

# **Caught in the Middle:**

*What small, non-profit organizations  
need to survive and flourish*

Funded by the Government of Canada, through the Voluntary Sector Initiative, this report is published by the Voluntary Sector Secretariat, which provides support for voluntary sector participation in the VSI, and communicates with the sector about the Initiative.

It does not necessarily reflect the views of the Government of Canada or the voluntary sector.

# **Caught in the Middle:**

*What small, non-profit organizations  
need to survive and flourish*

*By Linda Roberts*



**Table of contents**

Introduction..... 1

Research Method .....2

What We Know And Don't Know About The Voluntary Sector..... 3

From Charity To Collective Responsibility Back To Charity ..... 4

Why This, Why Now: The Vsi ..... 5

Findings: The Successes And Struggles Of  
Organizations And Agencies ..... 6

What Small Organizations And Agencies Need To Do Their Work  
Effectively: Advice For The Vsi ..... 8

Summary ..... 12

Footnotes ..... 13

References ..... 14



# Caught in the Middle:

## What small, non-profit organizations need to survive and flourish

### Small organizations and the Voluntary Sector Initiative

*By Linda Roberts*  
December 2001

#### INTRODUCTION

There is very little literature on small, non-profit, community based organizations even though they constitute the vast majority of the non-profit sector. To learn more about who these organizations are, what they do, how they are faring, and what they need, a discussion paper<sup>1</sup> was commissioned by the Voluntary Sector Initiative. The discussion paper was used as the basis for further research with small organizations, some of them rural, about their needs and hopes. This paper is the summary of the findings on the successes and struggles of small organizations and what supports they require to do their work effectively. The title of the paper, "Caught in the middle," is one of the observations about small organizations from a participant in the focus group in Williams Lake, British Columbia.

The Voluntary Sector Initiative (VSI) is a five-year project of the Government of Canada and the voluntary sector. The goals of the VSI are to support groups within the voluntary sector to work more effectively and to strengthen the relationship between the federal government and voluntary organizations. In 1999, government officials and representatives from some national, non-profit organizations started the process of looking at the relationship between government and the voluntary sector. This activity was the pilot project that led to the Voluntary Sector Initiative.

Small, non-profit organizations were identified as a key part of the voluntary sector by the VSI. There was the recognition that small organizations are groups that not only provide local services but also build community spirit. Small organizations provide the foundation for our civil society by giving people an opportunity to volunteer in their own area, to address neighbourhood issues, to respond to local needs, and to work together as a community.

In the category of small, non-profit, community-based organizations are non-profit agencies and voluntary groups. The primary distinction between them is that agencies have ongoing infrastructure costs related to sustaining services on a regular basis.

This paper is organized into six sections. The research method is described in Part 1. In Part 2, there is a description of the current literature on the non-profit sector; an overview of what we know and don't know about this major civic force that touches all our lives. Background information on the VSI is provided in Part 3. The findings of the research are summarized in Part 4. The advice to the VSI from small organizations on how to support their work is itemized in Part 5. The final section is a summary of the themes from the research.

## RESEARCH METHOD

To understand small, non-profit, community-based organizations, a paper entitled "From choirs to conservation groups: small, community-based organizations are the largest part of the voluntary sector" was commissioned by the VSI to stimulate discussion on the uniqueness of being small. The paper provided background information on the non-profit sector as a whole and a historical snapshot of the development of formal voluntary action over the past century. A description of the Voluntary Sector Initiative provided the springboard to ask small organizations what they needed to be more effective. To hear from small organizations on what they do and what they need, focus groups were organized in three sites in Canada: Williams Lake, British Columbia; Sydney, Nova Scotia; and Peterborough, Ontario. The focus group format and paper content was tested in Halifax, Nova Scotia. In addition, the paper was posted on the VSI website with a response form. Ten responses were received and are included in the data analysis.

Although there are a wide variety of organizations in the voluntary sector, there are no clear distinctions to categorize the different parts of the sector based on size, purpose, constituency, classification, legal status, jurisdiction, and type of activity. The following parameters describing small, community-based organizations were used for the purposes of this research. Small means an income of up to \$100,000<sup>2</sup> (increased from the original discussion paper amount of \$80,000 to include agencies with very modest budgets). Community-based means that the organization provides services locally with volunteer involvement. Volunteers are defined as individuals working on their own time. As a voluntary sector (not-for-profit) organization, there is volunteer involvement, it is not government or business, it reinvests any profits back into the organization, it is self-governing, and it benefits the public. As an organization, there is some level of formality: purpose, structure,

regular meetings, activities or programs. Some organizations may have infrastructure costs (e.g., paid staff, rent, phone) while others are run totally by volunteers who meet in donated space.

In all, representatives from 19 agencies and 21 other organizations participated in the focus groups. The locations for the focus groups provided a geographical spread, economic diversity, and a rural component. In Williams Lake, B.C. there were representatives from six agencies and eight organizations. There were four representatives from agencies in Sydney and four representatives from other organizations. In Peterborough, six agencies were represented and representatives from seven other organizations attended. At the pilot focus group in Halifax, there were three agency and two other organization representatives.

All the focus groups followed the same format: a brief presentation on the Voluntary Sector Initiative followed by an overview of the discussion paper. Most of the time was allotted for separate roundtable discussions among agency representatives and other organization representatives. They were grouped separately for the purposes of feedback because infrastructure issues peculiar to agencies were anticipated.

All representatives filled out a short questionnaire at the end of the session that summarized their individual views about small, non-profits and provided background information on their organization. This paper is a summary of the successes and struggles for small agencies and organizations and suggestions for the VSI on how to effectively support the work of small non-profit groups.

## WHAT WE KNOW AND DON'T KNOW ABOUT THE VOLUNTARY SECTOR

Given that there are 22 million Canadians who donate to voluntary sector organizations, and that 6.5 million of us volunteer our time to a group or organization (Statistics Canada, August 17, 2001), it is amazing that we know so little about the sector that provides a range of programs and services which touch all our lives. Because there is no agreed-upon international classification system defining the sector, we don't know what groups are in and what groups are out<sup>3</sup>. Even the name of the sector is up for debate; it is variously known as the voluntary sector, non-profit sector, independent sector, charitable sector, third sector, civil society, and non-governmental organizations (NGOs) depending on the continent. In North America, we use Voluntary Sector and Non-profit Sector somewhat interchangeably. Although it too is contested, probably the most widely used general description of what constitutes non-profit includes these criteria: organizational (some formal structure), not part of government, any profits are reinvested in the organization, self-governing usually through a board of directors, and pursues some public good (Salamon Anheier, 1996).

Even if there were an agreement on what types of organizations are in the non-profit sector, there is no single agreed-upon way to count them. National statistics are kept by the Charities Division of the Canada Customs and Revenue Agency for groups with charitable status only, and by Industry Canada for organizations that are federally incorporated. Provincial governments have counts of non-profit groups that obtain legal status through incorporation at the provincial and territorial level. Since many voluntary organizations have neither charitable tax status and do not file returns, nor legal status as corporations, there is no reliable way to find out about them: what they do, how much money they have, and who runs the organization and programs (volunteers, paid staff or both).

Statistics on fund-raising<sup>4</sup> confirm that size translates into money: a relatively few large organizations<sup>5</sup> take in most of the charitable revenue. It is troubling, therefore, that there is little differentiation of organizations by size. Small organizations with modest budgets are lumped together with large universities, children's hospitals, symphonies, foundations, national charities, and churches.

With 47.8% of organizations reporting to the Canada Custom and Revenue Agency an income of \$50,000 or less (Day Devlin, 1997), the issue of size is critical. Small organizations are the largest part of the voluntary sector given that most organizations are not included in the federal data. Small organizations can encompass everything from self-help groups (e.g., Alcoholics Anonymous and parent-teacher associations) to choirs to conservation groups. As well, anti-poverty advocacy groups, ethnic associations, heritage societies, minor baseball leagues, women's groups, local food banks, residents' associations, seniors' organizations, and arts groups may fall into the small organization category. Small agencies generally have some paid staff to provide regular programs and services at their own location. To provide consistent service delivery, agencies incur ongoing infrastructure costs such as wages, benefits, rent, phone, power, and supplies.

There are three kinds of non-profit structural formality in Canada: unincorporated, incorporated and charitable status. Small organizations could fall into any category. Since many organizations are not eligible for or don't want charitable status for purposes of issuing tax receipts<sup>6</sup>, and would not be incorporated federally, they are not included in data collected by the federal government. Even if groups are incorporated provincially, they cannot necessarily be grouped nationally because each province and territory has its own guidelines and procedures for becoming incorporated. And many groups choose not to incorporate. The numbers, therefore, of non-registered, non-profit organizations in Canada

are a guess at best. Estimates of the total number of registered and incorporated voluntary organizations are about 100,000 (Day Devlin, 1997), while the estimates of unregistered, unincorporated organizations is about 870,000 (Voluntary Action, 1999).

No matter which number is used, the sheer size of non-registered, non-profit organizations is staggering. Since we have no agreed-upon definition and no way to collect statistics, we officially have no idea of the impact of small organizations on our communities.

## **FROM CHARITY TO COLLECTIVE RESPONSIBILITY BACK TO CHARITY**

Mutual aid has been part of our society from the beginning. Without other formal supports to address poverty, sickness, natural disasters, education, health and culture, public-spirited people worked individually and in groups to help their neighbours. In fact, voluntary initiatives usually predated and paved the way for the more formal social safety net. Prior to 1900, organized public social welfare was varied among the different parts of Canada but generally limited to some help for the poor and indigent, free elementary and some secondary education, and institutions for the mentally ill and criminals. In some areas institutions such as hospitals, orphanages and homes for the aged were run by charities with modest help from government in the form of grants. In the last decade of the 19th century, there were the beginnings of non-profit welfare organizations such as Children's Aid Societies, the Red Cross and the Victorian Order of Nurses. In Quebec, these roles were played by the Catholic Church. Throughout this period, private philanthropy provided supplemental relief to the poor through a wide variety of charity organizations. Private philanthropy, however, served to impede "a comprehensive and non-partisan approach to poor relief but also helped conceal the magnitude of the problems faced" (Guest, 1982, p.14). This charity model,

based on moral virtues, was inconsistent and often judgmental.

The twentieth century marked the development of our income security and social welfare system, probably hastened by the growing urbanization that introduced new social problems. The First World War brought a change in attitude among Canadians who recognized that we needed a social minimum in public welfare services. The Returned Soldiers Insurance in 1920, mothers' pension schemes in five provinces by 1920, and the Old Age Assistance Act of 1927 through to the unemployment insurance legislation in 1940, National Housing Act in 1944, Family Allowances in 1945, the Old Age Security Act in 1951, and some provincial health insurance programs in the 1940s provided the basis of our social welfare. From the 1950s for a 25-year period the idea of 'collective responsibility and shared risk' (Armstrong, 1997) was a strong public value. Over the last twenty years, however, the social welfare system has started to unravel as governments cut programs and services with the expectation that volunteers and volunteer groups, including social action and self-help groups, can take on more and more responsibility for the social welfare<sup>7</sup> of Canadians.

Expectations of the voluntary sector are high, but the reality is mixed. According to the latest Statistics Canada National Survey (National Survey, August 17, 2001) volunteerism and total number of individual donations are down. Today there are a million fewer people donating their time to worthy causes than there were in 1997. Those who do volunteer gave an average of 13 more hours per year, but this is still a loss of 56 million volunteer hours. And a few people do most of the work: "in 2000, the top one-quarter of volunteers contributed an average of 471 hours of their time throughout the year, and accounted for 73% of total overall hours" (National Survey of Giving, Volunteering and Participating, August 17, 2001).

## WHY THIS, WHY NOW: THE VSI

There have been dramatic changes in the voluntary sector and increased pressures on non-profit organizations and their volunteers as a result of government downsizing and downloading in recent years (Hall Reed, 1998). These changes and pressures were the impetus for the formation of the Voluntary Sector Roundtable in 1995, an unincorporated group of 12 national umbrella voluntary organizations and coalitions. The Roundtable members came together to examine the sector both internally (the sector itself) and externally (relationship with government).

The Roundtable launched the Panel on Accountability and Governance in the Voluntary Sector in 1997 with a task to study accountability. A discussion paper and the final report<sup>8</sup> provided a framework for looking at over-all organizational issues. These reports were followed by joint discussions between non-profit groups and government representatives culminating in the Working Together report in 1999. This paved the way for the Voluntary Sector Initiative in June 2000. The VSI is funded by the federal government with a mandate to act on the recommendations in the Working Together report. A budget of \$94.6 million has been allocated for this five-year process.

While the federal government administers the funds, the project is jointly managed by government and voluntary sector members. Joint Tables, advisory bodies made up of government staff and voluntary sector representatives, are investigating six specific areas to strengthen the voluntary sector. As well, there are collaborative mechanisms in place to explore other issues of importance to either the voluntary or government sectors or both, including financing, advocacy, organizational liability, and federal funding. Input into the activities of the various Tables and the other mechanisms has been solicited from volunteers, government officials, staff of voluntary organizations, and other sectors. This participation has been through consultations, focus groups and forums. The Joint Tables and

sector-only working groups will make recommendations to government. The Joint Coordinating Committee, senior officials from government and the voluntary sector, will oversee this process until at least 2002. Some of the work will continue to 2005.

This formalization of the relationship between the government and the voluntary sector has already been undertaken in the United Kingdom. The Charity Commission of England and Wales registers charities, provides information about charities, monitors charities, provides advice to charities, and intervenes when charities get into trouble. More recently, Compacts (agreements to guide the partnership between government and voluntary sector groups) that include much of the same issues in the VSI mandate have been instituted.

Six priority issues have been identified as part of the Voluntary Sector Initiative. The issue areas are:

- A. Accord
- B. Awareness
- C. Capacity
- D. Volunteerism
- E. Information Management - Information Technology (IM-IT)
- F. Regulatory framework

In the fall of 2000, a "Joint Table" to explore each issue area was formed. The Tables are composed of government and voluntary sector representatives. Each Table has been meeting to develop terms of reference and a work plan.

Five principles were identified as essential conditions for this government-voluntary sector initiative: interdependence and cooperation, the voluntary sector's unique role, dialogue, collaboration, and public accountability (Working Together, 1999, p. 22).

## **FINDINGS: THE SUCCESSES AND STRUGGLES OF ORGANIZATIONS AND AGENCIES**

To differentiate between organizations and agencies, separate discussions were held with groups identifying themselves as organizations from those that self-identified as agencies. The distinction between organizations and agencies is that agencies have the ongoing burden of infrastructure costs of operating a service.

Of the 14 agencies that provided background information on their income last year, the average amount of money for the agencies to provide services was \$54,857.14. Within this average, the income ranged from \$26,000 to \$100,000 last year. This income paid for a total of 17 full-time staff (average of 1.21 full-time staff) and eight part-time staff (an average of .57 part-time staff).

The 15 organizations reporting income and staff had a total income of \$398,650 with, on average, only three part-time staff and some contract staff. Income ranged from \$400 to \$115,000 last year. With so few paid staff, almost all the resources were ploughed into activities such as children's sports, food and clothing for the needy, or environmental conservation.

Organizations focusing on environmental, health, economic development, children and youth sports, heritage, residents' issues, poverty, and literacy provided this brief snapshot of why they exist and why the volunteers continue to donate their time. They provide needed "alternative services for people in the community, e.g., recreation for kids"<sup>9</sup> that no one else offers. "Knowing you are doing it for your neighbours" instills a sense of civic pride: small organizations enable community participation and bring the community together. Because of their expertise on local issues, small organizations work to raise awareness on these issues in order to affect public policy. They are particularly successful at helping each other. Partnerships, cooperation and shared services were noted by a

number of organizations. A strong volunteer base enabled organizations to do their work. Many successes were due to the fact that the organizations were small, "more grass-roots oriented - more in touch with what is happening on the ground." Small means that organizations can address specific local issues and needs, in contrast to a broader, more generic approach by larger organizations and institutions with broader mandates.

The struggles for survival of small organizations were uppermost in the minds of most focus group participants. They identified recruitment and retention of volunteers as major problems. It is hard to get volunteers; recruiting and training volunteers is time consuming and expensive; turn-over is a problem -- get them trained and then they leave; volunteers are stressed and burned-out with too many needs. It was noted that it costs money to be a volunteer. The out-of-pocket expenses of things like child care and transportation means that some people cannot get involved in organizations.

Funding and fundraising were the second most frustrating tasks of organizations. It was noted that "more time was spent on fundraising than on [the] actual service." It is harder to fundraise for small organizations because of their lack of connections, low profile and the competition among non-profit groups for donor dollars. Groups identified the lack of money to do their work effectively: they "often work on a shoestring with no money at all." To get grants, organizations must chase the flavour of the month topic. And writing proposals "takes an incredible amount of energy" and ability to "play the game." The expectation of funders that small organizations can find matching money and patch together partnerships is an added burden. For the funding that is available, groups must "hit the moving target" of evasive or changing government rules. The feast/famine of funding is not healthy, and the terms and conditions of grants they do get are sometimes unrealistic.

Government practices of downloading work to non-profits with decreased levels of funding to provide services are taking a toll. The “government calls us with social problems.” Coupled with government practice is the frustration of “still working on issues we have been discussing for years” and too many needs with too few resources.

Smallness was identified as a problem when trying to get public awareness and understanding of unpopular and uneasy topics (e.g. poor children). It was noted that there is little understanding of what small organizations provide to their communities, so, therefore, non-profits or their volunteers are not valued.

The fear of lawsuits was a hot topic for small organizations. This fear has impacts on both the range of services delivered, and the challenge of recruiting Board members.

They also identified a need for access to infrastructure services (phone, fax, photocopier) as a relatively inexpensive proposition but of immense value to small organizations.

The agencies represented at the focus groups provided a wide variety of services including emergency information, counselling, animal welfare services, volunteer recruitment and placement, family support and information, food, employment services, recreation programs, Internet access, health services, emergency assistance, and education.

Successes for these agencies were the more personal services and support they were able to provide that added to the comfort level of the clients. The specific services were not offered elsewhere locally or were designed specifically to meet local needs making them unique to the community. Small and local meant that the agency had a good knowledge of the community and was known in the community. Being known locally provided accountability to the community because the issues and the actions were visible. Flexibility and adaptability were other identified characteristics of small agencies due to their local roots and their lack of bureaucracy. It was

noted that because small agencies are “grassroots”, they can “feel what is going on in the community and provide direct feedback” in terms of programs and services.

Agencies were proud of the good management of stretching their limited income. Partnerships and communication among small community agencies were other strengths that promoted better planning and helped support each other in the local network of programs and services. The small size contributed to good communication among staff and volunteers that fostered a committed volunteer base. Passion and commitment to an issue or purpose were other defining characteristics of small agencies.

While much of the important work of small agencies centred on their flexibility to provide local services for local needs and issues, the struggles to survive underscored the vulnerability of being small. Funding was a huge issue for the small agencies. Decreased levels of funding jeopardized services. The lack of core funding for operational costs meant that agencies were chasing project funding for specific, new programs and things, with no secure money for the tried and true programs and services. Planning and sustainability are out of the question with reliance on short-term funding. For many, the increased emphasis on applying for money to stay afloat was taking too much time away from doing the work. Some focus group participants were concerned about the ethics of funding sources such as bingo and the lottery. And there was an observation that competing among themselves for increasingly scarce funds was leading to divisions in the community.

Volunteerism was another significant topic for focus group participants. Using volunteers effectively posed problems because it is expensive to recruit, train, retain, supervise and recognize volunteers. When volunteers leave (turnover), the cycle begins again. Burnout was cited as a growing issue with volunteers. With more stresses, pressure and responsibility of being a volunteer, “people

are asking themselves why they would take on such high levels of stress to volunteer.” Fear of lawsuits and liability is another major disincentive to volunteer. And so it is hard to get volunteers: major changes in the social and work structure mean that people are not as available to volunteer and those who are available are thinking twice about donating their time. The downside of volunteers is that they sometimes have unrealistic expectations, they “can themselves be high maintenance and needy” and there are issues of power (people don't want to let go of the position or share the knowledge they hold) among some volunteers.

Boards of Directors, who are people charged with legal and financial responsibility for agencies, are increasingly worried about lawsuits and liability. It is not clear if the shrinking pool of volunteers for Boards is linked with the liability issue. Commitment and professionalism are major issues for Boards to be effective.

Staffing for small agencies was cited a problem. The time commitment, burnout and low pay/low status make it difficult to find and keep staff. Other struggles for small agencies included the paper burden, completing the same forms as large organizations, and the lack of infrastructure (office, phone, fax, Internet, etc.). For some issues there is a stigma that makes it hard to find volunteers or fundraise.

The small size is a problem in marketing and promotion because the “message often 'gets lost' in the shadow of bigger, similar agencies.” Perhaps overriding the perils of being small are the effects of government downloading to community agencies and their volunteers. Agency representatives noted that it was a misuse of volunteers to patch together services abandoned by governments.

### **What small organizations and agencies need to do their work effectively: advice for the VSI**

As small organizations and agencies provide the grassroots programs and services that are needed locally, they face problems related particularly to their size. Solutions are needed to preserve the benefits of flexibility, responsiveness, accountability, and appropriateness (meeting local needs) that are among the major advantages of being small and community-based. There is little distinction in policy or practice between better staffed and financed larger organizations and their grassroots cousins who are getting by on a shoestring. A common issue brought up by representatives of small organizations and agencies was the impact of downloading by governments to the voluntary sector, and the resulting stresses and strains of addressing local needs. At the same time, the terms and conditions of funding from public and private sources have become ever more arduous for small organizations and agencies: less money (cuts to grants, more competition for available dollars, etc.), more strings (contracts vs. core funding, short term, more paperwork, etc.).

#### **Advice to the six Joint Tables included:**

**Accord:** The Accord Between the Government of Canada and the Voluntary Sector<sup>10</sup> sets out the values and principles that will be the basis for all relationships between the federal government and voluntary organizations. There was concern among small organizations and agency representatives that the intentions were noble and the words were nice, but there seemed to be no sustenance (final outcome or product) and there were no monitoring mechanisms: a plan to move from theory to practice. It was also noted that the Accord does not talk about the context of the VSI - what changes have taken place in the non-profit sector over the last decade particularly the negative impact of cutbacks. Concern was expressed that this omission will

take the life “out of the initiative.” *Recommendation: Political will is needed to implement the good intentions.*

**Awareness Table:** Awareness covers how well the public understands the contribution of the voluntary sector, its organizations, and its staff and volunteers. Since small organizations have few resources, both human and financial, to market themselves, they need help in the form of on-going campaigns to let their constituency know who they are and what they do. This can take the form of awareness of the sector as a whole (the value and contribution of the voluntary sector) and, at the local level, of individual organizations. Because small organizations/agencies constitute the largest part of the sector, there should be much more emphasis on the important and cost-efficient work of grassroots groups.

*Recommendations:*

*Information was a key issue for small organizations and agencies. They often didn't hear about resources or funding opportunities that might assist them in their work. “It seems that each group must re-invent the wheel with every project undertaken.”*

- 1 *Community information centre: It would be helpful to have a central local publication or contact centre for people to find the services they need.*
- 2 *Resources: More resources are needed for individual organizations and agencies so that they can promote their own work and issues.*
- 3 *More media coverage: General media coverage of the sector and specific profiles of small organizations is needed to raise awareness of the value and contribution of the voluntary sector.*
- 4 *Thank you: Acknowledge and thank small agencies and organizations and the volunteers who give their time for the services and programs they provide to their neighbours and the civic pride they help to foster.*

**Capacity Table:** Capacity relates to the resources available to an organization to do its work. Resources include enough staff (paid and volunteer), sustainable funding, information, and training. The observation by small agencies and organizations on the issue of capacity was clear. They say that if the government(s) appreciated, understood and were sincere in their efforts to promote the voluntary sector, they would be more likely to increase funding to this sector. The distinction between small organizations/agencies and large organizations and agencies must be identified and clearly defined. This has yet to be addressed adequately. Small organizations do not have the time and access to resources to adequately write increasingly complicated grant proposals, promote awareness, fill out all the forms, administer, evaluate, develop partnerships, and support their volunteers given their struggles for money, limited staff and volunteer time. They are often out of the loop in hearing about funding opportunities. They need help in the form of more accessible funding, information, equipment, and training. Liability and legal issues are also a growing concern for small organizations and agencies.

Governments have reduced and downloaded services, and “...small organizations are caught in the middle ... [There needs to be] recognition of building capacity when there are more expectations but less resources for non-profits.” Small organizations/agencies need “morale boosters - a thank you from provincial and federal sectors for the work of the volunteer.”

*Recommendations:*

1. *Funding: More money is needed for core funding, project funding and equipment and training. Small agencies need sustainable funding: multi-year, core operational funding to provide consistent services.*
2. *Grant applications: Well advertised grant information and straightforward applications mean that the staff/volunteers of small organizations and agencies would hear*

*about funding opportunities and have the skill level to apply for the grants.*

3. *Local resource centre: Small agencies and organizations need a local resource centre so that they could obtain information on organizational development, funding opportunities, volunteer management, skill development (e.g., how to write grant proposals), and government services and structure.*
4. *Federal Information Centre: An information clearinghouse that offers services such as technical computer support, current funding sources, volunteer recruitment information is needed.*
5. *Incentives for volunteers: It is not free to volunteer. Tax breaks or other supports may be useful incentives to encourage people to start volunteering their time and skills.*
6. *Liability insurance or limiting liability: Small organizations and agencies need assistance in acquiring appropriate liability insurance to protect their Boards, volunteers and staff.*
7. *Partnerships: Promote innovative ways to foster partnerships among agencies, government and business that is not coercive (a requirement to receive a grant) so that information and expertise can be shared.*
8. *Training: Free or very low cost leadership and other training for staff and volunteers on organizational development and management issues is needed.*

**Volunteerism Table:** Volunteerism refers to all the resources needed to support the work of volunteers. From the perspective of small organizations and agencies the various levels of government do not encourage volunteering enough. "Proof is in the absence of mechanisms to support volunteerism." An in-depth analysis of the political, economic and social changes that have affected volunteerism in our society is needed. The analysis should incorporate findings emanating from small organizations and the volunteers that work within this sector. After there is a solid understanding of small organizations/agencies and their volunteers, then concrete, useful steps to enhance this part of the voluntary sector will be unmistakable. Focus group participants identified the following as a starting point to help organizations agencies gain and maintain a volunteer base: resources to recruit, train and supervise volunteers, information on policy development including risk management, and promotion of volunteering.

*Recommendations:*

1. *Resources: Government support is needed by community groups to support their volunteer base (recruiting, screening, training, supervising, and acknowledgment of volunteers).*
2. *Policy development: Assistance is needed with developing policies around volunteerism (e.g., determining suitability, risk management, liability, and screening costs such as police checks).*
3. *Management: Information and ideas are needed on how to manage volunteers (e.g. determining appropriate tasks and developing skills) including holding them accountable (reliability) for completing tasks and how to keep volunteers.*
4. *Promotion: Better promotion of the benefits of being a volunteer (e.g., self-development, self-esteem) is needed.*

**Information Management-Information**

**Technology Table:** Information Management - Information Technology (IM-IT) is about the use of technology to further the work of small organizations. Some groups are doing fine without IM IT, however the general consensus and perhaps the reality is that IM and IT are necessary tools for small, non-profit organizations and agencies. Resources are needed to purchase computer equipment, make use of the Internet, maintain computers/hardware, trouble shoot problems, develop and maintain a Web Site, and acquire software updates and new technology. Access to computers and computer training is essential for small organizations and the people and families that utilize their services.

*Recommendations:*

1. *Technology: Some small agencies and organizations need the basic technological infrastructure of computers, software, phones, and Internet.*
2. *Funding: Money is needed to maintain the computer equipment and purchase the software that will simplify their work. Training: Free skill training on how to use the hardware and software is an ongoing need.*
3. *Technical help: Small organizations and agencies need technical help when the computer starts acting up (viruses, etc.). One suggestion was a federal web site with a technician available to answer computer questions.*

**Regulatory Table:** The regulatory framework is not only about federal charitable tax status (who qualifies; what you can and can't do when you have it, and who administers it within government) but it also addresses the liability of directors. There is an urgent need to review rules/regulations/policies affecting small organizations and agencies in Canada. The Federal legislation governing charitable status is archaic: it needs to be changed drastically. Liability, the fear of lawsuits, is a growing issue that is jeopardizing the ability of small organizations and agencies to attract volunteers and to respond to community needs. Poor insurance coverage for small organizations was also cited a problem. The government could play a key role in partnering for insurance.

*Recommendations:*

1. *Liability: Provide federal help for non-profit agencies/organizations and their volunteers and staff against lawsuits.*
2. *Charitable tax status: Improve access to charitable tax status by bringing the act into the 21st century and make the forms more user-friendly.*
3. *Advocacy rule: Get rid of the 10% advocacy rule. Small organizations and agencies need to advocate on behalf of their constituents to do their job effectively and ethically.*
4. *Federal forms: Look at ways to make the regulations and forms with regard to employees less time consuming and complicated for small agencies and organizations.*
5. *Tax relief for volunteers: Investigate initiating a tax incentive program (tax credit for example) for people who volunteer.*

## SUMMARY

The research for the discussion paper and the feedback from small organizations and agencies confirms that we need to know much more about the small groups working at the community level. They are the largest part of the voluntary sector but we know little about their successes and struggles and the changing environment in which they work. And small organizations, collectively, do not receive a proportional share of the resources available within the voluntary sector. One focus group participant remarked that “if small organizations and agencies comprise more than half the voluntary sector, we should get at least fifty percent of the attention and the funding.” Instead, with the vast body of research on the voluntary sector, there is no scholarly work on the definition of small (or medium or large) and very little research on the impact of size. In order to nurture community groups, we must know about their role, their successes, their vulnerabilities, their struggles, and their needs.

This paper provides a working definition of organizations and agencies that includes the differential incomes reflecting fixed costs for service-providing agencies for which organizations are not necessarily responsible. Although the original discussion paper<sup>11</sup> used \$80,000 as a benchmark of small, it became apparent in the focus groups that organizations generally had no staff and therefore needed less money to do their work, making the figure too high, while for agencies with infrastructure costs such as staff, rent, phone, lights, heat, and supplies, \$80,000 was too low.

The differences between organizations and agencies emerged in what each grouping considered accomplishments and what they identified as their greatest worries and problems. For organizations, the information and support, the civic pride, the cooperation with other groups and the public education on local issues were the major successes. While agency representatives identified some of the

same accomplishments, the slant was on specific services and the flexibility, good management, community spirit, and grass-roots knowledge of the community and its' needs. The top problem for organizations was volunteers, grants, government policies (downloading, advocacy, and the changing social structure), fundraising, and marketing. For agencies, sustainable funding and the problems with fundraising was closely followed by the myriad of issues in maintaining a volunteer base. Staffing was a big problem for small agencies with little money. The paper burden of operating a service was out of proportion to the income. Issues common to service-providers and others included the uniqueness, challenges and benefits of being small and also their invisibility in the shadow of bigger voluntary sector groups.

Key recommendations centred on

- funding,
- volunteer support,
- public education about small organizations/agencies in general and specific services locally,
- infrastructure support including computer hardware and technical services,
- local information centres to support small organizations/agencies, and
- addressing liability of voluntary sector groups.

Asked to rate the Voluntary Sector Initiative, representatives of agencies and organizations thought that it was important work (35%), a nice try (22%), not sure (38%), won't matter to my organization (5%), and waste of money (0%). “Thank goodness for at least this effort to hear from small organizations. Not nearly enough has been done to include the voices of small groups in the VSI.” “All the study in the world won't help us unless, federal, provincial and municipal governments take concrete steps to implement change and support small groups.”

## ENDNOTES

- 1 The paper, *From choirs to conservation groups: small, community-based organizations are the largest part of the voluntary sector*, August 2001, was prepared for the VSI; copies can be obtained from the VSI Secretariat
- 2 A distinction is made between small, non-profit organizations and small, non-profit agencies. Organizations are made up of individuals who come together for a purpose. Because they do not necessarily provide ongoing, regular services that require an infrastructure, they most likely fall within the 47.8% of charities with a yearly income of less than \$50,000 (Day & Devlin, 1997). Non-profit agencies, however, are institutions in the sense that they have a physical location, phone and (usually) some paid staff; as well, they provide regular (identified times) and specific services. For agencies to qualify as small, an income under \$250,000 and six or fewer staff is more realistic. This dollar amount recognizes the infrastructure costs of paying for rent, salaries, benefits, phone, lights, materials and equipment to provide ongoing services. Examples of small agencies are transition houses, parent resource centres, help lines, employment counselling services, and mental health services. Depending on the nature of the group and services, some may be organizations and some may be agencies. For example, a seniors' centre may be a drop-in place to socialize or an agency providing health, nutrition or information services.
- 3 Churches, trade unions, political parties, government agencies, hospitals, professional associations, credit unions, universities, hospitals, business organizations, co-operatives, and social action groups can all be considered part of the non-profit, voluntary sector depending on the definition and classification system used (Reed & Howe, 1999).
- 4 "In terms of dollars raised, fund-raising is dominated by the largest charities: 77 percent of all funds raised from individuals go to charities with revenues greater than \$1.5 million. In contrast, only 5 percent of all revenues raised from individuals go to the smallest charities...." (*Helping Canadians Help Canadians*, May 1998, p. 29).
- 5 The number of "large" organizations is also not clearly defined. Those organizations with revenues over \$1 million per year are estimated to be between 7% and 17% of the non-profit sector while 47.8% of organizations providing reports to Revenue Canada in 1994 had an income of less than \$50,000. In 1994, approximately 67,600 registered charities shared about \$45.4 billion (Day & Devlin, 1997). In 1995, "eighty percent of charities reported revenues under \$250,000, amounting to just 5.4% of total revenues; 7% reported revenues over \$1 million, accounting for 87.7% of total revenues." (Dreessen, 2000, p. 14). This trend for a concentration of income to a few large organizations is also happening in the United Kingdom where 10% of the organizations take in 88% of the gross income (The Overall Size..., 1998-1999).
- 6 Apart from the strict criteria limiting eligibility for Charitable Tax Status from the Canada Customs and Revenue Agency, many organizations do not want the designation because they do not have the capacity to provide all the yearly paperwork required by the federal taxation authorities. The big advantage of charitable tax status is being able to issue tax receipts for donations and apply for foundation grants. If an organization is not looking for funding from these sources, there is little advantage to charitable tax status.
- 7 "There is no question that governments have to rely on volunteerism more than ever in a time of cut backs, and that makes it absolutely essential that we do all we can to recognize the importance of volunteers," says [Paul] Martin" (*Cutting Back*, July 1996, p. 40).
- 8 *Helping Canadians Help Canadians: Improving Governance and Accountability in the Voluntary Sector. A discussion paper*, May 1998, was the discussion paper that led to the final report, *Building on Strength: Improving Governance and Accountability in Canada's Voluntary Sector. Final Report, "Broadbent Report," Panel on Accountability and Governance in the Voluntary Sector*, 1998.
- 9 All quotations in this paper are taken from the focus group discussions unless otherwise noted.
- 10 *An Accord Between the Government of Canada and the Voluntary Sector* was signed on December 5, 2001.
- 11 The discussion paper prepared as a starting point to get the views of small organizations and agencies was entitled *From choirs to conservation groups: small, community-based organizations are the largest part of the voluntary sector. A Discussion Paper on small organizations and the Voluntary Sector Initiative*, August 2001.

## REFERENCES

- An Accord between the Government of Canada and the Voluntary Sector: Draft for Discussion.* (2001, May). Ottawa, Ontario: Voluntary Sector Initiative Secretariat.
- Armstrong, P. (1997). *The Welfare State as History.* In Blake, R.; Bryden, P.; Strain, J. (Eds.). *The Welfare State in Canada: Past Present and Future.* Concord, Ontario: Irwin Publishing.
- Cutting back: In the cash-strapped 1990s, government is depending on volunteers to fill the breach.* (1996, July 1). *MacLeans Magazine*, v109, n. 27, p. 40-41.
- Day, K. M. and Devlin, R. A. (1997). *The Canadian Nonprofit Sector. CPRN Working Paper No. 02.* Ottawa, Ontario: Renouf Publishing Co. Ltd.
- Dreessen, E. (2000). *What do we know about the voluntary sector? An overview.* Nonprofit Sector Knowledge Base Project. Ottawa, Ontario: Statistics Canada.
- Good, D.A. (2001, Summer). *A Government Voluntary Sector Accord.* *Isuma: Canadian Journal of Policy Research*, v.2 n. 2, p. 46-52. Available on line: <http://www.isuma.net/v02n02/good/good.pdf> (December 27, 2001)
- Guest, D. (1982). *The emergence of social security in Canada.* Vancouver: University of British Columbia Press.
- Hall, M. H. and Reed, P. B. (Spring 1998). *Shifting the burden: how much can government download to the non-profit sector?* *Canadian Public Administration.* Toronto: Institute Public Administration Canada. Volume 41, No. 1. Spring 1998, p.1-20.
- Helping Canadians Help Canadians: Improving Governance and accountability in the voluntary sector - A Discussion Paper.* (1998, May). Ottawa, Ontario: Panel on Accountability and Governance in the Voluntary Sector.
- National Survey of Giving, Volunteering and Participating 2000.* (August 17, 2001). Statistics Canada. Ottawa, Ontario. Available: <http://www.statcan.ca/Daily/English/010817/d010817c.htm> (December 16, 2001)
- Overall Size and Contribution of the UK voluntary Sector: This briefing based on information contained in the UK Voluntary Sector Almanac 1998-99.* London: National Council of Voluntary Organizations.
- Putnam, R. D. (2000). *Bowling Alone: The collapse and revival of American community.* Toronto, Ontario: Simon Schuster.
- Reed, P. B. and Howe, V. (1999). *Defining and Classifying the Nonprofit Sector. Notes prepared for the Advisory Group on Nonprofit Sector Research and Statistics Canada.* Ottawa, Ontario: Statistics Canada.
- Roberts, L. J. (August 2001). *From choirs to conservation groups: small, community-based organizations are the largest part of the voluntary sector. A Discussion Paper on small organizations and the Voluntary Sector Initiative.* Ottawa, Ontario: Voluntary Sector Initiative.
- Salamon, L. M. and Anheier, H. K. (1996) *The emerging nonprofit sector: An overview.* New York: Manchester University Press.
- Update: Voluntary Sector Initiative newsletter.* (2001, March). Ottawa, Ontario: Voluntary Sector Initiative, no. 1.
- Voluntary Action and Organization in Canada: The last decade and beyond.* Clare Clark Memorial Symposium (1999, November) Toronto, Ontario: Carold Institute, George Brown College of Applied Arts Technology.
- Working Together: A Government of Canada/Voluntary Sector Joint Initiative.* (1999, August). Ottawa: Voluntary Sector Task Force, Privy Council Office and Voluntary Sector Roundtable.