



Catalogue no. 13-015-XIE

Satellite Account of Nonprofit Institutions and Volunteering

1997 to 2003



 Statistics Canada Statistique Canada

Canada

Symbols

The following standard symbols are used in Statistics Canada publications:

- . not available for any reference period
- .. not available for a specific reference period
- ... not applicable
- 0 true zero or a value rounded to zero
- 0^s value rounded to 0 (zero) where there is a meaningful distinction between true zero and the value that was rounded
- ^p preliminary
- ^r revised
- x suppressed to meet the confidentiality requirements of the *Statistics Act*
- E use with caution
- F too unreliable to be published

AuthorsMalika Hamdad, Matthew Hoffarth
Sophie Joyal**Publication Co-ordinators**Anne-Marie Bridger, Samdai Ramnanan,
Gerard Meagher

Satellite Account of Nonprofit Institutions and Volunteering (Catalogue no. 13-015-XIE, ISSN 1710-9264; aussi disponible en français, no 13-015-XIF au catalogue) is published annually, free of charge.

How to obtain more information

Specific inquiries about this product and related statistics or services should be directed to: Income and Expenditure Accounts Division, Statistics Canada, Ottawa, Ontario, K1A 0T6 Telephone: 613-951-3640.

For information on the wide range of data available from Statistics Canada, you can contact us by calling one of our toll-free numbers. You can also contact us by e-mail or by visiting our Web site.

National enquiries line	1-800-263-1136
National TTY line (teletype machine)	1-800-363-7629
Depository Services Program enquiries	1-800-700-1033
Fax line for Depository services program	1-800-889-9734
E-mail enquiries	infostats@statcan.ca
Website	www.statcan.ca

Note of appreciation

Canada owes the success of its statistical system to a long-standing partnership between Statistics Canada, the citizens of Canada, its businesses, governments and other institutions. Accurate and timely statistical information could not be produced without their continued cooperation and goodwill.

Standards of service to the public

Statistics Canada is committed to serving its clients in a prompt, reliable, courteous, and fair manner. To this end, the Agency has developed standards of service that its employees observe in serving its clients. To obtain a copy of these service standards, please contact Statistics Canada toll free at 1-800-263-1136. The service standards are also published on www.statcan.ca under About us > Providing services to Canadians.

Satellite Account of Nonprofit Institutions and Volunteering

I. Acknowledgements	4
II. Letter from the co-chairs	5
III. Introduction	6
IV. The scope of the Canadian satellite account	8
V. Presentation of results	9
Canada's nonprofit sector in macro-economic terms	9
Economic activity in the nonprofit sector, 1997 to 2003	12
Incomes and outlays of the nonprofit sector, 1997 to 2003	18
Volunteer work and extended measures, 1997 and 2000	30
VI. Summary and conclusions	37
VII. Data tables	39
VIII. Conceptual framework	47
IX. Estimation methodology	49
Appendix A: Reconciliation of satellite account estimates with the National Survey of Nonprofit and Voluntary Organizations	52
Appendix B: the International Classification of Nonprofit Organizations (ICNPO)	53
Appendix C: Glossary of main terms	58
Bibliography	60
Income and Expenditure Accounts technical series	61

Published by authority of the Minister responsible for Statistics Canada

© Minister of Industry, 2006

All rights reserved. The content of this electronic publication may be reproduced, in whole or in part, and by any means, without further permission from Statistics Canada, subject to the following conditions: that it be done solely for the purposes of private study, research, criticism, review or newspaper summary, and/or for non-commercial purposes; and that Statistics Canada be fully acknowledged as follows: Source (or "Adapted from", if appropriate): Statistics Canada, year of publication, name of product, catalogue number, volume and issue numbers, reference period and page(s). Otherwise, no part of this publication may be reproduced, stored in a retrieval system or transmitted in any form, by any means—electronic, mechanical or photocopy—or for any purposes without prior written permission of Licensing Services, Client Services Division, Statistics Canada, Ottawa, Ontario, Canada K1A 0T6.



I. Acknowledgements

The Statistics Canada project team responsible for preparing this report includes: Sophie Joyal, Malika Hamdad, Matthew Hoffarth, Karen Ashman and Mingyu Yu.

The project team would like to thank members of the Advisory Committee for the Satellite Account of Nonprofit Institutions and Volunteering for their invaluable guidance and support throughout the development of the satellite account and for their input to this third report.

Committee members are: Jacquelyn Thayer Scott, Cape Breton University (Co-chair); Karen Wilson, Statistics Canada (Co-chair); Loleen Berdahl, Canada West Foundation; Michael Hall, Imagine Canada; Blaine Langdon, Canada Revenue Agency; Mike McCracken, Informetrica Ltd.; Don McRae, Canadian Heritage; Sheila Regehr, National Council of Welfare; Lester Salamon and Helen Tice, Centre for Civil Society Studies, Johns Hopkins University; Ron Saunders, Canadian Policy Research Networks; Katherine Scott, Canadian Council on Social Development; Andrew Sharpe, Centre for the Study of Living Standards; Susan Tolton, Human Resources and Social Development Canada; Cynthia Hagggar-Guénette, Dave Leblanc, Graham Lyttle and Paul Reed, Statistics Canada.

We also wish to thank our colleagues throughout the Canadian System of National Accounts for their invaluable support and assistance, especially Cynthia Hagggar-Guénette, Chris van Millingen, Denise Laronde Jones, Patrick O'Hagan, Roger Jullion and Karen Wilson.



II. Letter from the co-chairs

We are pleased to present the third edition of the *Satellite Account of Nonprofit Institutions and Volunteering, 1997 to 2003*. For a second consecutive year, the time series for the economic accounts describing the Canadian nonprofit sector are extended by two additional years and now cover a seven-year period.

Serving as a barometer for the economic vitality of the sector, anecdotal evidence abounds that the Satellite Account has become an essential resource for nonprofit organizations, policymakers at every level of government, academics, and experts worldwide. And this is only a beginning. The analytical potential of the satellite account will increase each year as the time series is extended.

Implementing new international guidelines published by the United Nations in the *Handbook on Non-Profit Institutions in the System of National Accounts*, Statistics Canada was one of the first statistical agencies to develop a Satellite Account on the nonprofit sector. We are pleased to see that a number of other countries around the world have since followed suit.

Once again this year, we would like to thank the members of the Advisory Committee for their invaluable guidance and support, and in particular for their input to this third edition.

The Satellite Account ensures that reliable information on the size, scope and nature of the nonprofit sector is a permanent feature of Canadian economic statistics. We are very excited about the contribution this information can make in helping to build the capacity of a sector that is crucial to the well-being of Canadians.

Yours truly,

Co-chairs of the Advisory Committee for the Satellite Account of Nonprofit Institutions and Volunteering,

Dr. Jacquelyn Thayer Scott, O.C., LL.D.(Hons.), Dipl.(Hons.)
Past President and Professor, School of Business
Cape Breton University

Karen Wilson
Director General
System of National Accounts
Statistics Canada



III. Introduction

The nonprofit sector has been at the centre of increased interest in recent years, both in Canada and internationally. Often referred to interchangeably as “civil society”, the “voluntary”, “third” or “independent” sector, this group of organizations plays a critical role in society, which is perceived to be unique, in many respects, from that of governments or corporations, and is central to community engagement and to the building of social capital. Despite its acknowledged importance, the nonprofit sector was, until recently, invisible in most countries' official economic statistics.

Statistics Canada is among the first statistical agencies in the world to have carved out a new sector for nonprofit organizations through the development of the Satellite Account of Nonprofit Institutions and Volunteering. In doing so, the satellite account recognizes the nonprofit sector as an important pillar of Canadian society along with the private and public sectors.

The concepts and methods¹ used in the satellite account draw heavily on international standards described in the Handbook on Non-Profit Institutions in the System of National Accounts. Published by the United Nations in 2003, the Handbook is now available as a guide for statistical agencies around the world and Canada is one of the first countries to proceed with its implementation.

The Handbook recommends compiling economic statistics for a broad nonprofit sector, the boundaries of which are defined by structural and operational criteria. This is achieved by identifying nonprofit activity throughout the economic sectors in which nonprofit institutions currently reside. Gaining a clear, quantifiable overview of entities in this broadly-defined nonprofit sector is portrayed as crucial for a variety of reasons: they have been found to be a significant and growing economic force in countries throughout the world; they have a range of distinct features that justify their separate treatment for analytical purposes; and they are increasingly a focus of public policy concern. Since comprehensive statistics have not been compiled separately for nonprofit institutions, there is also a need for improved coverage and more precise specification of these units in national statistical systems.²

First publication of the satellite account in 2004 was a milestone in knowledge development on Canada's nonprofit sector. Providing estimates of the economic contribution of the nonprofit sector in Canada, it revealed the size, scope and nature of a key sector that performs myriad activities in local communities and engages millions of Canadians who join it as members and donate their time and money in support of its activities. This ground-breaking achievement was the culmination of an extensive research and data integration project to build comprehensive statistics on the sector within the Canadian System of National Accounts (SNA).

The development of the Satellite Account was funded through the Voluntary Sector Initiative to ensure that information on the size, scope and nature of the sector is now a permanent feature of Canada's official economic statistics. It includes a set of standard economic accounts covering the production, incomes and outlays of the nonprofit sector, mirroring information already available for other sectors in the Canadian economy. Because nonprofit organizations rely heavily on volunteers to undertake their activities, standard measures of economic activity are extended to include a replacement cost value of volunteer work. The satellite account receives ongoing funding as an annual program at Statistics Canada.

It is important to note that: 1) the nonprofit sector's economic contribution is but one dimension of its much larger impact in society; and 2) complementary statistical initiatives were funded to address other aspects of the question.

1. For a more detailed description of concepts, data sources and estimation methods implemented in the Canadian Satellite Account of Nonprofit Institutions and Volunteering, refer to Sections VIII and IV of this report.

2. See Handbook on Non-Profit Institutions in the System of National Accounts, United Nations (2003).



The first of these initiatives was a triennial repeat of the Canada Survey of Giving, Volunteering and Participating (CSGVP), a household survey of charitable giving, volunteering and participatory behaviour. Subsequent to this was the National Survey of Nonprofit and Voluntary Organizations (NSNVO), a first-ever survey of organizations that collected information on the areas in which they work, the populations they serve, the extent to which they provide public benefits, and the financial and human resources they engage.

With this third edition of the Satellite Account of Nonprofit Institutions and Volunteering, two additional reference years for the standard accounts are added, 2002 and 2003, while existing estimates are revised back to 1997. The nonmarket extension, which puts an economic value on volunteer work, is presented for the years 1997 and 2000.

The remainder of this publication is structured as follows: section IV discusses the scope of the Canadian satellite account in the context of the international definition. Analytical findings are presented in Section V which is divided into four sub-sections: the first gives an overview of the sector in macro-economic terms; the second describes its economic activity as measured by GDP; the third provides an overview of the sources and uses of incomes; and the fourth focuses on volunteer work and extended measures. A summary and conclusions are provided in Section VI. Data tables follow in Section VII, and Sections VIII and IX lay out the conceptual framework and estimation methodology. Appendices include: a description of reconciliation work with the National Survey of Nonprofit and Voluntary Organizations; details on the International Classification of Nonprofit Organizations; and glossary of main terms used throughout the document. A bibliography and list of the national accounts technical research series are provided at the end.

This report presents analysis for the period 1997 to 2003, with a focus on 2003. The standard economic accounts and the value of volunteer work are combined to create "extended" measures. These are shown for the two common years, 1997 and 2000. Separate estimates (for both the standard economic accounts and the nonmarket extension) are available for (i) the overall nonprofit sector including hospitals, universities and colleges, and (ii) the core nonprofit sector excluding these groups. Wherever possible, analysis is presented for the nonprofit sector as a whole, and for the core sector. Gross domestic product (GDP), total income and the nonmarket extension are shown by primary area of activity according to the International Classification of Nonprofit Organizations (ICNPO). All estimates are presented in nominal terms.



IV. The scope of the Canadian satellite account

For the Canadian satellite account, a number of organizations classified to the government sector in core national accounts statistics are considered nonprofit institutions. These include hospitals, residential care facilities, universities and colleges. All other entities classified to general government in the Canadian SNA have been excluded, irrespective of whether they register as charities or are designated as legal nonprofit organizations.³ This is because these organizations are not considered to have sufficient autonomy to meet the “institutionally separate from government” and “self-governing” criteria of the international definition. An important example is public elementary and secondary schools and school boards, which frequently register as charities but are excluded from the satellite account because they fail to meet these criteria. These organizations are considered to be under the effective control of governments in many respects, for example, in terms of their budgets, curricula and personnel practices.

The inclusion of Canadian hospitals in the nonprofit sector warrants further elaboration. Consultations with stakeholders prior to developing satellite account estimates clearly indicated that hospitals be retained in scope for the sector because they compete for, and receive, charitable donations as well as mobilize significant volunteer resources. They have, therefore, been included despite the fact that they would not be considered to have sufficient autonomy to meet the “institutionally separate from government” and “self-governing” criteria of the international definition. Hospitals are typically large organizations and represent significant financial weight in satellite account estimates, more than one-third of the overall nonprofit sector in terms of revenue, and over 40% in terms of GDP. Along with residential care facilities, universities and colleges,⁴ they are separately identifiable in the satellite account.

Separate estimates (for both the standard economic accounts and the nonmarket extension) are available for (i) the overall nonprofit sector including hospitals, universities and colleges and (ii) the core nonprofit sector excluding these groups. Wherever possible, analysis is presented for the nonprofit sector as a whole, and for the core sector.

3. For more information on entities classified to the public sector, see *Guide to the public sector of Canada*, Statistics Canada (forthcoming).

4. Whether universities and colleges meet the international definition is still a matter of debate.



V. Presentation of results

Canada's nonprofit sector in macro-economic terms

Nonprofit organizations⁵ (NPO) play an important role in the Canadian economy. Representing 2.6% of the overall economy, the gross domestic product (GDP)⁶ of the core nonprofit sector⁷ amounted to \$29.1 billion in 2003. This share increases to 7.1% when hospitals, universities and colleges are included.

Economic activity of the nonprofit sector continues to outpace that of the economy

GDP (output) of the overall nonprofit sector grew by 6.3% in 2003, topping \$80.3 billion, once again outpacing growth⁸ of the total Canadian economy (+5.6%).

Over the 1997 to 2003 period, the GDP of the overall nonprofit sector grew by an annual average of 6.4%, with economic activity in the core nonprofit sector growing significantly faster on average (+7.6%) than the economy as a whole (+5.6%). Up 5.8% on average over the period, the GDP of hospitals,⁹ universities and colleges combined fared marginally better than the economy as a whole.

5. What are referred to as nonprofit institutions in the System of National Accounts are commonly referred to as nonprofit organizations (NPO) in Canada. We will use the latter term throughout this publication.

6. GDP measures the productive activity generated as nonprofit organizations undertake their missions in Canadian society. For the economy as a whole, GDP refers to all goods and services produced in Canada's economic territory. For the nonprofit sector specifically, it refers to the sector's contribution to Canada's GDP, and is measured as its gross output less its intermediate purchases. It is also referred to as value added, output or economic activity.

7. Throughout this document, the "core nonprofit sector" refers to the overall nonprofit sector excluding hospitals, universities and colleges. A description of the scope of the Canadian Satellite Account can be found in section IV of this publication.

8. All growth rates in this publication are calculated using nominal values, that is, not adjusted for inflation.

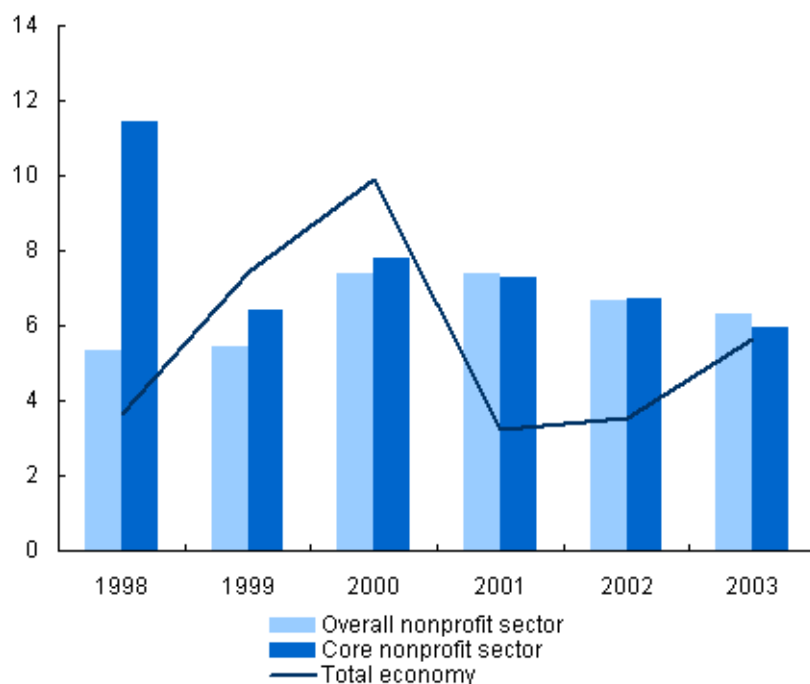
9. All references to hospitals throughout this document include residential care facilities.



Figure 1

Growth of gross domestic product

Annual % change, current prices



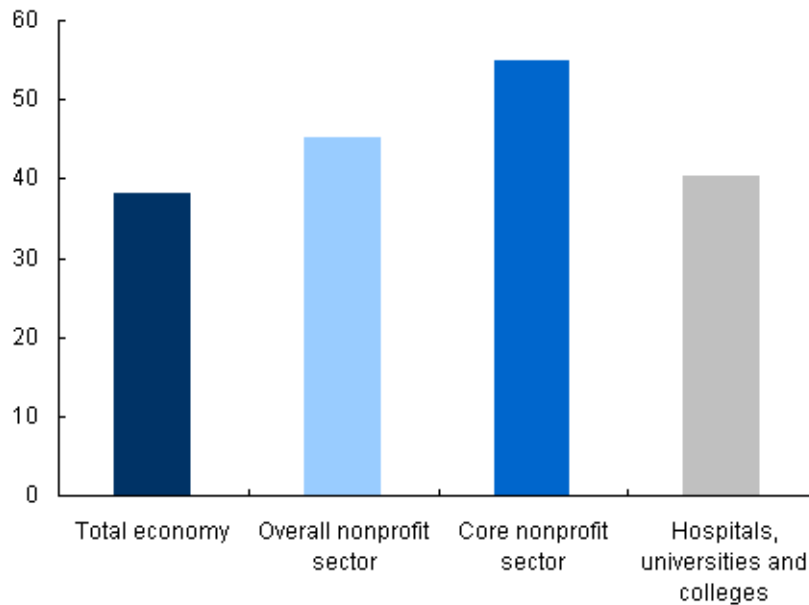
With cumulative GDP growth of 55% between 1997 and 2003, economic activity in the core nonprofit sector grew the most over the period. Altogether, the nonprofit sector grew by a cumulative 45%.



Figure 2

Cumulative growth of gross domestic product, 1997 to 2003

% change, current prices

**The nonprofit sector is an economic force**

The scale of economic activity undertaken by nonprofit organizations can be revealed by a comparison with selected major industries in Canada.¹⁰ This comparison excludes the relatively important contribution of volunteering, which is quite significant for the core nonprofit sector.¹¹

In 2003, economic activity generated in the overall nonprofit sector was over five times larger than each of the motor vehicle manufacturing and agriculture industries and over three times larger than the accommodation and food services industry. It also exceeded the value of not only the entire retail trade industry, but also that of mining, oil and gas extraction. The significantly smaller core nonprofit sector was nonetheless about twice the size of both the motor vehicle manufacturing industry and that of agriculture. It was also larger than the entire accommodation and food services industry.

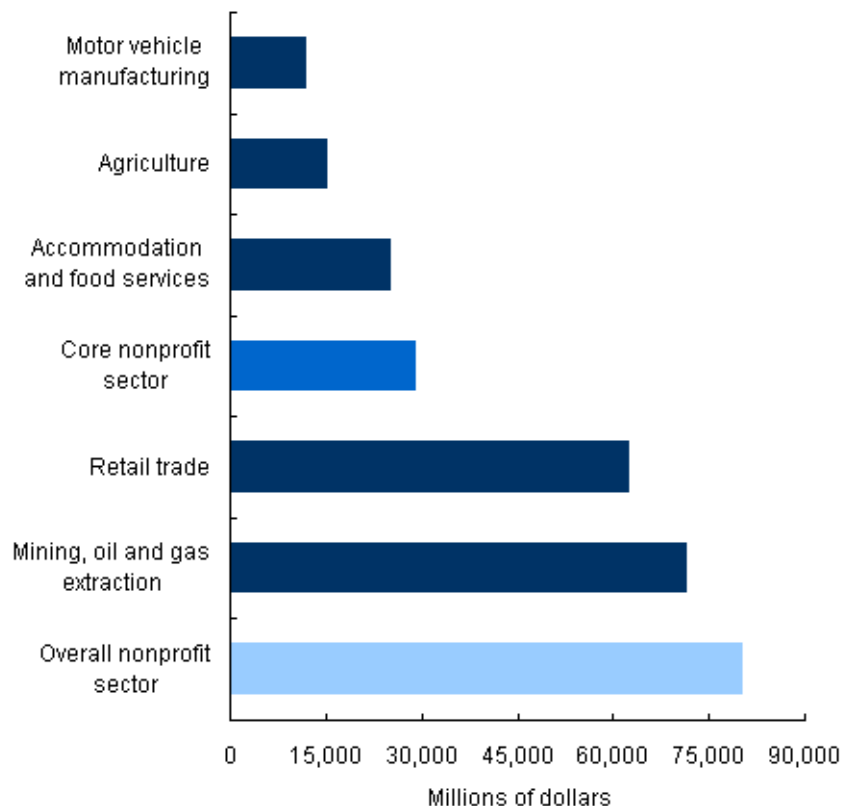
10. The nonprofit sector is a group of similar institutional units making up a sector. Industries (e.g., manufacturing, construction) are defined on an activity basis, while institutional sectors (e.g., households, businesses, governments) are defined on the basis of their role or motivation in an economic system. Institutional units included in the nonprofit sector span a range of industry groups. While, strictly speaking, sectors and industries are not consistent bases of classification, these comparisons are nonetheless useful as a point of reference.

11. Extended measures of the sector's economic contribution, which take into account the imputed value of volunteer work, were estimated for 1997 and 2000, the common years for which both the standard economic accounts and the value of volunteer work are available. These results are presented in the section entitled "Volunteer work and extended measures, 1997 and 2000".



Figure 3

Gross domestic product: nonprofit sector and selected industries, 2003



Note: Unlike in previous publications, this comparison does not include the imputed value of volunteering. This is due to the unavailability of data on volunteered hours in 2003.

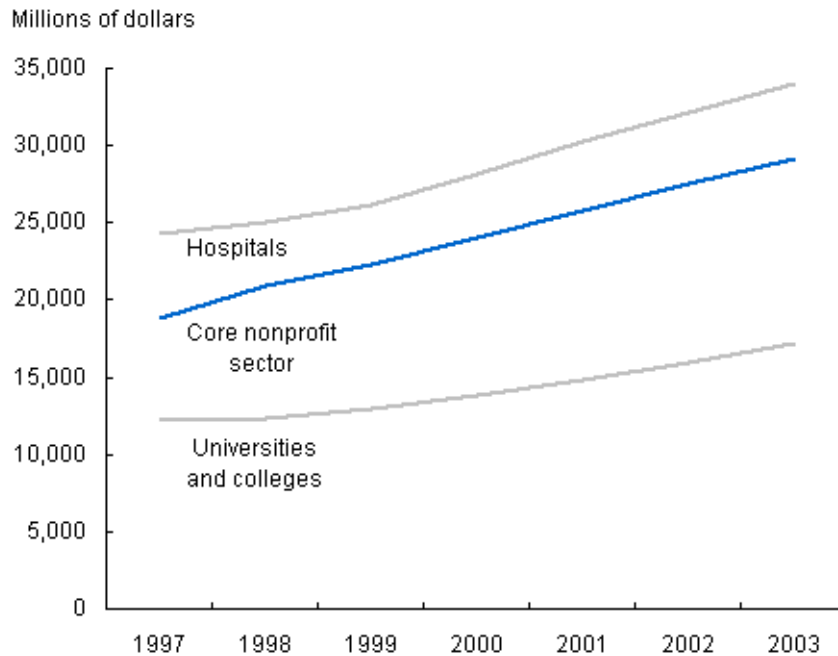
Economic activity in the nonprofit sector, 1997 to 2003

Hospitals, universities and colleges dominate economic activity in the overall nonprofit sector

Hospitals, universities and colleges accounted for nearly two-thirds of economic activity in the overall nonprofit sector throughout the 1997 to 2003 period. In 2003, the GDP of these entities amounted to \$51.2 billion, up from \$36.5 billion (+40.2%) in 1997. Hospitals generated twice as much value added (\$34 billion) as universities and colleges (\$17.2 billion).



Figure 4

GDP: hospitals, universities and colleges and core nonprofit sector

Growing at a faster pace than hospitals, universities and colleges, the core segment's share in the overall NPO sector increased over the seven-year period, from 34.0% in 1997 to 36.3% in 2003.

Social services and development and housing at the forefront of the NPO pack

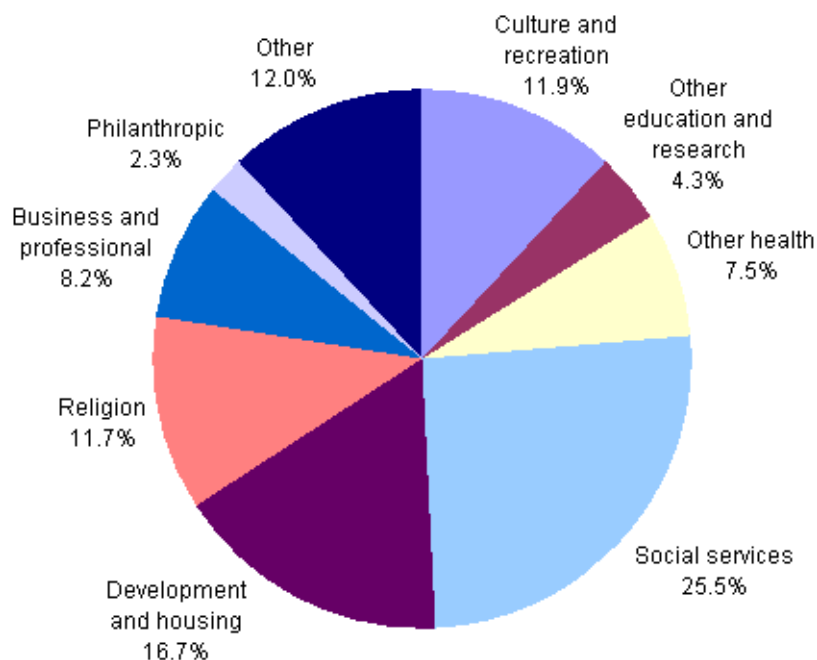
The core nonprofit sector consists of mainly smaller sized organizations operating in myriad areas, accounting for about one-third of economic activity in the overall nonprofit sector. Organizations in the social services, development and housing, religion, and culture and recreation groups combined made up nearly two-thirds of core NPO economic activity in each of the seven years.

The social services group led the pack throughout 1997 to 2003, accounting for a 25.5% share of core NPO GDP in 2003. Development and housing consistently held second place, followed by culture and recreation, religion, business and professional associations, and health (other than hospitals). Altogether, these six areas of activity accounted for 81.4% of the core segment in 2003, down from 83.1% in 1997.



Figure 5

Distribution of GDP by area of activity: core nonprofit sector, 2003



Note: The "other" category includes environment, law, advocacy and politics, international, and not elsewhere classified.

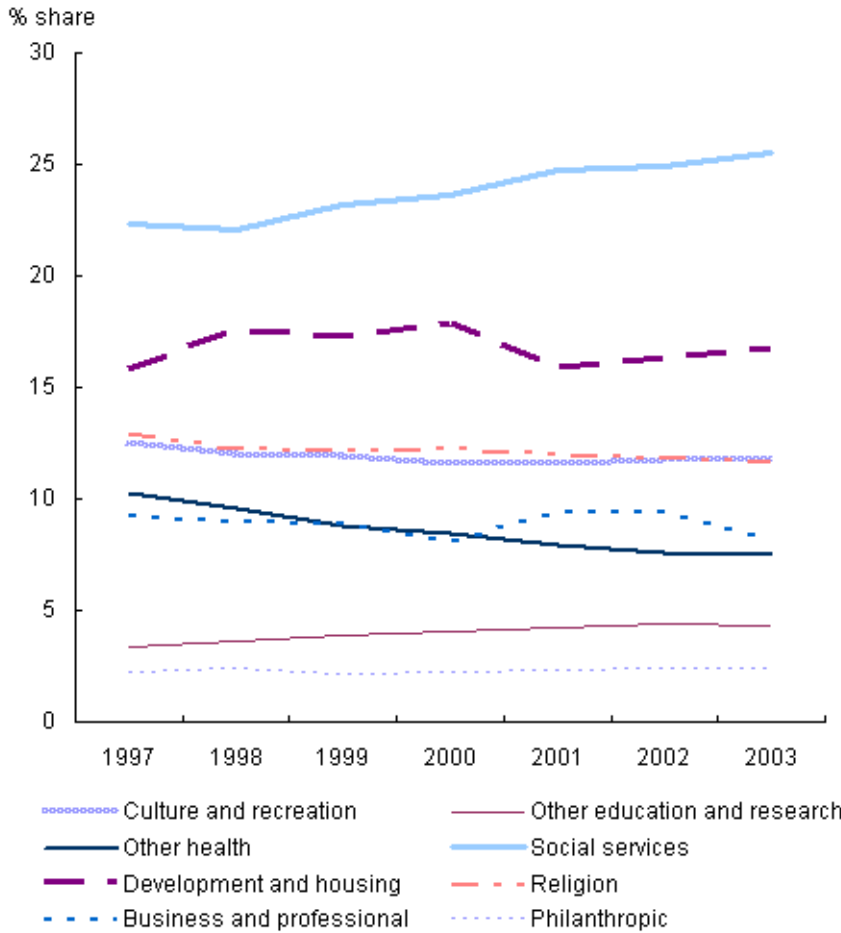
Social services share continued its upward trend, other health share ebbed

The distribution of core NPO GDP by area of activity evolved only slightly over the 1997 to 2003 period. However, an analysis of the variations showed that the share of social services (+3.1 percentage points), education and research (other than universities and colleges), and development and housing (+0.9 percentage points each) rose between 1997 and 2003 largely at the expense of other health (-2.7 percentage points), business and professional associations, and religion (roughly -1.0 percentage point each).



Figure 6

Distribution of GDP by area of activity: core nonprofit sector

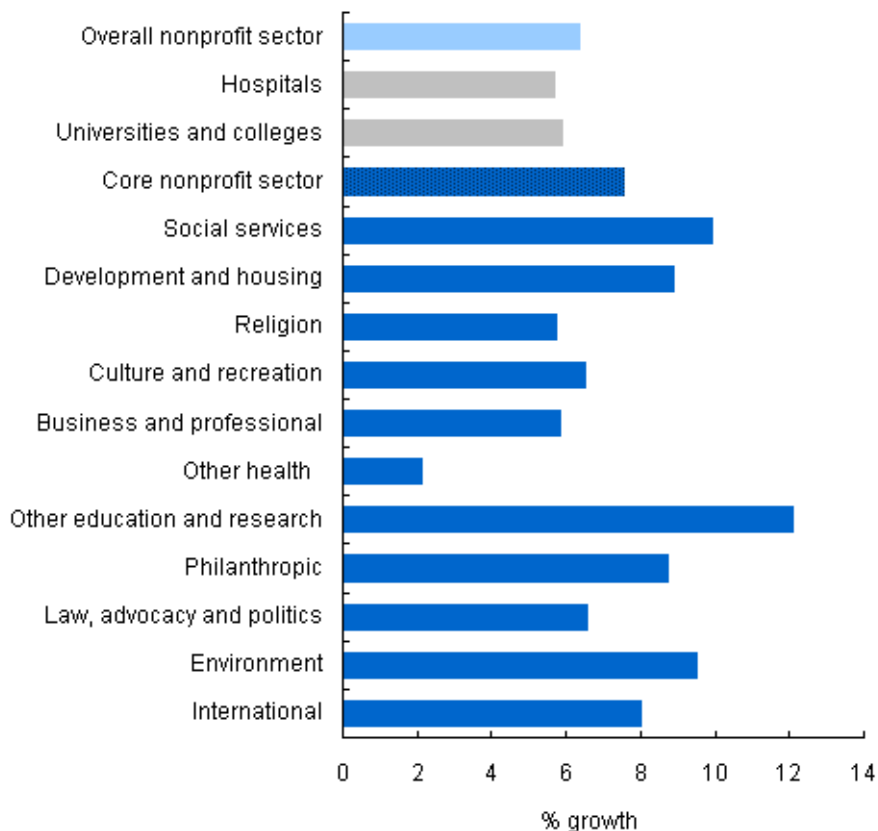


Wide-ranging GDP growth across areas of activity

GDP in the overall nonprofit sector grew by an annual average of 6.4% over the 1997 to 2003 period. Average annual growth varied widely across areas of activity, ranging from 12.1% for education and research (other than universities and colleges) to a modest 2.2% for health (other than hospitals).



Figure 7

Average annual GDP growth by area of activity, 1997 to 2003

Note: Activities are sorted in descending order according to their average share of overall nonprofit sector GDP (from 8.6% for social services to 0.3% for international).

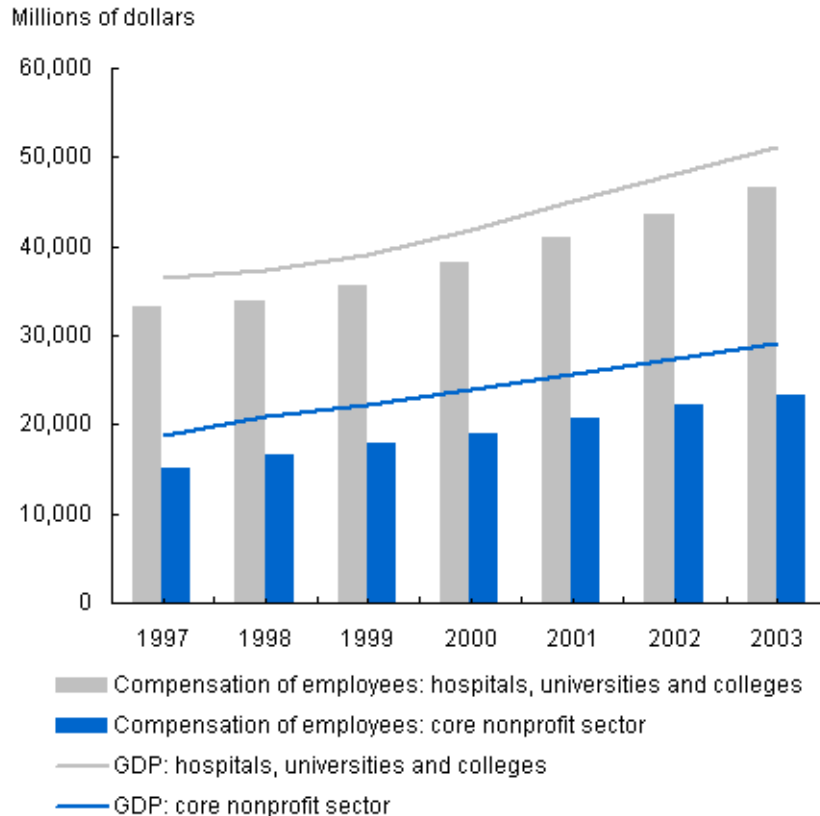
Over the entire period, other education and research, social services, and environment grew the fastest at an average annual rate of 12.1%, 10.0%, and 9.6% respectively; nearly twice as fast as business and professional associations and religion; and five times faster than other health. Given its significant weight, social services was the top generator of value added with a cumulative level increase of \$3.2 billion between 1997 and 2003. In contrast, the considerably smaller groups of education and research (other than universities and colleges) and environment combined for an increase of \$791 million.

Economic activity of NPO sector is labour-intensive

Compensation of employees in the overall nonprofit sector grew to a level of \$70 billion in 2003, up 45.0% from \$48.3 billion in 1997. Labour income, the sum of wages and salaries, employer pension contributions, and other paid benefits, accounted for on average 87.0% of the overall sector's GDP over the 1997 to 2003 period. Capital consumption allowances (6.7%), other operating surplus (3.9%), and indirect taxes less subsidies on factors of production (2.4%) accounted for the remainder.



Figure 8

GDP and compensation of employees

Paid labour compensation has a far-reaching influence on the economic activity of the nonprofit sector. Over the seven-year period, compensation of employees in the core segment grew at a faster average rate (7.5%) than hospitals and universities and colleges combined (+5.9%). However, growth in paid labour compensation of the core nonprofit sector slowed from 9.9% in 1998 to 5.1% in 2003. At the same time, growth in compensation of employees in hospitals, universities and colleges reached 6.9% by 2003, up from 2.2% in 1997.

Compensation of employees for hospitals, universities and colleges remained steady, accounting for, on average, 91.0% of GDP over the 1997 to 2003 period. The remaining 9.0% was comprised of capital consumption allowances (7.4%) and taxes less subsidies on production (1.6%).¹²

Compensation of employees in the core nonprofit sector accounted for a relatively smaller share of their GDP, approximately 80% on average over the period. This is explained by the existence of operating surplus in GDP for a segment of this group who cover the majority of their costs through sales.¹³ While one of the key distinguishing characteristics of nonprofit organizations is that they do not exist primarily to generate profits, those with significant market activity can earn operating surplus (profits or losses) in any given year. This surplus must be re-invested in the mission of the organization, and not distributed to its owners or directors.

12. Since these organizations are primarily nonmarket producers and have limited market activity, by convention, their production is valued at cost in the System of National Accounts.

13. These organizations are considered to be primarily market producers and their output is valued at market prices in the System of National Accounts.



This operating surplus represented an average share of GDP of 10.8% over the 1997 to 2003 period. The remaining components of core NPO GDP included depreciation of structures and equipment (5.4%) and taxes less subsidies on factors of production (3.8%).

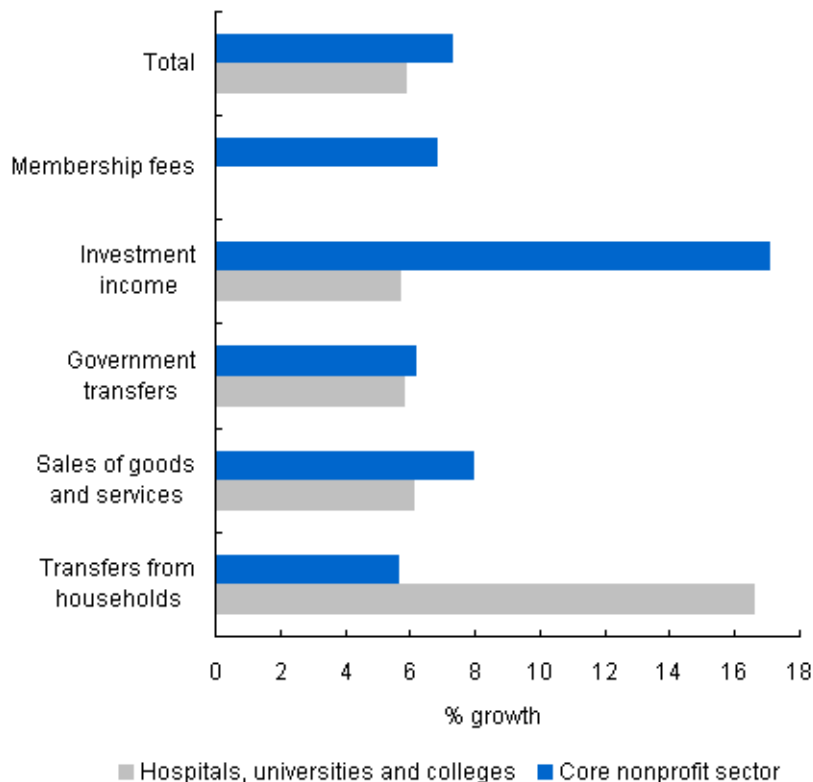
Incomes and outlays of the nonprofit sector, 1997 to 2003

Leader of NPO revenue growth alternates, but core NPO growth takes overall lead

In each year, beginning with 1997, the core nonprofit segment and hospitals, universities and colleges exchanged positions as leader of revenue growth. The core nonprofit sector took the overall lead with average revenue growth of 7.4% over the 1997 to 2003 period. Their dominant performance can largely be explained by stronger average annual growth in each source of revenue except donations from households. Strong growth in both sales (+8.0%), which form the bulk of the core nonprofit sector's revenue, investment income (+17.1%), and membership fees (+6.9%) coupled with government transfers (+6.2%) helped spur the core segment on.

Figure 9

Average annual growth of revenue by source, 1997 to 2003



Hospitals, universities and colleges, although trailing overall, regained the lead in 2003 with revenue up 8.1% compared to the core sector (+7.5%). This latest switch primarily resulted from strong growth in their sales of goods and services (+8.7%) and also from provincial government transfers (+7.6%) which rebounded from a period of low growth in 2001 and 2002.

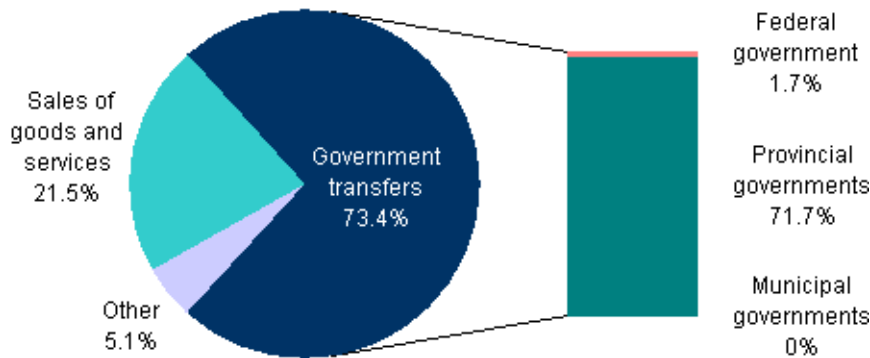


Revenue of hospitals, universities and colleges relies almost exclusively on government transfers and sales of goods and services

Hospitals, universities and colleges are the heavyweights of NPO sector revenue, with the overwhelming bulk of their revenue received from only two sources: government transfers and sales of goods and services.¹⁴ Government transfers represented the largest source of this revenue, contributing nearly three-quarters of the total, followed distantly by sales of goods and services; these sources together (\$66.0 billion) accounted for 94.8% of this group’s total revenue in 2003. The remaining revenue sources, which included transfers from households and businesses and investment income, were dwarfed by these two leading sources.

Figure 10

Revenue by source: hospitals, universities and colleges, 2003



Note: The “other” category contains investment income, transfers from households, transfers from other NPOs and transfers from businesses.

Hospitals are noticeably dependent on provincial government funding, receiving, on average, over 80% of their revenue from this source throughout the 1997 to 2003 period.¹⁵ The majority of hospitals’ remaining revenue was earned via sales of goods and services (14.2%).

Universities and colleges were less dependent on public funding than hospitals, with, on average, less than 60% of their revenue in the form of government transfers, also primarily from provincial sources. This group’s reliance on sales of goods and services, which include tuition fees, was more than double that of hospitals.

14. In accordance with national accounts guidelines, in the components of current income for the satellite account, payments by governments to nonprofit institutions in return for goods and services provided are recorded as sales, not as government transfers. These amounts cannot be separately identified.

15. These transfers are allocated to sectors based on the end-payer in the Canadian SNA. For example, federal payments to provincial governments to fund health and education are shown as intergovernmental transfers, not as transfers to hospitals, universities and colleges.



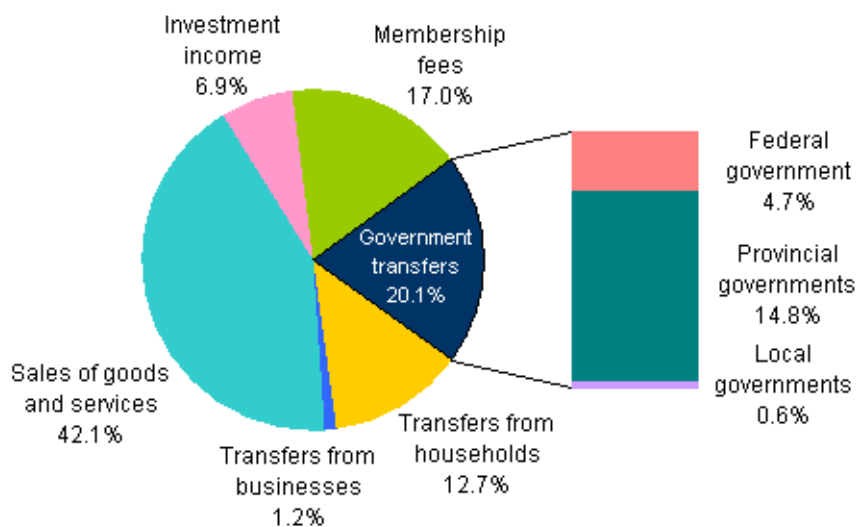
Hospitals, universities and colleges received the lion's share of all government funds destined to the overall nonprofit sector, with a share of more than 80% of total transfers in each of the seven years. Hospitals received three times as much as universities and colleges combined. Once the influence of hospitals, universities and colleges is removed, the importance of government funds in the composition of revenues is significantly reduced and a very different picture emerges.

Core nonprofit sector revenues led by sales of goods and services, but balanced with other sources

The core nonprofit sector relies on a significantly broader set of revenue sources. As was the case in previous years, sales of goods and services held the dominant position in 2003, accounting for 42.1% of total revenue; government transfers contributed a further 20.1%. The core NPO sector also derived considerable revenue from additional sources, including membership fees (17.0%), donations from households (12.7%) and investment income (6.9%). These other sources accounted for 36.6% of total revenue for organizations in the core nonprofit sector; in sharp contrast, hospitals, universities and colleges derived as little as 2.3% of their revenue from these sources.

Figure 11

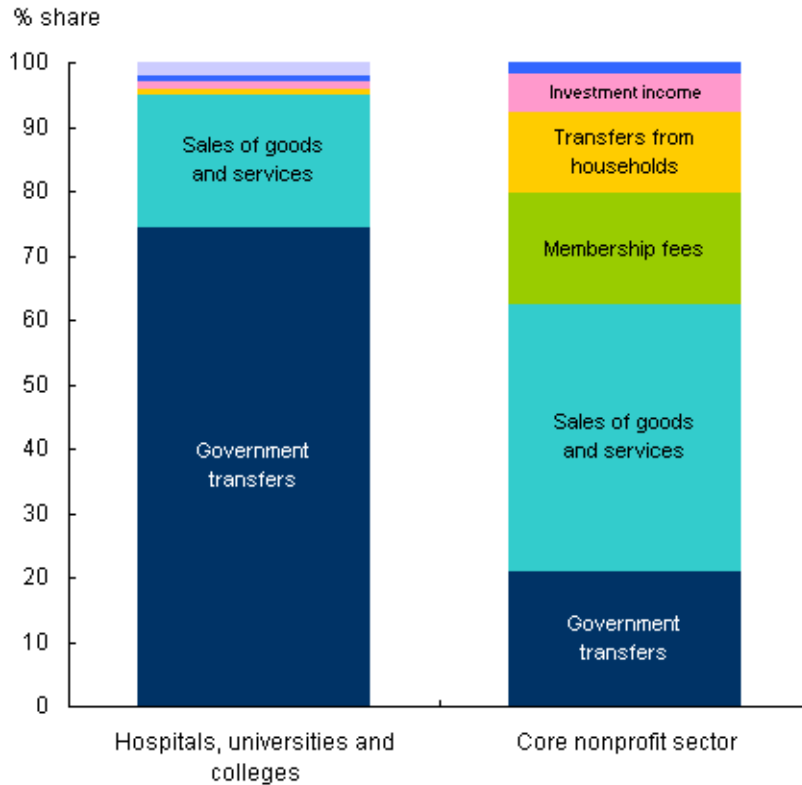
Revenue by source: core nonprofit sector, 2003



The two largest revenue sources for hospitals, universities and colleges provided an average of 94.9% of their revenue between 1997 and 2003. The core nonprofit sector reached a similar level with revenue contributions from an additional three sources; membership fees, donations from households, and investment income. This relationship held for every year of the period and reflects the diversity of revenue sources for the core nonprofit sector compared to hospitals, universities and colleges. Placing the revenue sources of these two groups alongside one another clearly illustrates this disparity.



Figure 12

Average share of revenue by source, 1997 to 2003

Note: Not labelled on this graph are the following sources of revenue:

Hospitals, universities and colleges: transfers from other NPOs (2.0%), investment income (1.1%), transfers from households (1.0%), and transfers from businesses (1.0%).

Core-nonprofit sector: transfers from businesses (1.9%).

Transfers from households remain the domain of the core nonprofit sector

Hospitals, universities and colleges gained ground, with transfers from households more than doubling over the 1997 to 2003 period. Their share of total household donations increased from 6.3% in 1997 to 10.1% in 2003. Nevertheless, transfers from households remained the domain of the core nonprofit sector, which in 2003 held a convincing 89.9% share of total donations from households. Transfers from households to the core nonprofit sector have averaged growth of 5.7% per year over the period.

Provincial governments main providers of government funding, but federal funds growing in importance for core nonprofit sector

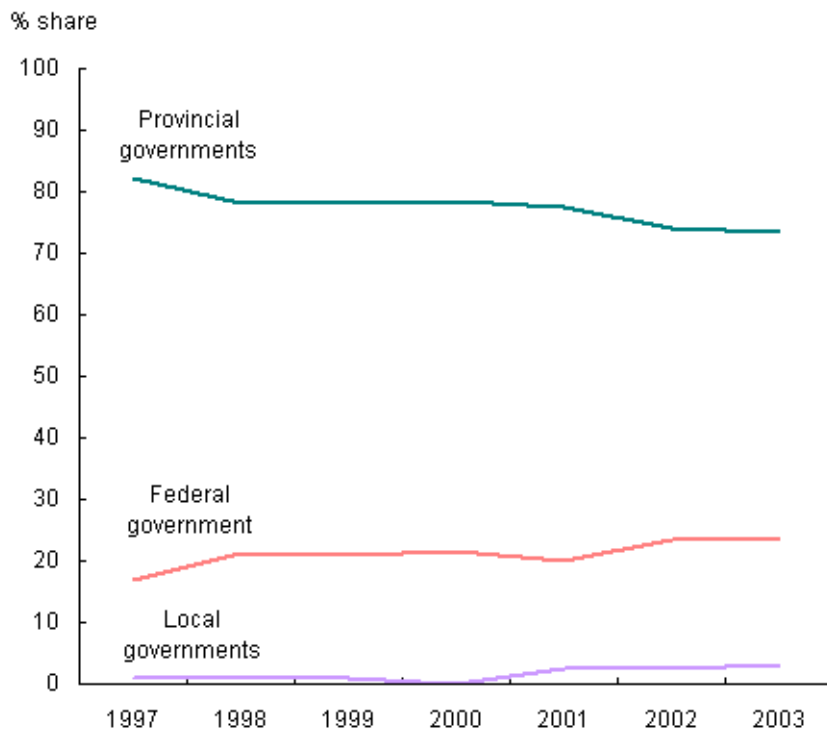
The importance of provincial funding for hospitals, universities and colleges reflects the fact that these organizations largely fall under provincial jurisdiction. While the majority of government funding for the core nonprofit sector also came from provincial governments, the relative contribution by the federal government was greater for this group. In 2003, NPOs in the core segment received over 70% of federal transfers destined to the overall nonprofit sector. This amount accounted for 4.7% of core nonprofit revenue. In comparison, hospitals, universities and colleges derived only 1.7% of their revenue from direct federal funding.



The importance of federal funding for the core nonprofit sector was also on the rise over the period. Between 1997 and 2003, the federal share of government transfers to this group increased from 16.9% to 23.4%, while the provincial share declined from 82.2% to 73.5%. Federal funding to the core nonprofit sector nearly doubled over the seven-year period, from \$1.4 billion in 1997 to \$2.7 billion in 2003.

Figure 13

Share of federal, provincial, and local government transfers: core nonprofit sector

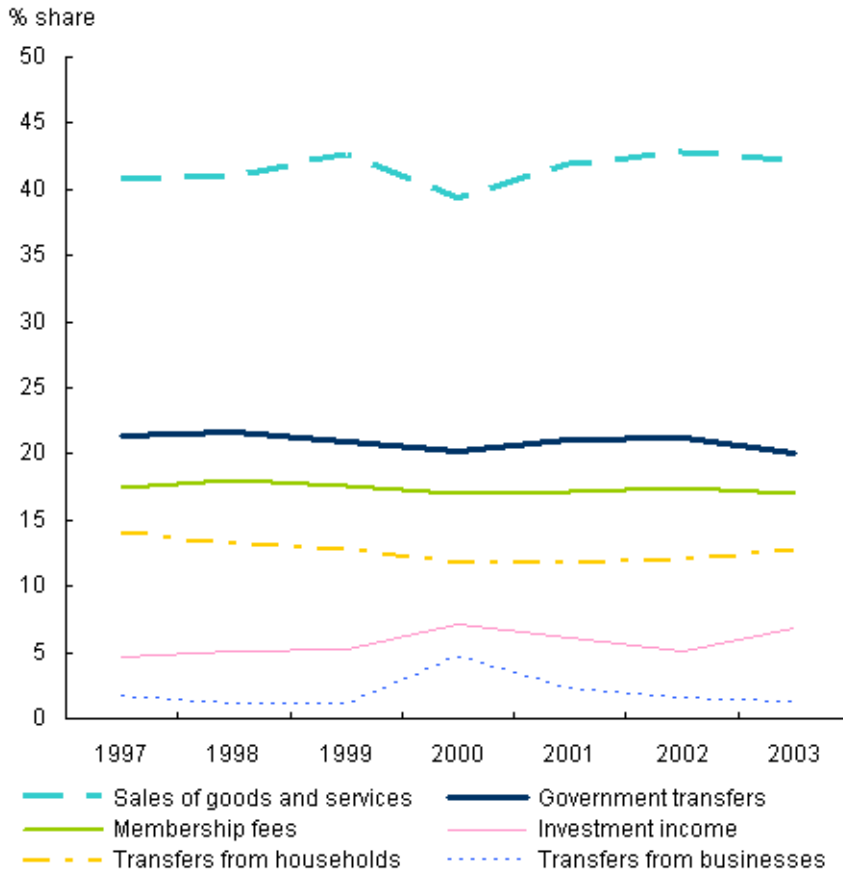


Over the period 1997 to 2003, revenue sources maintained their relative rankings in the core nonprofit sector, with sales of goods and services contributing the largest share of revenue. The distribution of these sources has been mostly stable with the exception of 2000. An exceptionally large corporate donation to a newly-created foundation in 2000 more than quadrupled the share of revenue and level of transfers from businesses over the previous year. In the same year, investment income grew by over 50% and growth of sales of goods and services slowed substantially to 3.3%, creating a temporary redistribution of revenue shares. By 2003, revenue shares had regained stability, with the exception of investment income.



Figure 14

Revenue distribution by source: core nonprofit sector



Diverse NPO activities generate revenue for the core nonprofit sector

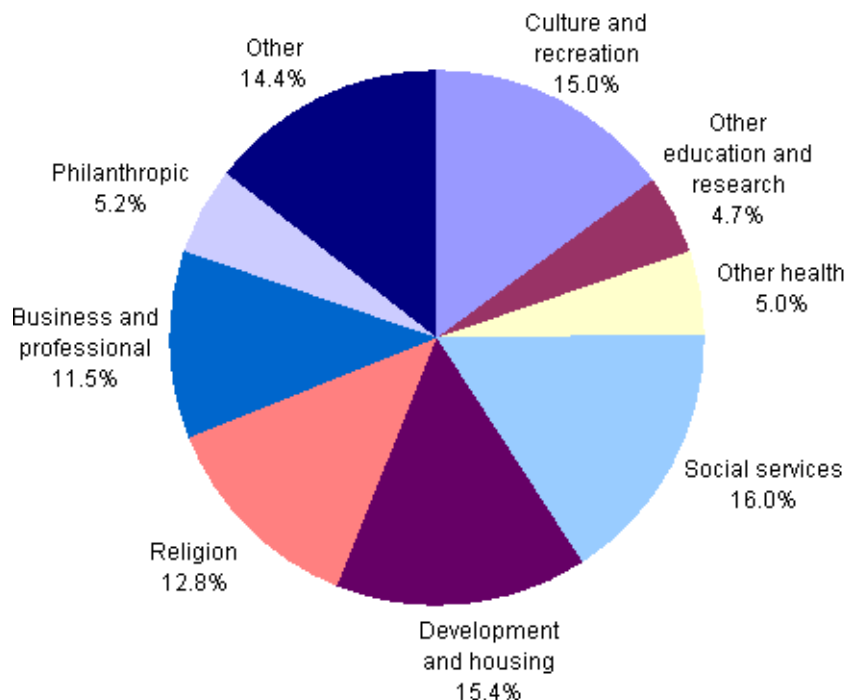
Given the significant weight of hospitals, universities and colleges in the overall sector, it is not surprising that the fields of health and education account for the lion’s share of total sector revenue. Together, these two fields accounted for almost 60% of total sector revenue in each of the seven years.

The more than 40% of remaining NPO revenue, which was generated by the core nonprofit sector, spanned a broad spectrum of activities. The six primary activities—development and housing, culture and recreation, social services, religion, business and professional associations, and philanthropic intermediaries—consistently accounted for more than three-quarters of total revenue received by core nonprofit organizations.



Figure 15

Distribution of revenue by area of activity: core nonprofit sector, 2003



Note: The "other" category includes environment, law, advocacy and politics, international, and not elsewhere classified.

NPO activities were clustered into distinct tiers

Since 1997, total revenue for the core nonprofit sector has increased by \$20.1 billion, to reach \$58.2 billion in 2003. Five fields of activity accounted for nearly three-quarters of this cumulative increase: social services (\$3.8 billion), development and housing (\$3.6 billion), culture and recreation (\$3.1 billion), business and professional associations (\$2.6 billion), and religion (\$1.3 billion). On average over the seven year period, these fields spanned a narrow range of contribution to total revenue in the core segment—between 11.7% and 14.8%, with the top three performers within less than a one-half percentage point of one another. Together, these fields accounted for, on average, nearly 70% of revenue in the core segment over the period.

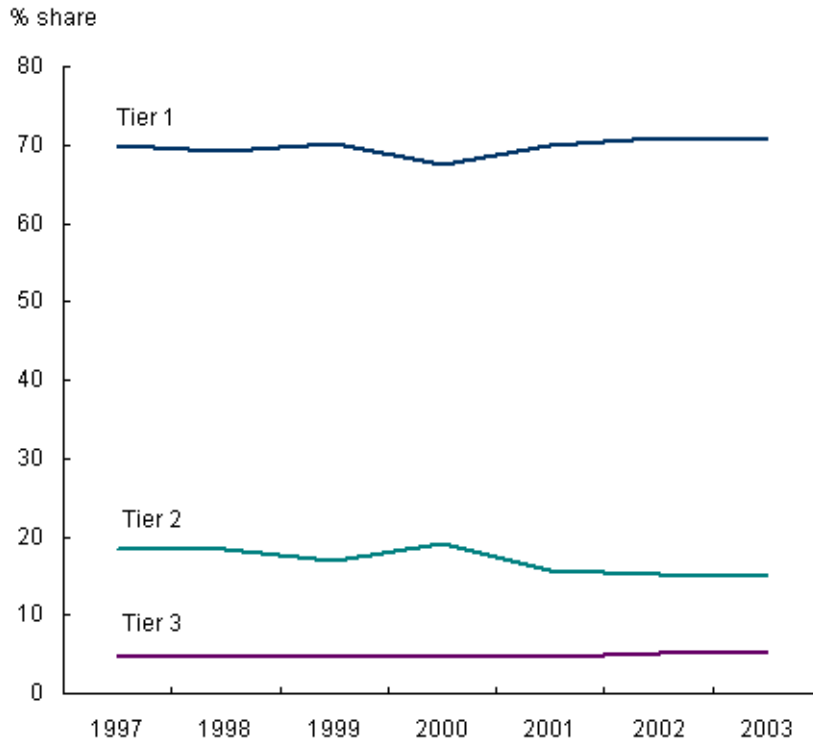
The second tier of NPO activities included other education and research, other health, and philanthropic intermediaries. On average over the period, this cluster of fields accounted for 17.0% of core nonprofit sector revenue, with individual fields ranging between 4.4% and 6.2% of the total.

With the lowest contributions to revenue, the environment, law, advocacy and politics, and international activity fields combined accounted for, on average, 4.9% of core nonprofit sector revenue. These fields individually ranged on average between 1.3% and 2.2% of revenue in the core nonprofit segment.



Figure 16

Combined share of revenue for activity groupings: core nonprofit sector



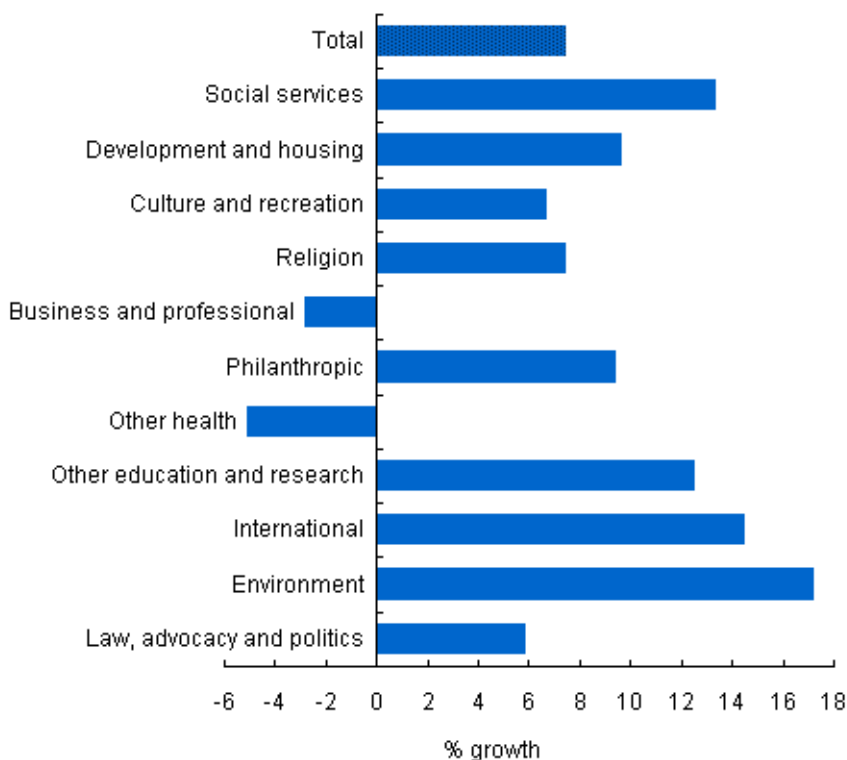
Environment, international, and social services top revenue growth in 2003, but overall growth strong for nearly all activities

Perhaps a reflection of increasing concerns over environmental issues, the environment group, although small, was the biggest gainer in the core segment in 2003 in terms of revenue growth (+17.2%). It was followed closely by international (+14.5%) and social services (+13.4%). Organizations in the education and research field also saw their revenues increase substantially (+12.5%), but other health (-5.1%) and business and professional associations (-2.9%) experienced negative growth.



Figure 17

Growth of revenue by area of activity: core nonprofit sector, 2003



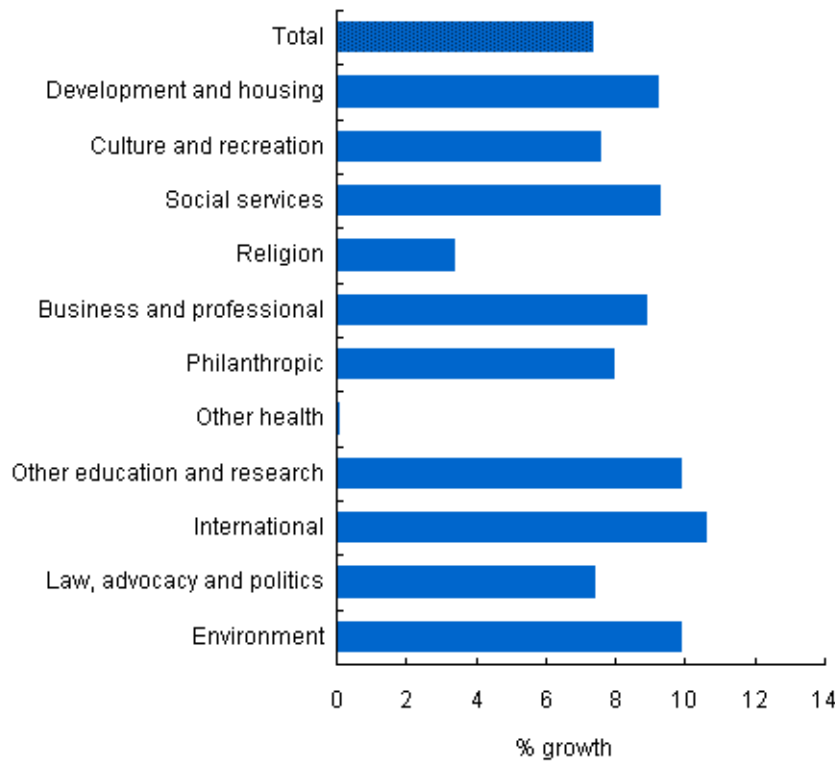
Note: Activities are sorted in descending order according to their share of revenue in 2003 (from 16.0% for social services to 1.3% for law, advocacy and politics).

Revenue growth in 2003 is representative of the overall period for the majority of areas. Between 1997 and 2003, the top seven areas of activity grew on average by nearly 9.5%; business and professional associations were among these with growth of 8.9%. Religion and other health were the exceptions, the latter of which experienced practically no expansion.



Figure 18

Average growth of revenue by area of activity: core nonprofit sector, 1997 to 2003



Note: Activities are sorted in descending order according to their average revenue share (from 14.8% for development and housing and culture and recreation to 1.3% for environment).

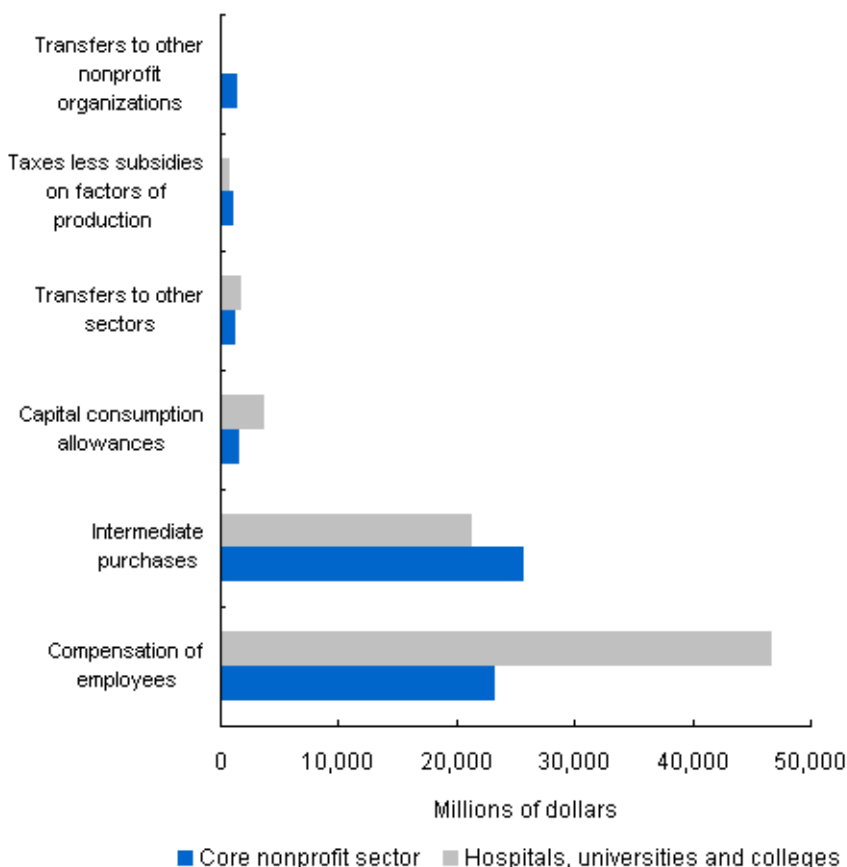
Intermediate expenses and compensation of employees are the largest outlays

In 2003, total outlays for the core nonprofit sector rose 10.5% reaching \$54.5 billion, an increase of \$21.9 billion over 1997. Hospitals, universities and colleges experienced less dramatic growth of 7.7% to \$73.1 billion, an increase of \$24.0 billion over 1997. For both groups, at least 94% of these outlays were composed of operating expenditures, while the remainder consisted of transfers to other sectors of the economy and to other nonprofit organizations.



Figure 19

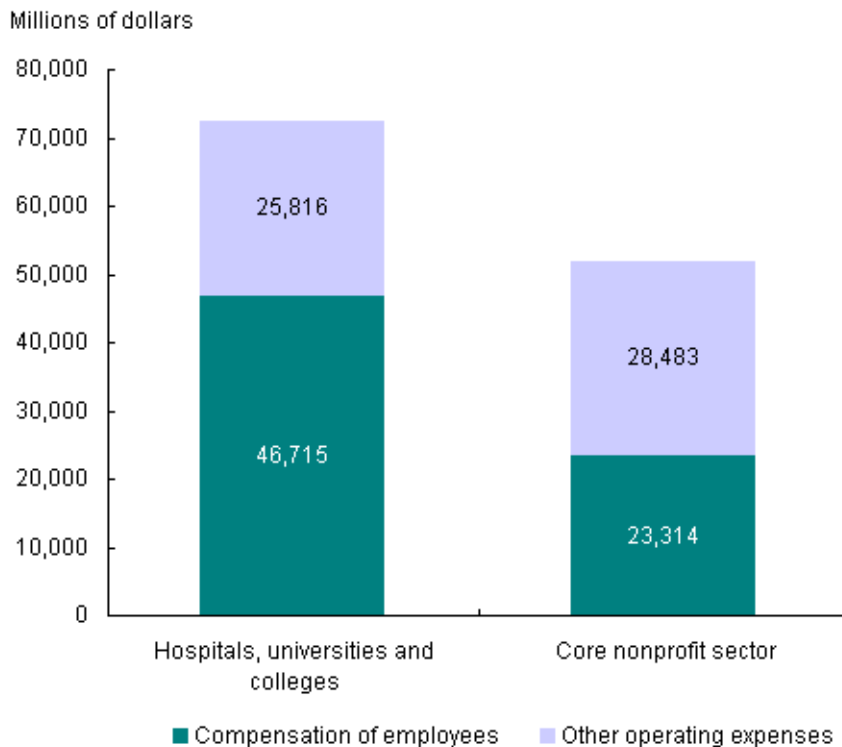
Components of current expenditures, 2003



As was the case in other years, in 2003 compensation of employees formed the bulk of operating expenses for hospitals, universities, and colleges (64.4%). This was more than double their purchases of goods and services used in the production process (29.4%), also referred to as intermediate purchases. Conversely, organizations in the core nonprofit sector spent more on intermediate purchases (49.8%) than on labour services (45.0%). The remaining, relatively small, proportions of expenses for each group were divided between capital consumption allowances (depreciation), and taxes less subsidies on factors of production.



Figure 20

Compensation of employees and other operating expenses, 2003

Because core nonprofit organizations benefit from the bulk of volunteer effort, extending the value of labour services to include a replacement cost value of volunteer work would paint an entirely different portrait of this group, with labour services increasing significantly in importance.

The composition of these operating expenses remained relatively stable over the 1997 to 2003 period. Expenses of hospitals, universities and colleges grew at a slower overall pace (6.9%) than the remainder of the sector (9.0%).

Sector saving originates from specific areas

The core nonprofit sector's revenue exceeded their expenses, producing positive saving over the 1997 to 2003 period. However, with growth in operating expenses exceeding that of revenue, saving is on a downward trend. The bulk of this saving comes from specific organization types including nonprofit transportation authorities, health insurance providers, foundations, boards of trade and large business and professional associations. Most of these organizations tend to serve the needs of business,¹⁶ have significant market activity, or are engaged in distributing revenue to other nonprofit organizations.

Hospitals, universities and colleges produced mixed results with universities and colleges recording positive saving until 2000 at which point their outlays began to exceed revenues, while hospitals fared worse with considerable negative saving in all years except 2000.

16. They are classified to the business sector in the standard accounts of the Canadian SNA.



Volunteer work and extended measures, 1997 and 2000

The value of volunteer work¹⁷

The value of volunteer work declined in 2000

In 2000, the value of volunteer work in the NPO sector amounted to \$14 billion (equivalent to 1.4% of Canada's GDP), a marginal decline from its 1997 level (equivalent to 1.7% of Canada's GDP). This was due to a decrease in hours volunteered¹⁸ between these two years.

Philanthropic intermediaries and education and research organizations experienced the largest decline in the value of volunteer work, down 20% and 17% respectively. The few fields that registered an increase have small volunteer complements, such as environment, business and professional associations, international, and law, advocacy and politics.

In 2000, 6.5 million people, or 26.7% of Canadians, volunteered their time and skills, down from a volunteer rate of 31% in 1997. Although a million fewer Canadians volunteered, those who did devoted more time, partially mitigating the decline in hours. In 2000, volunteers contributed 162 hours on average, up from 149 hours in 1997, resulting in 1.1 billion hours volunteered, equivalent to 539 thousand full-time jobs (calculated using a 40 hour work week).

Patterns in volunteering can be affected by a redistribution of resources from the non-market (unpaid) to the market (paid) sector, particularly during some periods of the business cycle. Between 1997 and 2000, Canada's economy advanced at an average of 3.5%¹⁹ per year and the employment rate rose from 58.8% in 1997 to 61.2% in 2000. Greater involvement in the paid labour market may have left individuals with less time to volunteer.

Extended measures of economic activity

Because NPOs rely heavily on volunteers to undertake their activities, the standard measure of GDP is extended in this report to include a replacement cost value of volunteer work. This represents the cost to replace volunteer effort if the same services were purchased on the paid labour market. This extension for non-market volunteer activity allows for an alternative valuation of nonprofit sector output by more fully accounting for its use of productive resources. Using this approach, extended measures of labour services and revenue can also be obtained. Extended measures were estimated for 1997 and 2000, the common years for which both the standard economic accounts and the value of volunteer work are available.

Volunteering a significant part of extended NPO GDP, especially for the core segment

In 2000, NPO GDP was \$66 billion, amounting to 6.6% of the economy. Including the value of volunteer work drives up the economic contribution of the overall nonprofit sector to 7.9%²⁰ of the economy. Between 1997 and 2000, the total extended value of the nonprofit sector's GDP grew by 15.2%, less than the standard measure (+19.3%), reflecting the marginal decline in the overall value of volunteer work.

17. This work is part of Statistics Canada's effort to measure and value unpaid work of Canadian households, of which volunteer work for nonprofit organizations is a component.

18. These estimates are based on hours volunteered collected on the National Survey of Giving, Volunteering and Participating for the reference years of 1997 and 2000.

19. In real terms.

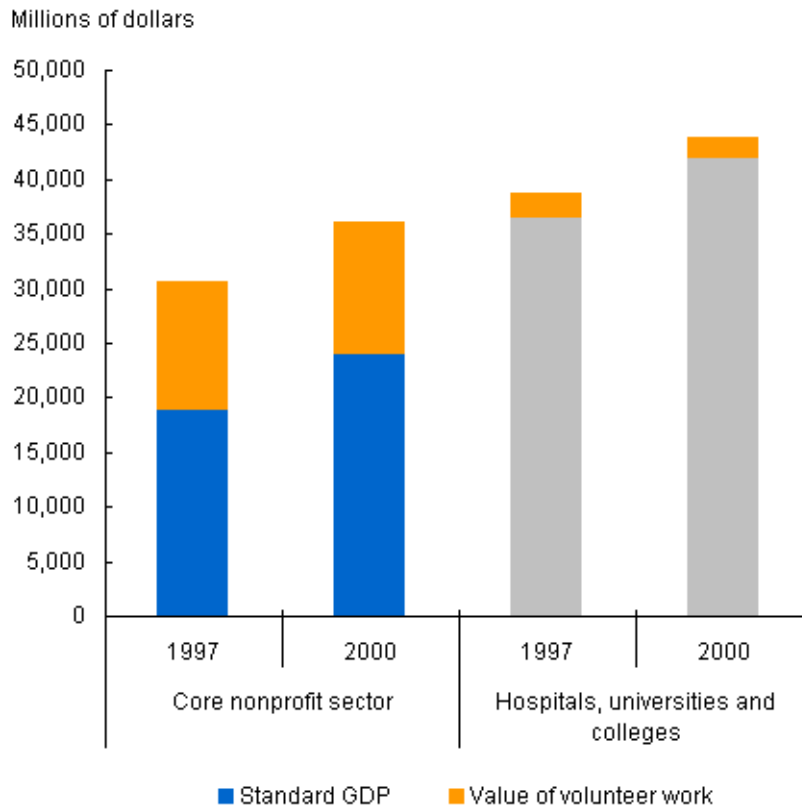
20. As is the case for all shares of extended value cited in this report, this share is calculated after adding the value of volunteer work to both the numerator (GDP of the nonprofit sector) and the denominator (GDP for the total economy).



Core nonprofit organizations mobilized over 86% of the total volunteer effort in 2000 (\$12.1 billion), reflecting the key importance of this resource to generally smaller organizations. The economic contribution of the core segment to the Canadian economy as a whole increases by over a percentage point from 2.4% to 3.6% when the value of volunteer work is taken into account. The replacement cost value of volunteer work accounted for 33.5% of the extended value of economic activity in the core nonprofit sector.

Figure 21

Extended value of GDP

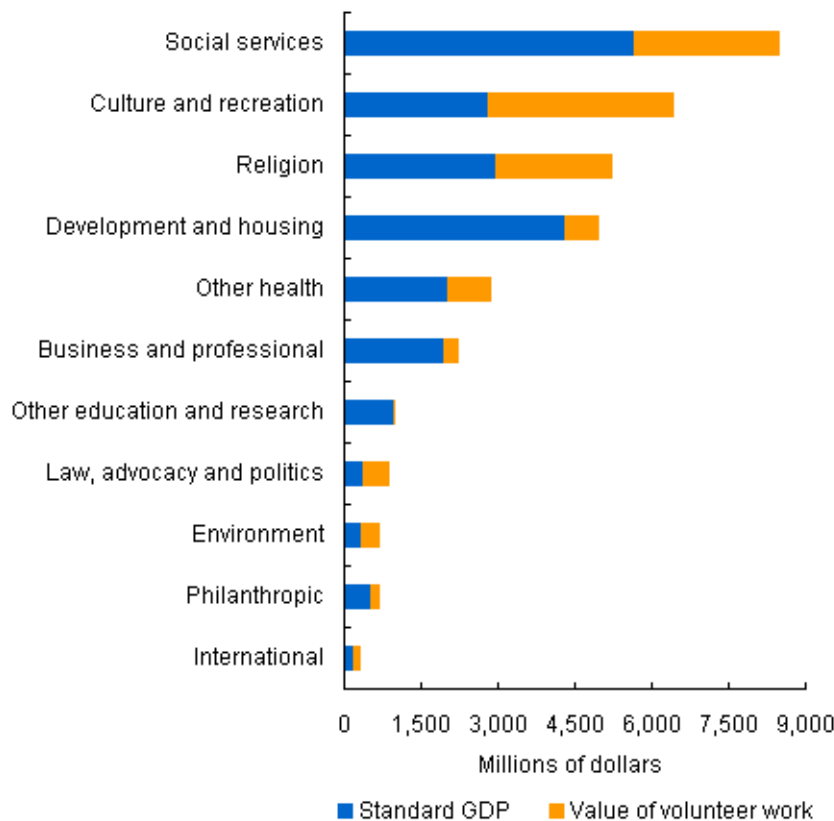


Majority of volunteer work concentrated in three fields of activity

The bulk of volunteering was concentrated in three main activities. Culture and recreation utilized the most volunteers, with \$3.6 billion worth of volunteer effort in 2000, followed by social services (\$2.9 billion) and religion (\$2.3 billion). These three groups alone accounted for 72.7% of the value of the volunteer work and 47.5% of paid labour compensation in the core nonprofit sector. Benefiting from 30.2% of total volunteer effort, the ranking of culture and recreation organizations in total economic activity climbs from fourth to second place when the value of volunteering is included with GDP.



Figure 22

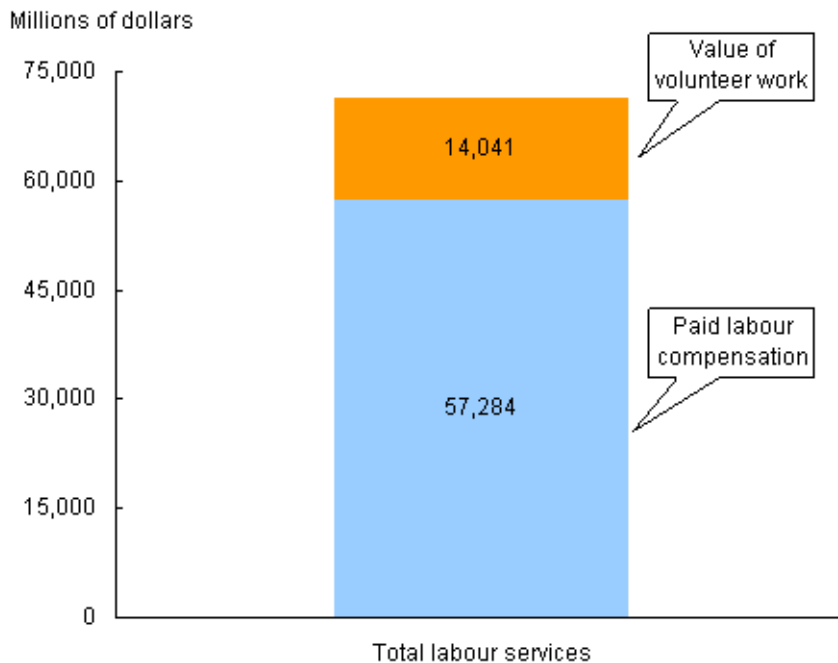
Extended measure of GDP by primary area of activity: core nonprofit sector, 2000**Extended measures of labour services****Volunteer work accounts for a significant portion of total labour services**

In 2000, NPOs paid \$57.3 billion in compensation of employees and received the equivalent of \$14.0 billion in volunteer work. When paid labour compensation and the replacement cost value of volunteer work are summed, the outcome is an extended value of total labour services. In 2000, the value of volunteer work accounted for 19.7% of the total value of labour resources provided to the overall nonprofit sector, down from 22.6% in 1997. This decrease may be related to an expanding economy, whereby people become more involved in the paid labour market and tend to devote less time to volunteer work. This situation might lead nonprofit organizations to increase their reliance on the paid labour force in order to achieve their missions.

In both 1997 and 2000, organizations in the core nonprofit sector accounted for about one-third of paid labour compensation of NPOs. In 2000, they benefited from over 86% of total volunteer labour services, worth \$12.1 billion, compared to \$19.1 billion in paid labour compensation. It is therefore not surprising that the share of the value of volunteer work in total extended labour services is twice as large for this group than the overall NPO sector. Between 1997 and 2000, stronger growth in paid labour (+26.2%) than in the value of volunteer work (+1.8%) for the core nonprofit sector, resulted in a decline of this share from 44.0% to 38.8% between these two years. The overall value of labour resources employed by these generally smaller organizations represented 5.7% of the wage bill for the Canadian economy in 2000, compared with 13.2% for the nonprofit sector as a whole.



Figure 23

Extended value of labour compensation: overall nonprofit sector, 2000**Reliance on volunteers varies widely by type of organization**

The use of volunteers relative to paid workers varies considerably across fields of activity. In 2000, the share of volunteer work in the extended value of labour services ranged from 66.1% for law, advocacy and politics to 4.7% for health when hospitals are included. With shares of 16.9%, 16.1%, and 5.1% respectively, development and housing, business and professional associations, and other education and research made use of substantially less volunteer effort as opposed to paid labour.

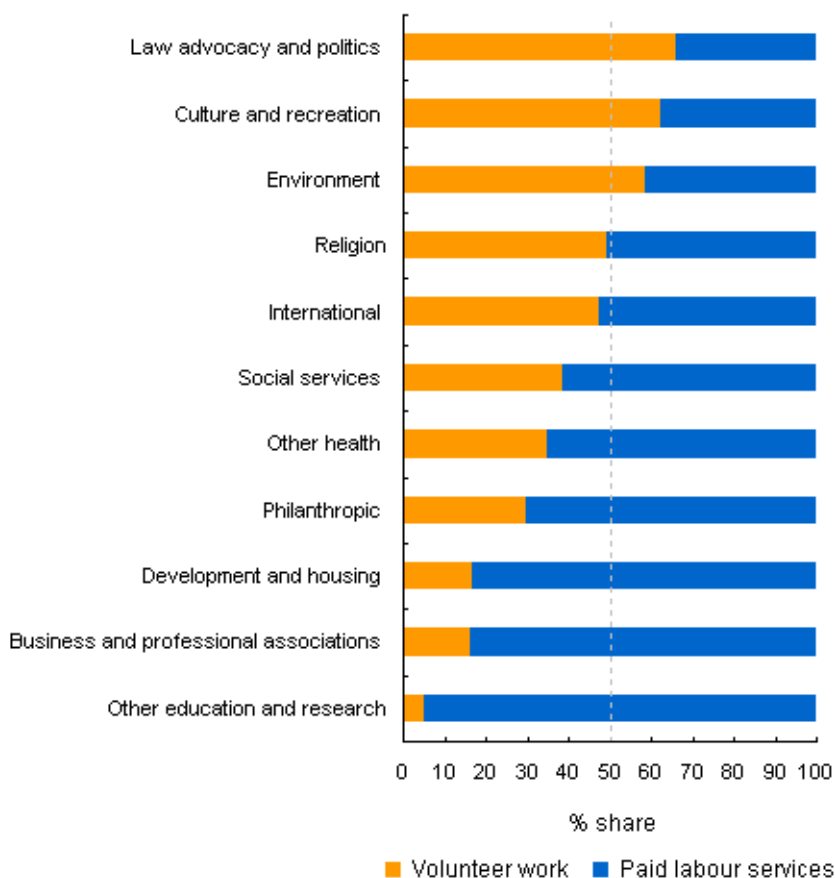
In contrast, organizations primarily engaged in the culture and recreation, environment, and religion fields relied more heavily on volunteering than other organizations, with volunteering accounting for 62.1%, 58.4%, and 49.5% respectively of their total value of labour services. These first two fields and law, advocacy and politics were the sole activities that relied more heavily on volunteer labour compared to paid labour while religion was almost evenly balanced between both labour sources.

The field of health, which is essentially dominated by hospitals both in terms of GDP and labour income, relies significantly less on volunteer effort as opposed to paid labour and consequently ranked ahead of all other areas in terms of paid remuneration, followed by education and research. While these two fields benefited from only about one-fifth of volunteer work, they accounted for 70.8% of paid labour services. The dominance of paid labour services in health and education reflects the reliance on skilled labour in these two sectors.



Figure 24

Volunteer and paid labour shares in extended value of labour services: core nonprofit sector, 2000



Extended measures of nonprofit sector revenue

Volunteer work is worth more than donations from households

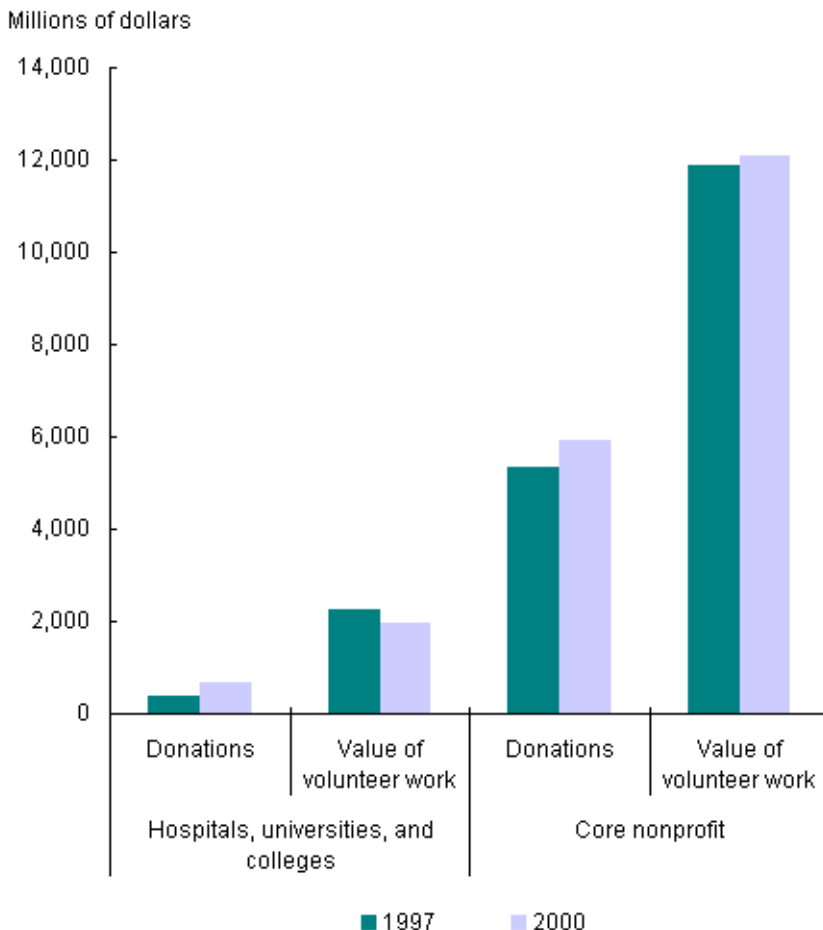
Despite a small decline in the value of volunteer work between 1997 and 2000, volunteering continues to represent a considerably larger resource to the nonprofit sector than monetary and in-kind donations from households. The replacement cost value of volunteering was estimated at \$14.0 billion in other “in-kind” revenue offered to the nonprofit sector in 2000, more than double the \$6.6 billion of donations received from households.

As is the case for volunteering, the core nonprofit sector received the bulk of donations from households, with over 90% of donations in 2003 made to organizations in the core nonprofit sector.



Figure 25

Donations from households and the value of volunteer work



The labour services that volunteers provide are a significant resource provided as a transfer in-kind from households. Combining the value of volunteer work with donations from households triples the importance of household transfers in overall sector revenue, from 6.1% to almost 16.9% (shown below as sum of transfers from households and volunteering services).

For the core nonprofit sector, adding the value of volunteer work nearly triples the importance of transfers from households from 11.8% to nearly 29.0%.



Figure 26

Sources of revenue, extended with volunteering: overall nonprofit sector, 2000

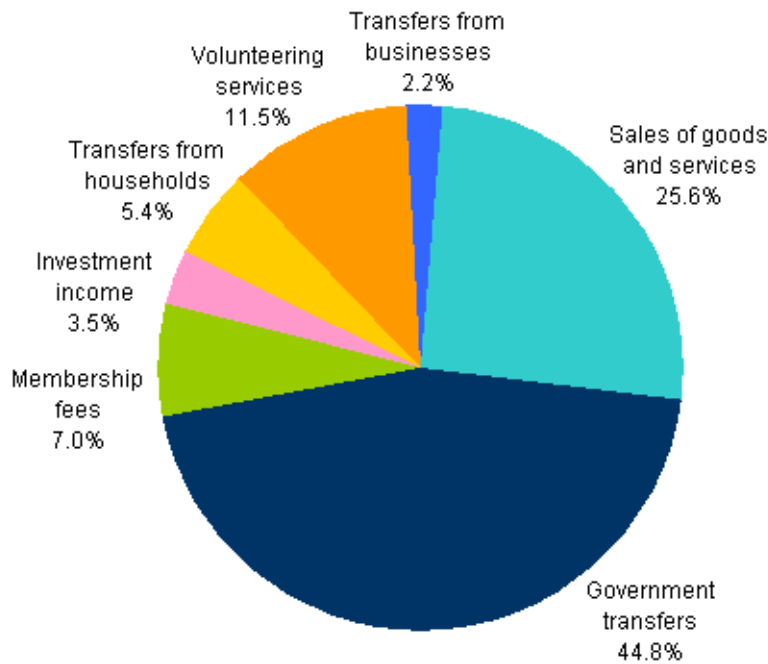
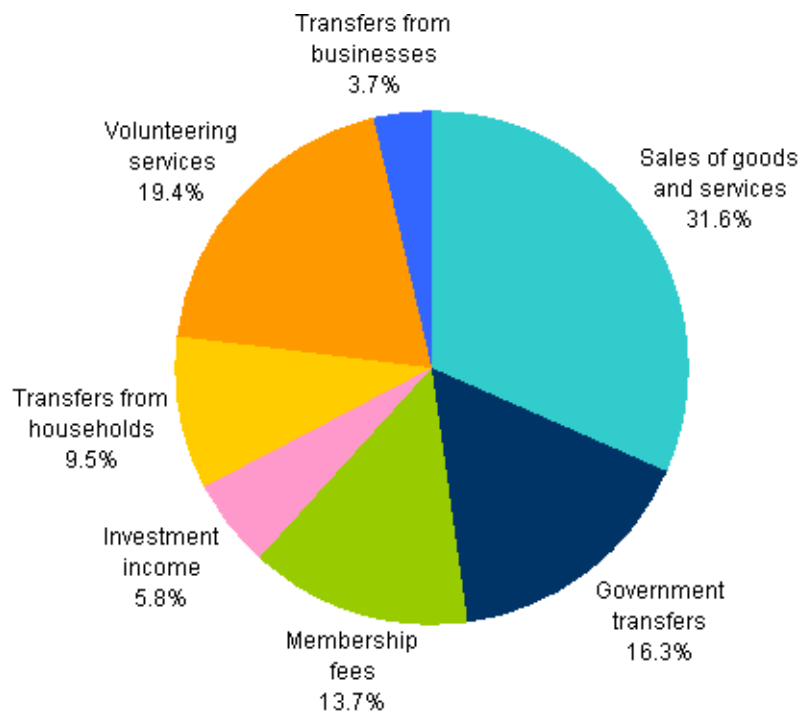


Figure 27

Sources of revenue, extended with volunteering: core nonprofit sector, 2000



VI. Summary and conclusions

Nonprofit organizations not only play an important role in the well-being of Canadians, they also constitute an economic force that cannot be ignored. Satellite Account estimates reveal that the size of both Canada's core and overall nonprofit sectors exceeds that of certain key industries, regardless of whether the contribution of volunteers is included in the valuation.

Economic activity in the overall nonprofit sector is dominated by hospitals, universities and colleges which are classified to the government sector in core national accounts statistics. The generally smaller organizations, known as the core nonprofit sector, function in a diverse array of fields and play an increasingly important role in society.

Over the 1997 to 2003 period, economic activity in both the overall and the core nonprofit sectors outpaced that of the total economy, with economic activity in the core segment growing significantly faster on average. As a result, by 2003, the core segment's share in the overall NPO sector had gained ground.

Organizations in the social services, development and housing, religion, and culture and recreation groups combined made up nearly two-thirds of core NPO economic activity in each of the seven years. Over the period, the large social services group, and the considerably smaller ones of education and research (other than universities and colleges), and environment grew the fastest.

In each year, beginning with 1997, the core nonprofit sector and hospitals, universities and colleges exchanged positions as leader of revenue growth, with the core segment taking the overall lead for the period. The dominant performance of this group can largely be explained by stronger average growth in each of their sources of revenue with the exception of donations from households.

Hospitals, universities and colleges are the heavyweights of NPO sector revenue, with the overwhelming bulk of their revenue received from only two sources: government transfers and sales of goods and services. The core nonprofit sector relies on a significantly broader set of revenue sources, with sales of goods and services ranking at the top of their list. These organizations also obtain significant revenue from membership fees and donations from households.

The composition of revenue sources was notably stable over the period, but hospitals, universities and colleges received increased revenue in the form of donations from households. While transfers from households remained the domain of the core nonprofit sector, hospitals, universities and colleges' share of donations from individuals grew significantly over the period. In addition, and while provincial governments remained, by far, the main providers of public funds, the federal share of government transfers to the core nonprofit sector rose over the period, while the provincial share declined.

Compensation of employees was the largest expense, particularly for hospitals, universities and colleges whereas other organizations spent comparatively more on goods and services used in the production process. Over the 1997 to 2003 period, the difference between the nonprofit sector's income and outlay produced positive saving which was concentrated in certain areas.

Volunteering represents a significant part of NPO activity, especially for the core segment. Including volunteering in GDP, to yield an extended measure, increases the value of GDP for the core segment by over 50% and that of the overall sector by over 21%. The value of monetary and in-kind donations from households pales in comparison to the value of volunteer services. Combining the value of volunteer work with these donations almost triples the importance of household transfers. As is the case for volunteering, the core nonprofit sector received the bulk of donations from households.



At nearly 39%, the share of the value of volunteer work in total labour services is twice as large in the core segment as for the NPO sector as a whole. The use of volunteers relative to paid labour varies considerably by type of organization. The majority of volunteer work is concentrated in three fields of activity: culture and recreation, social services and religion, with these three groups accounting for nearly three-quarters of the total. Large service providers in health and education rely more heavily on paid labour, as do business and professional associations.

The value of volunteer work declined between 1997 and 2000, due to a drop in hours volunteered. While a million fewer Canadians offered volunteer services, those who did invested more hours on average, partially mitigating this decline.

Serving as a barometer for the economic vitality of the nonprofit sector, the satellite account has become an essential resource for nonprofit organizations, policymakers at every level of government, academics, and experts worldwide. The satellite account opens up a broad spectrum of applications whose potential is only starting to be realized. The analytical potential of the satellite account will increase each year as the time series is extended. The next release in 2007 will span an eight-year time horizon, enabling even more meaningful trend analysis.



Table 1 Economic accounts: nonprofit sector¹

CANSIM Table 3880001

	Millions of dollars						
	1997	1998	1999	2000	2001	2002	2003
Production account							
Gross output	81,918	87,138	93,295	101,309	109,029	117,308	127,434
Intermediate purchases	26,626	28,901	31,888	35,352	38,203	41,772	47,129
Gross Domestic Product at basic prices	55,292	58,237	61,407	65,957	70,826	75,536	80,305
Wages, salaries and supplementary labour income	48,305	50,547	53,420	57,284	61,714	65,870	70,029
Taxes less subsidies on factors of production	1,318	1,430	1,460	1,563	1,630	1,802	1,877
Capital consumption allowances	3,641	3,927	4,062	4,514	4,747	5,038	5,293
Other operating surplus	2,028	2,333	2,465	2,596	2,735	2,826	3,106
Income and outlay account							
Income	86,509	91,568	97,679	108,300	112,313	117,167	126,342
Sales of goods and services	26,052	27,489	29,767	31,339	34,230	36,898	39,502
Membership fees	6,659	7,671	7,847	8,501	8,836	9,450	9,876
Investment income	2,439	2,786	3,028	4,330	3,744	3,203	4,757
Current transfers from:							
Households and businesses	6,874	6,989	7,251	9,276	8,373	8,626	9,477
Households	5,710	5,980	6,114	6,580	6,805	7,325	8,252
Businesses	1,164	1,009	1,137	2,696	1,568	1,301	1,225
Governments	44,485	46,633	49,786	54,854	57,130	58,990	62,730
Federal government	2,058	2,586	2,761	3,199	3,489	3,830	3,889
Provincial governments	42,341	43,948	46,921	51,632	53,340	54,850	58,455
Local governments	86	99	104	23	301	310	386
Outlay	80,717	85,780	91,870	99,849	107,812	115,940	126,253
Gross current expenditure on goods and services	78,868	83,742	89,648	97,389	105,158	113,047	123,075
Current transfers to other sectors	1,849	2,038	2,222	2,460	2,654	2,893	3,178
Saving (income less outlay)	5,792	5,788	5,809	8,451	4,501	1,227	89

1. Total sector income (outlay) is equal to the sum of incomes (outlays) in tables 2, 3 and 4 less transfers between nonprofit organizations.



Table 2 Economic accounts: hospitals¹

CANSIM Table 3880001

	Millions of dollars						
	1997	1998	1999	2000	2001	2002	2003
Production account							
Gross output	32,586	33,877	35,984	39,040	42,450	45,563	48,681
Intermediate purchases	8,255	8,894	9,823	10,882	12,158	13,455	14,684
Gross Domestic Product at basic prices	24,331	24,983	26,161	28,158	30,292	32,108	33,997
Wages, salaries and supplementary labour income	22,355	22,944	24,045	25,869	27,800	29,436	31,368
Taxes less subsidies on factors of production	370	379	397	428	458	482	513
Capital consumption allowances	1,606	1,660	1,719	1,861	2,034	2,190	2,116
Income and outlay account							
Income	31,679	32,988	35,005	39,603	40,827	42,767	46,059
Sales of goods and services	4,689	4,775	4,997	5,367	5,683	6,142	6,597
Investment income	137	147	128	145	112	94	115
Current transfers from:							
Households and businesses	150	212	142	136	244	216	226
Other nonprofit organizations	343	390	324	335	402	556	598
Governments	26,360	27,464	29,414	33,620	34,386	35,759	38,523
Provincial governments	26,352	27,446	29,399	33,605	34,371	35,746	38,510
Local governments	8	18	15	15	15	13	13
Outlay	32,198	33,592	35,652	38,609	42,191	45,027	48,424
Gross current expenditure on goods and services	31,894	33,246	35,318	38,279	41,850	44,661	48,032
Current transfers to other sectors	304	346	334	330	341	366	392
Saving (income less outlay)	-519	-604	-647	994	-1,364	-2,260	-2,365

1. Hospitals include residential care facilities.



Table 3 Economic accounts: universities and colleges

CANSIM Table 3880001

	Millions of dollars						
	1997	1998	1999	2000	2001	2002	2003
Production account							
Gross output	16,515	16,823	17,739	18,996	20,616	22,160	23,850
Intermediate purchases	4,344	4,511	4,776	5,212	5,843	6,223	6,669
Gross Domestic Product at basic prices	12,171	12,312	12,963	13,784	14,773	15,937	17,181
Wages, salaries and supplementary labour income	10,827	10,979	11,565	12,332	13,192	14,250	15,347
Taxes less subsidies on factors of production	217	211	219	230	248	261	284
Capital consumption allowances	1,127	1,122	1,179	1,222	1,333	1,426	1,550
Income and outlay account							
Income	17,784	17,313	18,818	19,611	21,078	21,611	23,529
Sales of goods and services	5,849	5,261	5,723	6,293	6,926	7,637	8,387
Investment income	512	501	552	605	460	394	655
Current transfers from:							
Households and businesses	763	708	953	890	967	1,046	1,138
Households	282	260	329	582	634	654	717
Businesses	481	448	624	308	333	392	421
Other nonprofit organizations	698	897	582	710	841	787	830
Governments	9,962	9,946	11,008	11,113	11,884	11,747	12,519
Federal government	679	632	800	1,031	1,313	1,135	1,159
Provincial governments	9,275	9,306	10,200	10,074	10,563	10,604	11,352
Local governments	8	8	8	8	8	8	8
Outlay	16,954	17,146	18,104	19,466	21,223	22,900	24,711
Gross current expenditure on goods and services	16,185	16,391	17,223	18,433	20,080	21,627	23,246
Current transfers to other sectors	769	755	881	1,033	1,143	1,273	1,465
Saving (income less outlay)	830	167	714	145	-145	-1,289	-1,182



Table 4 Economic accounts: nonprofit sector excluding hospitals, universities and colleges

CANSIM Table 3880001

	Millions of dollars						
	1997	1998	1999	2000	2001	2002	2003
Production account							
Gross output	32,817	36,438	39,572	43,273	45,963	49,585	54,903
Intermediate purchases	14,027	15,496	17,289	19,258	20,202	22,094	25,776
Gross Domestic Product at basic prices	18,790	20,942	22,283	24,015	25,761	27,491	29,127
Wages, salaries and supplementary labour income	15,123	16,624	17,810	19,083	20,722	22,184	23,314
Taxes less subsidies on factors of production	731	840	844	905	924	1,059	1,080
Capital consumption allowances	908	1,145	1,164	1,431	1,380	1,422	1,627
Other operating surplus	2,028	2,333	2,465	2,596	2,735	2,826	3,106
Income and outlay account							
Income	38,087	42,554	44,762	50,131	51,651	54,132	58,182
Sales of goods and services	15,514	17,453	19,047	19,679	21,621	23,119	24,518
Membership fees	6,659	7,671	7,847	8,501	8,836	9,450	9,876
Investment income	1,790	2,138	2,348	3,580	3,172	2,715	3,987
Current transfers from:							
Households and businesses	5,961	6,069	6,156	8,250	7,162	7,364	8,113
Households	5,353	5,614	5,714	5,930	6,049	6,563	7,422
Businesses	608	455	442	2,320	1,113	801	691
Governments	8,163	9,223	9,364	10,121	10,860	11,484	11,688
Federal government	1,379	1,954	1,961	2,168	2,176	2,695	2,730
Provincial governments	6,714	7,196	7,322	7,953	8,406	8,500	8,593
Local governments	70	73	81	0	278	289	365
Outlay	32,607	36,329	39,020	42,819	45,641	49,356	54,546
Gross current expenditure on goods and services	30,789	34,105	37,107	40,677	43,228	46,759	51,797
Current transfers to other nonprofit organizations	1,042	1,287	906	1,045	1,243	1,343	1,428
Current transfers to other sectors	776	937	1,007	1,097	1,170	1,254	1,321
Saving (income less outlay)	5,480	6,225	5,742	7,312	6,010	4,776	3,636



Table 5 Income of nonprofit sector, by primary area of activity

CANSIM Table 3880002

	Millions of dollars						
	1997	1998	1999	2000	2001	2002	2003
Culture and recreation	5,602	6,176	6,582	7,205	7,717	8,152	8,698
Education and research	18,643	18,183	20,047	21,053	22,566	23,245	25,422
Health	33,460	34,992	36,849	41,267	42,352	44,225	47,256
Social services	6,295	6,507	7,181	7,787	8,617	9,282	10,444
Environment	486	539	563	627	805	702	823
Development and housing	5,375	6,723	6,788	7,287	7,087	8,169	8,960
Law, advocacy and politics	514	588	612	721	658	731	774
Philanthropic intermediaries and voluntarism promotion	2,468	2,805	2,682	4,532	2,869	2,783	3,045
International	870	856	1,023	993	978	1,329	1,522
Religion	6,071	6,393	6,503	6,837	7,073	6,893	7,410
Business and professional associations, unions	4,065	4,564	5,267	5,724	6,641	6,904	6,707
Not elsewhere classified	2,660	3,242	3,582	4,267	4,950	4,752	5,281
Total	86,509	91,568	97,679	108,300	112,313	117,167	126,342

Table 6 Income of nonprofit sector excluding hospitals, universities and colleges, by primary area of activity

CANSIM Table 3880002

	Millions of dollars						
	1997	1998	1999	2000	2001	2002	2003
Culture and recreation	5,602	6,176	6,582	7,205	7,717	8,152	8,698
Education and research	1,557	1,768	1,811	2,152	2,362	2,420	2,723
Health	2,939	3,286	3,067	2,950	2,934	3,080	2,923
Social services	5,481	5,613	6,283	6,836	7,577	8,216	9,315
Environment	486	539	563	627	805	702	823
Development and housing	5,375	6,723	6,788	7,287	7,087	8,169	8,960
Law, advocacy and politics	514	588	612	721	658	731	774
Philanthropic intermediaries and voluntarism promotion	2,468	2,805	2,682	4,532	2,869	2,783	3,045
International	870	856	1,023	993	978	1,329	1,522
Religion	6,071	6,393	6,503	6,837	7,073	6,893	7,410
Business and professional associations, unions	4,065	4,564	5,267	5,724	6,641	6,904	6,707
Not elsewhere classified	2,659	3,243	3,581	4,267	4,950	4,753	5,282
Total	38,087	42,554	44,762	50,131	51,651	54,132	58,182



Table 7 Gross Domestic Product at basic prices of nonprofit sector, by primary area of activity

CANSIM Table 3880002

	Millions of dollars						
	1997	1998	1999	2000	2001	2002	2003
Culture and recreation	2,360	2,530	2,676	2,797	3,003	3,238	3,453
Education and research	12,805	13,075	13,823	14,750	15,865	17,140	18,436
Health	25,595	26,282	27,375	29,381	31,456	33,242	35,195
Social services	4,867	5,322	5,914	6,475	7,267	7,798	8,420
Environment	238	257	278	335	368	385	409
Development and housing	2,963	3,686	3,839	4,295	4,090	4,468	4,859
Law, advocacy and politics	300	329	348	360	375	420	439
Philanthropic intermediaries and voluntarism promotion	409	484	469	521	581	643	669
International	157	154	182	187	196	232	246
Religion	2,423	2,571	2,707	2,946	3,093	3,245	3,397
Business and professional associations, unions	1,733	1,885	1,973	1,950	2,422	2,572	2,382
Not elsewhere classified	1,442	1,662	1,823	1,960	2,110	2,153	2,400
Total	55,292	58,237	61,407	65,957	70,826	75,536	80,305

Table 8 Gross Domestic Product at basic prices of nonprofit sector excluding hospitals, universities and colleges, by primary area of activity

CANSIM Table 3880002

	Millions of dollars						
	1997	1998	1999	2000	2001	2002	2003
Culture and recreation	2,360	2,530	2,676	2,797	3,003	3,238	3,453
Education and research	635	763	860	966	1,092	1,204	1,255
Health	1,930	2,008	1,963	2,029	2,051	2,075	2,191
Social services	4,201	4,613	5,166	5,669	6,380	6,857	7,427
Environment	238	257	278	335	368	385	409
Development and housing	2,963	3,686	3,839	4,295	4,090	4,468	4,859
Law, advocacy and politics	300	329	348	360	375	420	439
Philanthropic intermediaries and voluntarism promotion	409	484	469	521	581	643	669
International	157	154	182	187	196	232	246
Religion	2,423	2,571	2,707	2,946	3,093	3,245	3,397
Business and professional associations, unions	1,733	1,885	1,973	1,950	2,422	2,572	2,382
Not elsewhere classified	1,441	1,662	1,822	1,960	2,110	2,152	2,400
Total	18,790	20,942	22,283	24,015	25,761	27,491	29,127



Table 9 Hours volunteered, by primary area of activity

CANSIM Table 3880003

	1997	
	Millions of hours volunteered	Job equivalents ¹
Culture and recreation	282	144,009
Education and research	141	71,804
<i>Of which universities, colleges, primary and secondary education</i>	133	67,999
Health	93	47,368
<i>Of which hospitals and residential care facilities</i>	41	20,722
Social services	228	116,384
Environment	23	11,874
Development and housing	57	29,200
Law, advocacy and politics	34	17,126
Philanthropic intermediaries and voluntarism promotion	16	8,307
International	7	3,571
Religion	195	99,393
Business and professional associations, unions	11	5,640
Not elsewhere classified	25	12,791
Total	1,112	567,467

	2000	
	Millions of hours volunteered	Job equivalents ¹
Culture and recreation	273	139,484
Education and research	112	57,237
<i>Of which universities, colleges, primary and secondary education</i>	109	55,690
Health	97	49,329
<i>Of which hospitals and residential care facilities</i>	34	17,525
Social services	215	109,755
Environment	27	13,925
Development and housing	52	26,281
Law, advocacy and politics	41	20,721
Philanthropic intermediaries and voluntarism promotion	12	6,267
International	10	5,048
Religion	170	86,905
Business and professional associations, unions	22	11,354
Not elsewhere classified	25	12,602
Total	1,056	538,907

1. On a full-year full-time basis (49 weeks, 40 hours a week).



Table 10 Replacement cost value of volunteer work and paid labour compensation, by primary area of activity

CANSIM Table 3880004

	Millions of dollars			
	1997			
	Replacement cost value of volunteer work	Paid labour compensation	Total extended value of labour services	Ratio of volunteer work to total (percentage)
Culture and recreation	3,629	1,899	5,529	65.6
Education and research	1,825	11,338	13,163	13.9
<i>Of which universities, colleges, primary and secondary education</i>	1,728	10,827	12,555	13.8
Health	1,221	23,908	25,130	4.9
<i>Of which hospitals and residential care facilities</i>	534	22,355	22,889	2.3
Social services	2,964	3,381	6,346	46.7
Environment	292	192	483	60.4
Development and housing	752	2,385	3,136	24.0
Law, advocacy and politics	447	241	688	64.9
Philanthropic intermediaries and voluntarism promotion	220	329	549	40.0
International	91	126	217	41.9
Religion	2,464	1,950	4,414	55.8
Business and professional associations, unions	136	1,395	1,531	8.9
Not elsewhere classified	101	1,160	1,261	8.0
Total	14,143	48,305	62,447	22.6

	2000			
	Replacement cost value of volunteer work	Paid labour compensation	Total extended value of labour services	Ratio of volunteer work to total (percentage)
Culture and recreation	3,645	2,222	5,868	62.1
Education and research	1,514	13,100	14,614	10.4
<i>Of which universities, colleges, primary and secondary education</i>	1,473	12,332	13,805	10.7
Health	1,345	27,481	28,827	4.7
<i>Of which hospitals and residential care facilities</i>	478	25,869	26,347	1.8
Social services	2,853	4,504	7,357	38.8
Environment	374	266	640	58.4
Development and housing	694	3,413	4,107	16.9
Law, advocacy and politics	558	286	844	66.1
Philanthropic intermediaries and voluntarism promotion	177	414	591	29.9
International	134	149	282	47.4
Religion	2,292	2,341	4,633	49.5
Business and professional associations, unions	297	1,549	1,846	16.1
Not elsewhere classified	157	1,560	1,716	9.1
Total	14,040	57,284	71,325	19.7



VIII. Conceptual framework

The System of National Accounts

The *Satellite Account of Nonprofit Institutions and Volunteering* is compiled within the framework of the Canadian System of National Accounts (SNA). The SNA is a comprehensive system for integrating economic statistics, ensuring they are exhaustive, consistent and comparable across countries and over time. Probably the most recognizable statistic from the System of National Accounts is the Gross Domestic Product (GDP), which measures the total unduplicated value of goods and services produced in the economy.

The Canadian national accounts have always accounted for the monetary transactions of nonprofit institutions, but they have not been identified explicitly in published statistics. International guidelines for national accounting recommend that data be produced for a limited subset of nonprofit institutions in standard national accounts statistics. This subset is called Nonprofit Institutions Serving Households (NPISH).²¹ As is the case in many other countries, this recommendation has not been implemented in Canada, and NPISH are included in the persons and unincorporated business sector in the Canadian national accounts. As per international guidelines, other nonprofit institutions are found in the general government and business sectors, according to their characteristics. As a general rule, NPIs are classified to the government sector if they have significant ties to governments and receive significant government funding. They fall into the business sector if they exist to serve the needs of businesses or if they recover the majority of their costs through market sales.

Satellite accounts and the central SNA framework

In addition to recommending a standard, multi-purpose framework for compiling economic statistics, SNA guidelines allow for the development of “satellite accounts”. Satellite accounts are separate accounting frameworks which expand the analytical capacity of the national accounts into specific areas of concern, without disrupting or overburdening the central SNA framework. They maintain strong connections with the central framework but allow the flexibility to introduce alternative concepts or classification systems more appropriate to a particular field. Because a strong link to the central framework is maintained, the satellite account estimates are fully comparable to standard economic aggregates, like the GDP.

Work to develop international guidelines for satellite accounts of nonprofit institutions was pioneered by the Center for Civil Society Studies at Johns Hopkins University in close collaboration with the United Nations Statistics Division. These guidelines are now published in the UN *Handbook on Non-Profit Institutions in the System of National Accounts*.²² Along with 10 other countries and many international experts, Statistics Canada contributed to the development of the *Handbook* through the Global Nonprofit Information System Project. We are among the first countries to undertake its implementation.

21. See *System of National Accounts 1993*.

22. See *Handbook on Non-Profit Institutions in the System of National Accounts, United Nations (2003)*.



As recommended in the *Handbook*, the Canadian *Satellite Account of Nonprofit Institutions and Volunteering* identifies NPIs across all sectors of the economy. A set of economic accounts is compiled for the nonprofit sector as a whole, as illustrated in the following table:

Type of institutional unit	Sectors in the Canadian SNA			Nonprofit sector
	Corporations and government business enterprises	Governments	Persons and unincorporated businesses	
Corporations	C
Government units	...	G
Households	H	...
Nonprofit institutions	N_1	N_2	N_3	$N = \sum N_i$

Since voluntary contributions of time are a critical resource to the nonprofit sector, the standard economic accounts are extended to include an estimate of the economic value of volunteer activity. This extension raises the value of nonprofit economic activity above what would be measured if only monetary transactions were taken into account. Failure to account for the significant labour contribution of volunteers can be seen as an understatement of the true value of nonprofit economic activity.

Defining the nonprofit sector

The international definition of the nonprofit sector adopted for the Canadian satellite account is based on a number of structural and operational criteria. The sector is composed of units that share the following characteristics. They are:

- 1 *Organizations*: institutionalized to some extent
- 2 *Not-for-profit and nonprofit-distributing*: not existing primarily to generate profits and not returning any profits generated to owners or directors
- 3 *Institutionally separate from government*: not part of the apparatus of government and not exercising government authority in their own right
- 4 *Self-governing*: able to control their activities and not under the effective control of another entity
- 5 *Non-compulsory*: membership and contributions of time and money are not required or enforced by law or otherwise made a condition of citizenship

Because this definition is intended to be transferable across countries with varying political, social and legal structures, it does not restrict the nonprofit sector to the Canadian tax or regulatory framework governing registered charities, nonprofit organizations or tax-exempt corporations. The sector defined in this manner is also broader than the common conception of the charitable or philanthropic sector, encompassing a wide range of entities from food banks, social advocacy organizations and religious groups to sports clubs, membership organizations, and trade associations. Also included are large service-providers in the fields of health and education, such as hospitals and universities.



IX. Estimation methodology

The System of National Accounts provides a powerful integrating framework for economic statistics on the nonprofit sector. A wide range of data sources are available on key dimensions of Canadian nonprofit institutions, and these can be combined and integrated into an SNA framework to build satellite account estimates. Confronting multiple data sources in a comprehensive and coherent accounting system strengthens data quality and allows for the full exploitation of all available source data.

The standard economic accounts for the *Satellite Account of Nonprofit Institutions and Volunteering* draw heavily on administrative files (tax data) to build estimates, while alternate sources are used for key segments of the nonprofit sector or for specific variables in the account. The nonmarket extension, to assign a replacement cost value to voluntary labour contributions, is based on two primary sources, the National Survey of Giving, Volunteering and Participating and wage rates derived from the Canadian Census of Population.

Standard economic accounts

Compiling national accounts statistics on Canadian nonprofit institutions required the development of an extensive infrastructure to integrate multiple administrative files and other sources. In Canada, there is no single comprehensive source of administrative data on nonprofit institutions. Rather they are identifiable on a range of data-files, none of which is exhaustive and each of which, taken individually, has important limitations. These files cover registered charities (the T3010 data file), nonprofit institutions (the T1044 file), tax-exempt corporations (from T2 Corporate Income Tax returns and the Generalized Index of Financial Information), and public sector bodies eligible for rebates under the Goods and Services Tax system (the GST Public Sector Bodies Rebate File).

Administrative files containing individual tax returns are provided in raw, unedited form by the Canadian Revenue Agency. They are processed, edited and imputed at Statistics Canada and then merged and unduplicated via a unique identifier (the Business Number, assigned in the Canadian tax system). Industry codes are assigned via Statistics Canada's Business Register and wages and salaries for each employer are obtained from the T4 Statement of Remuneration and Benefits data file. Supplemental NPIs not found on the other administrative files are identified on the T4 file via their industry code according to the North American Industrial Classification System (NAICS).

With this infrastructure in place, the full universe of records is filtered to ensure that certain categories of entities that do not belong in the nonprofit sector are eliminated. Examples of entities that appear on the administrative files due to their legal or tax-exempt status but which are out-of-scope according to the international definition include: public elementary and secondary schools and school boards, municipalities and municipal organizations, federal and provincial government entities, first nations government entities, pension funds, government business enterprises and other for-profit entities that may have tax-exempt status.

This universe of nonprofit administrative records and its associated financial information is heavily exploited to build estimates for variables throughout the standard economic accounts. However, in a number of specific cases, either for particular variables or key segments of the nonprofit universe, alternate sources are available. The most significant cases are summarized below. As a general rule, elements of the satellite account not listed here are estimated using the nonprofit tax record universe described above.

Specific variables

Transfers (gifts) from households: the tax-receipted portion of household transfers is built from the point of view of the payer using tax returns of individuals (the T1 data file) while the non-tax receipted portion is based on nonprofit tax filer information.



Transfers from governments: built from the point of view of the payer using federal and provincial public accounts information, surveys of municipalities and financial statements of municipal corporations.

Transfers from corporations: based on donations recorded on corporate tax returns. It is important to note that only amounts recorded as donations are included and any support to nonprofit institutions recorded as a business expense is excluded as it cannot be separately identified.

Segments of the nonprofit sector

Hospitals and residential care facilities: Comprehensive accounts for hospitals and public residential care facilities are compiled as part of the provincial government health subsector in the Canadian SNA. Census-type financial information on hospitals and residential care facilities is collected by the Canadian Institute for Health Information (CIHI) and Statistics Canada's Health Statistics Division and serves as the basis for these estimates.

Universities and colleges: Comprehensive accounts for universities and colleges are compiled as part of the provincial government education subsector in the Canadian SNA. Estimates are based on census-type surveys conducted by Statistics Canada's Centre for Education Statistics.

Elementary and secondary schools: Comprehensive financial statistics on private, nonprofit elementary and secondary schools are compiled by Statistics Canada's Centre for Education Statistics.²³

Trade unions: Trade union dues (shown as membership fees) are reported on the T4 Statement of Remuneration and Benefits and this is the basis of satellite account estimates.

Political parties: Membership fees and expenditures of political parties are compiled directly from public financial statements of federal and provincial parties.

Nonmarket extension

For the nonmarket extension of the satellite account, a replacement cost value is assigned to hours volunteered by primary area of activity from the *National Survey of Giving, Volunteering and Participating (NSGVP)*. Since NSGVP estimates do not cover the Yukon, Northwest Territories and Nunavut, an estimate of hours volunteered for the Territories was added to arrive at a national figure.²⁴

The wage rate of community and social services occupations, derived from the 1996 Canadian Census of Population, is used in the valuation. Wage rates are indexed for inflation to the appropriate reference year and then adjusted to include employer contributions to Employment Insurance and the Canada and Quebec Pension Plans. They are applied by province to account for regional variations.²⁵

The wage rate for community and social services occupations was chosen as it is representative of the nature of work undertaken by volunteers and has been used in previous studies of the valuation of households' unpaid work.²⁶ In the latest collection round for the survey conducted in the fall of 2004, new information was collected on hours volunteered by type of activity. This will enable an improved replacement cost valuation of volunteer activity, as specific activities can be matched to corresponding wage rates by occupation, taking into account the range of

23. As mentioned previously, the satellite account excludes public elementary and secondary schools as they are out-of-scope for the nonprofit sector. Only private, nonprofit schools are included in this estimate.

24. The estimate is based on the population of the territories and a national average volunteer rate. It amounts to approximately 3 million hours in 2000.

25. The Canada average wage rate for reference year 2000 was estimated at \$13.35 per hour.

26. For further information on the concepts and principles surrounding households' unpaid work, see *Households' Unpaid Work: Measurement and Valuation*, Statistics Canada (1995).



skills and contributions offered by volunteers. Hours spent volunteering on a board or committee could be assigned a wage rate in a managerial field, for example, while hours spent serving meals could be assigned a server's wage.

It should be noted that NSGVP survey respondents are asked to report volunteering for any group or organization, and at present it is not possible to determine what portion of volunteering may benefit organizations outside the nonprofit sector. Although most volunteering occurs through nonprofit and voluntary organizations, some portion benefits government organizations (e.g., federal parks, police forces, municipal schools). Since it is not possible to differentiate these amounts, all hours volunteered reported on the NSGVP have been included in the nonmarket extension of the satellite account.

Classification by primary area of activity

Satellite account estimates for both the standard accounts and the nonmarket extension are classified by primary area of activity according to the International Classification of Nonprofit Organizations (ICNPO). This classification was developed through the Johns Hopkins Comparative Nonprofit Sector Project, when existing industrial classification systems were found to lack sufficient detail to adequately describe the activity of the nonprofit sector. Appendix B provides a full description of the ICNPO classification system.



Appendix A: Reconciliation of satellite account estimates with the National Survey of Nonprofit and Voluntary Organizations

It is a frequent practice at Statistics Canada to conduct comparative analysis of complementary information originating from alternate data sources. Such analysis is one of the many measures undertaken as added assurance that high standards of data quality are upheld.

The *National Survey of Nonprofit and Voluntary Organizations* (NSNVO) is a first-ever survey of nonprofit and voluntary organizations in Canada, providing information on key characteristics such as the areas in which they work, the populations they serve, and the financial and human resources they employ. The survey also collects information on challenges facing organizations in their capacity to achieve their missions.

Extensive reconciliation analysis was undertaken to ensure that financial information collected on the NSNVO was consistent with estimates compiled in the *Satellite Account of Nonprofit Institutions and Volunteering*. From the point of view of the NSNVO, this analysis was important in assessing the validity of entities included in the survey sample, and helped ensure that the universe covered by the NSNVO was in conformity with international concepts.

From the point of view of the satellite account, the reconciliation analysis enabled coverage to be supplemented for certain types of organizations not well represented in the data sources used to compile the estimates. Since organizations not covered were generally small, the impact in terms of financial weight was not substantial, amounting to an increase of roughly \$1.7 billion (2.2%) in the gross domestic product for the nonprofit sector, and an increase of similar magnitude (\$2.9 billion) in revenues for 2003. Coverage adjustments were concentrated in ICNPO groups for sports and recreation, business and professional associations, and social services.

Satellite account and NSNVO estimates could not be reconciled entirely, and differences remain between the two datasets. These differences are due to a range of factors, among them, different reference periods, conceptual and methodological differences, and varying classification procedures. Universe and coverage differences also remain in selected areas.²⁷ As a result of the reconciliation analysis undertaken, however, the broad messages on the size and scope of the nonprofit sector in economic terms coming out of the two programs are largely consistent.

27. For example, the NSNVO retains certain museums and art galleries in scope which are excluded from satellite account estimates. Satellite account estimates have more comprehensive coverage of hospitals, universities and colleges as they are not limited to those who register as charities or incorporate as nonprofits.



Appendix B: the International Classification of Nonprofit Organizations (ICNPO)

Nonprofit organizations in the satellite account are classified by primary area of activity according to the International Classification of Nonprofit Organizations (ICNPO). It is the classification system recommended in the UN *Handbook on Non-Profit Institutions in the System of National Accounts*. The ICNPO system groups organizations into 12 major activity groups, including a catch-all 'not elsewhere classified' category. These 12 major activity groups are further divided into 24 subgroups. Satellite account estimates are published at the major group level. These are briefly described below.

Group 1: Culture and recreation

Media and communications. Production and dissemination of information and communication; includes radio and TV stations; publishing of books, journals, newspapers and newsletters; film production; and libraries.

Visual arts, architecture, ceramic art. Production, dissemination and display of visual arts and architecture; includes sculpture, photographic societies, painting, drawing, design centers and architectural associations.

Performing arts. Performing arts centers, companies and associations; includes theatre, dance, ballet, opera, orchestras, chorals and music ensembles.

Historical, literary and humanistic societies. Promotion and appreciation of the humanities, preservation of historical and cultural artefacts and commemoration of historical events; includes historical societies, poetry and literary societies, language associations, reading promotion, war memorials and commemorative funds and associations.

Museums. General and specialized museums covering art, history, sciences, technology and culture.

Zoos and aquariums.

Sports. Provision of amateur sport, training, physical fitness and sport competition services and events; includes fitness and wellness centers.

Recreation and social clubs. Provision of recreational facilities and services to individuals and communities; includes playground associations, country clubs, men's and women's clubs, touring clubs and leisure clubs.

Service clubs. Membership organizations providing services to members and local communities, for example Lions, Zonta International, Rotary Club and Kiwanis.

Group 2: Education and research

Elementary, primary and secondary education. Education at elementary, primary and secondary levels; includes pre-school organizations other than day care.

Higher education. Higher learning, providing academic degrees; includes universities, business management schools, law schools, medical schools.

Vocational/technical schools. Technical and vocational training specifically geared towards gaining employment; includes trade schools, paralegal training and secretarial schools.



Adult/continuing education. Institutions engaged in providing education and training in addition to the formal educational system; includes schools of continuing studies, correspondence schools, night schools and sponsored literacy and reading programs.

Medical research. Research in the medical field; includes research on specific diseases, disorders, or medical disciplines.

Science and technology. Research in the physical and life sciences and engineering and technology.

Social sciences, policy studies. Research and analysis in the social sciences and policy area.

Group 3: Health

Hospitals. Primarily inpatient medical care and treatment.

Rehabilitation. Inpatient health care and rehabilitative therapy to individuals suffering from physical impairments due to injury, genetic defect, or disease and requiring extensive physiotherapy or similar forms of care.

Nursing homes. Inpatient convalescent care, residential care, as well as primary health care services; includes homes for the frail elderly and nursing homes for the severely handicapped.

Psychiatric hospitals. Inpatient care and treatment for the mentally ill.

Mental health treatment. Outpatient treatment for mentally ill patients; includes community mental health centers and halfway homes.

Crisis intervention. Outpatient services and counsel in acute mental health situations; includes suicide prevention and support to victims of assault and abuse.

Public health and wellness education. Public health promotion and health education; includes sanitation screening for potential health hazards, first aid training and services and family planning services.

Health treatment, primarily outpatient. Organizations that provide primarily outpatient health services e.g., health clinics and vaccination centers.

Rehabilitative medical services. Outpatient therapeutic care; includes nature cure centers, yoga clinics and physical therapy centers.

Emergency medical services. Services to persons in need of immediate care; includes ambulatory services and paramedical emergency care, shock/trauma programs, lifeline programs and ambulance services.

Group 4: Social services

Child welfare, child services and day care. Services to children, adoption services, child development centers, foster care; includes infant care centers and nurseries.

Youth services and youth welfare. Services to youth; includes delinquency prevention services, teen pregnancy prevention, drop-out prevention, youth centers and clubs and job programs for youth; includes YMCA, YWCA, Boy Scouts, Girl Scouts and Big Brothers/Big Sisters.



Family services. Services to families; includes family life/parent education, single parent agencies and services and family violence shelters and services.

Services for the handicapped. Services for the handicapped; includes homes, other than nursing homes, transport facilities, recreation and other specialized services.

Services for the elderly. Organizations providing geriatric care; includes in-home services, homemaker services, transport facilities, recreation, meal programs and other services geared towards senior citizens (does not include residential nursing homes).

Self-help and other personal social services. Programs and services for self-help and personal development; includes support groups, personal counselling and credit counselling/money management services.

Disaster/emergency prevention and control. Organizations that work to prevent, predict, control and alleviate the effects of disasters, to educate or otherwise prepare individuals to cope with the effects of disasters, or to provide relief to disaster victims; includes volunteer fire departments, life boat services, etc.

Temporary shelters. Organizations providing temporary shelters to the homeless; includes traveller's aid and temporary housing.

Refugee assistance. Organizations providing food, clothing, shelter and services to refugees and immigrants.

Income support and maintenance. Organizations providing cash assistance and other forms of direct services to persons unable to maintain a livelihood.

Material assistance. Organizations providing food, clothing, transport and other forms of assistance; includes food banks and clothing distribution centers.

Group 5: Environment

Pollution abatement and control. Organizations that promote clean air, clean water, reducing and preventing noise pollution, radiation control, treatment of hazardous wastes and toxic substances, solid waste management and recycling programs.

Natural resources conservation and protection. Conservation and preservation of natural resources, including land, water, energy and plant resources for the general use and enjoyment of the public.

Environmental beautification and open spaces. Botanical gardens, arboreta, horticultural programs and landscape services; organizations promoting anti-litter campaigns; programs to preserve the parks, green spaces and open spaces in urban or rural areas; and city and highway beautification programs.

Animal protection and welfare. Animal protection and welfare services; includes animal shelters and humane societies.

Wildlife preservation and protection. Wildlife preservation and protection; includes sanctuaries and refuges.

Veterinary services. Animal hospitals and services providing care to farm and household animals and pets.



Group 6: Development and housing

Community and neighbourhood organizations. Organizations working towards improving the quality of life within communities or neighbourhoods, e.g., squatters' associations, local development organizations, poor people's cooperatives.

Economic development. Programs and services to improve economic infrastructure and capacity; includes building of infrastructure like roads; and financial services such as credit and savings associations, entrepreneurial programs, technical and managerial consulting and rural development assistance.

Social development. Organizations working towards improving the institutional infrastructure and capacity to alleviate social problems and to improve general public well being.

Housing associations. Development, construction, management, leasing, financing and rehabilitation of housing.

Housing assistance. Organizations providing housing search, legal services and related assistance.

Job training programs. Organizations providing and supporting apprenticeship programs, internships, on-the-job training and other training programs.

Vocational counselling and guidance. Vocational training and guidance, career counselling, testing and related services.

Vocational rehabilitation and sheltered workshops. Organizations that promote self-sufficiency and income generation through job training and employment.

Group 7: Law, advocacy and politics

Advocacy organizations. Organizations that protect the rights and promote the interests of specific groups of people, e.g., the physically handicapped, the elderly, children and women.

Civil rights associations. Organizations that work to protect or preserve individual civil liberties and human rights.

Ethnic associations. Organizations that promote the interests of, or provide services to, members belonging to a specific ethnic heritage.

Civic associations. Programs and services to encourage and spread civic mindedness.

Legal services. Legal services, advice and assistance in dispute resolution and court-related matters.

Crime prevention and public policy. Crime prevention to promote safety and precautionary measures among citizens.

Rehabilitation of offenders. Programs and services to reintegrate offenders; includes halfway houses, probation and parole programs, prison alternatives.

Victim support. Services, counsel and advice to victims of crime.

Consumer protection associations. Protection of consumer rights and the improvement of product control and quality.



Political parties and organizations. Activities and services to support the placing of particular candidates into political office; includes dissemination of information, public relations and political fundraising.

Group 8: Philanthropic intermediaries and voluntarism promotion

Grant-making foundations. Private foundations; including corporate foundations, community foundations and independent public-law foundations.

Volunteerism promotion and support. Organizations that recruit, train and place volunteers and promote volunteering.

Fund-raising organizations. Federated, collective fundraising organizations; includes lotteries.

Group 9: International

Exchange/friendship/cultural programs. Programs and services designed to encourage mutual respect and friendship internationally.

Development assistance associations. Programs and projects that promote social and economic development abroad.

International disaster and relief organizations. Organizations that collect, channel and provide aid to other countries during times of disaster or emergency.

International human rights and peace organizations. Organizations which promote and monitor human rights and peace internationally.

Group 10: Religion

Congregations. Churches, synagogues, temples, mosques, shrines, monasteries, seminaries and similar organizations promoting religious beliefs and administering religious services and rituals.

Associations of congregations. Associations and auxiliaries of religious congregations and organizations supporting and promoting religious beliefs, services and rituals.

Group 11: Business and professional associations, unions

Business associations. Organizations that work to promote, regulate and safeguard the interests of special branches of business, e.g., manufacturers' association, farmers' association, bankers' association.

Professional associations. Organizations promoting, regulating and protecting professional interests, e.g., bar association, medical association.

Labour unions. Organizations that promote, protect and regulate the rights and interests of employees.

Group 12: [Not elsewhere classified]



Appendix C: Glossary of main terms

Capital consumption allowances

Allowances for the using up of fixed capital in the production process. Also referred to as depreciation expense.

Current expenditure

Expenses on current production (operating expenses) and current transfers to other sectors.

Current transfers

Unilateral transfers of income between transactors for which there is no good or service provided in return. Households transfer income to the nonprofit sector in the form of charitable donations, for example. Governments provide transfers of income in the form of grants.

Gross domestic product

The total unduplicated value of goods and services produced during a given period. For the economy as a whole, GDP refers to all goods and services produced in Canada's economic territory. For the nonprofit sector specifically, it refers to the sector's contribution to Canada's GDP, and is measured as its gross output less its intermediate purchases. Also referred to as value added.

Gross domestic product at basic prices

The basic price valuation of GDP includes the cost of production factors (labour and capital used in the production process) including net indirect taxes levied on these factors.

Gross output

The total value of gross production of goods and services by the nonprofit sector, before the deduction of intermediate purchases.

Employment rate

The number of persons employed expressed as a percentage of the population 15 years of age and over.

Intermediate purchases

The value of goods and services used as inputs to a production process. The goods or services may be either transformed or used up in production. Excludes fixed assets whose consumption is recorded as capital consumption allowances.

Investment income

Interest, dividends and other investment income received on assets held by the nonprofit sector.

Membership fees

Memberships, dues and association fees received by nonprofit institutions.



Net indirect taxes on factors of production

Taxes less subsidies that apply to the employment of labour and ownership or use of land, structures and other assets used for production purposes.

Operating expenses

Wages, salaries and supplementary labour income, intermediate purchases, capital consumption allowances and net indirect taxes on factors of production.

Operating surplus

The surplus or deficit accruing from market production of nonprofit institutions. Includes capital consumption allowances.

Other operating surplus

Operating surplus less capital consumption allowances.

Replacement cost value of volunteer work

Hours volunteered valued at replacement cost, that is, the cost of purchasing the same services on the paid labour market.

Sales of goods and services

Receipts derived from the sale of goods or the provision of services offered for sale in the course of operations. Receipts from charitable gaming, rental income and sales to government are included in this item.

Saving

Current income less current outlay.

Wages, salaries and supplementary labour income

Remuneration paid to employees in return for work done. Includes employers' social contributions, such as contributions to Employment Insurance, pension plans, workers' compensation, health and dental insurance schemes and disability insurance. Also referred to as compensation of employees or paid labour compensation.



Bibliography

Commission of the European Communities, International Monetary Fund, Organisation for Economic Cooperation and Development, United Nations and World Bank (1993). *System of National Accounts, 1993*. Brussels/Luxembourg, New York, Paris, Washington, D.C. United Nations publication, Sales no. E.94.XVII.4.

Day, K. and R.A. Devlin (1997). *The Canadian Nonprofit Sector*. CPRN Working Paper no 2. Ottawa: Canadian Policy Research Networks.

Hall, M. and K. Banting (2000). "The Nonprofit Sector in Canada: An Introduction": In *The Nonprofit Sector in Canada: Roles and Relationships*. Edited by Keith Banting, Kingston: School of Policy Studies, Queen's University.

Hall, M., L. McKeown and K. Roberts (2001). *Caring Canadians, Involved Canadians: Highlights from the 2000 National Survey of Giving, Volunteering and Participating*. Statistics Canada. Catalogue No. 71-542-XIE.

Hall, M., et al. (2004). *Cornerstones of Community: Highlights of the National Survey of Nonprofit and Voluntary Organizations*. Statistics Canada. Catalogue no. 61-533-XWE.

Hirshhorn, R. [ed.] (1997). *The Emerging Sector: In Search of a Framework*. CPRN Study no. 01. Ottawa: Canadian Policy Research Networks.

McMullen, K. and G. Schellenberg (2003). *Mapping the Non-profit Sector*. CPRN Research Series on Human Resources in the Non-profit Sector no 1. Ottawa: Canadian Policy Research Networks.

Reed, P. B. and Valerie J. Howe (1999). *Defining and Classifying the Nonprofit Sector*. Statistics Canada. Catalogue. no. 750048MIE-no.07.

Salamon, L., Anheier, H., List, R., Toepler, S., Sokolowski, S., and Associates (1999). *Global Civil Society: Dimensions of the Nonprofit Sector*. The Johns Hopkins Center for Civil Society Studies, Baltimore MD.

Saunders, R. (2004). *Passions and Commitment Under Stress: Human Resource Issues in Canada's Non-profit Sector – A Synthesis Report*. CPRN Research Series on Human Resources in the Non-profit Sector no 5. Ottawa: Canadian Policy Research Networks.

Scott, K. (2003). *Funding Matters: The Impact of Canada's New Funding Regime on Nonprofit and Voluntary Organizations*. Ottawa: Canada Council on Social Development.

Statistics Canada (2004). *National Income and Expenditure Accounts, Quarterly estimates*. System of National Accounts. Catalogue no. 13-001-XPB.

Statistics Canada (1989). *A User Guide to the Canadian System of National Accounts*. System of National Accounts. Catalogue no. 13-589-XPE.

Statistics Canada (1995). *Households' Unpaid Work: Measurement and Valuation*. Studies in National Accounting. Catalogue 13-603E, no.3- Occasional.

Statistics Canada (Forthcoming). *Guide to the Public Sector of Canada*. System of National Accounts. Public Institutions Division.

Tice, H. and Members of the NPI Handbook Test Group (2002). *Portraying the Nonprofit Sector in Official Statistics: Early Findings from NPI Satellite Accounts*. Paper prepared for the 27th General Conference of the International Association for Research in Income and Wealth, Djurhamn, Sweden, 18 to 24 August 2002.

United Nations (2003). *Handbook of National Accounting: Handbook on Non-Profit Institutions in the System of National Accounts*. United Nations publication, Sales no. E.03.XVII.9.



Income and Expenditure Accounts technical series

The Income and Expenditure Accounts Division (IEAD) has a series of technical paper reprints, which users can obtain without charge. A list of the reprints currently available is presented below. For copies, contact the client services representative at 613-951-3810 or write to IEAD, Statistics Canada, 21st Floor, R.H. Coats Building, Tunney's Pasture, Ottawa, Ontario, K1A 0T6. (Internet: iead-info-dcrd@statcan.ca)

1. "Laspeyres, Paasche and Chain Price Indexes in the Income and Expenditure Accounts", reprinted from *National Income and Expenditure Accounts*, fourth quarter 1988.
2. "Technical Paper on the Treatment of Grain Production in the Quarterly Income and Expenditure Accounts", reprinted from *National Income and Expenditure Accounts*, first quarter 1989.
3. "Data Revisions for the Period 1985-1988 in the National Income and Expenditure Accounts", reprinted from *National Income and Expenditure Accounts*, first quarter 1989.
4. "Incorporation in the Income and Expenditure Accounts of a Breakdown of Investment in Machinery and Equipment", reprinted from *National Income and Expenditure Accounts*, third quarter 1989.
5. "New Provincial Estimates of Final Domestic Demand at Constant Prices", reprinted from *National Income and Expenditure Accounts*, fourth quarter 1989.
6. "Real Gross Domestic Product: Sensitivity to the Choice of Base Year", reprinted from *Canadian Economic Observer*, May 1990
7. "Data Revisions for the Period 1986-1989 in the National Income and Expenditure Accounts", reprinted from *National Income and Expenditure Accounts*, first quarter 1990.
8. "Volume Indexes in the Income and Expenditure Accounts", reprinted from *National Income and Expenditure Accounts*, first quarter 1990.
9. "A New Indicator of Trends in Wage Inflation", reprinted from *Canadian Economic Observer*, September 1989.
10. "Recent Trends in Wages", reprinted from *Perspectives on Labour and Income*, winter 1990.
11. "The Canadian System of National Accounts Vis-à-Vis the U.N. System of National Accounts", reprinted from *National Income and Expenditure Accounts*, third quarter 1990.
12. "The Allocation of Indirect Taxes and Subsidies to Components of Final Expenditure", reprinted from *National Income and Expenditure Accounts*, third quarter 1990.
13. "The Treatment of the GST in the Income and Expenditure Accounts", reprinted from *National Income and Expenditure Accounts*, first quarter 1991.
14. "The Introduction of Chain Volume Indexes in the Income and Expenditure Accounts", reprinted from *National Income and Expenditure Accounts*, first quarter 1991.
15. "Data Revisions for the Period 1987-1990 in the National Income and Expenditure Accounts", reprinted from *National Income and Expenditure Accounts*, second quarter 1991.
16. "Volume Estimates of International Trade in Business Services", reprinted from *National Income and Expenditure Accounts*, third quarter 1991.



17. "The Challenge of Measurement in the National Accounts", reprinted from *National Income and Expenditure Accounts*, fourth quarter 1991.
18. "A Study of the Flow of Consumption Services from the Stock of Consumer Goods", reprinted from *National Income and Expenditure Accounts*, fourth quarter 1991.
19. "The Value of Household Work in Canada, 1986", reprinted from *National Income and Expenditure Accounts*, first quarter 1992.
20. "Data Revisions for the Period 1988-1991 in the National Income and Expenditure Accounts", reprinted from *National Income and Expenditure Accounts*, Annual Estimates, 1980-1991.
21. "Cross-border Shopping - Trends and Measurement Issues", reprinted from *National Income and Expenditure Accounts*, third quarter 1992.
22. "Reading Government Statistics: A User's Guide", reprinted from *Policy Options*, Vol. 14, No. 3, April 1993.
23. "The Timeliness of Quarterly Income and Expenditure Accounts: An International Comparison", reprinted from *National Income and Expenditure Accounts*, first quarter 1993.
24. "National Income and Expenditure Accounts: Revised Estimates for the period from 1989 to 1992", reprinted from *National Income and Expenditure Accounts*, Annual Estimates, 1981-1992.
25. "International Price and Quantity Comparisons: Purchasing Power Parities and Real Expenditures, Canada and the United States", reprinted from *National Income and Expenditure Accounts*, Annual Estimates, 1981-1992.
26. "The Distribution of GDP at Factor Cost by Sector", reprinted from *National income and Expenditure Accounts*, third quarter 1993.
27. "The Value of Household Work in Canada, 1992", reprinted from *National Income and Expenditure Accounts*, fourth quarter 1993.
28. "Assessing the Size of the Underground Economy: The Statistics Canada Perspective", reprinted from *Canadian Economic Observer*, May 1994.
29. "National Income and Expenditure Accounts: Revised Estimates for the period from 1990 to 1993", reprinted from *National Income and Expenditure Accounts*, first quarter 1994.
30. "The Canadian National Accounts Environmental Component: A Status Report", reprinted from *National Income and Expenditure Accounts*, Annual Estimates, 1982-1993.
31. "The Tourism Satellite Account", reprinted from *National income and Expenditure Accounts*, second quarter 1994.
32. "The 1993 International System of National Accounts: Its implementation in Canada", reprinted from *National Income and Expenditure Accounts*, third quarter 1994.
33. "The 1995 Revision of the National Economic and Financial Accounts", reprinted from *National Economic and Financial Accounts*, first quarter 1995.
34. "A Primer on Financial Derivatives", reprinted from *National Economic and Financial Accounts*, first quarter 1995.
35. "The Effect of Rebasing on GDP", reprinted from *National Economic and Financial Accounts*, second quarter 1996.



36. "Purchasing Power Parities and Real Expenditures, United States and Canada - An Update to 1998", reprinted from *National Income and Expenditure Accounts*, third quarter 1999.
37. "Capitalization of Software in the National Accounts", *National Income and Expenditure Accounts technical series*, February 2002.
38. "The Provincial and Territorial Tourism Satellite Accounts for Canada, 1996", *National Income and Expenditure Accounts technical series*, April 2002.
39. "Purchasing Power Parities and Real Expenditures, United States and Canada", reprinted from *National Income and Expenditure Accounts*, first quarter 2002.
40. "The Provincial and Territorial Tourism Satellite Accounts for Canada, 1998", *National Income and Expenditure Accounts technical series*, June 2003.
41. "Government revenue attributable to tourism, 1998", *National Income and Expenditure Accounts technical series*, September 2003.
42. "Chain Fisher Index Volume Methodology", *National Income and Expenditure Accounts*, November 2003.
43. "Trends in provincial and territorial economic statistics: 1981-2002", *National Income and Expenditure Accounts*, November 2003
44. "The 1997-2003 Revisions of the National Tourism Indicators", *National Income and Expenditure Accounts*, October 2004.
45. "A study of data revisions to the National Tourism Indicators", *National Income and Expenditure Accounts*, October 2004.
46. "Provincial and Territorial Economic Accounts", *National Income and Expenditure Accounts*, November 2004.
47. "Revisions of the Canadian National Tourism Indicators", *National Income and Expenditure Accounts*, January 2005.
48. "Canadian Tourism Satellite Account, 2000", *National Income and Expenditure Accounts*, October 2005.
49. "Trends in Saving and Net Lending in the National Accounts", *National Income and Expenditure Accounts*, November 2005.
50. "Recent Trends in Corporate Finance: Some Evidence from the Canadian System of National Accounts", *National Income and Expenditure Accounts*, March 2006.
51. "Human Resource Module of the Tourism Satellite Account, 1997-2002", *National Income and Expenditure Accounts*, March 2006.



The *Satellite Account of Nonprofit Institutions and Volunteering* contains new statistics on the economic contribution of the nonprofit sector in Canada. The satellite account is part of the Canadian System of National Accounts and consists of a set of economic accounts, including the value of productive activity (gross domestic product), sources of income and expenditures of the Canadian nonprofit sector for the period 1997 to 2003. Also included is a nonmarket extension assigning an economic value to volunteer work for the years 1997 and 2000.

This report contains descriptive analysis of the size, scope and nature of Canada's nonprofit sector in economic terms, statistical tables and information on the concepts, data sources and methods used to compile the estimates. It is the third in an ongoing annual series.

