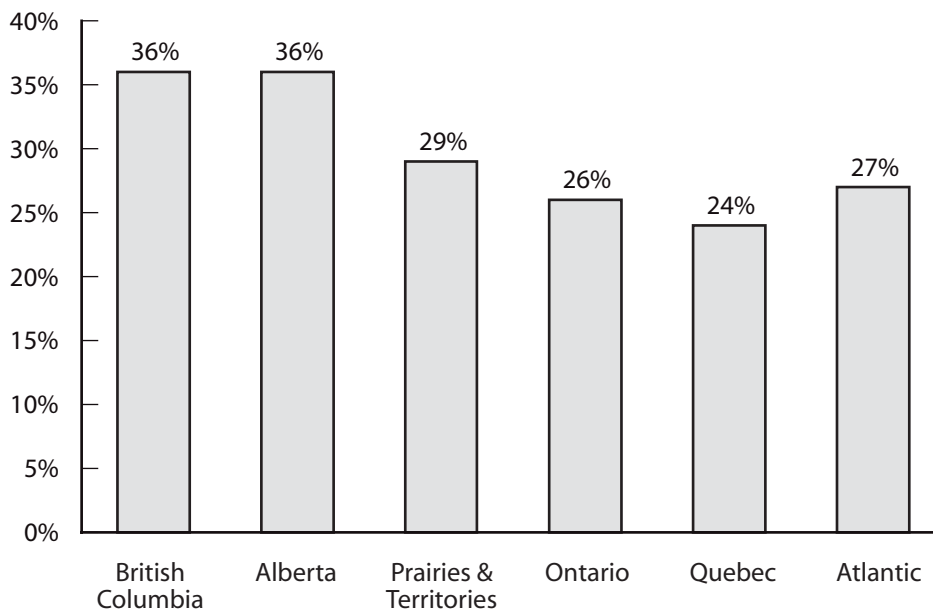


Table 3: Percentage of organizations that receive in-kind donations

	Alberta	Canada
Receive in-kind donations of goods or materials	27%	21%
Receive donations of in-kind business services	18%	15%

¹⁴ The value of in-kind donations is not included in the revenue figures reported by the NSNVO. The percentage of total revenues referred to here is for illustration only.

Table 4: Approximate value of in-kind donations received by organizations

	Alberta	Canada
Receive in-kind donations of goods or materials	27%	21%
Receive donations of in-kind business services	18%	15%

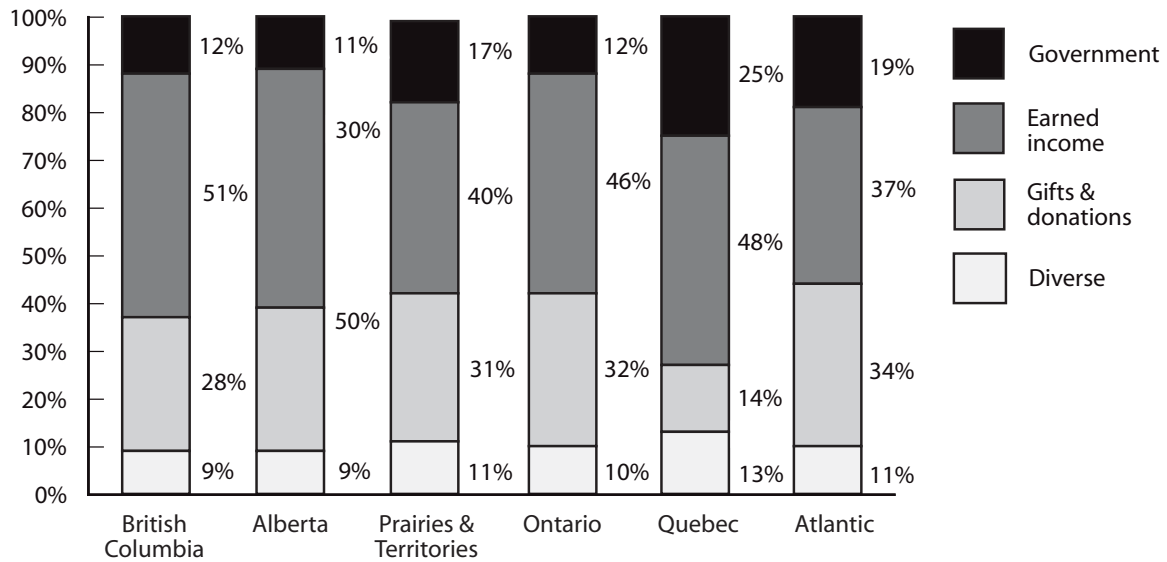
How diverse are the sources of revenue?

In order to get a better sense of the dependency of organizations on various forms of funding, organizations have been divided into four categories: 1) government dependent; 2) earned income dependent; 3) gifts and donations dependent; and 4) diverse. If an organization receives 50% or more of its funding from one source (e.g., governments), it is defined as “dependent” on that source for the purposes of analysis. If an organization receives less than 50% of its funding from any one source, it is defined as being “diverse.”

In Alberta, 11% of organizations are government dependent (i.e., they receive 50% or more of their funding from government sources) compared to a national average of 17% and a high in Quebec of 25%. Unfortunately, we cannot say for sure why this is the case. Is it because Alberta’s nonprofit and voluntary organizations are deemed less important by government than in Quebec, or is it because nonprofit and voluntary organizations in Quebec deliver more services on behalf of the state than is the case in Alberta? This highlights the need to a) be careful when interpreting the results of the NSNVO; and b) the need for more research to discover why the variation in government support exists.

The norm in Alberta and across the country is for organizations to be dependent on one source or another, with only 9% of Alberta organizations in the diverse category and 11% nationally.

Figure 17: Revenue dependency by region



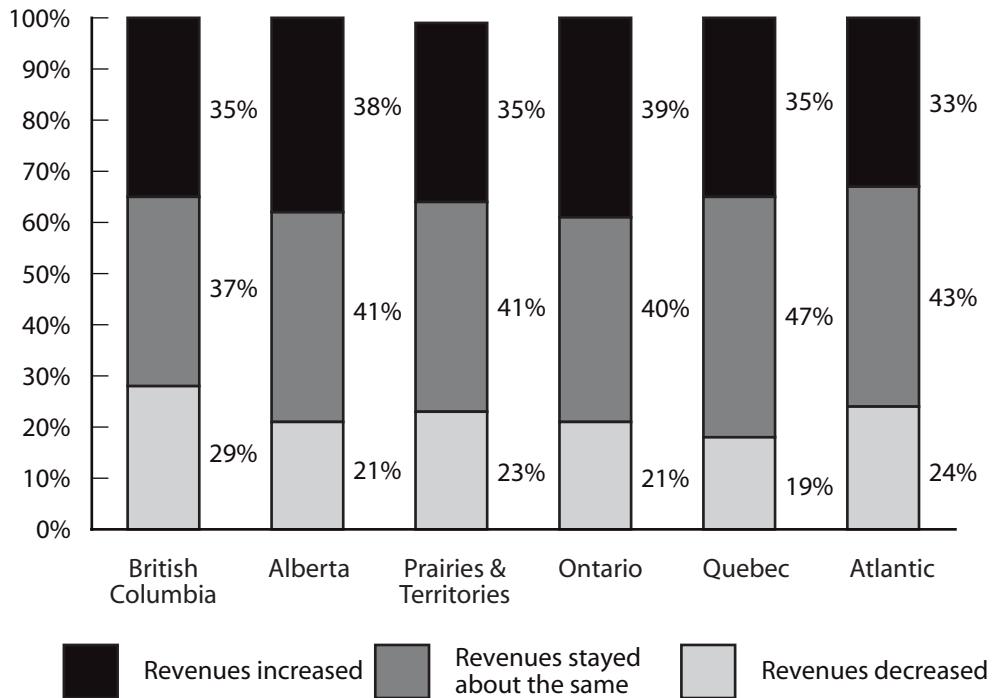
How are the revenues of organizations changing?

Revenue stability provides a good proxy of organizational health. On the bright side, 38% of Alberta organizations report that their revenues increased over the three years prior to the survey (the national average is 36%). At the same time, 21% reported that their revenues decreased (22% nationally).

Unfortunately, these data do not tell us if the increases kept pace with rising demand for an organization’s goods and services, or if the decreases were catastrophic to organizations or were reasonable adjustments to changing circumstances (e.g., the completion of a major project or population decline in a community). In any event, it is relatively safe to assume that a decline in revenues is not a good sign, with 1 in 5 organizations in Alberta having to make do with less.

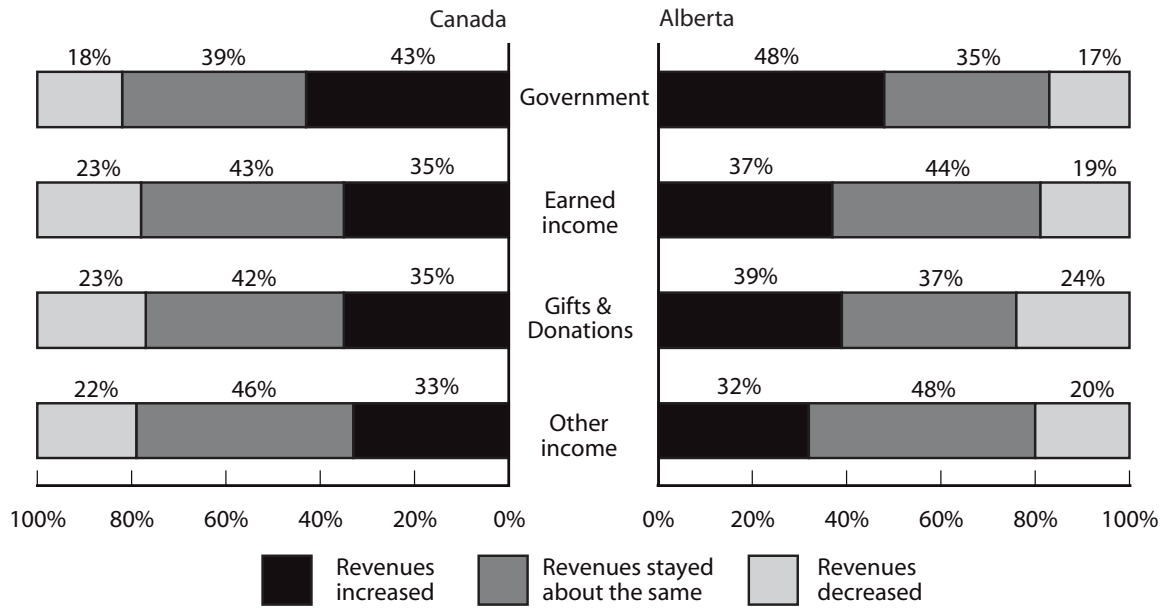
The situation in Alberta is similar to that in other regions though slightly better than in British Columbia and the combined areas of Saskatchewan, Manitoba and the Territories.

Figure 18: Reported change in revenues over the past three years by region



Of organizations that receive 50% or more of their funding from one type of funding source, government-dependent organizations in Alberta have fared the best, with 48% reporting that their revenues increased over the previous three years and 17% reporting a decrease. A similar pattern is evident nationally. For Alberta organizations that receive 50% or more of their funding from grants and donations, almost 1 in 4 (24%) reported a decrease in funding and 39% an increase. Again, these data are difficult to interpret in the absence of more information about the reasons for the revenue shifts and the specific circumstances of organizations.

Figure 19: Reported change in revenues over the past three years by revenue dependency

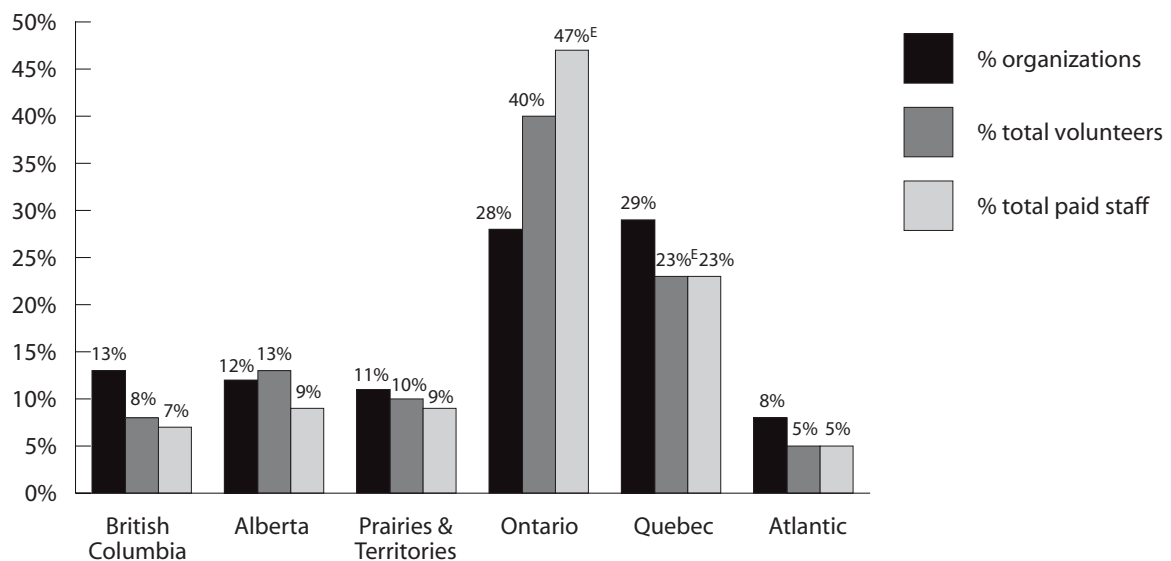


Human Resources

The nonprofit and voluntary sector in Alberta is a major employer and medium of social exchange in terms of the volunteers it engages. This section describes the human capital of nonprofit and voluntary organizations in Alberta.

With 12% of the nation’s nonprofit and voluntary organizations, Alberta’s share of all volunteers in the country is 13% and its share of all paid staff is 9%. These figures roughly correspond to Alberta’s share of the national population.

Figure 20: Percentage of organizations, percentage of volunteers, and percentage of paid staff by region



E Use with caution

Volunteers

Alberta’s nonprofit and voluntary organizations engage 2.5 million volunteers (6.5% of which are board members) out of a total of 19.2 million volunteers in Canada (7.0% of which are board members). By definition, all nonprofit and voluntary organizations in Alberta and in Canada engage volunteers as board members and most (89% in Alberta and 79% nationally) engage volunteers in ways other than as board members. Volunteers perform, for example, governance, fundraising, and service delivery functions. In these and other ways, volunteers are a fundamental aspect of the good work performed by nonprofit and voluntary organizations. In the process, this form of

giving builds social trust, improves the lives of volunteers and the people they interact with, and fosters stronger communities.

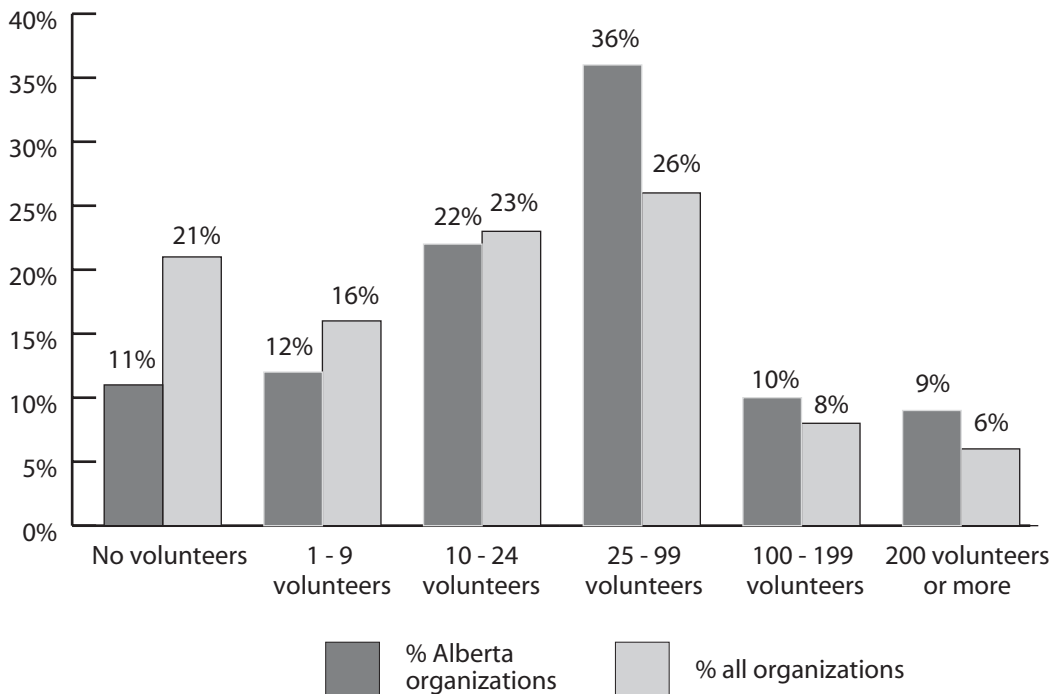
Although a good number of these individuals volunteer for more than one organization, these numbers remain a startling declaration of the role played by the nonprofit and voluntary sector in mobilizing social participation and, in turn, the critically important role played by volunteers in the nonprofit and voluntary sector.

Collectively, volunteers contributed 448.7 million hours (26.8 million hours by board members) to organizations in Alberta out of a total of 2.3 billion hours in the country as a whole (207.7 million hours by board members).

Concentration of volunteers

Although all organizations engage volunteers, some engage more than others. When volunteer board members are excluded, Alberta organizations report a wide range of volunteer complements with 19% of organizations engaging over 100 volunteers, 12% between 1 and 9 volunteers, and 58% engaging between 10 and 99 volunteers.

Figure 21: Percentage of organizations by number of volunteers

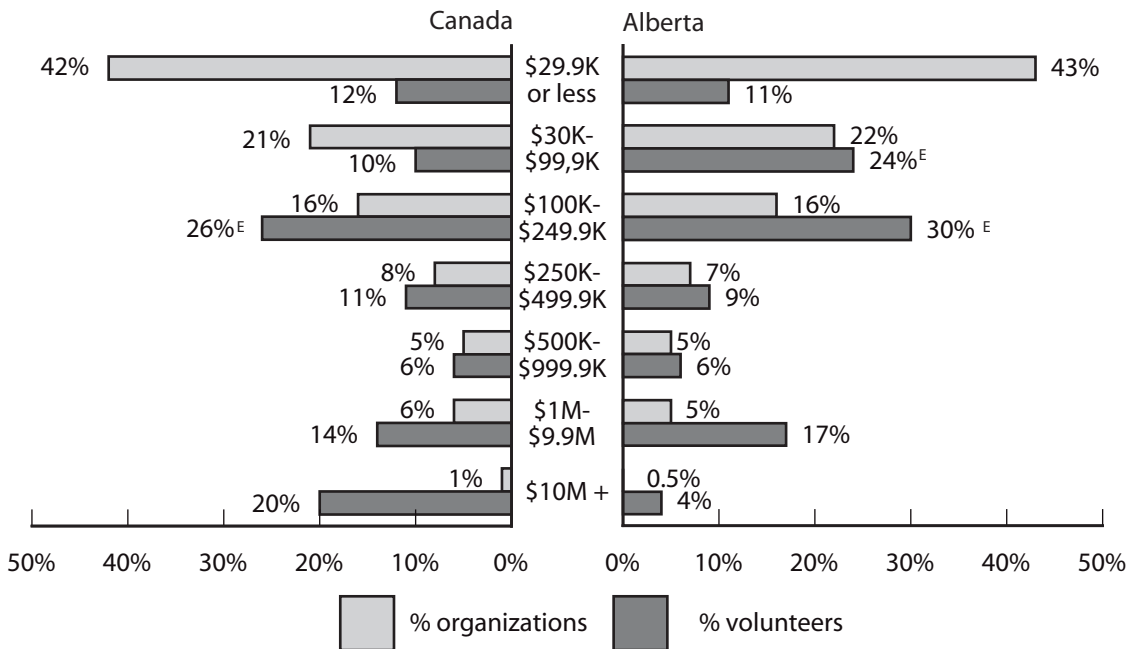


Alberta organizations with annual revenues below \$29,999 engage relatively few volunteers (43% of organizations compared to just 11% of all volunteers). The opposite is

true for organizations with large revenues. Organizations with annual revenues of \$1,000,000 or more represent 5% of organizations but account for 21% of all volunteers. The same is true for organizations with annual revenues between \$100,000 and \$249,000; these organizations account for 16% of organizations but 30% of volunteers.

The disproportionate ability of large revenue organizations to attract volunteers is more pronounced nationally than in Alberta, with 7% of organizations with annual revenues of \$1,000,000 or more accounting for 34% of all volunteers.

Figure 22: Percentage of organizations and percentage of volunteers by revenue size

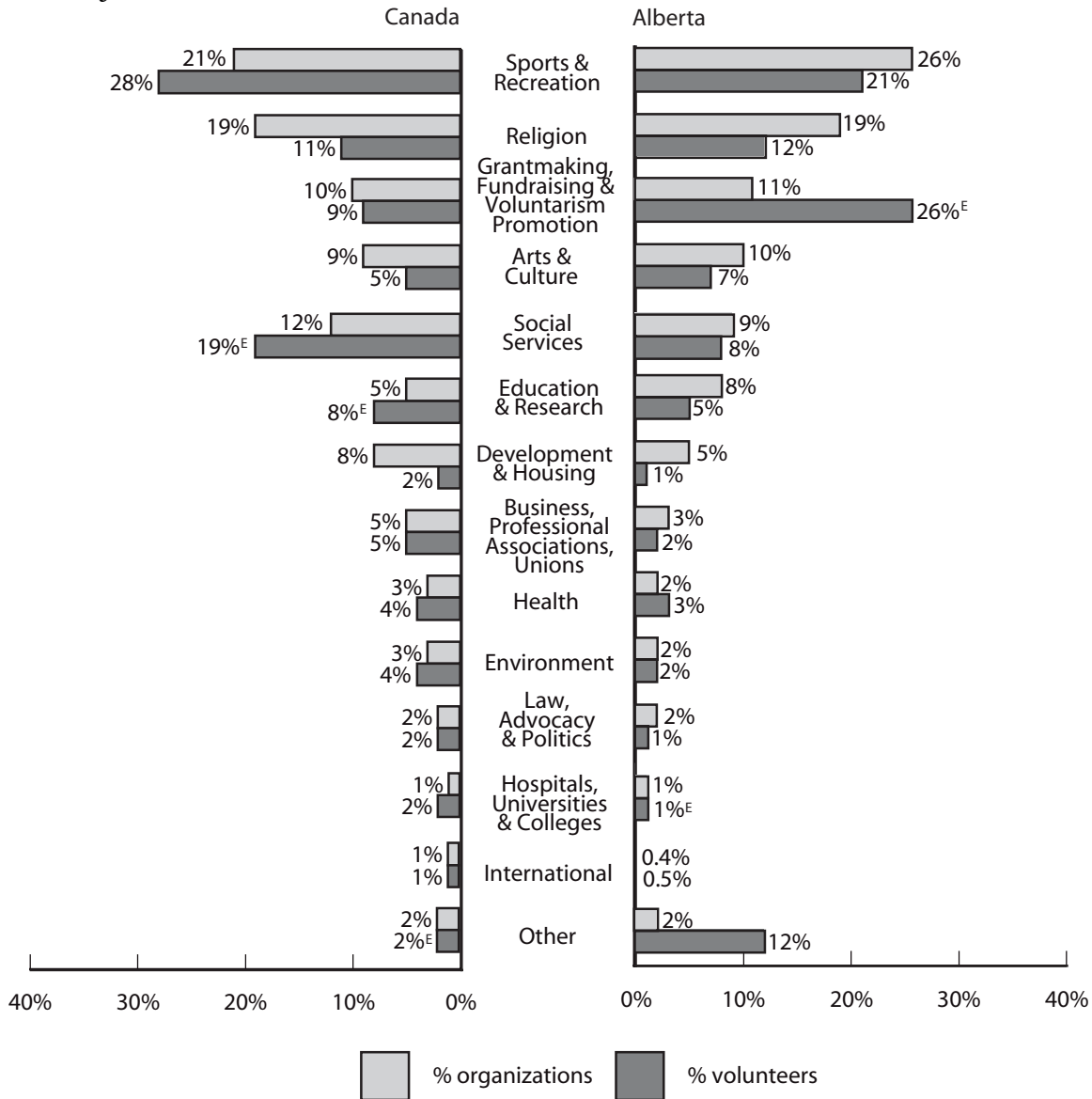


^E Use with caution

Distribution of volunteers by primary activity area

Generally speaking, volunteers are not disproportionately concentrated in any one primary activity area in either Alberta or the country as a whole. Nonetheless, there are some areas where the number of volunteers is somewhat lower than the activity area’s share of organizations (e.g., Religion, and Development and Housing) and some instances where the opposite is true (Grantmaking, Fundraising and Voluntarism Promotion).

Figure 23: Percentage of organizations and percentage of volunteers by primary activity area



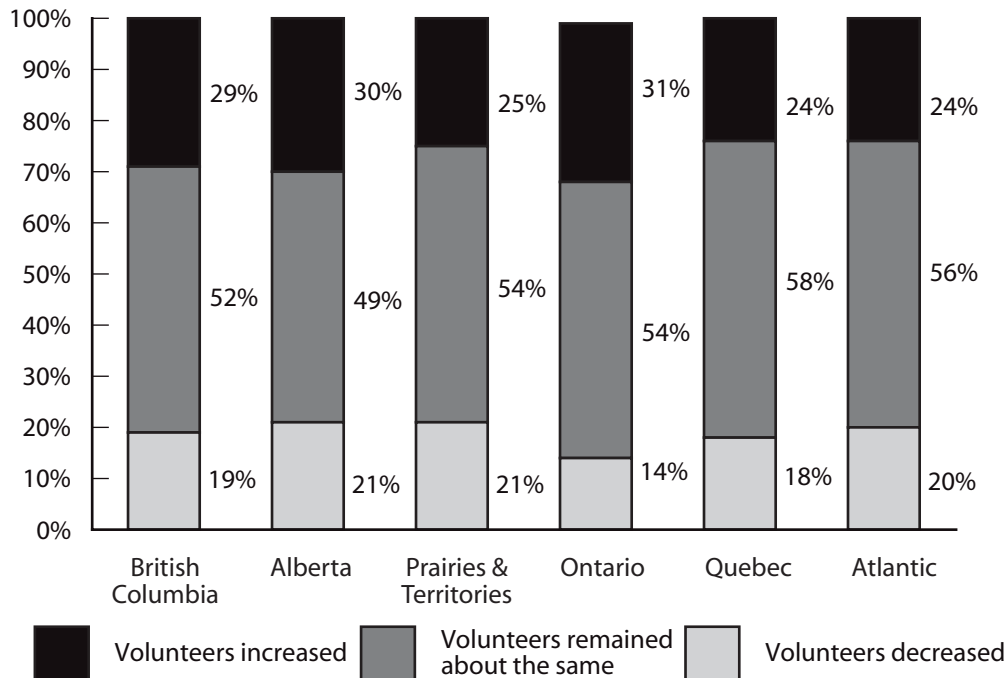
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Are the volunteer numbers changing?

On the volunteer front, we again see a mixed message in the survey findings, with 30% of Alberta organizations reporting an increase in their number of volunteers over the previous three years (28% nationally) and 21% reporting a decrease (18% nationally). Notwithstanding some moderate variations, this is the general theme across the country.

As with the changes in revenues, these data do not tell the full story. Is the increase in volunteers reported by some organizations sufficient to meet existing or anticipated needs? Are they the right type of volunteers? Are the reported decreases a major blow to organizational functioning, or simply part of an ongoing and manageable ebb and flow? Given the importance of volunteers to organizations and to a healthy society, any decrease is cause for at least some concern.

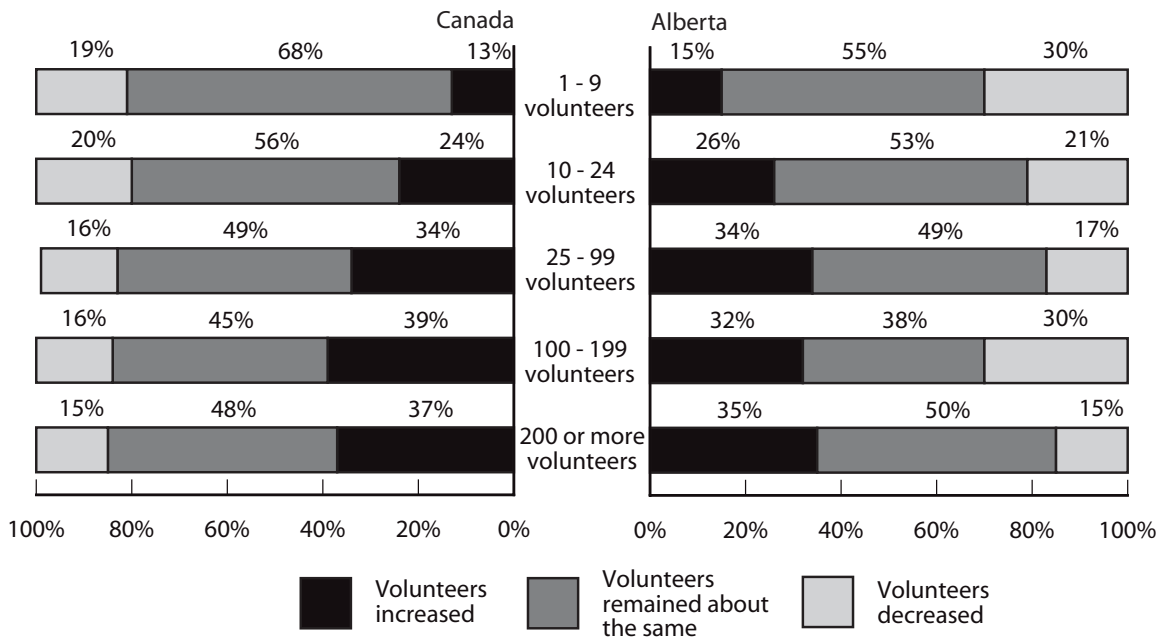
Figure 24: Reported change in volunteers over the past three years by region



As a group, Alberta organizations with between 25 and 99 volunteers and those with large numbers of volunteers (200+) are doing the best, with 34% and 35%, respectively, reporting increases. Organizations with between 1 and 9 volunteers are doing the worst, with only 15% of these organizations reporting an increase in their volunteer complement and 30% reporting a decrease.

Compared to the national averages, Alberta organizations with 1-9 volunteers and 100-199 volunteers stand out with 30% of each category reporting declines whereas no category at the national level has more than 20% reporting a decrease.

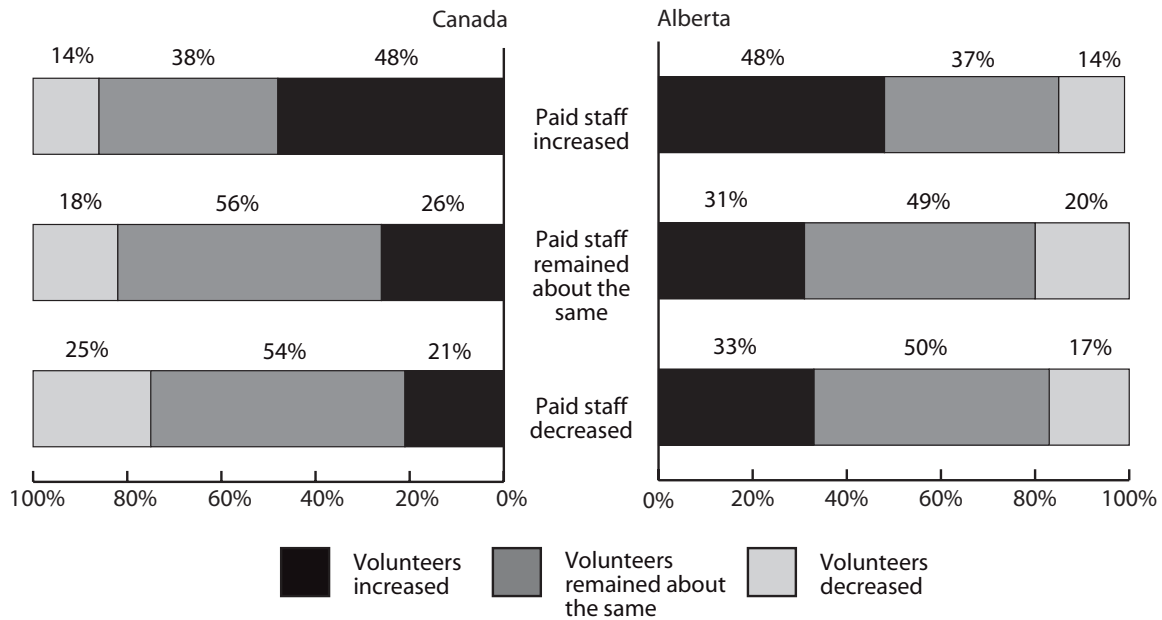
Figure 25: Reported change in volunteers over the past three years by number of volunteers



About half (48%) of the organizations in Alberta that report an increase in their paid staff also report an increase in their number of volunteers. Just over one-third of this same group reports their number of volunteers stayed about the same while 14% report that their number of volunteers decreased.

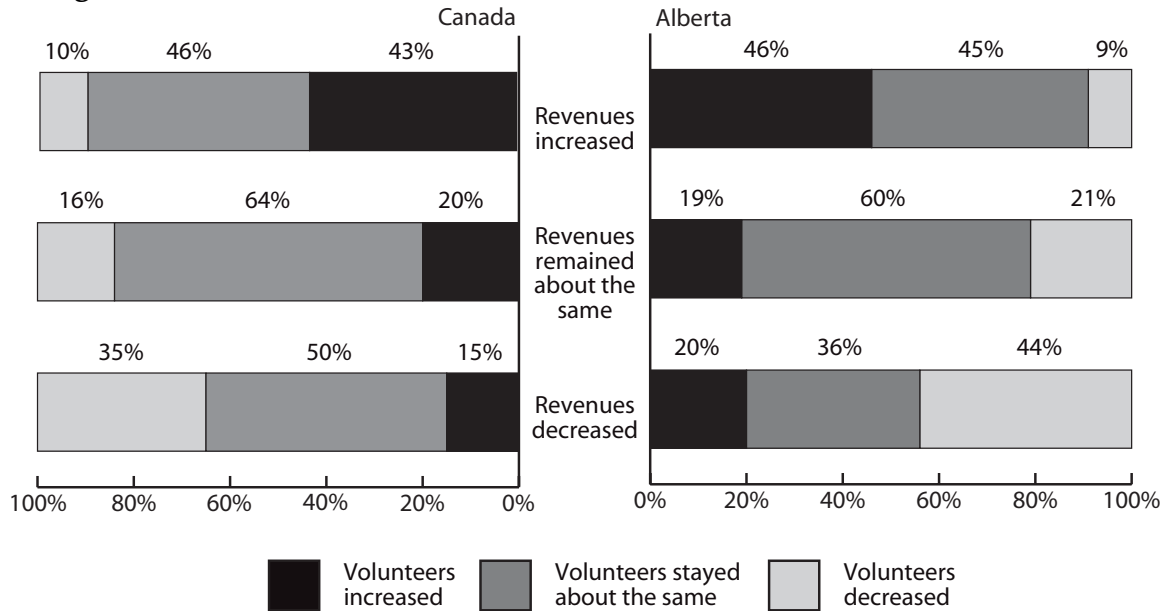
For organizations in Alberta that saw their staff size contract over the previous three years, about 17% also report a drop in their number of volunteers, and about a third (33%) report an increase their volunteer complement.

Figure 26: Reported change in volunteers over the past three years by reported change in paid staff



Forty-six of Alberta organizations reported an increase in their revenues along with an increase in their number of volunteers. Forty-four percent of organizations reporting a drop in their revenues also reported a decline in numbers of volunteers.

Figure 27: Reported change in volunteers over the past three years by reported change in revenues



Paid Staff

Nonprofit and voluntary organizations are major employers. In Alberta, the sector employs over 175,000 people (70,408 of whom work for Hospitals, Universities and Colleges). In Canada, there are just over 2 million people employed in the sector (695,755 of whom work for Hospitals, Universities and Colleges). Despite this, it is important to point out that many organizations in Alberta – indeed, more than half (58%) – have *no paid staff at all*.¹⁵ This highlights the heterogeneity of the sector.

Over half (57.0%) of Alberta employees are full-time, as is true nationally, and 69.7% are permanent employees (65.0% nationally).

Table 5: Number of paid staff

		Number of paid employees (T4)	Number of permanent employees (T4)	Number of Non-permanent employees	Number of full-time employees (T4)	Number of Part-time employees
Hospitals, Universities & Colleges	Alberta	70,408	64,265	6,143	40,058	30,351
	Canada	695,755	493,592	202,163	340,662	355,094
All Organizations excluding Hospitals, Universities, & Colleges	Alberta	105,375	58,311	47,064	60,109	45,267
	Canada	1,335,988	827,171	508,817	806,953	529,035
All Organizations	Alberta	175,784	122,576	53,208	100,166	75,617
	Canada	2,031,744	1,320,763	710,980	1,147,615	884,129

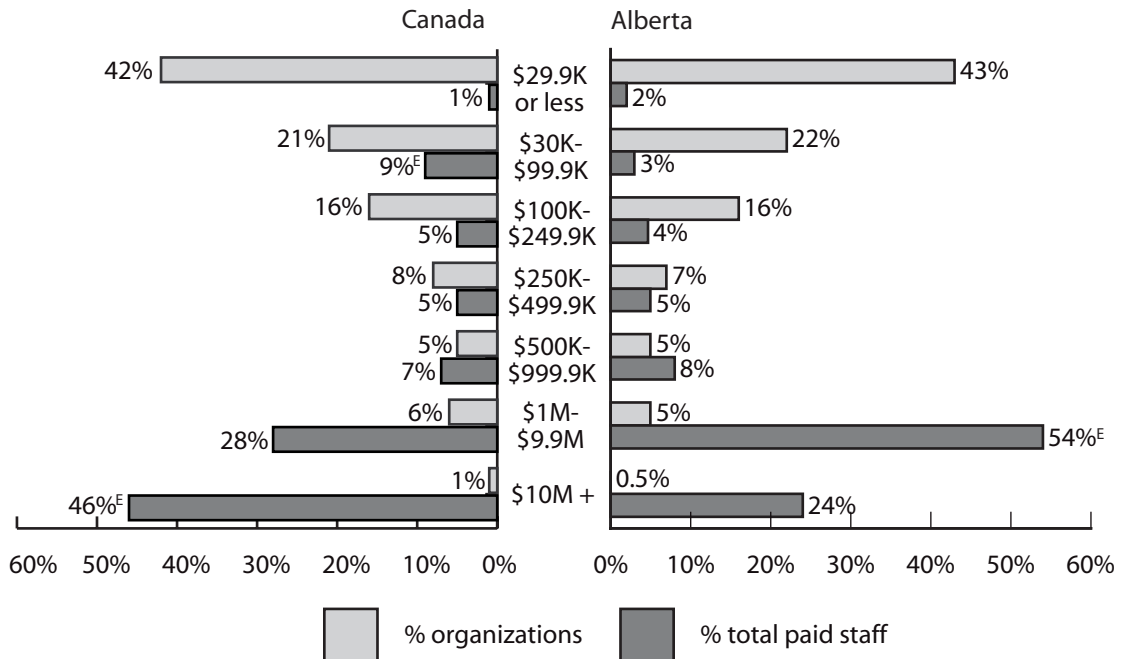
E Use with caution

¹⁵ Organizations self-reporting as Hospitals, Universities and Colleges that have no paid staff are likely not hospitals and universities per se. They are organizations such as hospital auxiliaries, staff associations, and student associations that report no staff since they are operated exclusively by volunteers.

Concentration of paid staff

Not surprisingly, organizations with relatively large revenues have more paid staff than those with only a small amount of money to spend each year. This results in the concentration of paid staff among a small number of large organizations. In Alberta, the 5% of organizations with revenues of \$1,000,000 or more account for 78% of all paid staff (nationally, 7% of organizations with revenues of \$1,000,000 or more account for 74%). At the other end of the continuum, the 65% of organizations with revenues below \$100,000 account for only 5% of paid staff (nationally, 63% of organizations with revenues below \$100,000 account for 10% of paid staff).

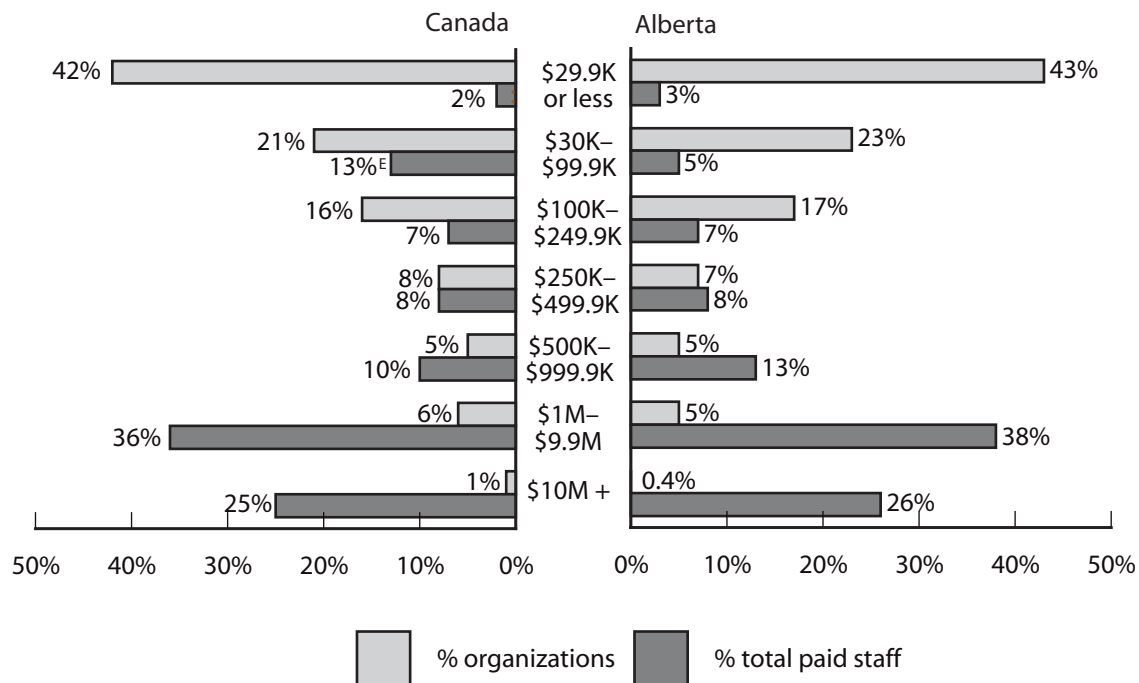
Figure 28: Percentage of organizations and paid staff by revenue size



^E Use with caution

This pattern holds true even when Hospitals, Universities and Colleges are excluded. In this scenario, the 5% of organizations in Alberta with revenues of \$1,000,000 or more account for 64% of all paid staff.

Figure 29: Percentage of organizations and paid staff by revenue size, excluding Hospitals, Universities and Colleges



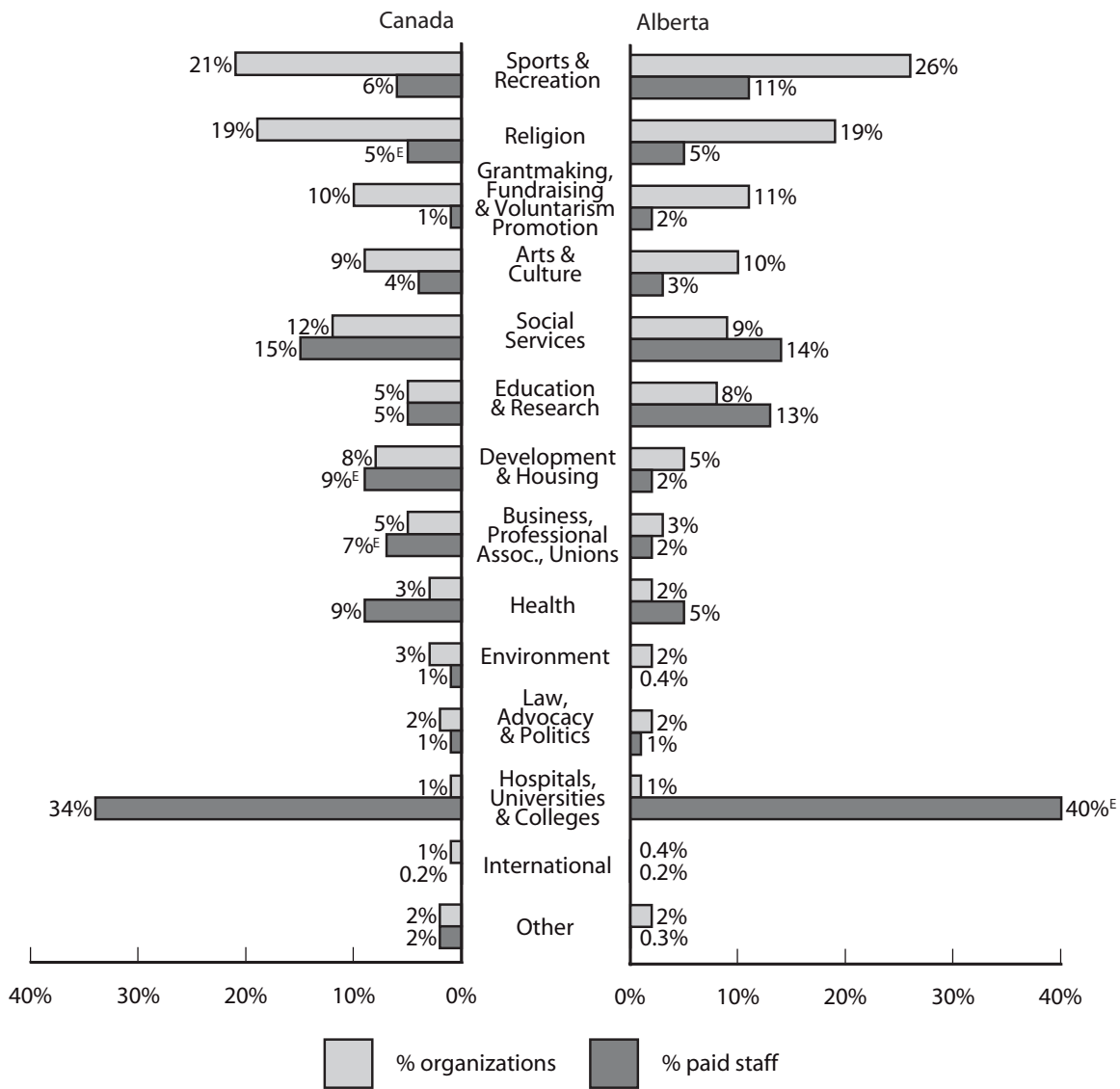
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Distribution of paid staff by activity area

When examined by primary area of activity, Hospitals, Universities and Colleges are by far the largest employers in the nonprofit and voluntary sector. This area of activity comprises 1% of Alberta organizations but employs 40% of all paid staff. The national average is a bit lower (Hospitals, Universities and Colleges in Canada also equal 1% of all organizations but employ 34% of all paid staff). The lower national average in this category may be explained in part by the fact that there are more large-revenue organizations in Ontario than in Alberta operating in areas other than Hospitals, Universities and Colleges.

The dominance of Hospitals, Universities and Colleges meant that, for most other primary activity areas in Alberta, the share of paid staff is well below the share of organizations. The three exceptions to this rule are Health (2% of organizations versus 5% of paid staff), Education and Research (8% of organizations versus 13% of paid staff), and Social Services (9% of organizations versus 14% of paid staff).

Figure 30: Percentage of organizations and paid staff by primary activity area

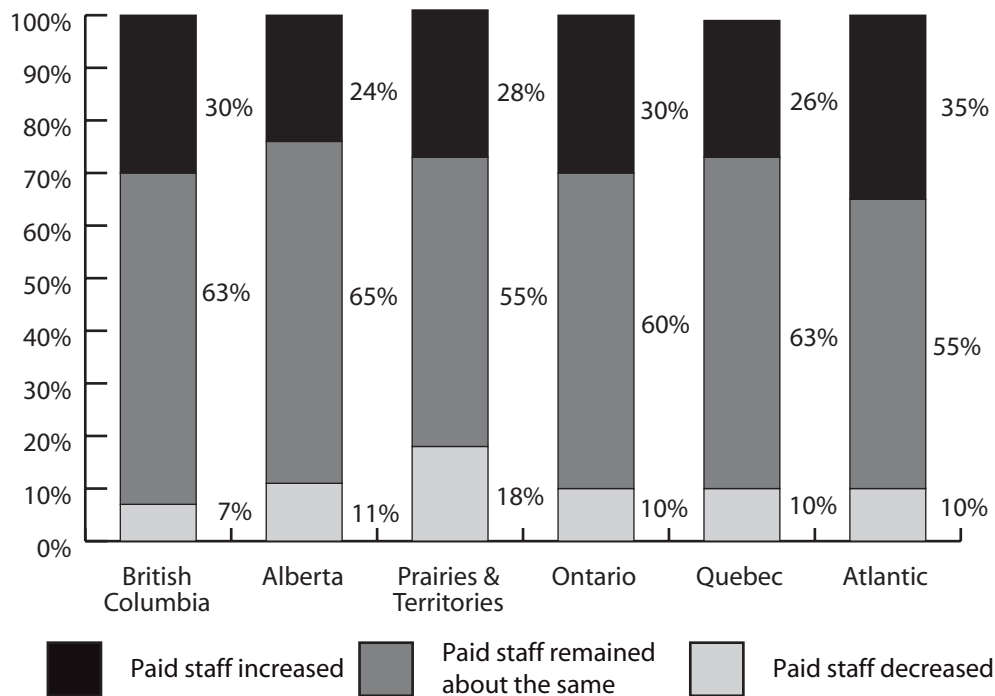


^E Use with caution

How are paid staff numbers changing?

Compared to revenues and volunteer complements, paid staff is a relatively stable aspect of most organizations, with 78% of Alberta organizations reporting that the size of their paid staff stayed about the same over the previous three years. About twice as many organizations said that their paid staff complement grew (15%) as opposed to decreased (7%). These figures almost exactly match the national averages and regional variation is minimal.

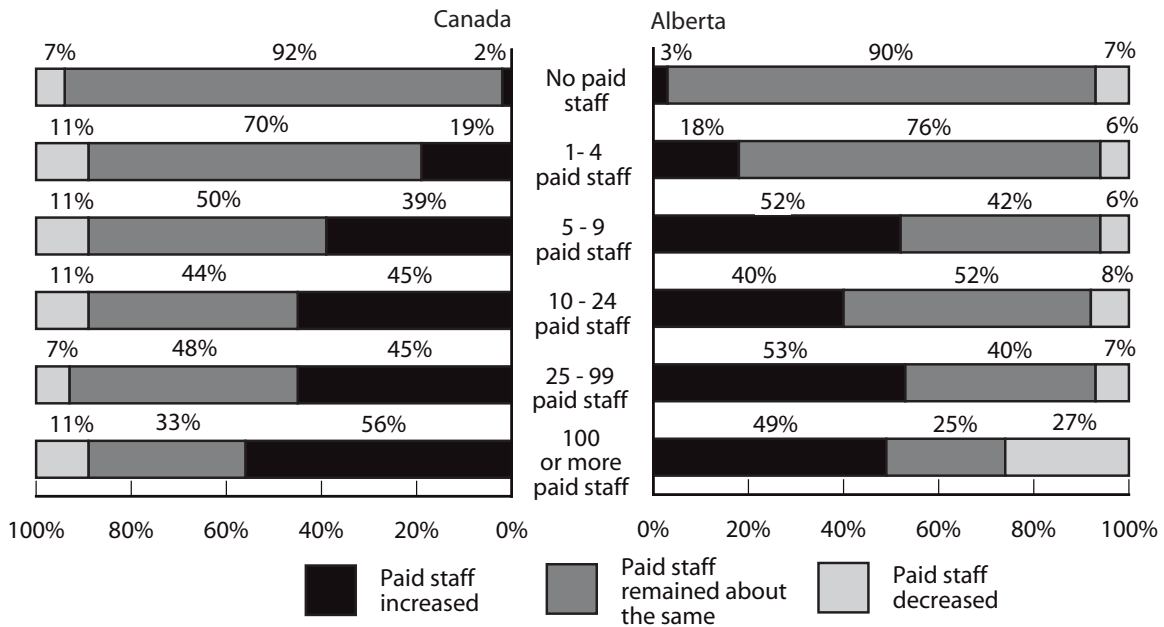
Figure 31: Reported change in paid staff over the past three years by region



When Alberta organizations are divided into categories based on the size of their paid staff, some interesting variations become evident. The least amount of change is found among organizations with either no staff (the paid staff situation stayed about the same over the previous three years for 90% of these organizations) or between 1 and 4 paid staff (76% of this group report that their staff size stayed about the same). At the other end of the scale, only 25% of organizations with paid staff of 100 or more reported that staff numbers stayed about the same, with 49% reporting increases and 27% reporting decreases.

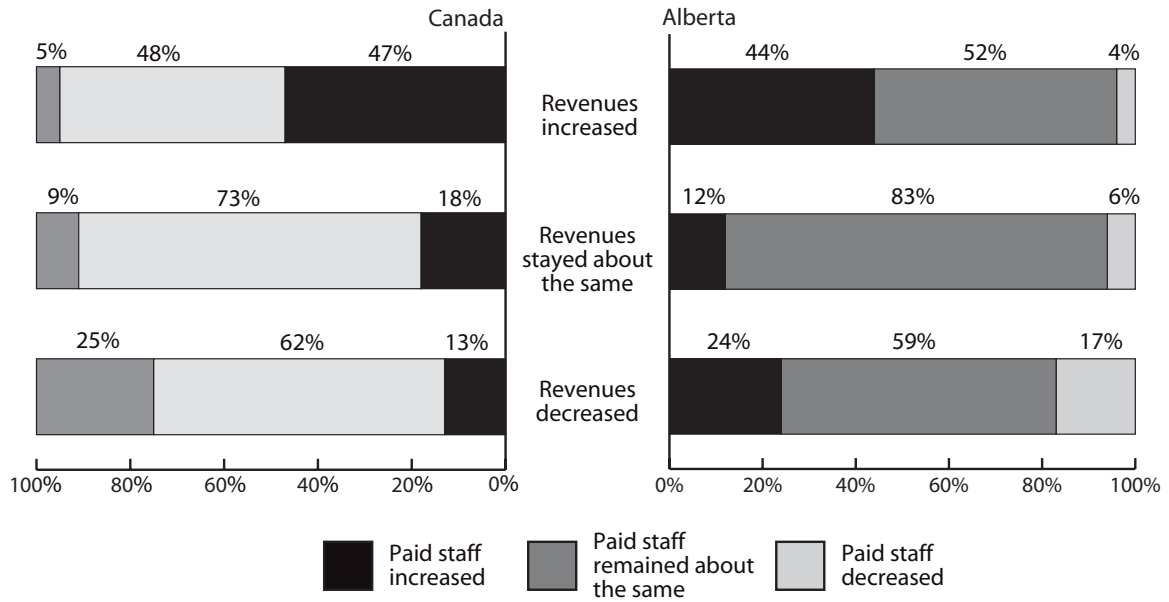
Further investigation is required to determine whether the lack of change in the number of paid staff among organizations with few or no paid staff is the result of a lack of need for more staff, a lack of funding, or some other factor.

Figure 32: Reported change in paid staff over the past three years by number of paid staff



Not surprisingly, Alberta organizations that saw an increase in revenues over the three years prior to the survey are the most likely to report an increase in their paid staff (44%). Similarly, most organizations (83%) whose revenues stayed about the same reported that their paid staff size also stayed about the same. Of the organizations reporting a decrease in revenues, 59% were able to keep their paid staff complement at about the same size, 17% saw it decrease, and 24% managed to add staff.

Figure 33: Reported change in paid staff over the past three years by reported change in revenues



Capacity Issues

The data discussed in the previous sections of this report tell us a great deal about the number of nonprofit and voluntary organizations in Alberta, their main areas of activity, their revenues, the number of volunteers they engage, and the number of paid staff they employ. This information is extremely valuable as we try to better understand the sector and its role in improving our lives and making our communities better places to live. However, it does not tell the full story. We also need to gather information about the capacity of nonprofit and voluntary organizations to achieve their missions and, in turn, serve Canadians. To provide this more complete picture, the NSNVO delves into a range of issues related to the capacity of nonprofit and voluntary organizations.

The findings of the NSNVO suggest that some organizations are under significant stress. Key areas of stress include difficulty recruiting and retaining volunteers, planning for the future, and obtaining funding. Although these problems do not affect all organizations equally—some are doing well and some are struggling—they highlight the need to proactively address the problems faced by the nonprofit and voluntary sector and ensure that it is able to maximize its capacity to serve Canadians.

Survey respondents were asked to indicate the extent to which their organizations were experiencing problems in each of the following areas:¹⁶

- Human resources capacity—the ability to recruit and deploy volunteers and paid staff within the organization;
- Financial capacity—the ability to develop and deploy the revenues and assets of the organization;
- Planning and development capacity—the ability to develop and draw on organizational strategic plans, program plans, policies and procedures;
- Relationship and network capacity—the ability to collaborate and draw on relationships with clients, members, funders, partners, government and other stakeholders;
- Infrastructure and process capacity—the ability to deploy or rely on infrastructure such as internal administrative systems, information technology, software or databases; and,

¹⁶ For a discussion of the conceptual model of organizational capacity that guided this research and the results of qualitative research that informed the development of the survey items used by the NSNVO, see Michael H. Hall et al., *The Capacity to Serve: A Qualitative Study of the Challenges Facing Canada's Nonprofit and Voluntary Organizations*, (Toronto: Canadian Centre for Philanthropy, 2003).

- External factors that affect an organization’s overall capacity, such as the level of demand for services or products.

Questions were developed to assess the extent to which organizations were having difficulties fulfilling their missions or meeting their objectives because of these problems. For each issue, respondents were asked to indicate whether it was “not a problem,” “a small problem,” “a moderate problem,” or “a serious problem.”¹⁷

Financial capacity issues

About 4 in 10 (41%) nonprofit and voluntary organizations in Alberta report difficulty earning revenues through such things as the sale of goods and services or membership fees or dues. This is roughly the same as the national average of 42%, but the percentage of Alberta organizations that report difficulty earning revenues as “a serious problem” is slightly lower in Alberta at 9% compared to 11% for Canada as a whole. Regionally, the largest percentage of organizations reporting difficulty earning revenues as a problem is found in Quebec at 47%, and the smallest is in Ontario at 37%.

Difficulty obtaining funding from other organizations such as government, foundations or corporations was reported to be a problem by almost half of Alberta’s nonprofit and voluntary organizations (48%), the same as the national average. As with difficulty earning revenues, difficulty obtaining funding from other organizations is seen as a serious problem by slightly more organizations in the country as a whole (20%) than in Alberta (17%). The largest percentage of organizations reporting difficulty obtaining funding from other organizations is found in Quebec at 52% and the smallest in Ontario at 42%. British Columbia stands out somewhat with the highest percentage of organizations reporting this to be a serious problem (24%), 7 percentage points higher than in Alberta (17%).

Difficulty obtaining funding from individual donors was reported to be a problem by 47% of Alberta organizations (about the same as the national average) with 13% of Alberta organizations reporting it to be a serious problem the same as the national average). Organizations were also asked if they find competition with other organizations to obtain funding or earn revenue to be a problem. In Alberta, 45% of organizations say this is a problem, which is just above the national average of 43%. The smallest proportion of organizations reporting this to be a problem is found in Quebec (40%) while the Prairie region has the largest (48%). Fourteen percent of Alberta organizations report competing with other organizations to obtain funding or earn

¹⁷ Organizations reporting no problem with a given issue may include those for which the issue is not applicable. Unless otherwise stated, the presence of a problem refers to the number reporting all levels of difficulty combined (i.e., the sum of responses of “a small problem,” “a moderate problem” and a “serious problem”).

revenue to be a serious problem, which is slightly higher than the national average of 12%. The lowest percentage reporting this as a serious problem was found in Quebec (9%) and the highest in British Columbia (15%).

Alberta organizations that are dependent on gifts and donations for more than 50% of their funding¹⁸ are the least likely to report financial capacity problems. Fewer than 1 in 3 organizations dependent on gifts and donations report difficulty earning revenue as a problem compared to 44% for government-dependent organizations, 46% of earned revenue-dependent organizations and 48% for organizations with diverse funding. The percentage of organizations dependent on gifts and donations and reporting problems related to difficulty obtaining funding from other organizations, difficulty obtaining funding from individuals, and difficulty competing with other organizations is lower than for government-dependent, earned-income dependent, and diverse organizations.

The largest organizations in Alberta (those with annual revenues of \$10 million or more) are the least likely to report difficulty earning revenues as a problem (29%) compared to other organizations, but the most likely to report difficulty competing with other organizations for funding as a problem (70%).

¹⁸ If an organization receives more than 50% of its revenue from a single source (government, earned income, private grants and donations), it is defined as dependent on that source. Similarly, if an organization is not dependent on any one source (government, earned income, private grants and donations) it is defined as having diverse funding.

Table 6: Financial issues by revenue size

		Difficulty earning revenues	Difficulty obtaining funding from other organizations	Difficulty obtaining funding from individuals	Difficulty competing with other organizations
\$29.9K or less	Alberta	42%	42%	42%	37%
	Canada	42%	41%	43%	38%
\$30K–\$99.9K	Alberta	46%	48%	51%	49%
	Canada	40%	46%	51%	41%
\$100K–\$249.9K	Alberta	32%	55%	51%	42%
	Canada	44%	53%	54%	47%
\$250K–\$499.9K	Alberta	43%	57%	57%	66%
	Canada	43%	56%	51%	51%
\$500K–\$999.9K	Alberta	42%	54%	44%	58%
	Canada	43%	60%	48%	49%
\$1M–\$9.9M	Alberta	37%	58%	51%	56%
	Canada	40%	60%	47%	55%
\$10M +	Alberta	29%	68%	53%	70%
	Canada	22%	61%	40%	53%
All organizations	Alberta	41%	48%	47%	45%
	Canada	42%	48%	48%	43%

Table 7: Structural issues by revenue size

		Difficulty collaborating with other organizations	Difficulty planning for the future	Difficulty participating in policy development	Lack of internal capacity	Increasing demands for services or products	Difficulty adapting to change
\$29.9K or less	Alberta	18%	49%	27%	23%	34%	33%
	Canada	21%	53%	31%	28%	33%	33%
\$30K–\$99.9K	Alberta	16%	61%	37%	35%	43%	49%
	Canada	24%	61%	37%	41%	42%	42%
\$100K–\$249.9K	Alberta	23%	64%	33%	40%	46%	45%
	Canada	25%	62%	47%	50%	52%	49%
\$250K–\$499.9K	Alberta	18%	62%	46%	52%	67%	45%
	Canada	30%	68%	47%	50%	57%	47%
\$500K–\$999.9K	Alberta	32%	45%	47%	58%	55%	46%
	Canada	26%	59%	50%	54%	52%	45%
\$1M–\$9.9M	Alberta	28%	69%	52%	61%	56%	59%
	Canada	27%	64%	58%	54%	61%	52%
\$10M +	Alberta	37%	61%	57%	53%	61%	50%
	Canada	27%	64%	55%	57%	64%	69%
All organizations	Alberta	20%	56%	35%	34%	43%	42%
	Canada	24%	58%	39%	39%	43%	41%

Table 8: Paid staff issues by revenue size

		Difficulty obtaining type of paid staff	Difficulty retaining paid staff	Difficulty providing staff training and development
\$29.9K or less	Alberta	12%	13%	12%
	Canada	13%	23%	14%
\$30K–\$99.9K	Alberta	25%	15%	26%
	Canada	28%	16%	26%
\$100K–\$249.9K	Alberta	34%	17%	30%
	Canada	40%	17%	38%
\$250K–\$499.9K	Alberta	48%	14%	52%
	Canada	45%	17%	42%
\$500K–\$999.9K	Alberta	52%	28%	41%
	Canada	49%	23%	46%
\$1M–\$9.9M	Alberta	68%	28%	56%
	Canada	55%	20%	49%
\$10M +	Alberta	60%	26%	58%
	Canada	66%	24%	50%
All organizations	Alberta	26%	18%	25%
	Canada	28%	19%	27%

Table 9: Volunteer issues by revenue size

		Difficulty obtaining board members	Difficulty training board members	Difficulty recruiting type of volunteers	Difficulty retaining volunteers	Lack of paid staff to recruit or manage volunteers	Difficulty providing training for volunteers
\$29.9K or less	Alberta	51%	24%	51%	48%	21%	23%
	Canada	53%	26%	51%	45%	22%	28%
\$30K–\$99.9K	Alberta	66%	35%	66%	57%	38%	37%
	Canada	61%	36%	61%	52%	36%	37%
\$100K–\$249.9K	Alberta	59%	38%	64%	60%	36%	42%
	Canada	60%	43%	68%	57%	45%	46%
\$250K–\$499.9K	Alberta	57%	54%	66%	61%	49%	52%
	Canada	59%	42%	65%	57%	52%	54%
\$500K–\$999.9K	Alberta	40%	38%	51%	36%	57%	50%
	Canada	51%	44%	55%	42%	51%	47%
\$1M–\$9.9M	Alberta	49%	54%	49%	45%	47%	47%
	Canada	50%	43%	53%	46%	49%	47%
\$10M +	Alberta	29%	39%	48%	46%	55%	55%
	Canada	42%	33%	54%	51%	45%	48%
All organizations	Alberta	55%	34%	58%	52%	33%	35%
	Canada	56%	34%	57%	49%	35%	38%

Table 10: Structural issues by revenue dependency

		Difficulty collaborating with other organizations	Difficulty planning for the future	Difficulty participating in policy development	Lack of internal capacity	Increasing demands for services or products	Difficulty adapting to change
Government dependent	Alberta	24%	61%	41%	60%	43%	43%
	Canada	31%	70%	61%	63%	60%	50%
Earned revenues dependent	Alberta	17%	55%	35%	39%	33%	40%
	Canada	22%	56%	36%	38%	34%	39%
Grants and donations dependent	Alberta	19%	56%	27%	42%	31%	43%
	Canada	20%	55%	31%	38%	35%	41%
Diverse	Alberta	29%	58%	48%	45%	40%	46%
	Canada	27%	58%	39%	41%	39%	37%
All organizations	Alberta	20%	56%	35%	43%	34%	42%
	Canada	24%	58%	39%	43%	39%	41%

Table 11: Financial issues by revenue dependency

		Difficulty earning revenues	Difficulty obtaining funding from other organizations	Difficulty obtaining funding from individuals	Difficulty competing with other organizations
Government dependent	Alberta	44%	56%	51%	56%
	Canada	48%	74%	58%	57%
Earned revenues dependent	Alberta	46%	52%	49%	49%
	Canada	45%	46%	42%	41%
Grants and donations dependent	Alberta	29%	35%	41%	31%
	Canada	28%	32%	48%	34%
Diverse	Alberta	48%	59%	53%	57%
	Canada	49%	53%	52%	49%
All organizations	Alberta	41%	48%	47%	45%
	Canada	42%	48%	48%	43%

Table 12: Paid staff issues by revenue dependency

		Difficulty obtaining type of paid staff	Difficulty retaining paid staff	Difficulty providing staff training and development
Government dependent	Alberta	36%	74%	36%
	Canada	52%	23%	50%
Earned revenues dependent	Alberta	26%	81%	23%
	Canada	22%	18%	21%
Grants and donations dependent	Alberta	24%	88%	24%
	Canada	24%	14%	22%
Diverse	Alberta	22%	76%	27%
	Canada	27%	18%	25%
All organizations	Alberta	26%	82%	25%
	Canada	28%	19%	27%

Table 13: Volunteer issues by revenue dependency

		Difficulty obtaining board members	Difficulty training board members	Difficulty recruiting type of volunteers	Difficulty retaining volunteers	Lack of paid staff to recruit or manage volunteers	Difficulty providing training for volunteers
Government dependent	Alberta	59%	46%	60%	56%	50%	52%
	Quebec	67%	52%	65%	55%	59%	54%
Earned revenues dependent	Alberta	58%	31%	60%	55%	29%	32%
	Quebec	58%	31%	57%	49%	29%	34%
Grants and donations dependent	Alberta	52%	32%	53%	47%	32%	33%
	Quebec	44%	29%	54%	47%	29%	35%
Diverse	Alberta	50%	37%	52%	51%	38%	34%
	Quebec	56%	34%	57%	47%	38%	36%
All organizations	Alberta	55%	34%	58%	52%	33%	35%
	Quebec	56%	34%	57%	49%	35%	38%

Table 14: Structural issues by primary activity area

		Difficulty collaborating with other organizations	Difficulty planning for the future	Difficulty participating in policy development	Lack of internal capacity	Increasing demands for services or products	Difficulty adapting to change
Arts and Culture	Alberta	19%	61%	33%	40%	36%	39%
	Canada	28%	67%	41%	51%	41%	45%
Sports and Recreation	Alberta	21%	55%	37%	30%	44%	43%
	Canada	27%	58%	36%	32%	40%	40%
Education and Research	Alberta	27%	49%	38%	43%	44%	39%
	Canada	29%	57%	46%	47%	51%	36%
Health	Alberta	39%	83%	68%	71%	64%	55%
	Canada	32%	68%	62%	63%	70%	51%
Social Services	Alberta	20%	59%	40%	40%	54%	35%
	Canada	30%	67%	54%	54%	65%	45%
Environment	Alberta	23%	70%	36%	42%	43%	55%
	Canada	27%	65%	56%	49%	40%	47%
Development and Housing	Alberta	10%	45%	33%	24%	30%	28%
	Canada	14%	47%	33%	28%	31%	28%
Law, Advocacy and Politics	Alberta	17%	48%	48%	49%	37%	47%
	Canada	35%	68%	57%	59%	57%	41%
Grantmaking, Fundraising and Promoting Volunteerism	Alberta	18%	54%	29%	31%	49%	37%
	Canada	23%	54%	29%	28%	42%	33%
International	Alberta	26%	61%	27%	43%	54%	36%
	Canada	40%	72%	38%	60%	52%	48%
Religion	Alberta	16%	57%	21%	27%	36%	48%
	Canada	14%	54%	27%	31%	32%	45%
Business or Professional Associations or Unions	Alberta	26%	59%	48%	50%	35%	42%
	Canada	23%	54%	47%	45%	38%	42%
Hospitals, Universities and Colleges	Alberta	12%	51%	42%	33%	51%	36%
	Canada	19%	53%	42%	37%	38%	34%
Other	Alberta	20%	56%	35%	34%	43%	42%
	Canada	24%	58%	39%	39%	43%	41%
All organizations	Alberta	18%	65%	46%	24%	50%	55%
	Canada	30%	72%	55%	59%	58%	63%

Table 15: Financial issues by primary activity area

		Difficulty earning revenues	Difficulty obtaining funding from other organizations	Difficulty obtaining funding from individuals	Difficulty competing with other organizations
Arts and Culture	Alberta	52%	69%	58%	60%
	Canada	60%	70%	63%	59%
Sports and Recreation	Alberta	52%	57%	59%	57%
	Canada	51%	53%	47%	49%
Education and Research	Alberta	54%	49%	40%	46%
	Canada	52%	59%	55%	55%
Health	Alberta	60%	79%	67%	93%
	Canada	52%	73%	63%	61%
Social Services	Alberta	42%	62%	57%	54%
	Canada	43%	67%	60%	57%
Environment	Alberta	42%	51%	40%	51%
	Canada	50%	60%	53%	44%
Development and Housing	Alberta	11%	19%	16%	17%
	Canada	27%	38%	22%	26%
Law, Advocacy and Politics	Alberta	36%	46%	42%	56%
	Canada	53%	66%	57%	55%
Grantmaking, Fundraising and Promoting Volunteerism	Alberta	30%	40%	46%	51%
	Canada	32%	38%	47%	47%
International	Alberta	35%	62%	62%	49%
	Canada	38%	64%	60%	58%
Religion	Alberta	26%	26%	35%	15%
	Canada	26%	20%	44%	20%
Business or Professional Associations or Unions	Alberta	41%	43%	24%	31%
	Canada	43%	36%	24%	30%
Hospitals, Universities and Colleges	Alberta	41%	51%	33%	47%
	Canada	49%	51%	34%	39%
Other	Alberta	41%	48%	47%	45%
	Canada	42%	48%	48%	43%
All organizations	Alberta	30%	59%	68%	32%
	Canada	26%	63%	63%	58%

Table 16: Paid staff issues by primary activity area

		Difficulty obtaining type of paid staff	Difficulty retaining paid staff	Difficulty providing staff training and development
Arts And Culture	Alberta	30%	18%	25%
	Canada	38%	23%	35%
Sports and Recreation	Alberta	23%	23%	22%
	Canada	19%	25%	19%
Education and Research	Alberta	34%	34%	20%
	Canada	39%	27%	33%
Health	Alberta	42%	41%	39%
	Canada	54%	35%	46%
Social Services	Alberta	35%	26%	42%
	Canada	49%	24%	47%
Environment	Alberta	28%	24%	26%
	Canada	24%	25%	23%
Development and Housing	Alberta	14%	16%	19%
	Canada	21%	7%	23%
Law, Advocacy and Politics	Alberta	5%		15%
	Canada	32%	7%	37%
Grant-making, Fundraising and Promoting Volunteerism	Alberta	15%	10%	17%
	Canada	14%	17%	13%
International	Alberta	18%		14%
	Canada	32%	2%	37%
Religion	Alberta	28%	10%	25%
	Canada	25%	12%	22%
Business or Professional Associations or Unions	Alberta	42%	3%	38%
	Canada	25%	13%	27%
Hospitals, Universities and Colleges	Alberta	29%	13%	34%
	Canada	32%	3%	27%
Other	Alberta	26%	18%	25%
	Canada	28%	19%	27%
All organizations	Alberta	42%	18%	45%
	Canada	50%	39%	41%

Table 17: Volunteer issues by primary activity area

		Difficulty obtaining board members	Difficulty training board members	Difficulty recruiting type of volunteers	Difficulty retaining volunteers	Lack of Paid staff to recruit or manage volunteers	Difficulty providing training for volunteers
Arts and Culture	Alberta	54%	36%	54%	41%	38%	35%
	Canada	59%	42%	64%	54%	46%	43%
Sports and Recreation	Alberta	67%	34%	70%	66%	26%	32%
	Canada	64%	32%	65%	58%	26%	33%
Education and Research	Alberta	52%	32%	55%	56%	36%	33%
	Canada	58%	37%	59%	53%	38%	36%
Health	Alberta	59%	68%	81%	45%	52%	56%
	Canada	67%	52%	71%	53%	56%	54%
Social Services	Alberta	55%	46%	59%	62%	45%	43%
	Canada	64%	47%	62%	52%	50%	47%
Environment	Alberta	47%	20%	55%	59%	49%	41%
	Canada	59%	35%	52%	48%	34%	42%
Development and Housing	Alberta	45%	31%	34%	32%	25%	24%
	Canada	58%	27%	42%	36%	31%	32%
Law, Advocacy and Politics	Alberta	51%	35%	73%	53%	27%	30%
	Canada	70%	51%	74%	61%	55%	52%
Grant-making, Fundraising and Promoting Volunteerism	Alberta	44%	21%	51%	43%	28%	31%
	Canada	44%	25%	45%	37%	24%	30%
International	Alberta	52%	12%	62%	45%	36%	16%
	Canada	46%	44%	53%	46%	54%	51%
Religion	Alberta	54%	32%	53%	48%	30%	34%
	Canada	42%	27%	55%	48%	26%	33%
Business or Professional Associations or Unions	Alberta	49%	26%	43%	42%	43%	46%
	Canada	56%	34%	54%	44%	43%	41%
Hospitals, Universities and Colleges	Alberta	43%	35%	55%	39%	44%	38%
	Canada	49%	31%	43%	37%	38%	44%
Other	Alberta	55%	34%	58%	52%	33%	35%
	Canada	56%	34%	57%	49%	35%	38%
All organizations	Alberta	77%	49%	34%	31%	53%	25%
	Canada	60%	40%	52%	45%	42%	39%

External funding issues

Incorporated organizations that had been active for at least three years at the time of the survey and that had received funding from governments, foundations, or corporations during that three-year period were asked a series of questions related to “external funding.” These organizations represent 39.5% of Alberta’s nonprofit and voluntary

sector and the statistics that follow apply to this subset alone, rather than to Alberta nonprofit and voluntary organizations as a whole.

Reductions in government funding were reported to be a problem by roughly two-thirds (67%) of Alberta organizations. The same holds true for the country as whole, with 65% of organizations reporting reductions in government funding to be a problem. Three in ten (31%) of Alberta organizations reported reductions in government funding to be a serious problem compared to a national average of 36%, and to a high in British Columbia of 44% (the Alberta figure is the lowest among the regions).

An over-reliance on project funding and an unwillingness to fund core operations were also identified as problems by a majority of externally funded organizations in Alberta (61% and 60% respectively). These findings match the national averages.

The percentage of organizations that report an over-reliance on project funding and an unwillingness to fund core operations as serious problems varies from region to region, with Alberta at the low end of the continuum (18% and 21% respectively); this is well below the national averages (25% and 27% respectively).

The need to modify programs in order to receive funding was reported as a problem by a smaller, but still large, percentage of Alberta organizations (39%). This is below the national average of 47%, and the lowest figure among the regions. Half of nonprofit and voluntary organizations that receive external funding in Quebec report the need to modify programs to be a problem, this is followed by the Atlantic region at 48%, Ontario at 47%, the Prairie region at 47%, and British Columbia at 43%.

The reporting requirements of funders were seen as a problem by 37% of Alberta organizations, compared to a national average of 43%. A larger percentage of organizations in Quebec and Ontario report this to be a problem (47% and 46% respectively). Only 4% of Alberta organizations say the reporting requirements of funders are a serious problem (the national average is 8%).

When problems associated with external funding are examined by activity area, Hospitals, Universities and Colleges top the list of Alberta organizations that reported reductions in government funding as a problem at 95%, followed by 85% of Environmental organizations and 81% of Health organizations. At the other end of the continuum, 31% of Business and Professional Associations and Unions in Alberta report reductions in government funding to be a problem.

These findings are substantially different from the national figures. Nationally, 82% of Hospitals, Universities and Colleges report reductions in government funding as a problem compared to 95% in Alberta; whereas 57% of Business and Professional Associations and Unions report this as a problem nationally, compared to just 31% in Alberta.

Another notable difference is the fact that 65% of Religious organizations cite reductions in government funding as a problem in Alberta compared, to a national average of only 26%.

Table 18: External funding issues by primary activity area

		Over-reliance on project funding	Unwillingness to fund core operations	Need to modify programs	Reporting requirements of funders	Reductions in government funding
Arts and Culture	Alberta	57%	59%	48%	34%	74%
	Canada	71%	70%	57%	45%	74%
Sports and Recreation	Alberta	61%	63%	38%	35%	66%
	Canada	55%	54%	39%	37%	61%
Education and Research	Alberta	66%	44%	37%	30%	63%
	Canada	64%	64%	52%	48%	69%
Health	Alberta	85%	99%	47%	67%	81%
	Canada	78%	85%	55%	61%	79%
Social Services	Alberta	69%	74%	48%	48%	76%
	Canada	70%	71%	56%	53%	73%
Environment	Alberta	68%	60%	26%	40%	85%
	Canada	64%	71%	57%	49%	75%
Development and Housing	Alberta	44%	29%	17%	16%	41%
	Canada	55%	49%	38%	39%	67%
Law, Advocacy and Politics	Alberta	57%	70%	37%	44%	61%
	Canada	62%	72%	52%	49%	63%
Grantmaking, Fundraising and Promoting Volunteerism	Alberta	52%	53%	39%	25%	63%
	Canada	48%	46%	36%	30%	49%
International	Alberta	58%	54%	70%	96%	76%
	Canada	60%	65%	53%	63%	70%
Religion	Alberta	23%	37%	15%	17%	65%
	Canada	40%	36%	25%	11%	26%
Business or Professional Associations or Unions	Alberta	37%	43%	21%	40%	31%
	Canada	42%	44%	43%	30%	57%
Hospitals, Universities and Colleges	Alberta	95%	65%	43%	75%	47%
	Canada	52%	38%	44%	39%	51%
Other	Alberta	61%	60%	39%	37%	67%
	Canada	61%	61%	47%	43%	65%
All organizations	Alberta	91%	96%	76%	71%	95%
	Canada	68%	66%	59%	55%	82%

These findings reveal that a majority of organizations that receive external funding are wrestling with capacity problems created by reductions in government funding, an

over-reliance on project funding, and an unwillingness of funders to provide funding for core operations (such as long-term programs and administrative expenses).

Human resources capacity issues

It is alarming to learn that 58% of organizations in Alberta report difficulty recruiting the type of volunteers they need. Additionally, 55% report difficulty obtaining board members, and 52% report difficulty retaining volunteers. These findings are roughly the same as the national averages.

Difficulty providing training to volunteers and board members and the lack of paid staff to recruit or manage volunteers was reported as a problem by over 1 in 3 organizations in Alberta. The findings for Alberta are, again, more or less the same as those in other parts of the country.

Interestingly, problems associated with paid staff, although still important, are reported by fewer of Alberta organizations (26% report difficulty obtaining the type of paid staff they need, 25% report difficulty providing staff with training and development opportunities, and 18% report difficulty retaining paid staff).

When the Alberta findings are examined by activity area, health (81%), law advocacy and politics (73%), and sports and recreation (70%) are the three categories with the highest percentages of organizations reporting problems recruiting the right type of volunteers. Sports and Recreation (66%) and Social Services (62%) are the two categories with the highest percentages of organizations reporting difficulty retaining volunteers whereas Hospitals, Universities and Colleges has the lowest (31%), followed closely by Development and Housing (32%). Hospitals, Universities and Colleges (77%) and Sports and Recreation organizations (67%) are the most likely to report problems obtaining board members compared to 55% for all of Alberta organizations. The percentage of organizations in Alberta that report difficulty providing training to volunteers ranges from a high of 56% for Health organizations to a low of 16% for International organizations.

The categories of organizations in Alberta that are most likely to report problems obtaining the right type of staff are Health, Hospitals, Universities and Colleges, and Business and Professional Associations and Unions (all at 42%), compared to a low of 5% in the Law, Advocacy and Politics category.

Structural capacity issues

Difficulty planning for the future is the structural capacity issue reported by the most of Alberta organizations. The same holds true for the country as a whole. Increasing demands for services or products and difficulty adapting to change are reported as problems by over 4 in 10 of Alberta organizations, which is roughly the same as the national averages.

About one-third of Alberta organizations report difficulty participating in policy development to be a problem. As well, Alberta organizations are somewhat less likely to report a lack of internal capacity to be a problem (34% in Alberta compared to 41% in Quebec and the Prairies, 40% in Ontario, 37% in Atlantic Canada, and 34% in BC).

Difficulty collaborating with other organizations was a problem for 20% of Alberta organizations with just 2% citing it as a serious problem. With the exception of BC, which is also at 20%, other parts of the country have slightly higher percentages of organizations reporting difficulty collaborating with other organizations with a high of 28% in the Prairie region.

Government-dependent organizations¹⁹ stand out as the most likely to report increasing demands for services or products as a problem (60%) compared to 39% of earned income dependent organizations, 42% for organizations dependent on private grants and donations, and 45% for those with diverse funding.

Health organizations in Alberta are the most likely to report structural capacity problems such as difficulty planning for the future (83%), lack of internal capacity (71%), difficulty participating in policy development (68%), and increasing demands for services or products (64%).

¹⁹ See note 18.

Conclusion

Nonprofit and voluntary organizations are omnipresent in society and include community associations, places of worship, homeless shelters, museums, universities, hospitals, unions, professional associations, international aid groups, environmental groups, orchestras, seniors' centres, and research institutes.

Alberta's nonprofit and voluntary organizations plug huge gaps in public programs from health care and social services to education and the arts, and facilitate the giving, volunteering and participating that forms the bedrock of a healthy democracy and, as respected thinkers such as Francis Fukuyama and Robert Putnam argue, of our long-term economic success.²⁰

Given the critical role played by the nonprofit and voluntary sector in Alberta, why does the future of the sector seem to barely register a blip on the radar screen of public debate in the province? Is it because the sector is doing just fine and there are no problems serious enough to animate public debate? The results of the 2003 National Survey of Nonprofit and Voluntary Organizations suggest otherwise. The survey shows that, in Alberta and across the country, nonprofit and voluntary organizations are facing significant challenges. These challenges hinder the sector's ability to perform its many functions – from organizing amateur hockey and soccer leagues to keeping homeless people from dying on the street during a cold snap. They also hold the sector back from achieving its full potential and doing even more good things than it already does.

Alberta's nonprofits report difficulty recruiting, training, and retaining volunteers, obtaining board members, planning for the future, adapting to change, and raising the funds they need to carry out their missions. Despite this, debate in Alberta about how to address these and similar issues and ensure that the nonprofit and voluntary sector is on solid ground is at a standstill outside the sector.

This is ironic for several reasons: The tens of thousands of us who work for nonprofit and voluntary organizations or volunteer our time to them know that these issues are real and that government, the private sector, and individuals need to work together to address them. All of us directly and indirectly benefit from the sector and do so in a wide variety of ways. It should follow that ensuring the sector's ongoing health would be a top priority. Governments rely on the sector to deliver a range of critical services and would be lost without its help.

²⁰ See Francis Fukuyama, *Trust: The Social Virtues and the Creation of Prosperity*, (New York: Free Press, 1995); Robert Putnam, *Making Democracy Work: Civic Traditions in Modern Italy*, (Princeton: Princeton University Press, 1993); Robert Putnam, *Blowing Alone: The Collapse and Revival of American Community*, (New York: Touchstone, 2000).

It is also ironic that a sector as important to the economy as the nonprofit and voluntary sector barely registers in the public discourse unless there is a scandal to report. Alberta-based organizations have total annual revenues of \$9.6 billion and a total paid staff of over 175,000. Add to this the 2.5 million volunteer positions generating 449 million hours of donated time (the equivalent of approximately 234,000 full-time jobs²¹) and we begin to see just how important the sector is to not only our quality of life, but to our economic bottom line as well. We hear about oil prices on a daily basis, but the fate of the nonprofit and voluntary sector fails to capture more than passing attention.

Why this disconnect? Part of the answer lies in the fact that we take nonprofit and voluntary organizations and the work they do for granted. Another reason for the disconnect is, despite a mountain of anecdotal evidence, a lack (until recently) of empirical data about the nonprofit and voluntary sector as a whole, its contributions to society and the economy, and its ongoing struggles. With the release of the results of the NSNVO, much of this gap in our understanding has been filled. We can now point to facts and figures that tell an astounding story about the value of the nonprofit and voluntary sector and the many challenges it faces.

The next step is to stop taking the sector for granted and use the findings of the NSNVO as the basis for a meaningful public debate about what should be done to ensure that the nonprofit and voluntary sector has what it needs to keep doing its job and achieve its full potential.

An over-reliance on project funding, combined with an unwillingness to pay for core operations, often means that nonprofit and voluntary organizations find engaging in activities such as long-range planning, hiring a volunteer coordinator, developing an experimental approach, rewarding staff, or even keeping the lights on to be either not possible or extremely difficult. In many cases, it is not an increase in funding that is necessary (though this would likely be welcome), but changes to the strings that come along with the money. In the absence of sufficient money for core operations, organizations are often forced to overburden staff or accept projects that cause them to drift away from their original mandate. Many organizations are very creative in how they manage these challenges—which is a good thing—but the high number of organizations reporting problems with external funding suggests that the sector is under significant financial strain. This begs two key questions:

- 1) At what point does this strain cause the cords that hold the sector together to snap?
- 2) What can be done to address these problems?

²¹ Full-time equivalencies were calculated using a 40-hour work week and 48 work weeks per year.

Government has a large role to play in this regard, but it goes far beyond what the state can and should do. The challenge is to get Albertans talking about the role and importance of the nonprofit and voluntary sector and to encourage government, business, and themselves to take the appropriate steps. Given what it already does, finding ways to maximize the capacity of the nonprofit and voluntary sector and enabling it to do even more should be a top priority.



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