

Meeting with Minister of Community, Sport and Cultural Development

Honourable Peter Fassbender

January 13, 2016 Wednesday

Agenda

1. Introduction Glasshouse board members
2. Thank the Minister
3. Presentation by Glasshouse
4. Questions from Board Members
5. Comments from Minister Fassbender
6. Discussion

Glasshouse Capacity Services Society

PRESENTATION to Minister Fassbender

January 13, 2016

1. What is capacity building?
2. The charitable sector in BC.
3. Gaming in BC
4. Public perceptions of gaming in BC
5. Conclusions
6. Questions to Minister Fassbender

Glasshouse Capacity Services Society

Who we are, what we do.

Glasshouse became formalized incorporating under the societies act and became a registered charity in 2004.

Glasshouse Capacity Services Society is a unique niche service provider. As a registered charity, our mandate is to focus on providing services to other charities and non-profits. Our focus rests on streamlining organizational operations for charities and non-profits alike in order to facilitate their mandated success.

Located in the heart of Gastown Vancouver, Glasshouse focuses on providing service to small organizations that are in need of expertise. Our specialties include accounting and bookkeeping services, as well as administrative technical solutions, fundraising plans, evaluations, HR, dissolutions, training and much more. We pride ourselves in being the professional that small organizations use as a one-stop solution for their charity or non-profit needs.

In more than a decade of operations we have worked with hundreds of small organizations solving many of their capacity deficits. Many capacity building groups such as United Way, Vantage Point and other granting agencies support many organizations from the outside looking in while we work in the trenches with our clients over time. We have developed a unique expertise in understanding the needs of grass roots groups, helping them become more effective in the delivery of their services and programs through capacity building.

Our board brings their leadership expertise from other charities and non-profits large and small. We recruit our board members based on many years of experience in management and governance.

Our Work

In our day to day interactions with small non-profits and charities we see many inefficiencies, not because of the lack of passion to carry out their mission or because the need in the community isn't there, but because of the lack of supports and resources that would allow them to raise the bar.

Volunteers are the life blood of these organizations but volunteers need training and supervision. Volunteer management is not an inherited trait, it is a learned skill. Many organizations abandon the idea of using volunteers for the reason that they do not have the skills or resources to recruit, orient, train, evaluate and develop volunteer programs successfully. A strong volunteer base is a powerful asset that can increase the social good and increase available funds to do the work. The lack of these skills all too often result in a counterproductive use of time trying to manage a volunteer program, generating a high volunteer turnover without much work getting done.

Most of our clients come to us in crisis, needing **bookkeeping and accounting** services. In many cases the management and governance of small groups do not have the skills to oversee or manage bookkeepers. Volunteer bookkeepers who do not have the skills to prepare the records of a society or understand the regulatory requirements often create more problems. As a result, much of our work in this area is forensic, reconstructing records and establishing processes so that an organization has the ability to apply for funds and use financial data to manage the organization effectively. A lack of capacity in financial management is one of the most critical aspects of the capacity gap. 82% of small businesses fail for lack of financial acumen. In the non-profit sector they don't necessarily go out of business, they simply float on the amount of funds they can raise and run ineffectively. For the non-profit sector there is always a need to fulfill in the community.

Financially we see the following problems with most organizations:

- Inadequate financial systems, expertise, and software
- Lack of diversification of income, relying on only one revenue stream
- Lack of discretionary income to apply to organizational supports
- Restrictive project or program funding that doesn't cover core operating costs

Many of our clients need to diversify income and be creative in raising funds. Fundraising is a profession that due to funding none of our small clients can afford. Small organizations revert to holding events, which are risky at best with the highest cost-per-dollar-raised ratio, giving the organization a very small return on a labour-intensive effort.

Few funders will invest in fundraising costs leveraging their donations to create more revenue. The public perception of charities using dollars for fundraising expenses has not been favourable. So how do small non-profits find funds to invest and become sustainable? Fundraising is a like any other business, that requires investment in assets, personnel, marketing, planning, management, education and/or a skill set to have a chance of success.

Imagine Canada's publication "Guide to Giving" states:

*In our view, financial details are important but a more significant factor is an organizations impact. Charities and non-profits working to solve some of the most difficult issues facing society and to improve our quality of life. They need the right tools to get the job done and, like businesses, have hard costs. It is important they spend wisely and are transparent and accountable for how they use their resources but we need to remember that without these investments, effective programs and services would be impossible to deliver. **Real impact requires real investment.***

Without the required knowledge or experience, **Human Resources** practises as related to paid staff in small charities are wrought with serious pitfalls. Smaller organizations with just a handful of employees are often working long hours as a result of the community need. Without knowing the legal difference between contractors and employees or understanding labour standards, small organizations are subsequently being sued for wages, penalized by revenue Canada and even sued by volunteers for pay, which all takes away from the valued services they provide. Human resource practices are one of the first places we look to build capacity in our clients.

Technical Services are provided through a third party who works with our clients to build capacity in the essential technical resources of today's world. The issues we find most often are outdated equipment, viruses, faulty backup systems, the use of personal computers and illegal software, inappropriate software and lack of expertise.

What Is Capacity Building?

Organizational capacity building is the transfer of knowledge and/or skills, to increase and improve the ability of the organization to deliver a social good. By enhancing the abilities of organizations that will allow them to achieve measurable, sustainable and high quality results or social good.

Organizational capacity building focuses on developing the capacities of organizations so they are better equipped to accomplish the missions they have set out to fulfill. Failures in development can often be traced back to an organization's inability to deliver on the service promises it has pledged to keep. Organizational capacity building often involves building up skills and abilities, such as decision making, policy-formulation, appraisal, and learning. For organizations, capacity building may relate to almost any aspect of its work: improved governance, leadership, mission and strategy, administration (including human resources, financial management, and legal matters), program development and implementation, fund-raising and income generation, diversity, partnerships and collaboration, evaluation, advocacy and policy change, marketing, positioning and planning. Capacity building in non-profits is a way to strengthen an organization so that it can perform the specific mission it has set out to do and survive as an organization. It is an ongoing process that incites organizations to continually reflect on their work, organization and leadership in order to ensure that they are fulfilling their mission and goals.

Understanding the obstacles that prevent an organization to succeed or to produce a high calibre social good. is critical. In small organizations the core competencies are often missing, the basic skills that are required to operate and deliver community benefit. Education is the only answer. The impact of staff and volunteer training will not only benefit an organization's ability to deliver its services, that knowledge can be replicated where ever the people migrate through the ripple effect or knowledge transfer.

Since the early 2000's studies have concluded that capacity building is vital to the health of the non-profit sector and yet the funding has not flowed and little has been done to assist particularly small charities and non-profits.

Venture Philanthropy Partners report " Effective Capacity Building in Non-profit Organizations" states the following in their chapter on Organizational Skills:

For many high-performing non-profits, the most important component of the value chain is the process through which they develop, implement, fund, and measure programs. Crafting a successful process – one that increases social impact-draws on the full range of an organization's skills. From strategic planning to marketing and fund-raising to program development and execution.

Think of an organization that has a demonstrated record of success in delivering a particular program, but has very limited skills in such areas as financial management or program evaluation a common combination in the non-profit sector. This skill gap inherently compromises an organization's ability to improve and expand services to more clients. Donors and government agencies, for example, will be reluctant to dedicate significant resources to an enterprise with weak financial controls. Similarly, organizations that do not rigorously evaluate and measure the

effectiveness of their programs have a hard time demonstrating the kind of tangible results that inspire donors.

In the Conclusion of the report it states the following:

Capacity building does matter and it does make a difference in a non-profit ability to fulfill its aspirations. The sooner non-profits realize this and start accessing their capacity needs, and the sooner funders increase their support for capacity building efforts, the better off the non-profit Society as a whole will be.

The Charitable Sector in British Columbia.

There are approximately 12,000 registered charities in BC and about the same number of non-profits. In Canada there are about 500 charities to each 100,000 persons, or about 200 persons for each charity. It is easy to see how every person is touched in some way by the services and programs delivered by charities and non-profits in BC. You may go to the symphony, belong to a professional association, have your children in sports, be a cancer survivor or a member of the PTA, attend a summer festival, it's a good chance you are benefitting from the programs and services delivered by the non-profit sector. Every day thousands of activities and programs are delivered that affect and improve the quality of life for every British Columbian.

The abundance and quality of all of these activities rely directly on the capacity of organizations that deliver them.

In 2014, \$134 million in community grants were allocated to about 5,000 BC non-profits. These organizations are largely small organizations. While the gaming industry and the overall revenues have grown over the years, the allocation to charity grants have not and is still below the 2008 levels of \$156 million.

The **kinds of non-profit groups** that are funded by Community Gaming Grants are Human and Social Services, Environment, Public Safety, Arts and Culture, PAC's and Sports.

The **guidelines for a Community Gaming Grant** include 14 items that Grant funds cannot be used for. Of these 14 items we list 8 items below that need review in order for grant recipients to deliver programs that are relevant in 2016 and build capacity to better serve British Columbians.

- Development of new programs;
- Projects (a project is a specific body of work undertaken to create a unique product or service, with a temporary team, for a specified duration);
- Creation of new positions;
- Expansion of an existing program (Adding a new component or service to an existing service/program that has not previously been delivered);
- Costs not related to the direct delivery of an organization's approved programs;
- Replacement of reduced or eliminated funding, including government funding;
- Professional Development; or

- Subsidizing the procurement of a contract or for subsidizing service for which the organization is contracted and/or funded.

The public perception of the distribution of gaming revenue

The 2009/10 BC Statistics report “Public Perceptions of Gaming in BC” showed a 4-year low in satisfaction on how gaming proceeds were distributed. The interesting analysis of these surveys was that the more an individual knew about gaming funds distribution the more dissatisfied he was.

We would project that the people who know the most about the distribution of gaming funds in the community are the Directors, staff, volunteers and members of non-profits in BC. In our work we hear this dissatisfaction and frustration from our clients regularly. We have discussed the problems of funding for capacity building and the associated funding gaps with our clients, believed to be largely due to the misconceptions of the public and funding agencies. The changes we propose would serve to change these perceptions.

Conclusion

The **success of social programs** in the community depends on the quality of the services, the use of the latest information, studies to enhance and improve delivery and provide value to the community.

Imagine if our **streets were safer, the disabled and elderly had a higher quality of care** and many thousands of other community services were impacted with leading edge, best-practice methods.

When funding poor quality services, the statistics will still say that the government of BC is supporting so many thousands of services through gaming funds. By investing in BC’s non-profit sector and ensuring it is the best it can be, it could then be stated that the BC Government has the forethought and leadership to build our voluntary sector to provide leading edge services that raise the quality of life for every British Columbian.

As the gaming guidelines stand now we believe they are not reflecting the needs of non-profits to effectively deliver the services to British Columbians.

Capacity Building in the non-profit sector in BC through education could be the single most impactful change in non-profits and communities throughout the province.

Recommendations

Our recommendations

- To have a formal review of the use of proceeds guidelines with public and non-profit participation.
- Create a fund for capacity building grants similar to the small capital grant fund.

Questions

What is the process of decision making regarding the guidelines for use of gaming proceeds and when was the last time it was reviewed?

Would the Minister be open to a process of reviewing the use of proceeds and updating it?

What is the rationale for the 8 disallowed uses stated in the guidelines for Community Gaming?

