

2022

STATE OF THE ONTARIO NONPROFIT SECTOR

TECHNICAL REPORT: HIGHLIGHTS AND INSIGHTS

Survey conducted between May 11-June 3, 2022

**SURVEY CONDUCTED BY:
COMMUNITY RESEARCHERS**



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OVERALL HIGHLIGHTS



FINANCIAL SUSTAINABILITY AND OPERATIONAL HEALTH

1. Most Ontario nonprofits have returned to physical space or adapted hybrid models

- One quarter of organizations are back in physical spaces for 2022
- Half of nonprofits have adapted to a hybrid work and/or service model

2. Financial forecasts of Ontario nonprofits remain alarming

- Overall, 34 per cent of nonprofits reported they were unable to sustain for more than 12 months
- Nonprofits showed no improvement in financial sustainability in comparison to 2021, where 35 per cent of organizations reported they were not sustainable beyond 12 months

3. Costs and demand for services have increased significantly for Ontario nonprofits

- 74 per cent of organizations experienced increased demand for services in 2022, in comparison to 63 per cent in 2021
- 83 per cent of organizations experienced an increase in costs in 2022, in comparison to 64 per cent in 2021

4. Ontario nonprofits challenged by inflation, decreased donations, increased employment costs, and decrease in earned income

- 62 per cent of nonprofits cited inflation as a factor challenging their organization's financial situation, and 59 per cent reported decreased donations as the main factor
- 54 per cent of nonprofits were challenged by an increase in employment costs and decrease in earned income

ACCESS TO GOVERNMENT SUPPORTS

1. Overall, federal government support program participation remains low

- Only 24 per cent of respondents received the federal Emergency Support Fund for nonprofits and charities in 2022, compared to 23 per cent in 2021
- Only four per cent of organizations benefited from the Canada Recovery Hiring Program



2. Participation in Ontario Trillium Foundation's Resilient Community Fund program increased considerably

- 23 per cent of organizations received the OTF Resilient Communities Fund in 2022, compared to only nine per cent in 2021
- Among mid-sized nonprofits, approximately one in three received Resilient Community Fund

3. Few nonprofits benefitted from the Ontario government's flagship support program for small employers

- Approximately half of the respondents received the Ontario COVID-19 Small Business Relief Grant
- Only 26 per cent of organizations benefitted from the Ontario Business Costs Rebate Program

4. Federal and provincial program participation varied considerably by type of nonprofit

- Grassroots organizations and nonprofit cooperatives less likely to benefit from funding support
- Almost one in three arts organizations benefitted from the Federal Emergency Support Fund for Cultural, Heritage and Sport Organizations

STAFF, VOLUNTEERS, AND COMMUNITY IMPACT

1. Two-thirds of Ontario nonprofits are experiencing staffing challenges

- Overall, 65 per cent of respondents indicated challenges with recruitment or retention within the past year
- Larger organizations were nearly twice as likely as smaller nonprofits to experience staffing challenges

2. Staff burnout and skills shortages are main factors affecting recruitment and retention

- Staff burnout and stress was the biggest factor, with 67 per cent reporting difficulties in this area
- 62 per cent of respondents identified skills shortage (lack of candidates with the skill sets sought by the organization) as a key factor affecting recruitment and retention of staff

3. Nonprofits lost a massive amount of volunteers

- 62 per cent of organizations reported loss of volunteers in the past year



- 58 per cent of organizations experienced difficulty in recruiting new volunteers and 40 per cent of organizations had difficulty convincing previous volunteers to return
- 4. Half of nonprofits had to scale back programs and services due to workforce and volunteer challenges**
- Faith groups, sports and recreation organizations, and social services were more likely than others to have to scale back programs and services
 - In addition to scaling back programs or services, one in five organizations reported increased waitlists due to staffing challenges.

REGIONAL HIGHLIGHTS

1. Toronto

- 60 per cent of organizations identified increased employment costs as a main challenge
- 75 per cent of respondents reported staff burnout and stress as the factor affecting their ability to recruit/retain staff

2. Durham Region

- 55 per cent of organizations indicated the lack of funding is a major factor affecting their ability to recruit and/or retain staff, higher than the provincial average of 39 per cent
- 20 per cent of organizations have a job vacancy rate of 20-29 per cent

3. Halton Region

- 60 per cent of organizations lost volunteers in the past year
- 75 per cent of organizations reported wage disparity for similar/same jobs across sectors as a factor affecting their ability to recruit and/or retain staff



4. Peel Region

- More than half of organizations reported having programs or services scaled back as a result of staffing challenges
- 62 per cent indicated uncompetitive compensation packages (e.g., pension plan, health benefits) as a factor affecting organizations' ability to recruit and/or retain staff

5. York Region

- 79 per cent of organizations experienced increase in demand for services
- 83 per cent of organizations identified staff burnout and stress as the main factor affecting ability to recruit and/or retain staff, the highest among all regions

6. Ottawa Region

- 46 per cent are aware of other organizations from the same subsector which have permanently closed due to pandemic, higher than the provincial average of 34 per cent
- 61 per cent of organizations had to scale back programs or services, in comparison to the provincial average of 49 per cent

7. Eastern Ontario

- 92 per cent of organizations saw increase in costs, the highest among all regions
- 67 per cent of organizations were challenge by decrease in donations, compared to the provincial average of 59 per cent

8. Central Ontario

- 49 per cent of organizations experienced volunteers retiring, compared to the provincial average of 35 per cent
- 21 per cent of organizations are entirely volunteer-driven, the highest among all regions



9. Niagara Falls and Region

- 79 per cent of organizations experienced staffing challenges with recruitment/retention, the highest among all regions
- 20 per cent of organizations reported the lack of affordable accessible child care services for staff as a main factor affecting their ability to recruit/retain staff

10. Southwestern Ontario

- 47 per cent of organizations identified lack of funding as a main factor affecting their ability to recruit/retain staff, higher than the provincial average of 39 per cent
- 24 per cent of organizations received the OTF Resilient Communities Fund

11. Northern Ontario

- 71 per cent of organizations experienced staffing challenges with recruitment and/or retention, higher than the provincial average of 65 per cent
- 83 per cent of organizations saw increase in demand for services, higher than the provincial average of 74 per cent

SUBSECTOR HIGHLIGHTS

Social services

- 81 per cent experienced increased demand for services, higher than the provincial average of 74 per cent
- 77 per cent experienced staffing challenges with recruitment and/or retention

Arts, culture, heritage, and tourism

- 58 per cent are aware of other organizations from the same subsector which have permanently closed due to pandemic, the highest among all subsectors
- 33 per cent applied for the Federal Emergency Support Fund for Cultural, Heritage and Sport Organizations, and 29 per cent received it.



Health

- 17 per cent received centrally or publicly procured protective equipment out of 19 per cent of organizations that applied
- Experienced the highest increase in demand for services (89 per cent)

Education and research

- 50 per cent cited lack of funding affecting organization's ability to recruit and/or retain staff
- 11 per cent applied for the Canada Recovery Hiring Program fund, and four per cent received it

Sports, recreation, and other social clubs

- 56 per cent are aware of other organizations from the same subsector which have permanently closed due to pandemic, higher than the provincial average of 34 per cent
- 37 per cent cited the winding down of COVID-19 federal and provincial supports was a factor affecting organization's ability to recruit and/or retain staff

Community development and housing

- 71 per cent challenged with increase in employment costs, the highest among all subsectors
- Seven per cent received the Social Services Relief Fund

Environment

- More than half of environmental groups are not able to sustain their operations beyond a year
- 42 per cent of organizations reported rent increases as a factor challenging organizations, compared to the cross-sector average of 17 per cent

Grant-making, fundraising, and volunteerism promotion

- 86 per cent reported increase in demand for services
- 71 per cent challenged by decrease in donations, higher than the average of 59 per cent



Law, advocacy, politics

- 75 per cent identified increase in government funding as the factor contributing to organizations' increase in revenue
- All of the respondents in this subsector applied and received the Ontario COVID-19 Small Business Relief Grant

Business associations, professional associations, and unions

- All respondents from this subsector experienced decrease in earned income
- 63 per cent applied and received Ontario COVID-19 Small Business Relief Grant

Faith groups

- 67 per cent reported difficulty recruiting new volunteers, higher than the average of 58 per cent
- 82 per cent identified the decrease in donations as a major factor challenging their financial stability

Hospitals, universities, and colleges

- All of the respondents in this subsector cited skills shortage and staff burnout and stress affecting their ability to recruit and/or retain staff
- All of the respondents identified inflation as the main factor challenging organizations financially

International

- 58 per cent of organizations' largest source of funding comes from fundraising and/or donations
- All of the respondents reported not having reserves

Black and Indigenous Organizations

Black organizations*

Black-lead

- 27 per cent only able to sustain financially for one to three months
- 55 per cent have an annual operating budget of less than \$500,000



Black-serving

- 44 per cent reported increased rent as a challenge
- 16 per cent received Local Food Infrastructure Fund/Support for food banks and local food organizations/Surplus Food Rescue Program from the 28 per cent that applied

Black-focused

- 81 per cent experienced a loss of volunteers
- 73 per cent identified wage disparity for similar/same jobs across sectors as the main factor affecting organization's ability to recruit and/or retain staff

Black-led, Black-serving & Black-focused organizations

- 28 per cent expect organization's situation will worsen, higher than the average of 16 per cent
- 14 per cent applied for the Enhanced Funding for the Black Youth Action Plan, and seven per cent received it

Indigenous Organizations**

Indigenous-benefiting

- 82 per cent experienced increased demand for services
- 63 per cent lost volunteers

Indigenous-informed

- 38 per cent applied for the Resilient Communities Fund (Ontario Trillium Foundation), with 23 per cent receiving funds
- 11 per cent applied for the Emergency Support Fund for Cultural, Heritage and Sport Organizations, with nine per cent receiving funds

An Indigenous partnership

- 30 per cent expect organization's situation will worsen
- 87 per cent reported staff burnout and stress as the major factor affecting organization's ability to recruit and/or retain staff, higher than the average of 67 per cent



Indigenous-led

- 38 per cent applied for the Resilient Communities Fund (Ontario Trillium Foundation), with 25 per cent receiving it
- 44 per cent aware of other organizations from same subsector which have permanently closed due to pandemic

Indigenous-benefiting, Indigenous-informed, an Indigenous partnership, and Indigenous-led

- 12 per cent applied and received Indigenous Community Support Fund (allocated through Friendship Centres)
- 100 per cent experienced increased demand for services

*3 percent of overall respondents identified as Black-lead, -serving, and/or -focused.

**2 percent of overall respondents identified as Indigenous-led, -benefiting, -informed, or -partnership.

Type of Operation

Unincorporated grassroots or community group

- 62 per cent of grassroots organizations are not able to sustain their operations beyond a year
- 86 per cent applied for the Ontario COVID-19 Small Business Relief Grant, and 57 per cent received it

Social enterprise

- 78 per cent experienced increased employment costs
- 63 per cent experienced decreased earned income

Nonprofit cooperative

- 11 per cent have a job vacancy rate of greater than 50 per cent, significantly higher than the average of two per cent.
- 33 per cent received the Ontario Business Costs Rebate Program



Rural Organizations

- 17 per cent of rural organizations are entirely volunteer-driven
- The majority of rural organizations (62 per cent) have an operating budget of less than \$500,000, with less than 10 staff

Volunteer-only Organizations

- The majority of funding comes from donations and earned income, with only six per cent of organizations citing government funding as their largest source of funding
- 47 per cent received Ontario COVID-19 Small Business Relief Grant out of 84 per cent of eligible organizations

Comments and suggestions from respondents



- "We are facing a Human Resources' crisis due to: Bill 124 "The Great Resignation" Increased cost of living making low salaries even less attractive. Decades of increases that do not keep pace with the cost of living increases High numbers of staff preparing for retirement with no succession plan due to unattractive compensation Ministry service contracts that continue to demand with same deliverables (client service) despite years of escalating costs." (Southwestern Ontario, social services, social enterprise, Indigenous-benefitting, Indigenous-informed).
- "Shrinking of financial supports specifically related to food security; General shrinking of provincial and municipal support. Staffing front line work will be more difficult; hourly wages will need to increase; in the City of Toronto, rental space for organizations will become unaffordable." (Toronto, social services, registered charity, Black-led, Black-serving, Indigenous-informed).
- "Rising demand for service at the same time as decreasing public support. Folks need increased incomes through OW and ODSP so they don't need the food bank as much." (Peel, social services, registered charity).
- "We did receive a grant from the Federal Government early on in the pandemic (Covid Emergency Relief through the Red Cross. We have applied for multiple grants and have NOT been successful with the standard answer being there was an overwhelming amount of applicants. The Grant process is time consuming and does not create a level playing field. Many organizations receive hundreds of thousands while others receive zero. We have had no assistance from the Provincial Government and did not receive any funding from the regional government either. It has been very disheartening and frustrating especially when we are providing services much needed through Covid to other not for profits and the communities they serve." (Halton, sports and recreation nonprofit, volunteer-run).



- "We depend on fundraising and donations for 45 per cent of our revenue, yet donations are steadily decreasing. Our provincial and municipal funding has not increased in over a decade, despite inflation. We need significant sustained funding to meet pre-COVID needs, and now more due to the economy." (Ottawa Region, social service, registered charity, Indigenous-benefitting).
- "I would like to see more flexibility in the funding available, and more relationship and trust building to allow organizations with broad mandates like shared platforms or collaborative efforts to access funding and self-determine metrics vs. narrow eligibility criteria and prescribed metrics for sector-specific or sub-population program delivery. I worry that coming out of COVID, "recovery" funds will dry up and cut short important progress where orgs had space to experiment with new and better ways of doing things moving forward, including many new collaborations, which were necessary and will be impactful but are difficult to get funded because they are (and must be) longer term." (Southwestern Ontario, education and research, registered charity).
- "Issues with staff recruitment - multiple and repeated efforts to recruit for current openings are not working, retaining current staff is a concern as they are burnt out from having to 'pick up the slack' when other staff leave, service levels and quality are suffering. Needed: Financial support for attracting and retaining qualified staff and to support staff mental well-being and organizational health and capacity. The entire nonprofit sector is in need of an overhaul and more meaningful investment." (Toronto; arts, culture, heritage and tourism; registered charity; Black-led and Black-serving; Indigenous-benefitting).