

Appendix B: Portrait of the Nonprofit and Voluntary Sector

Pressing Questions, Little Information

To date, there has been little research on nonprofit and voluntary organizations in Canadian society and their capacity to meet mission. In an overview of research on this sector, McKechnie et al. concluded that existing research is relatively new, atheoretical and focused on only a small number of topic areas (McKechnie et.al., 2000: 25). Consequently, there are large gaps in our knowledge that demand attention. Some of the most obvious gaps in the literature, McKechnie notes, “pertain to the funding of voluntary sector organizations and capacity issues” (Ibid.).

Few studies have been undertaken to examine the nature of funding in the nonprofit and voluntary sector in Canada.¹ This body of work includes descriptive information about the mix of revenue sources of various nonprofit and voluntary sector organizations (Sharpe, 1994; Hall, 1995; Day and Devlin, 1997; Hall and MacPherson, 1997). As well, other articles have looked at various sources of funding, such as government funding (VSR Joint Tables, *Working Together, Supplementary Paper C: Advantages and Disadvantages of Alternative Funding Methods* 1999), foundation funding (Hall and MacPherson, 1995), corporate donations (Hall and MacPherson, 1996), and earned income (Dart and Zimmerman, 2000; Zimmerman and Dart, 1998). Other studies have focused on the relationship between government and the nonprofit and voluntary sector, notably Josephine Rekart’s study of the social service privatization in British Columbia between 1983 and 1991 (Rekart, 1993, 1997), Paul Browne’s study of the nonprofit sector for the Canadian Centre for Policy Alternatives (Browne, 1996), and articles by Mitchell Evans and John Shields (1998, 2000), Hall and Reed (1998), and Juillet et.al. (2001). Others have examined the legal and regulatory issues around charities in Canada, which are critical to understanding the complexities of funding (Ontario Law Reform Commission, 1996; Hirshhorn and Stevens, 1997). Work by Susan Phillips on voluntary sector governance and accountability has also provided invaluable insights into key debates shaping funding dilemmas for Canada’s nonprofit and voluntary sector (Phillips, 1994; Phillips and Graham, 2000). Community agency and memberships surveys are also important sources of information. The Canadian Conference for the Arts, for instance, regularly surveys members on important trends impacting their sector, including funding (Harvey, 1999).

Fewer studies have looked at the “mechanics” of funding. Supplementary Paper C for the Joint Tables report, *Working Together* (1999), is very useful in defining various funding mechanisms and the advantages and disadvantages of each from the perspective of the government, nonprofit and voluntary sector, and the public. Under the auspices of its Alternative Service Delivery Project, the Canada West Foundation has produced a number of publications, including one on the funding relationship between nonprofits and government. Their research was based on a survey of 72 social service agencies across five provinces and describes the challenges involved in providing social services on contract. Josephine Rekart’s study of social service organizations in British Columbia is an excellent case study of social service agencies struggling with changing funding practices. Paul Reed and Valerie Howe have explored the impact of funding trends for social service agencies in Ontario, through extensive interviews with 40 agencies (Reed and Howe, 1999). Laura Brown and Elizabeth Troutt are currently conducting research on nonprofit and voluntary organizations in Manitoba and their relationships with funders (2000a, 2000b, 2000c, 2002).

Drawing on this body of work, we present a portrait of the nonprofit and voluntary sector below. This provides both the context and the base upon which our current research project is grounded.

Size and Scope of the Nonprofit and Voluntary Sector

Given the growing level of interest in the nonprofit and voluntary sector, there is surprisingly little information available about the sector and the role that it plays in Canada. Certainly the *National Survey of Giving, Volunteering and Participating* provides valuable information on volunteering: who volunteers are, where they volunteer, the number of hours they commit to volunteer activities, and their motivation.² The Family Expenditure surveys and income tax files also provide important information about donations to charitable organizations. But we have very little information about the organizations themselves. Even for charities – about which we know the most – there are huge discrepancies among different data sources regarding such basic information as size and total revenues.³ Information on nonprofit and voluntary organizations that are not registered charities is almost non-existent. One author has described these groups as the “dark matter ignored in prevailing ‘Flat Earth’ maps of the sector.”⁴⁵

The available data, while lacking, do provide a useful benchmark against which to measure the findings of our study. We know that in 1999, there were roughly 79,000 registered charities in Canada; in addition, there are an estimated 100,000 nonprofit corporations in Canada (Quarter, 1992: 208).⁶ According to Hirshhorn, if we added up all the incorporated and non-incorporated organizations, the number of nonprofit and voluntary organizations would likely exceed 200,000 (Hirshhorn, 1997: 8).⁷ And it is growing every year. For charities alone, roughly 1,000 are added to the rolls each year, according to the Canadian Customs and Revenue Agency (CCRA) (cited in Donovan, Nov. 16, 2002). Between 1991 and 1999, the charitable sector grew by 26.4% (Sharpe, 2001: 15). Growth in the number of nonprofit and voluntary organizations is not unique to Canada. Studies in other countries document an increase in the formation and activism of voluntary organizations. In fact, one leading scholar believes that the magnitude of the growth of the nonprofit and voluntary sector signals an “associational revolution” that could be as significant as the rise of nation states in earlier centuries (Salamon, 1995, cited in Hall and Banting, 2000: 2-3).

Charities are active in a range of areas across Canada.⁸ Table B.1 provides a breakdown of charities for 1991 and 1999, by their activities in 10 broad sector groupings.⁹ Public foundations, private foundations and charitable organizations are included under each subsector. In 1999, the largest charitable sector was religion, comprising 41% of all registered charities. The next was welfare at 18%, followed by benefits to the community (11%). As can be seen, benefits to the community (excluding recreation), other education, and the welfare sector experienced the highest levels of growth over this period. With the exception of hospitals, the number of charitable groups has increased steadily. Even as some groups disband, or let their charitable status lapse, other groups are being formed and applying for charitable status.

Table B.1: Changes in the Composition of Canada's Charitable Sector, by Sub Sector, 1991–1999

Charity Type	Share December 1991	Share February 1999	Growth 1991–99
Arts and Culture	4.5%	4.6%	29.0%
Community Benefit	9.7%	11.3%	49.3%
Educational Charities	7.0%	8.1%	48.3%
Health Charities	5.8%	6.2%	37.0%
Hospitals	1.8%	0.9%	-38.2%
Other	2.6%	2.2%	6.1%
Recreation	4.0%	3.9%	21.4%
Religion	45.2%	40.8%	13.9%
Teaching Institutions	3.7%	3.9%	31.2%
Welfare	15.5%	18.0%	45.8%
All charities	100.0%	100.0%	26.4%

Source: CCRA, T3010. David Sharpe, "The Canadian Charitable Sector: An Overview," *Between Market and State*, J. Phillips, B. Chapman and D. Stevens, eds. (Montreal & Kingston: McGill-Queen's University Press, 2001), p. 18-19.

As noted above, we have very limited information about "noncharitable" organizations in the nonprofit and voluntary sector. Since 1993, all nonprofit organizations with revenues over \$10,000 or assets over \$200,000 have been required to file an annual return with the CCRA (form T1044), but it is widely conceded that compliance is quite low. In the one study that has examined these data in detail, there were 4,490 returns out of an estimated population of 100,000 organizations in 1994. Based on this sample, Day and Devlin found that nonprofit and voluntary groups were active in a number of fields: agriculture (10%); recreation (7%); professional associations (8%); boards of trade (1%); civic improvement (2.5%); education (3%); multicultural (0.4%); and arts and culture (2.3%). The remaining two-thirds of the reporting organizations were grouped in the "other" category (Day and Devlin, 1997: 26-31).

Paid Staff and Volunteers

Another key dimension of our organizational portrait of the sector is the composition of its labour force. Two important studies of human resources within the nonprofit sector have been conducted. The first was by Paul Browne and Pierrette Landry for the Canadian Centre for Policy Alternatives in 1995. They surveyed charities, cooperatives, trade unions and environmental groups, asking about human resources and employment practices.¹⁰ In their study, 83% of third-sector organizations had paid employees. The average number of staff per organization was 19, but the median number of employees was, in fact, only four. This large difference between the average number of employees and the mean number speaks to a distinctive employment pattern evident among nonprofit and voluntary groups, and among charities in particular. The majority of nonprofit and voluntary organizations (65%) had five paid employees or less in the 1995 CCPA study, while 35% had six or more. Yet there was a small group of nonprofit and voluntary groups – notably in the health and education fields – with large numbers of employees. The presence of large institutions such as hospitals serves to boost the average number of employees. Among charities grouped under "Benefits to the Community," for example, we see a more even distribution of paid staff: 76% of these charities had five or fewer employees (14% had no employees), and 24% had six or more. The average number was seven.

Most of the paid positions in the CCPA study were full-time. On average, nonprofit and voluntary organizations had 12 full-time positions, and seven part-time positions – roughly a 1:2 ratio. Browne and Landry also noted that, on average, more women than men were employed in full-time and part-time positions – figures which reflect the relatively high concentration of women employed in the nonprofit and voluntary sector. Looking at the occupational breakdown, roughly one-third of employees were in management positions, about 40% were professionals or service providers, about 16% were clerical and administrative support staff, and 8% were in other positions. All of these positions were more poorly paid than similar positions in other industries, with the exception of jobs in trade unions. Similarly, fewer nonprofit and voluntary organizations provided benefits to their employees than were available to those in other private and public industries. The discrepancies were particularly pronounced among environmental groups, reflecting the fact that “younger” groups tend to have smaller budgets and employ fewer full-time staff.

More recently, the Canadian Policy Research Networks has released a study of human resources in the nonprofit sector, based on an analysis of the Workplace and Employee Survey (WES) 1999. McMullen and Schellenberg identified almost 60,000 non-profit business establishments, representing a total of 900,000 workers and 8% of all employees in 1999.¹¹ Data from the WES shows that just over half of all non-profit establishments – 53.4% – had fewer than five paid employees in 1999, and close to three-quarters employed fewer than 10 workers. Larger workplaces were more prevalent in the quasi-public sector – which here include hospitals and universities – where close to 40% had 50 or more employees.

Overall, 74% of employees were employed on a full-time basis.¹² Compared to the for-profit and quasi-public sector, a larger proportion of employees are employed on a temporary or part-time basis – 14% and 26% respectively of all non-profit employees. Women account for the majority of employees, as found by Browne and Landry; they represented three-quarters (74%) of all paid employees in the non-profit sector in 1999. Employment in the non-profit sector, as in the quasi-public sector, tends to be dominated by professionals; one-third of employees are classified as such. Similarly, one-third of employees worked in technical or trade positions, while 15% worked as managers, and 11% worked in clerical or administrative positions. Overall, average earnings for managers, professionals and technical or trades workers lagged behind those in the for-profit sector, and significantly lagged behind those in the quasi-public sector. Earnings of those engaged in clerical work were comparable to those in the for-profit, but less than those in the quasi-public sector. “Only a minority of non-profit employers offer benefits, ranging from about 38% in the case of supplemental medical insurance and about one-third for dental plans, to close to 30% for employer-sponsored pension plans or group RRSPs, and 6% in the case of supplemental Employment Insurance” (McMullen and Schellenberg, 2003: vii). Two-thirds of nonprofit employees reported that they were satisfied with both their job and their pay and benefits in 1999. This is similar to self-reported job satisfaction in the for-profit and quasi-public sectors. However, job satisfaction was much lower among nonprofit workers over the age of 45 than among other workers.

The other key source of human resources for any nonprofit and voluntary organization is volunteers. The presence of volunteers can be difficult to interpret, in part, because the range volunteer activities varies so widely. Some groups use volunteers primarily to govern their organizations, while others such as Big Brothers, Big Sisters, for example, draw extensively upon volunteers to

deliver their programs. Some organizations use volunteers to conduct large, one-time fundraising drives or campaigns. Others rely on a highly committed core of volunteers each week to deliver programs. This diversity reveals the complexity of talking about human resources in any nonprofit and voluntary organization.¹³

Luckily, we have excellent information on volunteering, thanks to the National Survey on Giving, Volunteering and Participating (NSGVP) and the work of volunteer centres across Canada. Findings from the most recent NSGVP survey in 2000 point to contradictory trends for nonprofit and voluntary organizations. Overall, the volunteering rate – the proportion of Canadians over age 15 who volunteered their time and skills to groups or organizations – was 26.4% in 2000. Volunteers that year donated over one billion person-hours to voluntary endeavours – the equivalent of more than 500,000 full-time jobs. The volunteering rate, however, has fallen: between 1997 and 2000, the rate fell by five percentage points. Similarly, the number of hours donated also fell, from 1,108 hours in 1997, to 1,053 hours in 2000. Commentators note that there appears to be a relatively stable “civic core” of Canadians who are donating their time and income to the nonprofit and voluntary sector: 7–8% of all adult Canadians accounted for about half of all hours volunteered and all charitable dollars donated in 2002.¹⁴ This points to the difficulty that organizations are experiencing recruiting *new* volunteers, especially younger community members, because of time pressures related to families and jobs.¹⁵

Financial Resources of Nonprofit and Voluntary Sector

Level of Funding

As the nonprofit and voluntary sector has grown, so too have the financial resources at its disposal. Again, while data are limited, we know that the nonprofit and voluntary sector commands significant resources and represents a sizeable proportion of the economy. In a 1997 study, Kathleen Day and Rose Ann Devlin reported that Canadian charities – less than half the estimated number of nonprofit and voluntary organizations – received \$58.5 billion in revenues in 1994 (Day and Devlin, 1997: 13).¹⁶ More recent data from CCRA reveals that Canadian charities received \$80 billion in 1999. This represents a nominal increase of more than \$20 billion dollars. When we take inflation into account, there was an increase of \$16 billion dollars in funding for the charitable sector between 1994 and 1999. Looking at the economic value of the sector, Day and Devlin estimated that the contribution of the nonprofit sector as a whole to the Canadian economy was in the order of 4% of GDP in 1994 (Day and Devlin, 1997: 33). The Canadian Centre for Philanthropy (CCP) has valued the contribution of charities alone at 13% of GDP (Hall and Banting, 2000: 15).¹⁷ Many would argue that even these figures do not fully capture the magnitude of the sector, and the figures certainly do not capture the huge social and economic contributions to Canadian life (See Day and Devlin, 1997).

The acknowledged diversity of the nonprofit and voluntary sector is evident in the level and sources of funding for nonprofit and voluntary groups. Certainly among charitable groups, all types of charities do not have the same access to funds. Table B.2 looks at the distribution of revenues by type of charity.

Table B.2: Distribution of Charitable -Sector Revenues, by Charity Type, 1999

Charity Type	Share of all Charities in Canada	Share of all Charitable Sector Revenues
Community benefit	13%	5%
Educational charities	9%	6%
Health charities	7%	6%
Hospitals	1%	30%
Other	1%	0%
Places of worship	34%	6%
Private foundations	5%	6%
Public foundations	5%	1%
Religious charities	5%	3%
Teaching institutions	4%	28%
Welfare	15%	10%
All charities	100%	100%

Source: CCRA, T3010. David Sharpe, "The Canadian Charitable Sector: An Overview," *Between Market and State*, J. Phillips, B. Chapman and D. Stevens, eds. (Montreal & Kingston: McGill-Queen's University Press, 2001), p. 23.

Note: Percentages may not add up to 100 because of rounding; "0" indicates 0 to 0.5%.

By far the largest recipients of charitable revenues are Canadian hospitals and teaching institutions. These institutions comprise only 5% of all charities, yet they account for over half of all revenues. By contrast, religious institutions account for over one-third of all charities, yet they receive only 6% of the sector revenues. These data illustrate the significant differences in the financial capacities of charities – and certainly all nonprofits. This point is forcefully evident by looking at the distribution of revenues among charitable organizations. In 1995, 80% of charities reported revenues under \$250,000, amounting to 5.4% of total sector revenues; by contrast, 7% of charities reported revenues of over \$1 million, accounting for 87.7% of total revenues (Dreessen, 2000: 14). Succinctly stated, "the size distribution of charities is highly skewed."¹⁸

Sources of Revenue

Similarly, patterns of funding vary across the nonprofit and voluntary sector, and they derive their income from a variety of sources: donations, government grants and payments; membership fees; income from commercial ventures; and income from other nonprofit and voluntary sector organizations such as foundations or religious organizations. In addition to direct payment from these sources, nonprofit and voluntary organizations are also heavily dependent upon in-kind support from individuals and businesses in their communities, as well from governments and other charitable organizations.

Although this list of income sources may seem extensive, not all organizations are able – or, in fact, want – to take advantage of each source. There are different funding patterns or mixes evident across the nonprofit and voluntary sector, each linked to the diverse structures, mandates, and services of the organizations. The ability of organizations to pursue different funding sources is also uneven. What is certain – as will be evident from our survey findings – is that all nonprofit and voluntary organizations face high levels of financial uncertainty, regardless of their specific funding profile.

Table B.3 shows the revenue mix of various charitable organizations in 1994. (It is important to note that charities form a special group of nonprofit and voluntary organizations, in that they can issue receipts for donations and are exempt from income taxes. The available data on sources of charitable sector revenues, therefore, must be interpreted with caution.) Overall, roughly 60% of charitable revenues reported in 1994 came from government grants and payments¹⁹; earned income accounted for 26%, and private giving accounted for 14% of total revenues.²⁰ At one end of the spectrum, places of worship depend primarily on donations to undertake their work; at the other end, hospitals and teaching institutions are heavily dependent upon government to meet mission – over 70% of their revenues come from government.²¹ Charities engaged in community service – such as education, health and social services – follow closely behind, relying on government for about 60% of their funding. For these groups, the name “charity” is arguably a misnomer, if charity is understood to mean primary dependence on donations rather than government grants and payments for funding.²² Recreational organizations and arts and cultural groups, by contrast, are much more dependent upon earned income from membership fees, dues, and the sale of goods and services to sustain their activities.

Table B.3: Sources of Revenues of All Charitable Organizations, 1994

Charity Type	Government	Earned Income	Private Giving
Arts and culture	50%	40%	10%
Community benefit	64%	24%	12%
Educational charities	61%	31%	8%
Health charities	64%	20%	16%
Hospitals	73%	24%	2%
Libraries and museums	74%	17%	9%
Other	6%	28%	66%
Places of worship	1%	18%	81%
Recreation	27%	58%	15%
Religious charities	13%	46%	41%
Social services	64%	25%	15%
Teaching institutions	71%	26%	3%

Source: Hall and MacPherson, 1997. Cited in Hall and Banting 2000: 14. This study, published by the Canadian Centre for Philanthropy, used a modified version of the CCRA classification system for charities.

Note: Public and private foundations have been excluded from this table. Revenue from government includes grants and other receipts. Revenues from earned income includes: memberships; subscriptions; fees received; investment and property income; net realized capital gains (losses); income (loss) from any “related business”; other income (i.e., fundraising not reported under gifts). Private giving includes: total tax-receipted gifts; amount of tax-receipted gifts received from other charities; and total other gifts for which “official receipts have not been and will not be issued.”

Government is the primary funder of the nonprofit and voluntary sector in Canada. While the proportion of its support may differ among various subsectors, its importance to the long-term health and sustainability of nonprofit and voluntary organizations cannot be overstated. All levels of government provide direct financial support to nonprofit and voluntary organizations, as well as indirect support through the tax system and in-kind contributions, including access to government-funded facilities such as concert houses, swimming pools, community centres and libraries. Looking at direct support to charities – the only group for which we have comprehensive data – it has been estimated that the federal government provides 10.5% of the government’s total support to the charitable groups; 84.2% is provided by provincial governments, and local governments provide 5.3% (Treasury Board Secretariat, 2001).

Federal Government Funding for the Nonprofit and Voluntary Sector

As a part of the Voluntary Sector Initiative, the federal government tasked the Voluntary Sector Project Office of the Treasury Board Secretariat to gather information and analyze current federal funding practices and policies related to the nonprofit and voluntary sector. Part of this exercise was to identify current spending through various funding programs and vehicles, in order to assist in the broader mandate of the Secretariat to:

- remove funding irritants and encourage best practices;
- provide greater consistency across federal departments; and
- improve government's ability to act strategically to strengthen sector capacity.

The following is a summary of their findings on federal spending. It represents the most detailed estimates of government spending available.

Total federal funding to the nonprofit and voluntary sector reached approximately \$5.7 billion in 1997-98.

- Tax assistance to registered charities accounted for \$1.5 billion in foregone revenues, of which more than \$1.3 billion (79%) originated from the personal income tax credit, \$150 million from the corporate income tax credit, and \$160 million (11%) from GST rebates.
- Direct federal spending to the nonprofit and voluntary sector amounted to \$4.2 billion, of which two-thirds was spent on contributions to support program delivery by public and mutual benefit organizations; 27% in grants to fund research activities of hospitals and post-secondary institutions; and 7% in contracts for specified professional services.

In 1997-98, direct federal spending to the voluntary sector was in excess of \$4 billion, of which:

- 47% (\$1.9 billion) was channelled to fund activities performed in hospitals and post-secondary education institutions (quasi-governmental organizations);
- 20% (\$860 million) funded "mutual benefit" nonprofit and voluntary organizations; and
- 33% (\$1.4 billion) went to activities of "public benefit" organizations.

Payments in excess of \$100,000 accounted for about 60% (\$2.5 billion) of all payments made.

Looking at federal tax assistance, foregone revenues resulting from tax assistance measures increased by almost \$500 million between 1994 and 2000, reflecting successive improvements in tax assistance to registered charities. The value of tax assistance climbed from \$1.1 billion in 1994 to \$1.75 billion in 2000.

Source: Treasury Board Secretariat, *Study of Federal Funding Practices and Policies*, 2001. (John Walker Study)

This snapshot of charitable revenues raises the question: Does the funding mix change over time? That is certainly a central question of the current study. Day and Devlin address this in their 1997 report on Canadian nonprofits, tracing the importance of various revenue sources for all registered charities between 1989 and 1994. They found that the balance between different revenue sources did change, but not necessarily in predictable ways. Income from donations (both receipted and

unreceipted) fell from 21.8% of total revenues in 1989, to 11.3% by 1994. The largest drop was between 1989 and 1990, coinciding with the onset of the recession. At the same time, the share of total revenues coming from government increased over this period, from 42.8% in 1989, to 60.2% in 1994 (Day and Devlin, 1997: 16).²³ This would suggest that government funding has become more critical to the financial health of nonprofit and voluntary organizations.

As noted above, changes in the mix of funding sources among Canadian charities through the early 1990s took place as revenues steadily increased. Yet looking at the nonprofit and voluntary sector as a whole, there have been winners and losers. Browne and Landry found that for the majority of “non-governmental groups and agencies,” government funding from the federal and provincial governments had decreased or stayed the same. Only 22% of groups said their provincial funding had increased, while 17% stated that their federal funding had increased between 1992 and 1995 (Browne and Landry, 1996: 33). In a survey of social service agencies in Ontario, Howe and Reed found that twice the number of agencies experienced a loss of income between 1993 and 1997 than had experienced an increase (Howe and Reed, 1999: 21). These findings reinforce the importance of probing behind aggregate data, particularly for a group as heterogeneous as the nonprofit and voluntary sector.

Expenditures

This is the revenue picture of Canadian charities. On the expenditure side, registered charities reported spending 66.2% of their budgets on programs in 1994, 14.8% on administration, and 1.5% on costs related to fundraising. Gifts to “qualified donees” made up 4.0% of expenditures and another 13.4% was spent on “other” (Day and Devlin, 1997: 18).²⁴ This spending pattern was fairly stable between 1990 and 1994: program spending increased slightly from 64.7% in 1990, to 66.2% by 1994, while administrative and fundraising costs were flat.

Looking at fundraising more closely, Day and Devlin note that charities received a total of \$6.4 billion in donations, and they spent \$852 million on fundraising in 1994 (Day and Devlin, 1997: 19). This would appear to be a high return on fundraising expenditures. Yet the authors caution that these data are misleading. Only a few organizations actually reported fundraising expenditures – less than one-quarter. At the very least, there would appear to be general confusion about how to report on fundraising expenditures. This is an important point, because the push for self-sufficiency on the part of funders and the increasing intensity of competition for dollars has changed the funding environment substantially over the last decade.

Assets and Debt

A final word on assets and debt. In their study, Day and Devlin note that the real value of charities’ assets and liabilities has been increasing steadily. In 1994, the total value of charitable assets reported on the T3010 form was \$81.2 million – a marked increase from 1989 – while total liabilities reported were \$25.4 million (Day and Devlin, 1997: 25). Given the increase in organizational revenues reported in subsequent studies, it would seem reasonable to assume that assets and liabilities have continued to climb. The new *Satellite Account on Nonprofit Institutions and Volunteering* will provide greater insight into this question.

Endnotes

¹ The Queen's School of Policy Studies has published three excellent collections of essays on the nonprofit sector that contribute to the growing literature about the nonprofit and voluntary sector (Banting, 2000; Brock and Banting, 2001; Brock, 2002).

² Michael Hall, Larry McKeown, and Karen Roberts. *Caring Canadians, Involved Canadians: Highlights from the 2000 National Survey of Giving, Volunteering and Participating*. Ottawa: Statistics Canada, 2001. Catalogue No. 71-542-XPE.

³ A registered charity is a charitable organization, private foundation, or public foundation, as defined in the Income Tax Act, that is resident in Canada and was either created or established in Canada; or a branch, section, parish, congregation, or other division of an organization or foundation as described above that is resident in Canada and was either created or established in Canada and that receives donations on its own behalf. The key source of hard information is the annual tax return (T1 and T3010), which must be filed annually by registered charities with the Canada Customs and Revenue Agency (CCRA), but this provides only limited data on the distribution of charities by broad sector, and some limited financial data. There are major concerns regarding the accuracy of charity returns, which are not checked and often fail to add up or make sense. See Kathleen M. Day and Rose Ann Devlin. *The Canadian Nonprofit Sector*. Canadian Policy Research Networks Working Paper #2, 1997. (See also, Erwin Dreessen. "What do we know about the Voluntary Sector? An Overview," a paper in the Nonprofit Sector Knowledge Base Project, Statistics Canada, 2000.)

⁴ There are a number of activities underway at this time to begin to fill in some of these gaps in our knowledge. For instance, the federal government, through the VSI, is funding the first-ever survey of nonprofit and voluntary sector organizations. A research consortium headed by the Canadian Centre for Philanthropy, and working in conjunction with Statistics Canada, is preparing a two-phase survey – entitled the National Survey of Nonprofit and Voluntary Organizations (NSNVO) – which will be fielded in the fall of 2002 and winter 2003. Statistics Canada is also heading up another important initiative – the Satellite Account of Nonprofit Institutions and Volunteering – which will provide annual estimates of the financial status and economic contribution of nonprofit organizations.

⁵ D.H. Smith. "The Rest of the Nonprofit Sector: Grassroots Associations as the Dark Matter Ignored in Prevailing 'Flat Earth' Maps of the Sector," *Nonprofit and Voluntary Sector Quarterly*, 26 (2), 1997, 114-31.

⁶ This estimate is based on work by Jack Quarter and is widely cited. See Jack Quarter, *Canada's Social Economy: Co-operatives, Non-profits and Other Community Enterprises* (James Lorimer & Co., 1992). This estimate excludes cooperatives which, according to a 1999 Government of Canada estimate, number 10,000. Government of Canada. "Engaging the Voluntary Sector," paper by the Voluntary Sector Task Force, Privy Council Office, February 1999.

⁷ Another source of information on the nonprofit and voluntary sector is the *Business Register*, which is compiled by Statistics Canada. In 2002, 96,000 nonprofit entities were contained in the Register, 15,000 of which were inside government (including hospitals and universities). This count of nonprofit institutions – numbering 81,000 – underestimates the size of the nonprofit sector because a number of groups were excluded, including unincorporated organizations that do not employ paid workers or collect the GST. See

McMullen and Schellenberg, "Mapping the Nonprofit Sector" 2002: 18-19.

⁸ It should be noted that the definition of a charity and their areas of work are hotly contested by many in the voluntary sector. See Chapter 6.

⁹ In 1999, there were 71 categories enumerated in the CCRA charity regulations.

¹⁰ Paul Leduc Browne and Pierrette Landry. *The "Third Sector" and Employment*, Final Report to the Department of Human Resources Development (Ottawa: Centre for Policy Alternatives, March 1996). See pp. 10-16.

¹¹ Kathryn McMullen and Grant Schellenberg. "Mapping the Non-profit Sector," CPRN Research Series on Human Resources in the Non-profit Sector, No. 1, December 2002. See also, Kathryn McMullen and Grant Schellenberg, "Job Quality in Non-Profit Organizations," CPRN Research Series on Human Resources in the Non-profit Sector, No. 2, January 2003. Please note that discrepancies in the estimates of the number of voluntary or nonprofit organizations stem primarily from the different data sources, the groups captured in those surveys, and their methods of collection. Also note that their estimates for nonprofits do not include organizations such as hospitals, which are classified in this current study as quasi-public sector institutions.

¹² The following data are drawn from both CPRN reports.

¹³ The NSGVP reports on 15 different types of volunteer activities. More than half of volunteers in 2000 helped to organize or supervise activities or events (57%); another 41% served as a board or committee member; and 40% were involved in canvassing, campaigning or fundraising. Less than 30% were involved in direct programming such as collecting or delivering food, providing care or support, or teaching (Hall et al., 2001: 41).

¹⁴ Paul Reed and K. Selbee. "The Civic Core in Canada: Disproportionality in Charitable Giving, Volunteering and Civic Participation," *Nonprofit and Voluntary Sector Quarterly*, 30(4), 2001.

¹⁵ According to the 2000 National Survey of Giving, Volunteering and Participating, the most frequent reason given by volunteers for not volunteering more – or by non-volunteers for not volunteering at all – was lack of time: 76% of volunteers and 69% of non-volunteers surveyed cited this reason (Hall et. al., 2001: 44).

¹⁶ A study for the Canadian Centre for Philanthropy estimated that Canadian charities received \$90.5 billion in revenues in 1994, using a methodology developed by Sharpe in his 1994 study, *A Portrait of Canada's Charities* (Hall and MacPherson, 1997: 1). There is obviously a large discrepancy between the figures produced by the CCP and those produced by Day and Devlin for the same year. A discrepancy of this magnitude is due in part to problems with the collection and reporting of charitable data by CCRA, particularly before 1995. In addition, while all charities are required to submit T3010 tax forms each year, many provide incomplete information. Researchers such as David Sharpe and those at the CCP have attempted to deal with these problems by adjusting the financial data attained from the T3010. The difference between Sharpe's study – and subsequent work employing his methodology – and analyses based strictly on T3010s is significant. The patterns in funding, however, are similar. For a review of available financial data on charitable and other nonprofit and voluntary organizations, see Dreessen 2000.

¹⁷ The Satellite Account of Nonprofit Institutions and Volunteering Project at Statistics Canada will provide the first definitive estimates of the economic contribution of the non-profit sector through its role as employer and provider of goods and services.

¹⁸ Day and Devlin estimate that, based on their sample of registered charities drawn from the T3010 data set, 63.2% of charities had revenues under \$100,000; 29.8% had revenues between \$100,000 and \$1 million; and only 7.0% had revenues of over \$1 million. They note, however, that there are serious problems with underreporting, particularly among “large” organizations (Day and Devlin, *The Nonprofit Sector in Canada*, 1997): 23.

¹⁹ It is important to note that the data presented on government support only include direct payments to nonprofit and voluntary organizations. All levels of government provide indirect support through the tax system and varying degrees of in-kind support. The value of this support varies widely. To our knowledge, there is no comprehensive study of government financial support to the nonprofit and voluntary sector.

²⁰ Donations can include cash, a person’s home or cottage, securities such as stocks and bonds, land, building and equipment used in a business or rental operation, jewelry, art, stamps or other items of value. Receipts are issued for the value of the gift. In turn, individuals can apply for federal and/or provincial tax credits, while corporations can deduct a proportion of the value of the donation against their income tax.

²¹ It is important to keep in mind that hospitals and universities account for over 50% of all charitable revenues. The high reliance on government grants and payments among these groups affects the averages for the sector.

²² There have been a number of studies of the social services sector alone. Reed and Howe, for example, report that the social services in their study relied on government for 80% of their revenues (Reed and Howe, 1999: 22). Josephine Rekart reports a similar finding in her study of social service groups in British Columbia (Rekart, 1993: 71).

²³ Day and Devlin comment that the reliance of charities on governments is not unique to Canada. The share of public funding in the total revenues of nonprofit organizations was 30% in the United States and 40% in the United Kingdom. By contrast, private sector giving in these two countries made up only 19% and 12% of total revenues respectively (Salamon and Anheier, 1994, Appendix F; cited in Day and Devlin, *The Canadian Nonprofit Sector*, 1997: 16).

²⁴ David Sharpe presents data on expenditures for the “other charitable organizations.” This subgroup of total charities includes all charitable organizations with the exception of places of worship, hospitals, teaching institutions, and public and private foundations. In 1993, they spent 65% of their funds on programs and 17% of revenues on administration; 3% was directed to fundraising costs, while another 4% was donated to other charities. One per cent was accumulated, with the permission of the CCRA (Sharpe, *The Canadian Charitable Sector*, 2001: 27).