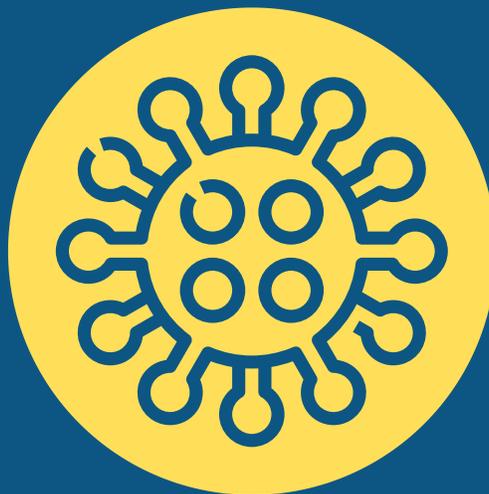

COVID-19 Impact on the Nova Scotia Nonprofit and Voluntary Sector

8 MONTH UPDATE



DECEMBER 2020

Contents

Executive Summary	3
About this Research	4
• Introduction	5
○ Overview of Respondents	5
• Impacts on Workplace Culture and Operations	7
○ Effects on Staff	7
○ Ability to Achieve Mission	9
• Financial Impacts of COVID-19	10
○ Financial Effects on Social Enterprises	13
○ Financial Effects on Voluntary Organizations	13
• Government Supports Accessed	14
• Partnerships and Innovation	15
○ Creating a New Normal	17
• Increasing Focus on Equity, Diversity, and Inclusion	19
• Conclusions	20

Executive Summary

Nova Scotia's nonprofit and voluntary sector has been greatly impacted by COVID-19. In this second survey on the impacts of the sector we have generated key insights about the effects of the pandemic based on input from 211 organizations across the province.

- 1 Workplace stress and anxiety needs consideration.** Nonprofit organizations have worked tirelessly to serve the needs of our most vulnerable. Many have experienced lost revenues related to the inability to hold regular fundraising events and lower levels of donations, as well as decreases in their volunteer base. Resulting staff layoffs have led to fewer people carrying a greater load. We need to ensure staff in the sector are getting supports needed to help deal with stress and burnout.
- 2 Organizations are experiencing a higher increase in demand for services than earlier in the pandemic.** Our first survey in April revealed that about 27% of organizations were experiencing an increased demand for services – by October this number had jumped to 40%. As the longer-term financial implications set in it's likely that this trend will increase. The sector needs to be equipped with supports in order to be able to meet this demand.
- 3 Organizations are facing higher costs and lower revenues as a result of COVID-19.** About 38% of respondents indicated increased costs related to having to purchase extra personal protective equipment, cleaning, moving operations online, etc. In addition, restrictions for event attendance, etc. have led to lower revenues.
- 4 Some sub-sectors are facing more immediate threats of closure than others.** Organizations focused on delivering services in the areas of culture, entertainment and sports and recreation are more likely to have low/insufficient financial resources and to be facing temporary or permanent closures.
- 5 Voluntary organizations are most threatened.** Those organizations that are volunteer run are more likely to be facing temporary or permanent closures than other types of organizations in the sector.
- 6 Government supports are not spread equally.** 52.5% of organizations accessed some federal funding and 32.2% accessed some provincial funding. Charities are more likely to have received supports than those who are not registered charities. Voluntary organizations and social enterprises are less likely to receive provincial supports.

7 **The sector is committed to addressing systemic racism.** Organizations are responding to the need to change practices to address inequities. We know we need to do better and are taking steps to get there.

8 **We have a lot to be proud of!** Nonprofit and voluntary organizations across the province are pivoting how they do their work and engaging in new partnerships to achieve their missions. The sector is well-positioned to emerge from this period better connected and equipped to advance social innovation in Nova Scotia.

NS nonprofits and voluntary organizations are showing incredible resilience and creativity. They are working collaboratively to meet the needs of our most vulnerable during this challenging time. They are the backbones of our communities and we need to ensure they are supported in their efforts or we risk great negative effects on the wellbeing of citizens across the province.

About This Research

The data in this report is based on responses received in September/October to our second COVID-19 survey. The survey was distributed via email and social media channels by the Community Sector Council of NS (CSCNS) to about 8500 people across the province. The respondents include people in organizations who are within the CSCNS network. The results are meant to be a pulse check of how nonprofit and voluntary organizations are faring. It is not statistically representative of the sector or any particular geographic area.

This research helps us to understand the effects of COVID-19 on the organizations surveyed. We will be sharing it with our network and key stakeholders and encourage you to do the same. Despite some data limitations it is helpful for starting conversations and broadening understanding about trends and activities.

Introduction

Nonprofit and voluntary organizations are the fabric of Nova Scotia's communities. They work tirelessly across the province to serve our most vulnerable and ensure that Nova Scotians have access to social services, recreational and cultural opportunities, as well as a wide array of programming and supports. While their work is not always visible, their absence would have a devastating effect on our collective wellbeing.

The Community Sector Council of Nova Scotia (CSCNS) works to bring together, support and advocate for nonprofit and voluntary organizations to ensure they can effectively meet the needs of all of Nova Scotia's communities and citizens. The nonprofit sector in Nova Scotia is composed of over 6,000 organizations that employ 20,000 people and contribute \$1.4B in direct, indirect and induced benefits to the annual provincial GDP[1].

Organizations across the sector in Canada have been hard hit by the COVID-19 pandemic. According to research conducted by Imagine Canada[2], on average charities have experienced reductions in revenue to the tune of 30% and the sector overall is facing a financial crisis. Nova Scotia is not immune to this trend. In April 2020 we completed our first sector survey to identify initial impacts of the pandemic[3]. This report provides an update as of October 2020, six months following the first survey.

Overview of Respondents

Overall, fewer people responded to this survey than the one completed in April. This is unsurprising and likely due to factors such as survey fatigue, competing priorities and burnout. However, the percentage of complete surveys was much higher during the second survey. It is important to consider that those most severely affected by COVID-19 may not have had the capacity to complete the survey, and those that have already shut their doors would not be captured in this data.

[1] More contextual information about the Sector is available in the APEC Report on the State of the Nonprofit Sector.

[2] <https://imaginecanada.ca/en/covid19#LATEST>

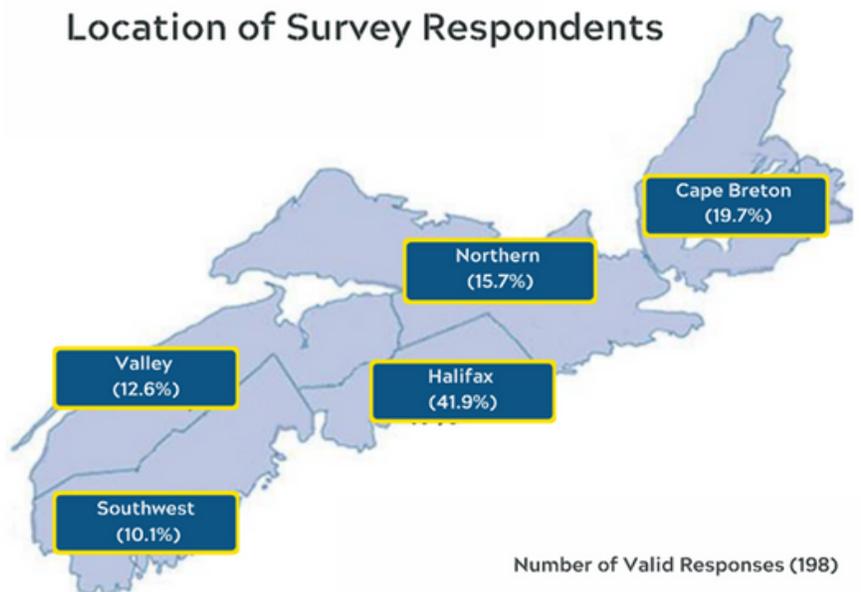
[3] <https://www.csc-ns.ca/covid-19-impact-survey/>

Table 1: Key respondent demographics across each survey

	April 2020	October 2020
Total # of Respondents	519	292
# of complete survey responses	249 (48% of total)	211 (72% of total)
% Respondents at ED or Director level	64.5%	74.1%
Voluntary Organizations	21.8%	15.7%
Unincorporated NFPs	13.7%	11.4%
Incorporated NFPs	51.4%	59.5%
Charities	30.8%	47.6%
Community Interest Companies (CICs)	4.8%	1.4%
Self-identified Social Enterprises	23.3%	25.2%

In terms of the organizational sub-sectors, the majority are working in the fields of health and health promotion (41%), education (31%), and social service provision (29%). 18% identified as organizations focused on culture, 12% deliver sports and recreation, 11% devote time to food and hospitality, and 7% to entertainment.

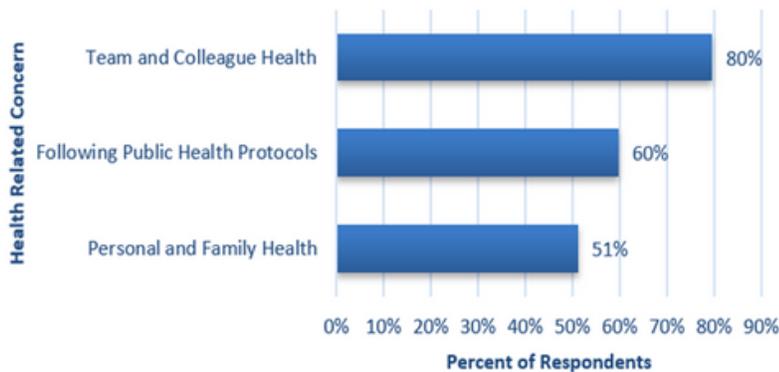
Location of Survey Respondents



Responses were collected from across Nova Scotia. Of the 198 organizations who answered this question, 61.6% were from the urban areas of the Halifax Regional Municipality and the Cape Breton Regional Municipality (compared to 55.8% in April).

Health concerns for staff have also been top of mind. As shown below, 80% of respondents indicated feeling concern about the health of their team and colleagues.

Table 2: Reported health related concerns



“Our COVID-19 Site Plan has had 5 revisions since June 15th, 2020 - that is a lot of extra administrative time and work. The lack of substitutes to fill in when staff are off ill is extremely stressful. Educators missing time and not having enough sick days is stressful - I am guessing for most organizations.”

As shown in the table below, 44% of respondents noted challenges associated with staff working remotely and 36% had challenges with returning to the physical workplace. In October 45% of organizations had laid off or reduced hours for staff, as compared to 53.4% in April. While this is a positive trend, the numbers are still very high and are coupled by reports of volunteer losses by about 25% of respondents. Losing volunteers and staff means those still working have to step up and take on even more to fill the gaps left by those who are no longer contributing to accomplishing the organization’s mission.

Several sub-sectors and geographic areas were disproportionately hit by layoffs and volunteer losses. In particular, Cape Breton county was significantly affected by both. The entertainment sub-sector experienced staff layoffs and the health sub-sector was especially affected by volunteer losses.

Table 3: Impact on Staffing

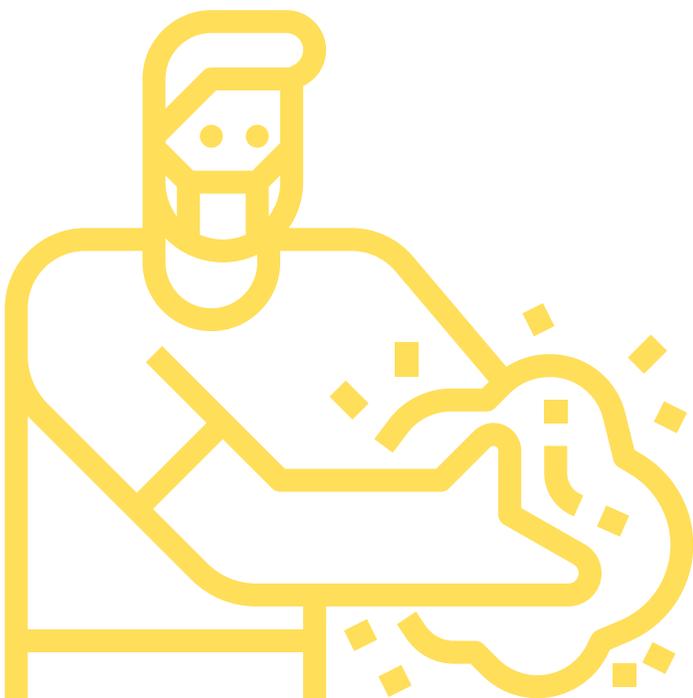
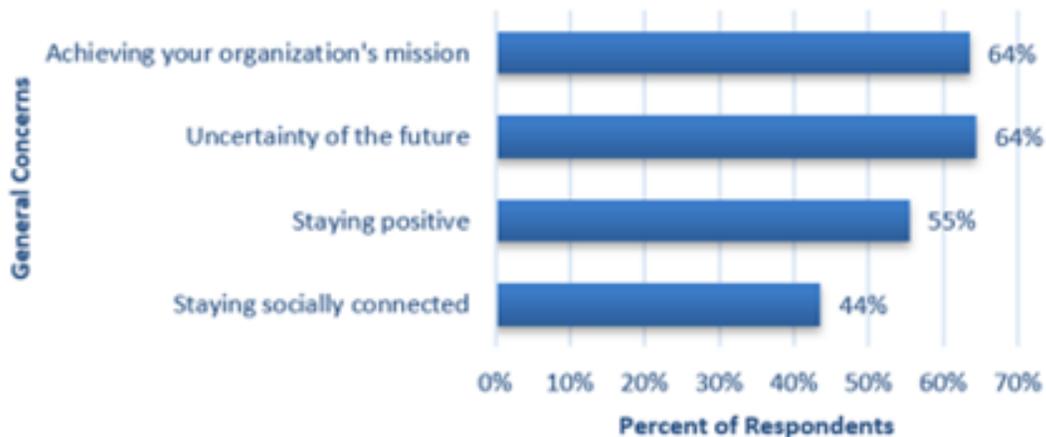


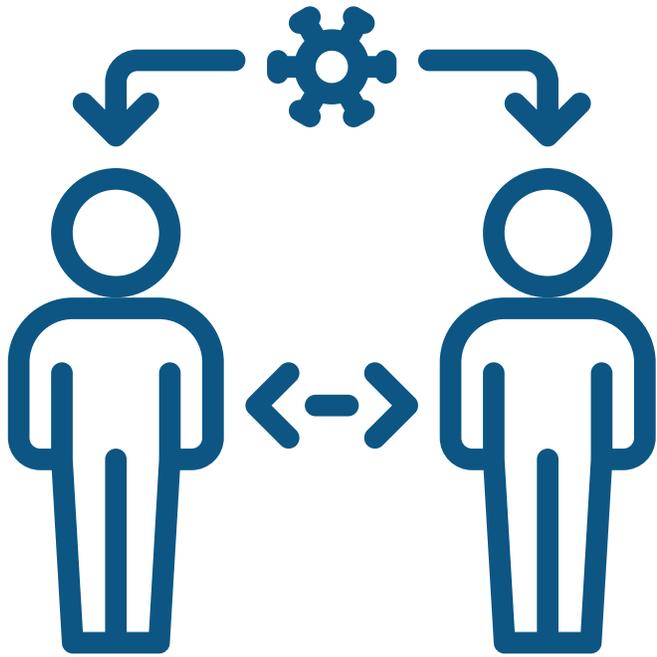
Ability to Achieve Mission

COVID-19 is enormously affecting the operations of nonprofit and voluntary organizations, and therefore the ability to meet their objectives. Sixty-four percent of survey respondents are concerned about their ability to fulfill their organization's mission given the challenges they are facing. Staff lay-offs, loss of volunteers, needing to pivot to new ways of offering services, worries about staff health, workers balancing work with child and family care, and mental health issues are all top of mind. Internet access and the need for more technology for staff and clients so that services can be offered virtually as well as the need for more training were identified as new operational concerns. This is particularly important given that 83% reported moving events online.

“Many community supports and resources for vulnerable populations have moved online or are operating with reduced hours. With the digital divide in our province, this makes navigating these supports even more difficult, putting these populations at greater risk.”

Table 4: General concerns going forward





At the same time, when comparing how demand is shifting for the services offered by the sector we saw a jump in the number of organizations experiencing higher needs (see Table 5). Part of this change may be explicable by the fact that restrictions were lifted over the summer so that sports, arts and recreation organizations could operate again. It is also likely that as COVID-19 persists, more people are requiring support from the sector. A correlation exists between increased demand for services and those in the culture, social services, health, food sub-sectors and working with the most marginalized.

Table 5: Changes in demand for services

Change in demand for services	April 2020	October 2020
Increase	27.0%	43.6%
No change	32.9%	n/a ⁴
Decrease	40.1%	26.07%

Over the next six months, 18% of respondents anticipate being able to operate as usual, while 69% expect to be open and operating on a modified basis. Only 7% expect to be temporarily closed and 0.5% permanently closed. These projections appear to be more promising than those reported in other provinces such as Ontario and British Columbia, where as many as 20% of nonprofits are expected to close permanently.

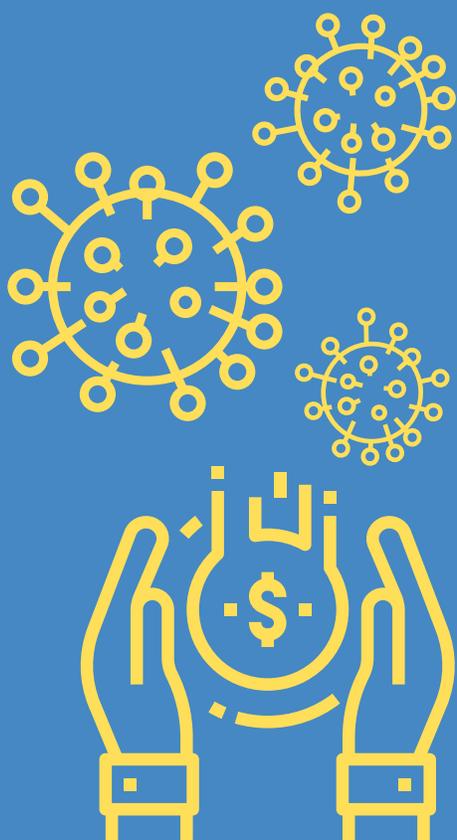
“We have had to reduce services to people with intellectual disabilities. And, we have increased costs due to new protocols and PPE supplies. We also have increased absence of staff when feeling ill and/or requiring COVID-19 testing.”

Financial Impacts of COVID-19

“We did not need to apply for extra money as our funders continued to provide anticipated funding with no interruptions with exception of one grant which was cancelled due to funder diverting funds due to COVID-19 expenses.”

COVID-19 has already had a significant negative financial effect on the sector. Organizations whose revenue declined experienced an average budget decrease of 30%. Forty percent of survey respondents reported that they have low or insufficient funds to survive the pandemic (extrapolated, that could mean up to 2,400 nonprofit and voluntary organizations). Organizations who dedicate their time and resources to cultural missions, entertainment, sports and recreation are most vulnerable to having insufficient resources to sustain their operations into the future.

Many of the sector’s revenue sources are being negatively impacted by COVID-19. The greatest losses are from the loss of revenue from fundraising events that have been cancelled due to physical distancing restrictions – 88% reported having had to cancel events. There have also been significant declines in donations as Canadian’s struggle financially and 40% of respondents reported a decrease in donations. Organizations in Cape Breton county and charities have been particularly effected. A recent Angus Reid survey showed that almost 2 out of 5 donors in Canada say their giving has dropped since the pandemic started[5].

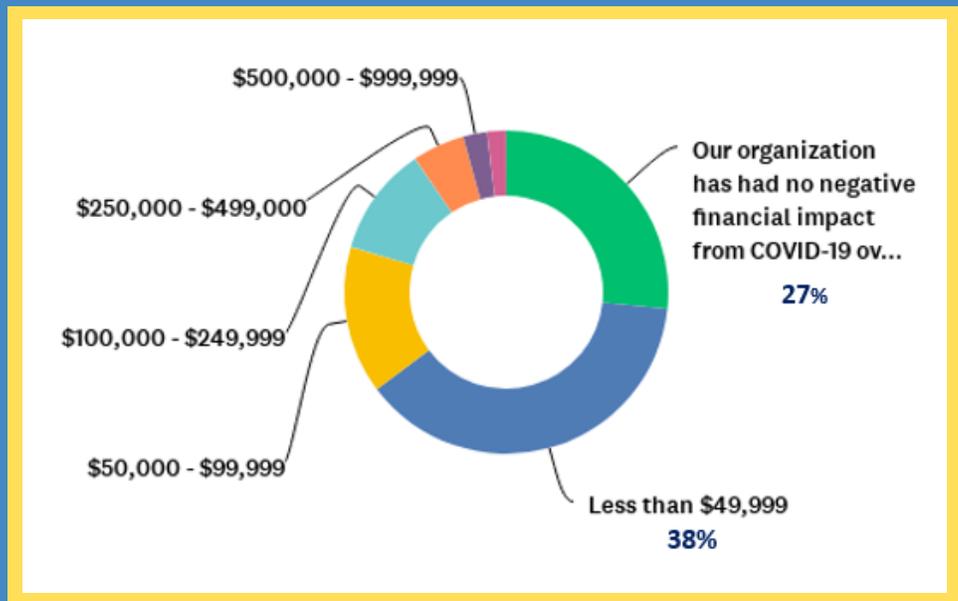


“We need funding support to develop programs to help our clients gain skills in digital literacy - this will be an ongoing issue since so many things are now going to be delivered digitally in the future - we need curriculum developed, and training modules developed.”

[5] <http://angusreid.org/covid-we-charity-giving/>

As shown in Table 6, for 38% of organizations who reported, the financial impact of the pandemic is under \$50,000. While this could seem small, it is important to keep in context that across the sector 56% have total revenues of less than \$500,000 and 64% have fewer than 10 employees. With that in mind, losses in the tens of thousands can have a big impact. When asked how much funding organizations anticipated needing over the next 6 months, 35% predict requiring additional support amounting to less than \$50K and 15.6% predict between \$50-100K.

**Table 6:
Total financial
impact of COVID-19
on programs,
services and general
operations**



Many organizations are facing increasing costs due to growing demand for their services or the need to implement health precautions such as purchasing personal protective equipment (PPE) and cleaning supplies. They also have additional costs from moving operations online and operating virtually.

When asked how long they could sustain operations without extra assistance, approximately 65% of organizations reported that they had no concerns or could maintain operations for a period greater than 6 months. This may be attributed in part to the financial supports that organizations have been able to access (in particular, the Canadian Emergency Wage Subsidy, which was accessed by 34% of respondents).

In relation to reserve funds, 20% of organizations reported that they do not have access to such resources. This could be attributed to factors such as funders requiring zero balances for grants at the end of the year, and resources being too tight. For those who have reserves, about 20% have used up to a quarter of them this year. Perhaps surprisingly, 39% that did have reserves have not used them yet. This may be do to reserve funds being targeted for specific uses, a sense that it is still not necessary at this point, or a broader pattern of risk aversion in the sector that is linked to current funding approaches (e.g. current models allow little to no space for experimentation and failing forward).

“COVID has had a positive impact on participants because people are taking workshops and interested in Winter workshops that would normally be travelling or shopping with their money. The challenge is late registrations due to COVID nervousness, late cancellations and low group sizes for workshops make the income from them significantly less with much more administration time. I haven't seen any grants that are available to support this challenge.”

Financial Effects on Social Enterprises

Social enterprises are organizations that generate revenues to support their social, environmental, community or cultural mission. Many nonprofits are inherently social enterprises by virtue of the fact that they sell goods and services to achieve their goals. In this survey, 25% of respondents self-identified as social enterprises and almost half of them lost more than 50% of their revenues from the sales of goods and services.

A significant relationship exists between organizations who've experienced increased revenues to date and the food/hospitality sub-sector, likely due to increased demand for food security supports. Social service providers are expecting to grow their revenues going forward, while organizations in the entertainment sub-sector are expecting decreased revenue. A correlation exists between social enterprises and lack of provincial funding support. Given that social enterprises typically do not have access to the same financial tools available to commercial enterprises, it is important to ensure that these organizations are considered in supports provided.

Financial Effects on Voluntary Organizations

Voluntary organizations rely on the time commitment of volunteers for their operation. Respondents were asked whether they anticipate being open over the next six months and a significant relationship was found between voluntary organizations and the likelihood of being temporarily or permanently closed.

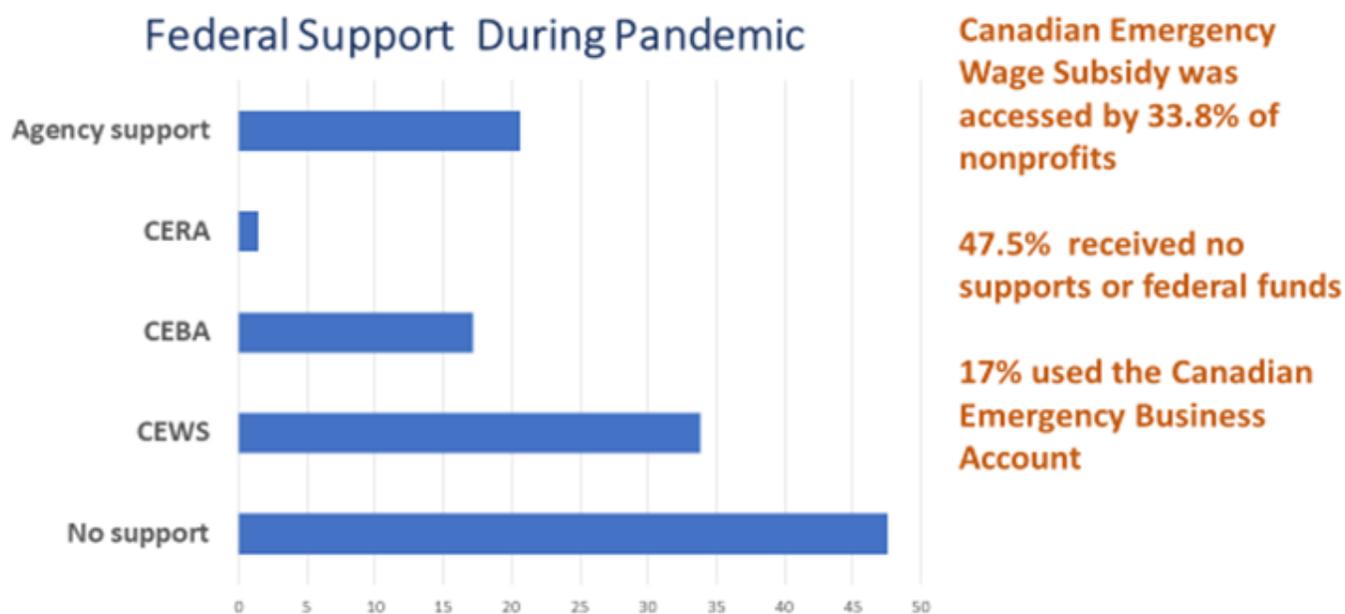
This is likely due to a variety of factors – for example, these organizations rely on the time of people who are increasingly stretched thin and are dealing with COVID-related stressors; they are not eligible for many funding supports since they do not have paid staff and are less likely to have charitable status, etc. A correlation exists between voluntary organizations and those who received no federal or provincial supports offered in response to COVID-19. We need to ensure going forward that these organizations don't continue to slip through the cracks.



Government Supports Accessed

The sector relies heavily on federal and provincial government funding for operations. According to the sector report released by CSCNS last spring, the NS government provides about 38% of the sector's funding and the federal government provides about 12%. At the time of the first COVID-19 survey, federal and provincial governments COVID related funding programs were not yet available; however, they mobilized quickly to support organizations. The Canadian Emergency Wage Subsidy (CEWS) has been accessed by 34% of nonprofit organizations and 20% received support from a federal agency or commission. 17% took advantage of the Canadian Emergency Business Account. Almost half of the organizations who responded received no federal funding supports and 68% have received no provincial funding supports. The Canadian Emergency Support Funds allocated through the United Way, the Community Foundations and the Red Cross supported 27% of our respondents. Recent analysis of this funding by the granting organizations shows that they distributed almost \$5M but that qualified requests for this funding exceeded the amount available by 75%. Additionally, 73% of organizations in the sector did not apply at all because they were not a registered charity or did not have the capacity to write an application.

Data shows that 70% of registered charities received federal funds but that only 40% of nonprofits that are not registered charities with charitable status received any of these funds. Similarly, 49% of registered charities received the Canadian Wage Subsidy while only 18% of nonregistered nonprofits accessed this support. Funding requirements need to be reviewed to ensure that non-registered charities also have access to government supports.



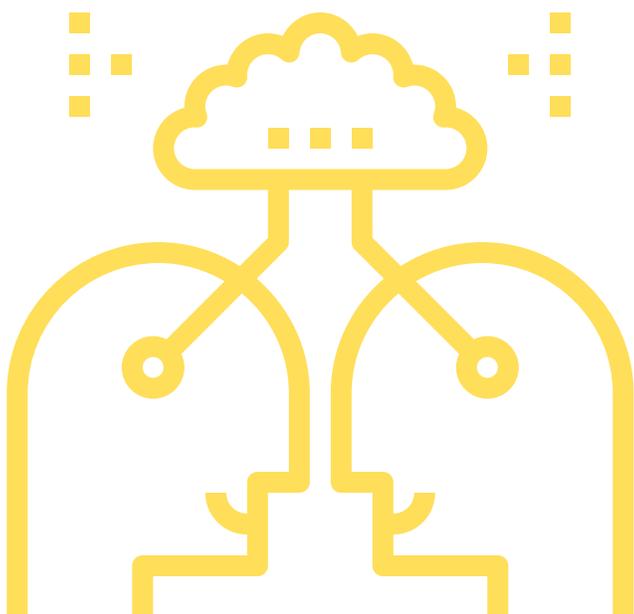
Partnerships and Innovation

A positive effect of COVID-19 has been the acceleration of partnerships across the sector. In April only 10% of organizations reported increased collaboration or partnerships due to the pandemic. However, after 6 months that number had nearly quadrupled to 40%. New partnerships were significantly more likely in Halifax county, and amongst organizations working in food and social inclusion. Upon review of the comments, it's clear that not only have organizations created new partnerships, they have also gone to great lengths to strengthen existing partnerships and support each other where possible.

Some organizations noted new partnerships with funders or with other agencies to reach their clientele or ensure their services can reach isolated clients. Partnerships have also developed between organizations who are better resourced and those who are struggling. More and more, the sector is looking at how to better serve communities and clients by working together in innovative ways. Some examples of how these partnerships are happening include:

“Since we own our facility and do not have a rent / mortgage, the costs we currently have operationally do not “fit” the requirements for some of the funding programs.”

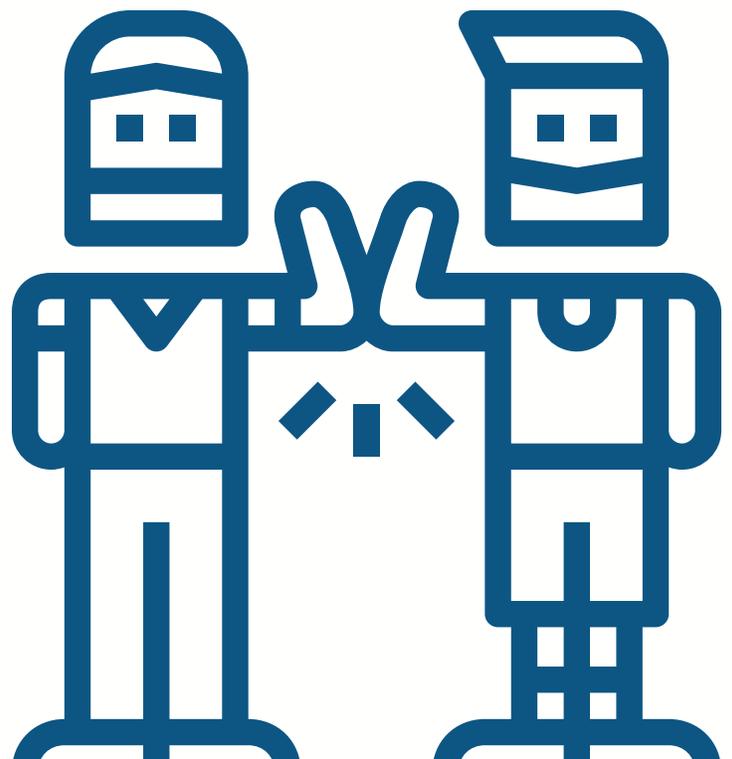
- We have expanded our involvement with like other similar groups in our region and built our membership through these partnerships
- The Nova Scotia Nonprofit COVID-19 Coalition has helped focus on long term changes needed as a result of pandemic experience
- We have been able to facilitate collaboration among the non-profit sector, connecting organizations who have never worked together before. Working with these organizations to help them change what they were mandated to do to what they need to do and as well change the process of how they need to do things now, as a result of the pandemic.



- We are working with food banks to try to organize a weekly mid-week meals kit for families. We have never been in the food distribution business before. They have never had so much demand.
- The need to work with different groups and organizations to meet our goals, has resulted in more partnerships and starting new ones. COVID amplified everything where you really had to keep in contact with everyone, to ensure consistency and to avoid duplication of service
- During COVID Pharmacies were not accepting needle sharps containers, therefore our agency had to deal with a higher number of used needles being dropped off for disposal. Two new partnerships were the Colchester Waste Management Facility and Masstown Market that requested sharps containers for their washrooms.

“Because we have not been affected as many charities we felt it was important not to compete for these funding streams. The other issue is these funding streams were announced early where there was not immediate challenges for families connected in our programs. We will see effects and needed supports for vulnerable populations in late 2020 and early 2021.”

“Our investments in PPE and space renovations to keep staff and students safe were made using reserve funds. Not sure if we will be able to claim these retroactively with any funding we might receive moving forward. Funding timelines weren't always in timeline with organizational needs.”

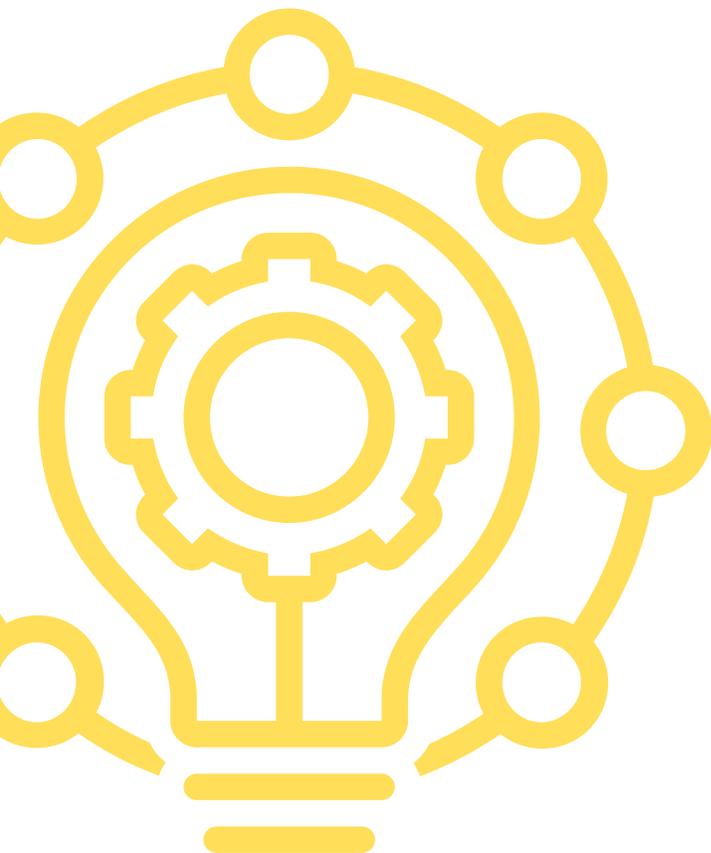


Creating a New Normal

While it has been a challenging year for nonprofit and voluntary organizations, they have also demonstrated remarkable resilience, creativity and innovation. Many have pivoted to offer services in new ways and plan to continue offering services in person and virtually. The adoption of new technologies and digital approaches has been accelerated in exciting ways. Needs for more technology, training and reliable internet connections have been identified for both staff and clients.

Some of the innovations that respondents feel most proud of include:

- We have adapted some of our services and programming to offer digital means of access; so that if people could not access hard copies of particular resources they could access online. We also amplified and offered ~20 webinars related to COVID and a variety of topics for our constituents; featuring experts and people with lived experience.
- We are completely electronic for member registration to our activities. This includes payments, waivers, communication, banking, etc. This has had some challenges but we are pleased to be able to reach our targets more efficiently.
- Yes, our therapeutic supports are now available to families using telephone, zoom, and face to face which has helped reduce the barriers to access for our rural populations. We have also enhanced our evening hours to further reduce barriers to access
- Our virtual third party events have grown our fundraising revenues significantly. We will be incorporating more virtual events into our regular rotation as a result. We also created a campaign aimed at putting technology into the hands of clients across the province. The impact of giving someone a cell phone with a data plan has been very powerful.
- We now have a 'drive-thru' window for kids to use to get breakfast bags and after school snacks (rather than coming in en-masse) and this has turned out to be both fun and efficient, with increased numbers of children benefitting.



- We have provided computers to over 100 immigrant youth to stay connected. - developing innovative employment programs with our partners to support marginalized communities - reshaping the way we deliver all of our program and service
- We have revolutionized our service and program delivery, actually reaching more individuals and families, and learning from the pivot. We have carried many of the lessons and experiences from operating through the peak of lock down, and they have transformed many of our programs. We have also had to entirely rework our IT infrastructure and administrative systems. We were proud to carry out our programs with as little as two weeks interruption in most, and to have not had to lay off a single staff over this very difficult period.
- Extensive renovations to our emergency shelter to create, safe meal distribution, snugs in bedrooms, added a bedroom and bath and renovation to offices for social distancing standards throughout for clients and staff. Opened a new rooming house for additional emergency housing.
- Normally the Mobile Outreach Service travels to Cumberland, East Hants and Pictou Counties, however during COVID the team managed to make home deliveries to clients who experience mobility challenges and those in low income categories with no means of transportation



Increasing Focus on Equity, Diversity, and Inclusion

2020 has been a year of deep change and reflection. In addition to the impacts of COVID-19 the sector has been responding to the call to action to address systemic racism spurred by the rise of the Black Lives Matter and anti-Indigenous racism movements. We asked respondents to share how they have embraced the need to become more diverse, equitable and inclusive. A sample of the answers submitted is below:



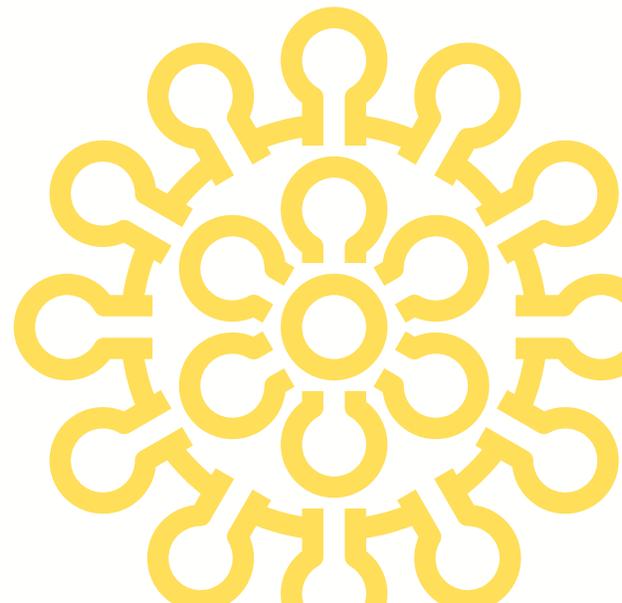
- We have partnered to offer a Reconciliation focused event with a Mi'kmaq and African Nova Scotian musicians and artists for a collaborative musical art performance. We would like to do more!
- We have put up posters about Black History and Mi'kmaq posters in all our sites, and have welcomed a new Mi'kmaq member to our Board of Directors.
- A small group at our Organization has started a grass roots approach to addressing these inequities and how we can do better as an organization. We are in conversations now both internally and with external consultants to help us move in the right direction and be more purposeful and inclusive with our offerings.
- We are offering our interns extensive diversity training and incorporate discussions on inclusion, inter-culturalism and structural racism that impacts African Nova Scotians and Indigenous people in our communities
- In response to the anti-black and indigenous racism in Nova Scotia, we have started a book club and a discussion group where issues such as systemic racism and white fragility are discussed in a peaceful and positive way.
- Our staff have been participating in A Learning Journey put together by our local Diversity and Inclusion Committee. Staff painted a Black Lives Matter mural on the front of our building, participated in a march and Orange Shirt Day and are committed to continuing education.
- Because our organization is made up of mostly people who have immigrated to Canada, we take racism very seriously and will fight for all peoples rights.
- In early June, we released an organizational statement on Anti-Black racism. We have also hired an Equity, Diversity & Inclusion Coordinator to improve our EDI practices across all departments in our organization and ensure training and focus on these topics for our staff and board.

Conclusions

The data in this survey tells a story of resilience, innovation, collaboration, and dedication to hard work across the nonprofit and voluntary sector. It is also a story of cautious hope and optimism, as well as exhaustion and uncertainty about the future. Adaptions have been made and partnerships leveraged but the sector is in an increasingly precarious position. Some organizations are at risk of falling through the cracks and our analysis shows that small grassroots and voluntary organizations with no paid staff are particularly at risk. Many of these organizations are in the African Nova Scotian, Indigenous and other more marginalized communities and they need to be supported. Also at a disadvantage are nonprofits who do not have charitable status because without it they do not qualify for many funding programs. Some organizations require operational funding to help them keep the lights on and stay afloat.

COVID-19 has brought challenges associated with how the sector is funded to the forefront. The time is now to start conversations with government about redefining core funding and increasing the number of organizations who receive multi-year funding commitments. Annual cost of living increases need to be considered in annual funding agreements, as well as recognition of the need for a living wage across the sector. Voluntary organizations, those without charitable status and social enterprises need to be specifically considered in government programs and funds. The role and use of reserve funds given the number of nonprofits who do not have them or who have resisted using them also deserves further discussion.

Leaders in the nonprofit and voluntary sector are committed to learning, adapting and meeting the needs of those they serve - regardless of the challenges they face. The sector is preparing for a post-COVID-19 future with a vision of inclusion, equity, collaboration, embracing technology and new ways of working.





For more resources and
information visit our website:

WWW.CSC-NS.CA/COVID-19