

Intersections and Innovations

Change for Canada's Voluntary and Nonprofit Sector



The Muttart Foundation



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Acknowledgements

For far too long, Canada has lacked a comprehensive resource examining Canada's charitable sector. That has now ended.

The Muttart Foundation has spent many years focusing on building the capacity of charities in this country. The publication of this collection is another contribution to that effort. By understanding more about itself, the sector can continue to develop and find new ways to serve Canadians and those in need outside our nation.

The authors of these essays bring different perspectives on the role and inner workings of Canada's charities. Collectively, they bring an unprecedented insight into the work of organizations whose diversity is exceeded only by their desire to serve.

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None of this would have been possible, of course, without the work of authors, themselves academics and/or practitioners. They took time from their schedules to contribute to a resource we hope many will find valuable.

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The work of all of these individuals has come together in this resource which we dedicate to all of those in, or interested in, Canada's charitable sector.

Malcolm Burrows, President

Bob Wyatt, Executive Director



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Part I Introduction

Intersections and Innovations:
Change in Canada's Voluntary and
Nonprofit Sector

State of the Sector and Public
Opinion about the Sector

Four Keys to Make Sense
of Traditions in the
Nonprofit Sector
in Canada:
Historical
Contexts



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Chapter 2

State of the Sector and Public Opinion about the Sector

David Lasby, Cathy Barr
Imagine Canada



Before you dive into the following chapters that analyze various aspects of Canada’s charitable and nonprofit sector, it is important to understand what we mean when we talk about “this” “sector.” When we make claims about the size, contribution, and diversity of this sector, how solid are the data on which we base such claims? Where can we turn to get good information about the sector so we can better understand it? The chapter summarizes current knowledge about the size and scope of the Canadian nonprofit and charitable sector as well as public opinion about the sector. First, we briefly describe currently available information sources about the size and scope of the sector. Second, we discuss what these sources tell us about the size and composition of the sector, including its financial and human resources. Finally, we summarize the major points of what is known about public opinion regarding the sector and the organizations that comprise it.

Current Information Sources

Where can we look for comprehensive – at least as comprehensive as possible – information about this sector? At present, there are two primary sources of information about the size and scope of the nonprofit sector. The first is the System of National Accounts produced by Statistics Canada, and the second is administrative data collected by the Charities Directorate of the Canada Revenue Agency (CRA) as part of its regulatory duties.



National Accounts Data

The most cohesive and focused body of national accounts data relating to the nonprofit sector is the Satellite Account of Non-Profit Institutions and Volunteering.¹ This initiative has generated two distinct data series – the first, released between 2004 and 2010, covers the period from 1997 to 2008 (Hamdad, Joyal, et al. 2004; Statistics Canada, 2010); the second, released in the spring of 2019, covers the period from 2007 to 2017 (Statistics Canada, 2019).² Key strengths of this data set are that it includes both registered charities and nonprofit organizations and situates the nonprofit sector in the broader economy, providing long-term-trend data, including economic impact, major financial inputs, size of the labour force, and the economic value of volunteering. The major limitation is that it is aggregate data and does not provide any significant insight into inter-organizational variability.

The Satellite Account highlights the economic contributions of nonprofit organizations³ from three distinct subsectors:

- **Government nonprofit organizations:** In standard economic measures, these organizations are part of the government sector. They include hospitals, some residential care facilities, and universities and colleges. In most reporting, the government nonprofit subsector is broken into two categories: health (hospitals and residential care facilities) and education (universities and colleges).
- **Community nonprofit organizations:** Also known as “nonprofit institutions serving households” (NPISH) in standard economic measures, these organizations provide goods and services to households either “free or at prices that are not economically significant” (United Nations, 2003). Examples include social services, recreation, and religious organizations.
- **Business nonprofits:** In standard economic terms, these organizations are part of the business sector and are largely invisible as a distinct entity. Making them visible is perhaps the most significant contribution of the Satellite Account framework. Examples include business and professional associations, condominium corporations, and nonprofit airport authorities.

In addition to the data assembled as part of the Satellite Account, Statistics Canada also produces a range of other data focusing on NPISH and government-aligned organizations. Most data products deal only tangentially with nonprofit organizations, but a few (e.g., those focusing on labour productivity) can be quite useful and will be incorporated into this chapter.

Canada Revenue Agency Data

These data consist of the publicly available data fields from the T3010 information returns that registered charities are required to file annually with the CRA. The returns contain a wealth of information about the finances and human resources of charities and some aspects of their activities (e.g., fundraising, activities outside Canada, and, in prior years, involvement with advocacy and political activities). A key strength of these data is that they are available at the organizational level, and thus support detailed exploration of variability across organizations. The major limitations are that the data exclude organizations that are not registered charities, nor are the data well integrated into existing nonprofit classification frameworks, such as those used in the Satellite Account.⁴



Summary

Given that they provide aggregate and organization-focused data, these sources have the potential to be quite complementary. The key challenge is that they are not completely aligned in terms of either scope or coverage. In addition to the fact that CRA data exclude nonprofits, the Satellite Account data exclude a few key types of charities, most notably public and separate school boards and public libraries. While this exclusion involves only a few hundred charities, many of them are quite large and collectively involve significant financial and human resources. While the two data sources overlap far more than they diverge, it is simply not possible to fully reconcile them to produce unified estimates of the size and scope of the sector, at least with publicly available information. For this reason, this chapter will use the two sources as different lenses on the sector. In general, Satellite Account data will take primacy when describing the overall size and scope of the sector, while charities' T3010 data will be used to explore inter-organizational dimensions not otherwise available.

Size and Composition of the Sector

Much of the rest of this chapter is devoted to characterizing the size, composition, and resourcing of the nonprofit sector, highlighting variability against key organizational dimensions. The most important of these are economic subsector, as used in the Satellite Account; activity area (i.e., what organizations do, according to the International Classification of Nonprofit Organizations, or ICNPO); and organization size by annual revenues.⁵ These dimensions are occasionally supplemented with others such as legal form (public and private foundations vs. operating charities), where relevant. Generally speaking, each section is organized so that it first covers Satellite Account data (i.e., nonprofits and charities), followed by charity-specific data. When drawing on Satellite Account data, we reference “organizations”; when drawing on T3010 data, we reference “charities.” In addition, we refer to community and business nonprofits/charities as “core” and government nonprofit organizations/charities as “government-aligned.”

Number of Organizations

At present, there is no definitive estimate of the total number of organizations in the charitable and nonprofit sector. While the number of registered charities at any given moment is tracked by CRA and publicly available on its website, there is no equivalent source for nonprofits. In 2003, the National Survey of Non-Profit and Voluntary Organizations (NSNVO) estimated there to be approximately 161,000 organizations, roughly equally divided between registered charities and nonprofits (Hall et al., 2005). As a back-of-the-envelope estimate, if nonprofit organizations grew in numbers at the same rate as registered charities, there should now be approximately 171,000 organizations. While this number is plausible, it is speculative – particularly given that growth rates for registered charities have been variable and the very real likelihood of an independent trajectory for nonprofit organizations.



Legal Form

In terms of recent trends, the total number of registered charities has increased by 2% since 2007 (approximately 2,500 in absolute numbers), equivalent to a compound annual growth rate of 0.3%. The largest part of this growth has been in private foundations, which have increased by about a quarter (1,150) over the period, equivalent to a compound annual growth rate of 2.4%. Growth in the numbers of public foundations (0.3% annually) and operating charities (0.1%) over the same period has been much more subdued. In fact, numbers of public foundations and operating charities have remained steady or declined since 2012, while private foundation numbers have continued to increase. In terms of net effects, between 2007 and 2017, private foundations have gone from making up 5.4% to 6.7% of charities, while operating charities have gone from being 88.8% of charities to 87.5% (the role of public foundations has remained essentially unchanged).

Activity Area

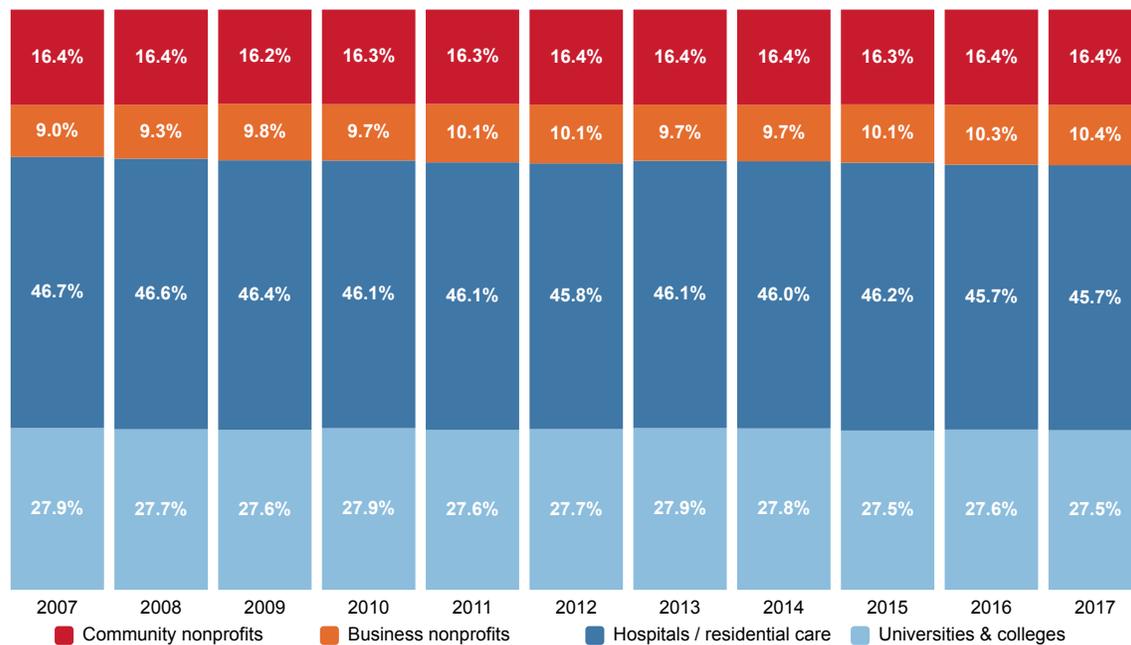
In terms of numbers of organizations by primary activity area, recent years have seen significant increases in the number of organizations working in the areas of international development and relief (an increase of 17%, equivalent to compound annual growth of 1.6%), grantmaking and fundraising (14%, equivalent to 1.3% annually), the environment (13%; 1.2%), and sports and recreation (13%; 1.2%). Over the same period, the number of hospitals has decreased by 20% (-2.2% annually), driven by major amalgamations and restructuring of organizational reporting rather than by a decline in the importance of hospitals. Similarly, universities and colleges have decreased by approximately 6% (0.6% annually). Other areas that have seen declines include law, advocacy, and politics (-12%; -1.3%) and development and housing (-8%; -0.8%). Overall, the net effect has been that government-aligned charities have decreased in number by approximately 7% since 2007 (0.7% annually), while core charities have increased in number by 3% (0.3%).



Economic Role

The nonprofit sector currently accounts for 8.5% of Canada's gross domestic product (GDP) (Statistics Canada, 2019). Just over a quarter (27%) of nonprofit GDP (2.4% of Canada's total GDP) is contributed by core organizations; 46% (3.7% of national GDP) by hospitals and other residential care facilities; and the balance, 28% (2.3% of national GDP), by universities and colleges (see Figure 1) (Statistics Canada, n.d.). Looking within the core sector, community nonprofit organizations account for 1.3% of national GDP, and business nonprofits account for 1.1%. Since 2007, nonprofit GDP has increased in constant dollar terms by 26%, equivalent to a compound annual growth rate of 2.4% and appreciably higher than for the economy generally, which has increased at about 1.6% annually (Statistics Canada, n.d.). While community nonprofit growth (2.6%) has more or less paced the nonprofit sector as a whole, business nonprofits have grown significantly faster (4.1%). In contrast, both government-aligned education (2.1%) and health (2.1%) organizations have slightly lagged behind overall nonprofit growth. The net effect has been that the share of nonprofit GDP produced by business nonprofits has increased over the previous decade, at the expense of government-aligned nonprofits.

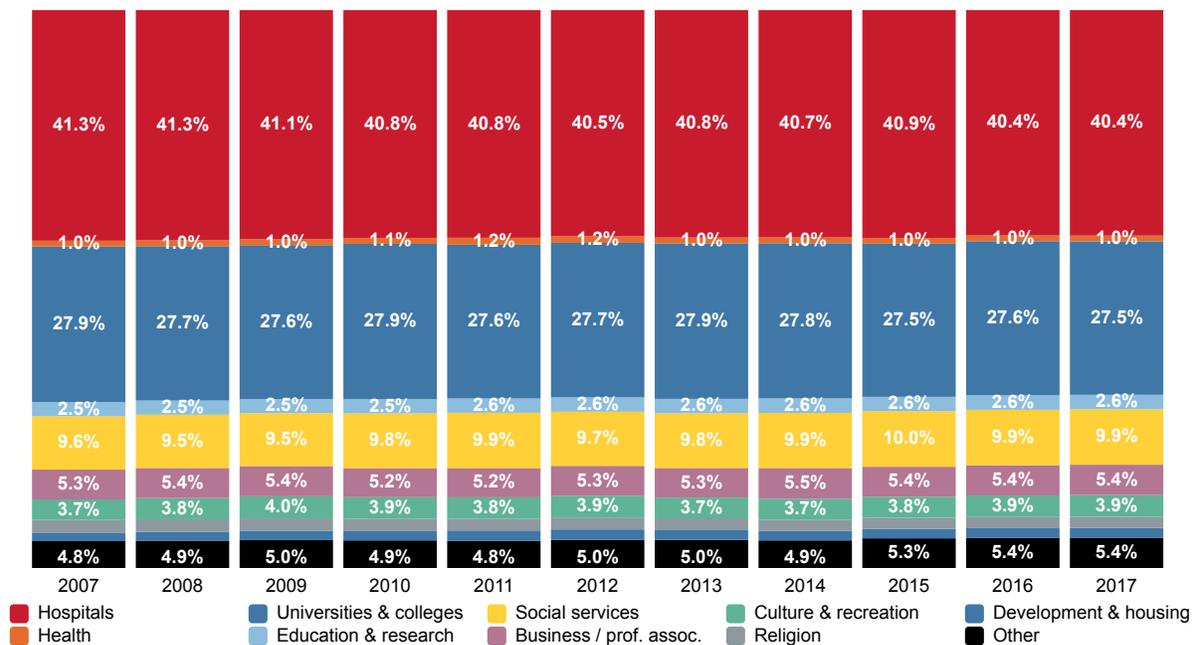
Figure 1: Percentage of nonprofit GDP by sub-sector, 2007 to 2017



Activity Area

Given the significant economic role of government-aligned organizations, hospitals and universities and colleges are the activity areas that account for the largest portions of GDP (see Figure 2) (Statistics Canada, n.d.).⁶ Social services account for the next largest portion, followed by business and professional associations and unions, culture and recreation, religion, and development and housing organizations. All other activity areas each account for less than 1% of sector GDP, with the exception of activities not elsewhere classified.⁷ Since 2007, nominal (i.e. in current dollars without adjusting for inflation) GDP⁸ has increased most rapidly among development and housing organizations (5.9% annually), followed by culture and recreation (5.1%), social services organizations (5.0%), and business and professional associations and unions (4.8%). Interestingly, GDP growth in core health (4.5%) and education and research organizations (4.8%) has slightly outpaced growth in the related government-aligned activity areas. The slowest growth, by far, has been among religious organizations, which grew at 3.3% annually.

Figure 2: Percentage of nonprofit GDP by activity area, 2007 to 2017



Organizational Revenues

According to Satellite Account estimates, 2017 organizational revenues for the nonprofit sector totalled approximately \$269 billion (see Figure 3) (Statistics Canada, n.d.). Hospitals and residential care facilities accounted for the largest part of revenues, followed by community nonprofit organizations. Universities/colleges and business nonprofits each accounted for roughly similar percentages of total nonprofit revenues. Since 2007, revenues have grown least among community nonprofits (excluding a significant spike in 2017⁹) and universities and colleges (see Figure 4). Business nonprofit revenues have seen the greatest growth, though this growth has been very volatile, with significant pullbacks in 2013/2014 and 2016. Hospital and residential care revenues have grown quite steadily, between the extremes of the other subsectors.

Figure 3: Total nonprofit revenues by subsector, nominal dollars, 2007 to 2017 (billions)

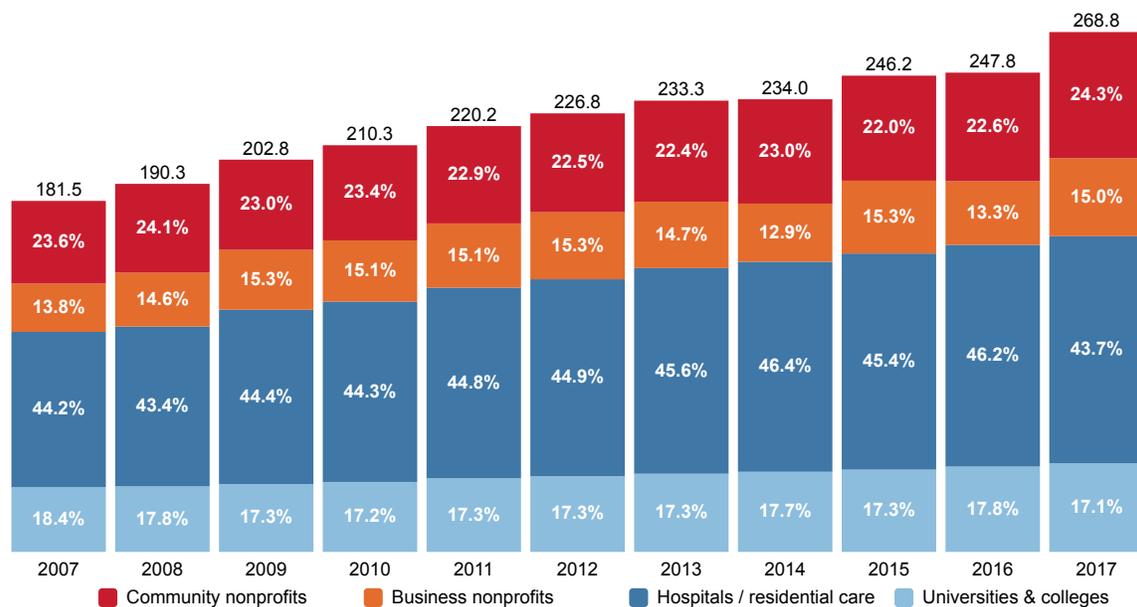
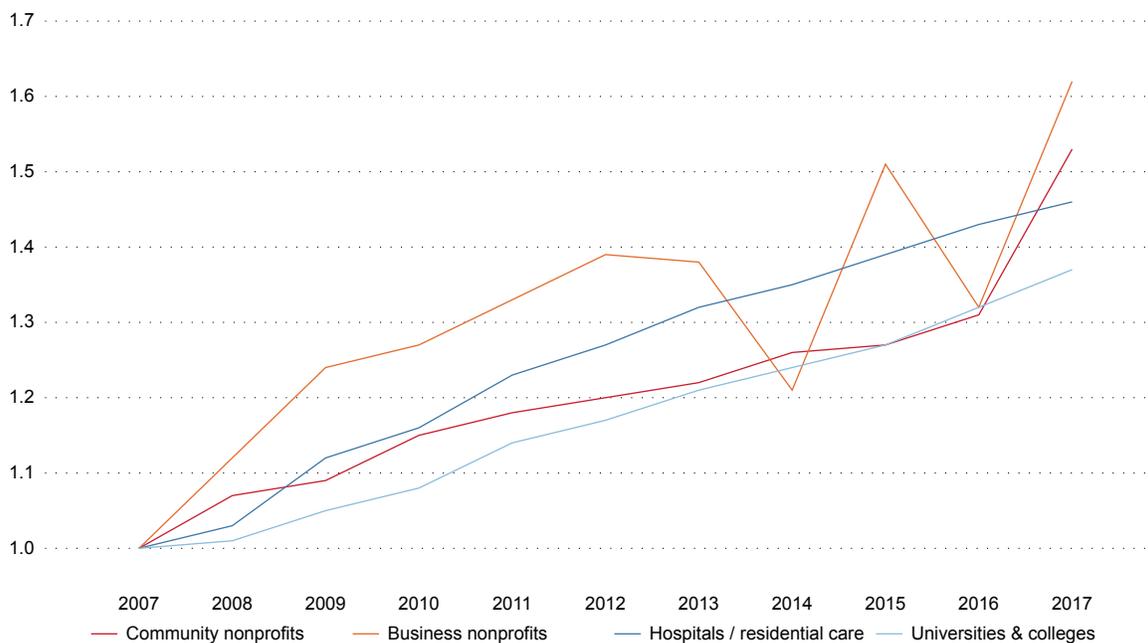


Figure 4: Index of nonprofit revenue growth by subsector, nominal dollars, 2007 to 2017 (2007 = 1.00)



Turning to charities, the overall picture is quite similar. Total revenues have grown by 37% in constant dollar terms, going from \$205 billion in 2007 to \$281 billion in 2017.¹⁰ As with nonprofit sector revenues, government-aligned charities account for a disproportionate share of total charitable revenues.¹¹ While less than 2% of charities are government-aligned, they consistently account for somewhat more than two-thirds of charitable revenues (see Figure 5). Except during the 2008/2009 financial downturn, revenues of government-aligned and core charities have followed quite similar growth trajectories (see Figure 6). Revenues of government-aligned charities have increased by 37% in constant dollar terms since 2007, while core charity revenues have increased between 26% and 35%.¹²



Figure 5: Total revenue of charities by alignment with government, constant dollars, 2007 to 2017 (billions)

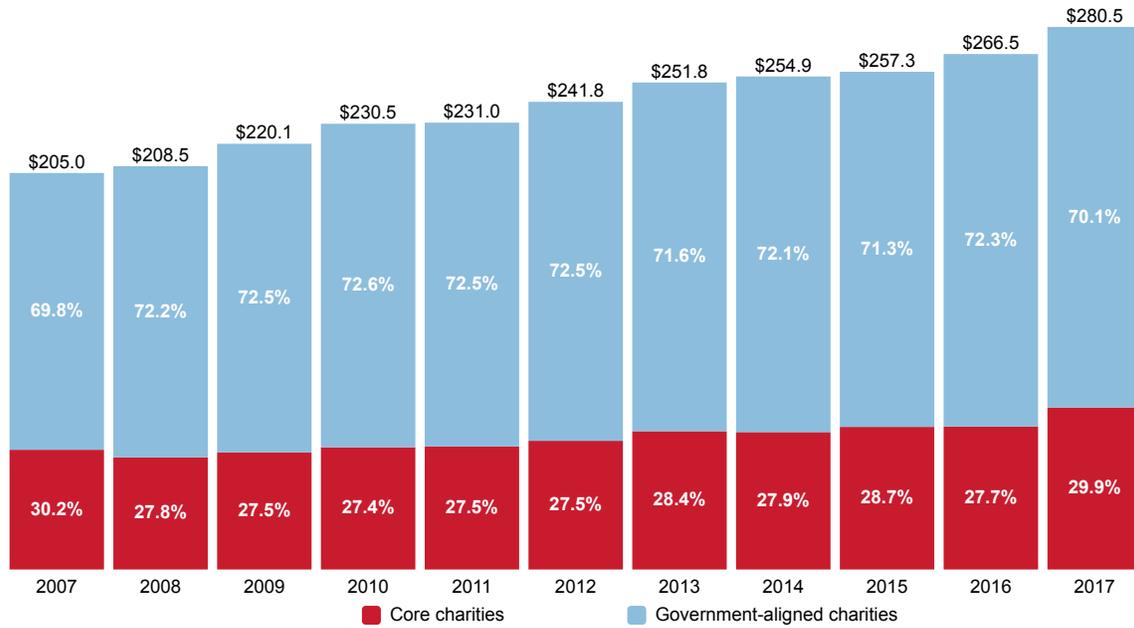
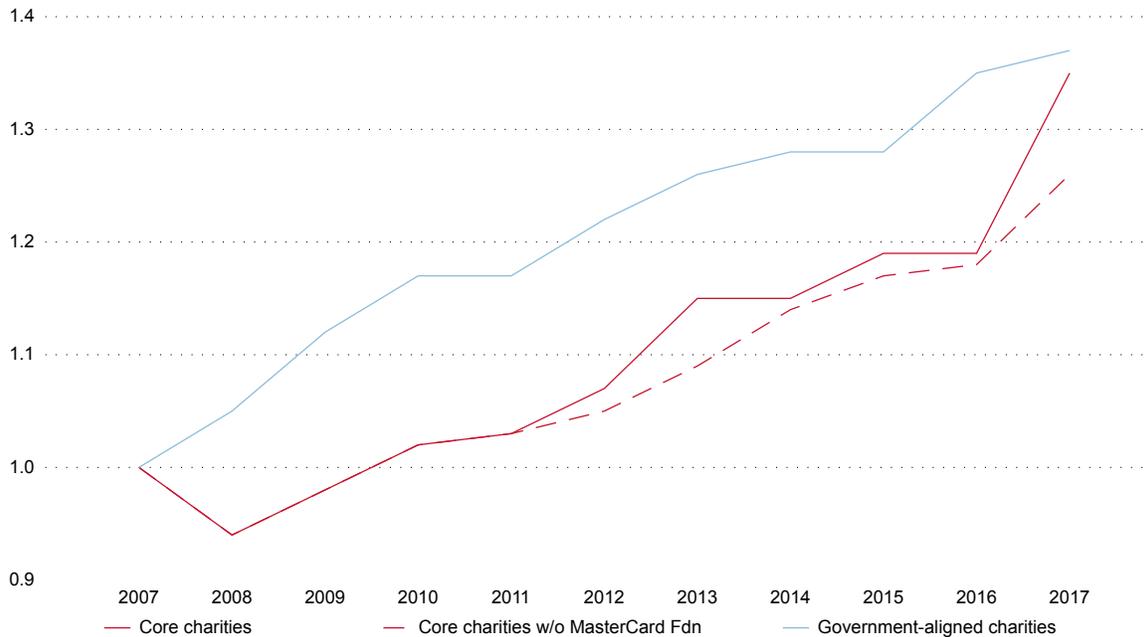


Figure 6: Index of revenue growth of charities by relation with government, constant dollars, 2007 to 2017 (2007 = 1.00)



Legal Form

In terms of specific types of charities, public foundation revenues have increased by 30% and operating charity revenues by 33% over the period as a whole (equivalent to compound annual growth of 2.7% and 2.9%; see Figure 7). Private-foundation revenue growth has been greater, conservatively hitting 76% for the period.¹³ Since 2007, operating charity revenues have increased fairly consistently, even in spite of the economic downturn of 2008/2009 (see Figure 8). Things have been quite different for foundations, which experienced significant contractions after 2007 and did not hit previous revenue levels until the period from 2011 to 2013, though the pace of growth since roughly 2010 has tended to be faster than among operating charities. Private foundation revenue has been particularly volatile, with multibillion-dollar year-over-year swings being fairly common. While much of this is driven by a single huge foundation, considerable volatility remains even when this foundation is excluded.

Figure 7: Total revenues of charities by legal form, constant dollars, 2007 to 2017 (billions)

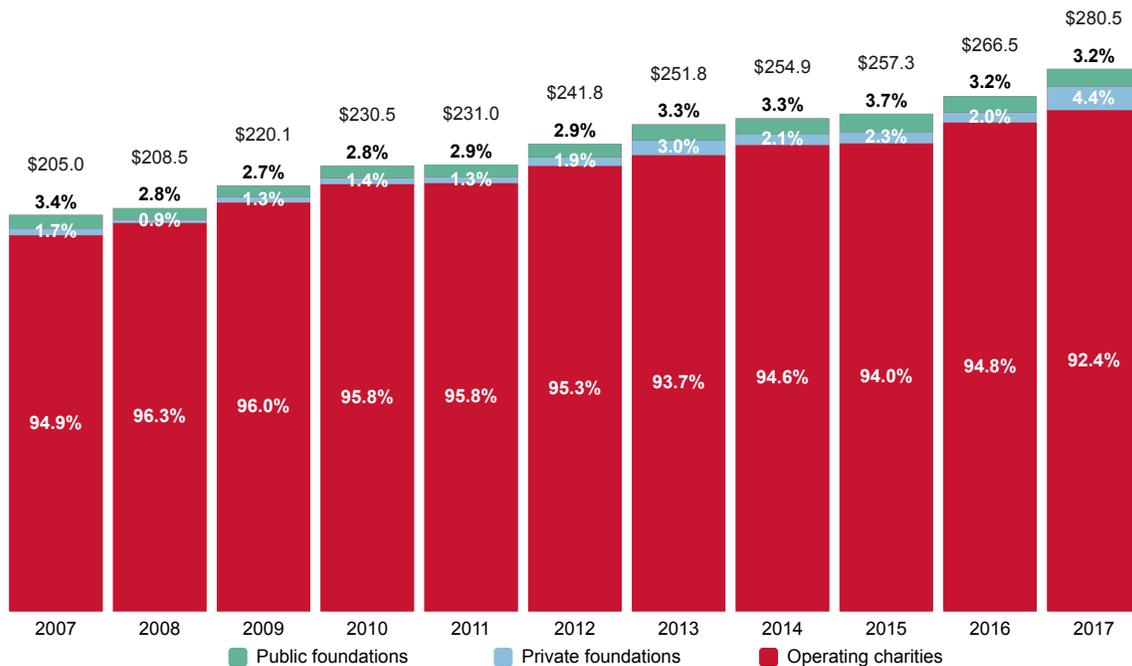
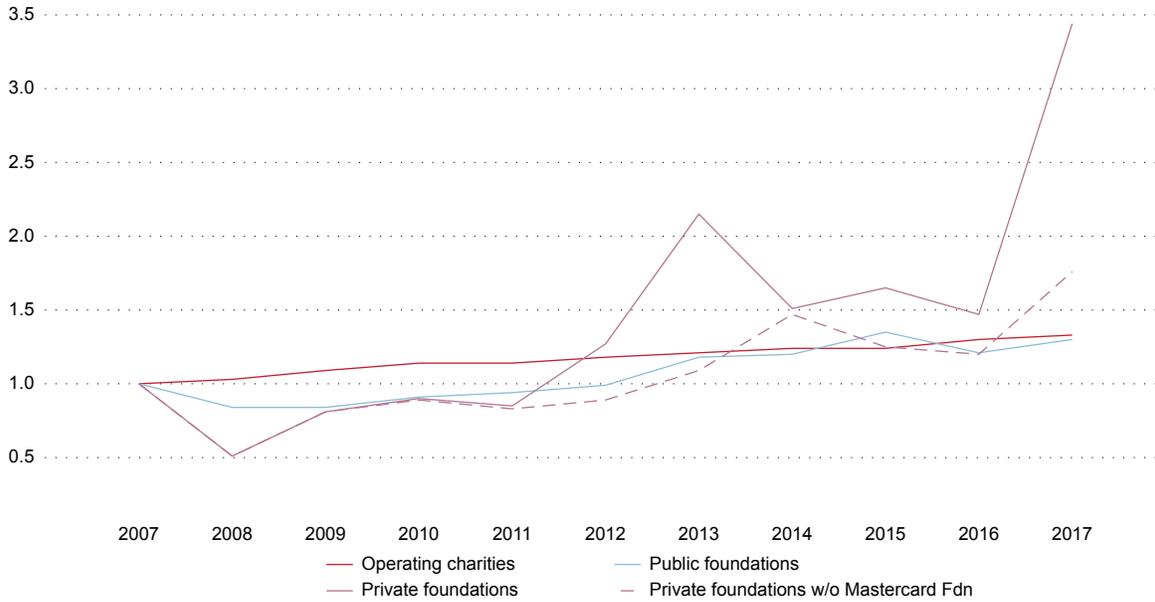


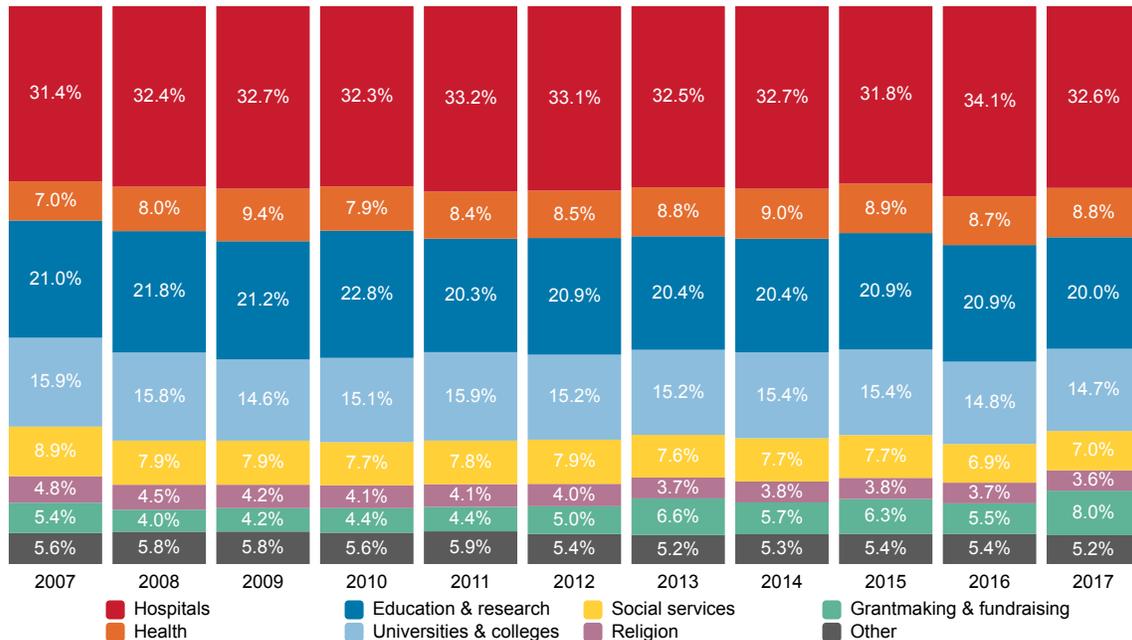
Figure 8: Index of revenues of charities by legal form, constant dollars, 2007 to 2017 (2007 = 1.00)



Activity Area

Charities working in health and education predominate, collectively accounting for roughly three-quarters of total revenues (see Figure 9) (Statistics Canada, n.d.). In 2017, hospitals and other health organizations account for more than two-fifths of total revenues, while universities, colleges, and other education organizations account for just over a third. Social services organizations make up the largest part of remaining revenues, followed by charities devoted to grantmaking and fundraising and religion. The remaining seven activity areas constitute the balance of total charitable revenues.¹⁴ While year-over-year figures are somewhat volatile, the general trend is that hospitals and health-related organizations are accounting for a larger percentage of total revenues, primarily at the expense of organizations in education-related activity areas and social services. The role of religious organizations appears to have been steadily decreasing, while grantmaking and fundraising organizations have increased in importance, driven in large part by the substantial increases in the number and revenues of foundations.

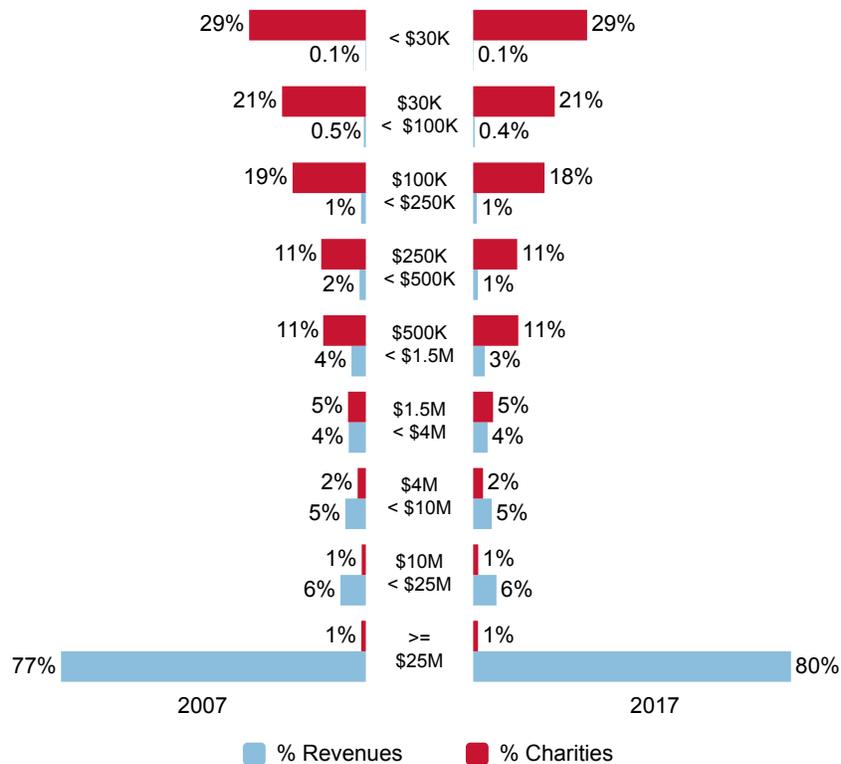
Figure 9: Distribution of total revenues of charities by activity area, 2007 to 2017



Organization Size

Looking at the distribution of revenues by organization size, the most immediately striking observation is how small most charities are. Fully half report annual revenues of less than \$100,000, but collectively they account for only about half a percent of total revenues (see Figure 10). In contrast, the 1% of charities with annual revenues of \$25 million or more (60% of which are government-aligned) account for four-fifths of total charitable revenues. Collectively, the remaining 49% of charities between these two extremes account for about a fifth of total charity revenues. In terms of meaningful trends, while the number of charities with revenues less than \$500,000 has remained remarkably constant since 2007, the number of charities larger than \$500,000 has increased by 12% – with the largest increase in the \$4 to \$25 million range.¹⁵ Because such small percentages of charities were in the larger size categories in 2007, this reshaping is largely invisible in the aggregate figures. By size class, average revenues have remained constant, except among the largest charities. Here, they increased by 31%, driving the bulk of the increased concentration of revenues in these organizations.

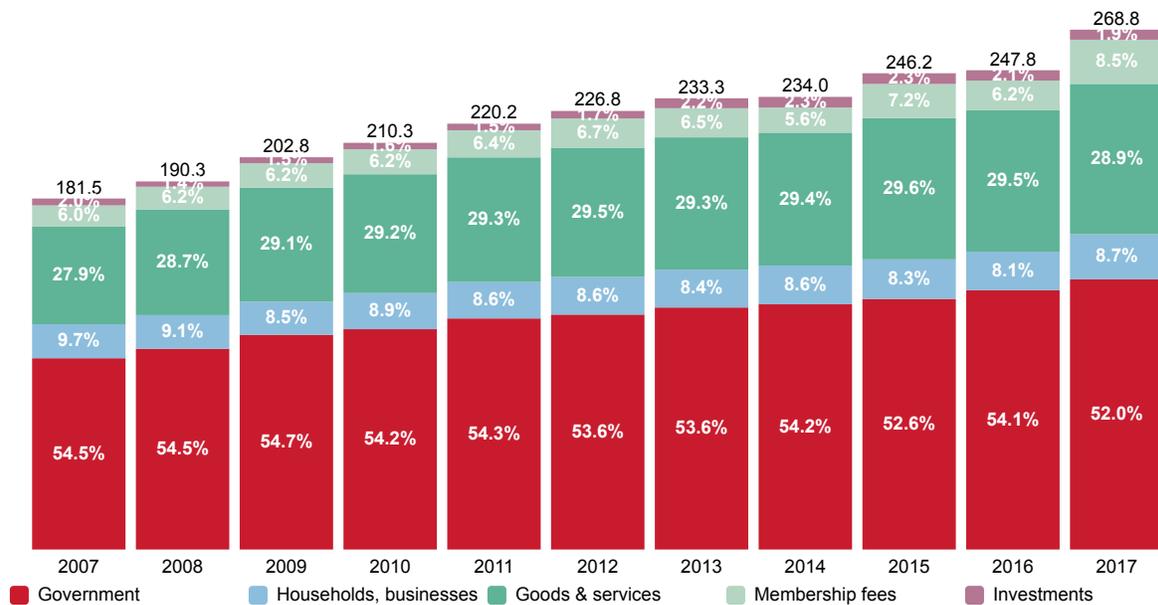
Figure 10: Distribution of total revenues of charities by revenue size class, constant dollars, 2007 and 2017



Financial Resources

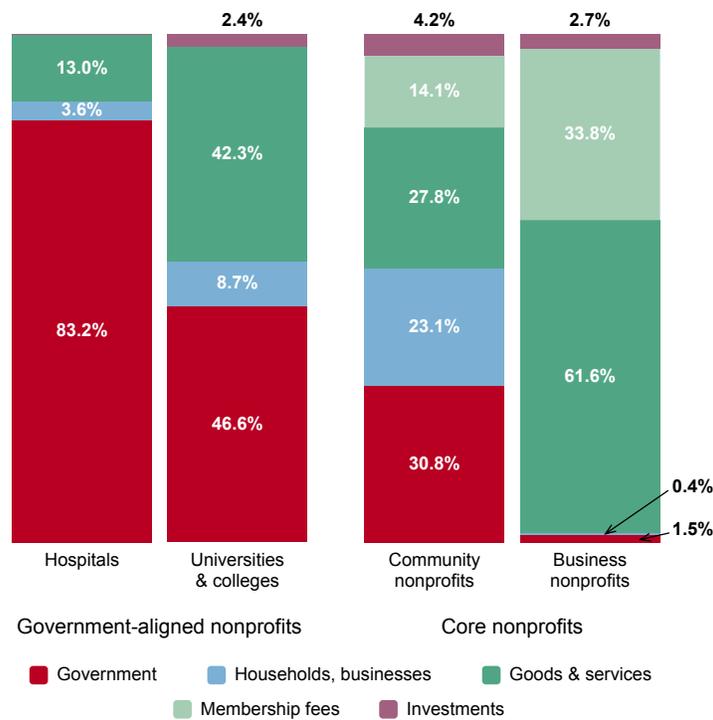
The vast majority of revenues for the nonprofit sector come from government and earned income, the latter either as sales of goods and services or as memberships (see Figure 11) (Statistics Canada, n.d.). In 2017, about one dollar in 11 came from donations, either from households (individuals) or businesses, and 2% came from investments. Since 2007, the fastest-growing revenue source has been membership fees, which have more than doubled in nominal terms, growing at a compound annual rate of 7.8%. Goods and services are the next fastest growth area (4.4%), followed by investment income (3.9%). While government transfers are the largest source of nonprofit income, they are among the slowest growing (3.5%), followed by donations (2.9%).

Figure 11: Total nonprofit sector revenues by major source, 2007 to 2017 (\$ billions)



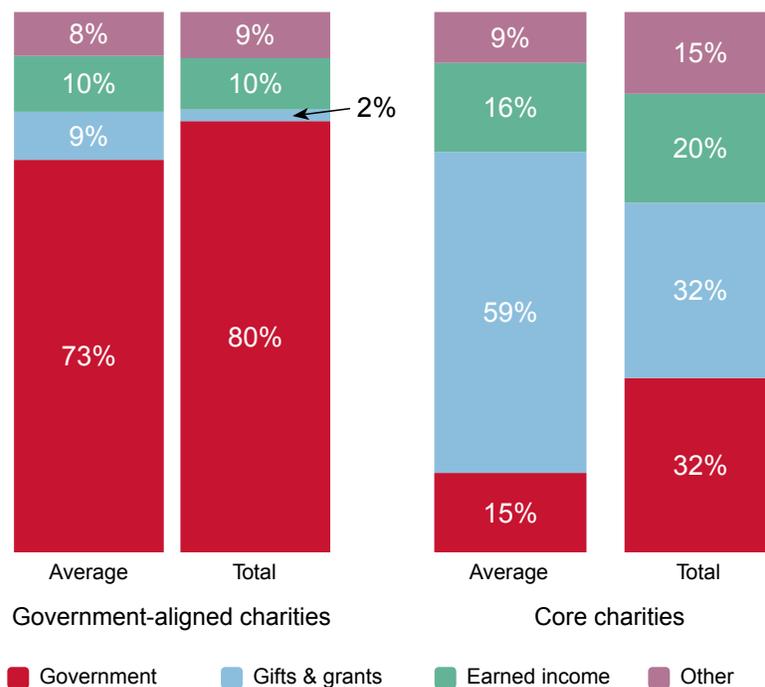
Each of the four major subsectors has a distinct revenue profile. While government revenues are predominant for government-aligned nonprofits, they account for an absolute majority of total revenues only for hospitals and residential care facilities: for universities and colleges, sales of goods and services play almost as large a role (see Figure 12) (Statistics Canada, n.d.). Overall, donations play a comparatively small part in the revenues of government-aligned organizations, and investment income plays an even smaller part. For business nonprofits, earned income is the largest share of revenues – either via the sales of goods and services or membership fees. Compared to the other subsectors, the revenue profile for community nonprofits is somewhat more diverse, with government funding, sale of goods and services, and donations all playing significant roles.

Figure 12: Distribution of nonprofit sector revenues by major source and subsector, 2017



When we look at the experiences of individual charities, the differences between government-aligned and core organizations are more profound than indicated by the aggregate data. With government-aligned charities, the revenue profile is fairly uniform: that is, the typical charity is quite similar to the aggregate profile for these charities as a group.¹⁶ In both cases, government is by far the dominant source of revenue, with earned income coming a distant second (see Figure 13).¹⁷ The only major difference between the two revenue profiles is that gifts and grants tend to be more important for the typical charity than for government-aligned charities. This is quite different for core charities. The revenue profile of the typical core charity is markedly different from the profile for core charities as a group. In the aggregate, government revenues are as important as gifts and grants. However, gifts and grants are much more important for the typical core charity – so much so that they also crowd out earned income and income from other sources, although not to the same extent as with government revenues.

Figure 13: Total vs. average revenues of charities by source: core vs. government-aligned, 2017

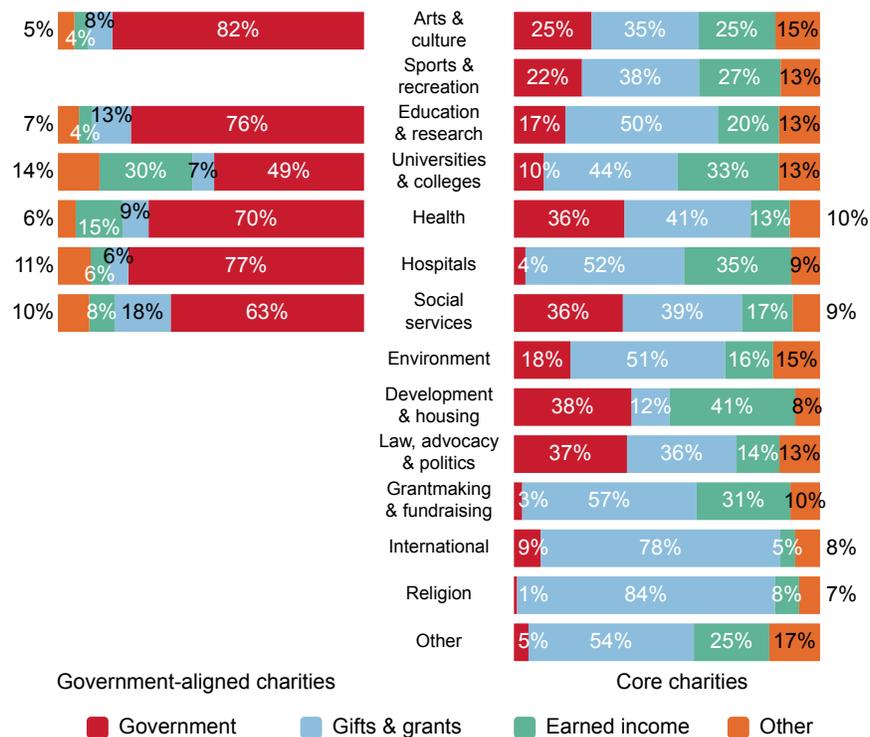


Activity Area

Regardless of the specific activity area, government revenues tend to predominate among government-aligned charities (see Figure 14). In most areas, government revenues typically account for two-thirds or more of total organizational revenues. Universities and colleges, and to some extent social services charities, mark the exceptions to this trend. Among government-aligned social services charities, gifts and grants tend to fill the gap in government revenues, while earned income plays an equivalent role for universities and colleges.

For core charities, government revenues are typically more significant among human services charities working in areas such as health, social services, and development and housing. Gifts and grants tend to play very large roles among religious and international-development and relief charities. They also account for half or more of total revenues for fundraising and grantmaking charities, environmental charities, and core education/research and hospital-related charities.¹⁸ Earned income constitutes a third or more of total revenues among development and housing and grantmaking and fundraising charities, as well as core charities related to hospitals and universities and colleges.

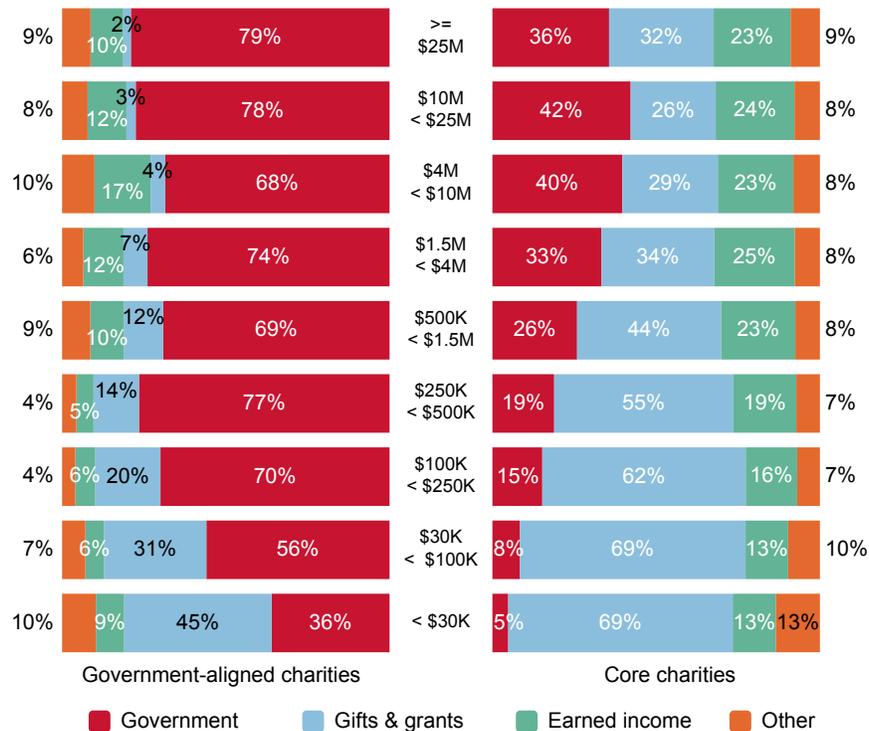
Figure 14: Average revenues of charities by major source, activity area, and government alignment, 2017



Organizational Size

Generally, the larger individual charities are, the more their typical revenue profile mirrors the aggregate revenue profile for the subsector as a whole (see Figure 15). The smaller they are, the more the typical revenue profile varies from the aggregate. Three major trends can be seen in this variation. First, for both government-aligned and core charities, government revenues play a larger role as annual revenue size increases. Second, the importance of gifts and grants decreases as size increases, particularly among government-aligned charities, where grants and donations account for only a tiny fraction of revenues for charities with annual revenues of \$4 million or more. Third, the importance of earned income increases until charities reach approximately \$500,000 in annual revenues, when it seems largely to plateau.

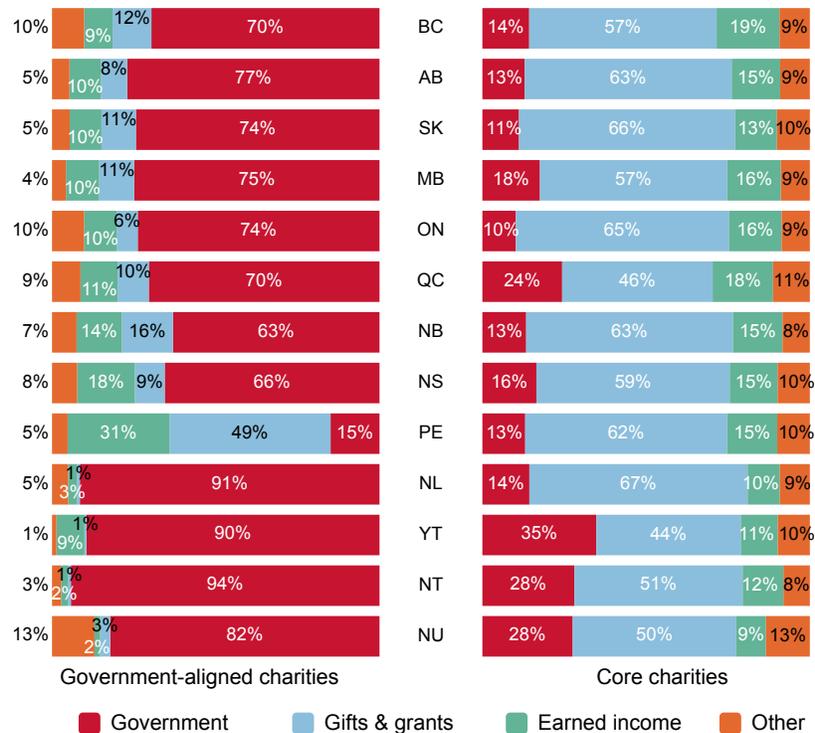
Figure 15: Average revenues of charities by major source, revenue size class, and government alignment, 2017



Province and Territory

In most provinces, government accounts for roughly three-quarters of typical revenues for government-aligned charities (see Figure 16). In the territories, government tends to play a significantly larger role, as in Newfoundland and Labrador. In New Brunswick and Nova Scotia, government has a smaller part in sector revenues.¹⁹ Allowing for the variability in government revenues, other sources are proportionately fairly consistent, regardless of the province or territory. For core charities, government funding generally accounts for 12% to 14% of organizational revenues. It has a somewhat larger role in Quebec, Manitoba, and Nova Scotia, a much larger role in the three territories, and a somewhat smaller role in Ontario and Saskatchewan. In most provinces, earned income is 13% and 16% of organizational revenues: higher in Quebec and British Columbia and lower in the territories and Newfoundland and Labrador. Gifts and grants vary more than other revenue sources, accounting, on average, for about half of revenues or less in the territories and Quebec, compared to around two-thirds in Ontario, Saskatchewan, and Newfoundland and Labrador.

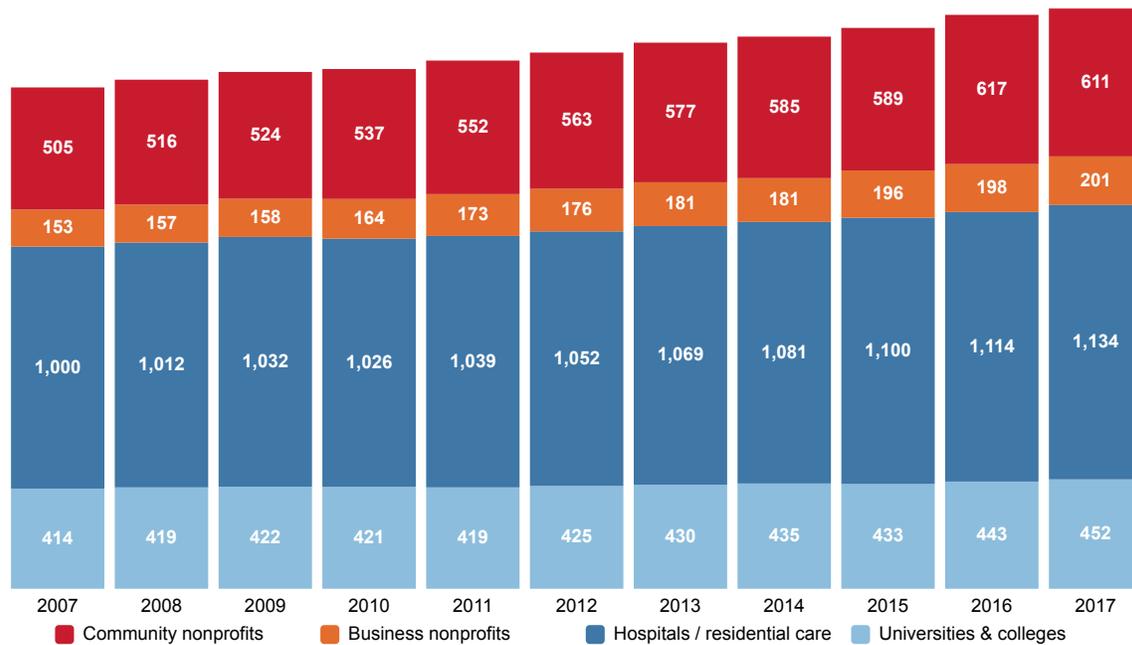
Figure 16: Average revenues of charities by major source, province, and government alignment, 2017



Human Resources

There are approximately 2.4 million jobs in the nonprofit sector, accounting for 12.8% of total Canadian jobs, according to the Satellite Account (Statistics Canada, n.d.). Government-aligned health organizations make up almost half of nonprofit jobs (47%): universities and colleges are about a fifth (19%; see Figure 17). Community nonprofits account for three-quarters of core sector employment (26% of total nonprofit jobs), and business nonprofits are the balance (8%). Overall, government-aligned and community nonprofits all have larger percentages of total employment than they do total revenues. Business nonprofits, on the other hand, account for a significantly smaller percentage of jobs than revenues (8% vs. 15% of nonprofit revenues). Since 2007, total nonprofit sector employment has increased by approximately 1.5% per year. Both business (2.8% per year) and community (1.9%) nonprofits have grown faster than the sector as a whole, while growth among government-aligned health organizations (1.3%) and universities and colleges (0.9%) has been slower.

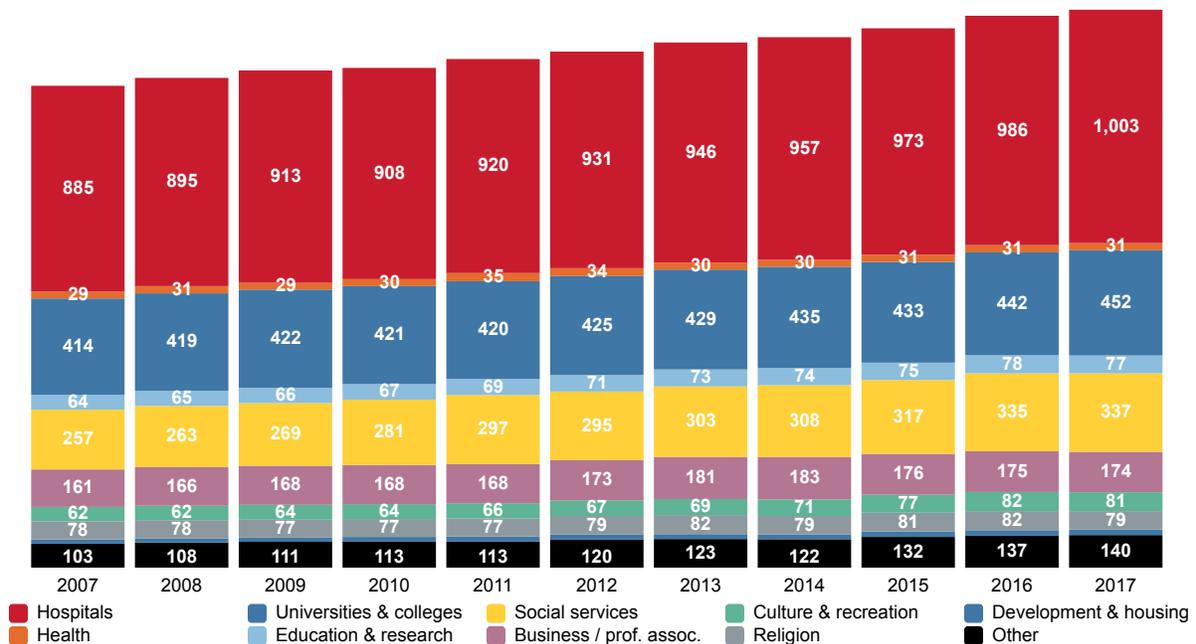
Figure 17: Number of jobs by subsector, 2007 to 2017 (,000s)



Activity Area

By specific activity areas, hospitals and universities and colleges (with their associated core sector activities of health and education and research) are by far the largest portion of total employment (see Figure 18) (Statistics Canada, n.d.). Social services organizations constitute the largest portion of the remaining jobs (16% of total employment), followed by business and professional associations and unions (7%), organizations working in the areas of culture and recreation (3%), religion (3%), and development and housing (1%). Organizations in the remaining activity areas collectively account for about 6% of total jobs.²⁰ Employment growth has been fastest among development and housing (equivalent to 2.9% annually), culture and recreation (2.7% annually), and social services (2.7%).²¹ Growth has been slowest among religious organizations (0.1%) and business and professional associations and unions (0.8%).

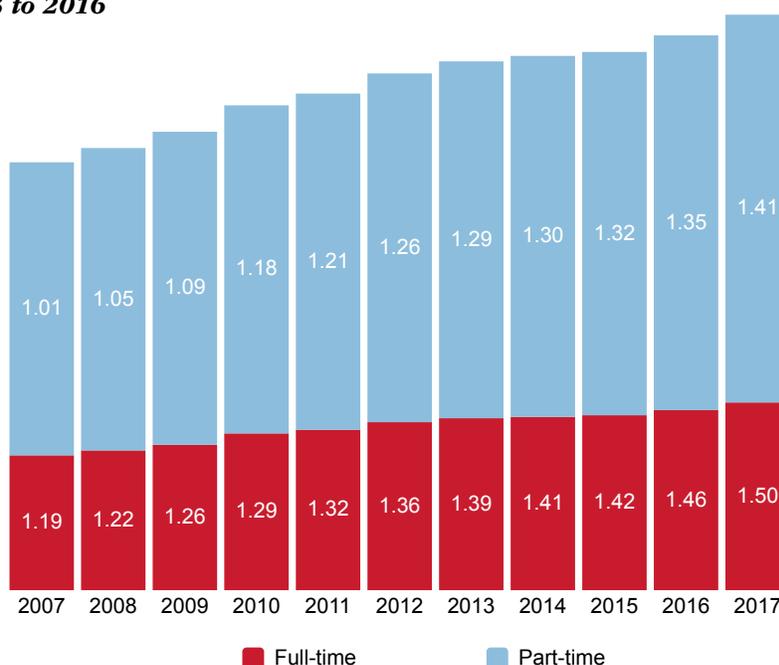
Figure 18: Number of jobs by activity area, 2007 to 2017 (,000s)



Comparative Trends among Charities

Employment in charities has increased significantly. The total number of full-time and part-time paid staff in charities has gone from 2.2 to 2.9 million since 2007, an increase of approximately 32% and equivalent to compound annual growth of 2.8% (see Figure 19). Overall, the pace of reported paid staff growth has been reasonably constant – the only major exception was 2013 to 2015, when it slowed significantly. While the number of both full-time and part-time staff positions has risen since 2007, part-time positions have increased more (39% vs. 27%). Once the more rapid growth in part-time positions is taken into account, fluctuations in the pace of growth in the two employment categories have been largely identical. The only major difference is that from 2013 to 2015, growth in part-time positions slowed to a greater extent. The more rapid growth of part-time positions has subtly reshaped the structure of employment among charities. Where at the start of the period, full-time positions accounted for approximately 54% of total positions, as of 2017 they account for about 52%.

Figure 19: Numbers of full-time and part-time paid positions in charities by year, 2003 to 2016



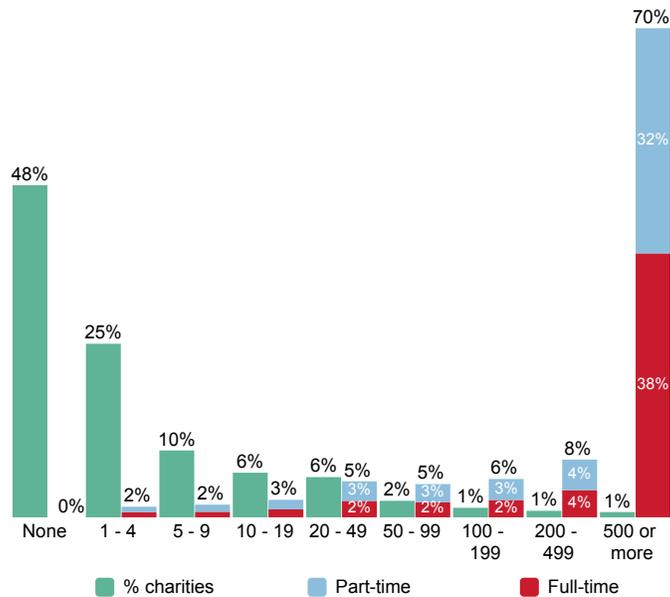
A key challenge to understanding employment trends in the nonprofit sector is how difficult it is to reconcile the number of jobs identified by the Satellite Account with the number of positions reported by charities. While these two sources differ significantly in terms of their scope, and they measure somewhat different concepts,²² trend comparisons show significant discontinuities. For example, between 2007 and 2017, Satellite Account estimates indicate that the number of jobs associated with government-aligned health organizations increased by about 13% (Statistics Canada, n.d.). In comparison, the total number of full-time positions reported by equivalent charities increased by about 33%. Trends among NPISH nonprofits and unaligned charities were much closer – a full-time job increase of 21% among NPISH organizations versus 25% among unaligned charities. It is clear, however, that fully reconciling these estimates would require additional data.



Organization Size

Nearly half of charities reported that they had no paid staff in 2017, and just over a third reported fewer than 10 (full-time and part-time) staff members (see Figure 20). Collectively, charities with fewer than 10 paid positions account for about 3.4% of total charity employment, with part-time positions accounting for about 54% of all positions among these charities. Part-time positions predominate in all sizes of charities, accounting for more than half of total positions, except among charities with 500 or more staff, where they are 46% of positions. These largest charities, which make up just 1% of charities, represent 70% of total charity positions, while charities with 100 to 499 paid staff account for another 13%.

Figure 20: Full-time and part-time paid staff in charities by organizational size, 2016

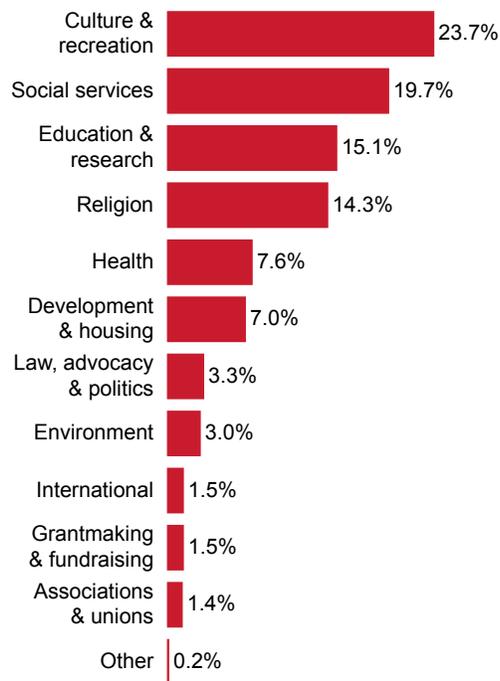


The Role of Volunteers

A distinguishing feature of the nonprofit sector is the extent to which it can supplement paid employees with voluntary labour. In 2013 (the most recent statistics available), 44% of Canadians volunteered for nonprofit and charitable organizations (Sinha, 2015). Collectively, these volunteers contributed approximately 1.96 billion hours, roughly equivalent to a million full-time-equivalent positions and a significant supplement to the 2.4 million paid jobs estimated by the Satellite Account. The net economic contribution of these volunteer activities is believed to be about \$41.8 billion (Statistics Canada, 2019). If added to standard macroeconomic measures, these contributions would boost total nonprofit GDP by 28.7%.

The largest part of the economic value of volunteering is concentrated in culture and recreation, social services, education, and religious organizations, trailed by organizations working in the areas of health and development and housing (see Figure 21). This is very different from other aspects of economic value (such as contribution to GDP), in which health and education dominate (41.8% and 30.5%, respectively) and culture and recreation and social services are modest (3.7% and 9.8%; see Figure 2).

Figure 21: Economic value of volunteering by activity area, 2013



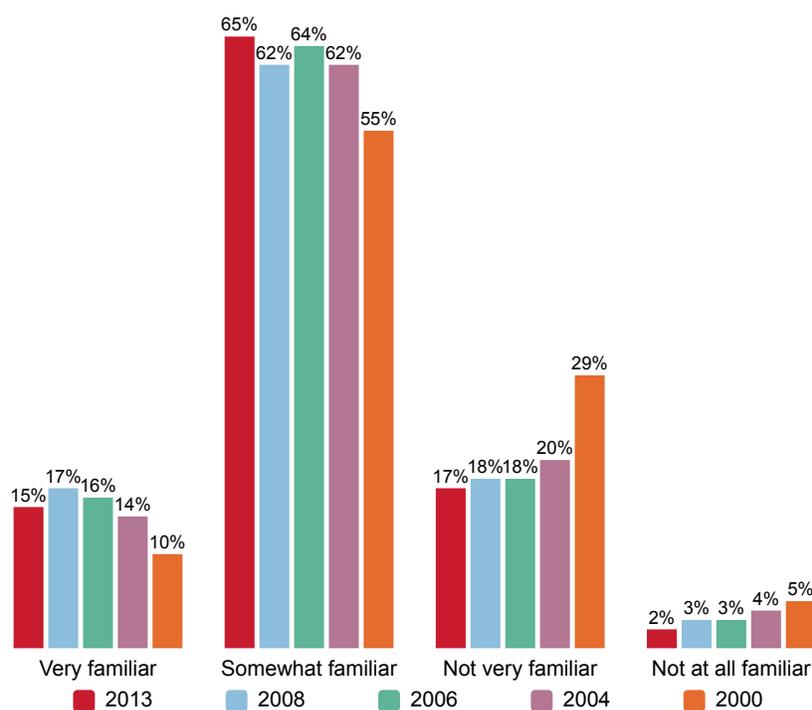
Public Opinion about the Sector

As institutions that rely on public goodwill – individual and corporate donations, volunteers, and government support in the form of funding and enabling legislation – charities must necessarily be concerned about public opinion. The most comprehensive study of Canadian public opinion in relation to charities and issues affecting charities is a series of surveys and associated reports entitled *Talking About Charities (TAC)*. These surveys, which were commissioned by the Muttart Foundation, were carried out five times between 2000 and 2013. All the data presented in this section are drawn from these surveys (Lasby & Barr, 2013).

Familiarity with Charities

The vast majority of Canadians – eight in 10 – say they are familiar with charities and the work they do. However, only one in seven (15%) claims to be very familiar, while two-thirds (65%) say they are somewhat familiar (see Figure 22). Between 2000 and 2006, the proportion of Canadians claiming to be very or somewhat familiar with charities increased significantly (from 65% to 80%). Between 2006 and 2013, levels remained essentially the same.

Figure 22: Overall familiarity with charities, 2008 to 2013



Several demographic variables are related to familiarity with charities, including age, education, household income, and religiosity. In all cases, the relationship is positive, meaning that older people, people with more education, people with higher incomes, and those who attend religious services more frequently are more likely to say they are familiar with charities and the work they do.

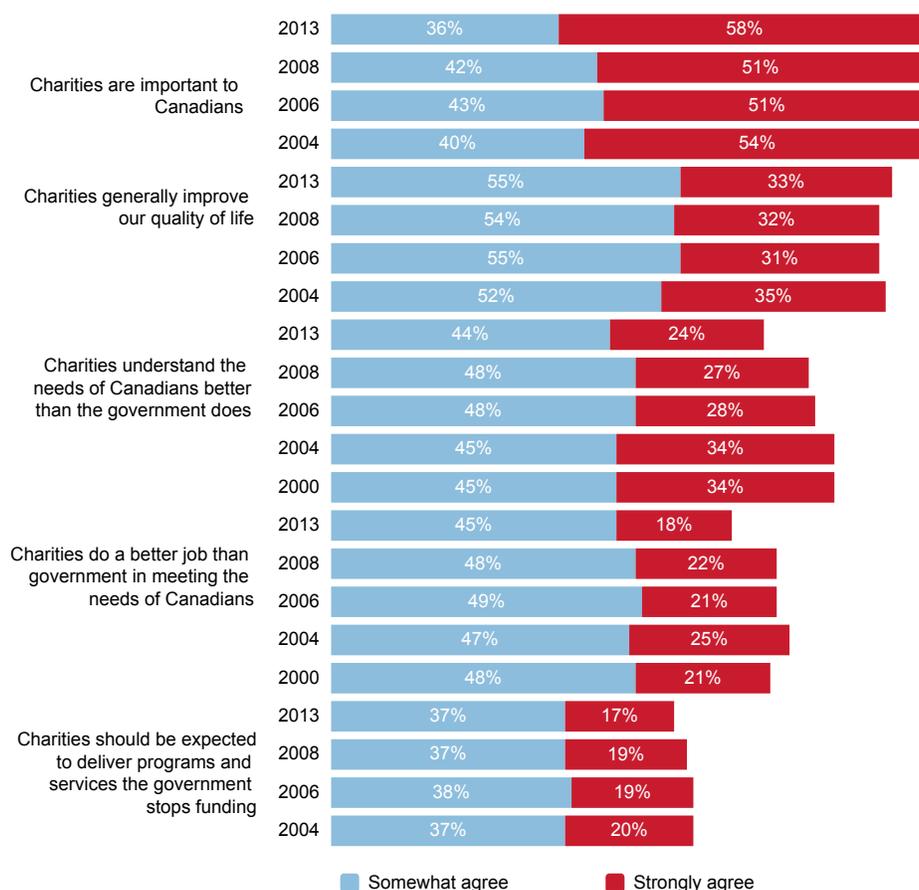


Familiarity with charities is an important factor in shaping attitudes and behaviour relating to them. For example, Canadians who are familiar with charities are more likely to donate and volunteer. They are also more likely to have positive attitudes toward charities and are more likely to believe that charities are important to Canadians, improve our quality of life, are very good at helping people, and are very good at spending money wisely. Those who are familiar with charities are also more likely to trust them and their leaders.

Perceived Importance and Attitudes toward Charities

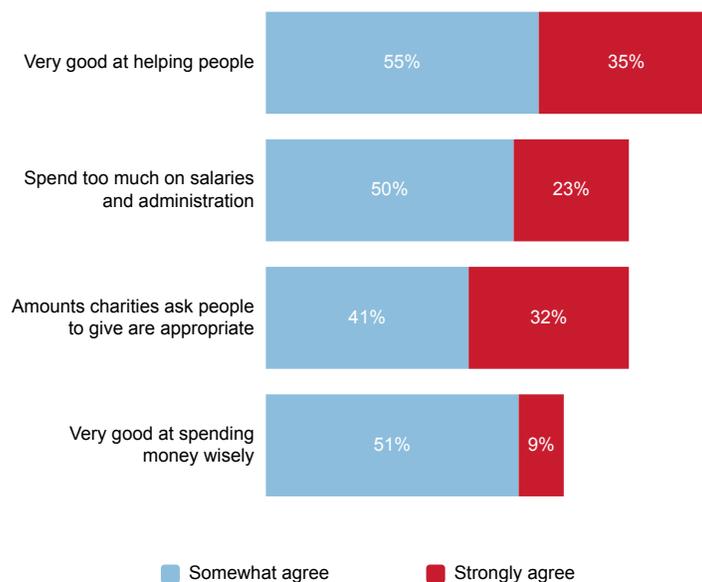
Almost all Canadians believe charities are important. In 2013, 93% agreed that charities are important to Canadians, and 88% agreed they generally improve our quality of life (see Figure 23). These proportions changed very little between 2004 and 2013. When Canadians are explicitly asked to compare charities to government, perceptions of their importance appear to dim somewhat, however. For example, in 2013 only about two-thirds said charities understand the needs of Canadians better than government or do a better job in meeting those needs. These proportions decreased between 2000 and 2013. Just over half believe charities should be expected to deliver programs and services that the government stops funding, a proportion that remained relatively stable between 2004 and 2013.

Figure 23: Perceived importance of charities, 2004 to 2013



Looking at other attitudes, the 2013 *TAC* survey found that 91% of Canadians think charities are very good at helping people (see Figure 24). Smaller percentages agree that the amounts charities ask people to give are appropriate (73%) and that charities are very good at spending money wisely (60%). Almost three-quarters (73%) think charities spend too much on salaries and administration.

Figure 24: Attitudes toward charities, 2013



Only two demographic variables have a significant impact on views about the importance of charities: sex and education. Women are more likely than men to agree with four of the five statements about the importance of charities. The only exception is the statement about whether charities should be expected to deliver programs and services the government stops funding – men and women are equally likely to agree with this statement. University graduates are more likely than others to believe that charities are important and improve our quality of life. However, they are less likely to believe that charities understand the needs of Canadians better than government, do a better job at meeting those needs, or should be expected to deliver programs and services the government stops funding.

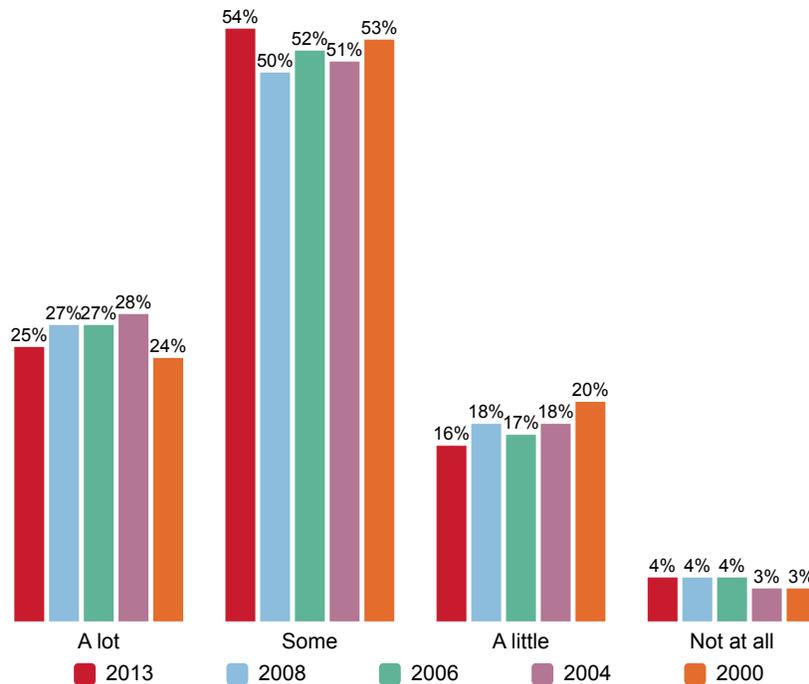
Other attitudes toward charities are most strongly related to age, sex, and religiosity. Older people are more likely than younger people to believe that the amounts charities ask people to give are appropriate and less likely to believe they spend too much on salaries and administration. Women and those who attend religious services more frequently are most likely to believe that charities are very good at helping people and spending money wisely.



Trust in Charities and Their Leaders

Canadians generally trust charities. In 2013, 25% of Canadians said they trust charities a lot, while 54% said they trust them somewhat (see Figure 25). Only 4% said they do not trust charities at all. Levels of trust in charities were fairly stable between 2000 and 2013.

Figure 25: Levels of trust in charities, 2000 to 2013

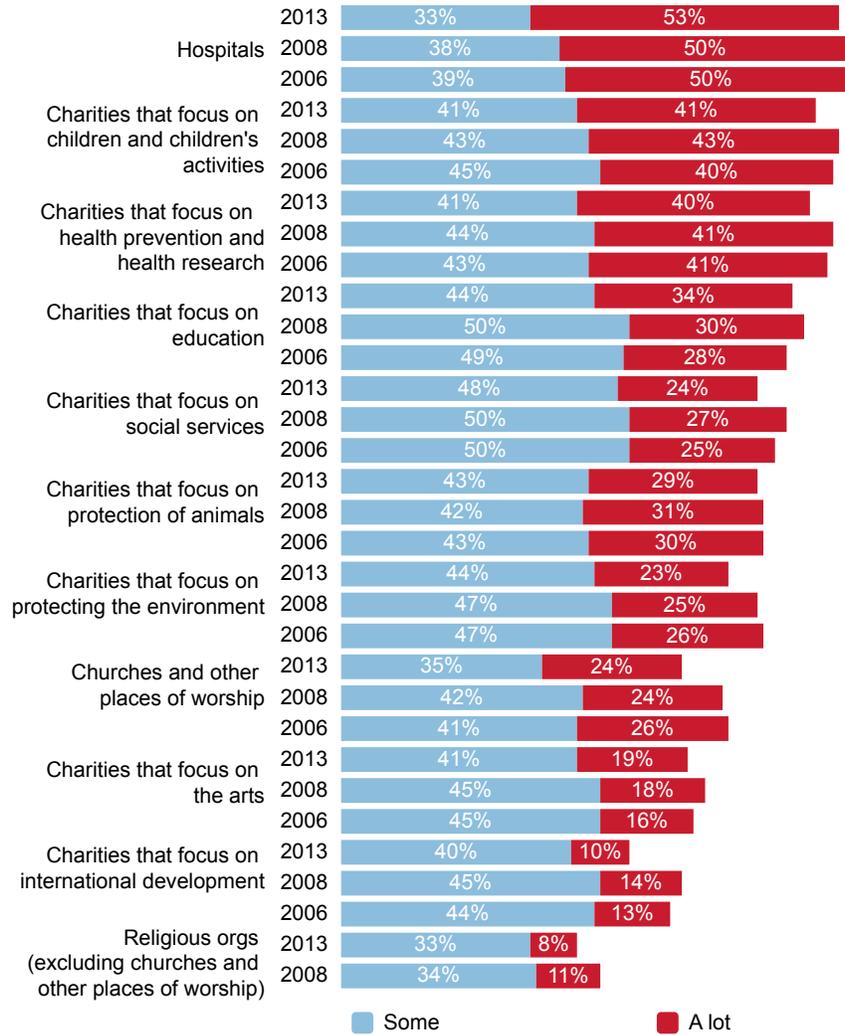


Not all types of charities are, however, trusted equally. Charities working in areas related to health and children are trusted more than charities in general, while those working in the areas of environment, religion, arts, and international development are trusted less (see Figure 26). Charities focused on education, social services, and animal protection are trusted at about the same rate as charities in general.

Levels of trust in most types of charities have been fairly stable over time, with a few exceptions. The proportion of Canadians who trust charities that focus on international development dropped from 59% in 2008 to 50% in 2013; those trusting churches or other places of worship dropped from 67% in 2006 to 59% in 2013; and those trusting environmental charities dropped from 73% in 2006 to 67% in 2013.

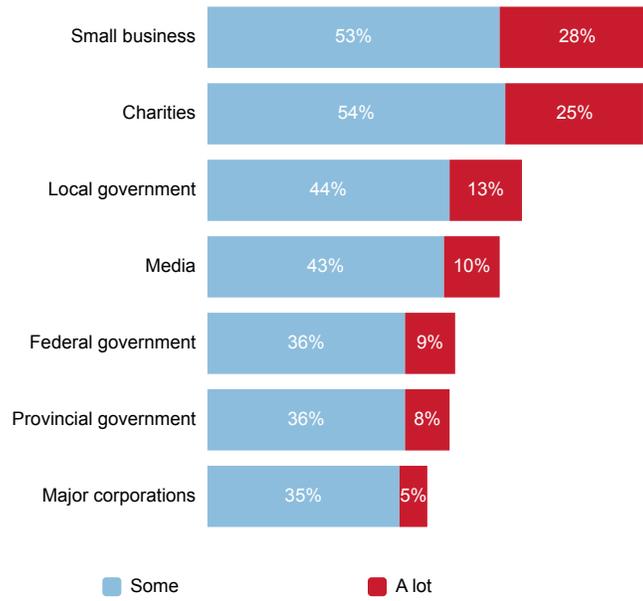


Figure 26: Levels of trust in specific charity types, 2006 to 2013



As a group, charities are trusted more than most other social institutions. Only small business is trusted more (81% of TAC respondents had some or a lot of trust in small business), while the media, government, and major corporations are trusted less (41% to 57% trusted them some or a lot; see Figure 27).

Figure 27: Levels of trust in other societal institutions, 2013

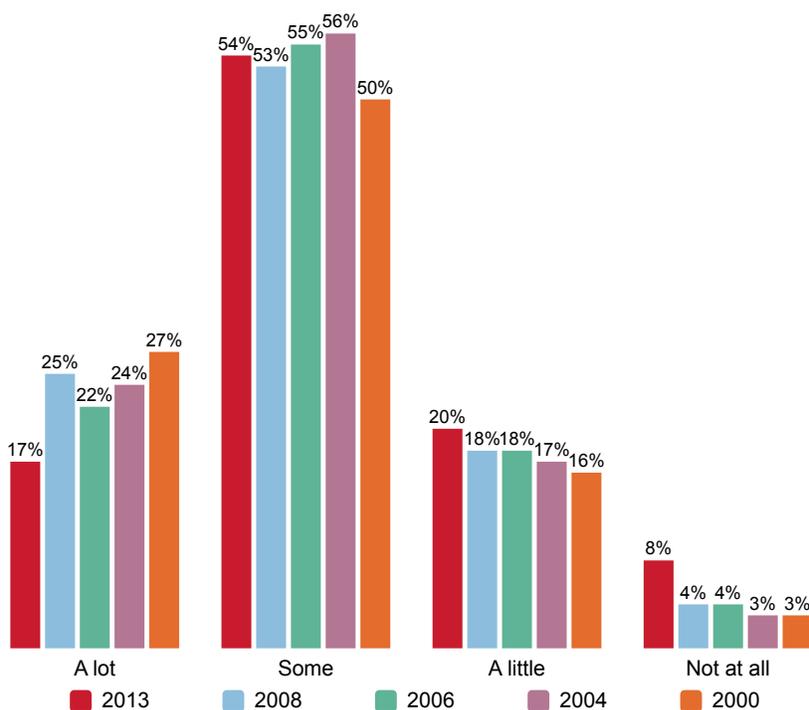


Several demographic and attitudinal variables are correlated with trust in charities. Women, university graduates, and those who attend religious services at least a few times a month trust charities more than other Canadians. Those who say they are familiar with charities also trust them more, as do those who think charities are important to Canadians, that charities spend money wisely, and that they are very good at helping people.



Charity leaders are trusted somewhat less than charities, with 71% of Canadians saying they have some or a lot of trust in charity leaders (see Figure 28). Only nurses and doctors are trusted more (95% had some or a lot of trust in nurses; 93% had some or a lot of trust in doctors), while government employees, business leaders, journalists, lawyers, religious leaders, union leaders, and politicians are trusted less (33% to 66% trusted them some or a lot). Trust in charity leaders has been less stable over time than trust in charities. In particular, the proportion of Canadians who say they trust charity leaders a lot decreased significantly between 2008 and 2013 (from 25% to 17%). Over the same period, the proportion saying they didn't trust charity leaders at all increased significantly (from 4% to 8%).

Figure 28: Levels of trust in charity leaders, 2000 to 2013



Education and religiosity are also related to trust in charity leaders, with increasing levels of each being associated with higher levels of trust. Higher incomes are also associated with higher levels of trust in charity leaders. Age, on the other hand, is inversely related to trust in charity leaders; that is, older Canadians trust charities less than younger ones. As with trust in charities, trust in charity leaders is higher among those who say they are familiar with charities and think charities are important to Canadians, spend money wisely, and are very good at helping people.



Conclusion

Overall, the picture painted by the data presented in this chapter is of a charitable and nonprofit sector that is growing more rapidly than the rest of the economy. Nationally, total real GDP increased by 11.1% between 2007 and 2017 (Statistics Canada, n.d.), compared to 26.3% for nonprofits and charities (Statistics Canada, n.d.). The national labour force increased by 10.2% (Statistics Canada, n.d.), while sector jobs increased by 15.7% (Statistics Canada, n.d.) and full-time charity positions by 27%. Similarly, the population of Canada increased by 11% (Statistics Canada, n.d.), while total sector revenues increased by 59% in nominal dollar terms (Statistics Canada, n.d.). By virtually all measures, community and business nonprofits have grown more rapidly than government nonprofits.

For government nonprofits, revenue growth has been driven by a combination of government funding and earned income. For business and community nonprofits, growth has been driven much more by earned income, with gifts and grants and government funding playing subordinate, though important, roles. The available evidence (i.e., for registered charities) shows that the number of organizations is not increasing appreciably. Instead, minus private foundations, numbers are decreasing, driven by a combination of organizational mergers and closures. Sector growth is centred on medium and large organizations, which have increased in size. The net effect of all this is that fewer organizations are doing more. A net positive of growth being concentrated among larger organizations, particularly among charities, is that the revenue bases of these organizations are more diversified. Given the consistently more rapid growth in earned income streams, this trend seems likely to continue. That said, this diversification is not entirely without cost, in that the pursuit of more diverse revenue streams produces more complex and interdependent organizational revenue mosaics. This can make it more difficult for organizations to focus on their missions and requires staff with particular skill mixes – which may prove particularly challenging with the increasing role of part-time workers.

In terms of public opinion about charities, Canadians consider charities important and have generally favourable opinions of them. Significantly, they have comparatively high levels of trust in charities and their leaders, and this trust appears fairly constant over time. That said, results should be viewed with some caution because levels of support may be somewhat abstract and “soft.” As an example, when queried about their support for specific types of charities, opinion quickly becomes less effusive.

Finally, the data presented here highlight areas in need of further elucidation and exploration. While we have a good understanding of the internal composition and dynamics of the specifically charitable component of the sector, this is not the case for nonprofits, as their tax return information is not made public in the same way that T3010 information is. Relatedly, our understanding of the composition of the business nonprofit subsector – the fastest-growing component of the sector – significantly lags behind our understanding of the community subsector, which is largely made up of charities. Similarly, we see a significant need for work to classify charities according to their nonprofit subsector per the Satellite Accounts. At present, sufficient discontinuities exist between the two data sets, making it more difficult to compare results than it should be. Lastly, given the extraordinary growth among private foundations over the past decade, we suggest that this is an area needing considerable exploration.



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Statistics Canada. (n.d.) Table 36-10-0616-01. Gross domestic product (GDP) of non-profit institutions by sub-sector (x 1,000,000). Ottawa: CANSIM (database).

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Notes

¹ Satellite accounts are special-purpose vehicles that produce measures of related economic activities not already recognizable in standard economic measures. An example of this is the satellite account for tourism, which incorporates portions of a number of industries, including transportation, accommodation, and food and beverage services, among others.

² Because the two series do not appear to be entirely compatible, this chapter will draw on the most recent series, available on CANSIM tables 36-10-0613-01, 36-10-0614-01, 36-10-0615-01, 36-10-0616-01, 36-10-0617-01, and 36-10-0618-01.

³ Per the *Satellite Account on Non-Profit and Related Institutions and Volunteer Work* handbook, to be considered nonprofit, organizations must be 1) institutionalized, 2) self-governing, 3) voluntary, in the sense of being non-compulsory and drawing meaningfully on voluntary contributions, 4) significantly limited in the extent to which they can return any profits generated to parties such as owners, directors, or employees, and 5) not be controlled by government departments of economic and social affairs (2018, New York: United Nations).

⁴ That said, the T3010 return does collect sufficient information to support a reasonably good, though not perfect, mapping onto these frameworks.

⁵ Subsectors discussed will be government education (universities and colleges) and health (hospitals and residential care facilities), community nonprofits, and business nonprofits. For more details on the ICNPO, readers are referred to Salamon and Anheier's paper (Salamon & Anheier, 1996).

⁶ Hospitals account for a smaller percentage of nonprofit GDP than government-aligned health organizations because a portion of the government-aligned organizations are formally classified as social services organizations.

⁷ In addition to organizations not elsewhere classified, the other category includes organizations working in the areas of international development and relief, law, advocacy and politics, and the environment.

⁸ Only nominal GDP data is available by activity area.

⁹ As will be seen below, the 2017 spike for community nonprofits appears to be due to fluctuating revenues of one very large organization.

¹⁰ Total revenues for charities are somewhat higher than for the sector defined by the Satellite Account because charitable revenues include public and separate school boards and libraries.

¹¹ Paralleling the national accounts framework, hospitals and residential care facilities and universities and colleges are considered government-aligned charities. However, unlike in the national accounts framework, public and separate school boards and municipal libraries (considered part of the government sector in the national accounts and excluded from the Satellite Account) are considered government-aligned charities in this analysis. The net effect is to significantly boost the importance of government-aligned entities as compared to the Satellite Account.



¹² 35% if MasterCard Foundation is included; 26% if it is excluded.

¹³ We say conservatively because this figure excludes the very considerable role of MasterCard Foundation: if it is included, total private foundation revenue growth over the period reaches a whopping 244%.

¹⁴ In addition to charities not elsewhere classified, the seven subsectors are arts and culture, development and housing, international development and relief, law, advocacy and politics, sports and recreation, and the environment.

¹⁵ Assignment to organization size classes was done on a constant dollar basis.

¹⁶ The “typical” charity revenue profile is computed by determining the percentage of total revenues from each given revenue source for each individual organization and then computing the average across all charities. The “aggregate” revenue profile is computed by summing all revenues, for all charities, from a given source and dividing them by total charitable revenues. In simple terms, the first approach can be thought of as “one charity, one vote” and the second as “one dollar, one vote.”

¹⁷ Judging from the descriptions charities provided, a significant portion of income recorded as “other” in T3010 filings is actually earned income.

¹⁸ Core hospital charities are typically volunteer auxiliaries or organizations that are in some way associated with a hospital. A similar pattern is seen with core university- and college-related charities.

¹⁹ The apparently very small role of government in Prince Edward Island appears to be driven more by the composition of the charitable sector than variations in government funding.

²⁰ In addition to organizations not elsewhere classified, the *other* category includes organizations working in the areas of international development and relief, development and housing, law, advocacy and politics, and the environment.

²¹ Employment in the *other* category has grown even faster (3.1%).

²² As measured by the Satellite Accounts, jobs include both employee and self-employed jobs and do not distinguish between full-time and part-time employment (though it is clear from the reported average hours worked that the bulk of jobs must be full-time), while charities report the numbers of full-time and part-time/part-year positions.



Biography

David Lasby and Cathy Barr, Imagine Canada

David Lasby is director of research at Imagine Canada. His research interests include prosocial behaviours (giving, volunteering, and participating), determinants of trust in institutions, trends in the resourcing of charities and nonprofits, and strategies of organizational response to environmental change.

Cathy Barr is vice-president of research and strategic relationships at Imagine Canada. Previously, she was responsible for the creation and development of Imagine Canada's Standards Program. Her research interests include the history of Canada's charitable and nonprofit sector; the nature, evolution, and drivers of public opinion about charities and nonprofits; the determinants and measurement of organizational impact and success; and the relationship between the nonprofit sector and government.

