

STRESSED, STRETCHED & STILL STANDING

SHINING A LIGHT ON WINNIPEG'S CHARITABLE SECTOR



PRESENTED BY

THE
WINNIPEG
FOUNDATION



Your Community Foundation
For Good. Forever.

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“How to guide an organization through the maze of growth and required HR is challenging; leadership development is key.”

The quotes highlighted throughout this report were gathered from participants' commentary in the three focus group sessions that were part of the research for this publication.

INTRODUCTION

Winnipeg's charitable organizations provide vital programs and services to our community and unquestionably make a significant contribution to our quality of life. As the title of this report implies, we are served by a charitable sector that is both stressed and stretched but still very resilient. Passion and commitment are the special ingredients contributing to success and impact.

The Winnipeg Foundation's research is aimed at uncovering the current state of the sector as part of our planning process. In the fall of 2018, we will release our 2019-2021 Strategic Plan. Before delving into numbers and charts, it is important to preface the report with some general observations by way of introduction.

It has been said that generally speaking, Canadians are not as generous as Americans. This is because individual giving rates are not as high in our country. This conclusion overlooks the critical fact that Canadian society as a whole is founded on principles of social justice. American society is much more individualistic in its philosophy of "life, liberty and the pursuit of happiness". Canadians believe in an accessible publicly funded health care system and a relatively strong social safety net. From this perspective, Canadian society is far more generous than American society. We use public policy and our tax systems to provide greater equity than a system that relies heavily on individual donations.

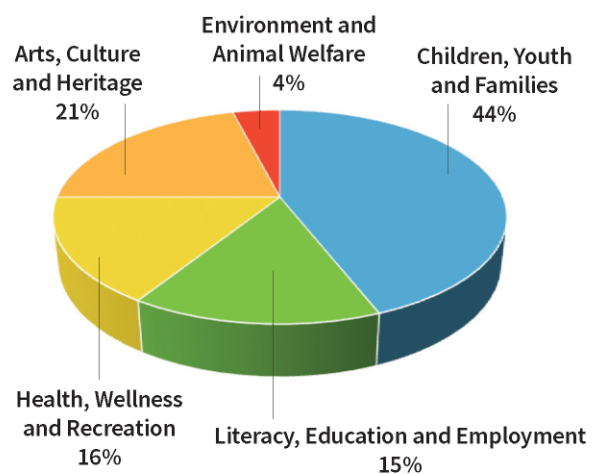
Philanthropy is obviously still very important in Canadian society as well. And in that regard, Manitoba is particularly blessed because giving in our province leads the nation. This is not something we should take for granted however. This report does include some comments on giving trends and the importance of supporting Manitoba's climate of generosity.

We also need to acknowledge that Canada's charitable sector is built on partnerships with both the public and private sectors. Charities are not standing alone - there is an enormous integration and mutual reliance that enables the charitable sector to perform as well as it does. It goes without saying that community agencies of every type require government financial support as

well as the voluntary leadership and time commitment received from individuals and corporations.

This chart depicts the allocation of grants made in response to applications from charitable organizations. The Foundation administers many other types of endowments including scholarships, donor advised and designated (Agency) funds.

Community Grants 2017-Charitable Causes



In 2017, The Winnipeg Foundation made grants totaling \$38 million to more than 900 organizations. Our community-building work provides sound organization-by-organization understanding of particular projects often including anecdotal knowledge of unique situations. However, in building our 2019-2021 Strategic Plan, we wanted to improve our macro level understanding – our knowledge of overall trends and influences that are impacting the sector as a whole.

Using a three-pronged approach, we have taken a closer look at data from Canada Revenue Agency (CRA) tax filings, an online/telephone survey of Winnipeg charitable organizations completed in the summer of 2017, and three facilitated focus group sessions with Executive Directors which took place at The Foundation's offices in December 2017. Any report of this type is not definitive. It is intended only to provide an impression of the current environment facing Winnipeg's charities.

SECTION 1: CHARITABLE GIVING TRENDS

Manitobans demonstrate their spirit of generosity on two key indicators. The percentage of tax filers who make a charitable claim and the percentage of income donated are both the highest in Canada. We live in a generous province.

There are many reports available on giving trends. For example:

CanadaHelps's Giving Report

In November, 2017, CanadaHelps, an online donating and fundraising platform, released its Giving Report based on its analysis of Statistics Canada and CRA data. They noted that, adjusted for inflation, the total amount donated by Canadians was seven percent lower in 2015 than it was in 2006. In the same period, the percentage of Canadian families (i.e., not individual tax filers) reporting donations dropped from 45 percent to 40 percent. The decline in giving was particularly noteworthy among households with incomes of \$150,000 or greater.¹

The Fraser Institute

The Fraser Institute has also noted, based on CRA data, that the percentage of aggregate income donated to charity in Canada — including within Manitoba — has been on a declining trend in recent years. In the case of Manitoba, the Fraser Institute notes that charitable donations dropped from 1.26 percent of aggregate income in 2005 to 0.83 percent in 2015; a decline of 34 percent. It should be noted that 2005 was an uncommonly higher percentage over the 10-year period. Though Manitoba and Nova Scotia were virtually tied in terms of seeing the largest overall declines in charitable giving, Manitoba's 0.83 percent share of aggregate income given to charity continued to be the nation's largest, ahead of neighbouring provinces such as Ontario (0.63 percent) and Saskatchewan (0.60 percent).²

Because there can be significant variation year to year, our analysis averages five year periods, in order to depict a more stable trend line.

There is a fundamental mixed message in the numbers that must be understood. On one hand, participation as traditionally defined (tax filers claiming a gift) is declining. Donors are declining both in absolute terms and as a percentage of all tax filers. But the actual dollars donated is on the rise. The value of gifts are increasing both in total dollars donated and in terms of average individual donations. These trends seem counter-intuitive. Simply stated, they reflect that fewer people are giving more.

Charitable Donation Trends in Winnipeg, 1997–2016

Source: Statistics Canada CANSIM table 111-0001

Year	Average number of tax filers	Average number of reporting donors	Average donors as a percentage of filers	Average total donations (millions)	Average individual donation amount
1997–2001	485,826	149,010	31%	\$138.50	\$ 929
2002–2006	504,682	151,502	30%	\$220.96	\$1,458
2007–2011	529,370	149,248	28%	\$246.02	\$1,648
2012–2016	565,324	146,516	26%	\$264.04	\$1,802

¹ CanadaHelps, "The Giving Report Shines Spotlight on Canada's Charitable Sector" (news release published on www.newswire.ca, Nov. 9, 2017).

² Lammam, Hasan and MacIntyre, op. cit., p. 3

Within the Winnipeg metropolitan area, the number of tax filers has steadily increased but the number of those reporting charitable donations has been gradually declining over the years. This, however, has not been a steady decline. A surge in reported charitable donations well above the 1997-2016 general trend line had been observed between 2004 and 2007, returning to more normal trend line after 2008. An unusually precipitous drop — a net loss of about 3,000 reported donors — was observed between 2015 and 2016.

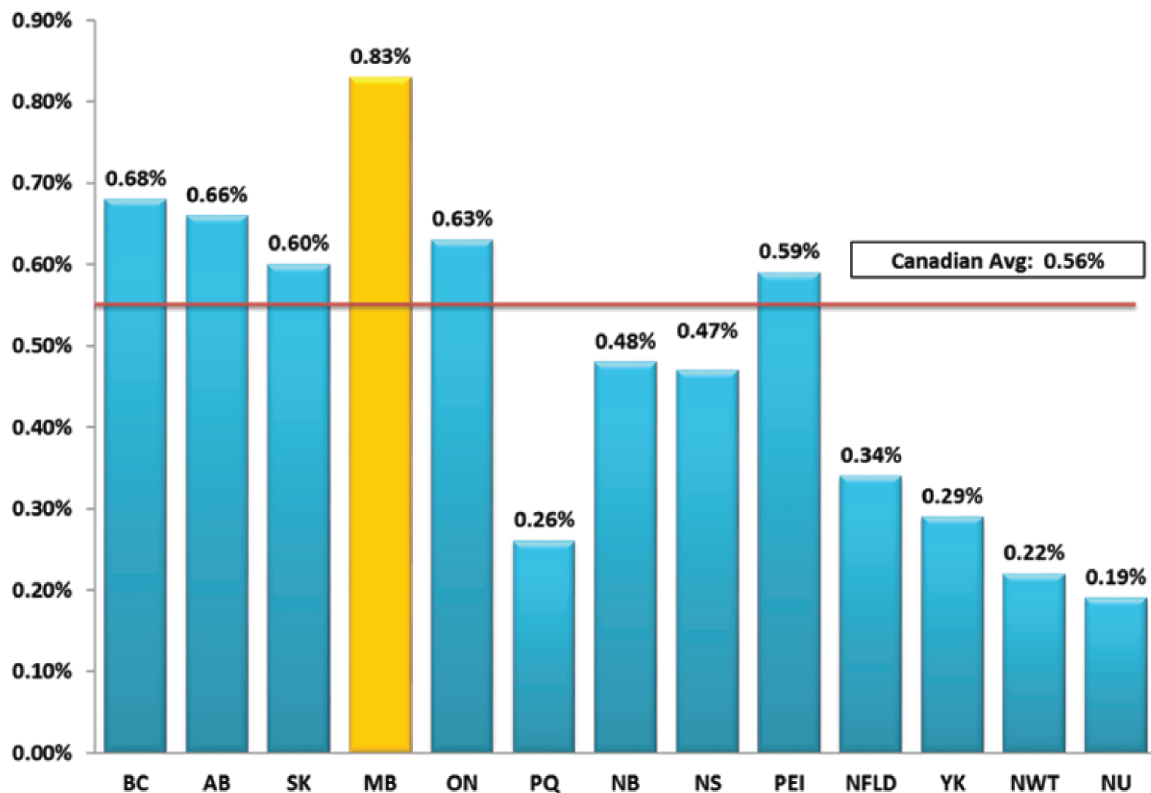
Total reported donations, however, have generally experienced a positive trend over the past two decades, rising from \$126.4 million in 1997 to \$272.7 million in 2016. Again, an atypical surge above the 1997-2016 trend line was observed in 2005 through 2007, returning back to the trend line in 2008. This was followed later by a noted decline in total donations from \$284.6 million in 2015 to \$272.7 million in 2016.

For Winnipeg and Manitoba charities, the conclusion is obvious. Donors are very special people and becoming harder to find. Every effort must be made to thank those who give and to demonstrate impact so we can re-build the donor base in our province. We cannot expect to see a continuing increase in dollars when participation rates are in steady decline—not just here but across Canada. The vitality of our city is evident on many fronts but we will not succeed in our community-building efforts without a strong and vibrant charitable sector. The participation trend has to be reversed and given Manitoba's longstanding culture of generosity, the best opportunity for doing so is here.

In terms of percentage of income donated to charity, Manitobans lead the nation. In light of the trends however, we need to do more to foster our longstanding culture of community support.

Percentage of Income Donated to Charity in 2015

Source: Fraser Institute 2017 Generosity Index



SECTION 2: BACKGROUND AND METHODOLOGY

Manitoba Bureau of Statistics Analysis of CRA Filings

In partnership with the Manitoba Bureau of Statistics, The Foundation sourced the CRA tax filings of all 4400 registered charities in Manitoba. To get three years of data to analyze trends, and within a reasonable revenue scale, we further refined the list to exclude organizations outside of Winnipeg, religious organizations, the Health Authorities, post-secondary educational institutions, and school divisions.

The primary source of data is the CRA Charities Directorate, which provides data to the public from the T3010; the registered charity information return that each charity must submit annually. From a list of 1240 registered charities, consistent data was obtained for 439 Winnipeg-based organizations for the years 2013-15.

Our research was focused on the question of vulnerability. Do organizations of different sizes or organizations that serve different mandates face identifiable challenges which are different than those of the charitable sector as a whole? We recognize that any scoring system is based on assumptions and our goal was to surface insights that might warrant further exploration and impressions that might provide a sense of priority for our work.

Telephone and Online Survey

The Foundation asked Probe Research, Inc. to conduct a survey of 439 charitable organizations in Winnipeg to determine their organizational health. Areas of inquiry included issues surrounding staffing, boards of directors, premises and stability of funding for these organizations.

The following table shows the categories of charitable organizations provided by The Foundation, as well as the distribution of respondents across these categories.

Charitable causes	# of organizations in TWF database	% of database	# of respondents	% of respondents
Arts, Culture and Heritage	68	15%	42	18%
Environment and Animal Welfare	22	5%	11	5%
Children, Youth and Families	169	38%	85	37%
Health, Wellness and Recreation	57	13%	30	13%
Literacy, Education and Employment	123	28%	60	26%
Total	439	100%	228	100%

**“Regulations are getting weirder and tracking can be a burden...
we often have *advocacy anxiety*.”**

This survey was conducted via a hybrid online-telephone methodology using e-mail addresses and telephone numbers provided by The Winnipeg Foundation. A total of 228 individuals were surveyed, including 10 who were interviewed by telephone between July 11 and 13, 2017, and 218 who completed the survey online between June 26 and July 19, 2017. This represents a 52 percent response rate.

Probe indicates that with a sample of 228, one can say with 95 percent certainty that the results are within ± 4.5 percentage points of what they would have been if all 439 organizations in Winnipeg had been interviewed. The margin of error is higher within each of the survey's population sub-groups.

Facilitated Sessions

The Foundation commissioned Lloyd Fridfinnson Consulting to facilitate a session among charitable organization stakeholders to explore current issues. Session participants were drawn from The Foundation's database of Winnipeg charitable organizations listed in the sample above and divided to reflect small, mid-size and large organizations.

Objectives for these sessions were to:

- Share results of a recent charitable sector survey conducted in Winnipeg;
- Acquire stakeholder perspectives as to the needs of the charitable sector;
- Identify elements of a sustainable funding environment for the charitable sector in Winnipeg;
- Identify steps necessary to foster organizational capacity building, and;
- Gather information concerning the alignment of The Winnipeg Foundation with the needs of the charitable sector.

Selected Literature

The Winnipeg Foundation has many sources of background information. In this report, we reference the Fraser Institute research on charitable giving in Canada that was published in the December, 2017 edition of the *Fraser Research Bulletin* and the March/April 2012 edition of the *Fraser Forum*. Philanthropic Foundations Canada report entitled: *A Portrait of Canadian Foundation Philanthropy* and CanadaHelps's 2017 Giving Report are also referenced.

SECTION 3: PROFILE OF CHARITABLE ORGANIZATIONS

As described in the previous section, The Foundation identified 439 charitable agencies where we could extract consistent data for the years 2013 to 2015. In order to create a definition of small, mid size and larger agencies, we divided this group into three equal parts:

Smaller Agencies	Annual Operating Revenues up to \$400,000
Mid-Size Agencies	Annual Operating Revenues between \$400,000 and \$1 million
Larger Agencies	Annual Operating Revenues over \$1 million

Since so many agencies with budgets in the million dollar or more range still describe themselves as being “small”, this exercise in itself is insightful.

In partnership with Manitoba Bureau of Statistics, a weighted score was created based on the T3010 submissions. This framework assumed that an over reliance on government funding created a vulnerability whereas a diversity of revenue streams is a strength. The capacity to pay staff at salaries reflective of the overall average of the 439 charities and the existence of financial reserves were also viewed as strengths. A matrix was created using the size of organizations and five charitable causes typically supported by The Foundation:

- Arts, Culture and Heritage
- Environment and Animal Welfare
- Children, Youth and Families
- Health, Wellness and Recreation
- Literacy, Education and Employment

The goal was to establish an overview of Winnipeg’s charitable sector. In general, we found that the large numbers of agencies in this analysis tended to blur distinctions that are more easily seen when looking organization by organization.

“We’ve shared space with other organizations to help make ends meet.”

Our observations are as follows:

The profile of respondents indicates that 60% operate in the core area of the city and that 80% have been in operation for 20 years or more. Of those, 12% have been in operation for 60 years or more.

The five cause areas used by The Foundation to categorize grants are not equally represented. For example, there are fewer agencies in the Environment and Animal Welfare group than in the Children, Youth and Families group. The division of groups within the data sample is quite reflective of the percentage of The Foundation grant distributions.

The majority of Arts, Culture and Heritage organizations (49%) are characterized as small, with budgets under \$400,000. In contrast, 49% of Children, Youth and Family organizations and 54% of Health, Wellness and Recreation have budgets of over \$1 million. The sample showed that

50% of the Environment and Animal Welfare organizations and 48% of Literacy, Education and Employment have budgets in the \$400,000-\$1million mid range.

	2013 Revenue (average)	2015 Revenue (average)	Change in total revenues, 2013–2015
Arts, Culture and Heritage (n=67)	1,435,813	408,758	+5%
Children, Youth and Families (n=169)	2,698,891	919,650	+6%
Environmental and Animal Welfare (n=22)	3,581,727	509,168	–4%
Health, Wellness and Recreation (n=57)	3,818,947	1,093,714	+5%
Literacy, Education and Employment (n=124)	1,472,285	709,974	+11%
All (n=439)	2,349,324	718,302	+5%

Total revenues for all organizations rose by five percent on average between 2013 and 2015. While revenues increased by similar amounts in three of our categories, Environmental and Animal Welfare organizations showed a decline in revenues during the 2013-15 period (-4%). In contrast, Literacy, Education and Employment agencies saw a significant increase (+11%). Such a short history is not enough to substantiate a trend but it appears at the macro level, there is considerable stability relative to the annual inflation rate although this would vary organization by organization.

Reconciliation is an important focus of The Foundation and as such, we identified 22 Indigenous led registered charities (across all program areas). This analysis revealed only a 1% increase in revenue from 2013-2015 compared to the sector average of 5%. This is a surprising finding given our community's current emphasis on supporting the Indigenous community and it suggests that these numbers need to be monitored carefully as more recent CRA data becomes available.

“We’ve already started planning for the worst – it’s a necessity for us.”

The scoring system we used was aimed at differentiating the experience of organizations by size and mandate area. In the case of government support and diversity of revenue base, we were looking for a measure of financial stability and risk in the face of changing government priorities with “1” indicating low risk exposure and “5” indicating high risk exposure. In talking to individual organizations, we often hear stories of their unique experiences but in this analysis, we were looking for general trends. The resulting scores did not reveal significant differences but there is evidence that two categories (Arts Culture and Heritage, Environment and Animal Welfare) are less reliant on government funding and have established a more diverse revenue base than other parts of the charitable sector.

	Reliance	Diversity	Salary	Reserve
Arts, Culture and Heritage (n=67)	2.3	2.7	2.6	4.3
Children, Youth and Families (n=169)	3.0	3.4	3.0	4.4
Environmental and Animal Welfare (n=22)	1.9	2.5	2.9	4.0
Health, Wellness and Recreation (n=57)	2.7	3.2	2.4	4.2
Literacy, Education and Employment (n=124)	3.7	3.3	3.2	4.7
All (n=439)	3.0	3.2	2.9	4.4

Naturally enough, we were interested to know if we could see any differences in scores for organizations that have endowment (Agency) funds held at The Foundation. As a group, they show more diverse funding scores and higher salaries (2.91 vs 3.24). The difference is marginal but positive. This undoubtedly reflects the reality that organizations with the capacity to start building an endowment fund are likely to be in a somewhat stronger overall position.

Charitable organizations across all program areas seem to be operating with very little reserve and are vulnerable to a downturn in funding. Again, in our scoring system, (5) means more vulnerable and it bears emphasis that we are looking at overall impressions as opposed to individual circumstances.

The average salary reported on T3010 data in 2015 was \$45,308. Across the 439 organizations in this data, the average increase was 3% from 2013-2015. There are some variations within the five categories and of course, the variations will be more significant agency by agency, but overall, the sector was not able to keep pace with inflation during this period.

	2015 average salary	Change in average salary, 2013-2015
Arts, Culture and Heritage (n=67)	47,408	-1%
Children, Youth and Families (n=169)	45,187	+2%
Environmental and Animal Welfare (n=22)	35,390	-1%
Health, Wellness and Recreation (n=57)	50,845	+2%
Literacy, Education and Employment (n=124)	43,552	+7%
All (n=439)	45,308	+3%

On balance, large organizations across all program areas compensate their employees better than small organizations. Otherwise, when looking at organizations by size, we were not able to make any other meaningful observations. That is to say, small, midsize and large organizations seem to reflect the same general patterns in terms of reliance on government funding, diversity of revenue sources and lack of financial reserves.

“If no one can support core funding ultimately we’ll be delivering programs in the dark, because we can’t keep the lights on.”

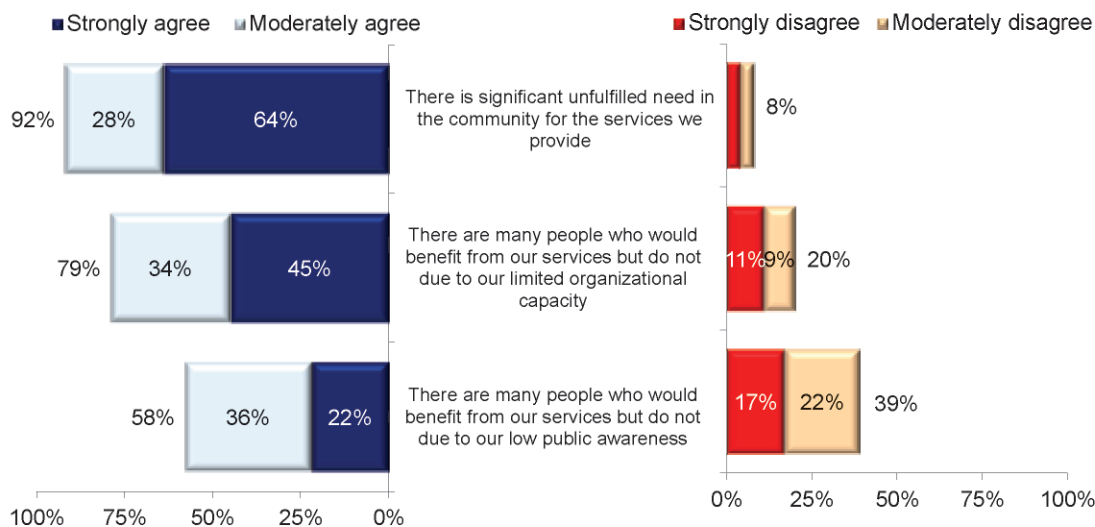
SECTION 4: SERVICE FULFILMENT

In the 2017 telephone and online survey, charitable organizations were asked to comment on several issues related to the people they serve. Overall, the vast majority of organizations reported there is significant unfulfilled need in the community for the services they provide (92% agreed, including 64% who strongly agreed). Also, more than three-quarters reported capacity issues are holding them back from serving more people (79% agreed, including 45% who strongly agreed that “there are many people who would benefit from our services but do not, due to our limited organizational capacity.”)

Organizational awareness, although expressed as a concern by a majority of respondents, was a lesser issue as just more than one-half agreed “there are people who would benefit from our services but do not due to our low public awareness” (58% agreed, while 39% disagreed).

Assessment of Organizations’ Clients

“The following statements pertain to the people your organization serves. For each statement, please indicate if you personally agree or disagree.” (n=228)



Base: All Respondents

**“There are so many opportunities with technology;
we need more supports to access all these options.”**

While most organizations agreed that there were many people who could benefit from their services, but do not due to low public awareness, educational organizations generally differed with their peers on this (58% disagreed, including 43% which strongly disagreed).

The facilitated sessions also discussed some aspects of service fulfilment, particularly during the discussion devoted to perceived weaknesses and threats to mandate fulfilment. Weaknesses were found to vary with the size of the charitable organizations, with smaller organizations pointing to a lack of capacity and difficulty finding competent board members as a challenge, while medium-sized organizations expressed an unmet need for in-house specialists such as human resources, and accounting) and lower staff turnover. While not exempt from these concerns, large organizations with annual revenues greater than \$1 million annually expressed a stronger need for tools to measure their progress and success.

Charitable organizations of all sizes expressed consistent concern about funding cuts and ongoing financial uncertainty as unresolved threats. Many smaller organizations also saw succession planning as a challenge.

At other points in the discussion, organizations noted that service delivery was vulnerable to being “delayed or diminished in an unsustainable funding environment.” This was said to create pressure to undertake additional fundraising activity, which can divert staff and resources away from mandate fulfilment.

SECTION 5: VOLUNTEERS

In the 2017 telephone and online survey, around six-in-ten organizations (61%) reported struggling to find qualified volunteers. While most charitable organizations had difficulty finding volunteers, they were much less likely to report having inadequate resources to train them (34%). A similar number of organizations expressed difficulty in retaining qualified volunteers (49%) as did those who did not experience retention issues with their volunteers (39%).

While nearly six-in-ten organizations do not rely on unpaid volunteers to provide services to their clients (56%), fully four-in-ten do (42%). Reliance on such volunteers was highest among Arts organizations (74% agreement), and lowest among educational organizations (12%).

Organizations in the Health, Wellness and Recreation sector reported comparatively fewer problems with finding qualified volunteers (50% disagreed that this was a concern) or retaining these volunteers (60% disagreement about this being a concern).

A relatively large number of organizations experiencing a funding or revenue upturn reported difficulty in finding qualified volunteers (78% agreed this was a problem).

Assessment of Organizations' Volunteers

"Next, we'd like you to think about your staff including paid and unpaid employees. Again, for each statement please indicate if you personally agree or disagree." (n=228)



Base: All Respondents

SECTION 6: STAFF

In the 2017 telephone and online survey, seven-in-ten organizations maintained that they offered a competitive benefits package (70% agreed), although 72 percent agreed staff wages in their organization were below what their staff could be making in a comparable occupation.

Recruiting qualified staff was seen to be difficult for seven-in-ten organizations (70% agreed), compared to one-quarter who did not express any difficulties in this regard (28%). Two-thirds had adequate resources to train staff (66%), while one-third were struggling with training (33%).

While a majority of organizations had difficulty retaining qualified staff (59% agreed this was an issue), four-in-ten were not experiencing substantial retention difficulties.

Educational organizations were particularly likely to have difficulty finding qualified paid staff (83% agreed, including 55% which strongly agreed) and retaining these staff members (75% agreed, including 40% which strongly agreed). A disproportionate percentage of medium-sized organizations with revenues of \$400,000 to \$999,999 annually also reported serious difficulties finding qualified paid staff (49% strongly agreed).

Assessment of Organizations' Paid Staff

"Next, we'd like you to think about your staff including paid and unpaid employees. Again, for each statement please indicate if you personally agree or disagree." (n=228)



Base: All Respondents

“How do we have time to build relationships with donors when we don’t even have time to meet our basic organizational needs?”

A large percentage of organizations with revenues of less than \$400,000 strongly agreed that staff wages were below what their employees could receive at comparable jobs elsewhere (60%, versus 32% among organizations with revenues of \$1 million or more).

Similarly, organizations with revenues of \$1 million or more were the most likely to be in a position to offer competitive employee benefits (84% agreed, including 48% which strongly agreed). Those with revenues of less than \$400,000 were less likely to do so (50% agreed, including 18% which strongly agreed).

Organizations in the Health, Wellness and Recreation sector reported fewer problems than the non-profit sector as a whole in retaining paid staff (60% strongly or moderately disagreed that this was a concern, versus 25% among Literacy, Education and Employment organizations).

In the facilitated discussion sessions, it was noted that uncertain funding led to several consequences including reduced staffing levels, requiring that staff assume additional duties, and being unable to invest in staff training. Smaller charities noted that any reduction in staffing levels significantly impaired their ability to carry out their mandates. Employees were said to be often reluctant to enter into short-term (e.g., one-year) contract arrangements, resulting in a loss of skilled people.

Both smaller and larger charities spoke of employees being required to increasingly contribute unpaid time to the organization. In some organizations, an inability to provide wage increases resulted in them feeling compelled to offer employees increased time off in return for holding down wage costs — a trade-off seen as neither fair nor workable, and one which did not address workload issues.

Smaller organizations commonly noted that the need to do more fundraising in an uncertain funding environment took resources away from core services. This both reduced the impact of their activities and demoralized staff. Medium-sized charitable organizations meanwhile said they had a need for more in-house specialists and lower staff turnover.

SECTION 7: BOARD OF DIRECTORS

In the survey, three-quarters of organizations reported they were receiving solid support from their boards (76% agreed), although two-thirds felt their organizations would be more effective if their board members had governance training (65% agreement).

Finding qualified board members was a challenge for three-quarters of Winnipeg's charitable organizations (76% agreement). A slim majority felt that retaining these board members was difficult, while similar numbers were not experiencing retention problems (53% agreement).

Organizations with revenues of \$1 million or more were among the least likely to report serious difficulties finding qualified board members (only 17% strongly agreed that this was a challenge). Medium-sized organizations with revenues of \$400,000 to \$1 million annually, however, were more prone to have serious difficulties in retaining qualified board members (34% strongly agreed this is a challenge for their organization).

Board members in Health, Wellness and Recreation related organizations were less likely than other organizations to play an active role in securing funds (83% of these organizations disagreed that board members were crucial to this role, compared to 43% among Arts, Culture and Heritage related organizations).

In the facilitated discussion sessions, smaller organizations again noted a lack of capacity and difficulty finding competent board members, while medium-sized charities noted that training for board members was a priority. Representatives of larger charities meanwhile expressed concern that suitable board members were difficult to attract in an uncertain funding environment.

Assessment of Organizations' Board of Directors

"The following statements are about your board of directors. For each statement please indicate if you personally agree or disagree." (n=228)



Base: All Respondents

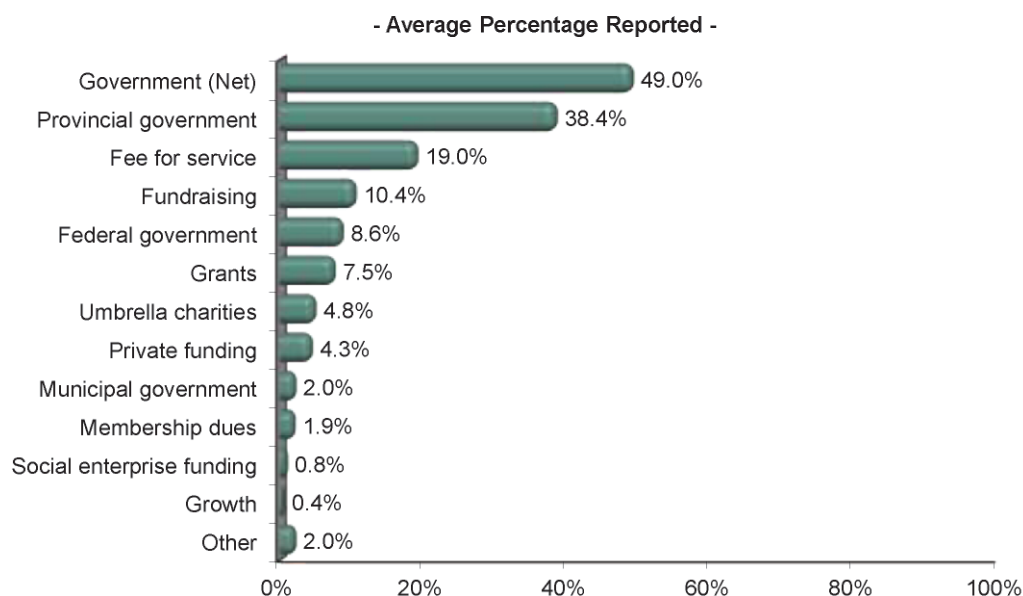
SECTION 8: FUNDING ISSUES

In the survey, nearly one-half of respondents' reported funding came from government sources (49.0%), particularly from the provincial government (38.4% on average) and to a lesser extent from the federal government (8.6%) or municipal governments (2.0%). Other significant sources of funding included fees for services provided (19.0%), fundraising (10.4%) and grants (7.5%).

Educational and Employment organizations were especially reliant on government funding (average: 65.2%), particularly that originating from the provincial government (average: 59.2%). Arts, Culture and Heritage organizations reported relatively low levels of provincial government funding (average: 17.7%).

Current Funding Sources

"Thinking about all sources of funding for your organization, please indicate the approximate percent of funding your organization depends upon in order to remain viable?" (n=228)



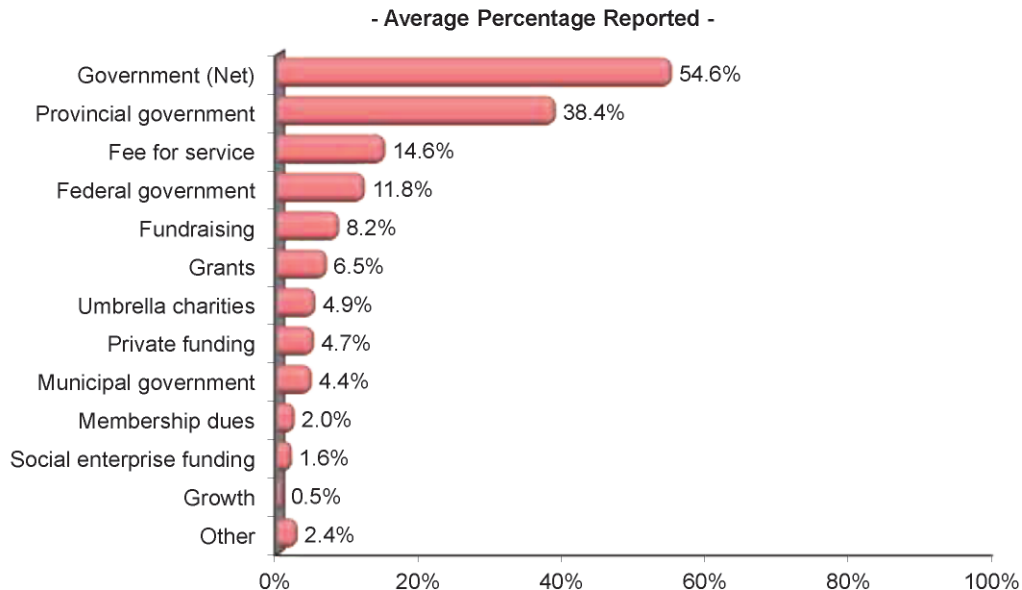
Base: All Respondents

When asked in the telephone and online survey to describe the funding mix that would allow their organizations to remain viable, respondents showed an interest in receiving more government funding (54.6% on average being the ideal funding mix) again, more often from the provincial government (38.4%) than from the federal government (11.8%) or municipal government (4.4%). Ideally, a slightly smaller proportion of funding would come from fees for service (14.6%), fundraising (8.2%) and grants (6.5%).

Education and Employment organizations were more likely than average to consider government funding to be important (average: 72.1%), particularly provincial funding (56.2%). Arts organizations were less likely than other organizations to consider provincial government funding to be an ideal part of their funding mix (average: 19.1%).

Desired Funding Sources

"If it were possible, what would be the best mix of funding for your organization in order to remain viable?"
(n=228)



Base: All Respondents

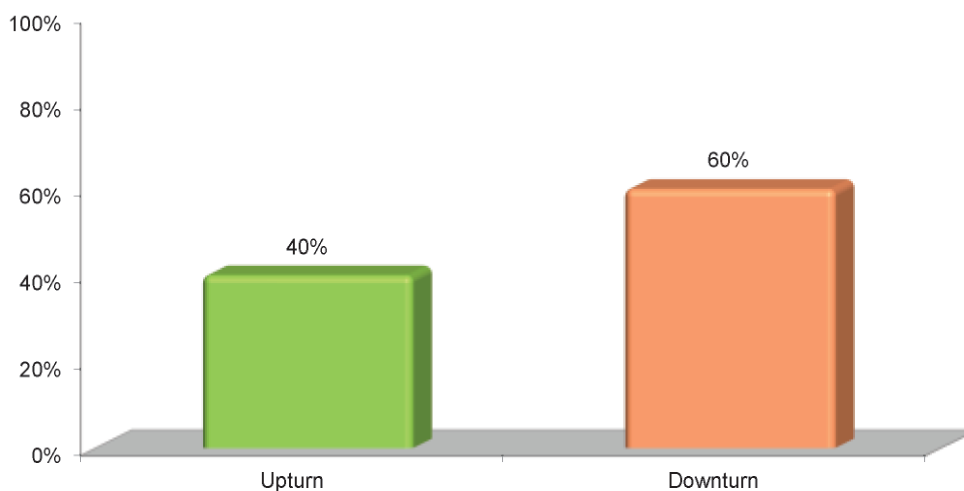
In the facilitated session discussions, there was consistent agreement that longer-term funding windows were essential to sustainable funding for charitable organizations. Larger organizations expressed a desire for more reliability, predictability, and longer service purchase agreements, while medium-sized organizations stressed the importance of partnerships with funders through a joint strategy or working together to create a sustainable funding plan.

Larger organizations also spoke of the need to streamline funding applications and reporting, and to better align the amount of work required to complete an application with the actual size of the grant. They also expressed discontent with the common practice of clawing back the dollar value of a grant application, which was seen as potentially undermining the viability or success of a project or program. They spoke more favourably meanwhile of conditions and processes that would build capacity, including block and incentive funding, streamlining of application and reporting processes, and the elimination of funding lag time.

"Don't make us re-invent ourselves every few years just to access funding."

Direction of Funding Change

"Was the change that your organization experienced an upturn or a downturn in funding or revenue?"
(n=103)



Base: Significant change in funding reported.

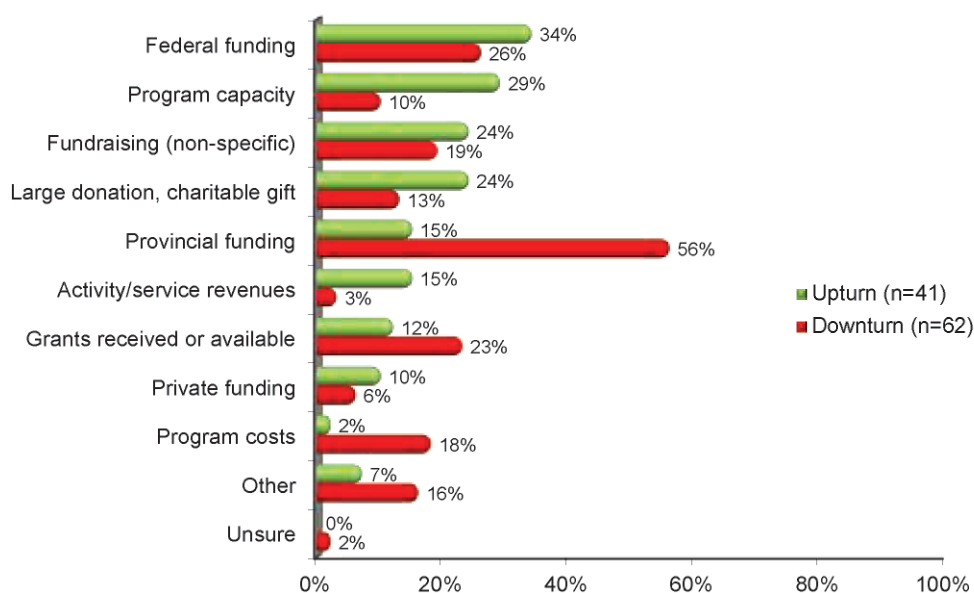
Among those organizations reporting a significant funding or revenue change during the past two years most (60%) said that this was in the form of a downturn. Four-in-ten (40%), however, reported higher revenues or greater funding compared to two years ago.

A related challenge noted in the facilitated discussion sessions was that there are “an ever growing number of ‘start-up’ or ‘incubator’ organizations” which were seen as being particularly apt to draw resources away from larger charities in Winnipeg. Many participants were also concerned about changes in government funding, and that continued funding instability for smaller and medium-sized organizations could hurt their future viability.

Among those organizations reporting an upturn in funding or revenues in the telephone and online survey, there were several common reasons cited for this improvement. In some cases, this was due to additional provincial funding (34%) or having benefitted from grants (29%), while others cited increased federal funding (24%) or additional program capacity (24%).

Rationale for Funding Change

"To what do you attribute this change in your organization's funding or revenue?" (n=103)



Base: Significant change in funding reported.

Among those reporting a downturn in funding or revenues, the most common challenges were in the form of lower provincial funding (26%), fundraising difficulties (23%), fewer federal funds (19%) or fewer large donations or charitable gifts (18%).

Arts, Culture and Heritage organizations were particularly likely to cite general fundraising changes as a reason for either an upturn or a downturn in their funding or revenues (46%).

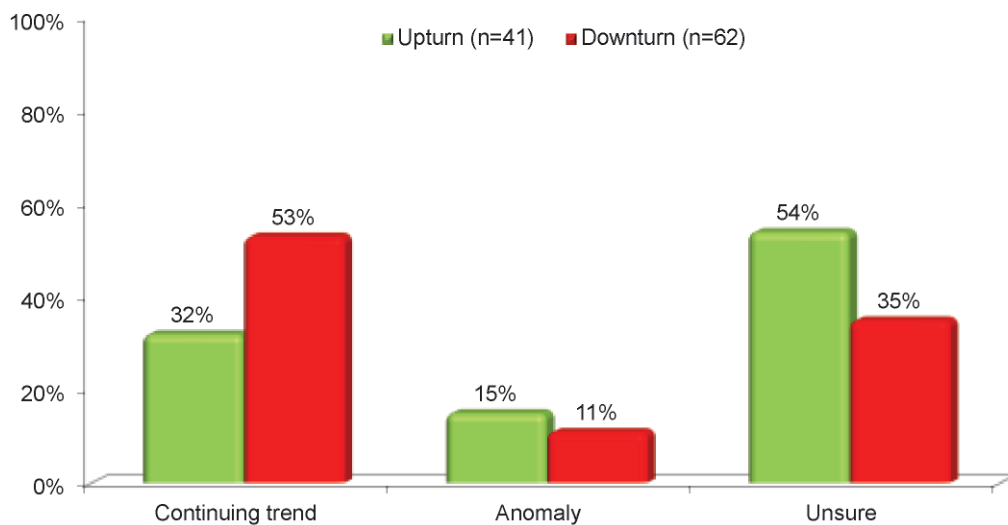
Among those reporting an upturn in funding or revenues, the majority (54%) were unsure whether this improvement in fortunes was part of a continuing trend or merely an anomaly, while one-third (32%) considered this to be part of a continuing trend. Only 15 percent considered this improvement to be an anomaly.

“We need to bust the myth about overhead costs.”

Among those experiencing downturns, more respondents considered this to be part of a continuing trend (53%) than an anomaly (11%). One-third (35%) were unsure whether their downturns were part of a trend or just anomalies.

Outlook on Funding Trend

"Is the change in your organization's funding or revenue circumstances a trend that you anticipate will continue or is this a funding or revenue anomaly?" (n=103)



Base: Significant change in funding reported.

Funding Stability

Responding to six statements measuring their organizations' funding stability, most organizations indicated that they were financially stable (71% agreed, though only 14% strongly agreed) and that they were capable of meeting payroll (only 11% reporting major challenges in this area).

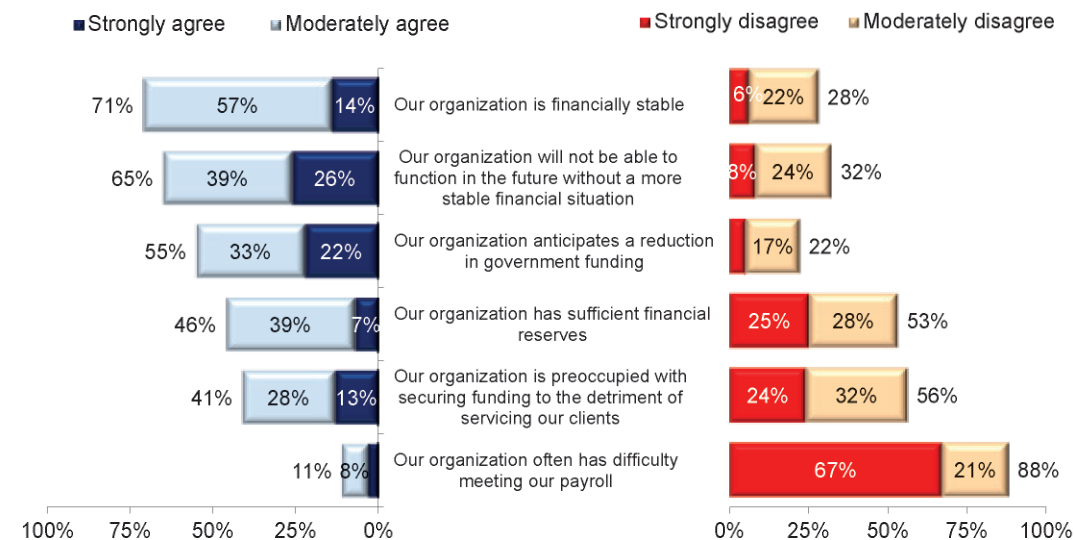
Many, however, anticipated a reduction in government funding (55% agreed this was probable, including 22% which strongly agreed) and showed concern that they would not be able to function in the future without a more stable financial situation (65% agreed, including 26% which strongly agreed). These views were also represented in the facilitated sessions held at The Foundation's offices, where respondents "unanimously shared the view that charitable organizations are insufficiently funded to achieve their desired objectives."

On the matter of having sufficient financial reserves, organizations were divided, but leaned negative, (53% disagreed this was the case, while 46% agreed that they were in good shape, particularly those with revenues of \$1 million or more). While most organizations also rejected the idea that they were preoccupied with securing funding to the detriment of serving clients (56% disagreed that this was a preoccupation), a significant minority conceded that they were experiencing difficulties in this area (41% agreed, including 13% which strongly agreed).

Organizations that had experienced a downturn in funding and revenues were naturally less likely than average to describe themselves as financially stable (42% disagreed with this description) and more likely than average to expect a reduction in government funding (74% agreed this was anticipated).

Assessment of Organizations' Funding Stability

"Now continuing on regarding funding, please indicate if you agree or disagree with the following statements..." (n=228)



Base: All Respondents

“Telling our story is a weakness – we’re humble and don’t know how to do this effectively.”

SECTION 9: PARTNERSHIPS AND MERGERS

During the facilitated discussion sessions, charitable sector stakeholders were presented with three models by which charitable organizations might work together to build capacity within the sector, including informal organizational collaboration, formal organizational partnerships, and organizational mergers.

The benefits of informal collaboration were noted in all sessions. The most significant benefit, beyond expediency, was seen as being a reduction in duplication particularly among medium-sized and larger organizations. Potential pitfalls, however, included a perceived potential for misunderstandings or for role confusion. Smaller charities foresaw the possibility of a power imbalance between organizations, different expectations among partners, or potentially poor use of time or resources.

Formal partnerships were seen to offer greater clarity over the roles to be assumed by participants, and as a means by which to achieve greater stability or to attenuate risks. Some smaller charities also saw formal partnerships as a way to improve service delivery and as something that could favourably impress their funders.

However, formal partnerships were also seen as potentially introducing a degree of rigidity and a loss of nimbleness. These concerns were particularly likely to be voiced by smaller organizations. Their concerns included a potential loss of identity or of control and having to devote a significant amount of work into maintaining these partnerships.

Mergers were seen as offering a potential for efficiencies, reduced competition and better alignment with funder preferences. Once again, however, organizations also cited the perceived risk of loss of ownership or identity in a merger; and such mergers were seen as being more desirable when they were the outcome of an internal process rather than as an imposition. Session participants noted that the viability and benefits of any merger needed to be carefully examined before any commitments could be made.

“Sometimes a formal partnership just masks duplication of services.”

SECTION 10: CONCLUSIONS

Through the analysis of CRA data for Winnipeg charities, online and telephone surveys, personal interviews with Executive Directors and a review of charitable giving trends, several conclusions can be drawn:

1. While the commitment and passion is strong, the charitable sector as a whole is currently stressed and stretched.
2. There is some variation by program area but most organizations are vulnerable to changes in government funding levels.
3. Larger organizations are able to compensate their employees at a more competitive rate than smaller organizations.
4. It is very challenging for organizations of all sizes to establish a meaningful operating reserve.
5. Organizations, particularly smaller ones, struggle with recruitment and retention of qualified staff and it is often challenging to attract qualified Board Members. Budget limitations restrict capacity building and training opportunities for staff.
6. Much frustration is expressed in a lack of ability to meet service demand.
7. Uncertain funding arrangements make planning difficult and have a negative impact on organizational effectiveness. The advantage of long-term versus year-over-year funding was underscored.

Where Do We Go From Here?

For The Winnipeg Foundation, the findings in this report have provided an important lens on our city's charitable sector that cannot be ignored. Our vision is "a Winnipeg where community life flourishes for all" and a thriving charitable sector is a critical part of any vibrant, flourishing community.

We are currently developing our 2019-2021 Strategic Plan. This process started more than a year ago with **Vital Signs®** – a snapshot of life in Winnipeg. The report – released in the fall of 2017 – identified significant needs and trends by combining research with the results of surveys in which community members provided insights on issue areas critical to our quality of life.

Four key findings surfaced through the Vital Signs process. **Reconciliation** with the Indigenous community is a widely shared goal in our community. Feeling you **belong** is vital to ensuring a meaningful life. Extending beyond the traditional definition of health, **well-being** brings together the interconnected dimensions of physical, mental and social well-being. We form communities based on commonalities and interests and by their very nature, these communities may exclude others – **the lines that divide** can be influenced by geography, age, education, income, employment, cultural and religious beliefs, values, gender and so on.

In addition to feedback from the general public through Vital Signs, the findings in ***Stretched, Stressed and Still Standing*** provide a perspective from the charitable sector.

We are indebted to the staff at all the Winnipeg charities who were able to make time to participate with us; in the survey and in the focus group discussions. Your insights and ideas – and concerns – have helped us shine a light on the stressors and opportunities in our community. Input from the community through Vital Signs, and now from the charitable sector through this report, is helping guide The Winnipeg Foundation's direction, as we prepare our next strategic plan, to be launched in the fall of 2018.

Just going through the process of developing this report generated helpful conversations about the current state of the charitable sector in our province. We hoped to surface more understandable distinctions between large, mid-size and smaller charities or between charities operating in different mandate areas. Our research does provide some insight but on the whole, the sector is facing common challenges. Obviously, The Winnipeg Foundation does not have the capacity to resolve these issues but our plan can address in some way the findings in this report.

As we draft our 2019-2021 Strategic Plan, we will focus our attention on:

1. strengthening the sector by enhancing capacity building opportunities including professional development
2. continuing and potentially expanding our multiyear funding programs
3. promoting charitable giving across the province
4. supporting the exploration of potential collaborations, mergers and partnerships
5. convening the sector to promote the exchange of ideas and best practices
6. looking further into revenue trends with special attention to the discrepancy noted for Indigenous-led organizations
7. continuing support for our current Agency Fund program.

In conclusion, it is important to restate that the generalizations in this report cannot be directly applied to specific situations. The experience of every agency is different. Each organization brings a unique enthusiasm and energy to its community-building efforts. We are inspired and humbled by the important work undertaken every day by the committed charities in our city and by the generosity of the donors and volunteers who support them.

Thank you again to all the agencies who participated in the development of this report and thank you as well to all the donors who make our province number one in charitable giving.

We welcome feedback and comments on this report. Please do not hesitate to contact us if you have questions about any of the findings contained in the publication.



Richard L. Frost, CEO, The Winnipeg Foundation

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The Winnipeg Foundation

1350-One Lombard Place | Winnipeg, Manitoba R3B 0X3 | 204.944.9474 | 1.877.974.3631

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