



THE CANADIAN CHARITABLE AND PHILANTHROPIC SECTOR

2023 Update

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EXECUTIVE SUMMARY

This report presents an update to the analysis of the Canadian Charitable and Philanthropic Sector as at December 31st, 2021 with a comparative analysis to December 31st, 2016 and 2020.

The analysis reflects data on 49,190 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 and influence, our analysis is often presented excluding Core Healthcare.

We present a brief summary of the Sector's structure from a regulatory and operations standpoint. We then provide insight into the size of the Sector by Number of Charities, Assets and Revenues including sub-categories for each. Next we present Employment and Geographical Distribution. We then present the Canadian sector in a Global Context. Appendices are included ranking the largest Canadian 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 20 per cent of the total.
- Total assets of the charities were \$345 billion at December 31st, 2021. This was an increase of 52.2 per cent since 2016 and 11.8 per cent from 2020. A breakdown of Assets is analyzed.
- The Charitable and Philanthropic Sector is the largest industry in Canada by assets.
- The largest 16 per cent of charities have 96 per cent of Total Assets in the Sector.
- Capital Property Net of Depreciation is the largest item on the Balance Sheet for the Sector.
- Total Revenues for the reviewed charities were \$219 billion for their reported period in 2021 representing an increase of 46.7 per cent from the 2016 reported results and 11.9 per cent from 2020. A breakdown of Revenues is analyzed.
- The Charitable and Philanthropic Sector is the third largest industry in Canada by Total Revenues, a rise of one spot in the rankings from 2020.
- The largest 16 per cent of charities have 95 per cent of Total Revenues in the Sector.
- Revenues from Government for the reviewed charities totaled \$155 billion in 2021, an increase of 31 per cent compared to 2016 and 49 per cent from 2020.
- Tax-receipted Donations for the reviewed charities grew by 302 per cent between 2016 and 2021. Inter-Charity financial flows increased by 126 per cent in the same period. This implies a dramatic shift to government funding over the period, likely due to the global health pandemic.
- Small charities issuing less than \$100,000 in total tax receipts represent 51 per cent of the receipt issuers in 2021 but only 3 per cent of the total value of Tax Receipts issued.
- Total Expenses for the reviewed charities were \$191 billion for their reported period in 2021 representing an increase of 29 per cent over the 2016 reported results and 8 per cent from 2020.

- Compensation is the largest expense category for the Sector. This grew by 34 per cent between 2016 and 2020 and 8 per cent from 2020.
- 56 per cent of charities are Volunteer based and pay no compensation. Of the remaining 44 per cent, the largest 3 per cent of charities remit 90 per cent of Sector compensation.
- Management and Administration Expense averaged 6.6 per cent of Total Revenues for the reviewed charities in 2021, a decline from the 7.4 per cent reported in 2020.
- 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 42 per cent of Total Revenues in the Sector.
- There are few charities categorized as Environmental or Human Rights charities in our Survey. Given Canadians' increasing interest in environmental and global rights 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 why this is being accompanied by a declining rate of participation by average Canadians in the charitable giving.

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Our Vision

We will participate in a thriving Canadian philanthropic sector where the most impactful charities with the highest governance standards are celebrated and supported by donor capital.

Our Mission

The Veritas Foundation aims to be Canada's authoritative source for participating in the country's charitable sector and evaluating its effectiveness and impact.



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