2008

Non-Profit Performance Report

An Analysis of Management, Staff, Volunteers, and Board Effectiveness in the Non-Profit Sector

by Karina Wood and Niels Veldhuis

Report based on the analysis undertaken as part of the

DONNER CANADIAN FOUNDATION AWARDS
for Excellence in the Delivery of Social Services

A program of the Fraser Institute

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Acknowledgements

About the Authors

Karina Wood has been the Donner Awards Outreach Coordinator since 2006. She has a Bachelors Degree in Applied Science (Agriculture) from the University of Western Sydney and Postgraduate Diplomas in Financial Management and Business Studies from the University of New England, Australia. She spent two years with the Fraser Institute as Donner Project Co-ordinator from 2000-2002 and has worked for non-profit organizations in the United Kingdom.

Niels Veldhuis is the Director of Fiscal Studies and a Senior Economist at the Fraser Institute. Since joining the Institute in 2002, he has authored or co-authored four books and 36 comprehensive studies on a wide range of topics including taxation, productivity, entrepreneurship, labour markets, and government performance. He has written over 125 articles, which have appeared in over 50 newspapers including the *National Post*, *Globe and Mail*, and *Wall Street Journal*. Mr. Veldhuis appears regularly on radio and television programs across the country and has appeared before committees of both the House of Commons and the Senate as an expert witness. He has a Bachelor's degree in business administration, with joint majors in business and economics, and an M.A. in economics from Simon Fraser University.

Introduction

Canada's non-profit sector is a vital component of Canadian civil society, providing many important social, cultural, and environmental amenities independently of both the government, and the for-profit business sector. Including approximately 161,000 charities, church groups, community associations, and mutual aid societies, this sector is also an important component of the Canadian economy.[1] Not including the value of volunteer labour, Canada's core non-profit sector (with the exception of hospitals, universities, and colleges) contributed $31 billion to Canada's gross domestic product (GDP) in 2005, or 2.4 percent of the nation's economy. Between 1997 and 2005, economic activity in the core non-profit sector increased faster than for the economy as a whole. The social services sector contributes 24 percent of core non-profit economic activity, the highest share of any group in the sector.[2]

The organizations in this sector contribute a wide array of services and amenities that provide support and aid to the needy, and enhance the quality of life in our communities. In 2003, the most recent year for which data are available, there were 19,099 Canadian non-profit organizations devoted to delivering community-based social services; another 12,255 organizations providing social and economic development and housing supports and services; and another 8,284 providing education and research.[3] Canada's 30,679 non-profits with religious mandates also contribute significantly to the delivery of social services in Canada.[4]

The non-profit sector not only provides valued goods and services to those in need, it also binds our communities together by providing citizens with the opportunity to actively participate in finding solutions to some of Canada's most pressing social problems. In 2003, Canadian non-profit organizations benefited from 2 billion volunteer hours—the equivalent of 1 million full-time jobs—and $8 billion in individual donations.[5] Statistics Canada's most recent estimate shows that the value of volunteer labour added about $14.1 billion to the sector's total contribution to the Canadian economy in 2000; the value of volunteer work in the area of social services is estimated to be about $2.9 billion. Volunteer time comprises almost half the value of total labour in the core non-profit sector.[6] The voluntary nature of this sector is one of its most defining characteristics.

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1   There are approximately 80,000 registered charities in Canada. While a charity is, by definition, a non-profit agency, non-profit agencies are not necessarily charities. Registered with Revenue Canada, charities are subject to its guidelines and regulations. Charities do not pay income tax, and are able to issue tax-deductible receipts to donors. While other non-profits are also exempt from paying income tax, they are not able to issue tax-deductible receipts.

2   Statistics Canada (2008), *Satellite Account of Non-profit Institutions and Volunteering, 1997 to 2005*, cat. no. 13-015-XWE (Ministry of Industry).

3   Statistics Canada (2004), *Cornerstones of Community: Highlights of the National Survey of Nonprofit and Voluntary Organizations*, cat. no. 61-533-XPE (Ministry of Industry).

4   A recent study of social service delivery by religious congregations in Ontario found that the mean percentage of a congregation's operating budget devoted to social services was 20.2 percent. The mean number of social service programs provided by each congregation was 4.13, with every congregation providing at least one. The net value of these programs per congregation was over $12,000. See Ram A. Cnaan (2002), *The Invisible Caring Hand: American Congregations and the Provision of Welfare* (New York University Press.)

5   Statistics Canada (2004), *Cornerstones of Community.*

6   Statistics Canada (2008), *Satellite Account of Non-profit Institutions and Volunteering, 1997 to 2005.*

The Donner Canadian Foundation Awards

Regrettably, the sector's valuable contribution to Canadian society often goes unrecognized. The *Donner Canadian Foundation Awards for Excellence in the Delivery of Social Services* were established in 1998 as a means of both providing this well-deserved recognition and rewarding excellence and efficiency in the delivery of social services by non-profit agencies across the country. The national scope and $70,000 purse makes the Donner Awards Canada's largest non-profit recognition program. Since 1998, $720,000 has been granted to Canadian non-profits through the Donner Awards.

By providing non-profits with tools to measure and monitor their performance, the Donner Awards Program also encourages agencies to strive to ever-higher levels of excellence. In turn, the commitment to excellence and accountability demonstrated by Donner Awards participants can help encourage public confidence and involvement in this important sector of Canadian society.

Excellence and Accountability

Demonstrated commitment to excellence and accountability is particularly important at a time when charities and other non-profit organizations are coming under increased scrutiny for the efficiency and effectiveness of their program delivery and management practices. Almost two-thirds of business leaders polled by COMPAS in September 2003 said they would be more likely to donate to charity if the charities were more accountable.[7] Similarly, while 77 percent of Canadians surveyed by the Muttart Foundation in 2008 reported that they have "a lot" or "some" trust in charities, others (30 percent of those that don't have "a lot" of trust) complain of a lack of information about where there money is really going.

While almost all Canadians think it's important that charities provide information about their financial management (fundraising costs and use of donations) as well as the delivery and impact of their services, less than 40 percent of those surveyed are happy with the information they actually receive from the charities they support.[8]

Measurement Challenge

Unlike the for-profit business sector, the non-profit sector has been hampered in its ability to assess performance due to the lack of an objective, quantifiable performance measure. The for-profit sector relies on a number of objective measures to assess performance, including profitability, market share, and return on assets. The existence of standard, objective performance measures in the for-profit sector allows for comprehensive and comparative performance analysis.

Unfortunately, there is no such parallel for the non-profit sector. While more than three quarters of non-profit organizations surveyed for the Voluntary Sector Evaluation Research Project (VSERP) in 2001 reported that they had engaged in some type of evaluation in the previous year,[9] the sector has relied almost exclusively on subjective reviews to assess performance. Subjective assessments normally entail a consultant or performance evaluator individually reviewing the performance of agencies and submitting recommendations.

While these types of assessments can be extremely useful, they are not readily comparable to other agencies' performance assessments unless the same person performs all the analyses. Even in these circumstances, the scope for comparison is limited and costly, especially for many small and medium-sized agencies. This poses a real challenge for Canadian non-profits, especially as donor expectations for more rigorous perfor-

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7   Drew Hassleback (2003), "Charities Need to 'Act Like Business'" *National Post*, Sept. 12, p. FP2. See also Sylvia LeRoy (2003), "Growing Accountability and Excellence in the Non-profit Sector," *Fraser Forum*, December, pp. 5-7.

8   Ipsos Reid (2008), *Talking About Charities 2008—Report* (The Muttart Foundation). Available digitally at http://www.muttart.org/surveys.htm.

9   Michael Hall, Susan D. Phillips, Claudia Meillat, and Donna Pickering (2003), *Assessing Performance: Evaluation Practices & Perspectives in Canada's Voluntary Sector* (Canadian Centre for Philanthropy).

Section	Area of Measurement	Components
One	Financial Management	• annual surplus—composite measure of the 4 year average and most recent year
		• revenue increase—composite measure of the 3 year average and most recent year
		• cost containment—composite measure of the 3 year average and most recent year
		• program spending versus overall spending—composite measure of the 4 year average and most recent year
		• financial reporting
Two	Income Independence	• number of sources of income adjusted for the average size of the donation
		• percentage of revenue provided by largest revenue source
		• percentage of revenue provided by government
		• size of accumulated surplus relative to expenses—composite measure of the 4 year average and most recent year
Three	Strategic Management	• use and prevalence of a mission statement
		• level of objective and goal setting
		• depth of involvement
Four	Board Governance	• independence
		• financial contributions
		• level of involvement as measured by frequency of meetings
		• level of participation as measured by attendance at meetings
		• policy guidelines to avoid conflicts of interest
Five	Volunteers	• use of volunteers relative to staff—composite measure of agency total and program total
		• recruiting activities
		• management and development of volunteers
		• donations other than time by volunteers
		• turnover
Six	Staff	• level of programming provided by employees
		• percentage of employees working in programs
		• turnover
		• management and development of staff
Seven	Innovation	• uniqueness of agency's program
		• level of restructuring / change
		• use of alternative delivery systems / technology in the delivery of services

Table 1: Components of Performance Measurement

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Section	**Area of Measurement**	**Components**
Eight	Program Cost	• cost per hour of programming provided
		• cost per client—*information only*
		• hours per client—*information only*
Nine	Outcome Monitoring	• defining desired outcomes / goals for program
		• measured actual outcomes
		• desired versus actual outcome comparisons
		• plans to deal with divergences
Ten	Accessibility	• process of assessing need and targeting assistance
		• measurement of the level of usage by clients
		• determination of the cause of a client's difficulties
OVERALL SCORE		Composite of ten areas of measurement

mance evaluation steadily grows. Almost half of the non-profit organizations in the VSERP survey reported that funder expectations had increased over the previous three years.[10]

Anticipating this need, The Fraser Institute began developing an objective non-profit performance evaluation system in 1997.[11] With the vision and support of the Donner Canadian Foundation, this system became the basis of the selection process for the annual Donner Canadian Foundation Awards. Between 1998 and 2008, non-profit organizations from all 10 provinces and 2 of the territories submitted 4,591 unique social service programs for evaluation in the Donner Awards Program.

This evaluation process represents a major step forward in the development of an objective, quantifiable measure of performance for non-profit organizations.

Non-profit performance is measured in ten areas: Financial Management, Income Independence, Strategic Management, Board Governance, Volunteers, Staff, Innovation, Program Cost, Outcome Monitoring, and Accessibility. In addition to the ten specific criteria, a composite score is also calculated to indicate overall performance. Table 1 presents the ten criteria of the performance index as well as the sub-components of each.

It is not the intent of the Donner Canadian Foundation Awards, or the performance measurement process, to reward large agencies simply because of their size. Rather, the focus is to assess and reward the quality provision of goods and services. Thus, a series of calculations were completed to ensure that measurements focus on the quality of the program and not on the size of the organization.

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10   See Hall et al. (2003), *Assessing Performance*.

11   The evaluation system was developed with input from the Canadian Centre for Philanthropy, the Canadian Cancer Society (BC and Yukon Division), the Trillium Foundation, and Family Services Canada.

Table 2: Select Summary Statistics

Category	Number of Applicants	Total Revenues ($)	Total Expenses ($)	Total Assets ($)	Staff (FTE*)	Volunteers (FTE*)	Number of Clients **	Hours of Programming Provided ***
Alternative Education	103	174,695,338	170,774,970	209,578,627	1,749	2,239	567,431	3,793,363
Child Care	115	121,783,714	118,394,617	67,744,162	1,987	1,507	507,382	6,620,081
Counselling	60	100,481,848	98,168,179	73,889,973	1,629	457	797,460	3,136,168
Crisis Intervention	29	28,084,700	27,208,415	33,264,038	489	362	601,702	679,378
Prevention & Treatment of Substance Abuse	19	12,606,337	12,497,449	13,753,087	191	97	15,612	1,290,729
Provision of Basic Necessities	70	96,494,717	88,229,534	121,794,352	1,089	1,161	360,590	65,418,627
Services for People with Disabilities	101	452,132,920	430,822,002	481,535,737	9,151	4,032	5,074,870	15,458,473
Services for Seniors	80	479,204,722	458,891,417	590,878,463	7,636	3,134	73,498	12,366,840
Traditional Education	24	41,109,309	37,686,692	54,704,377	405	717	138,941	3,324,808
TOTAL	601	1,506,593,606	1,442,673,274	1,647,142,816	24,326	13,706	8,137,486	112,088,467

*FTE refers to Full-Time Equivalent, calculated by assuming 37.5 hours per week, 52 weeks of the year.
**Refers to the number of clients participating in programs applying for recognition.
***Refers to the number of hours of programming provided by the programs applying for recognition.

Evaluation Process

The Awards Program is currently limited to nine categories of service provision: Alternative Education, Crisis Intervention, Counselling, the Prevention and Treatment of Substance Abuse, Provision of Basic Necessities, Services for Children, Services for People with Disabilities, Services for Seniors, and Traditional Education.

The selection of categories included in the Donner Awards Program should in no way be seen as prioritizing or preferring certain services provided by the non-profit sector. It is simply a result of limited resources and the tremendous breadth of services the sector provides. One of the long-term goals of the Awards Program is to expand the number of service categories.[12]

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12   The Alternative Education and Crisis Intervention categories were established in 2000, increasing the total number of categories of social service recognized by the Donner Awards from seven to nine.

Stage One

The Donner Awards Program involves two stages of evaluation. In the first stage, agencies complete a detailed application.[13] Data from the application is then used to objectively assess the agency's performance on a comparative basis in key performance areas (see table 1). The performance of agencies is measured in a relative way by ranking the results from all of the agencies in a particular service category. Agencies are, therefore, rated against each other rather than assessed on the basis of an imposed standard.

Stage Two

In the second stage of evaluation, the top three, in some cases four, agencies in each of the nine categories complete a number of essay-style questions. In 2008 the finalists responded to a series of questions surrounding two key performance criteria: innovation and outcomes. All Donner Award applicants are required to report how their organization approaches innovation and outcome monitoring on their Stage One application form.

The Stage Two evaluation questions, however, are designed to elicit a more comprehensive picture of each applicant's "best practices." This involves a discussion of the uniqueness of their programs, the definition and measurement of each finalist's program outcomes, the actual results achieved (both short-term and long-term), and innovations adopted to help them further their organization's mission. Finalists were also asked to discuss a "non-profit challenge" and provide two independent letters in support of their application to the 2008 Donner Awards.

In 2008, the distinguished panel of judges that evaluated the Stage Two finalist agencies' submissions in-cluded: Brendan Calder (Professor of Strategic Management, Rotman School of Management, University of Toronto), Stephen Easton (Professor of Economics, Simon Fraser University), Robert English (Director of Regional Operations, Canadian Red Cross), Allan Gotlieb (Chairman, Donner Canadian Foundation), Michael Hall (Vice President Research, Imagine Canada), Doug Jamieson (Chairman and CEO, Charity Village Ltd.), Monica Patten (President and CEO, Community Foundations of Canada), John Rietveld (President and Executive Director, Scouts Canada Foundation), and Brad Zumwalt (Founding Chairman, Social Venture Partners—Calgary). The awards were presented at a special celebratory event in Toronto on November 19, 2008.

The Eleventh Annual Donner Awards

A total of 601 applications were received from non-profit agencies for the first stage of the awards. Participating non-profits came from all 10 provinces and one territory. Table 2 summarizes the number of applications received in each category and key statistics about the organizations analyzed in this performance report. These agencies had a full-time staff equivalent of 24,326 and the equivalent of 13,706 full-time volunteers serving 8.1 million clients.[14]

The following list contains the 27 finalist organizations that advanced to the second stage of the 2008 Donner Awards, with the category award recipients in italics. To learn more about these exemplary organizations, download a copy of the *2008 Donner Awards Profiles in Excellence*, available on our website at www.donnerawards.org. This report also includes a directory of all finalists that have participated in the Donner Awards Program between 1998 and 2008.

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13   To receive a copy of the most recent application form, email info@donnerawards.org or visit our web site at www.donnerawards.org.

14   There is much diversity in the definition of "clients" among the various categories of agencies. For example, agencies providing services such as child care and education have fewer clients receiving a significantly higher numbers of hours of service than agencies providing basic necessities.

Alternative Education

- Friends of the Canadian War Museum (Ottawa, ON)
- Planned Parenthood—Newfoundland and Labrador Sexual Health Centre (St. John's, NL)
- *Sarnia Lambton Rebound (Sarnia, ON)*

Counselling Services

- Elizabeth Fry Society Mainland Nova Scotia (Dartmouth, NS)
- Sudbury Action Centre for Youth (Sudbury, ON)
- *Youth Services of Lambton County—Huron House*
- Boys' Residential Home (Bright's Grove, ON)

Crisis Intervention

- *Calgary Pregnancy Care Centre (Calgary, AB)*
- London Crisis Pregnancy Centre (London, ON)
- Sarnia Lambton Rebound (Sarnia, ON)

Prevention & Treatment of Substance Abuse

- Fresh Start Recovery Centre (Calgary, AB)
- *Simon House Residence Society (Calgary, AB)*
- Sudbury Action Centre for Youth (Sudbury, ON)

Provision of Basic Necessities

- *Alice Housing (Dartmouth, NS)*
- Calgary Inter-Faith Food Bank (Calgary, AB)
- Inner City Home of Sudbury (Sudbury, ON)

Services for Children

- *Big Brothers Big Sisters of Peterborough (Peterborough, ON)*
- Educational Program Innovations Charity Society (North Sydney, NS)
- Harmony (Sarnia, ON)
- Kids Come First Child Care Services (Thornhill, ON)

Services for People with Disabilities

- Amyotrophic Lateral Sclerosis (ALS) Society of Manitoba (Winnipeg, MB)
- Maidstone Group Home Society, Inc. (Maidstone, SK)
- *Multiple Sclerosis Society of Canada - Calgary Chapter (Calgary, AB)—joint award recipient*
- *Pacific Assistance Dogs Society (Burnaby, BC)—joint award recipient*

Services for Seniors

- *Alzheimer Society of Oxford (Woodstock, ON)*
- Calgary Meals on Wheels (Calgary, AB)
- Community and Primary Health Care— Lanark, Leeds and Grenville (Brockville, ON)

Traditional Education

- Edmonton Chinese Bilingual Education Association (Edmonton, AB)
- *Cornwall Alternative School (Regina, SK)*
- Crisis Intervention and Suicide Prevention Centre of British Columbia (Vancouver, BC)

Each of the finalists received a certificate noting their achievement in reaching the second stage. The award recipient in each category received a $5,000 award in addition to being recognized as the recipient of the Donner Canadian Foundation Award for Excellence in the delivery of their particular service. The prestigious 2008 William H. Donner Award for Excellence in the Delivery of Social Services, which includes a cheque for $20,000, was shared by two organizations who tied with the highest scores overall: Alice Housing (Dartmouth, NS) and Big Brothers Big Sisters of Peterborough (Peterborough, ON).

In addition, the $5,000 fifth annual Peter F. Drucker Award for Non-Profit Management was presented to a non-profit organization whose consistent record of excellence and innovation in management and service delivery reflects the philosophy of Peter F. Drucker. The 2008 recipient was *Sudbury Action Centre for Youth (Sudbury, ON)*

How to Use the Performance Report

The results presented in this report are based on the analysis of data from all 601 applications submitted by Canadian non-profits for the 2008 Donner Awards. Each of the ten performance criteria, as well as the overall composite score, has a separate section in this report. The separation of each criterion allows agencies to focus on particular areas of performance or, alternatively, to use the composite score to assess overall performance. The Appendix includes a discussion of how the scores were calculated along with additional methodological information.

Each section contains ten graphs. Nine of them depict the distribution of scores for agencies in each of the nine specified categories. In addition to the nine category graphs, a composite, or aggregate distribution of scores is also presented. The relevant information for an individual agency is contained in the category-specific graphs. There are significant differences between the types of agencies providing one type of service, such as child care, and agencies providing other services covered by the Awards Program, such as services for people with disabilities or the provision of basic necessities. Thus, the "All Agencies" graph is interesting, but not particularly pertinent in assessing an individual program or agency's performance.

An Illustrated Example

The following example illustrates how an individual agency can use the Confidential Report in conjunction with this report to assess its own performance. The agency used in the example is fictitious and does not represent any particular agency or composite of agencies.

A sample of the Confidential Report that each participating agency receives is reproduced on pages 13-14.

Confidential Report

The Confidential Report, independent of the *2008 Non-Profit Performance Report*, contains an agency's particular performance in all ten areas of evaluation. The executive director or board of an agency can use the report to isolate areas of high performance, as well as areas in need of improvement, using the measures as benchmarking tools in their strategic planning processes. With the express permission of participating agencies, charitable foundations and other donors may also use these reports as evidence that their charitable dollars are being well spent.

In our hypothetical example, the ABC Food Bank scored high in Strategic Management, Board Governance, and Volunteers. For instance, the ABC Food Bank scored the highest of all participating agencies in the section pertaining to Board Governance, garnering a perfect score of 10. In the Volunteers category, the agency also did extremely well, as evidenced by its score of 6.1 compared to the highest overall score of 7.3, and scores of 5.0 for both the average and median.

The Confidential Report also indicates areas of poor performance. Again, using our hypothetical example, the ABC Food Bank scored relatively low in four areas: Accessibility, Program Cost, Innovation, and Staff. The agency received scores well below both the average and the median in all four of these performance areas.

Once they have used the Confidential Report to identify areas of poor performance, executive directors or boards can use this *Non-Profit Performance Report* to identify ways to improve. Suggested resources to guide such improvement are listed on our website, www.donnerawards.org.

The Confidential Report also indicates where an agency performed moderately well. In the hypothetical example, the ABC Food Bank performed reasonably well in five assessment areas. In all five, the agency's scores were close to, or above the average and median scores, indicating moderate to good performance.

The final score presented in the Confidential Report is the composite score, which takes one-tenth of each of the component scores and aggregates them for an overall performance score. With a score below both the average and median scores for its service category, the agency in our example performed relatively poorly.

CONFIDENTIAL PERFORMANCE REPORT

2008 Performance Report
Agency Name: ABC Food Bank
Category: Provision of Basic Necessities
Password: Basic Necessities
Code: 39
Identifier: 1986

Note: See "Calculating the Scores" in the Appendix to understand score meanings

Criteria / Components	Agency Score	Category Average	Category Median	Category High	Category Low
I. Financial Management	**6.3**	**6.6**	**6.6**	**7.3**	**5.3**
• Annual surplus	3.9	7.1	7.4	9.8	3.9
• Revenue increase	10.0	2.4	2.0	10.0	0.4
• Cost containment	9.7	9.0	9.6	9.8	0.0
• Program spending	3.0	5.0	5.2	9.5	0.0
• Financial reporting	5.0	9.4	10.0	10.0	5.0
II. Income Independence	**7.5**	**6.2**	**6.7**	**7.9**	**2.0**
• Number of sources of income	9.9	9.2	9.9	10.0	0.0
• Concentration of revenue	5.2	4.5	5.2	10.0	0.0
• Percent of revenue provided by government	5.0	3.9	3.7	10.0	0.0
• Size of accumulated surplus to expenses	10.0	7.4	8.4	10.0	0.0
III. Strategic Management	**10.0**	**9.1**	**9.3**	**10.0**	**6.7**
• Use of mission statement & goal setting	10.0	9.3	10.0	10.0	8.0
• Staff involvement	10.0	8.9	10.0	10.0	4.2
IV. Board Governance	**10.0**	**7.6**	**7.5**	**10.0**	**3.3**
• Independence from staff	10.0	9.9	10.0	10.0	9.0
• Financial contributions	10.0	4.1	2.8	10.0	0.0
• Level of involvement	10.0	7.2	7.5	10.0	0.0
• Level of participation	10.0	8.9	9.1	10.0	0.0
• Conflict policy	10.0	7.7	7.9	10.0	0.0
V. Volunteers	**6.1**	**5.0**	**5.0**	**7.3**	**2.0**
• Volunteers to staff; usage	8.0	1.4	0.7	10.0	0.0
• Recruiting	10.0	8.0	6.0	10.0	0.0
• Management and development	6.7	6.9	6.7	10.0	0.0
• Donations	8.0	5.5	3.5	8.0	0.0
• Turnover	4.2	8.0	9.2	10.0	0.0

Criteria / Components	Agency Score	Category Average	Category Median	Category High	Category Low
CONFIDENTIAL PERFORMANCE REPORT (continued)					
VI. Staff	**2.8**	**5.5**	**5.9**	**7.6**	**2.5**
• Level of programming provided	1.1	1.2	0.1	10.0	0.0
• Percentage of staff in programs	3.2	6.6	8.6	10.0	0.0
• Turnover	3.5	7.3	7.9	10.0	0.0
• Management and development	3.3	7.0	6.9	10.0	0.0
VII. Innovation	**2.9**	**5.5**	**5.6**	**7.6**	**2.6**
• Uniqueness of program	4.0	7.1	6.7	10.0	3.3
• Restructuring / change	2.5	4.2	3.5	8.3	0.5
• Use of technology	2.2	5.1	5.0	10.0	1.0
VIII. Program Cost	**1.1**	**6.1**	**6.9**	**10.0**	**0.0**
• Dollar cost per hour of programming*	$40.56	$18.10	$14.30	$45.78	$0.07
• Dollar cost per client**	$4.92	$2,718.45	$1,537.52	$20,838.10	$4.92
• Hours per client**	0.1	1,012.0	104.0	8,760.0	0.1
IX. Outcome Monitoring	**6.2**	**8.3**	**9.0**	**10.0**	**1.0**
X. Accessibility	**2.8**	**6.4**	**7.5**	**10.0**	**2.8**
COMPOSITE SCORE	5.6	6.6	**6.9**	**8.1**	**4.1**

*Data presented in this manner are for information purposes only.
**Data presented in this manner are for information purposes only; not used in the calculation of the criteria score.

PERFORMANCE CRITERIA

Financial Management

Alternative Education
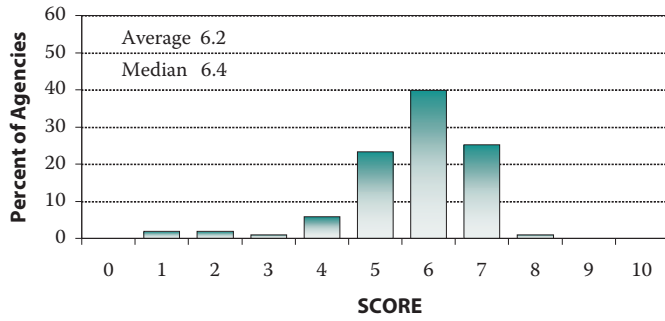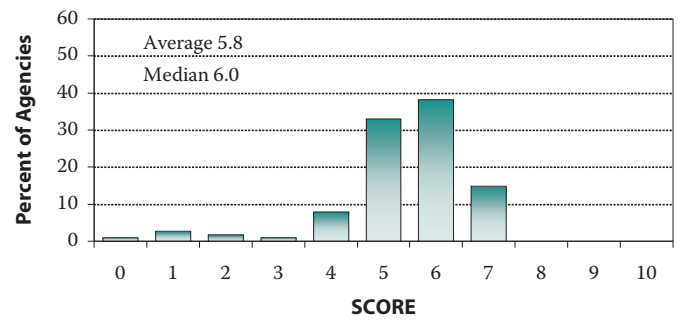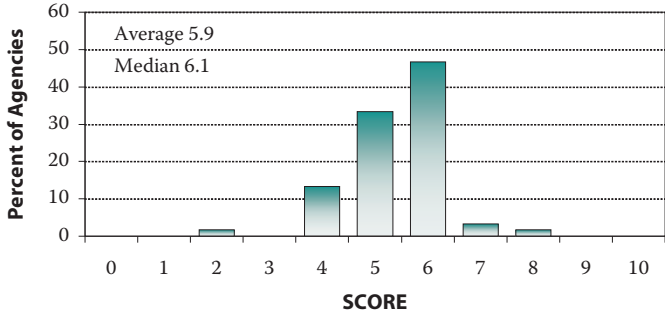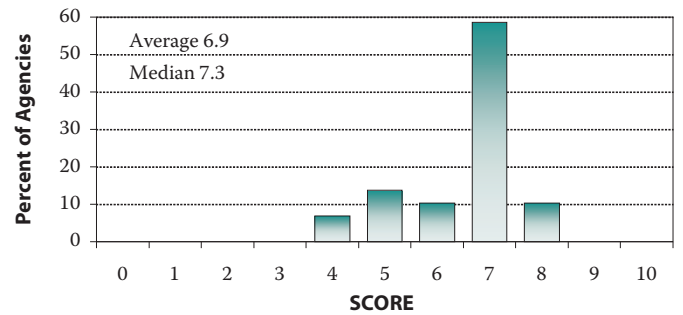
Average 6.2
Median 6.4

Child Care

Average 5.8
Median 6.0

Counselling

Average 5.9
Median 6.1

Crisis Intervention

Average 6.9
Median 7.3

Prevention & Treatment of Substance Abuse

Average 6.3
Median 6.2

Provision of Basic Necessities

Average 6.2
Median 6.4

Services for People with Disabilities

Average 6.5
Median 7.0

Services for Seniors

Average 5.5
Median 5.8

Traditional Education

Average 5.7
Median 5.7

ALL AGENCIES

Average 6.1
Median 6.2
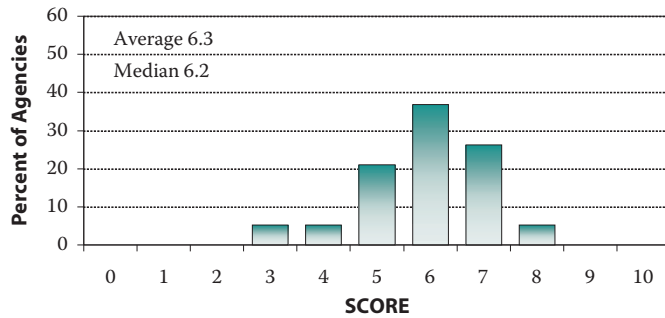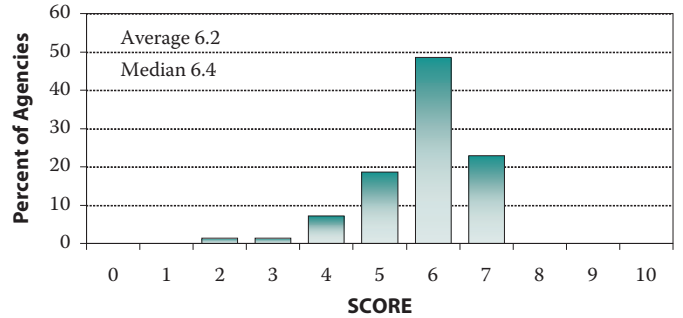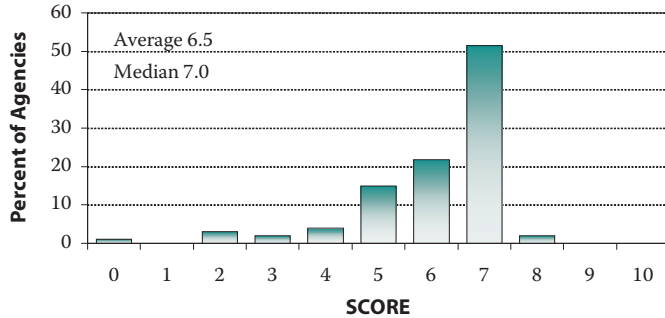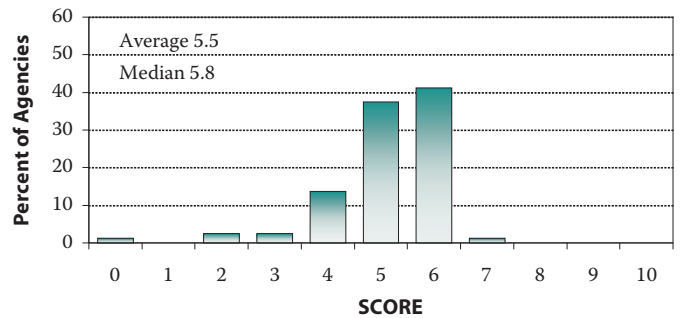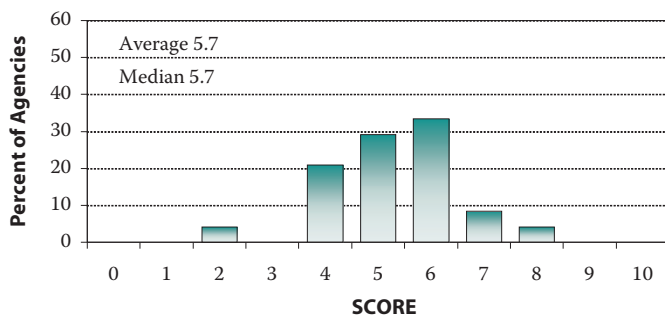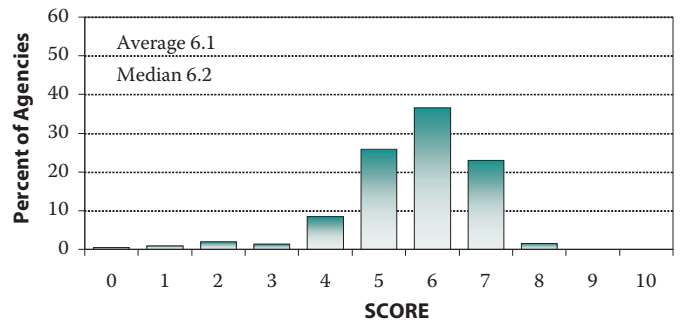
Financial Management

Financial Management is the first of two areas dealing with financial performance in this report. It is the most comprehensive measure of all the performance criteria, with five separate variables: year-over-year financial management, growth in revenues, cost containment, ratio of program spending to total spending, and financial reporting.

All five variables evaluate, in different ways, an agency's competence and ability to manage its financial affairs. The first variable, year-over-year management, assesses the agency's ability to generate an optimal surplus each year. The surplus accumulated from annual surpluses provides an agency with insurance against any unexpected income change in a particular period. It enables the agency to avoid borrowing to finance any unexpected deficit while at the same time providing the agency with some level of financial flexibility.

The second and third variables evaluate the agency's ability to increase revenues while at the same time containing costs. This skill is particularly important for the non-profit sector since, for a majority of the agencies, there is little or no relationship between revenues and expenses. That is, there is no direct relationship between an increase in demand for services and the revenues of a non-profit organization. Thus, cost containment and the expansion of revenues are critically important to the success of non-profit organizations.

The fourth variable, program expenditures as a percent of total expenditures, is perhaps the most important as it assesses how much of the financial resources of the agency were directly used to deliver programs. Generally non-profit sector watchdogs suggest that at a minimum, 60 to 75 percent of expenses should be devoted to program spending.[15]

In order to measure both recent and historical performance by an agency in each of the above four variables, the evaluation system calculates a score based on the average of the agency's most recent year's performance, and the three or four year average performance (depending on the availability of data).

The final financial variable, financial reporting, deals with whether or not the agency has an independent entity, such as an accountant or consultant, validate the agency's financial records, and whether an annual report is sent to donors and members of the agency. It is strongly recommended that organizations have their financial statements audited, or prepared under review engagement.

Analysis of Results

The average and median scores for financial management ranged from 5.5 to 7.3. No agency received a score of 9 or 10, but agencies in all categories except the Provision of Basic Necessities, Services for Children, and Services for Seniors categories received a score of 8. Over half of agencies in the Crisis Intervention and Services for People with Disabilities categories received scores of 7. Overall, 60 percent of all organizations that participated in the 2008 Donner Awards scored in the 6 to 8 range, suggesting that there is room for improvement in the financial management of many organizations. A few agencies in the Alternative Education, Services for Children, Services for People with Disabilities, and Services for Seniors categories scored less than 2, indicating poor performance.
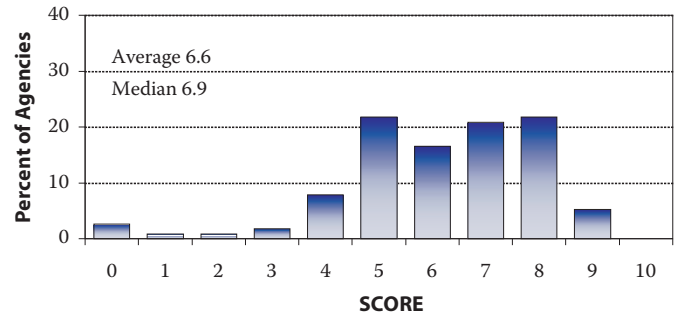
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15   The American Institute for Philanthropy's *Charity Rating Guide* recommends that 60 percent or more of a charity's donations should go to program expenses (for details see http://www.charitywatch.org). The BBB Wise Giving Alliance's *Standards for Charity Accountability* suggest that at least 65 percent of expenses should be devoted to program spending, with no more than 35 percent spent on fundraising (see information for charities and donors at http://us.bbb.org). Charity Navigator, founded in 2001 to rate the financial health of US charities, uses a system that rewards 75 percent program spending as optimal and below 50 percent as unacceptable (see http://www.charitynavigator.org).
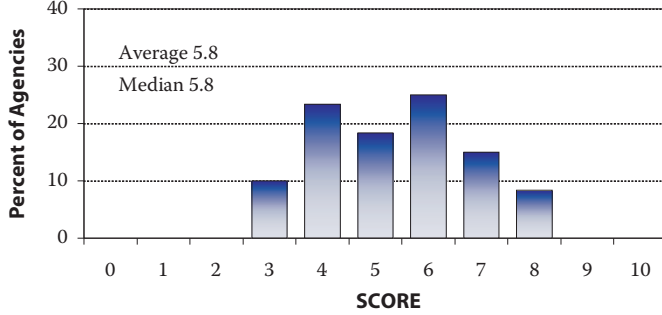
Income Independence

Alternative Education
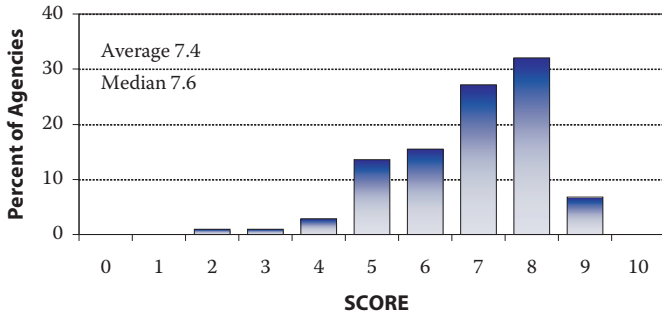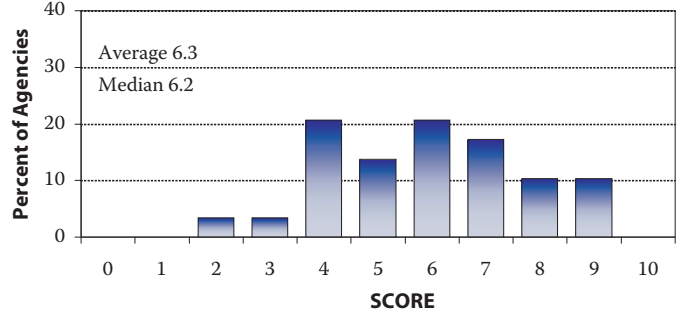
Average 7.4
Median 7.6

Child Care

Average 6.6
Median 6.9

Counselling

Average 5.8
Median 5.8

Crisis Intervention

Average 6.3
Median 6.2

Prevention & Treatment of Substance Abuse

Average 6.3
Median 6.6

Provision of Basic Necessities

Average 7.5
Median 7.4

Services for People with Disabilities

Average 6.6
Median 6.7

Services for Seniors

Average 7.2
Median 7.6

Traditional Education

Average 7.3
Median 7.8

ALL AGENCIES

Average 6.8
Median 7.0
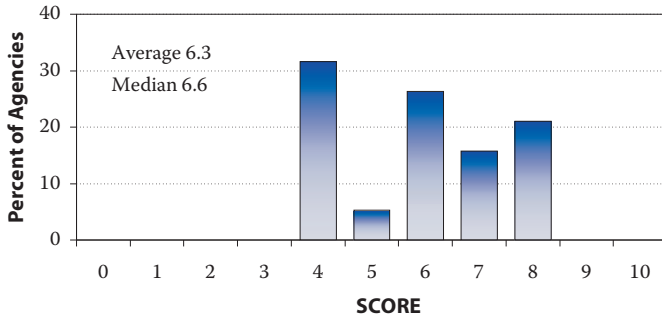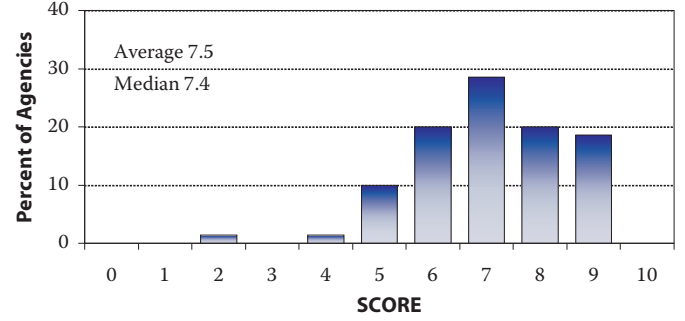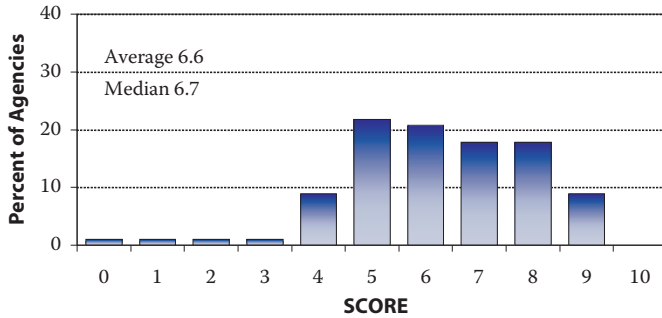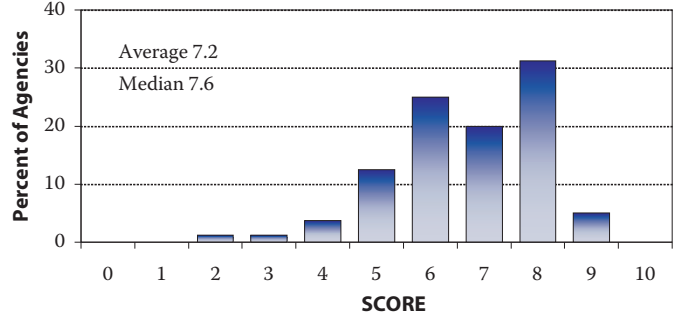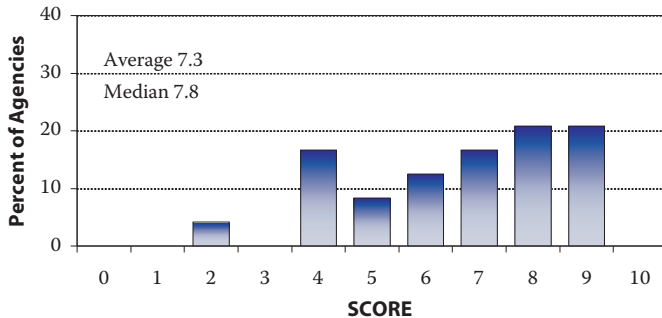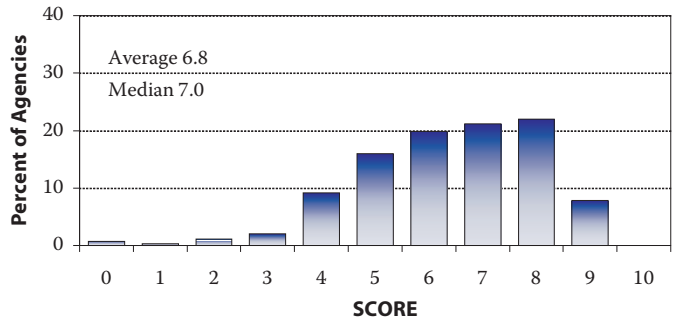
Income Independence

Income Independence is the second of two measurements dealing with finances. Income Independence assesses the level of diversification in an organization's revenues. Diversification insulates agencies against unexpected changes in income sources, and increases the stability of the organization's revenues.

For instance, assume two agencies both have revenues of $1.0 million. The first agency has a well-diversified pool of income so that the largest contributor accounts for less than 5 percent of total revenue. The second agency's revenues are much less diversified; the largest income source accounts for 25 percent of revenues. If the largest donor for both agencies decides that it no longer wants to fund non-profit agencies, the first agency's revenues will be affected much less than the second agency's, which will decline by one-quarter.

Income Independence also indirectly indicates how independent an organization is from its funding sources. For instance, the first agency in the example would be more able to resist influence from its major funding sources than the second, due to the larger dependence of the second agency on one particular donor.

Four measures were used to assess performance: the number of revenue sources adjusted for the size of the agency, the percentage of total revenue accounted for by the agency's largest donor, the extent of government versus private funding, and the size of the accumulated surplus.

The number of revenue sources is important. This measure does not weight contributors according to the amount donated. Agencies with a large pool of small donors would perform substantially better than agencies with a small pool of large donors.

The second variable accounts for concentration within the pool of revenues. It measures, to a greater degree, an agency's real diversification level. For instance, an agency might have a large pool of small donors but still be overly reliant on one particular donor if that donor accounts for a large percentage of the agency's revenues.

The third variable illustrates the level of voluntary contributions received by the organization. Over the last two decades, government funding has been one of the least stable sources of funding for non-profits. Over-reliance on government funding may, therefore, affect the long-term stability of an agency's funding. In addition, a large body of research suggests that government funding may actually "crowd out" private giving, with private donations decreasing as government involvement increases.[16]

The final variable, the size of the accumulated surplus compared to expenses, measures an agency's ability to weather difficult financial periods. The optimal size of the accumulated surplus is equal to one year's annual expenses, permitting agencies to provide a year of service without any revenues. Surpluses below this amount, or deficits, place increased pressure on the agency and create instability in the planning process. Alternatively, surpluses larger than this may introduce an element of insulation wherein the agency does not have to respond to financial signals quickly.
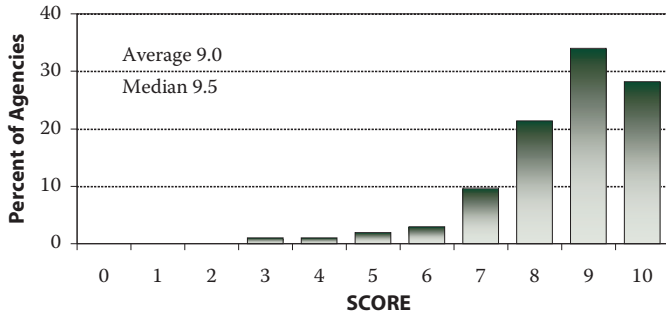
Analysis of Results

The average and median scores for this second financial performance variable range from 5.8 to 7.8. Agencies in each category except Counselling Services and Prevention and Treatment of Substance Abuse scored 9, indicating very high performance, although no organization received a score of 10. The largest concentration of high scores was in the Alternative Education, Provision of Basic Necessities, Services for Seniors, and Traditional Education categories, where over one-third of all organizations scored at least 8. There is more opportunity for improvement in the Counselling, Crisis Intervention, and Prevention and Treatment of Substance Abuse categories, where around one-third of agencies scored less than 5. Two categories—Services for Children and Services for People with Disabilities—each had organizations scoring below 2, indicating poor performance.
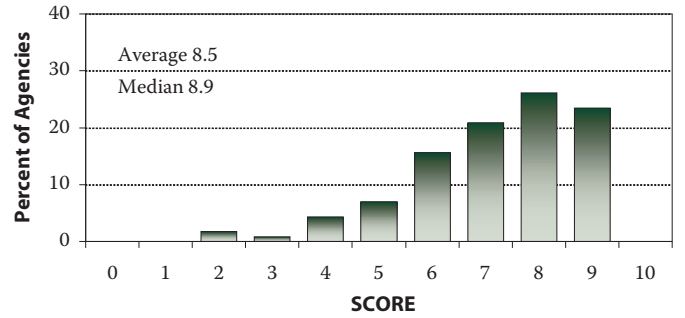
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16   For a review of the empirical literature, see Arthur C. Brooks (2000), "Is there a Dark Side to Government Support for Nonprofits?" *Public Administration Review*, vol. 60, no. 3 (May/June), pp. 211-18.
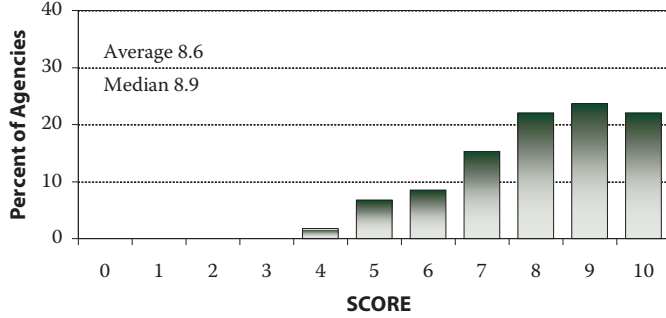
Strategic Management
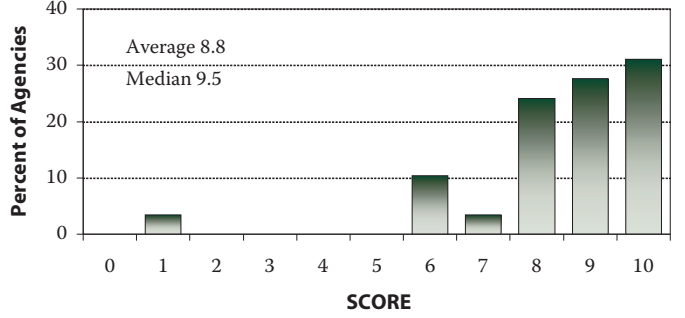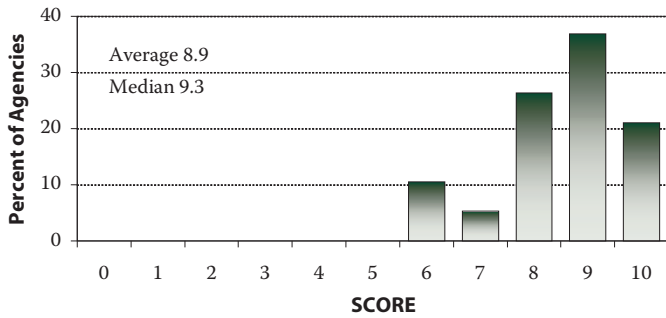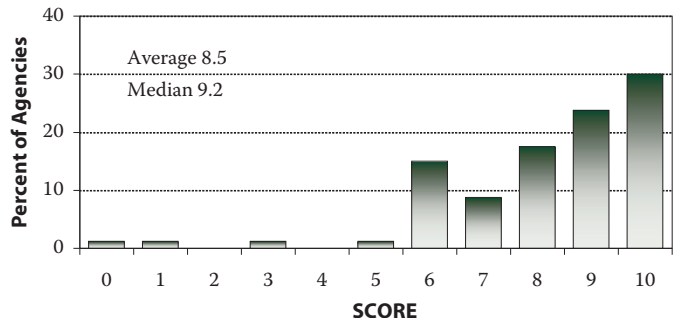
Alternative Education

Average 9.0
Median 9.5

Percent of Agencies / SCORE

Child Care

Average 8.5
Median 8.9

Percent of Agencies / SCORE

Counselling

Average 8.6
Median 8.9

Percent of Agencies / SCORE

Crisis Intervention

Average 8.8
Median 9.5

Percent of Agencies / SCORE

Prevention & Treatment of Substance Abuse

Average 8.9
Median 9.3

Percent of Agencies / SCORE

Provision of Basic Necessities

Average 8.5
Median 8.8

Percent of Agencies / SCORE

Services for People with Disabilities

Average 8.3
Median 8.9

Percent of Agencies / SCORE

Services for Seniors

Average 8.5
Median 9.2

Percent of Agencies / SCORE

Traditional Education

Average 8.1
Median 8.5

Percent of Agencies / SCORE

ALL AGENCIES

Average 8.6
Median 9.0

Percent of Agencies / SCORE

Strategic Management

Strategic Management is a multi-staged, multi-faceted process of goal setting and resource allocation. It is a process by which resources, both tangible (personnel, monies, physical assets, etc.) and intangible (motivation, effort, etc.) are directed towards a common goal or objective.

The first stage in this process is to articulate a mission, or vision statement. The mission essentially defines why an organization exists, and the ultimate objective that it wants to achieve. For instance, an adult literacy program may have as its mission to completely eliminate adult illiteracy in its city. It is a far-reaching mission but one that clearly articulates the specific objective toward which the organization constantly aspires. It is crucial for an organization to have a clear definition and an understanding of the problem or need that is being addressed, as well as the client group for whom services are being provided.

The second step, derived from the mission statement, is to form organizational goals. Organizations need to establish a link between the intent of the mission statement and their agency's specific goals. This step in the strategic management process essentially quantifies the mission statement. For instance, in our example, the literacy program's ultimate mission is to eliminate adult illiteracy in its city, but its immediate goal for this year may be to successfully introduce a new program, or increase the literacy rate by ten percent.

The next step is to form program-specific objectives. A particular program's objectives must be conducive to, and support, the goals of the organization and its mission statement. Using our example, program-specific objectives might take the form of increasing the number of participants in a specific program, or decreasing the dropout rate in another program.

Finally, the staff and volunteers must agree on specific goals to support the program goals, the organizational objectives, and the mission statement.

All the goals and objectives must cohesively exist within a broad framework of the mission and vision of the organization. Specifically, the goals for staff and volunteers must reinforce the objectives of the program, which in turn must be part of the agency's overall objectives, which themselves must support the organization's mission. The multiple goal-setting framework of the strategic management process enables the efforts of staff and volunteers as well as the resources of an organization to be directed toward a common objective.

The questions in the survey assessing strategic management focus on the extent of involvement and active participation by staff and volunteers in the strategic management process.
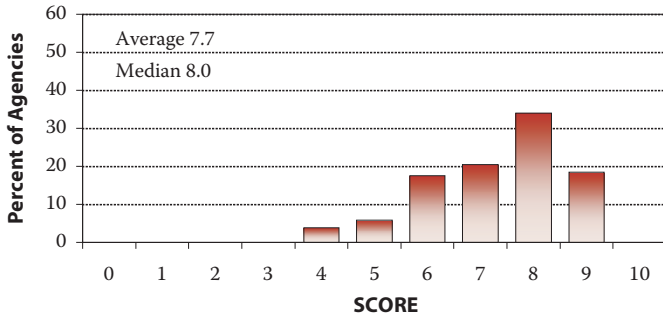
Analysis of Results

In 2008, Strategic Management was an area of relatively high performance. Average and median scores ranged between 8.1 and 9.5. Every category except for Services for Children had a significant number of agencies scoring a perfect 10, with nearly half of all agencies scoring at least 9. Nevertheless, agencies in every category except the Prevention and Treatment of Substance Abuse scored less than 5, indicating room for improvement. Agencies in the Crisis Intervention, Services for People with Disabilities, Services for Seniors, and Traditional Education categories scored less than 2, but the overall results across all categories of service delivery are encouraging.
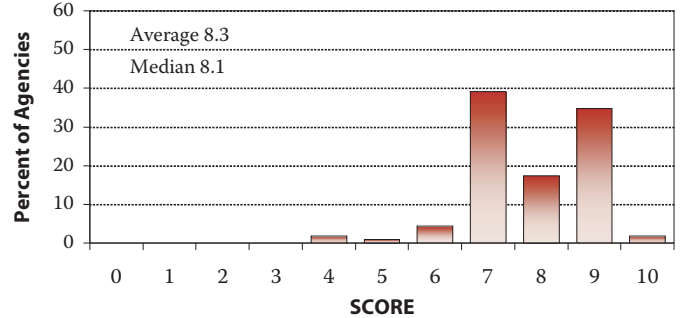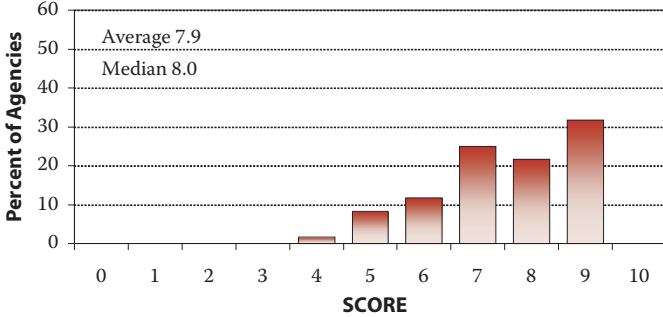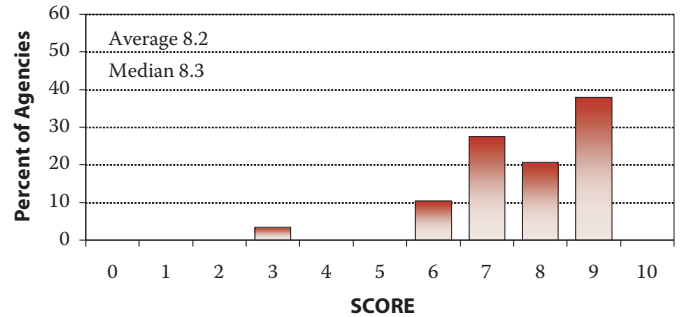
Board Governance

Alternative Education

Average 7.7
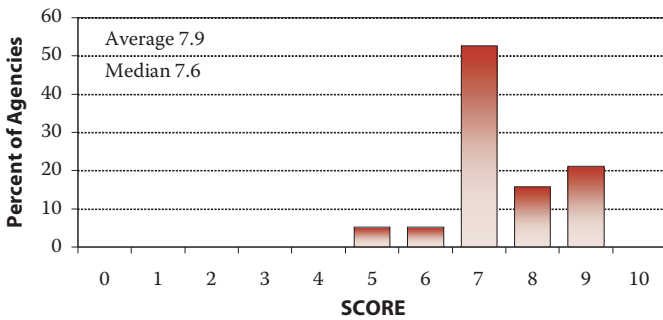Median 8.0

Child Care

Average 8.3
Median 8.1

Counselling

Average 7.9
Median 8.0

Crisis Intervention

Average 8.2
Median 8.3

Prevention & Treatment of Substance Abuse

Average 7.9
Median 7.6

Provision of Basic Necessities

Average 7.9
Median 8.0

Services for People with Disabilities

Average 8.3
Median 8.4

Services for Seniors

Average 7.9
Median 7.8

Traditional Education

Average 8.3
Median 8.5

ALL AGENCIES

Average 8.0
Median 8.1
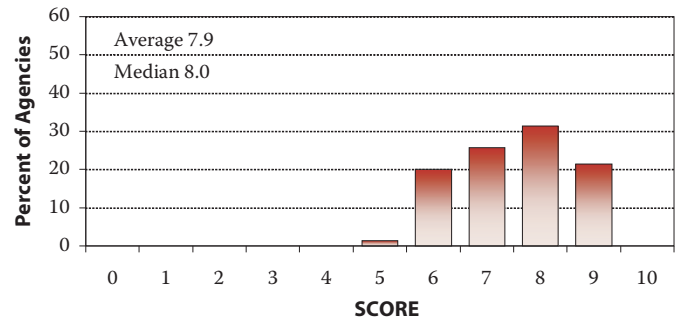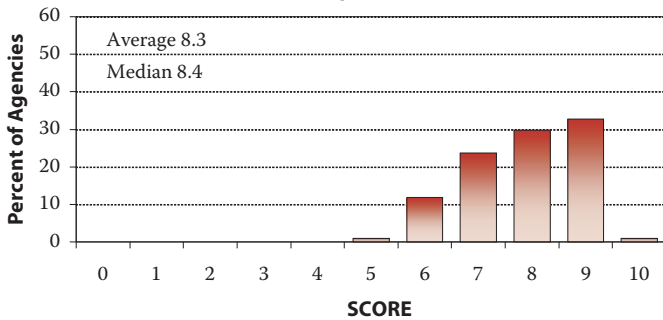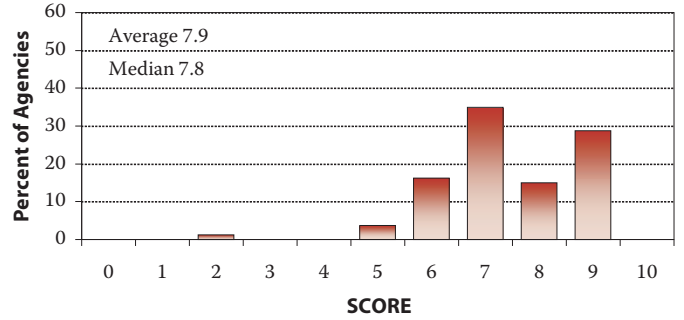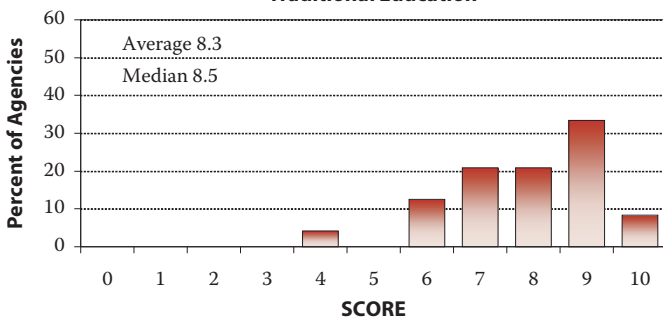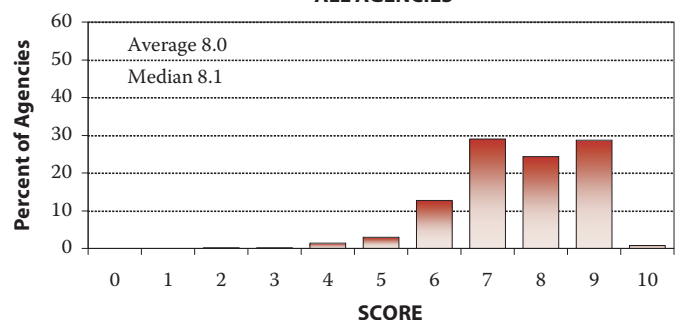
Board Governance

The Board of Directors is the critical link between the donors and members of a non-profit organization and its staff and managers. One of the key responsibilities of the Board of Directors is to ensure that the management, and ultimately the organization's executive director, is operating the agency prudently and responsibly and in a manner consistent with the agency's stated goals and objectives. Another important role for the Board of Directors is to have contact with the community. The executive director, despite being the most visible spokesperson for the agency, has a limited capacity to establish community connections. The Board of Directors, simply by virtue of sheer numbers, has a much greater capacity to establish such ties.

This report assesses five areas of Board Governance: independence, contributions, involvement, participation, and conflict policy. These areas of assessment represent a foundation upon which to assess the independence, accountability, and effectiveness of board governance.

The first area (the number of paid staff on the board) and the final area (conflict of interest policy guidelines) were adapted from standards developed for charities by the National Charities Information Bureau (NCIB) and the Council for Better Business Bureau Foundation's Philanthropic Advisory Service in the United States. In 2001, these two organizations merged to form the BBB Wise Giving Alliance. While including all of them would be prohibitive, their *Standards for Charity Accountability* dealing with the independence of the board have been adopted for the evaluations appearing in this report.[17] The Wise Giving Alliance standards suggest that a maximum of one paid staff member (or 10 percent, whichever is greater), normally the executive director, be a voting member of the board. This paid staff member should not hold the duties of the chair or the treasurer in or-

der to ensure a certain minimum level of accountability and independence. The NCIB's conflict policy suggested the board review all business or policy decisions without the presence of those staff or board members who may benefit, directly or indirectly, from the decision in question.

The second question, the percentage of board members who are financial contributors, deals with the concept of board members as supporters of the agency. The Board of Directors should be one of the greatest sources of revenue development for an agency, both directly through donations, and indirectly through the development of new funding sources, the introduction of new supporters, and increasing the community profile of the agency.

The third and fourth questions attempt to discover the Board of Directors' activity level. There is a fine line between an active and interested Board of Directors and one that is overly intrusive in the affairs of the organization. For this report the regularity and attendance at meetings has been adopted as an acceptable proxy of a board that is interested and fulfilling its custodial duties as trustees, yet not overtly intrusive in the day-to-day management of the agency.
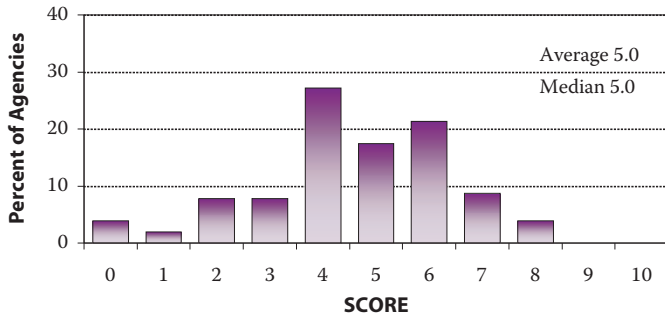
Analysis of Results

The majority of agencies performed well in the Board Governance section, with the average and median scores for all agencies ranging between 7.6 and 8.5. Agencies in the Services for Children, Services for People with Disabilities, and Traditional Education categories received a perfect score of 10, indicating superior performance. Overall, over half of all agencies scored 8 or more for Board Governance. Agencies in all categories except Prevention and Treatment of Substance Abuse, Provision of Basic Necessities, and Services for People with Disabilities scored less than 5, indicating that there is still room for improvement.
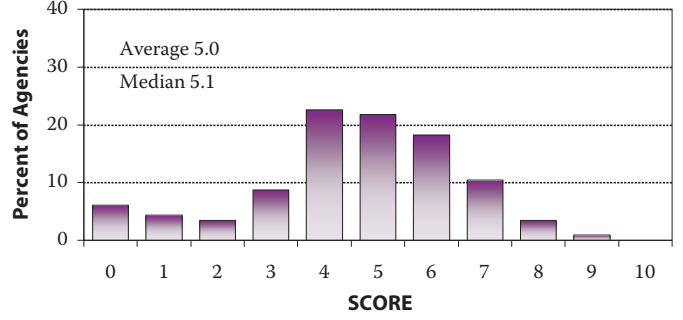

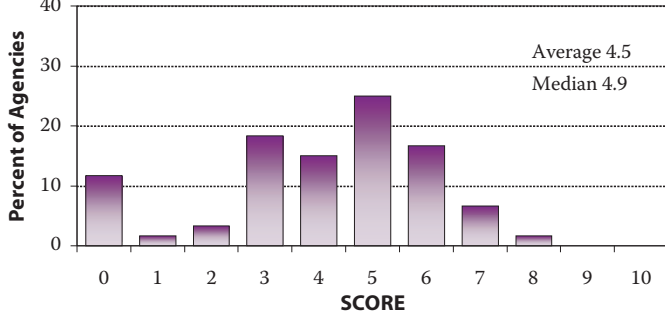17   These standards can be reviewed under information for charities and donors on the BBB website, http://us.bbb.org.
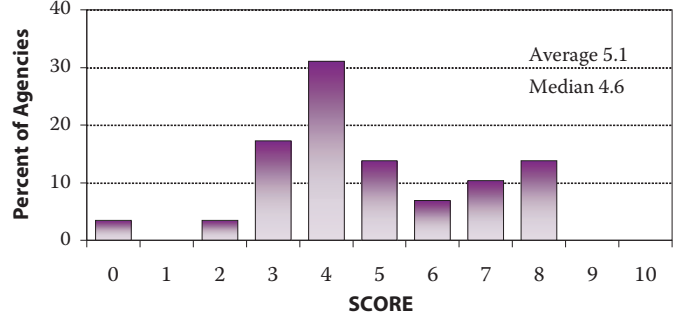
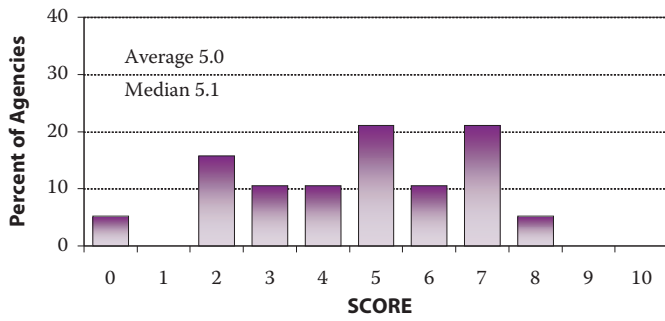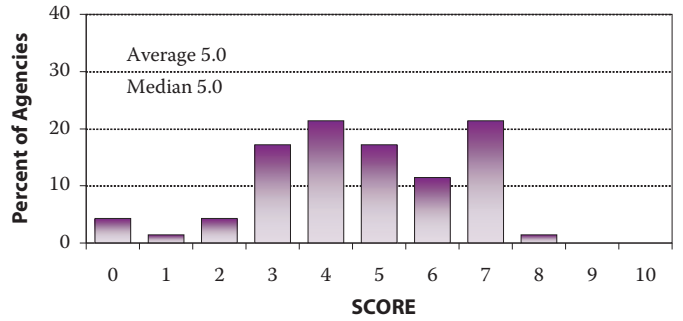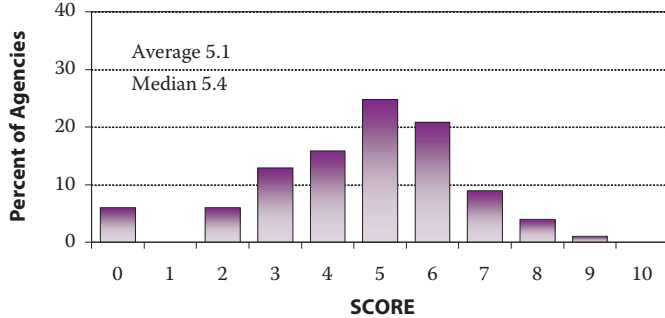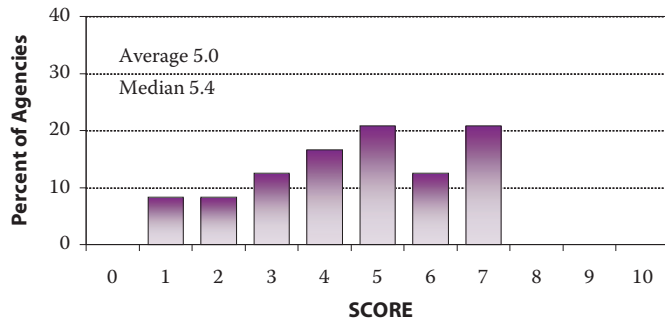# Volunteers

Alternative Education

Average 5.0
Median 5.0

Percent of Agencies / SCORE

Child Care

Average 5.0
Median 5.1

Percent of Agencies / SCORE

Counselling

Average 4.5
Median 4.9

Percent of Agencies / SCORE

Crisis Intervention

Average 5.1
Median 4.6

Percent of Agencies / SCORE

Prevention & Treatment of Substance Abuse

Average 5.0
Median 5.1

Percent of Agencies / SCORE

Provision of Basic Necessities

Average 5.0
Median 5.0

Percent of Agencies / SCORE

Services for People with Disabilities

Average 5.1
Median 5.4

Percent of Agencies / SCORE

Services for Seniors

Average 5.5
Median 5.6

Percent of Agencies / SCORE

Traditional Education

Average 5.0
Median 5.4

Percent of Agencies / SCORE

ALL AGENCIES

Average 5.0
Median 5.1

Percent of Agencies / SCORE
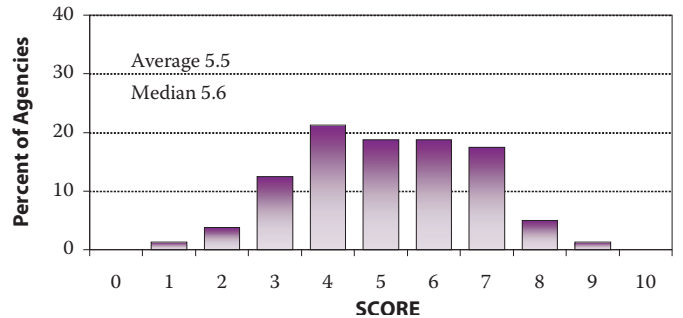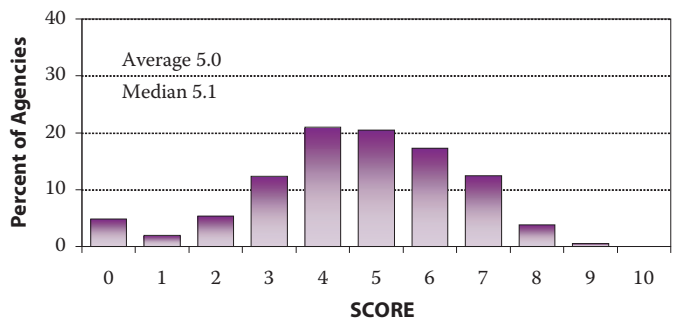
Volunteers

The use of volunteers is the first of two criteria dealing with the effectiveness and use of personnel, both paid and volunteer. Volunteerism is one of the critical areas for the long-term success of non-profit organizations, and is one of the defining characteristics of the non-profit sector. Volunteers provide unpaid staffing, and in some agencies provide the frontline contact and services to clients; in addition, studies confirm that there is a greater tendency for people who donate time to organizations to make donations of money and goods.[18] Therefore, volunteers are an important source of resources, including unpaid services and donations of both money and in-kind gifts. Along with staff, the volunteers of non-profit organizations form the foundation of the organization and ultimately determine its long-term success.

Five measures were used to assess the use of volunteers: ratio of volunteer hours to staff hours, recruiting activities, management and development of volunteer resources, donations (other than time), and turnover.

The first variable indicates the extent of an organization's use of volunteers relative to staff. It does not differentiate among volunteers on the basis of function. In other words, volunteers involved in program delivery are counted equally with those who perform administrative tasks, or serve on the board, or on a committee. Those agencies that operate solely with volunteers receive their category's high score equivalent because agencies operating with no paid staff epitomize voluntary action.

The second variable in this section measures the extent to which the agency attempts to recruit individuals, particularly past clients, for volunteer activities. Past clients who come to the agency as volunteers are already familiar with the agency and its mission, as well as first-hand experience with the problem or the need the agency is dedicated to addressing.

The third variable deals with the management and development of volunteers. It includes questions such as whether volunteers are screened, assessed for job allocation, trained, and evaluated for performance. This section determines whether an agency attempts to place individuals in positions that use their particular skills, and develops the skills of their volunteers through a training program.

The fourth variable assesses whether agencies maximize the charitable contributions of their volunteers by assessing what percentage of an agency's volunteers donate gifts in addition to their time.

The final variable, volunteer turnover, assesses what percentage of an agency's volunteers remain active. Constantly recruiting and training new volunteers can be costly and time consuming for an agency. A high rate of volunteer retention ensures that agency resources can be concentrated on service or expansion, rather than simply replacement.
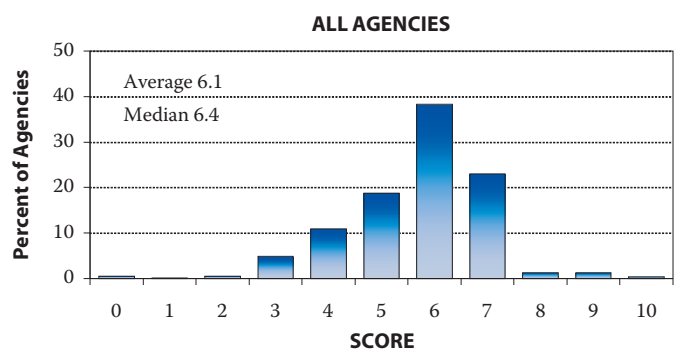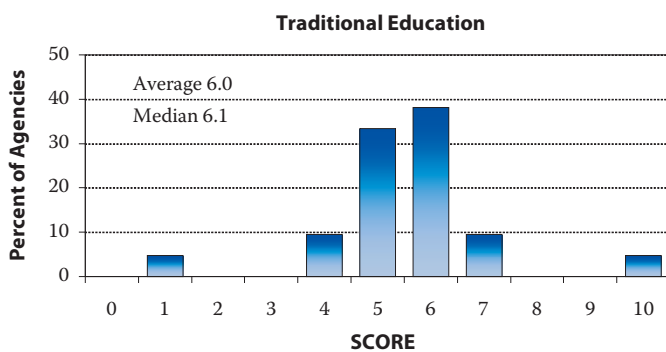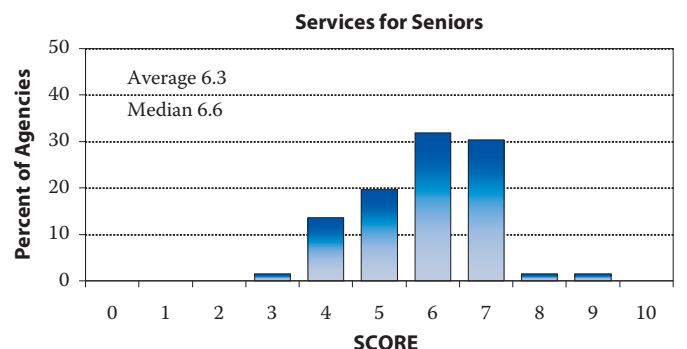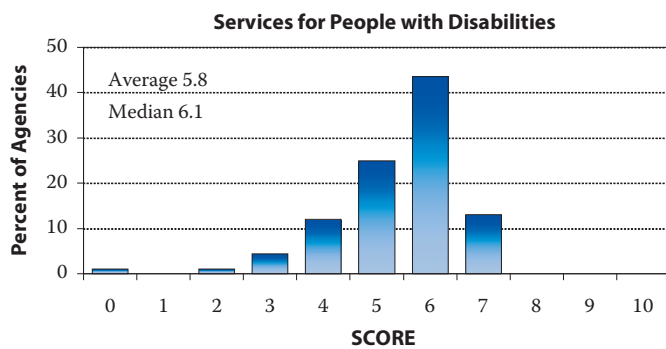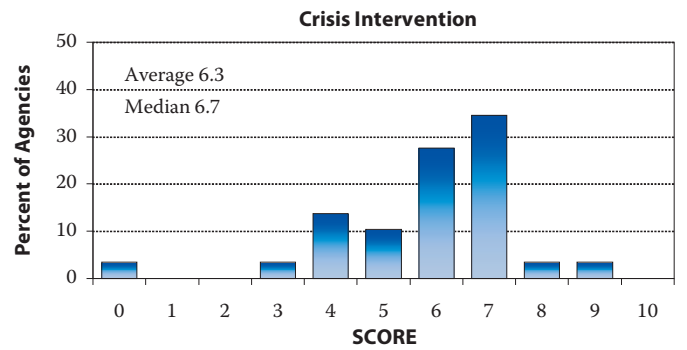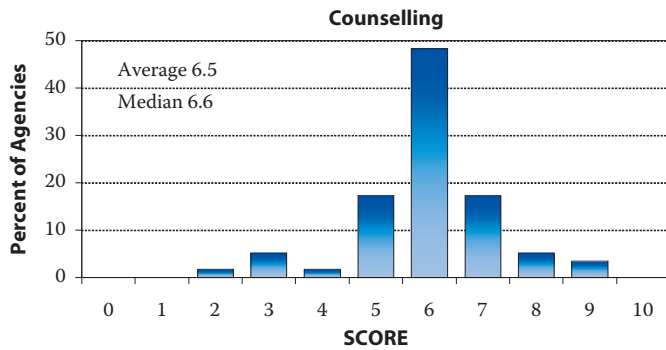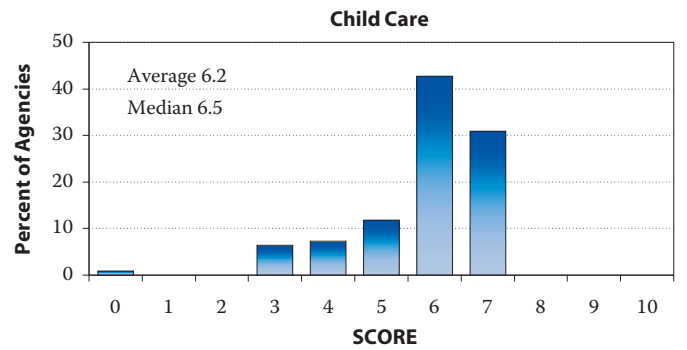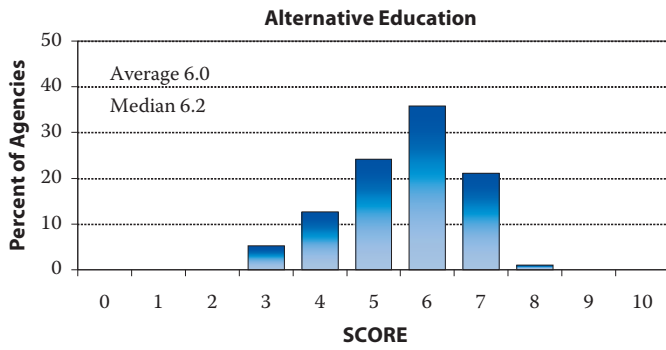
Analysis of Results

Of the ten performance criteria evaluated for the Donner Awards, scores were lowest for volunteer usage and management, the first variable assessing personnel effectiveness and use. The average and median scores for all service categories ranged from 4.5 to 5.6. All service categories displayed relatively low scores. Notably, a however, very small number of agencies in the Services for Children, Services for People with Disabilities, and Services for Seniors did receive scores of 9. Agencies in every category except for Traditional Education received scores of at least 8. Forty-five percent of all organizations scored below 5, which indicates that there is room for improvement. Every category included agencies with scores below 2, indicating poor performance. Since the use of volunteers is one of the defining aspects of the voluntary sector, agencies should strive for improvement in this vital area.

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18   See Statistics Canada (2001), *Caring Canadians, Involved Canadians: Highlights From the 2000 National Survey on Giving, Volunteering and Participating*, cat. no. 71-542-XIE (Ottawa, ON: Minister of Industry); The National Commission on Philanthropy and Civic Renewal (1997), *Giving Better, Giving Smarter* (available digitally at http://pcr.hudson.org/index.cfm?fuseaction=book_giving); and A. Picard (1997), *A Call to Alms: The New Face of Charities in Canada* (Toronto: Atkinson Charitable Foundation).

Staff

Alternative Education

Average 6.0
Median 6.2

Percent of Agencies / SCORE

Child Care

Average 6.2
Median 6.5

Percent of Agencies / SCORE

Counselling

Average 6.5
Median 6.6

Percent of Agencies / SCORE

Crisis Intervention

Average 6.3
Median 6.7

Percent of Agencies / SCORE

Prevention & Treatment of Substance Abuse

Average 5.8
Median 6.0

Percent of Agencies / SCORE

Provision of Basic Necessities

Average 6.2
Median 6.4

Percent of Agencies / SCORE

Services for People with Disabilities

Average 5.8
Median 6.1

Percent of Agencies / SCORE

Services for Seniors

Average 6.3
Median 6.6

Percent of Agencies / SCORE

Traditional Education

Average 6.0
Median 6.1

Percent of Agencies / SCORE

ALL AGENCIES

Average 6.1
Median 6.4

Percent of Agencies / SCORE

Staff

Staff is the second variable assessing personnel effectiveness. One of the greatest strengths of any organization is its staff. Staff provide the front line contact and services to clients, as well as the support and managerial services that enable the program staff and volunteers to achieve their goals. The Volunteers and Staff variables both deal with the human resources of agencies—key determinants to their success.

The staff performance measure focuses on four areas: the number of program hours provided per full-time equivalent (FTE) staff member, the ratio of program staff to total staff, turnover, and staff management and development. Agencies that rely solely on volunteers (i.e., no staff) are not penalized, but simply receive a "not applicable" (N/A) rating for the Staff performance area.

The first measure considers the number of program hours provided per FTE staff member. It measures the total amount of service provided by the agency on a staff basis, focusing on total hours of programming, so as to effectively eliminate any differences arising from variation in the nature of programs provided by different agencies. For instance, a long-term, intensive program with only a few clients may provide as much or more hours of programming than one that focuses on short-term, crisis intervention with a large number of clients. The measure assesses the amount, not the nature or quality, of program hours the organization delivers.

The second measure, the ratio of program staff to total staff, assesses the intensity of program delivery on a staff basis. It evaluates the percentage of staff directly involved in program delivery, as opposed to the number of support or administrative staff.

These first two measurements emphasize the agency's success in allocating the maximum amount of staff resources directly to program provision. The third variable, staff turnover, was included in the report at the suggestion of several organizations after the 1998 Report was released. Turnover is an important measure for both staff and volunteers since it can be used as an early warning signal for larger managerial problems. Also, it indicates the level of return being garnered by the agency on its staff and volunteers. Agencies invest significant resources in training and developing staff and volunteers. The longer the duration of stay for both, the larger the agency's return on its investment.
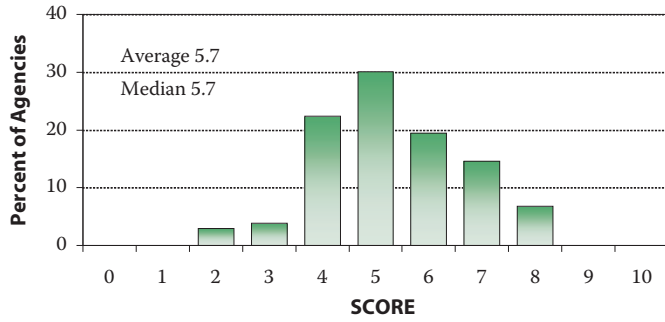
The final variable concerns staff training. An agency that has a staff training program in place can ensure that its employees have the skills required to perform their duties appropriately and efficiently, and are able to stay current with new developments in their program area.
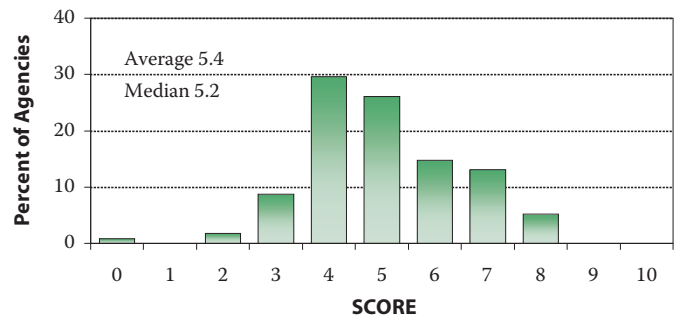
Analysis of Results

Scores for staff usage and management across all categories were markedly higher than they were for volunteers. Average and median scores ranged between 5.8 and 6.7. A very small number of agencies in the Provision of Basic Necessities and Traditional Education categories distinguished themselves with perfect scores of 10. All categories except Alternative Education, Services for Children, and Services for People with Disabilities had scores of at least 9, which indicates superior performance. A strong majority of scores were concentrated in the 6 to 8 range. A very small number of agencies in the Crisis Intervention, Services for Children, and Services for People with Disabilities categories scored below 1, which signals room for significant improvement in the effective use of paid staff. A few agencies from all categories except Crisis Intervention and the Prevention and Treatment of Substance Abuse (not represented in these graphs) had no paid staff, indicating that they were totally volunteer-driven.
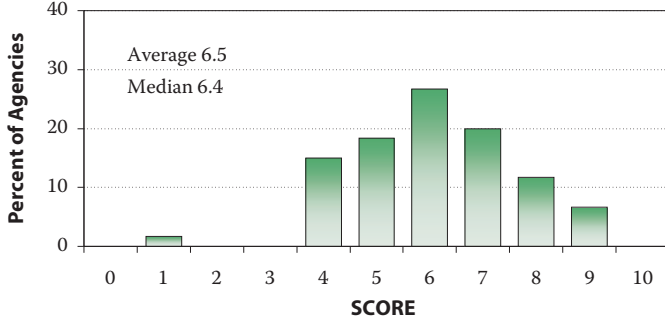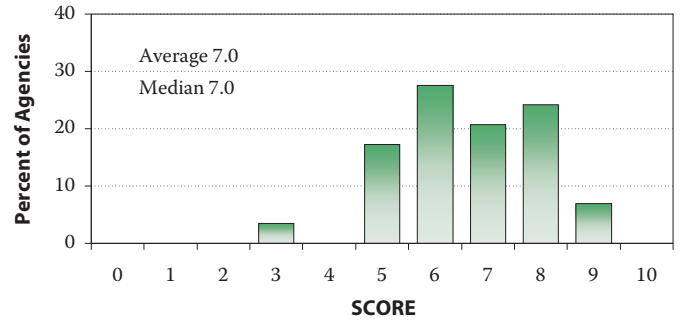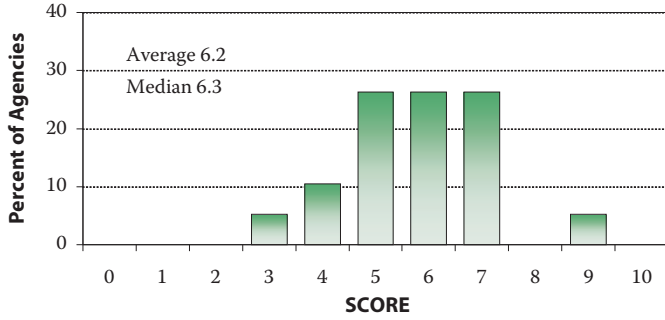
Innovation

Alternative Education

Average 5.7
Median 5.7

Child Care

Average 5.4
Median 5.2

Counselling

Average 6.5
Median 6.4

Crisis Intervention

Average 7.0
Median 7.0

Prevention & Treatment of Substance Abuse

Average 6.2
Median 6.3

Provision of Basic Necessities

Average 6.5
Median 6.5

Services for People with Disabilities

Average 6.4
Median 6.5

Services for Seniors

Average 6.2
Median 6.4

Traditional Education

Average 5.9
Median 6.1

ALL AGENCIES

Average 6.1
Median 6.1
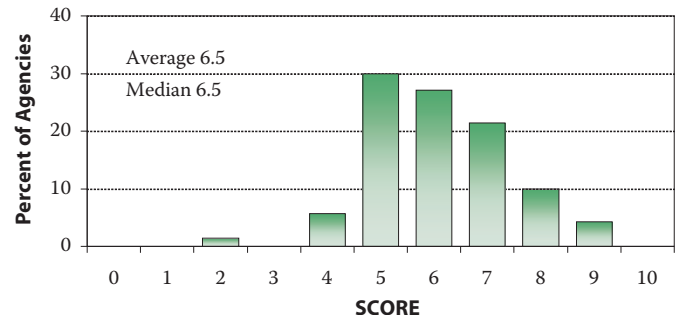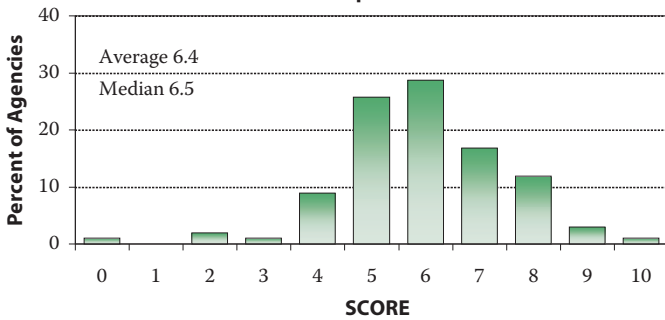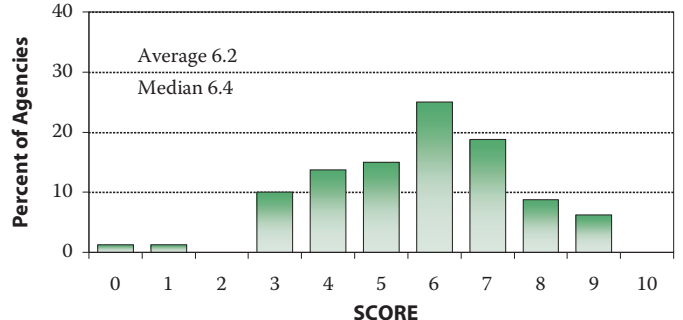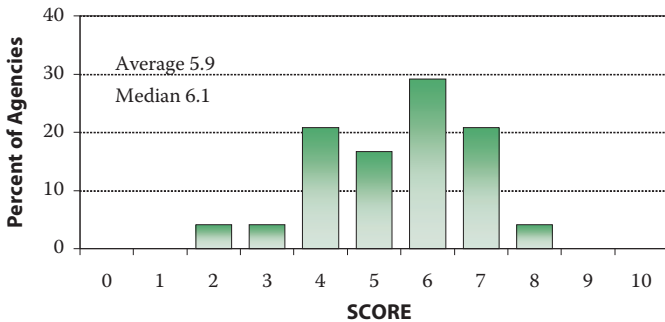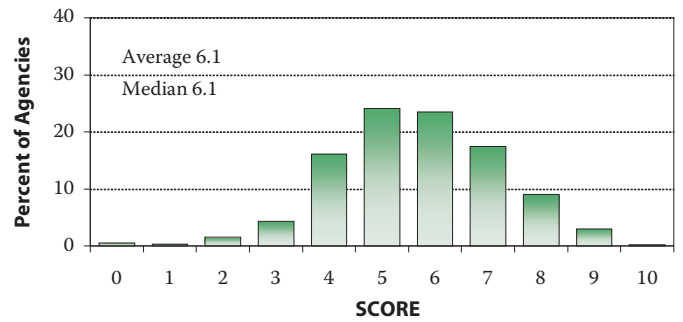
Innovation

Innovation is perhaps the most difficult of the ten performance areas to measure. Many of the key aspects of innovation are difficult to quantify, and even more difficult to assess objectively. An organization's culture and leadership play an important role in fostering innovation in an organization. Staff and volunteers must be receptive to and supportive of change for innovation to occur regularly and have a positive effect.

Innovation is critical to the success of an organization's overall operations. Innovation and the change brought about by it enable agencies to be responsive to their communities, clients, and surrounding dynamic environments. To ensure that programs keep pace with external and internal changes, the programs as well as their volunteers and staff must also be dynamic. Innovation allows for such program-improving changes.

Innovation can also help increase an agency's efficiency. As agencies develop new ways to deliver programs, they are often able to find ways to reduce their costs, or improve the delivery of their service. By studying and replicating best practices within the non-profit sector, innovative agencies ensure that their programs continue to serve their clients efficiently and effectively.

Because innovation is so qualitative, this indicator can only be of the crudest nature and should be regarded as such. Organizations were asked questions dealing with how they responded to change, and the progress they made toward implementing innovative new practices. They were also asked about the uniqueness of their programs in order to assess the degree to which they have paved new ground in delivering a service. Finally, organizations were asked about their use of new technologies in program delivery, especially computers, to determine whether they were taking advantage of the opportunities provided by technological advancements.
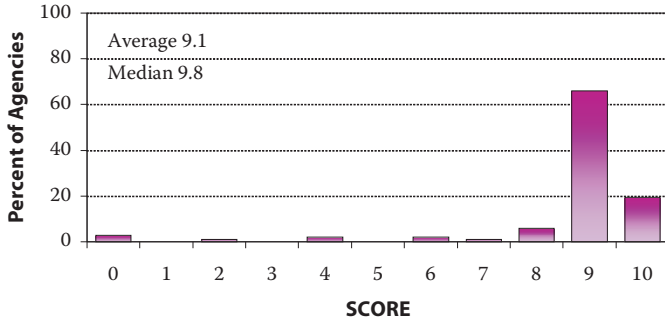
Analysis of Results

Because Innovation is the most difficult of the ten performance areas to quantify, it is important that results in this section not be interpreted as conclusive. The average and median scores for Innovation across all categories range from 5.2 to 7.0. One notable organization in the Services for People with Disabilities Category scored a 10, while agencies in all categories except Alternative Education, Services for Children, and Traditional Education scored 9 or more. This indicates superior performance. Overall, almost half of all organizations scored in the 5 to 7 range. Agencies in the Counselling, Services for Children, Services for People with Disabilities, and Services for Seniors categories scored less than 2, indicating there is still considerable room for improvement in this area.
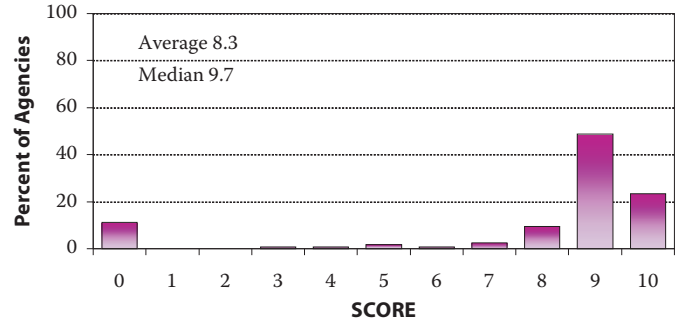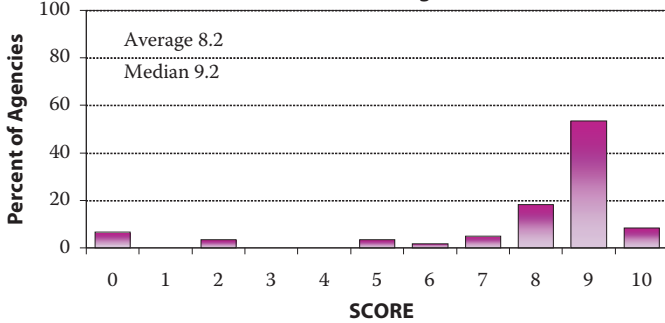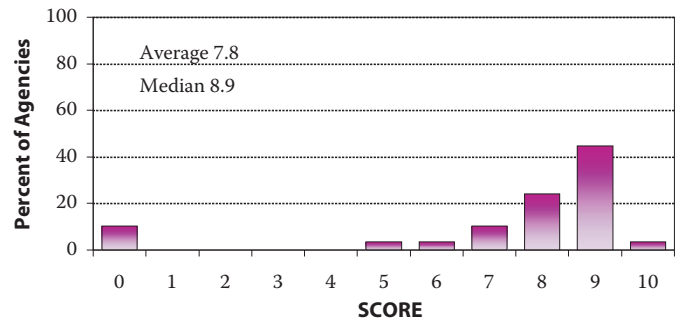
Program Cost

Alternative Education

Average 9.1
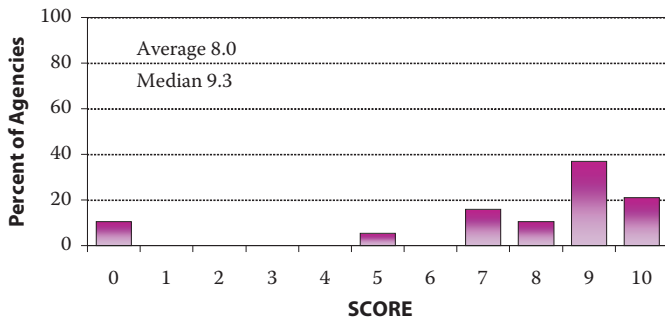Median 9.8

Child Care

Average 8.3
Median 9.7

Counselling

Average 8.2
Median 9.2

Crisis Intervention

Average 7.8
Median 8.9

Prevention & Treatment of Substance Abuse

Average 8.0
Median 9.3

Provision of Basic Necessities

Average 9.4
Median 10.0

Services for People with Disabilities

Average 7.9
Median 9.6

Services for Seniors

Average 8.6
Median 9.8

Traditional Education

Average 8.8
Median 10.0

ALL AGENCIES

Average 8.5
Median 9.8
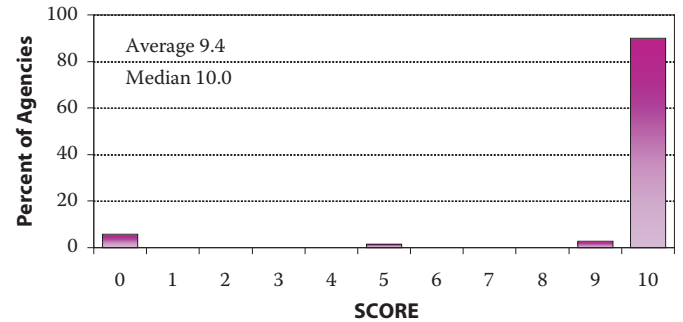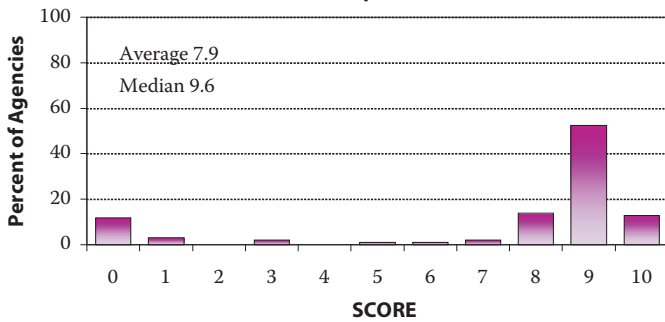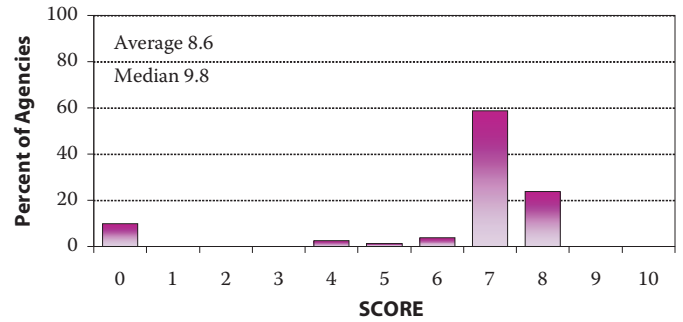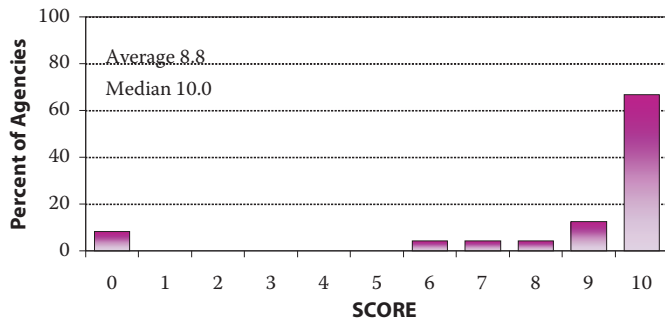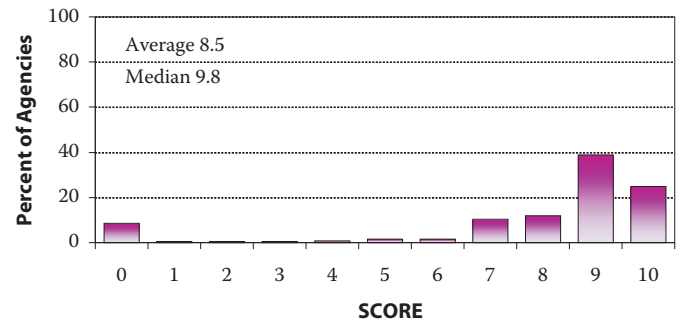
Program Cost

This performance measure assesses the per-hour cost of providing a program or service. It is important to re-iterate how the scores were calculated. As shown in the adjacent graphs, the scores range from 0 to 10. The lowest cost per hour received a score of 10, while the highest cost per hour received a score of 0. The remaining scores were standardized to fall within the 0 to 10 range.

The costs included in the calculations do not include indirect administrative expenses, such as a portion of the senior managers' or executive director's salaries. They do, however, include administrative and non-program expenses such as utilities, rent, and phone charges that are directly related to the provision of the program. The intent of the calculation is to assess the *direct cost* of providing a particular program.

One of the limitations of this particular performance measure is that it does not account for program quality. The measure only assesses the direct cost of providing the program. An example illustrates the possible limitations of this measure. If two agencies both provide 1,000 hours of programming in, say, the prevention and treatment of substance abuse, but one agency's program costs $100,000 while the other agency's program costs $500,000, then there would obviously be a substantial difference in their score on this measure. The first agency would receive a performance score approximately five times better than the second agency. But what if the two programs were sufficiently different so as to make comparison difficult? Suppose, for instance, that the latter agency's program was an intensive, long-term treatment program while the former agency's program was a short-term, crisis intervention program. The nature and focus of the programs in this case are sufficiently different to make cross-comparison tenuous.
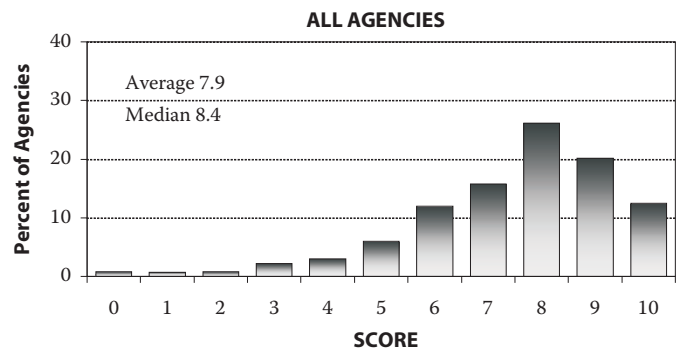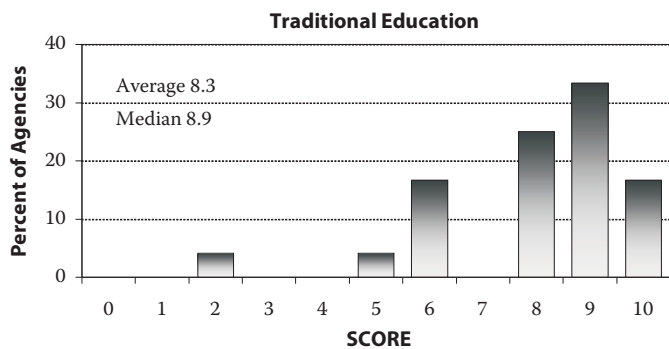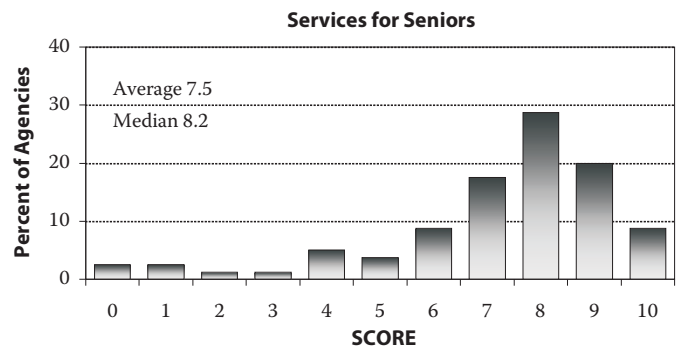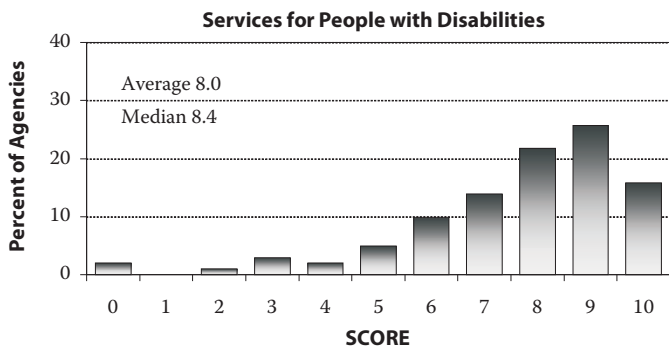
For this reason, in 2000 the number of categories evaluated through *Donner Canadian Foundation Awards for Excellence in the Delivery of Social Services* was expanded from seven to nine in order to ensure, as much as possible, that sufficiently similar programs are compared to one another. While new categories could make the cross-comparisons even more precise, the current evaluations provide an important resource for assessing the overall cost of a program relative to other, similar programs across the country.

In addition to the overall score for program cost, the Confidential Reports also indicate the dollar cost per program hour provided, the dollar cost per client, and the number of hours of programming provided per client. These data are presented in this manner for information purposes only. Note that the cost per client and the hours per client components are not used in the calculation of performance scores.

Analysis of Results

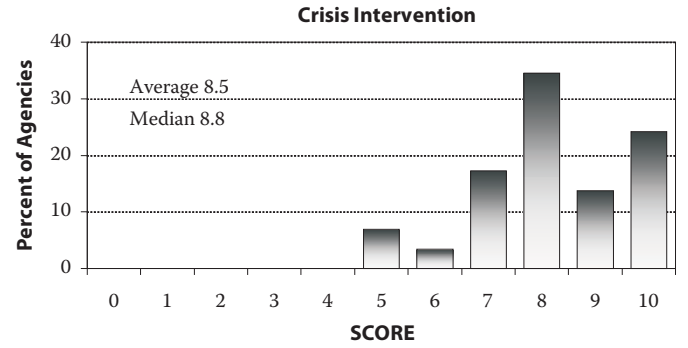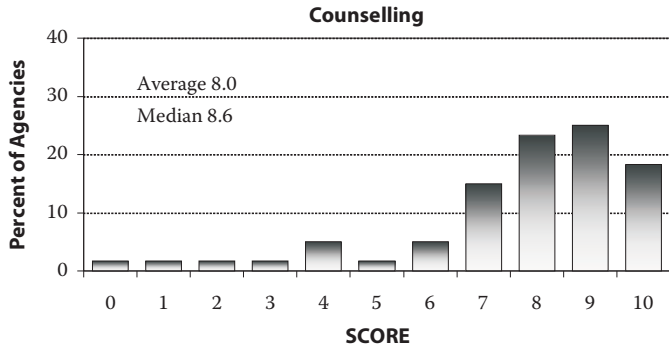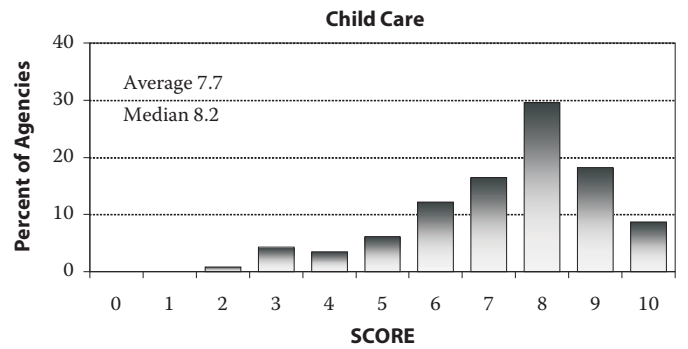The area of Program Cost had the highest scores of all performance areas, with the average and median scores for all categories ranging from 7.8 to 10.0. Almost two thirds of all agencies scored 9 or above, which indicates that the 2008 Donner Award applicants provide low-cost services. While this is encouraging, every category also had agencies that scored less than 1, indicating relatively high program costs that may be due to the type of program delivered, or to poor performance.

Outcome Monitoring

Alternative Education

Average 8.1
Median 8.2

Child Care

Average 7.7
Median 8.2

Counselling

Average 8.0
Median 8.6

Crisis Intervention

Average 8.5
Median 8.8

Prevention & Treatment of Substance Abuse

Average 8.5
Median 8.6

Provision of Basic Necessities

Average 7.8
Median 7.9

Services for People with Disabilities

Average 8.0
Median 8.4

Services for Seniors

Average 7.5
Median 8.2

Traditional Education

Average 8.3
Median 8.9

ALL AGENCIES

Average 7.9
Median 8.4

Outcome Monitoring

Outcome Monitoring is essentially a micro-example of the Donner Awards Program's main objective of providing quantitative performance information for non-profit organizations. It measures the extent to which organizations assess their own performance in terms of achieving specific goals in their programs.

Outcomes, which describe the intended result or consequence of delivering a program, should not be confused with *outputs*, a measure of the goods or services actually provided by a program. While outputs (measured in the Program Cost section) should support outcomes in a reasonable fashion, outputs are more process-oriented. To put it another way, outputs are the means to an end, while outcomes are the desired end itself.

The basis for this measurement is the premise that it is not enough simply to provide a program. Agencies must diligently assess whether or not their programs are achieving the desired results and, if not, implement changes to correct any problems.

This type of outcome measurement is obviously more applicable in certain program categories, such as the Prevention and Treatment of Substance Abuse. However, it is important for all program categories to actively measure and assess their programs to ensure that they are achieving their stated objectives, whether the service is Child Care or the Provision of Basic Necessities.

Two sets of questions assess Outcome Monitoring. The first set asks whether the agency has defined the program's desired outcomes (i.e., what it is that the program is attempting to achieve), and whether or not, given the definition of the desired outcomes, the actual outcomes can be, and are, measured objectively. Common methods of monitoring outcomes often include such tools as client surveys and tracking, typically carried out over defined periods of time ranging from a few months to several years. Outcome monitoring techniques are frequently unique to individual agencies, in that they must be closely tied to the agency's mission. By monitoring and measuring their outcomes, agencies gain insight into what is and is not working, and are able to adjust their programming accordingly.
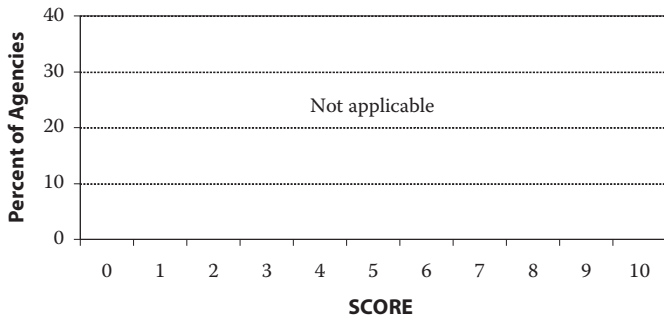
Thus, the second set of questions deals with how the organization actually uses the outcome information. For instance, agencies were asked whether or not the desired and actual outcomes were compared to one another, and whether there was a plan for dealing with any divergences. These questions focus on whether the agency attempts to measure its success in achieving its goals.
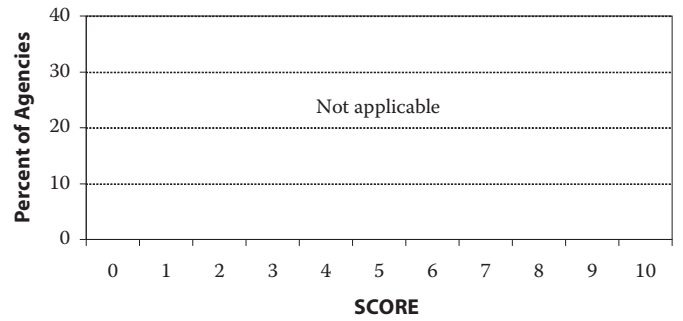
Analysis of Results

The scores for Outcome Monitoring are relatively high with the average and median scores for all categories falling in the 7.5 to 8.9 range. This indicates a relatively high level of average performance in terms of managing and pursuing specific outcomes. All categories except the Provision of Basic Necessities category had agencies that received a score of 10, which indicates superior performance. Almost 60 percent of all agencies received a score of 8 or higher, which indicates strong performance. Nevertheless, all categories except Crisis Intervention and the Prevention and Treatment of Substance Abuse also had agencies scoring under 5, indicating there is still need for improvement. The strong performance of most agencies in monitoring program outcomes is a strong indication that many are assessing their own performance in terms of the specific goals they want to achieve. Nevertheless, there is still room to improve for agencies in most categories.
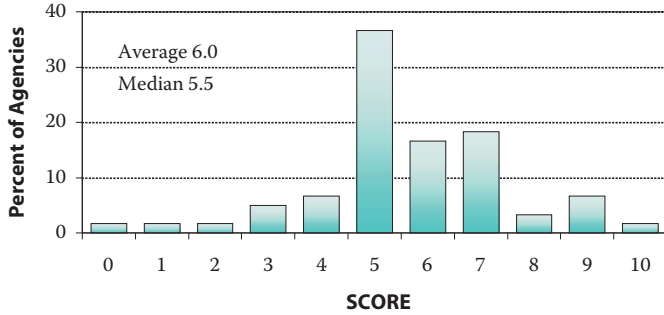
Accessibility

Alternative Education
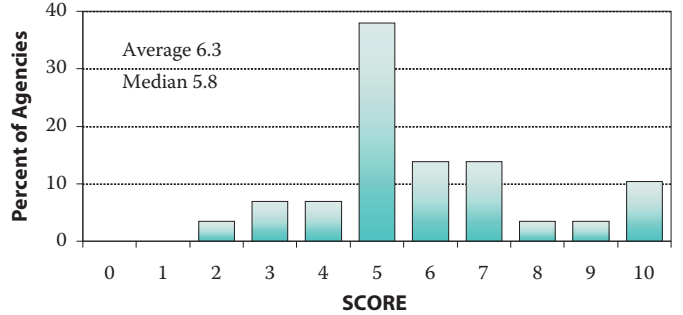
Percent of Agencies

Not applicable

SCORE

Child Care

Percent of Agencies

Not applicable

SCORE

Counselling

Percent of Agencies

Average 6.0

Median 5.5

SCORE

Crisis Intervention

Percent of Agencies

Average 6.3

Median 5.8

SCORE

Prevention & Treatment of Substance Abuse

Percent of Agencies

Average 6.5

Median 7.0

SCORE

Provision of Basic Necessities

Percent of Agencies

Average 6.3

Median 6.5

SCORE

Services for People with Disabilities

Percent of Agencies

Average 7.4

Median 8.3

SCORE

Services for Seniors

Percent of Agencies

Average 6.8

Median 7.0

SCORE

Traditional Education

Percent of Agencies

Not applicable

SCORE

ALL AGENCIES

Percent of Agencies

Average 6.6

Median 6.8

SCORE
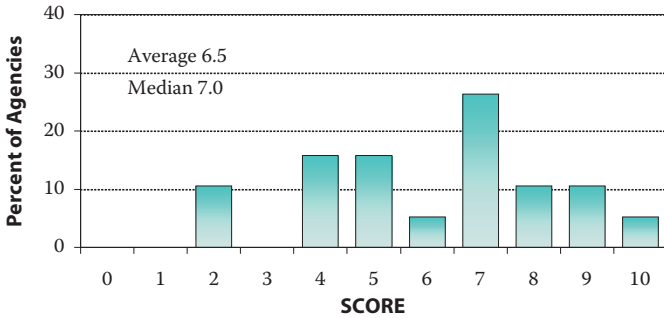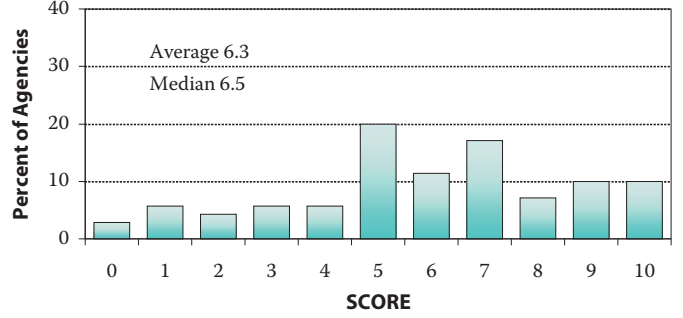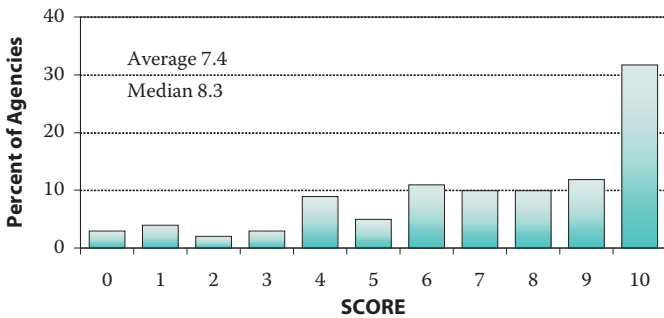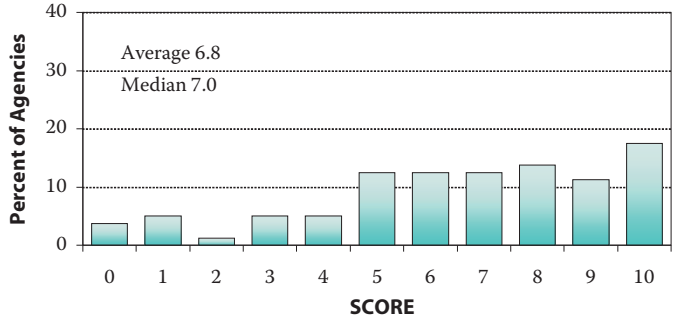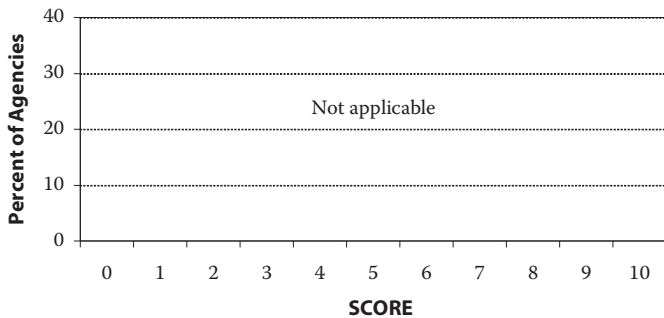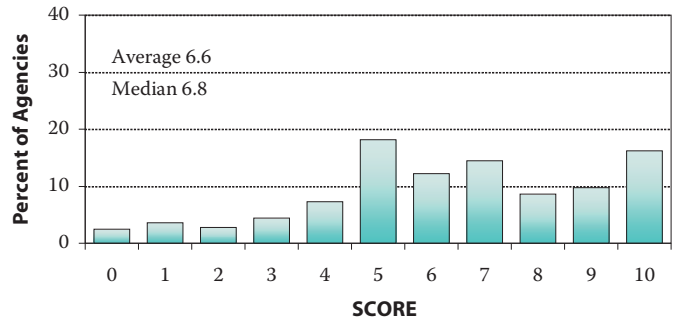
Accessibility

Accessibility is perhaps one of the greatest challenges facing program providers. On the one hand, agencies must ensure that their programs are available, without prejudice, to all who require assistance. On the other hand, non-profit agencies, like for-profit and government organizations, have limited resources. They must ensure that those who cannot afford the program are offered services while at the same time ensuring that those who do have the available financial resources are assessed fees for the service, if appropriate. Further, agencies must ensure that adequate and timely resources are provided to those who are deemed truly needy.

This performance measurement, like the Outcome Monitoring measure, is more applicable in some categories, such as the Prevention and Treatment of Substance Abuse and the Provision of Basic Necessities, than in others. For this reason, three categories are not included in the analysis of this section: Alternative Education, Traditional Education, and Child Care.

This section asks several questions regarding accessibility to programs, including whether inquiries are made regarding the cause of the current circumstance, whether program use is monitored, and whether program access is restricted or prioritized according to need. All of the questions focus on the primary issue of whether or not the agency assesses need and then allocates resources accordingly. The scarcity of resources makes determining the nature of a client's circumstances essential to agencies seeking to provide effective and compassionate aid to those most in need.

Analysis of Results

Maintaining accessibility and fulfilling needs in light of resource constraints is one of the greatest challenges facing the non-profit sector. The average and median scores for the six service categories that are evaluated on Accessibility range between 5.5 and 8.3. All applicable categories contain agencies with perfect scores of 10, which indicates performance excellence. The Services for People with Disabilities has the largest concentration of high scores, with over half of all organizations scoring at least 8. At the other end of the scale, all service categories except Crisis Intervention and the Prevention and Treatment of Substance Abuse contain agencies that score below 2 for Accessibility, indicating room for significant improvement.
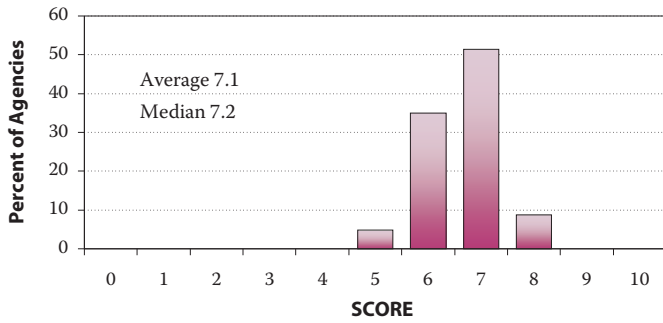
Overall Analysis

Alternative Education
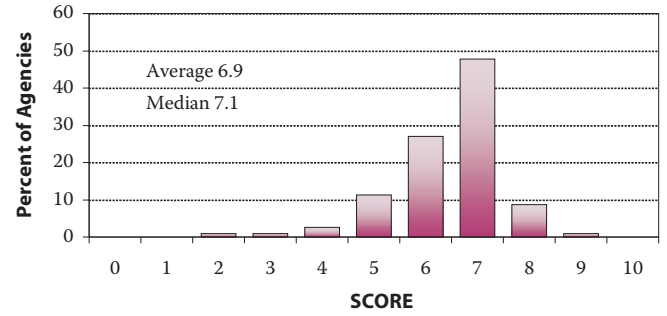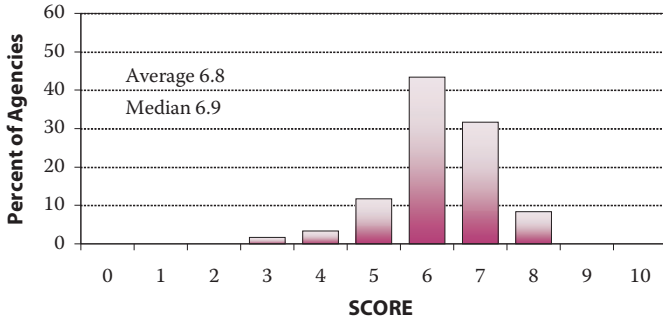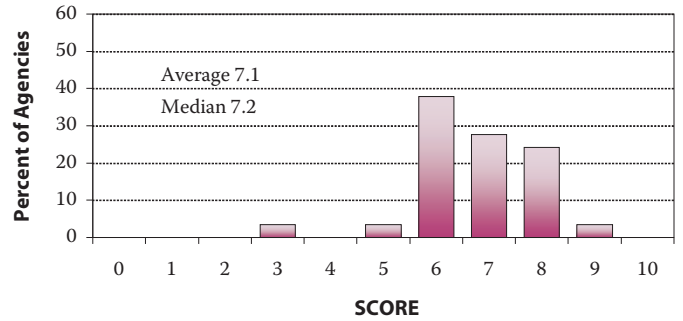
Average 7.1
Median 7.2

Percent of Agencies vs SCORE

Child Care

Average 6.9
Median 7.1

Percent of Agencies vs SCORE

Counselling

Average 6.8
Median 6.9

Percent of Agencies vs SCORE

Crisis Intervention

Average 7.1
Median 7.2

Percent of Agencies vs SCORE

Prevention & Treatment of Substance Abuse

Average 6.9
Median 7.1

Percent of Agencies vs SCORE

Provision of Basic Necessities

Average 7.1
Median 7.2

Percent of Agencies vs SCORE

Services for People with Disabilities

Average 7.0
Median 7.2

Percent of Agencies vs SCORE

Services for Seniors

Average 7.0
Median 7.3

Percent of Agencies vs SCORE

Traditional Education

Average 7.0
Median 7.2

Percent of Agencies vs SCORE

ALL AGENCIES

Average 7.0
Median 7.1

Percent of Agencies vs SCORE
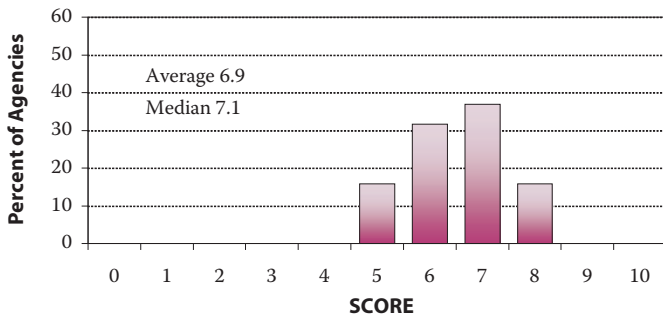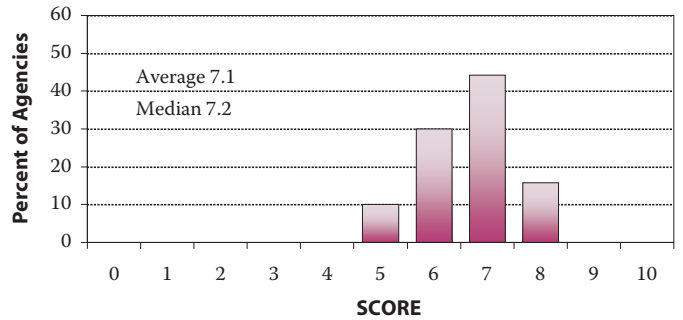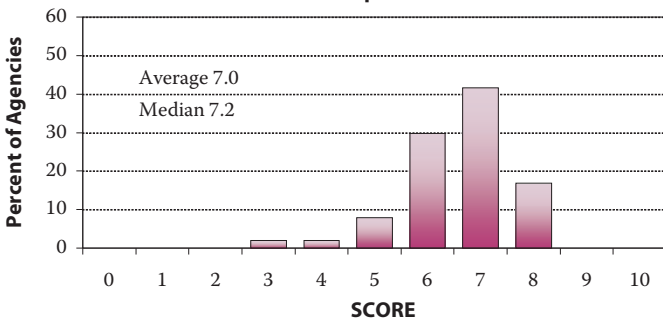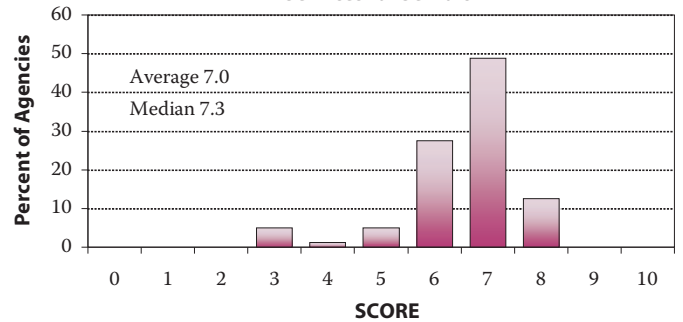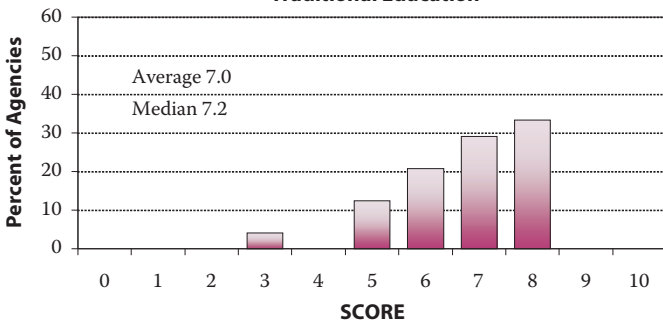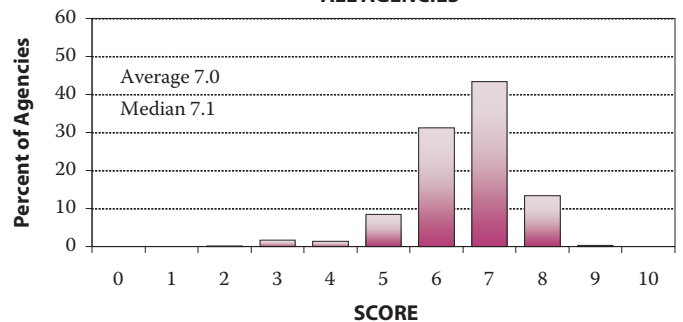
Overall Analysis

Analysis of Results

Prior to discussing the overall or composite scores, it is instructive to summarize the scores achieved in the various performance areas. Of the two financial criteria, Financial Management and Income Independence, 2008 Donner Award applicants performed stronger in Income Independence, where overall average and median scores were around 7. Results were somewhat lower in the Financial Management section, where overall average and median scores were around 6.

The majority of agencies performed very well in the Strategic Management and Board Governance areas, with over 80 percent of all agencies scoring at least 7 in both performance areas. Nevertheless, hardly any agencies received a perfect score of 10 for Board Governance, while 20 percent of all agencies received this superior score for Strategic Management.

As in previous years, scores in the two areas dealing with the effectiveness of paid and volunteer human resources are relatively low and provide the greatest opportunity for improvement. This is particularly true in the area of Volunteers, where nearly 60 percent of scores were concentrated in the 4 to 7 range. Over 60 percent of Staff scores were concentrated in the 6 to 8 range. Given the importance of dedicated, well-trained personnel for the quality and effectiveness of non-profit social service delivery, these results indicate that greater attention should be paid to improving performance in these two sections.

Innovation is perhaps the most difficult of the ten performance areas to quantify. Therefore, results for this section should not be interpreted as conclusive. Almost half of all Innovation scores were concentrated in the 5 to 7 range, which indicates satisfactory performance.

Program Cost was another area of exceptionally strong performance, with one quarter of all agencies receiving perfect scores of 10; approximately two-thirds of all agencies scored at least 9.

Scores in the Outcome Monitoring section are also quite strong, with almost 60 percent of all agencies scoring at least 8. Agencies in the two Education categories and the Child Care category were not evaluated for Accessibility. Scores were relatively spread out across the remaining categories, with nearly half of Accessibility scores falling in the 5 to 8 range.

Overall, three-quarters of agencies from all service categories received scores in the 6 to 8 range. Agencies in all service categories achieved strong performance scores of at least 8, and a small number of agencies in the Crisis Intervention and Services for Children categories received scores in the 9 to 10 range. Only one agency in the Services for Children category scored less than 3, which indicates relatively poor performance. Most agencies participating in the 2008 Donner Awards provided their respective services at a relatively high level of performance, but in almost all cases there is room for improvement.

Conclusion

The *Donner Canadian Foundation Awards for Excellence in the Delivery of Social Services* represent an important step in objectively and quantitatively assessing the performance of non-profit organizations in effective program delivery. The Confidential Reports that all participating agencies receive are key to this unique performance evaluation system. In conjunction with the data provided in the *2008 Non-Profit Performance Report*, the Confidential Reports enable agencies to assess their performance in 10 critical areas relative to other non-profit agencies delivering similar programs and services.

This annual *Non-Profit Performance Report* continues to be one of the few tools available to help individuals, foundations, and corporate donors objectively evaluate the effectiveness of the non-profit organizations that apply to them for support. Wise giving decisions can be informed by asking questions about non-profit performance in the areas detailed in this report: Financial Management, Income Independence, Strategic Management, Board Governance,

Volunteers, Staff, Innovation, Program Cost, Outcome Monitoring, and Accessibility. Complete Donner Award evaluation questions can be downloaded from our website at www.donnerawards.org or email info@donnerawards.org to receive a hard copy. The box below presents a checklist of questions to ask before you give, derived from the Donner Awards evaluation questions.

All identifying performance information submitted to the Donner Awards Program as part of the application process remains strictly confidential. Nevertheless, participating non-profits are encouraged to independently and voluntarily share their Confidential Reports with donors and potential donors, as evidence of their commitment to accountability and excellence. Such transparency can go a long way to encouraging public confidence and support for this important sector of Canadian society.

While the Donner Awards Program represents a significant advancement in the development of objective measures of non-profit performance, it is still a work in progress. Every year the Fraser Institute attempts to improve the Donner Awards Program by refining the questions, upgrading the analysis, and continuing to research areas of performance and measurement techniques. All suggestions and constructive criticism is welcome. Please submit questions or comments by email to info@donnerawards.org or contact us c/o:

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Guidelines for Giving

Does the non-profit you are considering investing in:

- Have a mission statement, accompanied by quantifiable organizational and program goals?

- Generate an annual surplus to protect against unexpected changes in income?

- Devote at least 60 to 75% of income directly to program delivery?

- Have an independent financial audit of their books?

- Send an annual report to donors?

- Have multiple revenue sources with only a portion, if any, coming from government?

- Have an independent board of directors that includes no more than one staff member and follows a formal conflict-of-interest policy?

- Have a large number of trained volunteers, including past clients?

- Have the majority of paid staff working on program delivery, rather than in fundraising or administration?

- Use technology to manage information and create efficiencies?

- Show empirical measures of outcomes, using tools such as client surveys and tracking?

Appendix: Technical Discussion of the Performance Scores

What the Graphs Show

The graphs illustrate the distribution of scores for the agencies across the various performance criteria. That means that the graphs show how many agencies received each score (0 to 10) in the nine service categories. They also illustrate the range within which all of the agency scores exist (the highest and lowest scores are specified in the Confidential Report). This is useful to know because a score of 4 in a range of 1 to 5 is much better than a score of 7 in a range of 7 to 10.

In addition to the distribution of scores, the graphs also present supplementary statistical information. The charts specifically include the mean and the median scores. The mean (average score) and the median (middle score) are important to know as they indicate the central tendency for the performance of all the agencies.[19] That is, they indicate how the typical or average agency (mean) and the middle agency (median) in each category scored. Agencies can compare their own confidential report, which contains their individual scores, with the mean and the median in order to gauge their individual program's performance. Agencies that did not participate in the Awards Program can get their individual scores by completing the appropriate questionnaire and sending it to the Donner Awards program for assessment.

The objective for agencies should be to score above both the mean (average) and the median (middle score). Scores above the mean and median indicate that the agency performed better than the average, or central tendency of agencies, on that particular performance measure.

Calculating the Scores

The calculation of the scores was as objective as possible. The agency scores in each of the various criteria were ranked from highest to lowest. The subsequent range (highest value – lowest value) represented the span of scores. The scores were then adjusted to a range of between 0 and 10. The best performing agency received a score of 10 and became the upper limit, while the lowest-ranked agency received a score of 0 and became the lower limit. All the remaining scores were placed according to their original performance within the 0 to 10 range.

Some performance areas represent a composite score of several variables. For instance, Financial Management measures five separate areas of financial performance. Program Cost, on the other hand, assesses only one particular area of performance.

Only agencies that identified themselves as working in similar fields, such as child care or crisis intervention, were compared with one another. In this way, agencies can view their relative performance to other, similar agencies.

Score Calculations Illustrated

An illustration may help you understand how the scores were calculated and thus how to interpret your agency's scores. Assume that there are six agencies in this hypothetical example, and that we are evaluating cost per program-hour. Table 3 summarizes the data for the six agencies. In this example, Agency D is the best performing agency at a cost of $50 per hour of programming and therefore receives a score of 10. Agencies B and E are the lowest-ranked agencies at a cost of $125 per hour of programming and receive a

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19 An example illustrates the functional definition of these terms. Assume there are eleven scores as follows: 3, 4, 4, 6, 6, 6, 6, 7, 9, 9, and 9. The low value is 3, and the high value is 9, resulting in a range of 6. The mean (average) is the sum of all the numbers (69) divided by the number of scores (11), which equals 6.27. The median (middle score) is the score that occupies the middle position when the scores are arranged from lowest to highest which, in this case, equals 6.

Table 3: Cost Per Program-Hour

Agency	Number of Program Hours	Total Cost	Cost per Program hour	Score
Agency A	1,000	$100,000	$100	3.3
Agency B	2,000	$250,000	$125	0.0
Agency C	2,000	$200,000	$100	3.3
Agency D	4,000	$200,000	$50	10.0
Agency E	4,000	$500,000	$125	0.0
Agency F	4,000	$300,000	$75	6.7

score of 0. The remaining agency scores are standardized to fall within the range of 0 to 10.

Two Special Cases: Staff and Volunteers

In order to illustrate score differences, table 4 summarizes the statistical information for the Staff and Volunteers criteria as well as for two other criteria (Income Independence and Financial Management). The mean and median scores for the Staff and Volunteers performance areas are fairly low on the 0 to 10 scale.

The low scores for both Staff and Volunteers show that agencies should focus on the mean (average) and median (middle score) statistics. Although the figures are low in absolute terms on the scale (0 to 10), the key to assessing your agency's performance is your score *relative* to the mean (average) and median (middle score).

Performance is Relative

It is important to note that your agency is being assessed against other participating agencies, not the non-profit sector as a whole. The pool of applications, from which the data is taken, is subject to a self-selection bias. This occurs when agencies self-assess their own competitiveness and decide whether they should or should not submit an application. For instance, when completing the application it is evident whether an agency is competitive or not in performance categories such as Financial Management and Volunteers. Those agencies with poor financial performance, or those not maintaining or using volunteers, for example, will realize they are not competitive in these areas as they complete their applications, and thus may not send in their application. The pool of applications and the scores received, therefore, represent the very best of social services agencies in the country.

Table 4: Statistical Performance Summary

Performance Area	Low Score	High Score	Mean (Average)	Median (Middle Score)
Staff	0	8.0	3.4	3.1
Volunteers	0	7.5	3.0	2.7
Income Independence	0	10.0	6.9	7.4
Financial Management	1	8.7	6.3	6.5