

ECONOMY**Money**

Canadian charities bowed but not broken in economic storm

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[CBC News](#)



A survey of Canadian fundraising professionals conducted from Jan. 19 to Feb. 2, 2009 found most haven't scaled back staffing levels and don't expect to in 2009. (iStock)

Persuading donors to be generous in these hardscrabble times seems as if it would be a formidable challenge, but some Canadian charities are staying optimistic about a sustained — and in some cases an expanding — pool of funding.

"In 2009, we've actually estimated and budgeted for a five per cent increase," said Mary Proulx, vice-president of fund development and regional activities for Kids Help Phone, a toll-free phone counseling service for young Canadians.

"It is stable. We're not saying it's going to be a significant increase, but in this organization I don't see a decrease."

Still, many charities caution that more Canadians — seeking work and struggling with anxiety — are tapping their services.

"I think many of the people we're seeing in food banks right now are saying, I never thought I'd be here, but I only had about three months [worth of savings]," Gail Nyberg, executive director of Toronto's Daily Bread Food Bank, told CBC Radio.

"I think most of us would be lucky to last about three months before we had to make some huge financial difficult decisions, whether it's moving out of our apartment into something cheaper, selling our house — which aren't selling."

Accordingly, charities such as Kids Help Phone are strengthening their community-based approach. Proulx says Kids Help Phone, which raises the bulk of its money through corporate sponsors and workplace fundraising programs, does anticipate a decline in large philanthropic gifts. She notes, however, that the organization's financial plan has always depended more heavily on grassroots fundraising.

"What we raise in funds, we spend," she said. "We don't have a large reserve, we're not investing. At this time, we're very thankful and very grateful for this model that is so community-based with individuals. We're very, very fortunate to have long-term relationships with these employee groups."

'So far, so good'

Martin Bragg, retiring artistic producer of CanStage, is also hoping his Toronto-based, not-for-profit theatre company will weather the economic turmoil, in part thanks to a large restructuring in 2008. A total of nine employees were laid off in February 2008, as the company struggled to control its debt load of \$1 million. The company is now on budget and has even acquired new sponsors.

"As I'm saying this, I'm knocking on wood — so far, so good," he said.

Bragg noted that CanStage is fortunate it doesn't depend heavily on its endowment fund — money given to an institution that is typically invested with the principle protected. CanStage's reliance on its \$1.2 million endowment fund with the Ontario Arts Council Foundation is in the order of about \$30,000, Bragg said.

'[We're going to] stay with the core activity right now, continue to batten down the hatches, and ride it out.'

—Martin Bragg, *CanStage*

"[The Ontario Arts Council Foundation] was only able to come up with about a third of that this year for us," he said of the endowment fund. "We don't have a huge reliance on it. We took a hit on that, but interestingly enough, I was able to recover it from ticket sales."

Still, the theatre company plans on taking a modest approach, delaying plans to further develop its Berkeley Street theatre. CanStage is also weighing its artistic approach carefully, putting on hold ideas to add another show to its theatres.

"I'm putting that on hold just because there's risk associated with that. [We're going to] stay with the core activity right now, continue to batten down the hatches, and ride it out."

Similarly, the Arthritis Society is among charitable organizations saying they're not expecting a shortfall. David Prowten, vice-president of revenue development, says the group raises the bulk of its money through a strong core of community fundraising. He also notes they managed to maintain their reserve fund despite the wobbly economy.



The Salvation Army's Christmas campaign raised \$16 million.

(Chitose Suzuki/Associated Press)

"We have a reserve fund, but that is not invested in equities; it's more invested in money market funds," he said. "We've been fortunate, because the current financial crisis has not impacted our investments."

Prowten attributes the steady support to a common Canadian characteristic.

"I actually think that people, in times of need, know that others may be in even greater need," he said. "I think Canadians are very generous. I think we're an empathetic culture. I think we dig deep in times of need."

Other charities, including the Salvation Army, report funds remain steady, in part owing to a strong Christmas campaign during which \$16 million was raised — up from \$14.3 million raised in 2007. Make-A-Wish Canada also says with a loyal donor base, it is optimistic support will be steady this year. The foundation granted 471 wishes last year with another 400 candidates waiting.

Similarly Judy Tobe, the executive director for the literacy group Frontier College, says that the addition of new donors and companies is helping to balance out the loss of companies and individuals who have had to cut off or reduce their donations. She notes, however, that the organization is continuing to be prudent with its spending.

57% expect same or higher donations

According to a survey of Canadian fundraising professionals conducted from Jan. 19 to Feb. 2, 2009, most fundraising professionals said they have not scaled back staffing levels and did not they expect to in 2009. About 31 per cent of the 994 respondents said they expected this year's contributions to match 2008 levels, while 26 per cent said they anticipated an increase.

The survey, prepared by Innovative Research Group for the newsletter *Canadian Fundraising & Philanthropy*, also notes 40 per cent of respondents said they're bracing for a decline in contributions over the coming year. The survey's margin of error is plus or minus 3.5 percentage points, 19 times out of 20.

Meanwhile, according to recent surveys, fundraisers in the U.S. and the U.K. are anticipating a steep decline in donations. A March survey of U.K. executives, for example, suggested corporate giving would sink by about £500 million (\$888 million Cdn) — a 34 per cent decline. Similarly, a U.S. report also released in March, found that while demand for social services was increasing, resources were dwindling. Chicago's Meals on Wheels has announced plans to cut its budget by 35 per cent, while U.S. churches fell far short of their fundraising targets last year.



Toronto's Daily Bread Food Bank has been able to meet demand in early 2009, says Gail Nyberg, executive director. Gail Nyberg, of Toronto's Daily Bread Food Bank, says she'll be monitoring the spring Easter food drive very carefully, but she notes that in addition to a strong holiday campaign, donations in January and February have been very strong.

"I think we're in pretty good shape," Nyberg told CBC Radio. "And we're in good shape going through the next few months, through the summer — what happens in the spring drive, which starts a little later in March over the Easter period will tell the tale whether we're going to have some difficulties going into the fall."

Still, as the year progresses, Nyberg said she expects to see more people struggling to feed their families.

"We really expect ... to see people over the summer who may be paying mortgages coming to food banks because the amount of money they're getting on EI won't pay the mortgage and feed them, and they're trying to sell those houses."

'We just don't have enough to go around'

Admittedly, some charities are struggling to stay afloat. For example, Yussuf Ali, a case manager for Horizons for Youth, describes a grim situation in which the shelter must ration their meagre provisions.

"We just don't have enough to go around for everybody," he told CBC Radio.

"We're pretty short on supplies, and we are rationing milk, we are rationing juice, we have pregnant teenagers, we have kids with [diabetes], and it's pretty dire."

"If we can't begin with feeding them ... it's hard to talk about success and hope and how to deal with the other challenges."

Other groups, such as the Heart and Stroke Foundation of Ontario say that while their traditional donors have continued to offer support, expanding on their support base will be challenging.

"Planned growth in our community-based fundraising programs will be difficult to achieve until confidence in economic fundamentals is restored," said Bill Thomas, interim CEO of the Heart and Stroke Foundation of Ontario, in an email interview.

Thomas notes HSF would continue to support research and health education activities, but noted they may have to scale back some programming.

"As we prepare our plans for the coming fiscal year, we anticipate that we may have to reduce investment in these mission activities from current levels to reflect anticipated lack of growth, or

reduced contributions from some of our revenue sources."

Frances Lankin, president and CEO of United Way Toronto, says that despite a strong 2008 campaign, it ultimately fell short of its goal, with corporate funding remaining flat and gifts of securities and sizable donations dropping off. At the same time, Lankin describes growing need in the community with more people drawing on employment-assistance programs and seeking help for stress.

Accordingly, they have also been forced to make some difficult choices. Funding for member agencies will be maintained though the organization will not bring new agencies into membership. One-time grants, typically given to groups for short-term projects such as an operational review or a community needs assessment, will not be offered this year.

As well, the United Way is cutting internal costs by introducing a wage and hiring freeze, temporarily suspending training and travel, and drawing upon its reserves.

Lankin says what lies ahead in the coming months is unknown.

"Our [2008] campaign ran right as the economy was tanking, and the headlines every day were pretty awful," she said. "This year, nobody knows what's going to happen over the course of the next number of months and where we'll be at when we launch in September."

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