

A PORTRAIT OF IRELAND'S NONPROFIT SECTOR

A Report by The Wheel **October 2012**



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The Wheel

48 Fleet Street

Dublin 2

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INTRODUCTION

The Wheel is Ireland's support and representative body for nonprofit, community, voluntary and charitable organisations and now has over 900 members. As the representative body for the sector it has long been our ambition to provide in one document the key facts on which supportive policy can be developed to enable the sector to maximise its contribution to national well-being and social and economic recovery.

Nonprofit organisations play a crucial role in Ireland's social and economic life. They are extremely diverse – ranging from small community groups like retirement associations and sports clubs, to large national organisations working in areas such as healthcare, education, social housing and poverty relief. In the middle is a vast array of small and medium sized groups – radical and conservative, single issue and all-encompassing.

The unifying tie that binds these groups together is that they all exist to change peoples' lives for the better. Collectively, these organisations are often referred to as the community and voluntary sector, or the nonprofit sector.

Yet, for all their significance in providing essential services and supporting communities, we know relatively little about the day-to-day challenges faced by these organisations. Whilst the work of the former Irish Nonprofit Knowledge Exchange (INKEx) considerably increased our knowledge of the scale and extent of nonprofit activity in Ireland, there were still – until this report – considerable gaps in our knowledge of this vital and diverse sector.

Thanks to INKEx, we know that in 2009 there were at least 11,700 organisations employing over 100,000 people, involving over 560,000 volunteers in their work and managing turnover of €5.75bn. If we bear in mind that Irish GNP in 2010 was about €130bn, then the community and voluntary sector accounts for over 3.25% of national income (see Appendix A).

Yet the dearth of more detailed information on the nature of activity in the nonprofit sector and the challenges faced by organisations in sustaining their missions in the economic downturn, means that to date, policymakers and other decision makers have had to base crucial decisions on conjecture.

To bridge this gap, The Wheel commissioned the research on which this report is based. The findings tell us a great deal more about the sector and will aid decision makers to design policies and strategies that will help the nonprofit sector to thrive and fulfil its role in Ireland's social and economic recovery.

This report is the first in a series that The Wheel will publish over the coming months based on the research findings. The purpose of the series is to ensure that the information gathered in the research is made available and interpretable by policy makers, academics, funders, nonprofits and other interested stakeholders, including the public and the media.

We are confident that this report will come to play its part in ensuring that community and voluntary organisations are appreciated and valued for the contribution they are making to national life, and that they have available to them the services and supports necessary to fulfill their missions.

The Wheel would like to thank the 500 people in nonprofit organisations who took part and gave generously of their time in completing the research questionnaire and in taking part in interviews. The Wheel would also like to say a big thank you to RSM McLure Watters, NICVA and Whitbarn Consulting who undertook the ambitious research and delivered the report to a demanding timescale. We would also like to thank Patricia Quinn of INKEx who generously gave permission for the INKEx data to be included in this report, an inclusion which has enriched the report considerably.

ABOUT THE RESEARCH

The Wheel commissioned RSM McClure Watters in association with NICVA and Whitebarn Consulting to undertake research into the nature and extent of community and voluntary activity in Ireland and the challenges faced by people who lead and manage nonprofit organisations.

The research was conducted between October 2011 and March 2012.

4,500 independent nonprofit organisations (drawn from The Wheel's database of over 10,000 organisations) were targeted. Over five hundred completed surveys were received, representing a response rate of over 11%.

The key strands of the research included the following complimentary work streams:

Online survey of Nonprofit Organisations

Organisations that are both independently governed and not-for-profit were eligible to take part in the survey. A comprehensive questionnaire was designed by RSM McClure Watters in conjunction with The Wheel, including piloting with a focus group of community and voluntary sector organisations. The total number of completed surveys which were analysed was 506.

Interviews with Stakeholders

A stakeholder consultation map was developed in conjunction with The Wheel; this included key government departments, umbrella bodies, funders, professional associations and others.

Desk Research

The survey design was underpinned by desk review of relevant policy and strategic context information.

This report represents an overview of the findings of the above research, and is thus a small sample of a larger body of research. The full research report and other supporting documents are available at www.wheel.ie/sector-big-picture.

SUMMARY OF KEY FINDINGS

1. INCOME DECREASE

Almost 60% of Irish nonprofits have experienced a decrease in their income over the past three years, with the majority (60%) of these experiencing a decrease of between 11-25%.

2. STATUTORY GRANTS AND CONTRACTS

Just over half the sector's income comes from statutory grants and contracts, with a quarter coming from individual donations.

3. RESPONDING TO DECREASING INCOME

Although most organisations are responding to decreasing income by securing efficiencies and reducing the scale of activities, almost one fifth have dropped some services.

4. FUNDRAISING

Almost 30% of Irish nonprofits do not fundraise from members of the public, and among the 70% that do, there is an interest in moving away from event-type fundraising to using standing orders / direct debits and web appeals and online giving.

5. EARNING INCOME

One third of organisations believe that there is a possibility of developing new approaches to earning income to make up for fall-offs in traditional funding.

6. INCREASING BENEFICIARY NUMBERS

Two thirds (63.5%) of nonprofits have seen an increase in beneficiary numbers over the last three years, and nonprofits are working at securing efficiencies to increase services to cater for increased demand.

7. STAFFING

The sector's workforce is three-quarters female and growing. Two thirds of organisations have taken steps to reduce spending on staff since the economic downturn, and organisations are innovating to motivate and retain staff in these challenging times.

8. SALARIES

Salaries are the biggest expense for most organisations. Over a third (36.0%) spend up to 60% of annual expenditure on salaries, whilst over a quarter (27.3%) spend 60%-80% of their annual expenditure on salaries. Almost 10% spend over 90% of annual expenditure on salaries.

9. PAY AND WORKING HOURS

36% of organisations have introduced pay freezes, while a quarter (25.5%) have reduced pay and 16.8% cut working hours.

10. VOLUNTEERS

The number of volunteers has increased over the last three years, yet recruiting, training and supervising volunteers present major challenges for organisations.

11. BOARD

For each nonprofit there is an average of 12 volunteer board members, directors, trustees or governors, with more or less equal numbers of men and women

12. AGE

Most Irish nonprofits are fairly young: nearly a quarter (24%) have been in existence for 10 years or less, and the majority (67%) are 25 years or younger.

13. PROGRESS INDICATORS

Two thirds of organisations state that they have indicators in place to measure their progress, and of those 90% believe these indicators measure outputs and, 70% believe that their indicators measure outcomes.

14. STRATEGIC PLAN

Two thirds of organisations have a written strategic plan. Uncertainty in the external environment, shortage of staff time and organisations being in transition are identified as the main challenges in developing a strategy.

15. CHARITIES ACT 2009

20% of nonprofits are still unaware of the Charities Act 2009, and of those that are aware, only 60% are prepared for the requirements.

16. ANNUAL ACCOUNTS

Most organisations (76.1%) follow the advice of their accountants in terms of the standard used to prepare annual accounts; 10.1% use SORP, the (non-mandatory) Statement of Recommended Practice for Financial Reporting by Charities.

17. RESERVES POLICY

Less than half (42.1%) of Irish nonprofits have a reserves policy, with 57.7% stating they have no policy.

18. TRAINING AND DEVELOPMENT PLANS

Most organisations have no formal process to assess training needs, and only 40% have a written training and development plan with an accompanying budget.

19. TRAINING NEEDS

Almost half of organisations report that they will require training in fundraising, with one third requiring training in strategic planning, in committee / board skills and in financial management.

A PORTRAIT OF IRELAND'S NONPROFIT SECTOR

1. IRISH NONPROFIT ORGANISATIONS: A PROFILE
2. BENEFICIARIES AND REACH
3. FINANCE: INCOME, EXPENDITURE AND FUNDRAISING
4. HUMAN RESOURCES: PAID EMPLOYEES AND VOLUNTEERS
5. GOVERNANCE
6. REGULATION, STANDARDS AND VOLUNTARY CODES
7. TRAINING
8. SHARED CHALLENGES

1

IRISH NONPROFIT ORGANISATIONS: A PROFILE

THIS SECTION EXPLORES THE LEGAL STATUS, AGE, GEOGRAPHIC LOCATION AND ACTIVITIES OF IRISH NONPROFIT ORGANISATIONS.

LEGAL STATUS

LEGAL STATUS OF ORGANISATION

The majority of Irish nonprofits (70.9%) are companies limited by guarantee.

Incorporated – Co. Ltd. by guarantee	70.9%
Incorporated – Co. Ltd. by shares	1.2%
Incorporated – industrial & provident society	0.8%
Unincorporated – association	10.7%
Unincorporated – trust	4.3%
Unincorporated – benevolent society	1.2%
Other	10.7%

Note: 0.2% did not provide a response

AGE

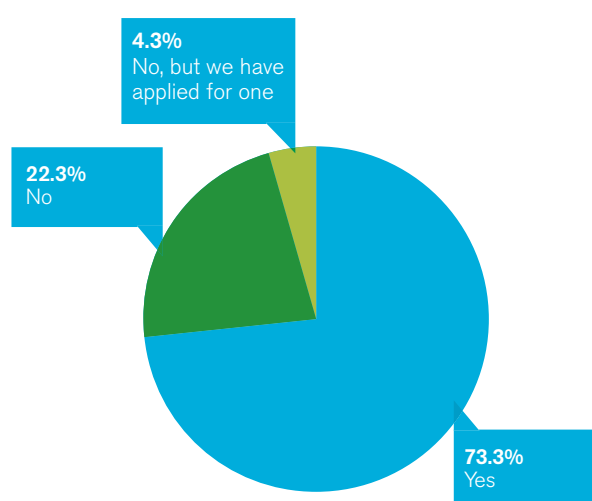
The majority of Irish nonprofits have been in existence for 25 years or less.

0–2 years	2%
5–10 years	14.8%
10–25 years	43.5%
25–50 years	25.1%
over 50 years	7.3%

CHARITY NUMBER

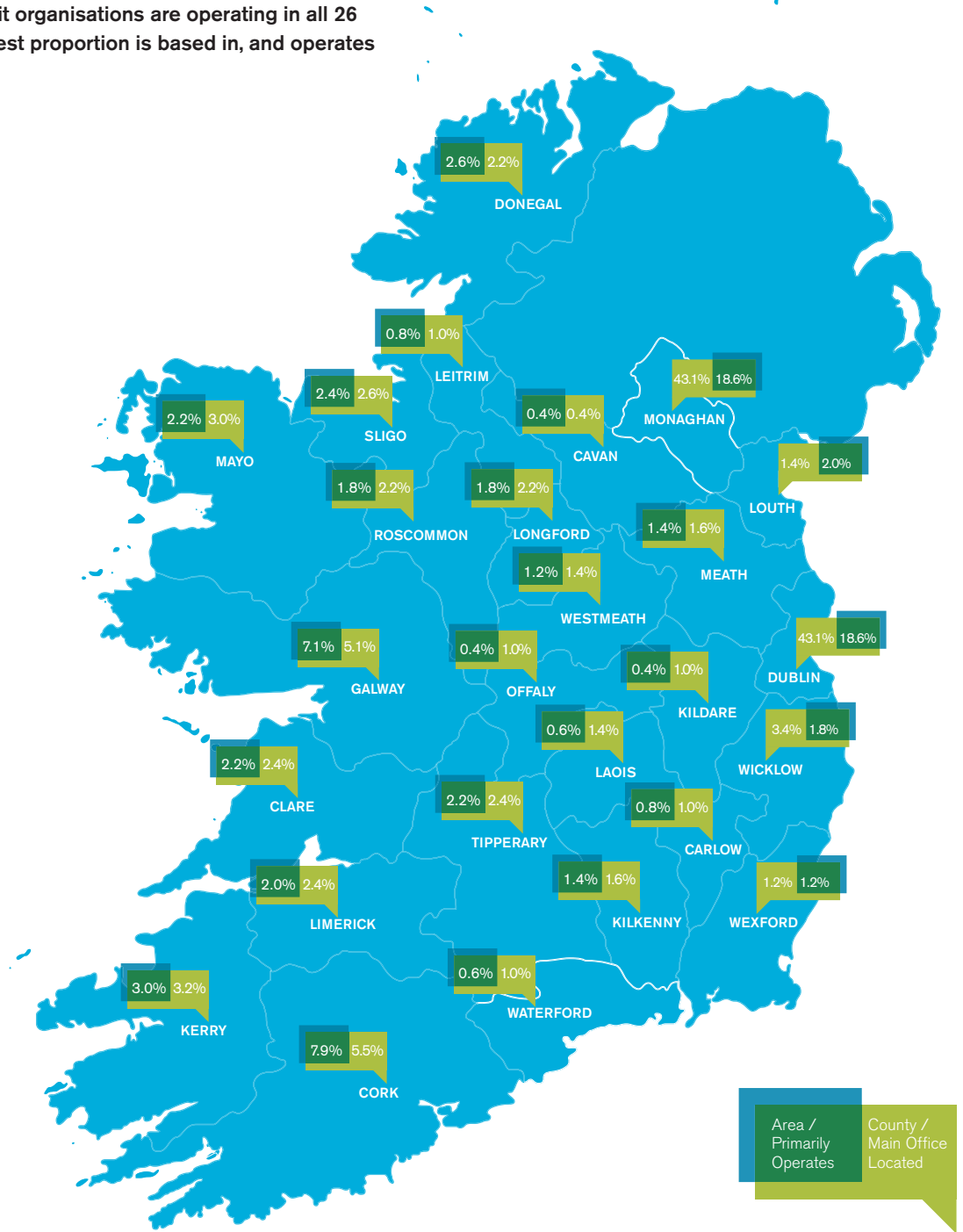
Almost three quarters of Irish nonprofits (73.3%) have a CHY (charity) number.

DOES THE ORGANISATION HAVE A CHY NUMBER?



GEOGRAPHIC LOCATION

Although nonprofit organisations are operating in all 26 counties, the largest proportion is based in, and operates from Dublin.



LEGEND

- Area / Primarily Operates
- County / Main Office Located

National – Republic of Ireland	15.2%
All Ireland	11.3%
International	4.5%
Other	3.6%

ACTIVITIES

Irish nonprofit organisations are involved in a very broad range of activities.

Organisations were asked to describe the focus of their work through the lens of the Johns Hopkins University International Classification of Nonprofit Organisations (ICNPO), as

adapted for the Irish situation in the *Hidden Landscape report* (Centre for Nonprofit Management, TCD, 2006). Organisations described their focus by selecting descriptions that could apply to their work (respondents could select more than one description), and their primary focus (respondents could select only one description).

INTERNATIONAL CLASSIFICATION		PRIMARY FOCUS	COULD DESCRIBE
CULTURE & RECREATION	Culture & arts	7.9%	20.0%
	Sports	2.8%	11.3%
	Recreation & social clubs	3.6%	18.2%
EDUCATION & RESEARCH	Primary education	0.6%	7.1%
	Secondary education	0.6%	6.7%
	Higher education	1.4%	6.7%
	Other education	5.1%	30.0%
	Research	2.0%	10.5%
DEVELOPMENT & HOUSING	Economic, social & community development	6.1%	17.8%
	Housing	1.2%	3.2%
	Employment & training	0.6%	7.7%
SOCIAL SERVICES	Social services	6.3%	18.6%
	Emergency & relief services	1.4%	7.5%
	Income support & maintenance	0.0%	2.2%
ENVIRONMENT	Environment	2.6%	11.3%
	Animal protection	1.2%	2.6%
CIVIL RIGHTS & ADVOCACY	Civic & advocacy	3.4%	16.8%
	Law & legal services	1.0%	4.7%
	Political	1.0%	6.3%
HEALTH	Hospitals & rehabilitation	1.2%	5.1%
	Nursing homes	0.0%	1.0%
	Mental health	4.9%	14.0%
	Physical health	4.3%	14.2%
PHILANTHROPY & VOLUNTARISM	Grant-making foundations and trust	1.2%	3.4%
	Promotion of volunteering	3.0%	12.8%
PROFESSIONAL ASSOCIATIONS	Trades unions	0.2%	0.6%
	Business & professional associations	0.8%	1.4%
INTERNATIONAL ACTIVITIES / OVERSEAS DEVELOPMENT		6.7%	4.0%
RELIGIOUS CONGREGATIONS		1.2%	3.6%
OTHER		29.4%	36.0%

2

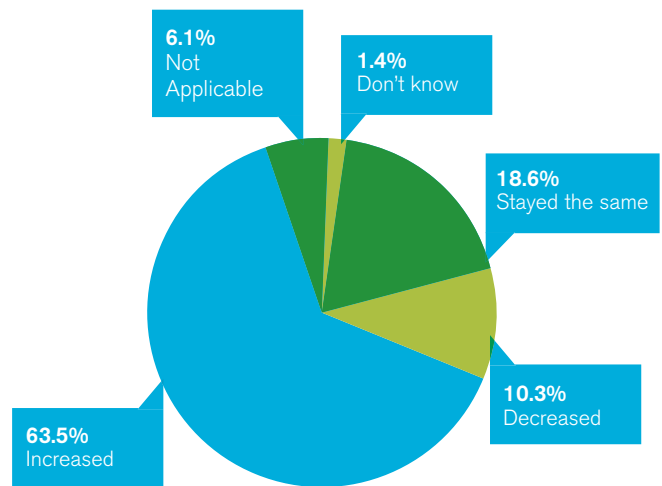
BENEFICIARIES

THIS SECTION EXAMINES THE NUMBER OF PEOPLE WHO ARE DIRECTLY BENEFITING FROM THE WORK OF IRISH NONPROFITS.

Fifty two percent of nonprofits stated that they had less than 600 individual beneficiaries, 3.8% of organisations surveyed had more than 250,000 individual beneficiaries.

NUMBER OF INDIVIDUAL BENEFICIARIES	%
Zero or number not disclosed	4.8%
1-99	17.0%
100-199	10.0%
200-399	13.6%
400-599	7.2%
600-799	3.4%
800-999	2.0%
1,000-1,999	8.6%
2,000-2,999	4.4%
3,000-3,999	3.6%
4,000-4,999	2.0%
5,000-5,999	3.2%
6,000-9,999	4.2%
10,000-49,999	7.8%
50,000-249,000	3.6%
250,000+	3.8%
Other	0.6%

About two thirds of nonprofits have seen an increase in beneficiary numbers over the last three years.



About one third of nonprofits reported an increase in beneficiaries and a decrease in income.

OVER 3 YEARS

CHANGE IN BENEFICIARIES	CHANGE IN INCOME		
	Increased	Stayed the Same	Decreased
Increased	16%	12%	34%
Stayed the Same	2%	5%	11%
Decreased	0%	1%	9%

Note

% on each row may not sum to 100% owing to other responses (not shown) including "don't know", "not applicable" or did not respond and also rounding.

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FINANCE: INCOME, EXPENDITURE AND FUNDRAISING

THIS SECTION LISTS SOME OF THE KEY FINDINGS RELATED TO INCOME, EXPENDITURE AND FUNDRAISING.

INCOME

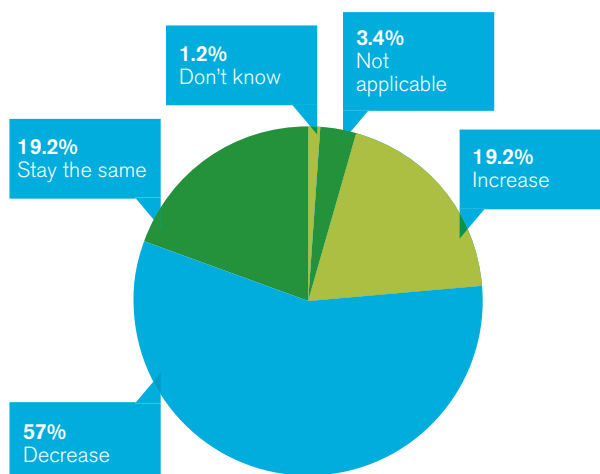
Just over half the sector's income comes from statutory grants and contracts, with a quarter coming from individual donations.

The table below presents a breakdown of total annual income by income stream. The two largest income streams are:

- State grants / contracts (local, national and EU) – which account for almost 53% of income; and
- Individual giving which accounts for about 25% of income.

INCOME STREAM	% INCOME	TOTAL INCOME
State Grants / contract (Local, National and EU)	52.67%	€335,055,004
Foundation Support	3.01%	€19,133,916
Individual Giving	24.84%	€158,935,272
Corporate Donations	2.10%	€13,351,284
Fees / Sales	3.77%	€24,948,797
Membership dues	0.92%	€5,850,197
Investment Income	0.95%	€6,058,448
Other	10.85%	€69,261,062
Total	100%	€636,152,587

Almost 60% of nonprofits have experienced a decrease in income over the last three years, with 60% of those experiencing a decrease of between 11-25%.



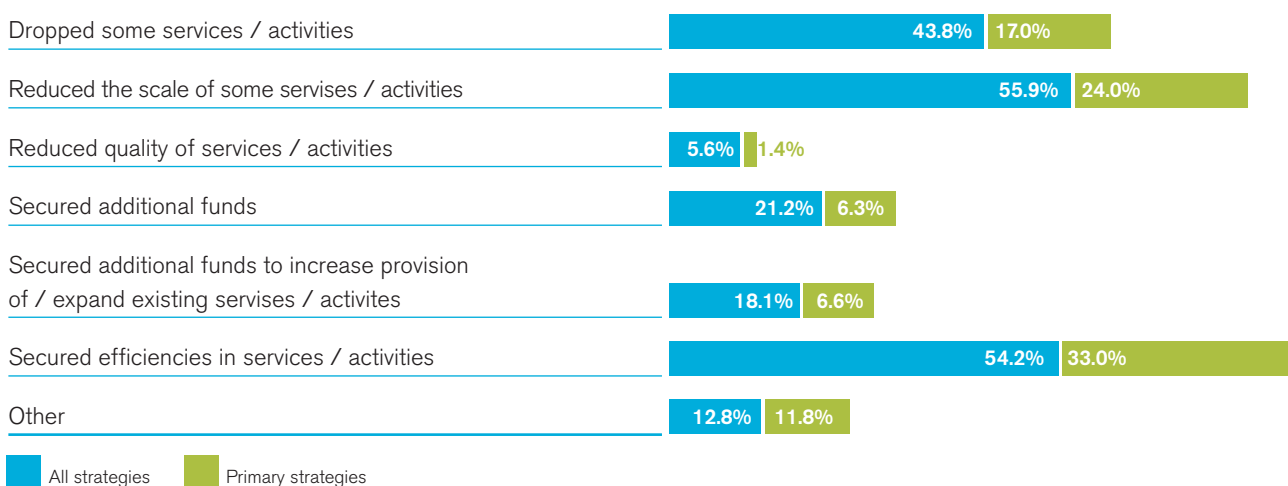
For most (75.3%) of the 19% which had experienced an increase in income, the scale of the increase was up to 25%; about one quarter experienced increases of 26% or more. For most (57.0%) of those which had experienced a decrease

in income, the scale of the increase was between 11% and 25%; about one third (29.9%) reported a decrease in income of up to 10%. Almost one fifth reported a decrease in income of more than 25%.

SIZE OF CHANGE IN NUMBER IN INCOME	UP TO 10%	11-25%	26-50%	50+%
Increased	48.5%	26.8%	11.3%	13.4%
Decreased	29.9%	52.0%	13.2%	5.0%

Although most organisations are responding to decreasing income by securing efficiencies and reducing the scale of activities, almost one fifth have dropped some services and only 6% are securing additional funds as their primary strategy.

STRATEGIES ADOPTED AS A RESULT OF A DECREASE IN INCOME



Note

Respondents could provide more than 1 response so total number of responses may be greater than the total number of respondents and the sum of the %s may be greater than 100%.

One third of nonprofits believe that there is a possibility of developing new approaches to earning-income to make up for fall-offs in traditional funding.

Among those organisations that believe that there is scope to increase earned income, the most popular strategies were greater collaboration with others (49.1%) and diversified income strategy (43.5%). Other popular options were introduction of fees for services (30.4%) and corporate sponsorship (28.0%). Around one fifth of respondents also mentioned: selling services to non-core beneficiaries (21.1%) and local business sponsorship (20.5%).

EXPENDITURE

Three quarters of organisations have expenditure of less than 1m per annum, with over a third spending up to 60% of annual expenditure on salaries, and over a quarter spending 60% to 80% of their annual expenditure on salaries.

Almost one quarter (23.9%) of organisations have annual expenditure of €99,999 or less. A further 22.9% have expenditure between €100,000 and €299,999; another quarter (25.1%) have expenditure levels of between €300,000 and €999,999; and 16.6% have expenditure in excess of €1m (although most of these are no more than €5m).

Over a third (36.0%) spend up to 60% of annual expenditure on salaries, whilst over a quarter (27.3%) spend 60%-80% of their annual expenditure on salaries. Almost 10% spend over 90% of annual expenditure on salaries.

FUNDRAISING

Almost 30% of nonprofits do not fundraise from members of the public, and of those that do, there is an interest in moving away from event-type fundraising to using standing orders / direct debits, web appeals, online giving and legacies.

The table on the right sets out the fundraising techniques that are currently used by respondents and those that they would prefer to use in future.

Considering the techniques that are currently used by organisations, the most frequent method by far is through events, with 51.4% of organisations utilising this.

Other popular techniques used are: standing order or direct debit (24.1%), internet appeals and online donations (22.7%) and draws or lotteries (20.2%). The least common techniques used are international treks (3.6%), house-to-house collections (2.8%) and telephone giving (2.0%). Almost a third of organisations (28.3%) state that they do not use any fundraising techniques (for individual giving).

In terms of desired methods, the results are comparable to the used methods for the majority of the techniques. The four most common techniques used are also the four most common that organisations would like to use: fewer organisations desired the use of events (43.9%) than currently use them (51.4%); a greater proportion of organisations would like to receive donations through standing order or direct debit (30.6%), web appeals and online giving (30.8%), and a similar proportion for draws / lotteries (20.9%).

FUNDRAISING TECHNIQUES	USED	DESIRED
Events	51.4%	43.9%
Standing order / direct debit	24.1%	30.6%
Direct mail / mail shots	17.0%	17.6%
Web appeals / on-line giving	22.7%	30.8%
Church gate collection	17.6%	16.6%
Wills / legacies	12.3%	26.9%
Flag day	10.9%	12.3%
Draws / lotteries	20.2%	20.9%
Other public collection	11.5%	12.3%
International treks etc.	3.6%	9.7%
House-to-house collection	2.8%	3.0%
On-street collection	10.3%	10.1%
Telephone giving	2.0%	7.7%
None	28.3%	23.5%
Other	11.1%	4.3%

Note

Respondents could provide more than 1 response so total number of responses may be greater than the total number of respondents and the sum of the %s may be greater than 100%.

4

HUMAN RESOURCES: PAID EMPLOYEES AND VOLUNTEERS

THIS SECTION LOOKS AT THE POSITION OF STAFF AND VOLUNTEERS IN NONPROFITS.

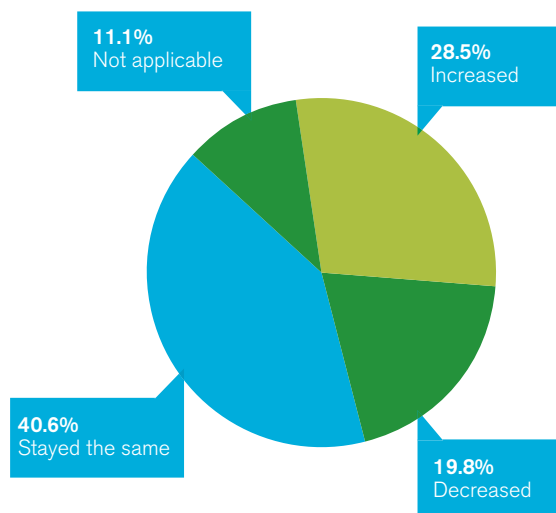
EMPLOYEES

Of those that employ staff, the majority of nonprofits employ less than 14 people and three quarters of employees are female.

The ratio of female to male employees overall (72%: 28%) is almost 4:1 and this is reflected within full-time and part-time work patterns. However the ratio varies by job title with a more even female: male split in more senior categories and a greater proportion of female employees in the less senior positions.

NUMBER OF EMPLOYEES (GROUPED)	%
Zero or number not disclosed	14.4%
1-2	14.8%
3-5	16.4%
6-9	15.8%
10-14	9.5%
15-19	9.5%
20-24	3.6%
25-49	8.5%
50-74	3.4%
75-99	1.2%
99-250	2.2%
250+	0.8%

More organisations report an increase in employee numbers than a decrease in employee numbers over the past three years.



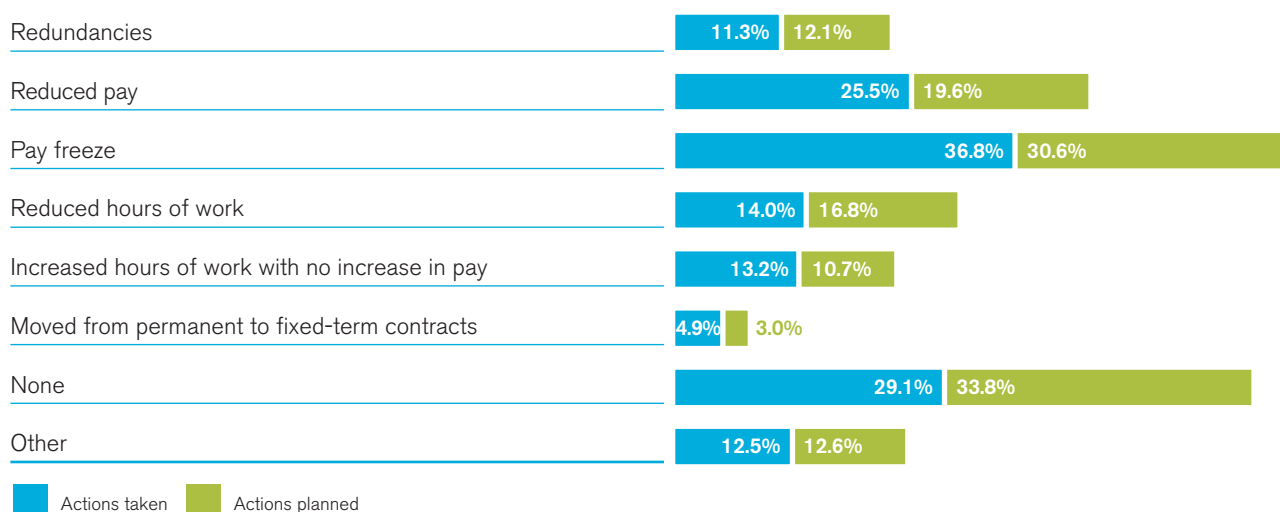
Two thirds of organisations have taken steps to reduce spending on staff.

The figure below illustrates the impact of the current economic downturn on staffing in organisations in the nonprofit sector both in terms of actions already taken and actions planned (looking at a 12 month window in either direction). Reduced pay and introducing a pay freeze are the two most common options both in terms of actions taken and actions planned. However the proportion of organisations that have already taken these actions are greater than the proportion that plan to implement these:

- Over a third (36.8%) of organisations initiated a pay freeze in the last 12 months, and just under a third (30.6%) plan to do so in the next 12 months; and
- About a quarter (25.5%) of organisations introduced reduced pay in the last 12 months, and about one fifth (19.6%) plan to do this in the next 12 months.

It is also interesting to note that just under a third (29.1%) of organisations had taken no action with regard to staffing measures, and over a third (33.8%) planned to take no action.

ACTIONS TAKEN & PLANNED WITH REGARDS TO STAFFING



Nonprofits are very willing to participate in employment creation schemes.

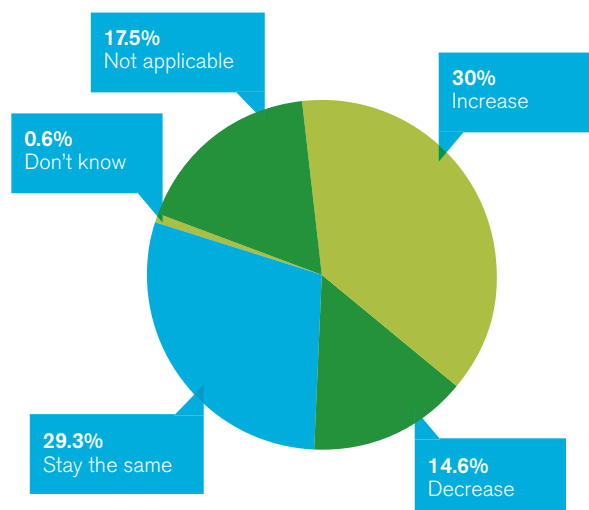
Over 60% of organisations indicated that they are willing to support employment creation schemes. Community Employment / Rural Social schemes attracted most interest (69.0%), closely followed by JobBridge (61.5%) and Tús (60.9%).

VOLUNTEERS

The number of volunteers has increased over the last three years. Word of mouth is the most popular way of recruiting volunteers.

The majority of nonprofits (69.0%) use word-of-mouth as their primary means of recruiting new volunteers. The second most popular method of recruitment is volunteer centres (30.0%). It is interesting to note that similar proportions (about one quarter) of respondents use traditional media / local media advertising / notices (27.5%) or internet / social media (25.5%).

CHANGE IN NUMBER OF VOLUNTEERS OVER THE LAST THREE YEARS.



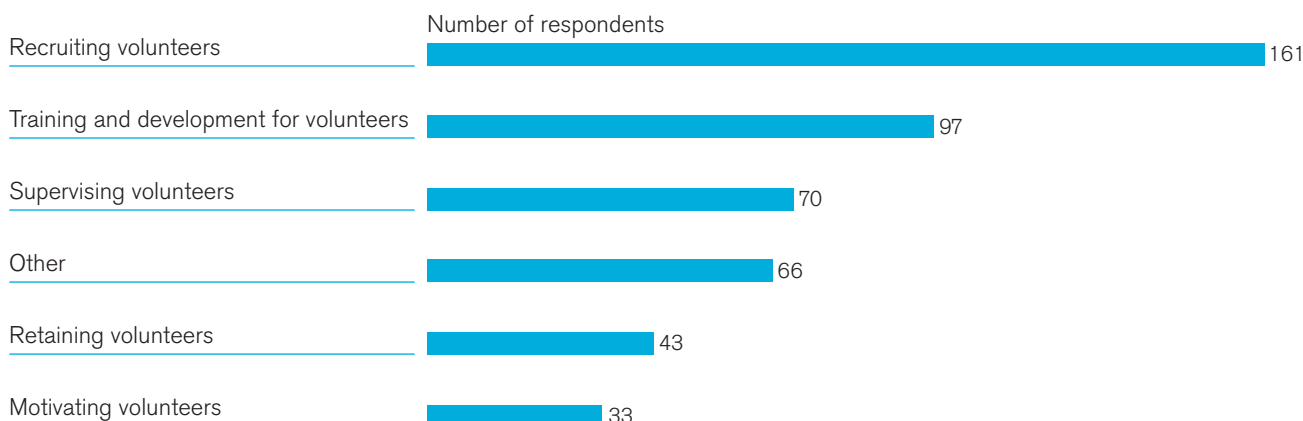
Over half of nonprofits don't have a written volunteer policy.

Almost half of the organisations surveyed (47.8%) have a volunteer policy; this includes organisations with a wide range of volunteer numbers. However, of the 50.6% of organisations without a written policy, up to one third of these (17.6%) don't have any volunteers. Of concern is the 34.0% of organisations which have volunteers but do not have a policy in place.

Recruiting, training and supervising volunteers present challenges for organisations.

Many organisations indicated that recruiting, training and supervising volunteers presented challenges for them. Recruiting volunteers was ranked as the most significant challenge by one third (31.8%), while training and development for volunteers was ranked 1st or 2nd by 40.5%.

THE BIGGEST CHALLENGES RELATED TO VOLUNTEERING



5

GOVERNANCE

THIS SECTION LOOKS AT MATTERS RELATING TO THE GOVERNANCE OF NONPROFITS.

VOLUNTEER BOARD MEMBERS, DIRECTORS, TRUSTEES AND GOVERNORS

Irish nonprofits have an average of 12 volunteer board members, directors, trustees or governors, with more or less equal numbers of men and women.

Organisations were also asked how they recruited volunteer board members, directors, trustees or governors. Enrolment by invitation is the most common method (54.7%), followed by co-option by the Board of an organisation (51.0%) and then election by general membership of the organisation (49.4%). External agency nominations stood at 13.6% and sourcing from BoardMatch Ireland at 11.9%. Other methods were stated by 4.7% of organisations.

STRATEGIC PLAN

One third of organisations do not have a written strategic plan.

While 64.8% of nonprofit organisations have a written strategic plan, just over one third (34.8%) do not. Uncertainty in the external environment, shortage of staff time and organisations being in transition are identified as the main barriers to developing a strategy.

RESERVES POLICY

Less than half (42.1%) of nonprofits have a reserves policy, and only 47.6% have operational reserves.

57.7% of organisations surveyed don't have a reserves policy. Similarly, under half had an operational reserve (47.6%) whilst 52.2% indicated that no operational reserve was in place. Most of those with a reserves policy had an operational reserve (34.0%), although 13.6% do not have a policy but do have an operational reserve.

PROGRESS INDICATORS

Two thirds of organisations have indicators in place to measure their progress.

Of the 67.6% that have indicators in place, 90% believe these indicators measure outputs and 70% believe that their indicators measure outcomes.

6

REGULATION, STANDARDS AND VOLUNTARY CODES

THIS SECTION EXPLORES AWARENESS OF REGULATORY REQUIREMENTS AND COMPLIANCE WITH VOLUNTARY CODES.

CHARITIES ACT 2009

Nearly 20% of nonprofits are still unaware of the Charities Act 2009, and of those who are aware only 60% are prepared for the requirements.

While the majority of organisations (80.0%) stated that they were aware of the Charities Act 2009, only 60.9% are prepared for its requirements, whilst 11.5% are unprepared and just under a third 27.5% do not know if they are adequately prepared.

ANNUAL ACCOUNTS

Most organisations (76.1%) follow the advice of their accountants on standards used to prepare annual accounts.

Only 10.1% of Irish nonprofits use SORP (the Statement of Recommended Practice, Accounting and Reporting by Charities), but the vast majority (92.3%) are satisfied that they are using an appropriate accounting standard.

STATEMENT OF GUIDING PRINCIPLES FOR FUNDRAISING

Over one third of nonprofits are aware of the Statement of Guiding Principles for Fundraising, and among those the majority apply the principles.

Awareness is split three ways, with just over one third (37.2%) indicating awareness and just under one third (32.6%) not aware. The remaining 30.0% of organisations did not raise funds directly from the public.

Of those organisations that are aware of the Statement of Guiding Principles for Fundraising, the majority (30.6%) apply the principles. Of those who do not apply the principles, the majority (51.5%) fail to apply them, as they feel that it is not relevant to their organisation. A sizeable proportion (27.3%) has not applied the guiding principles yet, but intends to do in the near future.

THE STATEMENT OF GUIDING PRINCIPLES FOR FUNDRAISING ONLY APPLIES TO ORGANISATIONS WHICH RAISE FUNDS DIRECTLY FROM THE PUBLIC. IS YOUR ORGANISATION AWARE OF THE STATEMENT OF GUIDING PRINCIPLES FOR FUNDRAISING?	DOES YOUR ORGANISATION APPLY THE STATEMENT OF GUIDING PRINCIPLES FOR FUNDRAISING?						Total	
	Yes		No		–			
	N	%	N	%	N	%	N	%
Yes	155	30.6%	33	6.5%	0	0.0%	188	37.2%
No	0	0.0%	2	0.4%	163	32.2%	165	32.6%
Do not raise funds directly from the public	0	0.0%	0	0.0%	152	30.0%	152	30.0%
–	0	0.0%	0	0.0%	1	0.2%	1	0.2%
Total	155	30.6%	35	6.9%	316	62.5%	506	100.0%

Base: 506

WHY ORGANISATIONS DO NOT APPLY THE GUIDING PRINCIPLES

Organisation is currently in transition	15.2%
Not relevant to the organisation	51.5%
Too onerous / resource intensive / time consuming	3.0%
Lack of knowledge / skills in relation to applying the guiding principles	9.1%
Lack of understanding of requirements of the guiding principles	9.1%
Know we ought to apply the guiding principles but unsure how to do this	3.0%
Have not applied yet but intend to in the near future	27.3%
Other	3.0%

7

TRAINING

THIS SECTION EXAMINES THE TRAINING NEEDS OF NONPROFIT ORGANISATIONS.

TRAINING

More than half of Irish nonprofits have no formal process to assess training needs, and only 40% have a written training and development plan, with an accompanying budget.

Almost half of organisations report that they will require training in fundraising, with one third requiring training in strategic planning, in committee / board skills and in financial management.

TYPES OF TRAINING	ATTENDED IN THE PAST YEAR?	WILL NEED TO ATTEND IN THE NEXT 1-2 YEARS
Advocacy / Campaigning / Lobbying	18.0%	21.9%
Committee / Board Skills	25.5%	30.2%
Community Development	25.1%	20.9%
Diversity / Equal Opportunities Training	12.8%	10.9%
Financial Management	30.6%	30.0%
Fundraising	32.0%	42.3%
ICT Skills – Social Media	35.2%	27.7%
ICT Skills – Website Development and Management	21.5%	23.3%
Language Skills	5.1%	3.8%
Negotiation Skills	5.1%	12.3%
Operational Planning	16.8%	23.3%
Other	20.6%	13.2%
Public Relations	13.8%	26.3%
Service User / Consumer Training	10.5%	14.6%
Staff Recruitment and Management	14.8%	16.2%
Strategic Planning	24.9%	36.4%
Monitoring / Evaluation / Research	13.2%	22.7%
Volunteer Recruitment and Management	19.2%	21.7%

8

SHARED CHALLENGES

THIS SECTION SUMMARISES SOME OF THE KEY CHALLENGES IDENTIFIED BY NONPROFITS.

CHALLENGES

The research highlights specific challenges identified by Irish nonprofits. Respondents were asked to rank these challenges under a number of headings (aspects).

ASPECT	KEY CHALLENGE
Volunteers & Unpaid Interns	Recruiting volunteers was ranked as the greatest challenge by 31.8% of organisations. Training & development for volunteers (ranked 1st or 2nd by 40.5%) was also highlighted as a particularly important challenge.
Fundraising	The three most common fundraising challenges are: <ul style="list-style-type: none"> – An uncertain future / changing external environment (ranked 1st or 2nd by 42.7%); – Being overly dependent on grant income (ranked 1st or 2nd by 32.0%); and – Insufficient staff capacity / time (ranked 1st or 2nd by 27.7%).
Effective strategic planning	45.3% ranked an uncertain future / changing external environment as the greatest obstacle to effective strategic planning. The next most important issue – insufficient staff capacity / time – was ranked by considerably fewer respondents (ranked 1st or 2nd by 29.2%).
Developing outcome-based indicators and measurement systems	The most common challenge was an uncertain future / changing external environment – selected by more than a quarter (27.1%) of respondents. Two other issues are notable in terms of importance: <ul style="list-style-type: none"> – Insufficient staff capacity / time to implement and track (ranked 1st or 2nd by 27.3%); and – Difficulty in defining indicators (ranked 1st or 2nd by 21.7%).
Running organisations	The main strategic challenges are: <ul style="list-style-type: none"> – Reduced funding from the public sector (ranked 1st or 2nd by 57.3%); – Sustainability / viability of the organisation over the next 12 months (ranked 1st or 2nd by 32.0%); – Increased demand on services (ranked 1st or 2nd by 24.1%); – Reduced income from private / corporate donors (ranked 1st or 2nd by 20.4%); and – Not having sufficient resources to meet the needs of current beneficiaries (ranked 1st or 2nd by 18.6%).

ASPECT	KEY CHALLENGES
Main supports required by Nonprofit Organisations	<p>Two main supports stand out – each ranked either 1st or 2nd by about one third of respondents:</p> <ul style="list-style-type: none"> – Managing costs (ranked 1st or 2nd by 33.4%); – Fundraising from alternative sources (ranked 1st or 2nd by 32.4%); <p>Respondents also highlighted the following as important for the sector:</p> <ul style="list-style-type: none"> – Supporting organisations to become more efficient and deliver greater value for money (ranked 1st or 2nd by 28.7%); – Strategic planning (ranked 1st or 2nd by 20.4%); – Collaborative working / mergers (ranked 1st or 2nd by 16.6%); and – Introduction of a VAT refund scheme for charities (ranked 1st or 2nd by 15.2%).
Accessing Training	<p>Lack of funding (ranked 1st and 2nd by over 300 respondents)</p> <p>Lack of time (pressure of work) which is ranked 1st and 2nd by more than 150 respondents.</p>
Types of training required	<p>Respondents were invited to identify the training needs of their organisation for the next 1-2 years.</p> <p>Fundraising was identified as the most significant training need (42.3%), followed by around one third expressing an interest in strategic planning (36.4%), committee / board skills (30.2%) and financial management (30.0%).</p> <p>More than one in four organisations highlighted the need for staff training in the next 1-2 years in ICT skills – social media (27.7%) and public relations (26.3%).</p>

SUMMARY AND CONCLUDING COMMENTS

The research on which this report is based provides an up-to-date and nuanced picture of Ireland's nonprofit sector, and offers valuable insights into the impact of the economic downturn on nonprofit organisations.

The majority of organisations (57%) indicated that their income had decreased over the past three years. Feedback from the stakeholder consultation also highlighted that the declining economy has reduced donations from the public, and from corporate donors; the imminent departure of two major private foundations (Atlantic Philanthropies and the One Foundation) is also noted as a threat in terms of funding.

About two thirds of respondents (64.5%) indicated that the number of people benefitting from their services had increased over the past three years. Feedback from stakeholders echoes the increasing demand for services – and notes the irony in this increase in demand in parallel with shrinking resources.

Over one quarter (28.5%) of organisations had seen the number of paid employees increase, and over one third (38.0%) had experienced an increase in volunteers. These changes highlight increasing demand for services, a reduction in incoming financial resources for many organisations and pressure on existing human resources (with some reductions in staffing). Some organisations have experienced an uplift in volunteering.

Where demand has increased, organisations have sought to increase service provision by looking for additional resources internally (efficiencies) and externally (securing additional funds). Where income has actually reduced, organisations have sought to secure efficiencies, but have also had to reduce and / or drop some services / activities.

Given the changes in the external environment and in particular, the economic challenges, organisations in the nonprofit sector have also had to introduce a range of strategies to manage staff: reduced pay and introducing pay freezes are the two most common options in this regard.

The consultation with stakeholders revealed a high level of awareness of the challenges posed by the current economic crisis, and decisions are being taken to reduce costs.

There have been a number of new developments and standards (eg. the Charities Act 2009, Statement of Guiding Principles for Fundraising, Governance Code) which have sought to provide greater transparency, accountability and consistency in the nonprofit sector. However, owing to the current political and economic context, the full commencement of the Charities Act 2009 is now on hold. The research shows that there is some awareness of, preparation for, and use of existing standards.

Clearly, the nonprofit sector will need support to adopt and implement changes arising from these standards. However, this needs to be balanced against the availability of resources as well as an organisation's size and stage of development.

The report finds that half of Irish nonprofits have no formal process to assess training needs, and only 40% have a written training and development plan. Moreover, there is a substantial need for training in the areas of fundraising, strategic planning and committee / board skills.

Finally, the research highlights specific shared challenges among nonprofits: key concerns are the uncertainty surrounding external factors as well as finance / funding and meeting the increasing demand given the limited capacity of existing staff resources and the ongoing challenges associated with recruiting volunteers.

APPENDIX A

INKEx DATA ON IRELAND'S NONPROFIT COMPANIES

The best data we have on the extent of the nonprofit sector in Ireland comes from the former Irish Nonprofits Knowledge Exchange (INKEx). INKEx was an independent Irish nonprofit company that followed the Guidestar model first established in the USA and now deployed in a number of other countries around the world, including Belgium and Israel.

INKEx created the Irish Nonprofits Database by sourcing data, either as a digital feed or re-keyed as necessary, from public domain regulatory filings. In Ireland's case, in the first instance, this involved the re use of public information filed with the Companies Registration Office by the 8,000+ companies limited by guarantee with a public benefit purposes.

It should be noted that if all local voluntary societies, associations and clubs are counted, civil society organisations in Ireland number in the tens of thousands. The Irish Nonprofits Database held listings for a subset of these – specifically, the majority of economically-significant, non-governmental, secular organisations.

The following data was published in Irish Nonprofits: What we Know (INKEx, 2012)

- There are at least 11,700 formally constituted nonprofit organisations in Ireland of which 8,000 are companies limited by guarantee with a public-benefit purpose. The other 3,700 are unincorporated charities which enjoy tax relief from Revenue.

Governance

- 59,600 directors serve on the boards of Irish nonprofit companies. Board membership in the sector is almost invariably unpaid.
- If an average of eight trustees (for the 3,700 unincorporated charities in the database) is added, this means that up to 90,000 people serve in a voluntary capacity in the governance of the nonprofit sector in Ireland.

- Of the nonprofit companies currently trading, 70 were incorporated prior to 1950; 3,571 were incorporated between 1950 and 1999; 4,934 were incorporated between 2000 and the first quarter of 2010. Of the recently-established nonprofit companies, many are local development organisations – enterprise, partnership and community development companies and many others set up with government funds to deliver local supports.

The financial profile of the sector

- The total reported income of the nonprofit companies in the Irish Nonprofits Database in 2009 was €5.75bn.
- Reported assets held by the nonprofit companies amounted in 2009 to €3.4bn, of which cash totalled €1.7bn.
- 951 companies reported a negative asset position, collectively totalling €152m in net liabilities.
- There is no consistency in the presentation of incoming resources. About half of the nonprofit companies in the database provide an analysis of the sources of their income, whether from grants, donations, or trading activities, whereas the rest simply report "income". In the meantime, all of the amounts below are certainly an understatement of the true position. Of those nonprofit companies that report the sources of their income:
 - 42 report receiving legacies and bequests to a net value of €7.3m, in amounts varying from €795 to €1,254,466 – a mean average of €172,951
 - 24 report receiving donations in kind (i.e. non-cash) to a net value of €100m – a mean average of €4,182,868
 - 733 report "donations" in values ranging from €10 to €6,916,903, with total reported donations in 2009 valued at €77m Grants.

Grant income

- Grants, whether from State or private philanthropic sources, are by far the single largest source of income. Grants are reported as a source of income by 2,886 nonprofit companies at a combined level of €2bn.
 - 443 organisations reported total grant income of less than €10,000
 - 555 reported grant income of between €10,000 and €50,000
 - 1,441 reporting grant income between €51,000 and €.5m, and
 - 433 reporting grant income in excess of €.5m.
- Ten nonprofits (only one of which is not a health service provider) with a combined turnover of just over €1bn account for €.9bn of reported grant income.
- The total number of grant sources itemised in the Irish Nonprofits Database is 672, with Irish government departments and agencies accounting for the great majority of these, and a small number of Irish-based international NGOs reporting grants from a variety of foreign governments and international agencies. The profile of grants by source is as follows:
 - 1,778 nonprofits report a grant from one source only.
 - 518 report grants from two sources.
 - 280 report grants from three sources.
 - 154 report grants from 4 sources.
 - 245 report grants from between 5 and 10 sources and 20 report grants from between 11 and 19 sources.

Employment

- Of the 3,857 nonprofit companies that report employee numbers and / or payroll costs, the total number of employees in 2009 was 101,054.
- Hospitals and healthcare providers are the largest employers, with 26 institutions alone responsible for the employment of 4,200 of these.
- The profile of employment numbers suggests a sector of SMEs:
 - 1,458 nonprofit companies employ 5 people or fewer
 - 1,606 employ between 6 and 50 people
 - 90 employ between 51 and 99 people.
 - Just over 100 nonprofits employ more than 100 people.
- The accounts of about 3,500 nonprofit companies report neither staff numbers nor payroll costs, thus indicating that they operate on an entirely voluntary basis.
- No data are yet publicly available about employment levels in the 3,700 unincorporated charities which enjoy tax-exempt status from Revenue (this will presumably change when the provisions of the Charities Act 2009 are commenced).
- The total wages and salaries expenditure in Irish nonprofit companies in 2009 was €3.7bn, with a further €290m remitted in employers' PRSI. FAS contributed €151m, in reported grants to 477 nonprofit companies.

THE WHEEL

The Wheel is a national organisation that represents and supports community, voluntary and charitable organisations in Ireland. Founded in 1999, we currently have over 900 members across Ireland, reflecting the enormous scope and scale of this vibrant and diverse sector.

The Wheel exists to help change people's lives for the better. We do this by helping nonprofit organisations get things done, more efficiently and more effectively. As an independently governed, membership-based organisation, we represent our members' shared interests to Government and other decision-makers, and we promote better understanding of the vital work they do for people in Ireland. **See www.wheel.ie for more.**

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