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THE CANADIAN CHARITABLE AND PHILANTHROPIC SECTOR

Review Report



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EXECUTIVE SUMMARY

This report presents an analysis of the Canadian Charitable and Philanthropic Sector as at December 31st, 2019 with comparative analysis to December 31st, 2016.

The analysis reflects data on 47,673 charities. Excluded from the analysis are charities directly involved in the provision of Education and those with a Religious purpose.

Core Healthcare represents the largest component of the charitable sector. Because of its dominant size, our analysis is presented both including and excluding Core Healthcare.

We present a brief summary of the structure of the Sector from a regulatory and operational standpoint. We then provide insight into the size of the Sector by Number, Assets and Revenues including sub-categories for each. Further research is presented on Employment and Geographical Distribution. We then present the Canadian sector in a Global Context. Appendices are included ranking the largest charities in six categories.

Principle conclusions of the Report

- The bulk of charities in Canada are registered as Charitable Organizations. Private Charitable Foundations and Public Charitable Foundations represent only 13 per cent of the total.
- Total assets of the reviewed charities was \$289 billion at December 31st, 2019, representing growth of 100% since 2016. A breakdown of Assets is analyzed.
- The Charitable and Philanthropic Sector is the largest industry in Canada by assets.
- The largest 9 per cent of charities have 92 per cent of Total Assets in the Sector.
- Long Term Investments are the largest item on the Balance Sheet for the Sector. This represents a change from 2016 when the largest item was Capital Property Net of Depreciation.
- Total Revenues for the reviewed charities were \$209 billion for their reported period in 2019 representing growth of 38 per cent over the 2016 reported results. A breakdown of Revenues is analyzed.
- The Charitable and Philanthropic Sector is the second largest industry in Canada by Total Revenues.
- The largest 6 per cent of charities have 91 per cent of Total Revenues in the Sector.
- Revenues from Government for the reviewed charities totaled \$134 billion in 2019, an increase of 14 per cent compared to 2016.
- Tax-receipted Donations for the reviewed charities grew by 260 per cent between 2016 and 2019. Inter-Charity financial flows increased by 81 per cent in the same period. This implies a gradual, though noticeable, shift away from government funding.
- Small charities issuing less than \$100,000 in total tax receipts represent 81 per cent of the receipt issuers but only 4 per cent of the total value of Tax Receipts issued.
- Total Expenses for the reviewed charities were \$171 billion for their reported period in 2019 representing a growth of 16 per cent over the 2016 reported results.

- Compensation is the largest expense category for the Sector. This grew by 22 per cent in size between 2016 and 2019.
- 58 per cent of charities are Volunteer based and pay no compensation. Of the other 42 per cent, the largest 3 per cent of charities remit 81 per cent of Sector compensation.
- Management and Administration Expense averaged 7 per cent of Total Revenues for the reviewed charities.
- The material use of *Other Expenses* at 22 per cent of total expenses represents inadequate disclosure for the Sector.
- Core Healthcare charities represent 28 per cent of Total Assets and 41 per cent of Total Revenues in the Sector.
- There are few charities categorized as Environmental charities in our Survey. Given Canadians' increasing interest in environmental causes, we think the relative underrepresentation of Environmental charities may warrant further investigation.
- The largest number of Charities are located in the province of Ontario, followed by Quebec and British Columbia. However, when analyzed as a percentage of provincial Gross Domestic Product (GDP) by Assets and Revenues, the distribution of reviewed charities is consistent across the provinces at approximately 5 per cent.
- Employment Compensation as a percentage of Provincial GDP is also consistent across the country at approximately 5 per cent.
- Many global surveys rank Canada very highly on quality-of-life measures. This coincides with various measures of participation in the Charitable and Philanthropic Sector which we calculate and present. However, there is a concerning decline in these measures over time which requires attention.
- The increasing professionalization of the Sector is no doubt a positive, however we ask if this shift in focus risks a further decline in participation by average Canadians in the Sector.

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