

From Emergency to Recovery - Charities and the Pandemic

WFRE | March 2021

You are
invited...



Advocacy & Covid-19

Working to advance key interest that would benefit charities, nonprofits and social entrepreneurs



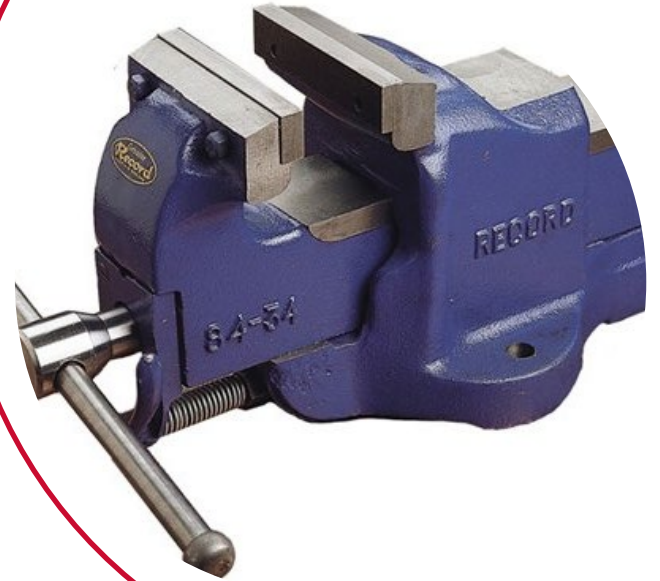
The Impact of Covid-19

Data from our Sector Monitor research studies



Caught in a Vice

Canadians have needed our services more than ever before, yet many revenue streams have collapsed.



Rising Demand

- Close to half of charities (**46%**) are reporting higher demand, a sharp increase from the initial surge reported early in the pandemic (**35%**).
- A significant number of charities experiencing increased demand have to meet it with fewer staff members and, in particular, fewer volunteers.

Decreasing Supply

- **Over half** of charities are reporting a decline in revenues since the onset of the pandemic, with an average decline of **43%**.
- Revenue from donations and earned income has declined for most charities, while support from the government has tended to increase.
- **75%** of charities are reporting a decline from at least one type of donation since the beginning of the pandemic. Event-based fundraising is seeing the most pronounced decline.

CEWS, in particular, has helped

- **42%** of charities have received some form of support from one or more of the following programs: the Canada Emergency Wage Subsidy (CEWS), the Canada Emergency Commercial Rent Assistance (CECRA), and the Canada Emergency Business Account (CEBA).
- **53%** of charities with paid staff have applied for CEWS and the support is helping keep, on average, **54.8%** of paid staff positions for these organizations.
- Charities that did not apply for the various support programs cited the belief that they would not meet the eligibility requirements as being the most prevalent barrier

Agents of change that continue to change

- Charities are making investments to meet higher demand and adapt to provide services to the populations they serve and fulfill their missions.
- **78%** of charities have increased innovation and experimentation.
- **67%** of charities have been prioritizing work that addresses immediate challenges over work that builds or maintains their long-term organizational capacity.

Some more than others

- A significant proportion of arts, culture, and recreation organizations are reporting declines in both demand and capacity. They are also **over twice as likely** as other organizations to have temporarily suspended their operations.
- Smaller, community-focused organizations (serving a single neighbourhood, town, city, or rural municipality) are more likely to report decreased capacity. In addition, smaller-sized organizations are more likely to have temporarily suspended their operations.
- Charities serving multiple groups/populations (seven or more) are more likely to see demand growing faster than organizational capacity.

2021 will be tough

- A significant fraction of charities are concerned about their long-term viability. Only **about a third** believe they are sustainable, in the sense of being able to operate indefinitely in current conditions.
- Close to a third believe they can operate for longer than a year but will have to cease operations at some point. **16%** believe they will not be able to operate longer than a year if trends continue, and about as many are unable to say how long they will be able to operate for.
- Charities are roughly **three times** more likely to believe that their financial situation will worsen over the next three to six months than improve if current trends continue. Only **about half** are ruling out layoffs and/or reductions in paid staff hours.

The Three Legged Stool



First Leg – inclusion in ‘blunt instruments’

- To ensure the sector was included in the broad based measures that government has implemented for Canadians
- Canada Emergency Wage Subsidy (CEWS), the Canada Emergency Commercial Rent Assistance (CECRA), and the Canada Emergency Business Account (CEBA).
- This is a significant policy advancement
- Approximately \$2.3 billion at the end of 2020



Second Leg – Stabilization funding

- To create a grant program to help organizations bridge the gap until recovery takes hold
- This has been a policy ask since Day 1 and continues
- Initially looking at the billions..has been scaled down
- Close to \$600 million in targeted investments
- <https://imaginecanada.ca/en/covid19-advocacy> (Relief Measures Chart)



Third Leg – Donor incentives

- To create instruments that would invite Canadians to play a part in the support of charities
- Tax credits, matching program
- Currently focused on Canada Cares campaign
- Matching program of up to \$1.5 billion



Other policy
areas



Home in Government

- The pandemic has shone a spotlight on the need for a place within the federal government that has a focus on our sector
- A long standing policy ask. Is being reflected in the first ACCS report

ESDC Supplementary Mandate Letter

- January 15, 2021: *Continue to work across government to ensure that charities and non-profits have the tools that they need to modernize as they emerge from the pandemic to support the Government's overall agenda in a manner that responds to the needs of Canadians in every region.*

Direction & Control

- The pandemic has highlighted the chronic issue of working with partners and ‘direction and control’
- Senator Ratna Omidvar tables Bill S-222: The Effective and Accountable Charities Act. Bill S-222 will replace the current Income Tax Act language of “own activities” with new language of “resource accountability”. This change is intended to shift a charity’s focus from ongoing operational control of activities **to an approach focused on taking reasonable steps to ensure that charitable resources are devoted to achieving charitable outcomes.**

Foreign Affairs & International Development Committee

- That the Government of Canada take immediate steps to fix the serious problems with the current direction and control regime as it pertains to international development, **recognizing that this regime impedes important international development work and perpetuates colonial structures of donor control.**

Other active policy files

- An investment in sector data (pre-budget ask)
- Qualified donee reforms (pre-budget ask)
- Social Finance/Social Enterprise activity (pre-budget ask)
- 10% DQ
- An Agenda for an Equitable Recovery (Recovery Collective)

Get Engaged!

- We need you to connect with your MP so please watch for periodic requests.
- It generally takes 30 seconds to 2 minutes (depends on your typing speed!)
- Sign up for our Early Alert. (it's free)



IMAGINE CANADA

Strong Charities. Strong Communities.

