

# Community Dispatch

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## FUNDING MATTERS: A WARNING AND AN OPPORTUNITY FACT SHEET #4: NONPROFIT & VOLUNTARY ORGANIZATIONS RESPOND TO CHANGE

*The Canadian Council of Social Development (CCSD) has produced a seminal report, "Funding Matters: The Impact of Canada's New Funding Regime on Nonprofit and Voluntary Organizations." This study analyses changing funding patterns throughout Canada and their impact on voluntary sector organizations. The findings of this study compliment the results of community-based research conducted in Halton in recent years that identify major funding issues and their consequent impact on the quality and accessibility of community services. Community Development Halton has prepared five Community Dispatches of the Fact Sheets prepared by CCSD for the June 2003 launch of their study. I believe this information is essential for all those in leadership roles in the nonprofit and voluntary sector. Furthermore, a workshop, **Funding Matters: A Warning and An Opportunity**, for senior managers, Board members, funders and concerned citizens is planned for **Tuesday November 25, 2003**. Katherine Scott, author of the CCSD report, will give the keynote address. Details will be available shortly.*

Joey Edwardh

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### Seeking Out Alternative Funding Sources

In this new funding environment, Canadian nonprofit and voluntary groups are actively pursuing a range of alternative sources of income. Many pride themselves on their ability to be innovative and find creative ways to respond to these demands.

**Q. How are nonprofit and voluntary groups faring in the quest for new sources of funding and new ways to do business?**

**A. Two-thirds of the organizations had a larger number of income sources today than they had five years ago. But groups are still financially fragile and dependent on**

**a complex web of unpredictable, short-term, targeted funding that may unravel at any time.**

The majority of organizations surveyed have made substantial changes to better position themselves in this new funding environment. Most have cut their internal costs, altered services and programs, and changed their organizational processes and governance – all in an effort to pursue new funding opportunities.

The process of diversification and restructuring in the sector has been intensive:

- The vast majority of organizations surveyed (93%) have tried to diversify their funding sources over the past five years.
- Respondents identified public and private foundations as the most common source of non-governmental funding over that period: 81% had submitted applications to foundations, with varying degrees of success.
- Two-thirds of the groups surveyed had approached corporations for donations (69%) or sponsorships (65%).
- More than half the groups (59%) had organized special fundraising events.
- Six of 10 groups (59%) said they were pursuing commercial or business activities to diversify their resource base.
- Organizations had also sought out partnerships, which are increasingly required by funders before they will

consider financial requests. Participants noted, however, that some funders will not support a project until others have committed money, and the withdrawal of one partner can scuttle the whole funding arrangement.

- Organizations across the sector are looking for help to enhance their operational effectiveness. Many believe

that becoming more “business-like” was a “positive” or “very positive” development for the sector.

For more information on *Funding Matters: The Impact of Canada's New Funding Regime on Nonprofit and Voluntary Organizations*, visit the CCSD website at: <http://www.ccsd.ca/pubs/2003/fm/>



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