



Sector 360° Survey:

Taking the pulse of Ontario's Nonprofit Sector



TWITTER @o_n_n **LINKEDIN / FACEBOOK** ontario nonprofit network

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ABOUT ONN

ONN is the independent nonprofit network for the 58,000 nonprofits in Ontario, focused on policy, advocacy and services to strengthen Ontario's nonprofit sector as a key pillar of our society and economy.

ONN works to create a public policy environment that allows nonprofits to thrive. We engage our network of diverse nonprofit organizations across Ontario to work together on issues affecting the sector and channel the voices of our network to governments, funders, and other stakeholders.

OUR VISION

A Strong and Resilient Nonprofit Sector. Thriving Communities. A Dynamic Province.

OUR MISSION

To engage, advocate, and lead with—and for—nonprofit and charitable organizations that work for the public benefit in Ontario.

OUR VALUES

Courage to take risks and do things differently. **Diversity** of perspectives, creativity and expertise to get stuff done. **Optimism** and **determination**. **Solutions** created by the sector, with the sector, for the sector. **Celebrating** our successes and **learning** from our experiences. **Strength** that comes from working **together**.

ACKNOWLEDGMENTS

ONN gratefully acknowledges the contribution of Ontario4All and Sean Meagher, the Calgary Chamber of Voluntary Organizations, and the ONN Policy Committee for providing input on the survey scope and questions.

We would like to thank all of the respondents of the survey, as well as ONN's partners for sharing the survey and encouraging organizations in their networks to participate, providing valuable data for this initiative.

Initiatives such as this are possible thanks to the generous support of ONN members and Connectors.

November 2019

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Executive Summary

The Sector 360° Survey is ONN's first survey of the sector to examine how Ontario's nonprofit landscape has been impacted by the 2019 provincial budget, as well as recent policy decisions made by the provincial government.

This survey was open to nonprofits, charities, and nonprofit co-operatives with a mission to serve a public benefit, aimed specifically at executive directors and senior leaders. The survey was administered using an online platform for one month. A total of 447 people responded; however, not all respondents replied to all questions.

Responses show that across subsectors, organizations aren't just worried about having their funding streams cut, but also the speed and uncertainty of the decision-making process, as well as the lack of information, details, and engagement with the sector by the provincial government. The responses from nonprofits underscore the challenges they face and the concern they have for the communities they serve.

Our key finding is that nonprofits are now operating in a climate of growing uncertainty and volatility as a result of massive systems transformations confronting the nonprofit sector in Ontario.

Data highlights:

1. **30 per cent of responding organizations said their budgets have decreased as a result of the provincial budget and policy changes.**
2. **50 per cent of responding organizations do not have the bare minimum of three months reserve funds.**
3. **23 per cent of responding organizations anticipate having to pay costs out of pocket as a result of the 2019 budget and related policy decisions.**

ONN Advocacy in Action

1. Informed by these important findings and our convening of the network across Ontario, ONN will continue to advocate to the Ontario government about these significant impacts, and ensure that the sector is communicating these realities directly with government decision makers.

2. ONN will continue our government relations and advocacy work on ways to strengthen the sector's work with government as partners for thriving communities. This includes our ongoing engagement with provincial Cabinet Ministers whose portfolios affect our policy priorities, such as the Ontario Not-for-Profit Corporations Act, Red Tape Reduction in Funding agreements, and creating an enabling environment for nonprofit social enterprise in Ontario.¹
3. More broadly, we will also continue our outreach to MPPs to bring nonprofit sector issues to their attention and connect local nonprofits with their constituent MPPs.

¹ For more on ONN's Policy Priorities, see <https://theonncanada.ca/our-work/our-policy-priorities>.

Introduction

On April 11, 2019, the provincial government released its first budget since being elected, which had considerable implications for Ontario's nonprofit sector. ONN tracked the impact of the budget through direct input from our working groups, and analysis from the broader network, along with media monitoring. With over 58,000 nonprofits in the province, Ontario's nonprofit sector plays a vital role in supporting thriving communities, and decisions made by government impact their work.

As a result of the changes announced in the budget, ONN determined that a survey was needed to capture information at this moment and to provide a snapshot of the pressures the nonprofit sector is experiencing and where those pressures exist - from subsector to region. We also wanted to solicit ways to support the sector in this current policy environment. There have been some significant wins as a result of advocacy across subsectors in the province - such as the reversal of proposed legislation to open up the Greenbelt to development² - to maintain what currently exists, but nonprofits, along with communities, continue to drive change from the ground up.³

Over the month of July 2019, we gathered data through the survey. This report reflects the experiences of nearly 450 nonprofits in Ontario and how they have been impacted by the 2019 provincial budget and policy changes that have occurred over the last year. Our analysis included a look at subsector and regional breakdowns.

The report is organized around three key themes that emerged from the data:

- 1. Budget cuts are deep, but it's the system transformations and populations affected that concern nonprofits the most.**
- 2. Increased volatility is forcing nonprofits to deal with greater challenges as result of ripple effects of policy changes and budget cuts.**
- 3. Amid anxiety and uncertainty, nonprofits remain optimistic and are making the most of opportunities.**

² CBC News "Here's a list of the cuts and program changes the Ford government has backtracked on" <https://www.cbc.ca/news/canada/toronto/doug-ford-ontario-cuts-backtrack-1.5308060>

³ *ibid.*

Although different subsectors may feel different impacts (e.g. child care, housing, the arts)⁴, ONN found that the overall nonprofit sector is operating in a climate of uncertainty.

The themes that emerged from the survey reflect and highlight the need for the Ontario government to actively engage and consult with the sector in advance of making policy changes no matter the circumstances, to better identify potential problems and unanticipated consequences.

⁴ ONN uses a typology of subsectors from the Johns Hopkins Comparative Nonprofit Sector Project <https://ccss.jhu.edu/research-projects/comparative-nonprofit-sector-project/>

PART 1

Top of mind: Financial and structural pressures

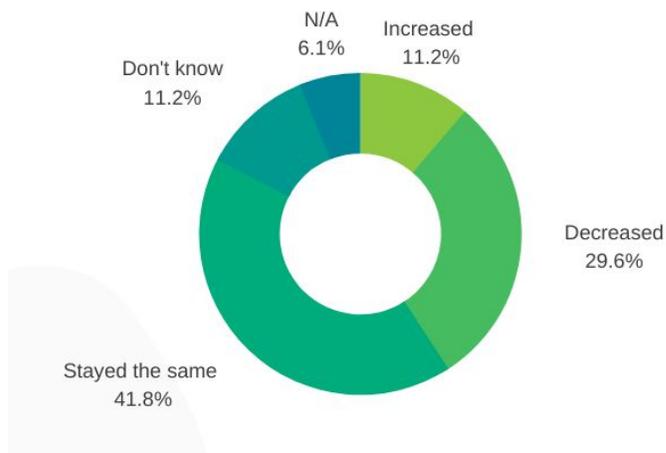
Budget cuts are deep, but systems transformations and impact on key populations concern nonprofits the most.

Budget cuts leave nonprofits in flux

Nonprofits often work with limited funds, tasked to do more with less. Historically, the sector has and continues to grapple with a range of funding challenges and trends.⁵ In light of these challenges and the recent provincial budget, we wanted to find out whether nonprofits' budgets had changed in the last year and what the impacts might be. We found that **nearly a third (30 per cent) of respondents indicated their budgets decreased as a result of the provincial budget and policy changes**. And even as late as July 2019 (three or four months into the fiscal year), another 11 per cent of nonprofit organizations did not know whether they would be affected, because of a lack of information available to them to make this assessment.

BUDGET IMPACT: SECTOR OVERVIEW

Q13. Has your budget increased, decreased or stayed the same as a result of the provincial budget and policy changes?



⁵ These challenges and trends include funding sufficiency, predictability, inflationary increase in operating costs, and the ability to have funds that allow nonprofits to invest in innovations and systems change work. See <https://theonnc.ca/our-work/our-financing/government-investment-funding-reform/> for more information.

What survey respondents said:



"We had about \$1M cut for climate change accelerators and other provincial social enterprise network building funds were cut or not renewed."

"We are not impacted this year because the province backed down and renewed our funding, but they made it clear that the funding would only be renewed until March 2020."

"We are told to operate in last year's budget for the time being. We are not quite sure of what will happen in the future."

Funding is needed to run programs, pay staff and related program expenses, and to ensure that communities are served. **Fluctuating budgets limit the ability of nonprofits to plan for and deliver consistent services to communities. Uncertainty increases when changes happen in-year and after an organization's board of directors has already approved the yearly budget.** This climate of uncertainty leaves nonprofits in a precarious situation to serve their communities and fulfill their financial responsibilities.

What survey respondents said:

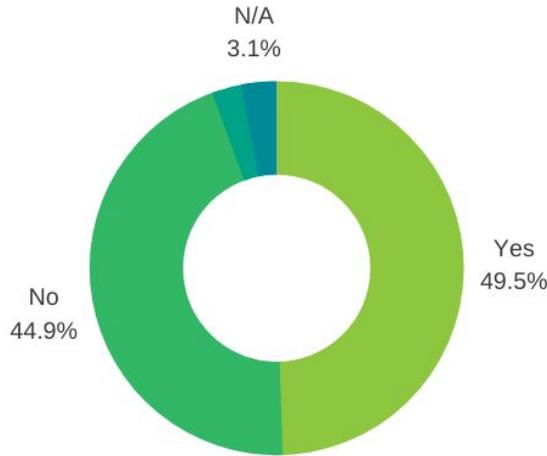


"No contract for the fiscal year 2019-20 has been received to this date, already four months into the fiscal year."

"Green Energy Act, MicroFIT, Cap & Trade - lots of opportunities for our organization to access funding for our current and expanding programs have disappeared and we are struggling to find new ways to fund expanding our programs."

We asked nonprofits if they received funds from provincial agencies and commissions (e.g. Legal Aid Ontario, Ontario Arts Council or Ontario Trillium Foundation [OTF] or provincial funding through municipalities (e.g. childcare, public health, housing). Almost half of respondents (49 per cent) responded yes, which tells us that municipalities and government intermediaries can have a significant impact on a nonprofit's ability to fund programs and services. We can assume that a significant proportion of funding flows to Ontario's nonprofit sector from the provincial government via intermediaries, such as municipalities or local health integration networks (LHINs), for example.

Q14. Does your organization receive funds from provincial agencies and commissions (e.g., Legal Aid Ontario, Ontario Arts Council, Ontario Trillium Foundation) or provincial funding that flows through municipalities (e.g., public health, child care, housing)?



What a survey respondent said:



“We understand the granting agencies such as the Ontario Arts Council, the Ontario Trillium Foundation and Ontario Music Fund are being evaluated right now - and this is likely to have an impact on us. While it's not the same as the LHIN to Health Teams situation, it's still likely to result in major changes. We just don't know what they are, when they'll be announced, or even what process is being used and who's involved.”

This makes it difficult for nonprofits to advocate and communicate the impact or significance of the cuts on their organizations, which often involves two layers of decision-making. For example, a municipality may, as a result of provincial budget changes, pass on a child care subsidy cut or raise property taxes to deal with the shortfall. In this scenario, nonprofit organizations who would have received the child care subsidy would have to increase their fees, making child care unaffordable for families reliant on the subsidies. If the municipality decides to increase property taxes to avoid cutting the subsidy, families, particularly renters and property owners, could be negatively affected, and unable to afford child care because of increased (living) costs. The layers of impact created by different levels of government (through funding and regulatory decisions, as well as responses to these decisions) make it more complicated for nonprofits to both communicate these impacts and advocate for change.

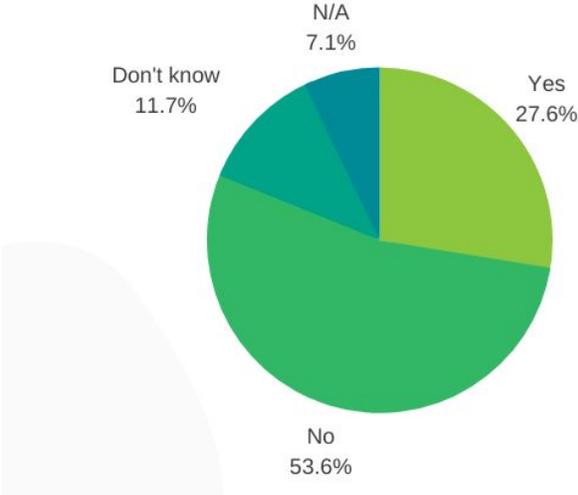
For some of the sector, not much has changed, while a small number of organizations have even seen increases. Forty-two per cent of respondents said that their budgets remain the same, while 11 per cent of nonprofits across sectors said that they saw an increase. This is reassuring for certain parts of the sector; however, even with the increases, respondents expressed concern over how long the funding would be available. In some cases, faced with a growing demand for services, nonprofits are still concerned about how they will manage over the long term.

Systems transformations create increased uncertainty

We asked nonprofits whether their organizations are in a subsector that is being reorganized. **More than a quarter (28 per cent) of nonprofits indicated that their sector is subject to a restructuring exercise.** Currently there are major changes being planned and implemented in the child care, employment and training, and health care sectors, with changes expected in the near future to the structures of the community housing, arts, and sports sectors. These reorganizations create high levels of anxiety and uncertainty, but they also present new opportunities for nonprofits to collaborate, to enter new markets, and to grow. The key is for the provincial government to sit down with affected nonprofits in advance of the changes to plan together and avoid unintended consequences.

BUDGET IMPACT: SECTOR OVERVIEW

Q16. Is your organization in a sector that is being reorganized? (For example: transitioning from predictable transfer payment agreements to an open competition bidding process, or from a Local Health Integration Network model to Ontario Health Teams)?



What a survey respondent said:



"We receive LHIN money for our Seniors programs. We do not yet know how the reorganization of the Health Care funding sector will affect our funding."

Indirect impacts

When asked if nonprofits had been affected indirectly⁶ by the provincial budget, the majority (57 per cent) of respondents said yes. The cumulative impact of Ontario Budget 2019 is that not just one subsector is impacted by a cut here or there. Given the nature of nonprofits and the diversity of services they provide, a budget cut in one area could have an impact elsewhere.

This is true even with funding increases for some organizations in the sector. While they can be seen as good news in terms of higher budgets to deliver services, these increases are often outweighed by higher demand because of cuts elsewhere.

What survey respondents said:



"We work with women. Cuts to daycare, education, legal aid all affect them directly. Losing the children's advocate affects them indirectly."

"Ontario Autism Program changes result in a \$2.5M decrease in our transfer payment agreement with MCCSS [Ministry of Community and Social Services] by March 31, 2020. Funding will be flowing directly to families instead and we are expected to compete in an open market going forward. Planning/transition runway approximately 6 months. Limited transitional funding provided."

"Cancellation of 758 "green energy" initiatives has had both a chilling effect on the alternative energy sector, and it is a worry that more actions of a similar type may yet be taken by the Ontario government."

Regional snapshot of Budget impact

Looking across the province, we also mapped the impact of budget changes geographically.

Twenty-six per cent of respondents in the City of Toronto⁷ indicated that they experienced budget cuts, while a third of organizations outside of Toronto (32 per cent) reported that their budgets fell.

The data revealed that the impact extends to nonprofits across the province. This has implications for rural communities which have access to fewer funding resources, and therefore cuts to their budget or

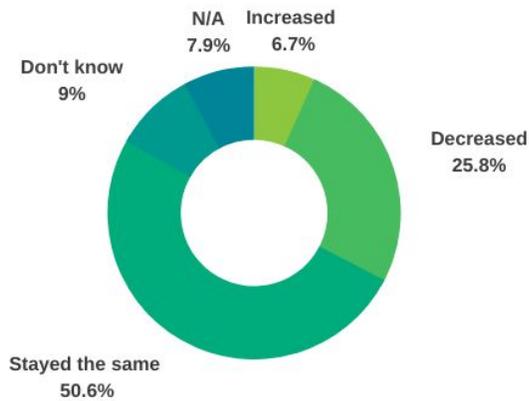
⁶ Indirect impacts refers to funding that is not directly received through a transfer payment agreement or contracts with the provincial government. We define indirect impact as funds that flow through provincial intermediaries, as well as impacts to communities.

⁷ The City of Toronto does not include areas in the Greater Toronto Region (GTA).

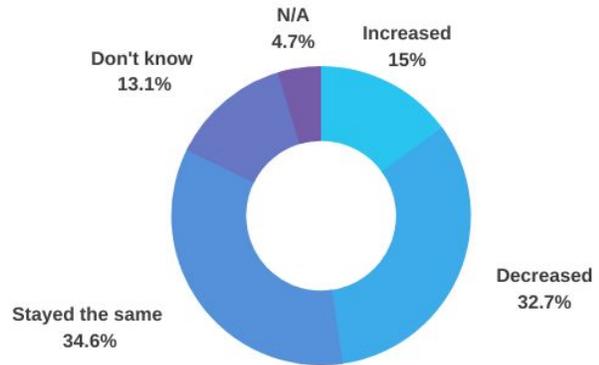
cuts to intermediaries like OTF can have more serious and unintended consequences. The reality is no matter where organizations are located, they are feeling the impact of the budget.

BUDGET IMPACT: REGIONAL SNAPSHOT

Q13. HAS YOUR BUDGET INCREASED, DECREASED OR STAYED THE SAME AS A RESULT OF THE PROVINCIAL BUDGET AND POLICY CHANGES?



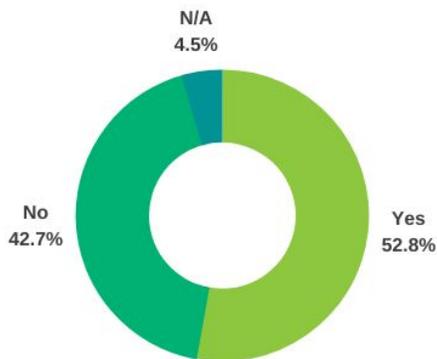
City of Toronto*



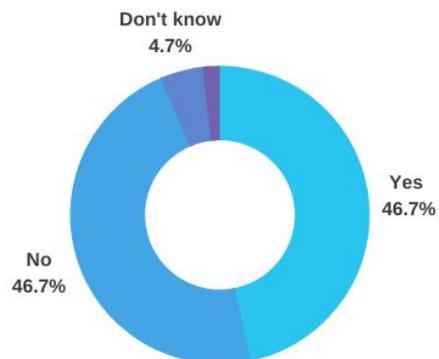
Outside of Toronto

BUDGET IMPACT: REGIONAL SNAPSHOT

Q14. DOES YOUR ORGANIZATION RECEIVE FUNDS FROM PROVINCIAL AGENCIES AND COMMISSIONS (E.G., LEGAL AID ONTARIO, ONTARIO ARTS COUNCIL, ONTARIO TRILLIUM FOUNDATION) OR PROVINCIAL FUNDING THAT FLOWS THROUGH MUNICIPALITIES (E.G., PUBLIC HEALTH, CHILD CARE, HOUSING)?



City of Toronto*



Outside of Toronto

What survey respondents said:



"We are primarily funded by the City of Toronto, and anticipate the threatened cuts to municipalities (e.g. Public Health) will result in significant budget cuts."⁸

"The changes to the Development Charges Act (Bill 108) will have a direct impact on our municipality's ability to collect development charges to support growth-related enhancements to library services and other "soft" services." (Barrie, Ontario)

"Our facility is owned by the municipality and thus cuts to their area of funding from the province reduces their opportunity to assist with capital projects." (Bruce County, Ontario)

Subsector Snapshot

Turning our attention to nonprofit subsectors, these sectors were most impacted:

1) Arts, Culture, and Tourism (e.g. museums, galleries, theatres, community arts)

2) Social Services (e.g. child care, family services, services for the elderly)

3) Education and Research (e.g. employment and training programs).⁹

⁸ It should be noted that the provincial government reversed mid-year public health cuts that would have affected nonprofits across the province, but the cuts for 2020 will still go ahead.

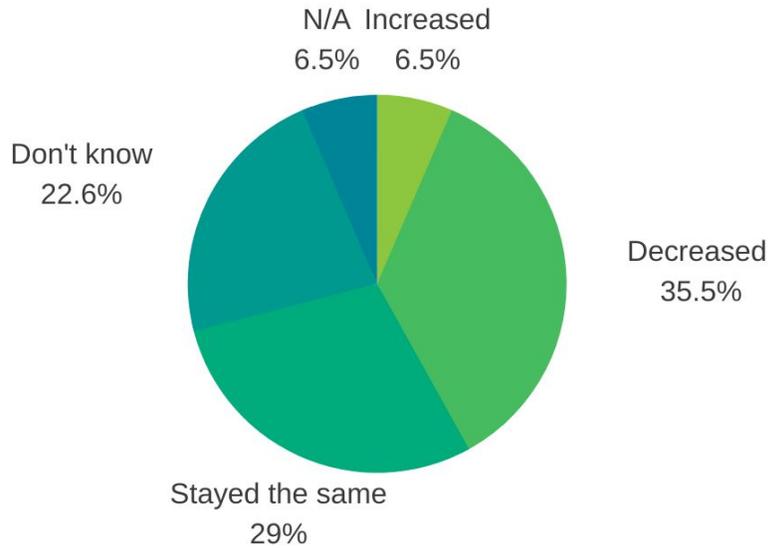
<https://www.cp24.com/news/a-list-of-cuts-and-program-changes-the-ford-government-has-reversed-1.4641467>

⁹ Education and Research is exclusive to employment and training services; this does not include school boards, colleges or universities.

Arts, Culture and Tourism

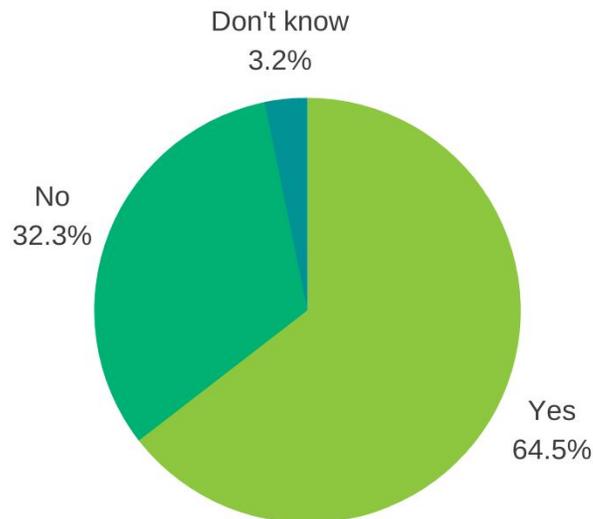
ARTS, CULTURE & TOURISM: SUBSECTOR SNAPSHOT

Q13. Has your budget increased, decreased or stayed the same as a result of the provincial budget and policy changes?



ARTS, CULTURE & TOURISM: SUBSECTOR SNAPSHOT

Q14. Does your organization receive funds from provincial agencies and commissions (e.g. Legal Aid Ontario, Ontario Arts Council, Ontario Trillium Foundation) or provincial funding that flows through municipalities (e.g. public health, child care, housing)?



Over a third (35 per cent) of respondents in the Arts, Tourism, and Culture sector said that their budgets decreased.

What survey respondents said:



“We suspect that there will be fewer art classes available in high schools as a result of the Ministry of Education changes.”

“We are deeply concerned about the cuts to per capita funding for our students in the public system, and increases in class sizes, as cuts to music programs seem to be a popular first response from school boards. While the impact will not be felt in the orchestra sector immediately, the long-term impact is likely to be significant.”

There is also concern about the current reorganization of the Arts, Culture, and Tourism sector, and the impact of in-year cuts, as well as the relationship between the provincial government and its intermediaries, such as the Ontario Arts Council and the Ontario Music Fund, and what that may mean for this subsector.

What survey respondents said:



“Two curatorial development programs for contemporary dance and Enlist theatre and travel support for rural/remote presenters to attend Ontario Contact were all terminated in-year - i.e. immediately impacting the 2019/20 fiscal year with no prior warning.”

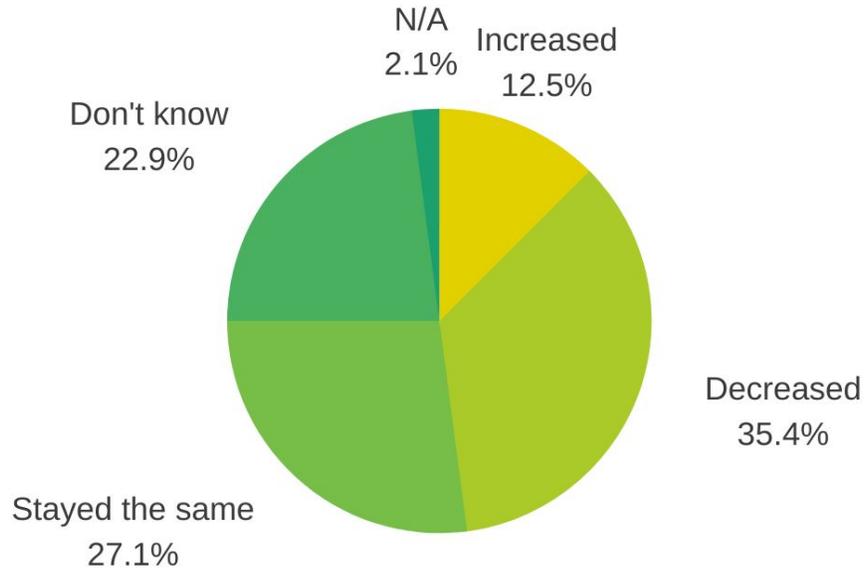
“Ministry of Tourism, Culture and Sport is ignoring its traditional arms-length relationship with the Ontario Arts Council and is directing the OAC on how its \$10-million budget cut should be applied - i.e. which programs are deemed not acceptable to the Ford government.”¹⁰

Social Services

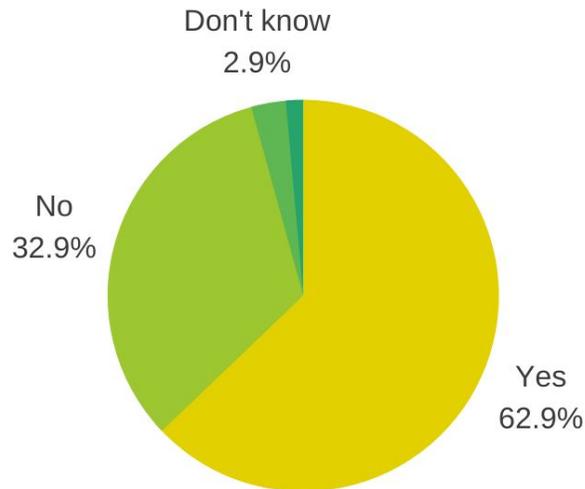
Almost a quarter of respondents (24 per cent) said that their budgets had decreased. For some social service organizations, the ripple effects of cuts, such as cuts to school boards, means higher costs to operate in school spaces, with school boards now charging organizations to use space for their programs and services. Nonprofits may not have had to pay for the space before, or only at a subsidized rate. To offset these new costs, some nonprofits may be forced to raise additional revenue, passing on higher costs to clients served, or adding further budgetary pressures to organizations to cover these costs in other areas of their budgets.

¹⁰ The Ministry of Tourism has been renamed to the Ministry of Heritage, Sport, Tourism and Culture Industries.

Q13. Has your budget increased, decreased or stayed the same as a result of the provincial budget and policy changes?



Q14. Does your organization receive funds from provincial agencies and commissions (e.g., Legal Aid Ontario, Ontario Arts Council, Ontario Trillium Foundation) or provincial funding that flows through municipalities (e.g., public health, child care, housing)?



What survey respondents said:

“We operate in leased space with a TDSB [Toronto District School Board] School building. We also permit space in the school to run after school, March Break and summer programming for children. As a result of cuts to the TDSB, our programs that we were using permitted school space for free under the "Priority Schools Initiative" will start having to pay for permits in the coming months. The amount is significant, and we will have to pass the costs on to our participants by raising our program fees.”

“Education funding cuts mean that we have had to open our space to programs that have been cut, and we are receiving no funding for it, but have the expense.”

Beyond budget cuts, structural changes to provincial government programs have also had an impact on vulnerable populations and the social service organizations that support them.

What survey respondents said:

“Although not yet in place, the new definition of ODSP [Ontario Disability Support Program] eligibility will throw hundreds, if not thousands, of people we serve into greater poverty (they will be moved to the lower social assistance income of OW [Ontario Works] instead) - we expect to see enormous financial stress and increased homelessness from this policy change alone. In addition, the continued flatlining of funding for most of our provincial grant streams is wearing our organizational resources very thin and the uncertainty of future funding makes planning and commitments to staff very difficult.”

“We have lost funding due to cuts to youth employment. As well, we are potentially impacted by changes to childcare. Also, cuts to legal aid impact the participants we serve. The reorganization of the LHINs [Local Health Integration Networks] could have an impact on the resources we depend upon.”

“Some of our immigrant and refugee clients will see their health services reduced, and the indirect effect on afterschool programs due to early closure of schools due to school board funding cut. Some of our legal aid clinic partners may not be able to deliver services to our clients due to drastic cuts to legal aid.”

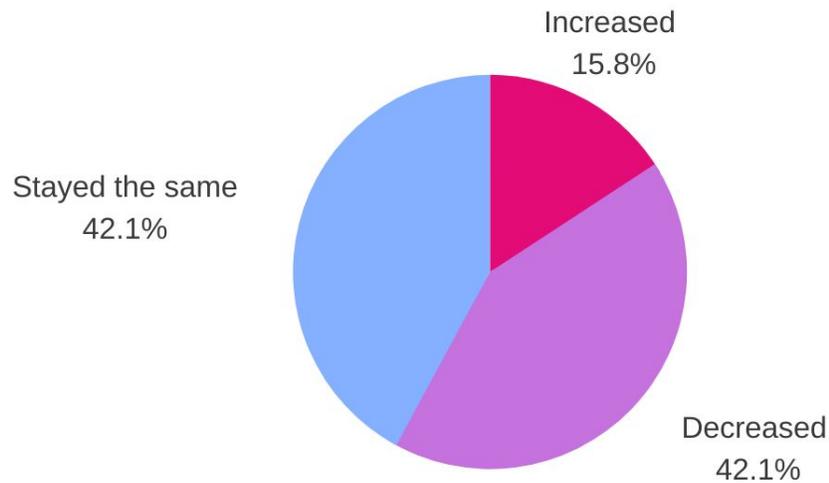
Education and Research

Twenty-six per cent of respondents in this subsector also saw their budgets decrease.

With the current Employment Ontario (EO)¹¹ transformation underway, a number of nonprofits have had contracts put on hold, while others are uncertain about how the transformation will affect their budgets.

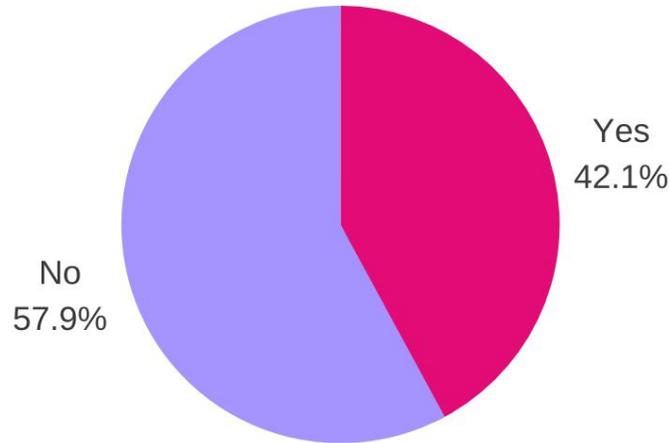
EDUCATION & RESEARCH: SUBSECTOR SNAPSHOT

Q13. Has your budget increased, decreased or stayed the same as a result of the provincial budget and policy changes?



¹¹ Government of Ontario news release "Province Helping Job Seekers and Employers Make Ontario Open for Business"
<https://news.ontario.ca/maesd/en/2019/02/province-helping-job-seekers-and-employers-make-ontario-open-for-business.htm>

Q14. Does your organization receive funds from provincial agencies and commissions (e.g., Legal Aid Ontario, Ontario Arts Council, Ontario Trillium Foundation) or provincial funding that flows through municipalities (e.g., public health, child care, housing)?



What survey respondents said:

“We’re part of Employment Ontario which is in the process of looking at developing Service Systems Managers and will be testing three prototypes in three regions in the province this fall. However, we are not part of the first look at this only Employment Services under Employment Ontario will be.”

“MTCU [Ministry of Training, Colleges and Universities] Employment Ontario transformation will impact several contracts we currently hold.”

“Due to EO transformation, we are unsure how many contracts we will hold for employment services, literacy and basic skills and Canada-Ontario job grant in 2020 and beyond.”

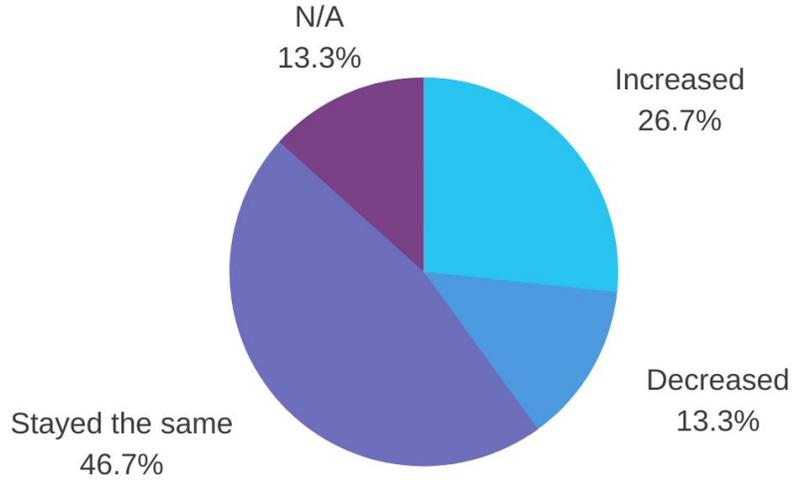
For other subsectors, there seems to be limited impact related to budgets. However, organizations are anxious about the impact of system changes and program evaluations happening in government.

Health: A waiting game

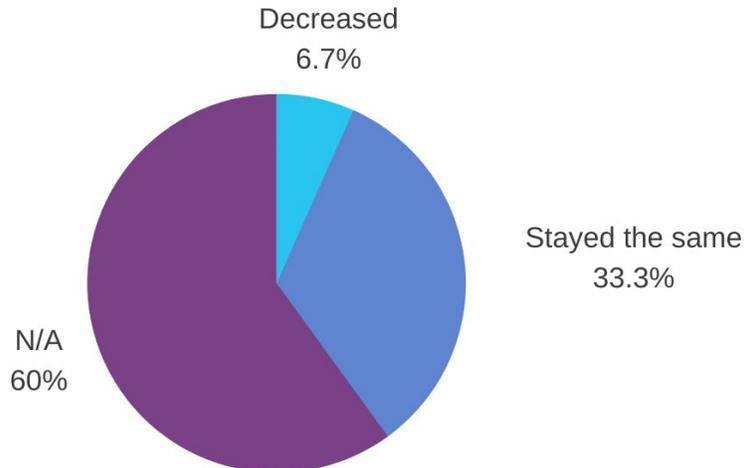
In the case of health-focused nonprofits, for example, 46 per cent of respondents said that their budgets had remained the same, while more than a quarter reported an increase (26.7 per cent).

Thirteen per cent said that they have seen a decrease in their budgets. There are concerns around the recent transformation from Local Health Integration Networks (LHINs) to the new Ontario Health Teams(OHTs), the future of services, and how those services will be delivered to vulnerable populations.

Q13. Has your budget increased, decreased or stayed the same as a result of the provincial budget and policy changes?



Q15. Has funding from provincial agencies and/or municipalities increased, decreased, or stayed the same?



What survey respondents said:



"As a large community mental health and addictions service provider, we are under a three-year Multi-Sector Accountability agreement that will maintain current levels of funding. We have also received small increases as part of the MOHLTC [Ministry of Health and Long-Term Care] mandate to improve access to care. The future beyond three years is unknown. However, we are confident we will be part of the future of community health care."

"We receive funding through a local organization - a Health Service Provider. They contract our services. The Health Service Provider has a contract with the Central LHIN. We are unsure what will happen with our funding with the current healthcare system transformation/Ontario Health Teams."

"The confusion and disorganization of cancer care in Ontario is leaving patients with little to no support. They are coming to our organization with questions and need more support than ever before."

The real impact of Ontario Budget 2019 will be experienced by people, children, and families who use nonprofit sector services (as well as volunteers in the sector). What we are seeing across the subsectors is less concern about what funding streams have been cut than the uncertainty around the speed of how decisions have been made and are continuing to be made, and the lack of information and details being provided by the provincial government and its ministries. This impedes nonprofits' ability to respond, manage, and consider solutions to address these changes, which could have unintended consequences, such as the increase for services, which may have been more affordable before the changes.

These responses show how budget decisions create a ripple effect across sectors, levels of government, and regions, ultimately affecting the delivery of services for people who use them. This could have lasting effects.

PART 2

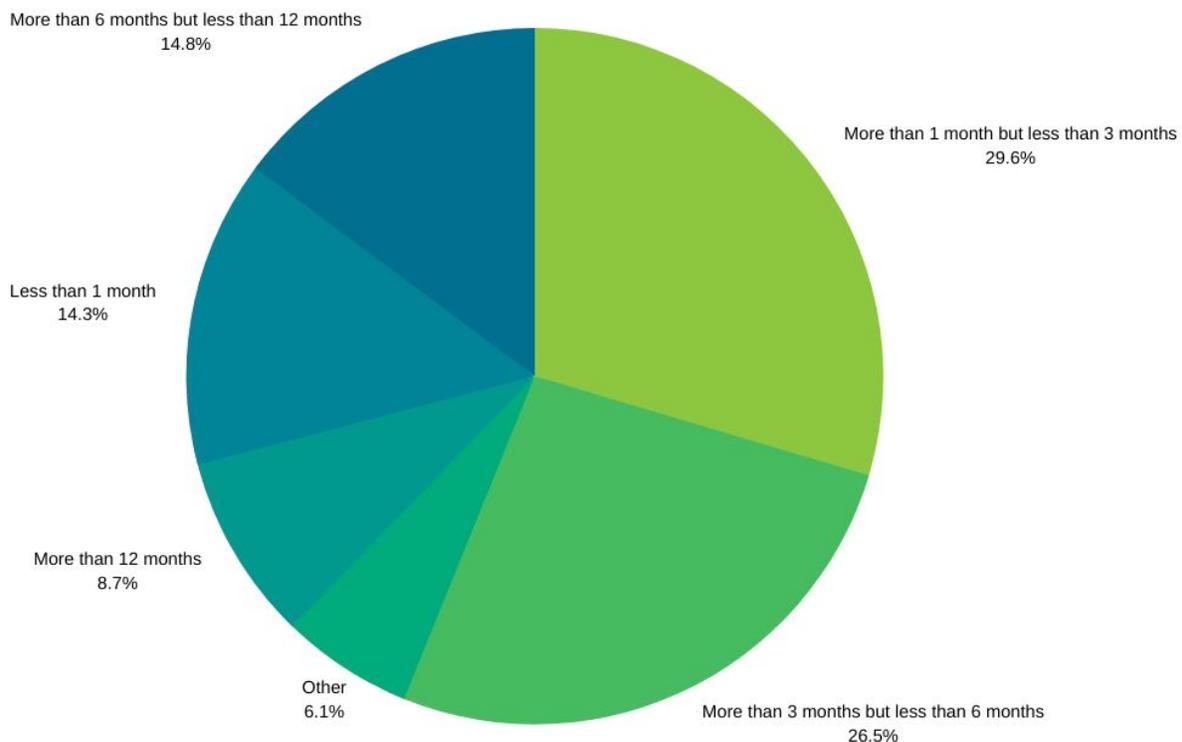
A volatile operating environment

Nonprofits are facing longer-term challenges as a result of ripple effects.

In the face of ripple effects as a result of budget cuts, we asked nonprofits how they are preparing for the changes. What actions are they considering in light of possible long-term impacts of the 2019 budget and related policy changes?

First, we asked nonprofits about their operating reserves. For most nonprofits - depending on their size - an operating reserve (or cash reserve) indicates they can deal with cash shortfalls or unforeseen expenses, and are able to respond to unexpected opportunities, as well as to help repair or replace fixed assets.

Q12. What is your organization's operating reserve?



ONN's survey found that almost 50 per cent of nonprofit organizations did not have the bare minimum of three months' reserve funds - a necessity in a climate where funding can be volatile and government payments often arrive late even when agreements are signed.

This suggests that it could be challenging for nonprofits to sustain themselves during a period of intensive change stemming from the provincial budget. Even with reserves available, organizations face difficult decisions about how they invest their resources.

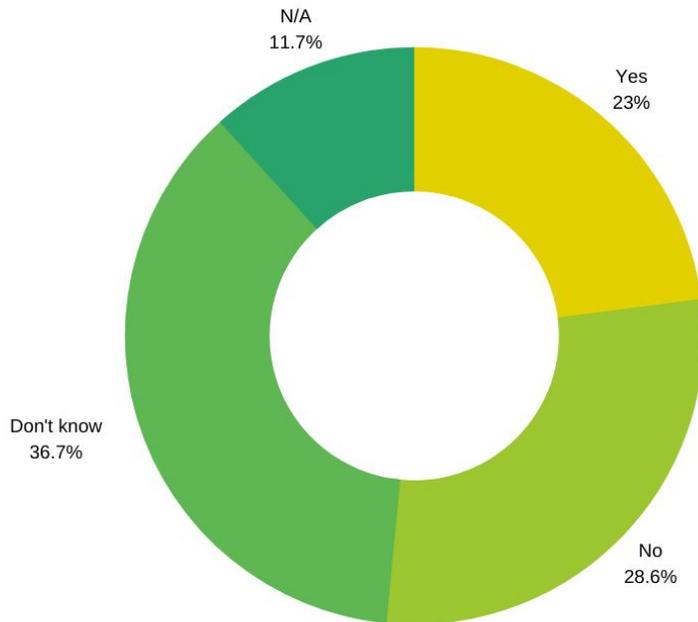
What a survey respondent said:

“Where [we] see gaps in public services, (i.e. our other business lines) there is definitely a need in the community, but flat-lined budgets have limited our ability to address them, and this is not something we're prepared to subsidize/offset with our own resources. We are in a unique position as a charity given our reserves, but remain very concerned about the social safety net available to the families, students and professionals we serve.”

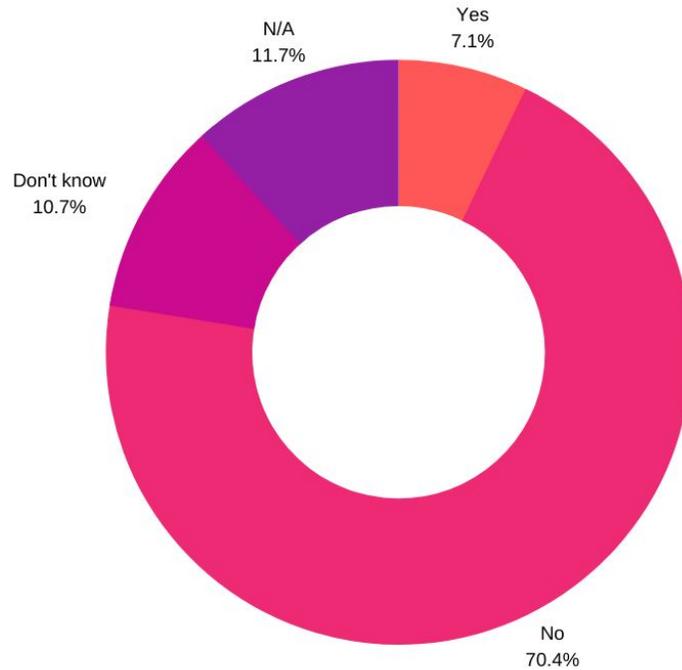
We also asked respondents whether they thought their organization would incur any costs or liabilities as a result of program or provincial budget changes (for instance, severance pay, program wind-down costs, and self-funded client services):

Twenty-three per cent of nonprofits anticipate having to pay costs out of pocket as a result of Ontario Budget 2019 and related policy decisions. A further 38 per cent said they do not yet know whether they will incur such costs.

Q20. Will costs be incurred by your organization as a result of provincial program or budget changes? (e.g. severance pay, program wind-down costs, self-funded client services)



Q21. Are there any outstanding liabilities your organization is facing as a result of program termination or budget changes? (e.g. leases, contracts, etc.)



These unanticipated or as-yet-unknown costs, combined with nonprofits' limited amount of reserves, reflect how many in the sector cannot predict or do not have the information needed to plan ahead.

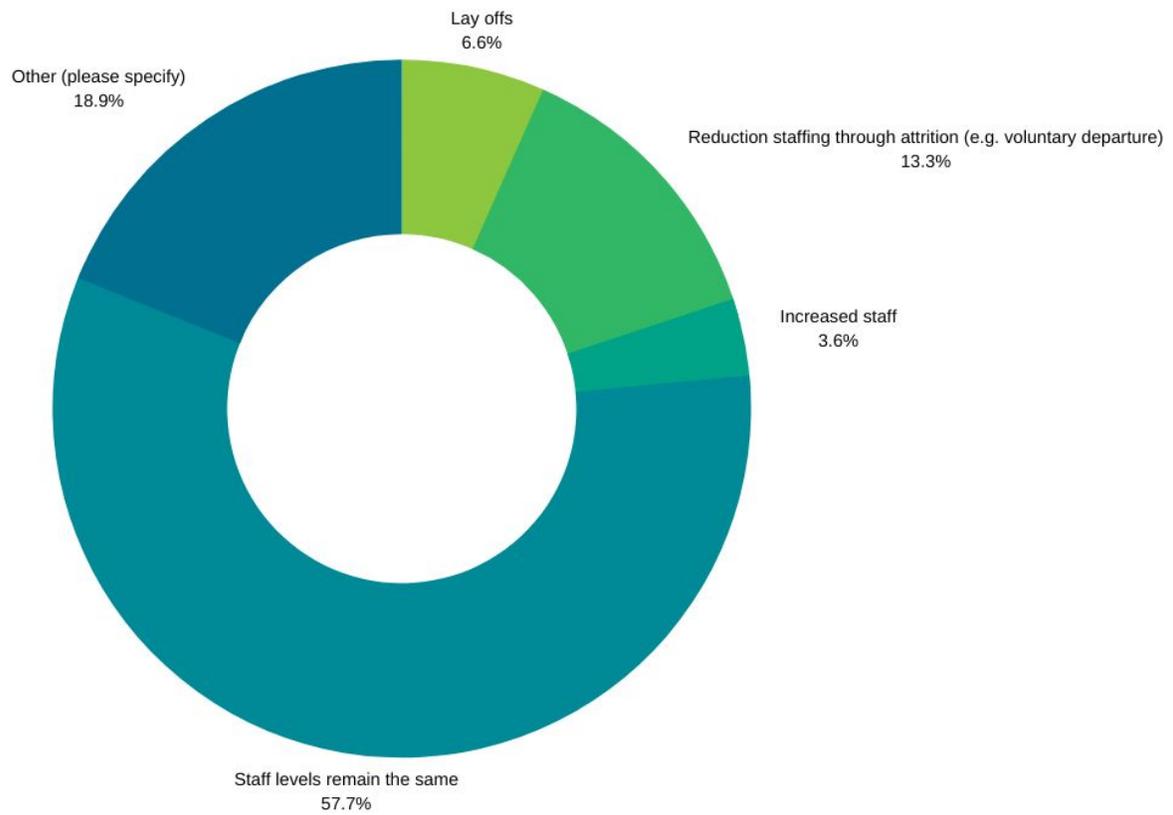
What survey respondents said:

“We may have to eat expenses we have been paying for potentially discontinued projects, and depending on what happens with the MTCU employment takeover, we may have to cut as much as 30% of our staff.”

“Yes, we've been paying staff for three months now for projects that might be cancelled.”

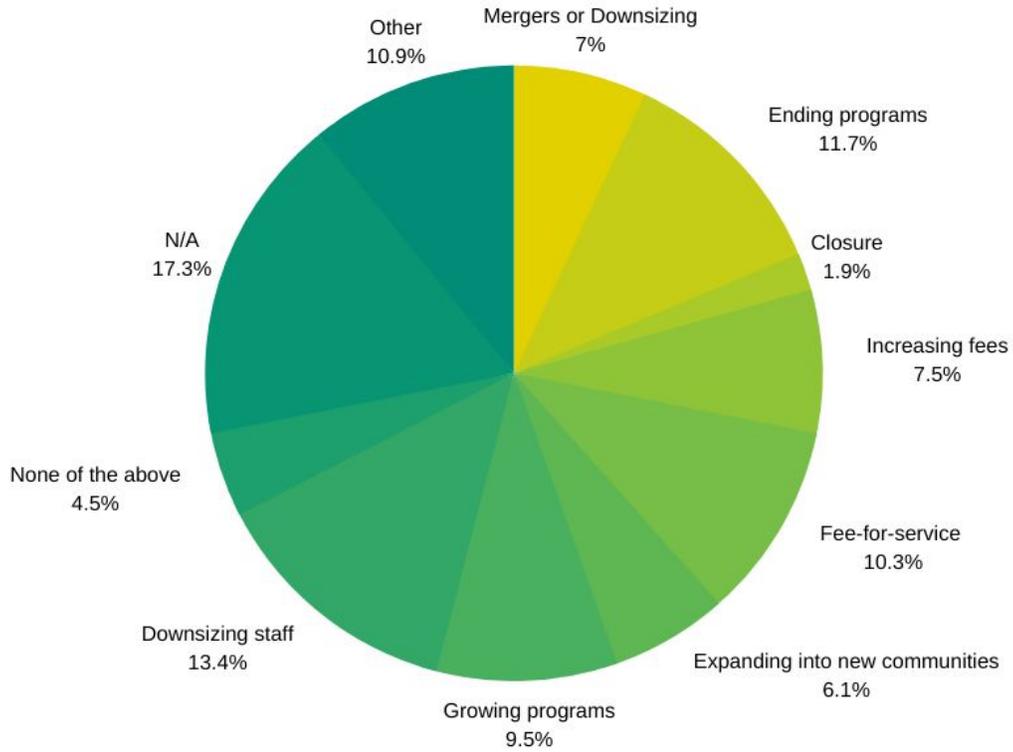
In a typical transfer payment agreement, severance pay, for example, is not included, even though nonprofits are legally obligated to pay severance for layoffs. This survey demonstrates that nonprofits do not yet know how their bottom lines will be impacted nor how that will manifest in terms of staff or severance pay, the impact on their reserves, as well as delivering services to communities.

Q22. How has your staffing changed as a result of program and/or budget changes?



Despite the challenges of the 2019 provincial budget and limited (and uncertain) reserves, nonprofits are considering how to deal with the challenges as they begin to feel the effects.

Q17. If your organization has been significantly impacted by the recent provincial budget and policy changes, is your organization considering the following?



We provided respondents with a list of options to consider. From this list, the five options that nonprofits were most likely to choose were: 1) downsizing staff; 2) ending programs; 3) fee-for-service; 4) growing/expanding programs; 5) increasing fees.

What a survey respondent said:

“We have already downsized staff, increased fees and reduced programs temporarily.”

Some nonprofits are considering other avenues. Of the respondents that chose “other” options, about half are considering social enterprise or co-op models. Some nonprofits will increase fundraising or pursue sponsorships, while others are focusing on securing funding from different levels of government.

What survey respondents said:



“We are exploring the creation of a “co-op” with some partner agencies to manage funding as one transfer payment agreement and then sub-contract to our individual member agencies to deliver services.”

“...other community agencies have approached us to consider merging in a common roof model; we are increasing our learning around social enterprise and legacy giving to determine how we would generate other streams of income.”¹²

“We are trying to develop a social enterprise for our organization to have to not depend on government funds.”

Although strategies for earned income are worth considering, we note that the barriers to developing social enterprises in Ontario have actually increased in the wake of the provincial government's decision to walk away from the 2016-2021 Social Enterprise Strategy last spring.¹³

This was at a time when these supports could have helped nonprofits generate revenue outside of government sources. Key organizations supporting social enterprise development were notified that the Procurement & Investment Readiness Fund (PIRF)¹⁴ would be eliminated. All projects funded through the strategy, representing \$15 million of project funding across the province, were lost. Many also received notice to close their programs funded through the third round (\$5.6 million) of the Social Enterprise Demonstration Fund (SEDF). All references to “social enterprise” were removed from the Ministry of Economic Development’s website, aside from archived content. The strategy, including SEDF and PIRF funds, along with a provincial commitment to social procurement, arguably could have supported some organizations as they consider social enterprise as they move to reduce their dependence on government funding.

Given that this opportunity is no longer available, nonprofits are making the most of the challenges in terms of funding that are ahead of them.

¹² For more information on the The Common Roof model, see <http://thecommonroof.ca/>.

¹³ For more information on the Social Enterprise Strategy, see <https://www.ontario.ca/page/ontarios-social-enterprise-strategy-2016-2021>

¹⁴ For more information on The Procurement Investment Readiness Fund, see <https://www.ontario.ca/page/social-enterprise-demonstration-fund>

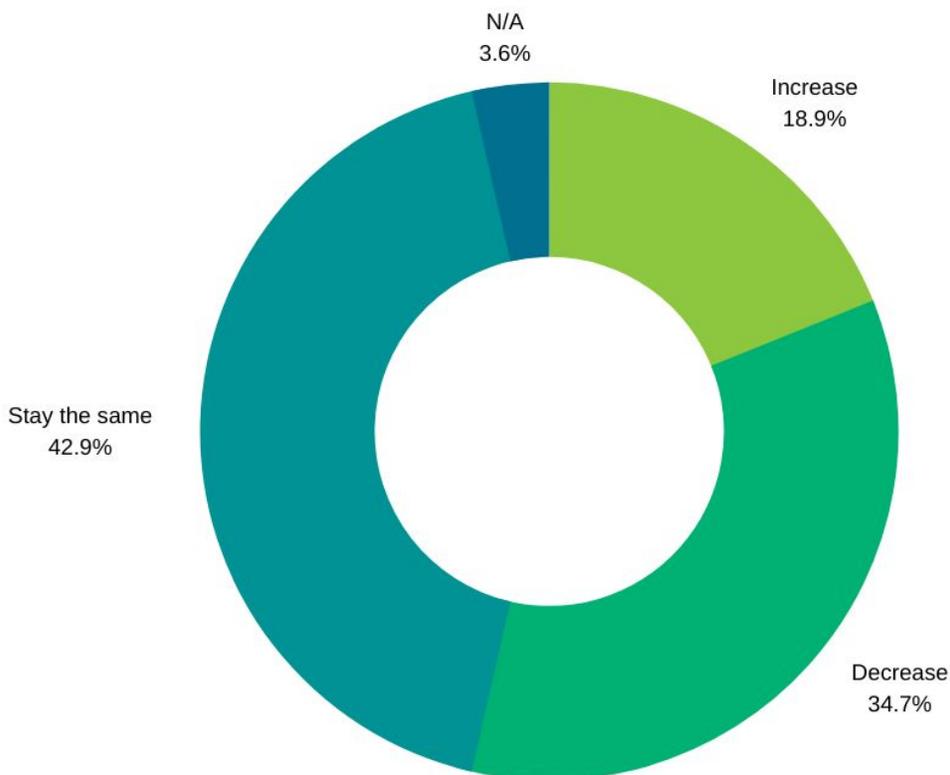
What a survey respondent said:



“Working harder to diversify revenue streams. Beginning to explore sponsorship. Very last resort would be to downsize as we have built an incredible team. Bit contradictory as we are both looking to close programs that no longer seem fundable/possible while at the same time looking to develop new ones that may be.”

Lastly, we asked nonprofits how they felt about their ability to meet community demands or needs in 2020. **Thirty per cent of nonprofits reported that their capacity to meet community demand would decrease over the next year.** Nonprofits remain concerned about how they will continue to serve their communities. The decisions that nonprofits make in this climate of constraints and uncertainty will have immediate consequences for their programs or staff. While some organizations are rethinking how they do business, others are looking to funders other than the province in what may become a more competitive funding environment.

Q23. In 2019-2020 (or 2020 if you operate on the calendar year), your organization's capacity to meet demand is likely to:



PART 3

Staying on target in turbulent times

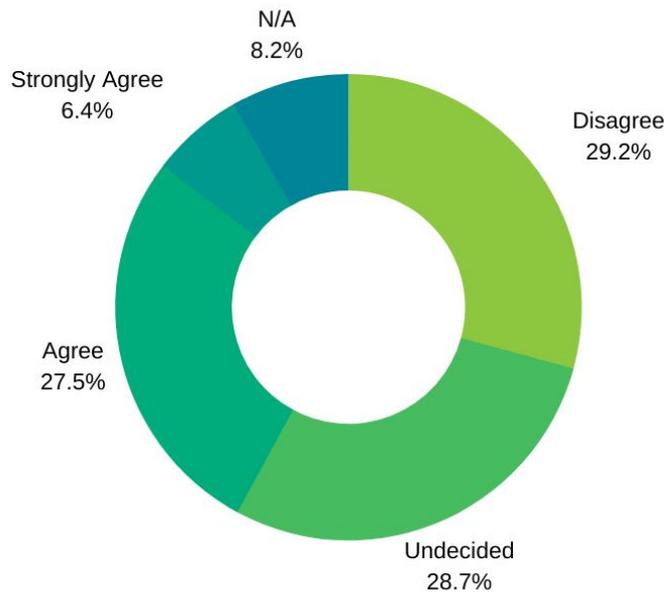
Despite uncertainty, nonprofits remain hopeful about achieving their missions.

The policy environment for Ontario nonprofits has changed, and with these changes, challenges and opportunities often arise. Uncertainty for nonprofits creates many challenges, from ensuring services are delivered to maintaining staff levels - which can leave them in the lurch. Despite this uncertainty, however, nonprofits are still holding on to their optimism.

We asked nonprofits whether they agree or disagree with this statement: Your organization has not been significantly impacted by policy and budget changes.

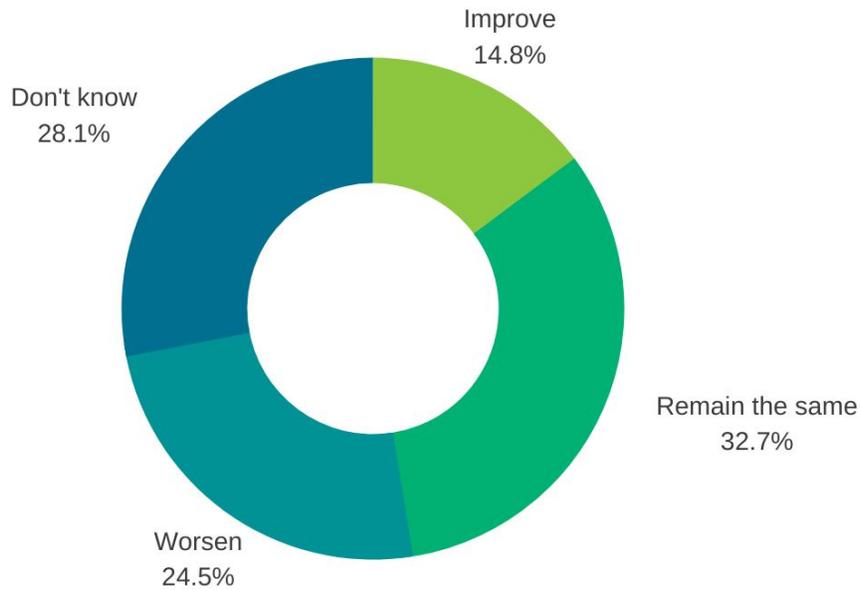
More than a quarter (29 per cent) of respondents indicated that they were still undecided, while another third agree that their organization has been impacted by recent policy changes.

Our organization has not been significantly impacted by policy and budget changes.



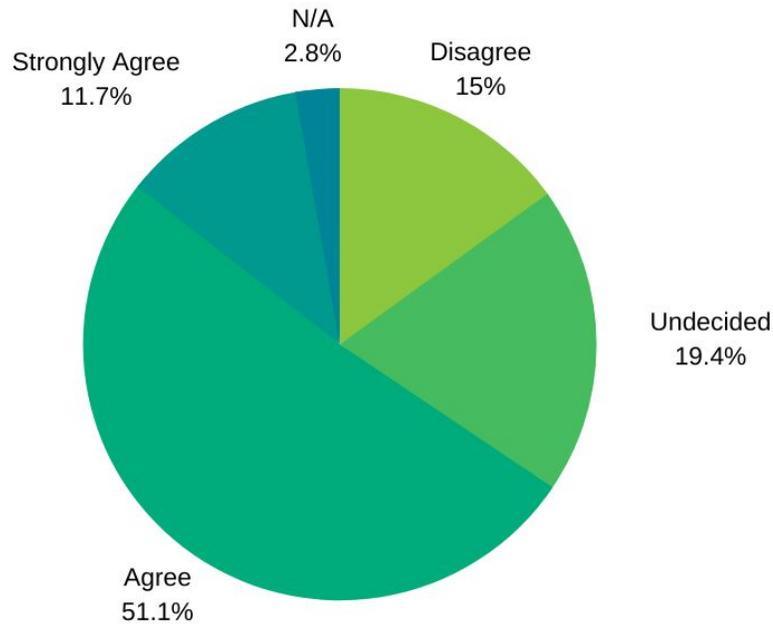
We also asked nonprofits how they feel about their organization's situation into 2020, given the climate of uncertainty. **More than a quarter (28 per cent) expressed that they did not know what 2020 would like for their organizations, while a quarter (25 per cent) of respondents expect their situations to worsen.**

Q25. In 2019-2020 (or 2020 if you operate on the calendar year), do you expect your organization's situation will:



Despite all of this, nonprofits are navigating the challenges and doing what they need to ensure that they can continue to support the communities they serve. We asked respondents if they agreed or disagreed that their organizations were growing and whether they are optimistic about making continued progress toward achieving their mission. **More than half (51 per cent) agreed that they are confident about making progress towards their missions**, while a third (29 per cent) are feeling overwhelmed by recent provincial policy changes.

Our organization is growing and we are optimistic about making continued progress toward achieving our mission.



Nonprofits continue to advocate, but government collaboration is needed

The sector continues to remain engaged in advocacy efforts and has expressed that they will be doing more. Nonprofits are meeting with elected officials at all levels of government, including school board trustees. As the sector is engaged, we would like to see enhanced partnerships with government in delivering programs and services on its behalf.

What a survey respondent said:



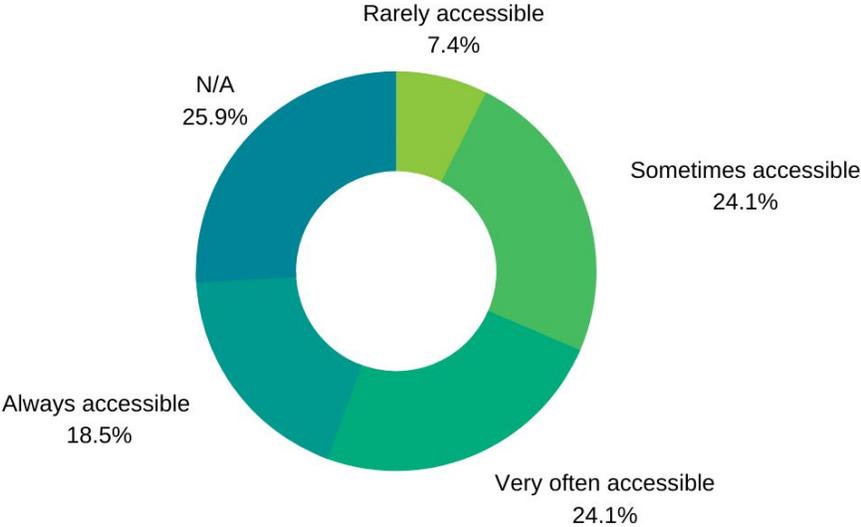
“Twenty-nine women’s resource centres wrote letters, made phone calls, asked members and clients to call MPPs and advocated for the Ministry of Community Services to keep and increase funding for women’s resource centres across the province.”

On a scale of one to five, we asked nonprofits to indicate how accessible elected officials have been for their organization. Most elected officials were viewed as accessible by nonprofits - municipal representatives ranking the highest - while some nonprofits found that provincial MPPs have been less accessible compared to municipal, federal, and other elected officials.

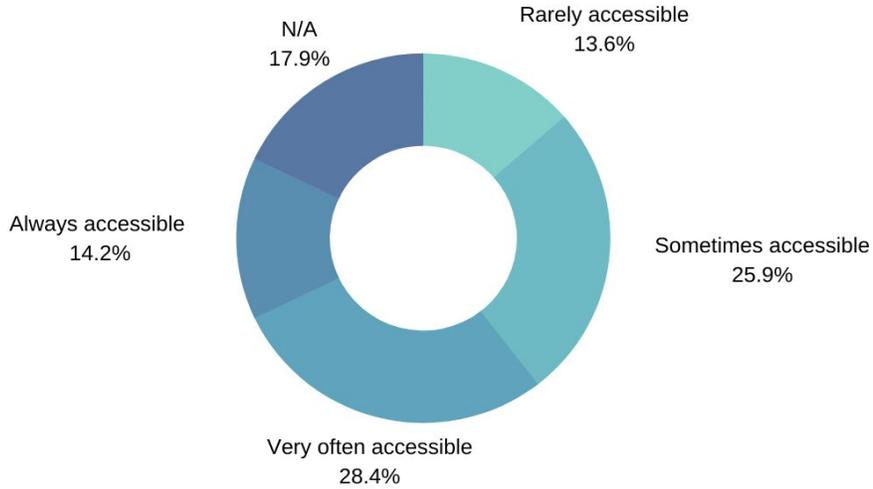
Here is a breakdown by type of elected official: MPs, MPPs, Regional or city councillors, and other elected officials.

MEMBERS OF PARLIAMENT

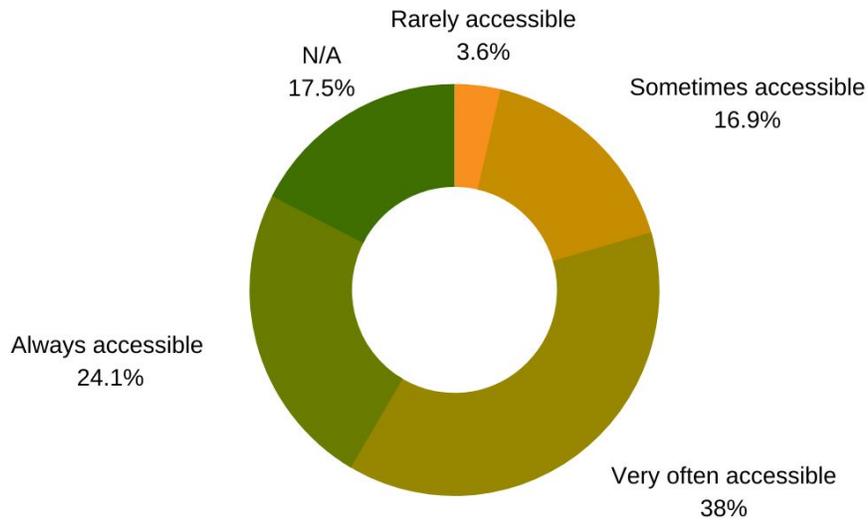
Q28. How accessible have elected representatives been for your organization in the last year?



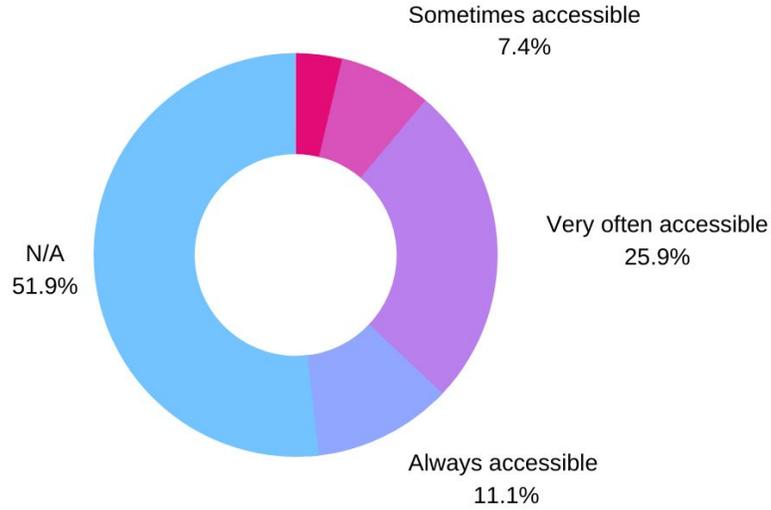
Q28. How accessible have elected representatives been for your organization in the last year?



Q28. How accessible have elected representatives been for your organization in the last year?



Q28. How accessible have elected representatives been for your organization in the last year?



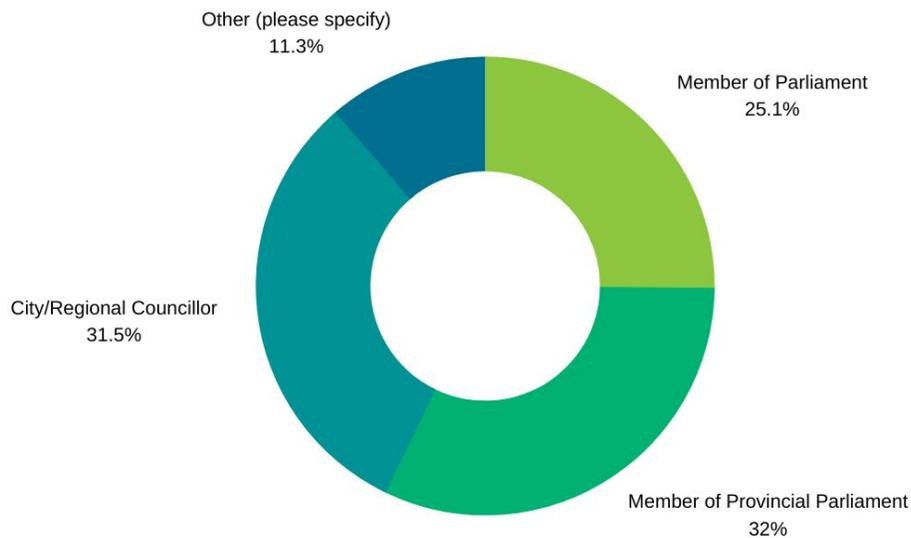
*Other elected officials include School Board Trustees.

What a survey respondent said:



"MPP's are less available than they were last year. They seem to be keeping their heads down."

Q26. Who have you connected with in the last year?



Although it is positive to see that nonprofits are engaging in advocacy, the question remains as to whether they are being heard at the provincial level. This could depend on the subsector, region, or issues that the government is focused on.

What a survey respondent said:

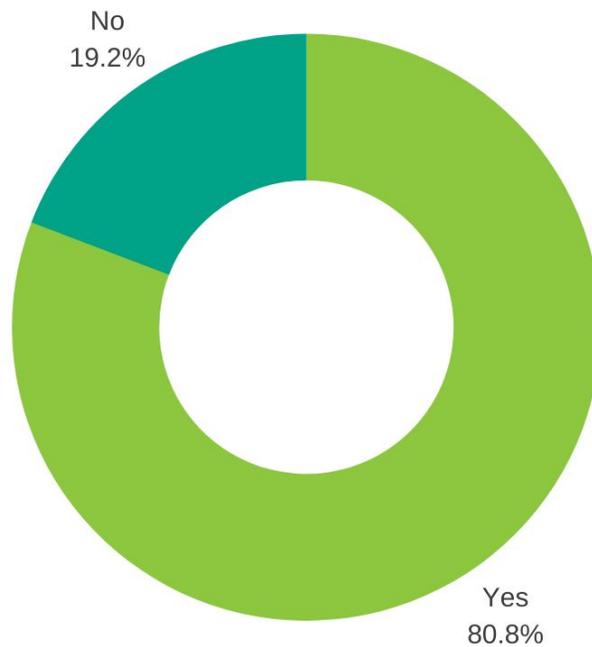


"It's all about what the provincial government is doing - we are confident that we do great work with demonstrable outcomes - we just don't know that this will matter anymore - that it's all about costs and privatization."

Many nonprofits have strong advocacy partnerships. **Eighty per cent of respondents reported that they had communicated with other organizations and community members to tackle the challenges presented by the 2019 provincial budget and related legislative changes.** Nonprofits are convening, building networks, and engaging in partnership activities, working together to engage in advocacy. This is increasingly important, as with the challenges of the current political climate, working together strategically in areas where there is alignment can create positive change (as we have seen the media recently).¹⁵

¹⁵ In the last few months, the Government of Ontario has pulled back on changes, such as changes to the ODSP.

Q29. Have you communicated with other organizations and community members to address policy issues (e.g. funding changes, provincial budget, etc)?



What survey respondents said:



"We are working on a collective impact initiative that will see our agencies supporting each other rather than relying on upper levels of government."

"We are collaborating with the municipality to prepare a response to the changes to the Development charges regulations."

"We are working with other like-minded organizations and practitioners across Northern Ontario to make a case for our shared work and amplify its importance through a two-year project."

We asked participants to identify any opportunities they see for their organizations in 2020. Many organizations did feel there were opportunities for growth or partnerships, but also expressed concerns about the overall uncertainty of the sector.

What survey respondents said:



"Once we know the priorities of the government, and there are actual directions and funding calls to achieve what they want...perhaps, then we can actually do something."

"Fear and chaos exist across the sector. People are struggling to address restructuring in their agency and at the same time, trying to build sector-wide bonds to support advocacy."

Our survey indicates that nonprofits are resilient and can be flexible given the obstacles that may be in their way. Some will be taking steps to seek out new opportunities and create space to define priorities, and bring them before the government, while some are still feeling trepidation and uncertainty, seeking to simply manage whatever comes next.

Final Reflections

Despite the sector's optimism, uncertainty lingers for Ontario nonprofits. They face challenges to their budget lines, their mission, and their capacity. They are also worried about the impact on the communities they serve. Across regions and subsectors, organizations are concerned by both the speed by which provincial government decisions are made, as well as a lack of information from the government and its ministries.

We know that community organizations make life more affordable through services such as nonprofit housing, child care, skills training, and recreation programs. We know that nonprofits create jobs and meaningful volunteer opportunities while providing public benefit. And we know that nonprofits contribute to the quality of life of all Ontarians no matter where they live.

Given all of this, the provincial government should recognize that a strong partnership with the nonprofit sector is one of the best ways to tackle affordability, job creation, and reducing the burden for Ontarians. We hope that the Government of Ontario takes steps to engage the nonprofit sector.

For nonprofits, it will be important to remain resilient and find creative ways of solving problems and communicating with government, as well as continuing to connect, build coalitions, and networks. It will be important to signal to the government with communities to fully express their needs. In the meantime, ONN will be working to support nonprofits across the province to build and develop relationships between themselves and government. This will enable them to move nonprofit issues forward, as well as help Ontario nonprofits to support and strengthen their own advocacy.

Even in the face of uncertain times, opportunities arise. We look forward to working with nonprofits across the province to ensure that their communities do more than survive, but thrive.

WE WANT TO HEAR FROM YOU

What resonates for your organization, subsector or region? What's missing? What else can we be doing as a sector to engage the Ontario government and advocate for communities?

<https://theonncanada.ca/our-work/sector-360-survey-2019/>

Stay connected to our work: [Subscribe to ONN news](#)

APPENDICES

Appendix A - Methodology

Our [analysis of the 2019 Ontario Budget](#) provided a frame of reference for this survey. From the budget analysis, we learned that the provincial ministries the sector primarily works with may have seen as much as a 23 per cent funding cut. While there were increases - in healthcare, for example - we noted that these were lower than the rate of inflation. While we did see some good news for nonprofits, we also saw increasing financial and legislative uncertainty for the sector.

Designing the Survey¹⁶

The survey focused on three areas: 1) organization characteristics (geography, location, size of organization, organizational mandate/scope, subsector, communities served, etc.); 2) financial capacity and 2019 budget impacts (sources of revenue, operating reserve, budget levels, funding levels from different sources, capacity to meet demand); 3) advocacy (levels of government organizations are meeting with, government relations activities, community advocacy and organizational priorities, etc.)

Given the diverse characteristics of the nonprofit sector, we focused on these areas to be able to analyze where and what sectors have been impacted, whether the impact is on nonprofits' budgets (direct) and/or on communities they serve (indirect), as well as to observe how nonprofits are dealing with challenges the budget has created, and the decisions they will have or have had to consider.

Sample and Survey Administration¹⁷

This survey was open to all nonprofits in Ontario, including charities and nonprofit co-operatives with a mission to serve a public benefit, as well as grassroots groups in Ontario, with a focus on executive directors and senior leaders within these organizations. The online survey was available in English and consisted of 35 questions. The survey was administered using Survey Monkey over one month (July 6 - August 6, 2019). We offered an incentive for survey completion (a draw for registration to the 2019 ONN conference). ONN and our network members promoted the survey questionnaire through online and offline channels.

¹⁶ A list of the survey questions can be found in Appendix A.

¹⁷ A profile of respondents can be found in Appendix B.

Limitations

The survey analysis was based on the number of respondents who answered the questions. A random representative sample was not conducted for the survey, and as such, the results of this survey is not and should not be interpreted as statistically representative of the composition of Ontario's nonprofit sector.

Appendix B - Survey Questionnaire

Section A: Getting to know your organization

1. To help us understand the different experiences of organizations across the province, please select the location of your organization, or your head office if you have more than one location: (choose a city)
2. What is your organization's postal code? (e.g. A1A1A1)
3. The scope of my organization's mandate is:
 - a. Local
 - b. Regional
 - c. Provincial
 - d. National
 - e. International
4. Which of the following best describes the primary region(s) your organization serves? (Select all that apply)
 - a. Rural population
 - b. Small population
 - c. Medium population
 - d. Large population
5. What nonprofit subsector does your organization belong to? (follows John Hopkins)
 - a. Sports and recreation
 - b. Religion
 - c. Arts and culture
 - d. Social services
 - e. Development and housing
 - f. Grantmaking, fundraising, and voluntarism promotion
 - g. Education and research
 - h. Business associations, professional associations and unions
 - i. Health
 - j. Environment
 - k. Law, Advocacy, Politics
 - l. International
 - m. Hospitals, universities and collegesOther
6. If your mandate includes service delivery, what are the communities your organization primarily serves?
 - a. Indigenous,
 - b. persons with disabilities
 - c. people living with mental health or addictions
 - d. people living with employment barriers
 - e. children and youths

- f. people experiencing homelessness
 - g. women
 - h. people experiencing poverty
 - i. low-income households
 - j. newcomers and refugees
 - k. youths experiencing multiple barriers
 - l. Seniors
 - m. rural and remote communities
 - n. racialized communities
 - o. LGBTQ2S communities
 - p. N/A
 - q. All of the above
7. My organization's annual operating budget (e.g. 2019-2020 or 2019 if you operate on a calendar year):
- a. 0 - \$99,999
 - b. \$100,000 - \$249,999
 - c. \$250,000 - \$499,999
 - d. \$500,000 - \$999,999
 - e. \$1,000,000 - \$2,999,999
 - f. \$3,000,000 - \$4,999,999
 - g. \$5,000,000 - \$9,999,999
 - h. \$10,000,000 or more
8. Number of paid staff (full-time equivalents):
- a. 0
 - b. 1-10
 - c. 11-20
 - d. 21-50
 - e. 50+
9. My primary role in the organization is:
- a. Board member
 - b. CEO or Executive Director
 - c. Vice-President or Director
 - d. Manager
 - e. Other staff member
 - f. Volunteer

Section B: How is your organization faring financially?

1. Using your organization's most recent financial statement, what was the operating revenue for your organization? (Please insert dollar amount)
- a. Total revenue received from federal government
 - b. Total revenue received from provincial/territorial governments (grants and fee-for-service contracts)
 - c. Total revenue received from municipal/regional governments
 - d. Total earned income
 - e. Total donations

- f. Other revenue not already included in the amounts above
 - g. Total Revenues
2. What is your organization's operating reserve (e.g. cash reserve)?
 - a. Less than 1 month
 - b. More than 1 month but less than 3 months
 - c. More than 3 months but less than 6 months
 - d. More than 6 months but less than 12 months
 - e. More than 12 months
 - f. Other

 3. Has your budget increased, decreased or stayed the same as a result of the provincial budget and policy changes?
 - a. Increased
 - b. Decreased
 - c. Stayed the same
 - d. Don't know
 - e. N/A

 4. Does your organization receive funds from provincial agencies and commissions (e.g. Legal Aid Ontario, Ontario Arts Council, Ontario Trillium Foundation) or provincial funding that flows through municipalities (e.g. public health, child care, housing)?
 - a. Yes
 - b. No
 - c. Don't know
 - d. N/A

 5. Does your organization receive funds from provincial agencies and commissions (e.g. Legal Aid Ontario, Ontario Arts Council, Ontario Trillium Foundation) or provincial funding that flows through municipalities (e.g. public health, child care, housing)?
 - a. Increased
 - b. Decreased
 - c. Stayed the same
 - d. Don't know
 - e. N/A

 6. Is your organization in a sector that is being reorganized? (For example: transitioning from predictable transfer payment agreements to an open competition bidding process, or from a Local Health Integration Network model to Ontario Health Teams)?
 - a. Yes
 - b. No
 - c. Don't know
 - d. N/A

7. If your organization has been significantly impacted by the recent provincial budget and policy changes, is your organization considering the following?
- Merging or Downsizing
 - Ending programs
 - Closure
 - Increasing fees
 - Fee-for-service
 - Expanding into new communities
 - Growing programs
 - Downsizing staff
 - None of the above
 - N/A
8. In the recent provincial budget, have provincial programs directly related to your organization's mission been terminated?
- Yes
 - No
 - Don't know
 - N/A
9. Are there any provincial policy or legislative changes that have had indirect effects on your organization?
- Yes
 - No
 - Don't know
 - N/A
10. Will costs be incurred by your organization as a result of provincial program or budget changes? (e.g. severance pay, program wind-down costs, self-funded client services)
- Yes
 - No
 - Don't know
 - N/A
11. Are there any outstanding liabilities your organization is facing as a result of program termination or budget changes? (e.g. leases, contracts, etc.)
- Yes
 - No
 - Don't know
 - N/A
12. How has your staffing changed as a result of program and/or budget changes?
- Lay offs
 - Reduction staffing through attrition (e.g. voluntary departure)
 - Increased staff

- d. Staff levels remain the same
- e. Other (please specify)

13. In 2019-2020 (or 2020 if you operate on the calendar year), your organization's capacity to meet demand is likely to:

- a. Improve
- b. Remain the same
- c. Worsen
- d. Don't know

14. Please identify how much you agree or disagree with the following statements:

- a. Our organization is growing and we are optimistic about making continued progress toward achieving our mission.
- b. Our organization is feeling overwhelmed by recent policy and budget changes.
- c. Our organization has not been significantly impacted by policy and budget changes.

15. In 2019-2020 (or 2020 if you operate on the calendar year), do you expect your organization's situation will:

- a. Improve
- b. Remain the same
- c. Worsen
- d. Don't know

Section C: How is your organization engaging?

1. Who have you connected with in the last year?
2. On what issues? Please explain below:
3. How accessible have elected representatives been for your organization in the last year? (1=Never accessible, 5=Always accessible)
4. Have you communicated with other organizations and community members to address policy issues (e.g. funding changes, provincial budget, etc.)?
5. If yes, in what ways has your organization communicated with other organizations and community members?
6. Have you collaborated with other organizations and community members to address policy issues (e.g. funding changes, provincial budget, etc.)?
7. What are the top three issues, internal or external, of concern for your organization in 2019-2020?
8. What opportunities do you see for your organization in 2020? (e.g. funding, public policy, etc.)
9. What tools and resources would be helpful for your organization in the next year?

10. Any other comments for ONN:

11. If you would like to be entered into our draw for one free pass to ONN's conference, Nonprofit Driven, please enter your email address. This is strictly optional and does not affect your participation in the survey.

Appendix C - Profile of Respondents

Subsector	
Arts, Culture, Tourism	13.74%
Business associations, professional associations and unions	1.28%
Development and housing	2.24%
Education and research	11.18%
Environment	3.51%
Grantmaking, fundraising, and voluntarism promotion	2.56%
Health (e.g. nursing homes, mental health and crisis intervention, rehabilitation)	9.27%
Hospitals, universities and colleges	0.32%
International	0.32%
Law, Advocacy, Politics	5.43%
Religion	2.56%
Social services (e.g. child and youth welfare, family services, services for people with disabilities, services for the elderly)	34.50%
Sports, recreation and other social clubs (e.g. leisure clubs, fitness and wellness, amateur sport)	3.83%
Other (please specify)	9.27%

Organizational Scope	
Local	43.77%
Regional	24.28%
Provincial	17.25%
National	9.58%
International	2.88%

Other (please specify)	2.24%
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Size of regions served	
Rural area (population less than 1,000)	20.13%
Small population centre (population between 1,000 to 29,999)	29.07%
Medium population centre (population between 30,000 to 99,999)	27.80%
Large Urban population centre (population 100,000 or greater)	67.41%
All of the above	0.00%
N/A	6.07%

Budget	
0 - \$99,999	15.97%
\$100,000 - \$249,999	12.78%
\$250,000 - \$499,999	11.50%
\$500,000 - \$999,999	12.46%
\$1,000,000 - \$2,999,999	15.65%
\$3,000,000 - \$4,999,999	7.67%

Number of Paid Staff	
0	9.58%
1-10	45.37%
11-20	9.58%
21-50	13.10%
50-100	7.67%
100+	14.70%