



AIB report finds nonprofits employ 100,000 and generate annual income of EUR6 billion

8th December 2014

ALLIED IRISH BANKS, p.l.c. (AIB)

- **New research gives comfort to donors this Christmas as charities improve corporate governance standards**

AIB today (Monday 8 December) published a report which shows about 12,000 nonprofit organisations employ over 100,000 people and generate annual income in the order of EUR6 billion.

The report, carried out in association with Boardmatch, also found that 94 per cent of the 131 nonprofits surveyed said they were already publicly disclosing detailed annual financial statements, 85 per cent considered their boards have adequate knowledge and training to perform their duties effectively, 82 per cent said they were disclosing future plans and strategy and 77 per cent said they were disclosing their achievements including case studies.

Around two thirds of nonprofits have already signed up to at least one of the industry's voluntary codes of good practice.

AIB Head of Business Banking Ken Burke said: "The report we are publishing today highlights that the nonprofit sector, which includes charities, clubs and housing associations, plays a vital role in the social and economic welfare of the country. The report also highlights the continued pressure nonprofits face in securing funding to support critical social services and to support the disadvantaged sections of our community."

"AIB is committed to working with the nonprofit sector and earlier this year we launched the EUR350 million New Homes fund. This fund also supports lending to Housing Associations in support of social housing development. We hope this comprehensive research will help to create awareness of the issues facing this vital part of our social infrastructure. It is particularly timely following the establishment of the new Charities Regulatory Authority in October and the subsequent appointment of the Charities Regulator which many nonprofits believe will lead to better governance with 83 per cent singling out the establishment of the CRA as a major improvement."

Commenting on the report, Minister for Justice Frances Fitzgerald said it highlighted that issues of transparency and accountability had risen to the fore in the charity sector.

"As we approach the Christmas period when people are thinking about charitable giving, I would like to reassure donors, philanthropists and lenders that the new Charities Regulatory Authority (CRA) set up by this government in October 2014 will enhance governance, transparency and accountability in the nonprofit sector."

The report finds the nonprofit sector has been characterised by rapid proliferation, with almost 4,800 organisations set up since 2000. It also notes that the recession fuelled demand for the services provided by nonprofits, while reduced funding from both public and private sources has resulted in increased competition for funds.

The report contains detailed findings based on new research by Ipsos Mrbi. The top three sectors covered by the research were health charities (19 per cent), housing associations (16 per cent) and culture and recreation organisations (10 per cent).

Among the key findings are:

- Nonprofits are somewhat optimistic for the medium term. While just 9 per cent believe things will get better next year, this rose to 49 per cent over the next three years
- Up to 79 per cent of nonprofits rely to some degree on government funding. Uncertainty about funding, especially from Government, remains the challenge with increasing demand for services also an issue.
- In response to this challenge the sector is placing increasing importance on new fundraising initiatives such as sponsored events, local business or corporate sponsorship/partnership and online/social media donations and campaigns.
- Two thirds of respondents identified collaborations and partnerships with other similar organisations as an opportunity to share costs and resources in order to achieve greater efficiencies
- While salaries have been cut in four out of ten organisations and three in ten have suffered job losses, morale remains perhaps surprisingly high.
- Some 60 per cent of nonprofits rely on up to 50 volunteers to support their activities, and this volunteer engagement rises to over 500 for 9 per cent of organisations
- There is an average 60/40 male female split of Board members. While just over half of Chief Executives are women, two thirds of Chairpersons are men.
- The increasing compliance requirement on the sector is a concern, especially for smaller organisations.
- The next most pressing need is for Government to resolve the issue of the 23 per cent VAT rate applied to charities.

The full AIB Outlook Report incorporating the Ipsos Mrbi and Behaviour & Attitudes research and articles by leading opinion formers in the sector is available at <http://business.aib.ie/help/sme-research>.

Notes for Editors:

Methodology

Ipsos Mrbi conducted a telephone survey, on behalf of AIB in association with Boardmatch Ireland, amongst senior executives working in 131 organisations with charitable status. Fieldwork took place from 27th October - 14th November 2014. Market research also extended to focus groups and in-depth interviews with senior executives spanning charities, recreation and schools. This qualitative research was carried out by Behaviour & Attitudes during the months of August and September 2014.

Sectoral Reports

The report is the tenth in a series of research reports published by AIB in to key sectors of the Irish economy over the last 18 months. The goal of the reports is to enhance the bank's understanding of its customers.

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