



# THE CANADIAN CHARITABLE AND PHILANTHROPIC SECTOR

## *2022 Update*

Mark S. Bonham  
M.Sc. (Econ), B.Comm.

Executive Director  
[mbonham@theveritasfoundation.com](mailto:mbonham@theveritasfoundation.com)



## EXECUTIVE SUMMARY

This report presents an update to the analysis of the Canadian Charitable and Philanthropic Sector as at December 31<sup>st</sup>, 2020 with comparative analysis to December 31<sup>st</sup>, 2016 and 2019.

The analysis reflects data on 48,627 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 of Charities, 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 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 19 per cent of the total.
- Total assets of the charities was \$309 billion at December 31<sup>st</sup>, 2020. This was an increase of 36.1 per cent since 2016 and 6.6 per cent from 2019. A breakdown of Assets is analyzed.
- The Charitable and Philanthropic Sector is the largest industry in Canada by assets.
- The largest 17 per cent of charities have 93 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 \$196 billion for their reported period in 2020 representing an increase of 31.2 per cent over the 2016 reported results and a decline of 5 per cent from 2019. A breakdown of Revenues is analyzed.
- The Charitable and Philanthropic Sector is the third largest industry in Canada by Total Revenues, a drop of one spot in the rankings from 2019.
- The largest 12 per cent of charities have 91 per cent of Total Revenues in the Sector.
- Revenues from Government for the reviewed charities totaled \$104 billion in 2020, a decline of 11 per cent compared to 2016 and a decline of 22 per cent from 2019.
- Tax-receipted Donations for the reviewed charities grew by 251 per cent between 2016 and 2020. Inter-Charity financial flows increased by 107 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 53 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 \$178 billion for their reported period in 2020 representing an increase of 20 per cent over the 2016 reported results and 4 per cent from 2019.

- Compensation is the largest expense category for the Sector. This grew by 24 per cent between 2016 and 2020 and 3.8 per cent from 2019.
- 55 per cent of charities are Volunteer based and pay no compensation. Of the remaining 45 per cent, the largest 3 per cent of charities remit 89 per cent of Sector compensation.
- Management and Administration Expense averaged 7.4 per cent of Total Revenues for the reviewed charities.
- The material use of *Other Expenses* at 21 per cent of Total Expenses represents inadequate disclosure for the Sector.
- Core Healthcare charities represent 27 per cent of Total Assets and 46 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 if this shift in focus risks a further decline in participation by average Canadians in the Sector.

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#### UPCOMING RESEARCH REPORTS

July 2022: Update on the Financial Health of the Charitable Sector  
in the COVID environment

August 2022: Update on the Canadian Donor Advised Fund Market

September 2022: The Health of the Balance Sheets of Canadian  
Charities

October 2022: Activities Outside Canada by Canadian Charities

November 2022: The Veritas500 Fastest Growing Charities

December 2022: Employment Analysis of the Charitable Sector



## 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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The Veritas Foundation  
TD West Tower  
100 Wellington Street West Suite 3110, PO Box 80  
Toronto, Ontario, Canada M5K 1E7

416.866.8783 1-866-860-8783  
[www.theveritasfoundation.com](http://www.theveritasfoundation.com)  
[info@theveritasfoundation.com](mailto:info@theveritasfoundation.com)