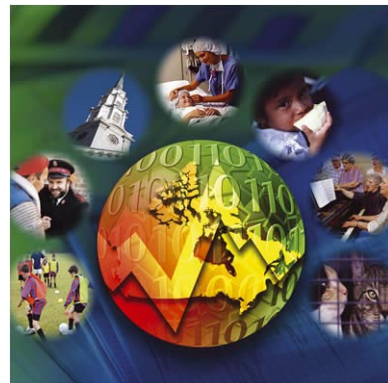




Satellite Account of Nonprofit Institutions and Volunteering

1997 to 2004



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 <i>Statistics Act</i>
E	use with caution
F	too unreliable to be published

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II. Letter from the co-chairs

We are pleased to present the fourth edition of the *Satellite Account of Nonprofit Institutions and Volunteering*, which now covers an eight-year span: 1997 to 2004.

Serving as a barometer for the economic vitality of the nonprofit 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 augment 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 fourth 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
Assistant Chief Statistician
National Accounts and Analytical Studies Field
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

The 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: i) the nonprofit sector's economic contribution is but one dimension of its much larger impact in society; and ii) 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 fourth edition of the *Satellite Account of Nonprofit Institutions and Volunteering*, one additional reference year for the standard accounts is added, 2004, 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 gross domestic product (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 2004, with a focus on 2004. 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, 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; such as 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 both 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

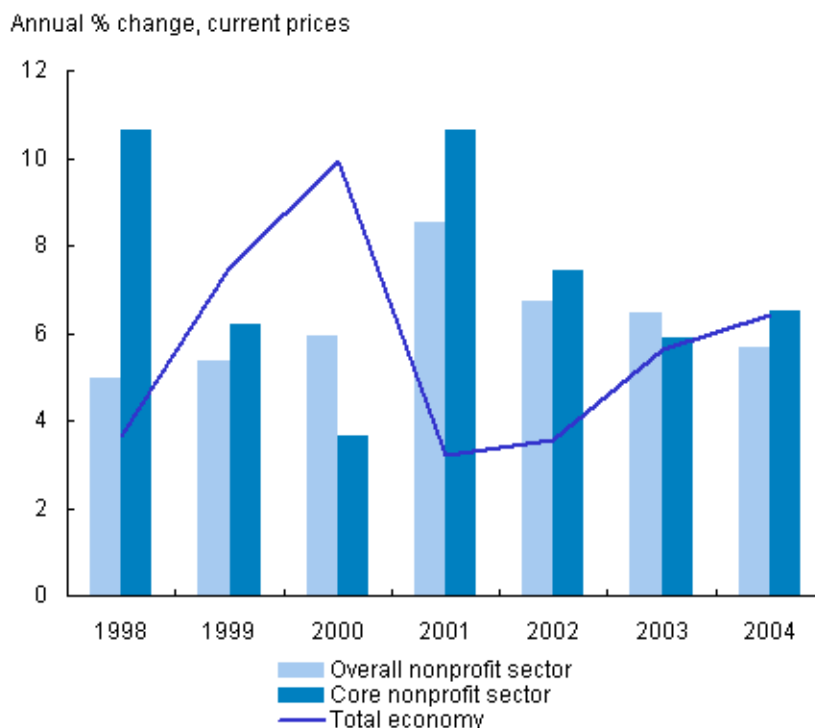
Nonprofit organizations⁵ (NPO) continue to make a significant contribution to the economic and social well-being of Canada. In 2004, the value added, or gross domestic product (GDP),⁶ of the core nonprofit sector⁷ amounted to \$29.6 billion—accounting for 2.5% of the total Canadian economy. This share increases to 6.9% when hospitals, universities and colleges are included.

Economic activity in the core nonprofit sector outpaces that of the total economy for the fourth consecutive year

GDP of the core nonprofit sector grew⁸ by 6.5% in 2004, marginally faster than the Canadian economy (+ 6.4%). Over the 1997 to 2004 period, economic activity in the core segment outpaced that of the overall economy in five out of seven years.

Figure 1

Growth of gross domestic product



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. 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. The designations "overall sector" and "broader sector" are used interchangeably.

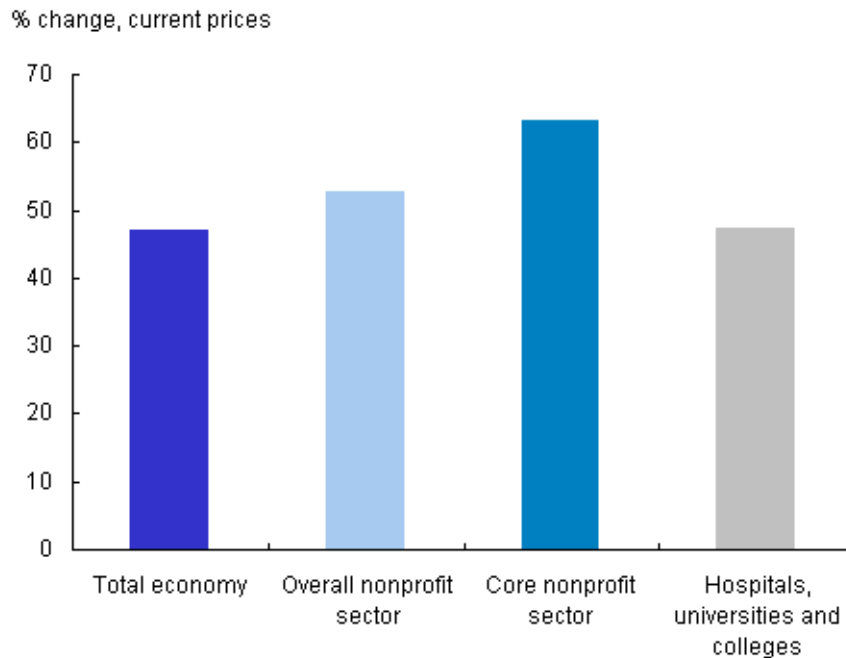
8. All growth rates in this publication are calculated using nominal (current) values; that is, not adjusted for inflation.



GDP of the core nonprofit sector grew by an annual average of 7.3% over the eight-year period. This was significantly faster than the economy as a whole as well as the aggregate of hospitals,⁹ universities and colleges, which both grew by 5.7%. As a result, economic activity in the core nonprofit sector grew by 63.3% over the period.

Figure 2

Cumulative growth of gross domestic product, 1997 to 2004



The economic contribution of the nonprofit sector exceeds that of many key industries in Canada

NPO GDP can be compared with selected key industries in Canada to provide a point of reference.¹⁰ It should be noted that this comparison excludes the contribution of volunteering, which is particularly significant for the core nonprofit sector.¹¹

In 2004, the core nonprofit sector generated almost three times as much value added as the motor vehicle manufacturing industry, 50% more than agriculture, and about the same as the entire accommodation and food services industry.

The broader nonprofit sector, which includes hospitals, universities and colleges, was over seven times larger than the motor vehicle manufacturing industry, and over three times larger than each of agriculture and the accommodation and food services industry. It also exceeded the value of the entire retail trade industry.

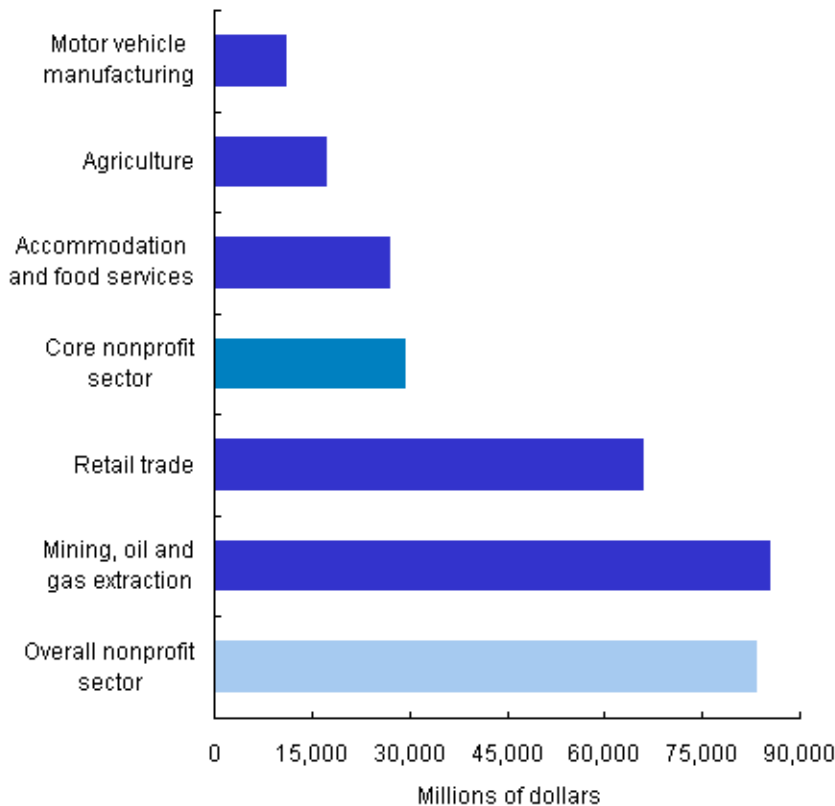
9. All references to hospitals throughout this document include residential care facilities.

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 to 2000".



Figure 3

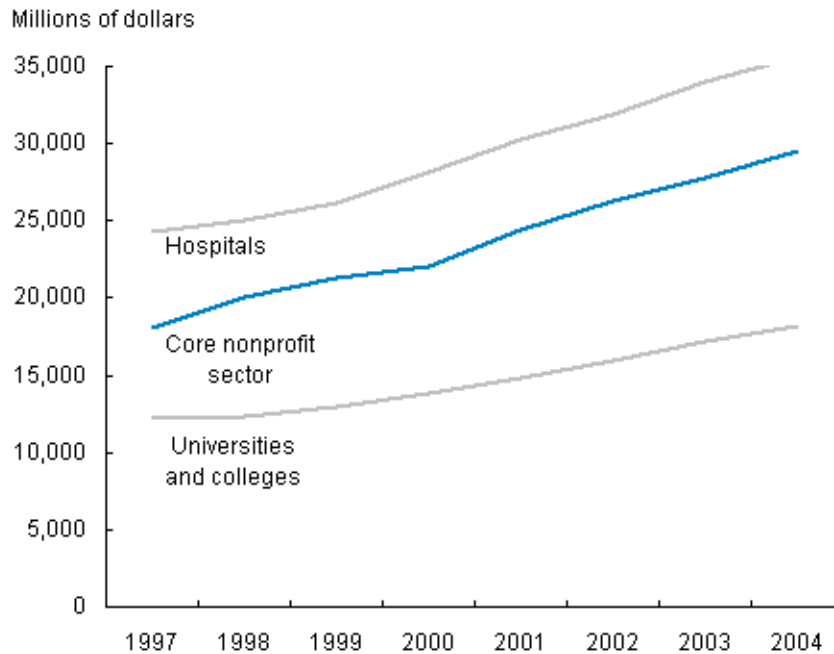
Gross domestic product: nonprofit sector and selected industries, 2004**Economic activity in the nonprofit sector, 1997 to 2004****Hospitals, universities and colleges continue to dominate, while the core nonprofit sector does more than maintain its share**

With GDP totalling \$53.8 billion in 2004, hospitals, universities and colleges accounted for the lion's share of economic activity in the broader nonprofit sector throughout the eight-year period. Of this total, hospitals generated \$35.6 billion, almost twice as much as universities and colleges (\$18.2 billion).

Hospitals, universities and colleges grew by an annual average of 5.7% over the eight-year period. The core nonprofit sector grew by an annual average of 7.3%, with the result that its share in the overall NPO sector increased over the period, from 33.2% in 1997 to 35.5% in 2004.



Figure 4

Gross domestic product: hospitals, universities and colleges and core nonprofit sector**Social services, development and housing top contributors to GDP in the core nonprofit sector**

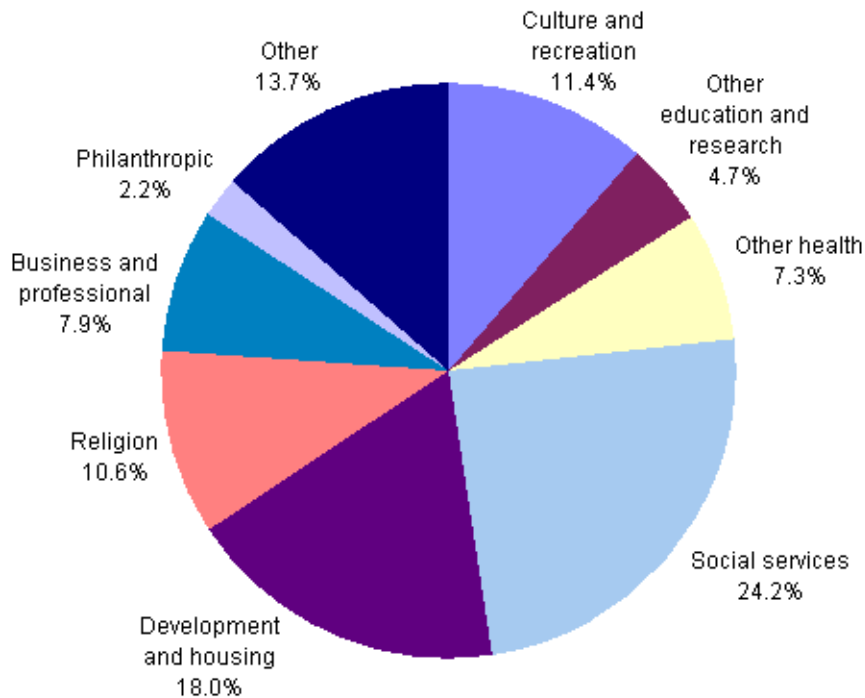
The core segment, which accounts for about one-third of GDP in the broader sector, typically comprises smaller, heterogeneous, organizations, which play an increasingly important role in Canadian society. Organizations in the social services, development and housing, religion, and culture and recreation groups combined made up nearly two-thirds of core NPO economic activity in each of the eight years.

The social services group led the pack throughout the 1997 to 2004 period, accounting for a 24.2% share of core NPO GDP in 2004. Development and housing consistently held second place, followed by culture and recreation, religion, business and professional associations, and other health.¹² Combined, these six fields of activity accounted for 79.4% of the core segment in 2004 down from 83.2% in 1997.

12. Throughout this publication, the category "other health" refers to health other than hospitals.



Figure 5
Distribution of gross domestic product by area of activity: core nonprofit sector, 2004



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

The composition of the core segment remains relatively stable, though social services, and development and housing have made gains

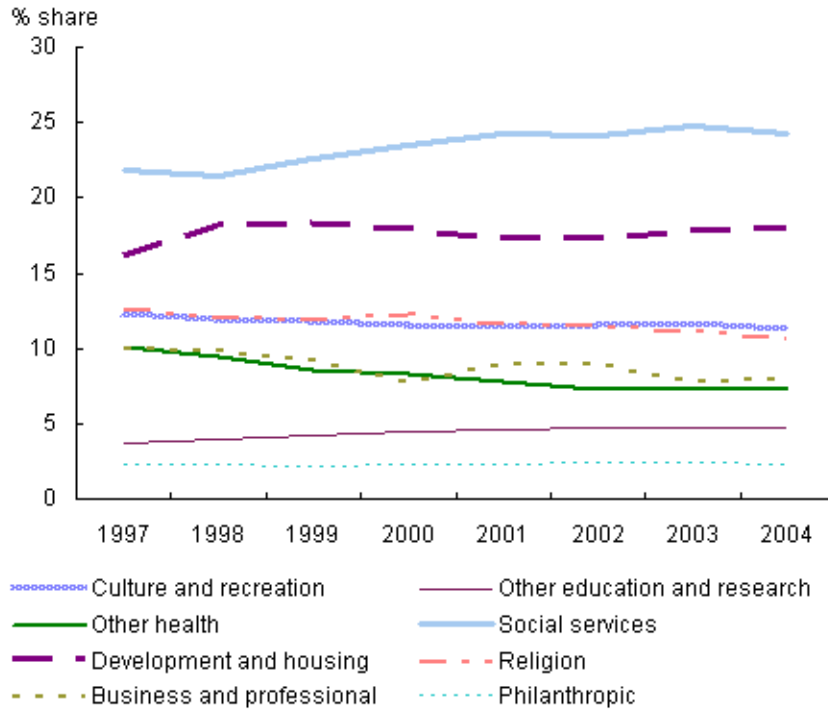
On the whole, the composition of the core nonprofit sector by field of activity remained stable over the 1997 to 2004 period. However, a detailed analysis of the variations reveals that the share of social services (+2.3 percentage points), development and housing (+1.9 percentage points) and other education and research¹³ (+0.9 percentage points) rose between 1997 and 2004, largely at the expense of other health (-2.8 percentage points), business and professional associations, and religion (about -2.0 percentage points each).

13. Throughout this publication, the category “other education and research” refers to education other than universities and colleges.



Figure 6

Distribution of gross domestic product by area of activity: core nonprofit sector



GDP growth wide-ranging across nonprofit organizations' fields

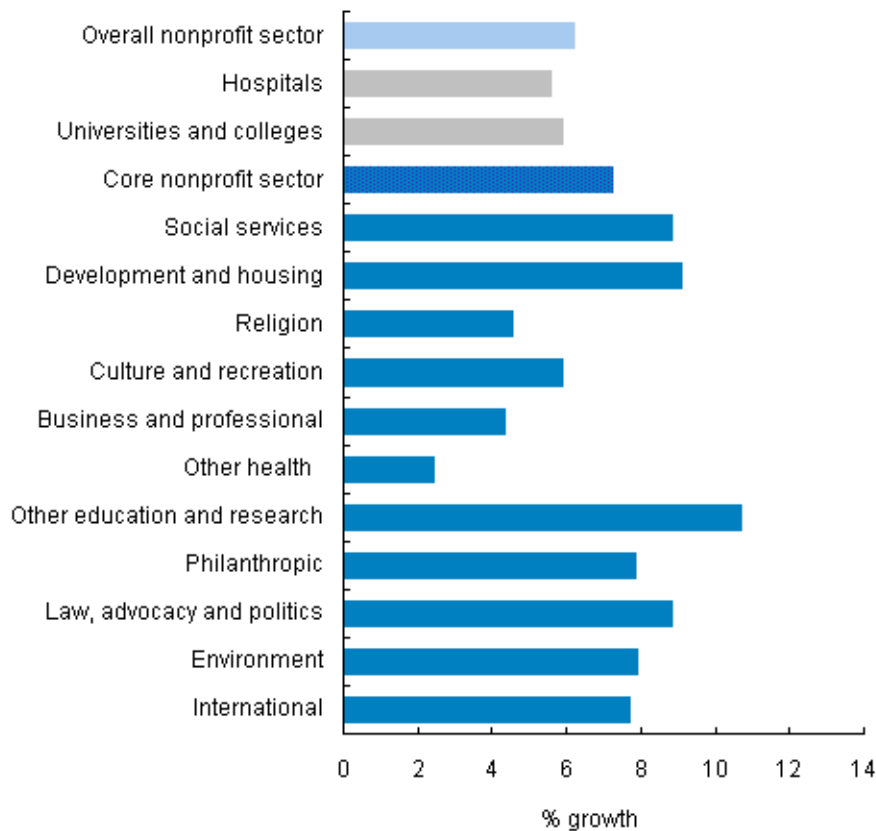
Economic activity in the overall nonprofit sector grew by an annual average of 6.2% over the 1997 to 2004 period, with growth varying widely across areas of activity. Average annual growth over the eight-year period ranged from a modest 2.5% for other health to a solid 10.7% for other education and research.

Other education and research, development and housing, law advocacy and politics, and social services grew the fastest over the period. This performance was almost twice that of business and professional associations and religious organizations, and nearly four times that of other health organizations. Given its significant weight, social services was the top generator of value added with a cumulative increase of \$3.6 billion between 1997 and 2004.



Figure 7

Average annual gross domestic product growth by area of activity: overall nonprofit sector, 1997 to 2004



Note: Activities are sorted in descending order according to their average share of overall nonprofit sector GDP (from 9.5% for social services to 0.3% for international).

Compensation of employees drives labour-intensive NPO economic activity¹⁴

Labour compensation accounted for, on average, 87.1% of the overall sector's GDP over the period. Capital consumption allowances (6.9%), other operating surplus (3.7%), and indirect taxes less subsidies on factors of production (2.3%) accounted for the remainder.

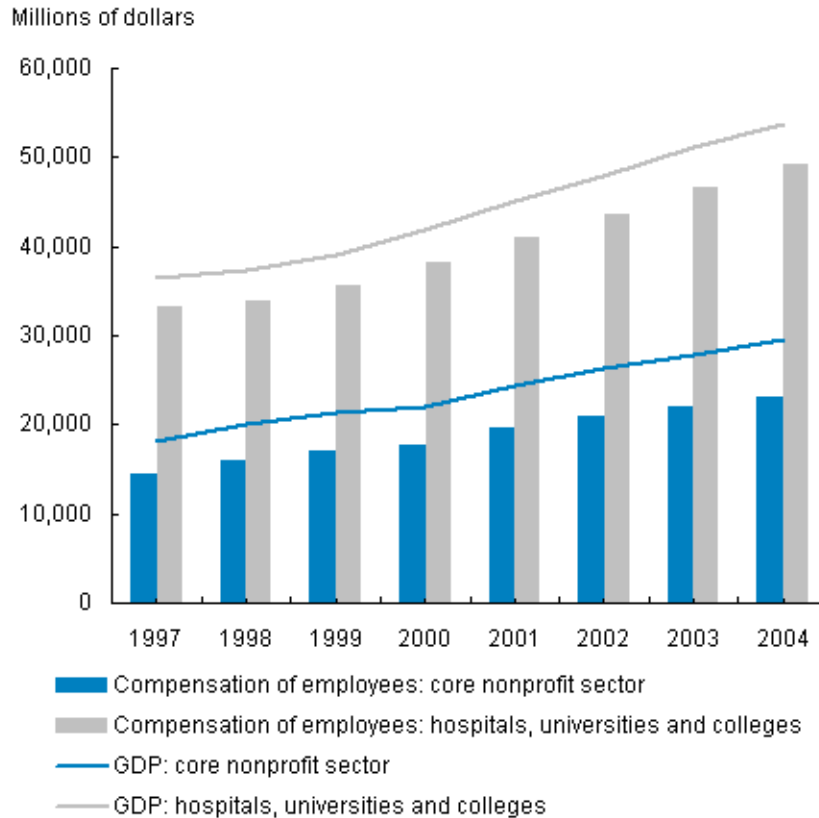
Compensation of employees in the overall nonprofit sector grew to a level of \$72.2 billion in 2004, up from \$47.7 billion in 1997. Labour compensation in the core nonprofit sector amounted to \$23.1 billion in 2004.

Compensation of employees in the core segment grew at a faster average annual rate (6.9%) than hospitals and universities and colleges combined (+5.8%). However, annual growth in paid labour compensation of the core nonprofit sector slowed from 9.6% in 1998 to 4.4% in 2004. At the same time, growth in compensation of employees in hospitals, universities and colleges reached 5.0% by 2004, up from 2.3% in 1998.

14. The GDP of the nonprofit sector measures the output of goods and services produced by nonprofit organizations less the intermediate purchases required to produce this output. At basic prices, GDP implicitly includes compensation of employees, capital consumption allowances (depreciation on capital structures and equipment), other operating surplus and taxes less subsidies on factors of production. Compensation of employees, also referred to as paid remuneration, comprises wages and salaries, and employer pension contributions and other paid benefits.



Figure 8
Gross domestic product and compensation of employees



Paid remuneration for hospitals, universities and colleges remained steady, accounting for, on average, 91.1% of their GDP over the period. The remaining 8.9% consisted of capital consumption allowances (7.4%)—reflecting the importance of capital in health and education—, and taxes less subsidies on production (1.6%).¹⁵

In the core nonprofit sector, compensation of employees accounted for a relatively smaller share of GDP, just a little under 80% on average over the period. This is explained by the operating surplus in GDP for a segment of this group, which covers the majority of their costs through sales.¹⁶ 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 profits or losses in any given year.¹⁷ Operating surplus represented a 10.6% annual average share of GDP over the 1997 to 2004 period. The remaining components of core NPO GDP included depreciation of structures and equipment (6.0%), and taxes less subsidies on factors of production (3.8%).

15. 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.

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

17. This surplus must be re-invested in the mission of the organization, and not distributed to its owners or directors.



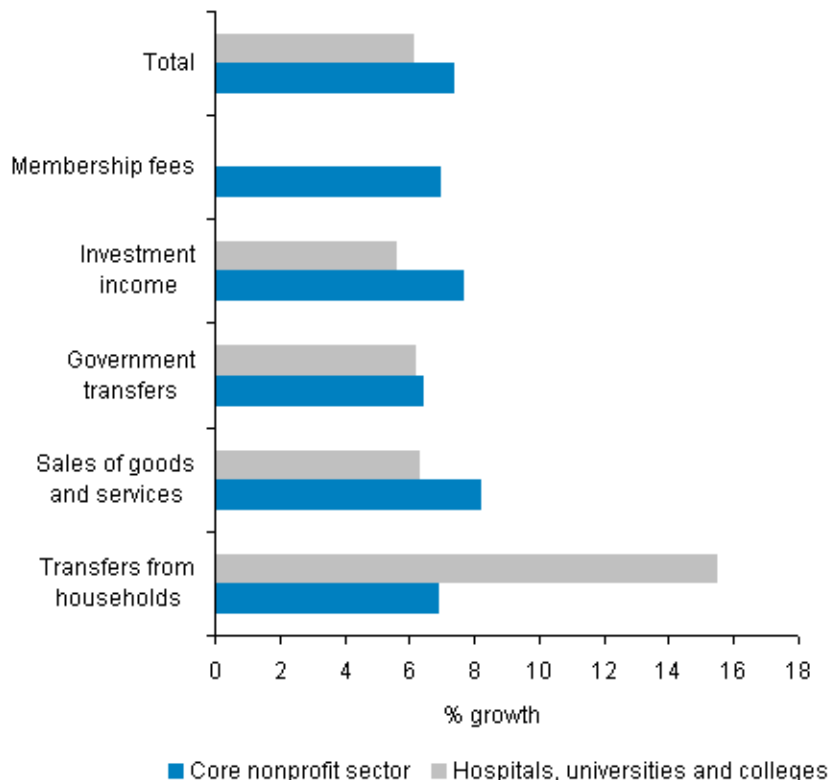
Incomes and outlays of the nonprofit sector, 1997 to 2004

Core nonprofit sector boosts overall revenue growth

Income growth in the core nonprofit sector accelerated to 8.7% in 2004, exceeding growth in the overall sector (+8.0%). Growing by an annual average of 7.4% over the period, core nonprofit organizations led the way in the overall nonprofit sector. The strong performance of the core segment stems largely from stronger average growth in each source of revenue, except transfers from households.

Figure 9

Average annual growth of revenue by source, 1997 to 2004



Government transfers and sales of goods and services are primary revenue sources for hospitals, universities and colleges

Hospitals, universities and colleges also represent significant weight in total NPO sector income, typically receiving a little over half (55.5% on average) of total income, 95% of which originates from only two sources: government transfers and sales of goods and services.¹⁸ Government transfers represent the largest source, accounting for about three-quarters of total income for this group, followed distantly by sales of goods and services which typically made up about one-fifth. The remaining 5% of revenue sources comprise donations from households, transfers from businesses, transfers from other NPOs and investment income. In 2004, 73.5% of all income to this group originated from government transfers.

18. 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.

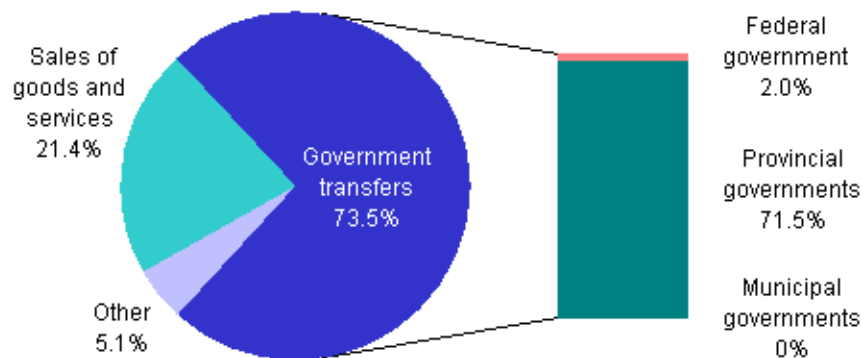


Hospitals draw heavily on provincial government funding, receiving, on average, an overwhelming 83.8% of their revenue from this source.¹⁹ Universities and colleges, with over half of their revenue in the form of government transfers from provincial sources, relied less on public funding, but considerably more on sales of goods and services (which are dominated by tuition fees). This group derived about one-third of its revenue from such sales, more than twice as much as did hospitals.

Typically, throughout the period, as much as 80% of all government transfers destined for the nonprofit sector went to hospitals, universities and colleges, with 60% going to hospitals alone. The remaining one-fifth was received by the core nonprofit sector.

Figure 10

Revenue by source: hospitals, universities and colleges, 2004



Note: The "other" category contains transfers from other nonprofit organizations (2.1%), transfers from households (1.2%), investment income (1.0%), and transfers from businesses (0.8%).

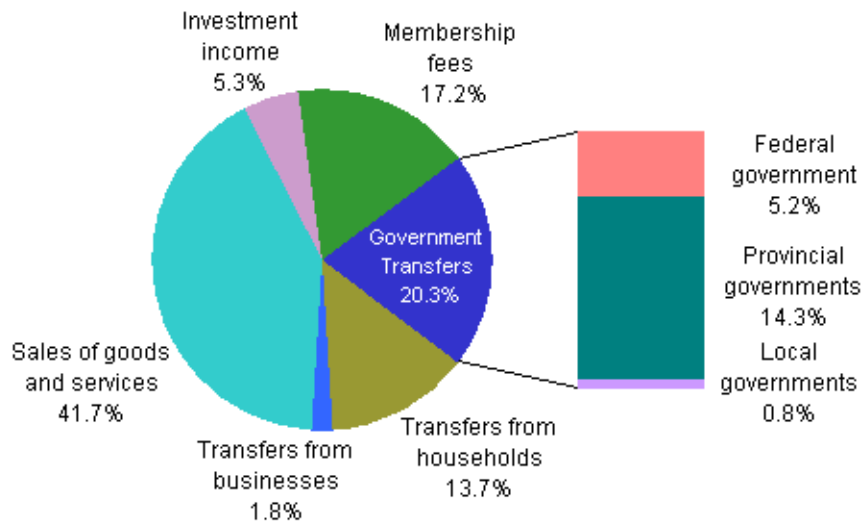
Core nonprofit organizations rely on diverse sources of revenue; sales of goods and services top the list

As was the case in previous years, sales of goods and services were, by far, the most important source of revenue for this group in 2004, accounting for 41.7% of the total. Government transfers were significant at 20.3%. In addition to these funds, core nonprofit organizations derived more than one-third of their revenue from three additional sources: membership fees (17.2%), transfers from households (13.7%) and investment income (5.3%). By comparison, these same sources contributed only 2.3% of revenue for hospitals, universities and colleges.

19. 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.



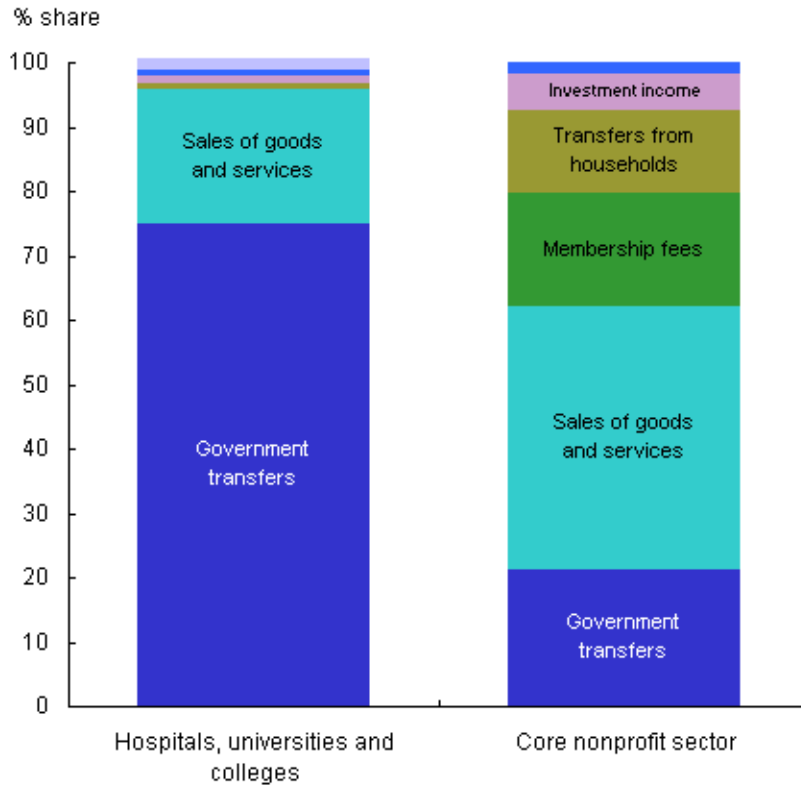
Figure 11
Revenue by source: core nonprofit sector, 2004



Sales of goods and services and government transfers, the two largest revenue sources for hospitals, universities and colleges, provided an average of 94.9% of their revenue over the eight-year period (98% for hospitals and 88.9% for universities and colleges). By contrast, the core nonprofit sector reached a similar level (98.1%) with revenue contributions from an additional three sources: membership fees, donations from households, and investment income.



Figure 12
Average share of revenue by selected sources, 1997 to 2004



Note: Not labelled on this figure are the following sources of revenue: Hospitals, universities and colleges: transfers from other NPOs (2%), investment income (1.1%), transfers from households (1%), and transfers from businesses (0.9%). Core-nonprofit sector: transfers from businesses (1.9%).

Household donations remain the domain of the core, but hospitals, universities and colleges get bigger slice of the pie

Core nonprofit organizations remain the main recipients of transfers from households, receiving 90.4% of these donations in 2004. Transfers from households to core nonprofit organizations advanced, on average, 6.9% per year over the eight-year period.

Hospitals, universities and colleges gained ground, with transfers from households more than doubling over the period; their share of total household donations advanced from 6.2% in 1997 to 9.6% in 2004.

Government funding mostly from provincial sources, but direct federal funds on the rise for core nonprofit organizations

The majority of government funding for the core nonprofit sector came from provincial governments, but federal transfers were on the rise. Between 1997 and 2004, the federal share of government transfers to this group increased from 16.9% to 25.6%, while the provincial share declined from 82.2% to 70.5%.

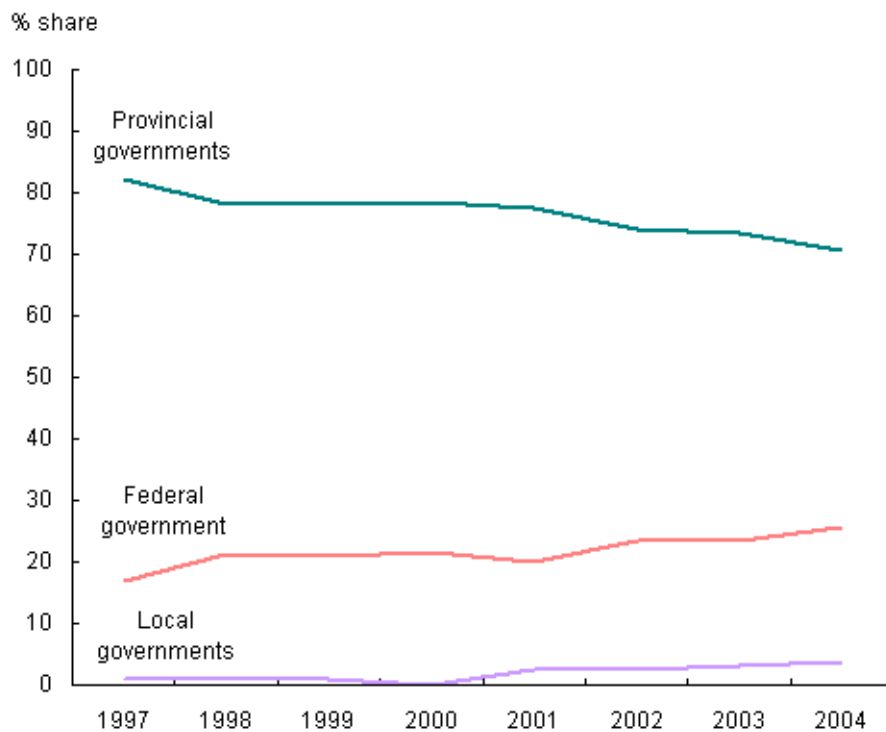


In 2004, the federal funding to the core nonprofit sector soared 18.1%. These federal funds accounted for 5.2% of their revenue, while hospitals, universities and colleges derived only 2% of their revenue from this source. In 2004, core nonprofit organizations received 68.1% of federal transfers destined to the overall nonprofit sector.

Federal transfers to core nonprofit organizations more than doubled over the eight-year period, from \$1.4 billion in 1997 to \$3.2 billion in 2004—a cumulative increase of \$1.8 billion. During the same period, provincial transfers rose by \$2.2 billion, to reach \$8.9 billion in 2004. The local share of government transfers, negligible before 2000, has increased gradually since 2003, to reach 3.8% in 2004.

Figure 13

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

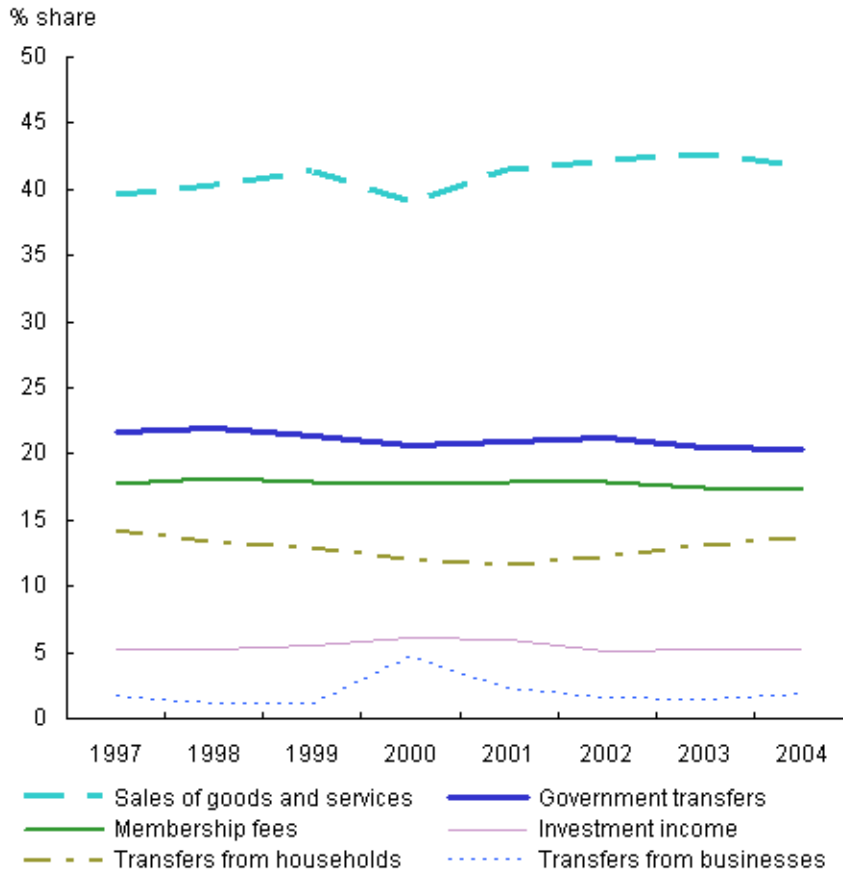


In the core nonprofit sector, revenue sources preserved their relative positions in almost all years, with sales of goods and services contributing the largest share of revenue (41.1% on average). The distribution of income sources has been mostly stable with the exception of 2000. An exceptionally large corporate donation to a newly-created private foundation in 2000 more than quadrupled both the share of revenue and the level of corporate donations over the previous year, creating a temporary redistribution of revenue shares. In 2004, all income sources, except sales of goods and services, outpaced their annual average growth posted over the period.



Figure 14

Revenue distribution by source: core nonprofit sector



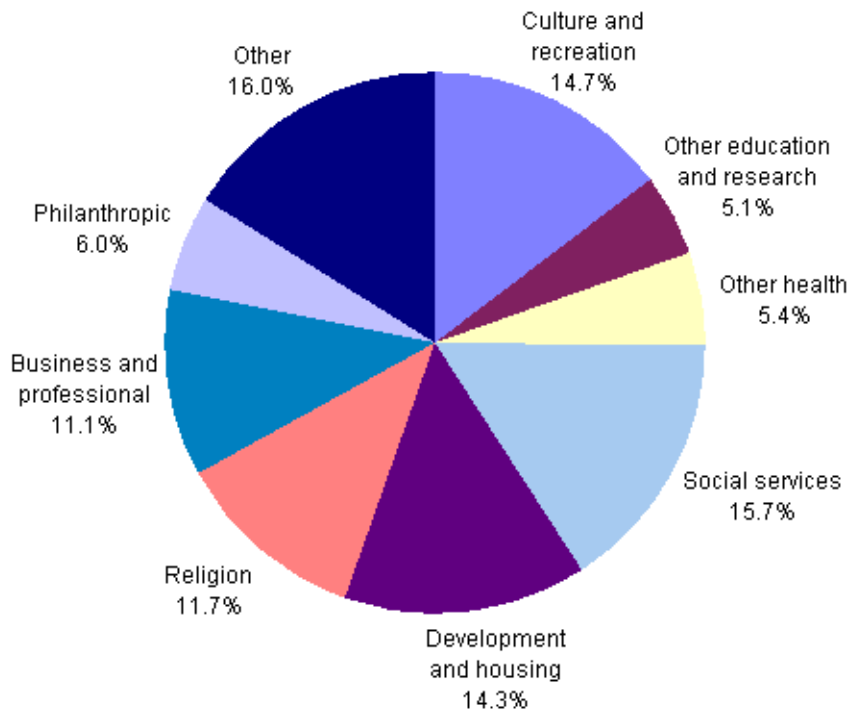
Revenue spans broad range of fields in the core nonprofit sector

The fields of health and education account for a significant share of total sector revenues (about 60% in each of the eight years), the bulk of which flows to hospitals, universities and colleges (about 55%).

The other 40% of revenues span a broad spectrum of activities. The six primary activities—culture and recreation, social services, development and housing, religion, business and professional associations, and philanthropic intermediaries—consistently accounted for more than three-quarters of total revenue received by core nonprofit organizations throughout the eight-year period.



Figure 15

Distribution of revenue by area of activity: core nonprofit sector, 2004

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

Two-thirds of income in the core concentrated in the five top fields of activity

Total revenue in the core nonprofit sector rose by a cumulative \$24.2 billion over the eight-year period, to reach \$62.0 billion. Nearly two-thirds of this increase is attributable to five areas of activity: social services (\$4.3 billion), development and housing (\$3.5 billion), culture and recreation (\$3.7 billion), business and professional associations (\$2.8 billion), and religion (\$1.3 billion).

Spanning a narrow range of contributions, this first tier of activities accounted for, on average, 69.4% of revenue in the core segment over the period.

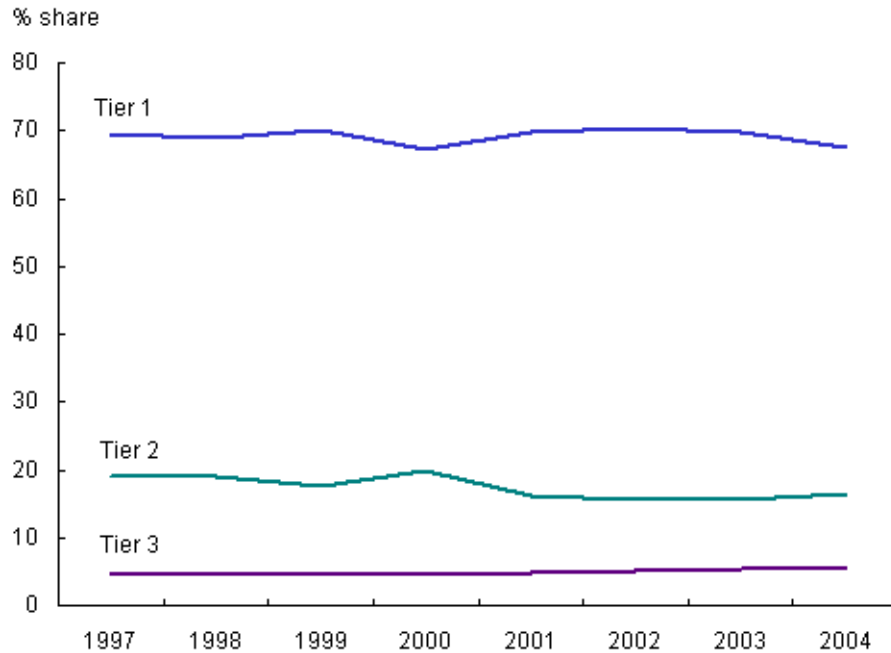
The second tier of NPO activities comprises other education and research, other health, and philanthropic intermediaries. Growing at the same pace as the upper tier (+7%), this cluster of activities contributed, on average, 17.6% of core nonprofit sector revenue.

The third cluster, comprising the environment, law, advocacy and politics, and international fields, accounted for, on average, a 4.9% of total revenue in the core segment, but recorded a higher average growth over the period (+9.8%).



Figure 16

Combined share of revenue for activity groupings: core nonprofit sector



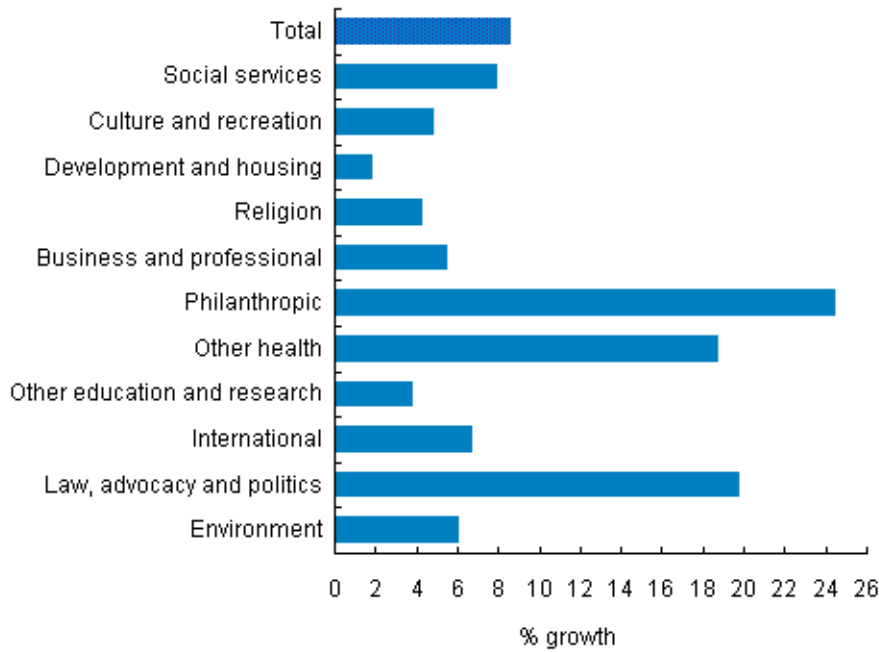
Philanthropic, law advocacy and politics, and other health top contributors to revenue growth in 2004

Perhaps a reflection of increasing awareness about the nonprofit and voluntary sector, in 2004, the small group of philanthropic intermediaries and voluntarism promotion organizations was by far the top gainer in terms of revenue growth (+24.5%). It was followed by groups with low contributions to total revenue: law, advocacy and politics group (+19.8%) and other health (+18.8%). Organizations with the highest contributions, such as the social services group (+7.9%) and business and professional associations (+5.6%) also experienced convincing growth.



Figure 17

Growth of revenue by area of activity: core nonprofit sector, 2004

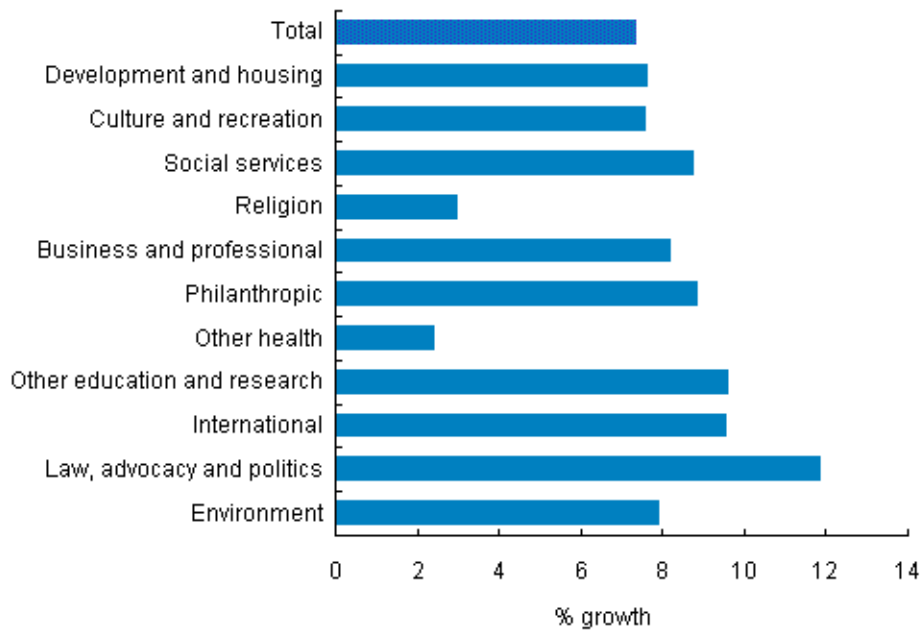


Note: Activities are sorted in descending order according to their share of revenue in 2004 (from 15.7% for social services to 1.3% for environment).

Between 1997 and 2004, revenue generated in the top seven areas of activity, grew on average by nearly 9.3%, ranging from 7.9% for environment to 11.9% for law, advocacy and politics. Other education and research, international organizations, philanthropic intermediaries, social services, and business and professional associations were among these high performers. The remaining organizations grew at a lesser pace, with other health and religion fields experiencing the lowest growth rates.



Figure 18

Average growth of revenue by area of activity: core nonprofit sector, 1997 to 2004

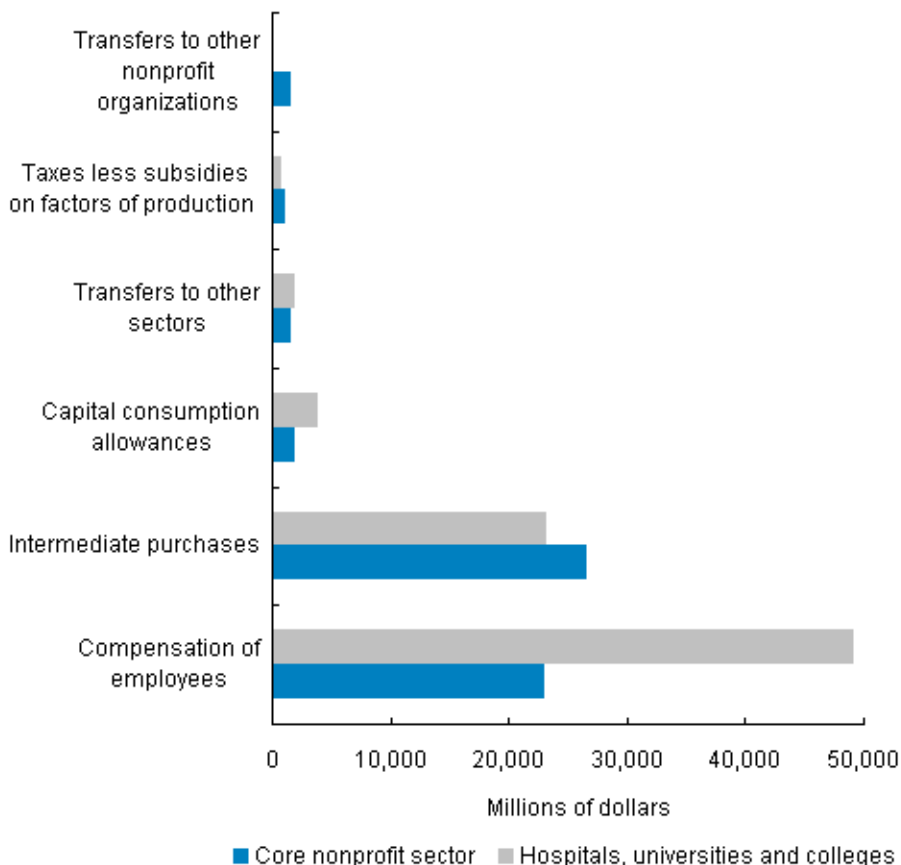
Note: Activities are sorted in descending order according to their average revenue share (from 14.8% for development and housing, culture and recreation, and social services to 1.3% for environment).

Compensation of employees is largest expense, particularly for hospitals, universities and colleges

Increasing 6.6% for a second consecutive year, total NPO outlays reached \$132.0 billion in 2004, up from 80.4 billion in 1997. Total expenses for the core nonprofit sector rose 7.2%, faster than the rate for hospitals, universities and colleges (+6.3%). Operating expenditures accounted for more than 94% of these two groups' outlays, with the remainder comprising transfers to other sectors (households and non residents) and transfers to other nonprofit organizations.



Figure 19
Components of current expenditures, 2004



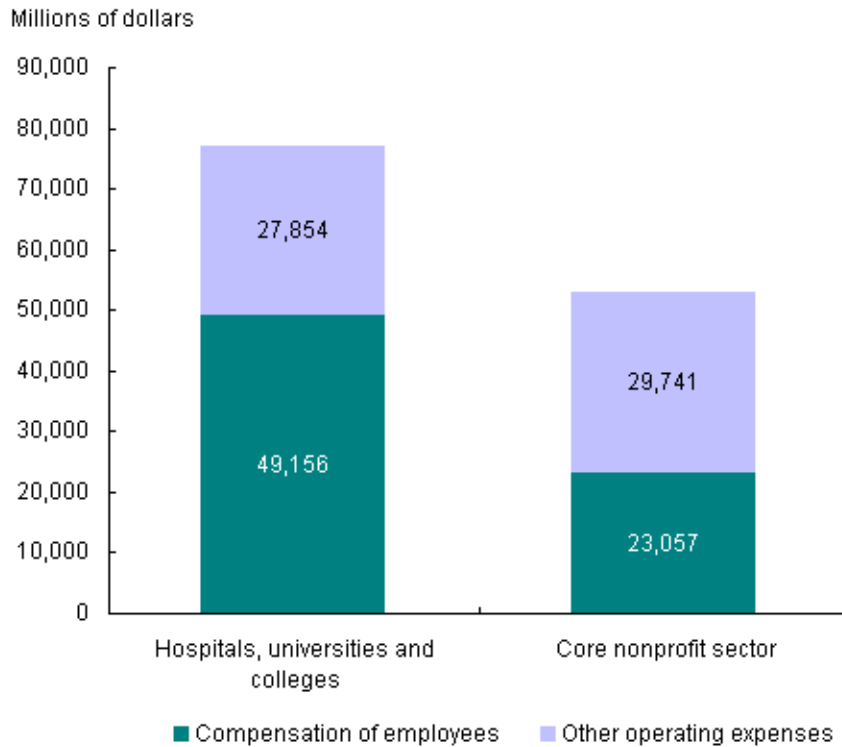
Labour compensation forms the majority of operating expenses for hospitals, universities, and colleges. At 63.8% in 2004, this was more than double this group’s purchases of goods and services used in the production process (30.1%). In contrast, organizations in the core nonprofit sector spent more on intermediate purchases (50.5%) than on labour services (43.7%). The remaining (roughly 6%) of operating expenses for each group is divided between capital consumption allowances (depreciation of fixed capital), and taxes less subsidies on factors of production.

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 (by at least seven percentage points).



Figure 20

Compensation of employees and other operating expenses, 2004



Over the 1997 to 2004 period, the composition of operating expenses remained relatively stable for both core nonprofit organizations and hospitals, universities and colleges. Expenses of hospitals, universities and colleges grew at a slower overall pace (+6.7%) than the core nonprofit sector (+8.2%).

NPO saving concentrated in certain areas

Nonprofit organizations cover their expenses with the incomes they receive, either earned from market activity or received as transfers. Over the 1997 to 2004 period, the revenue of the core nonprofit sector exceeded its outlays. 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 nonprofit organizations tend to serve the needs of business,²⁰ 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.

20. These NPOs are classified to the business sector in the standard accounts of the Canadian SNA.



Volunteer work and extended measures,²¹ 1997 and 2000

The value of volunteer work²²

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 is due to a decrease in hours volunteered²³ 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%²⁴ 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 \$64 billion, amounting to 6.4% of the economy. Including the value of volunteer work drives up the economic contribution of the overall nonprofit sector to 7.8%²⁵ of the economy. Between 1997 and 2000, the

21. This section is reprinted from last year; all information remains the same with the exception of paid labour which is has been revised. 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.

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

23. 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.

24. In real terms.

25. 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).

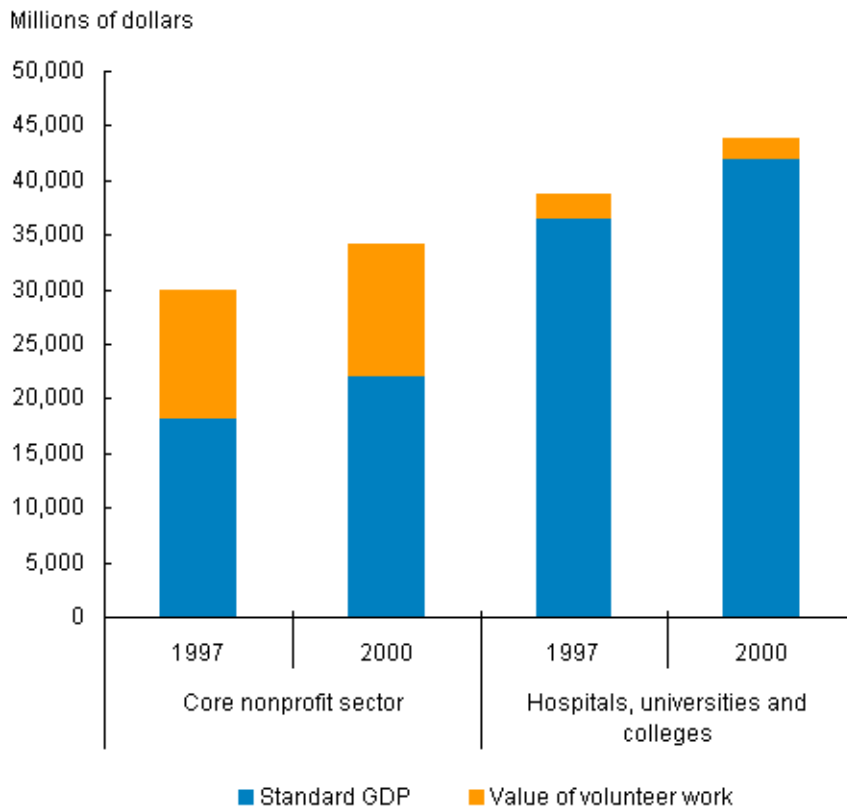


total extended value of the nonprofit sector's GDP grew by 13.5%, less than the standard measure (+17.2%), reflecting the marginal decline in the overall value of volunteer work.

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 2.2% to 3.4% when the value of volunteer work is taken into account. The replacement cost value of volunteer work accounted for 35.4% of the extended value of economic activity in the core nonprofit sector.

Figure 21

Extended value of gross domestic product



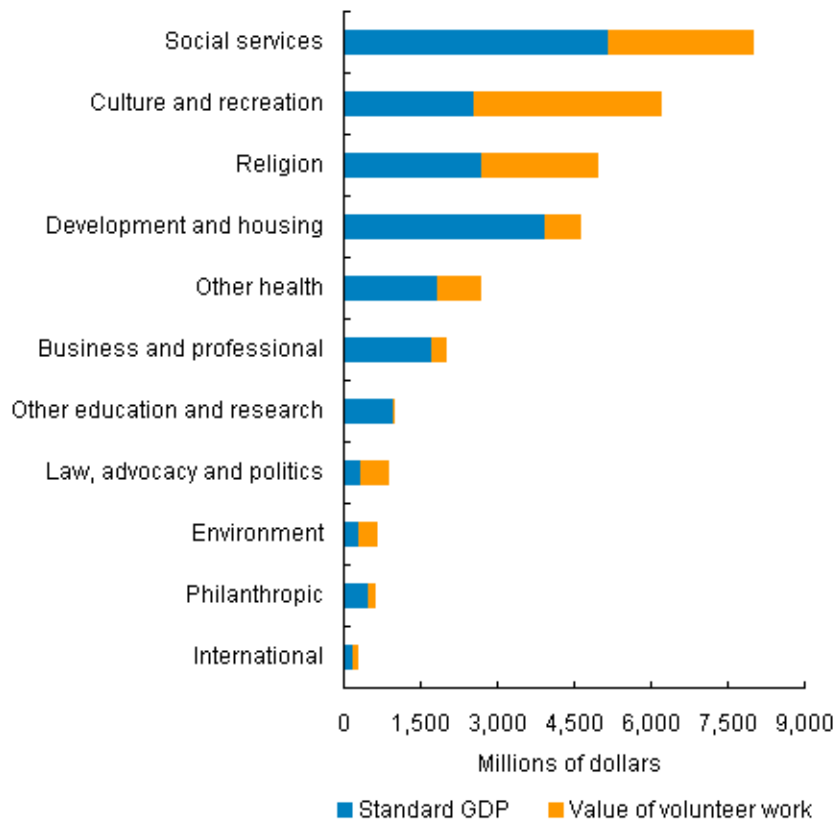
Majority of volunteer work concentrated in three fields of activity

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 47.3% 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 gross domestic product by primary area of activity: core nonprofit sector, 2000



Extended measures of labour services

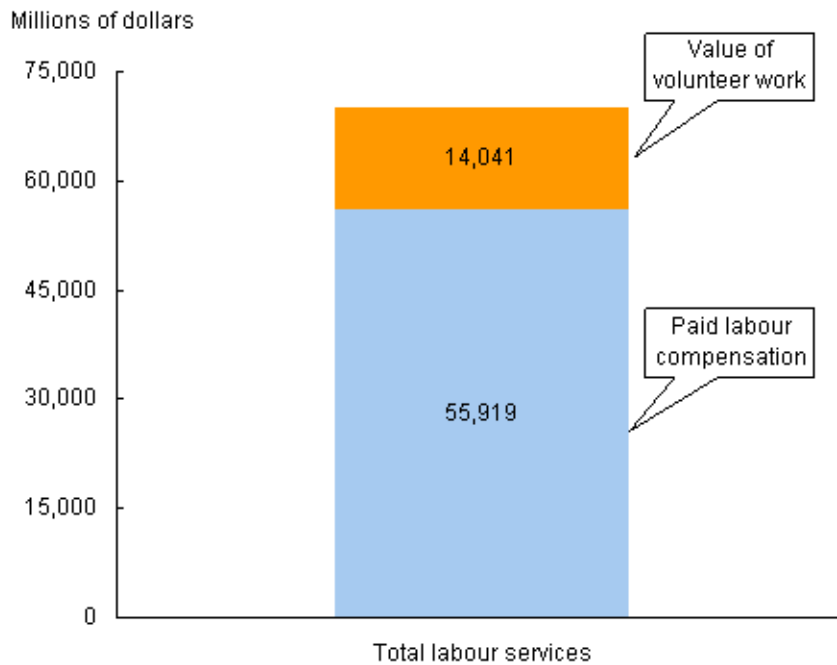
Volunteer work accounts for a significant portion of total labour services

In 2000, NPOs paid 55.9 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 20.1% of the total value of labour resources provided to the overall nonprofit sector, down from 22.9% 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 \$17.7 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 (+22.3%) than in the value of volunteer work (+1.8%) for the core nonprofit sector, resulted in a decline of this share from 45% to 40.6% between these two years. The overall value of labour resources employed by these generally smaller organizations represented 5.5% of the wage bill for the Canadian economy in 2000, compared with 12.8% 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 67.7% for law, advocacy and politics to 4.7% for health when hospitals are included. With shares of 18.0%, 17.6%, and 4.9% 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.

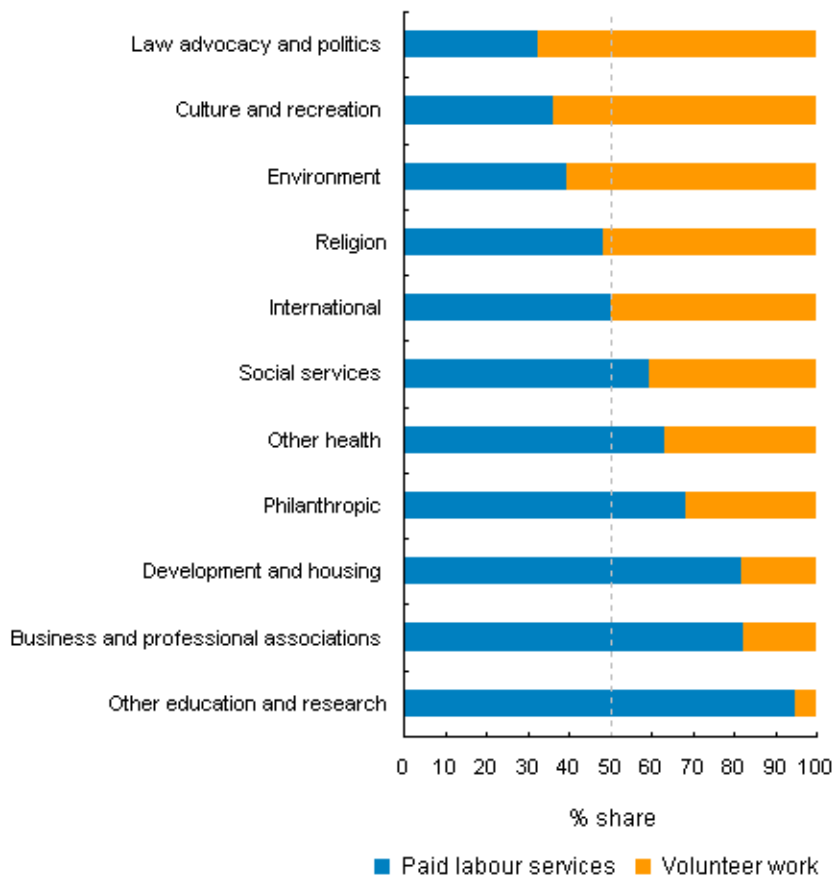
In contrast, organizations primarily engaged in the culture and recreation, environment, and religion fields relied more heavily on volunteering than other organizations, accounting for 63.9%, 60.3%, and 51.5% respectively of their total value of labour services.

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 done for the overall nonprofit sector, they accounted for 72.4% 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

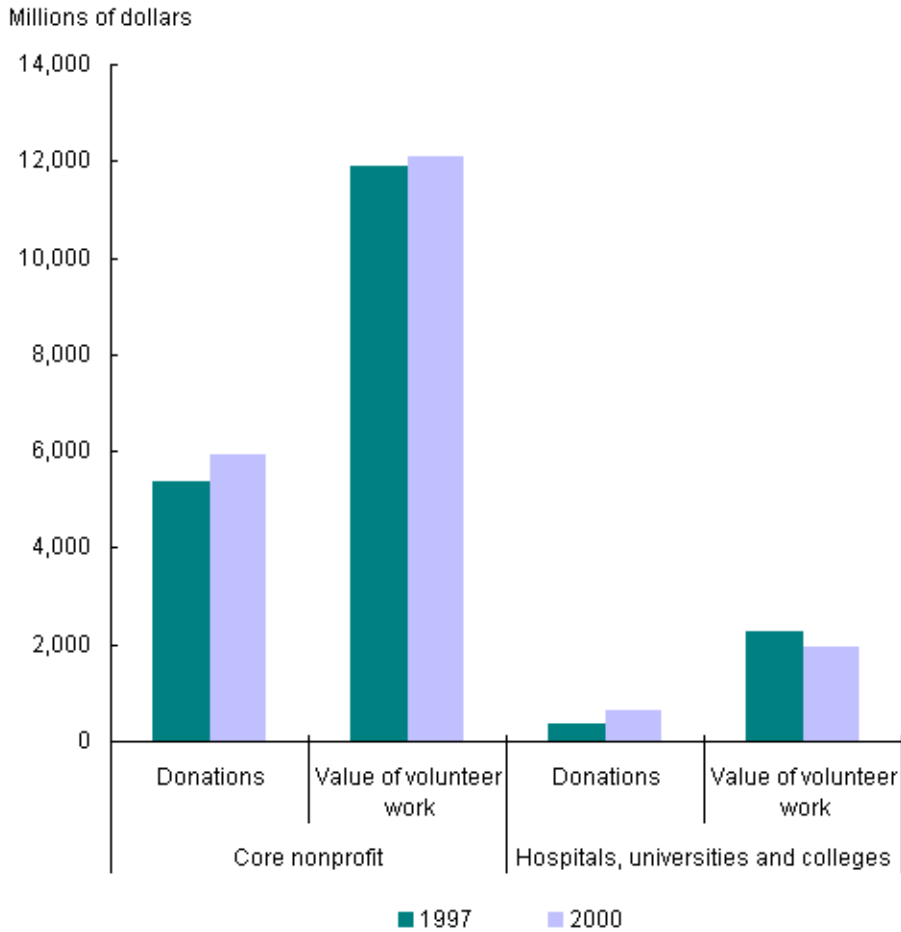
Volunteer work is worth more than donations from households

Despite a small decline in the value 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 2004 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 nearly triples the importance of household transfers in overall sector revenue, from 6.1% to 17.0% in 2000 (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 12.1% to 29.4%.



Figure 26

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

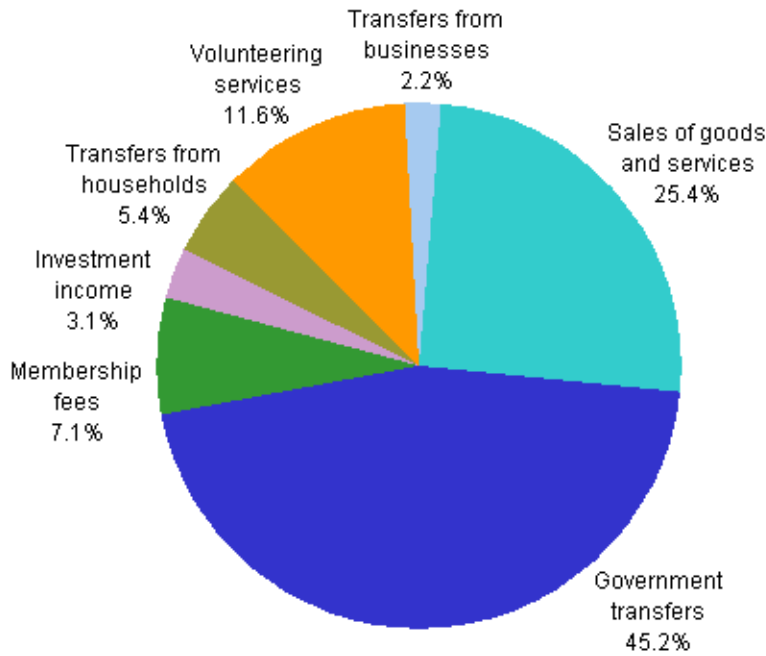
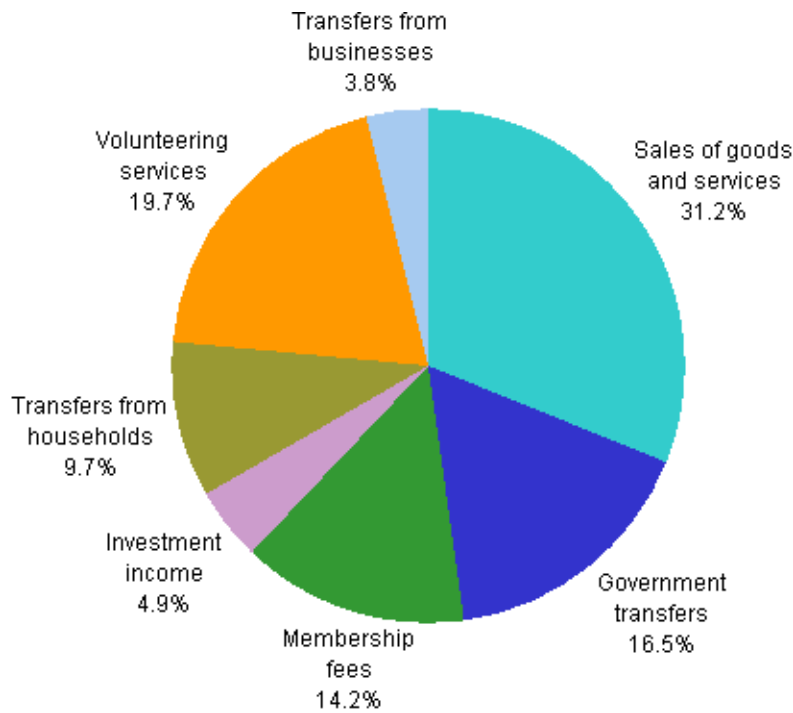


Figure 27

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 2004 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 2004, 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 law, advocacy and politics, education and research (other than universities and colleges), environment, and philanthropic grew the fastest.

The core nonprofit sector was the engine of revenue growth except in 1999 and 2003, 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 nearly doubled 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 2004 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 in overall sector revenue. As is the case for volunteering, the core nonprofit sector received the bulk of donations from households.



At nearly 41%, 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 in the core segment. 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 2008 will span a nine-year time horizon, enabling even more meaningful trend analysis.



Table 1 Economic accounts: nonprofit sector¹

CANSIM Table 3880001

	1997	1998	1999	2000	2001	2002	2003	2004
	millions of dollars							
Production account								
Gross output	81,565	86,844	92,965	100,133	108,705	116,983	124,712	133,229
Intermediate purchases	26,934	29,506	32,553	36,124	39,230	42,849	45,780	49,815
Gross Domestic Product at basic prices	54,631	57,338	60,412	64,009	69,475	74,134	78,932	83,414
Wages, salaries and supplementary labour income	47,691	49,801	52,560	55,919	60,535	64,696	68,803	72,213
Taxes less subsidies on factors of production	1,282	1,401	1,432	1,475	1,597	1,738	1,838	1,909
Capital consumption allowances	3,726	3,899	4,035	4,438	4,852	5,206	5,441	5,871
Other operating surplus	1,932	2,237	2,385	2,177	2,491	2,494	2,850	3,421
Income and outlay account								
Income	86,152	90,962	96,788	107,340	112,379	117,002	125,467	135,536
Sales of goods and services	25,439	26,897	28,840	30,788	34,027	36,494	39,253	41,950
Membership fees	6,703	7,621	7,862	8,700	9,220	9,675	9,946	10,690
Investment income	2,648	2,819	3,075	3,724	3,672	3,223	3,745	4,059
Current transfers from:								
Households and businesses	6,877	6,992	7,225	9,274	8,330	8,620	9,519	11,074
Households	5,713	5,983	6,088	6,578	6,755	7,331	8,258	9,387
Businesses	1,164	1,009	1,137	2,696	1,575	1,289	1,261	1,687
Governments	44,485	46,633	49,786	54,854	57,130	58,990	63,004	67,763
Federal government	2,058	2,586	2,761	3,199	3,489	3,830	3,889	4,731
Provincial governments	42,341	43,948	46,921	51,632	53,340	54,850	58,729	62,526
Local governments	86	99	104	23	301	310	386	506
Outlay	80,444	85,582	91,620	99,092	107,732	116,109	123,813	131,997
Gross current expenditure on goods and services	78,595	83,544	89,398	96,632	105,078	113,199	120,568	128,406
Current transfers to other sectors	1,849	2,038	2,222	2,460	2,654	2,910	3,245	3,591
Saving (income less outlay)	5,708	5,380	5,168	8,248	4,647	893	1,654	3,539

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

	1997	1998	1999	2000	2001	2002	2003	2004
	millions of dollars							
Production account								
Gross output	32,586	33,877	35,984	39,040	42,450	45,377	48,681	51,729
Intermediate purchases	8,255	8,894	9,823	10,882	12,158	13,445	14,684	16,109
Gross Domestic Product at basic prices	24,331	24,983	26,161	28,158	30,292	31,932	33,997	35,620
Wages, salaries and supplementary labour income	22,355	22,944	24,045	25,869	27,800	29,416	31,368	32,839
Taxes less subsidies on factors of production	370	379	397	428	458	483	513	539
Capital consumption allowances	1,606	1,660	1,719	1,861	2,034	2,033	2,116	2,242
Income and outlay account								
Income	31,679	32,988	35,005	39,603	40,827	42,767	46,306	49,358
Sales of goods and services	4,689	4,775	4,997	5,367	5,683	6,142	6,595	7,025
Investment income	137	147	128	145	112	94	112	96
Current transfers from:								
Households and businesses	150	212	142	136	244	216	224	248
Other nonprofit organizations	343	390	324	335	402	556	590	655
Governments	26,360	27,464	29,414	33,620	34,386	35,759	38,785	41,334
Provincial governments	26,352	27,446	29,399	33,605	34,371	35,746	38,772	41,320
Local governments	8	18	15	15	15	13	13	14
Outlay	32,198	33,592	35,652	38,609	42,191	45,027	48,444	51,399
Gross current expenditure on goods and services	31,894	33,246	35,318	38,279	41,850	44,661	48,058	50,983
Current transfers to other sectors	304	346	334	330	341	366	386	416
Saving (income less outlay)	-519	-604	-647	994	-1,364	-2,260	-2,138	-2,041

1. Hospitals include residential care facilities.



Table 3 Economic accounts: universities and colleges

CANSIM Table 3880001

	1997	1998	1999	2000	2001	2002	2003	2004
	millions of dollars							
Production account								
Gross output	16,531	16,823	17,739	18,996	20,616	22,201	23,803	25,281
Intermediate purchases	4,344	4,511	4,776	5,212	5,843	6,226	6,636	7,065
Gross Domestic Product at basic prices	12,187	12,312	12,963	13,784	14,773	15,975	17,167	18,216
Wages, salaries and supplementary labour income	10,843	10,979	11,565	12,332	13,192	14,247	15,344	16,317
Taxes less subsidies on factors of production	217	211	219	230	248	261	273	259
Capital consumption allowances	1,127	1,122	1,179	1,222	1,333	1,467	1,550	1,640
Income and outlay account								
Income	17,784	17,313	18,818	19,611	21,078	21,611	23,554	25,754
Sales of goods and services	5,849	5,261	5,723	6,293	6,926	7,637	8,385	9,064
Investment income	512	501	552	605	460	394	667	706
Current transfers from:								
Households and businesses	763	708	953	890	967	1,046	1,140	1,231
Households	282	260	329	582	634	654	718	776
Businesses	481	448	624	308	333	392	422	455
Other nonprofit organizations	698	897	582	710	841	787	831	899
Governments	9,962	9,946	11,008	11,113	11,884	11,747	12,531	13,854
Federal government	679	632	800	1,031	1,313	1,135	1,159	1,508
Provincial governments	9,275	9,306	10,200	10,074	10,563	10,604	11,364	12,338
Local governments	8	8	8	8	8	8	8	8
Outlay	16,954	17,146	18,104	19,466	21,223	22,900	24,600	26,228
Gross current expenditure on goods and services	16,185	16,391	17,223	18,433	20,080	21,627	23,132	24,625
Current transfers to other sectors	769	755	881	1,033	1,143	1,273	1,468	1,603
Saving (income less outlay)	830	167	714	145	-145	-1,289	-1,046	-474



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

CANSIM Table 3880001

	1997	1998	1999	2000	2001	2002	2003	2004
	millions of dollars							
Production account								
Gross output	32,448	36,144	39,242	42,097	45,639	49,405	52,228	56,219
Intermediate purchases	14,335	16,101	17,954	20,030	21,229	23,178	24,460	26,641
Gross Domestic Product at basic prices	18,113	20,043	21,288	22,067	24,410	26,227	27,768	29,578
Wages, salaries and supplementary labour income	14,493	15,878	16,950	17,718	19,543	21,033	22,091	23,057
Taxes less subsidies on factors of production	695	811	816	817	891	994	1,052	1,111
Capital consumption allowances	993	1,117	1,137	1,355	1,485	1,706	1,775	1,989
Other operating surplus	1,932	2,237	2,385	2,177	2,491	2,494	2,850	3,421
Income and outlay account								
Income	37,730	41,948	43,871	49,171	51,717	53,967	57,028	61,978
Sales of goods and services	14,901	16,861	18,120	19,128	21,418	22,715	24,273	25,861
Membership fees	6,703	7,621	7,862	8,700	9,220	9,675	9,946	10,690
Investment income	1,999	2,171	2,395	2,974	3,100	2,735	2,966	3,257
Current transfers from:								
Households and businesses	5,964	6,072	6,130	8,248	7,119	7,358	8,155	9,595
Households	5,356	5,617	5,688	5,928	5,999	6,569	7,428	8,487
Businesses	608	455	442	2,320	1,120	789	727	1,108
Governments	8,163	9,223	9,364	10,121	10,860	11,484	11,688	12,575
Federal government	1,379	1,954	1,961	2,168	2,176	2,695	2,730	3,223
Provincial governments	6,714	7,196	7,322	7,953	8,406	8,500	8,593	8,868
Local governments	70	73	81	0	278	289	365	484
Outlay	32,334	36,131	38,770	42,062	45,561	49,525	52,189	55,924
Gross current expenditure on goods and services	30,516	33,907	36,857	39,920	43,148	46,911	49,378	52,798
Current transfers to other nonprofit organizations	1,042	1,287	906	1,045	1,243	1,343	1,420	1,554
Current transfers to other sectors	776	937	1,007	1,097	1,170	1,271	1,391	1,572
Saving (income less outlay)	5,396	5,817	5,101	7,109	6,156	4,442	4,839	6,054



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

CANSIM Table 3880002

	1997	1998	1999	2000	2001	2002	2003	2004
	millions of dollars							
Culture and recreation	5,472	6,070	6,431	7,200	7,803	8,204	8,707	9,128
Education and research	18,749	18,290	20,178	21,157	22,744	23,463	25,749	27,998
Health	33,446	35,022	36,818	41,193	42,331	44,180	47,361	50,806
Social services	6,239	6,522	7,191	7,721	8,671	9,190	10,209	11,001
Environment	481	539	560	616	720	693	765	812
Development and housing	5,385	6,650	6,606	6,973	7,326	8,084	8,718	8,884
Law, advocacy and politics	464	567	591	707	744	828	835	1,000
Philanthropic intermediaries and voluntarism promotion	2,596	2,840	2,795	4,574	2,922	2,758	2,972	3,701
International	858	853	1,017	970	967	1,309	1,455	1,553
Religion	5,886	6,250	6,347	6,542	6,789	6,790	6,925	7,223
Business and professional associations, unions	4,011	4,320	5,020	5,631	6,603	6,817	6,500	6,861
Not elsewhere classified	2,565	3,039	3,234	4,056	4,759	4,686	5,271	6,569
Total	86,152	90,962	96,788	107,340	112,379	117,002	125,467	135,536

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

CANSIM Table 3880002

	1997	1998	1999	2000	2001	2002	2003	2004
	millions of dollars							
Culture and recreation	5,472	6,070	6,431	7,200	7,803	8,204	8,707	9,128
Education and research	1,663	1,875	1,942	2,256	2,540	2,638	3,027	3,143
Health	2,925	3,316	3,036	2,876	2,913	3,035	2,830	3,362
Social services	5,425	5,628	6,293	6,770	7,631	8,124	9,024	9,741
Environment	481	539	560	616	720	693	765	812
Development and housing	5,385	6,650	6,606	6,973	7,326	8,084	8,718	8,884
Law, advocacy and politics	464	567	591	707	744	828	835	1,000
Philanthropic intermediaries and voluntarism promotion	2,596	2,840	2,795	4,574	2,922	2,758	2,972	3,701
International	858	853	1,017	970	967	1,309	1,455	1,553
Religion	5,886	6,250	6,347	6,542	6,789	6,790	6,925	7,223
Business and professional associations, unions	4,011	4,320	5,020	5,631	6,603	6,817	6,500	6,861
Not elsewhere classified	2,564	3,040	3,233	4,056	4,759	4,687	5,270	6,570
Total	37,730	41,948	43,871	49,171	51,717	53,967	57,028	61,978



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

CANSIM Table 3880002

	1997	1998	1999	2000	2001	2002	2003	2004
millions of dollars								
Culture and recreation	2,254	2,395	2,530	2,567	2,804	3,061	3,269	3,368
Education and research	12,869	13,110	13,865	14,774	15,898	17,213	18,476	19,603
Health	25,499	26,174	27,236	29,194	31,292	32,930	35,023	36,753
Social services	4,627	5,013	5,570	5,984	6,798	7,252	7,855	8,199
Environment	225	241	260	307	339	356	374	382
Development and housing	2,916	3,626	3,889	3,939	4,204	4,515	4,910	5,312
Law, advocacy and politics	268	308	326	332	382	435	453	483
Philanthropic intermediaries and voluntarism promotion	387	440	440	478	538	593	626	655
International	148	144	171	170	180	214	225	245
Religion	2,295	2,413	2,532	2,692	2,839	2,999	3,077	3,147
Business and professional associations, unions	1,808	1,972	1,947	1,729	2,181	2,356	2,173	2,339
Not elsewhere classified	1,335	1,502	1,646	1,843	2,020	2,210	2,471	2,928
Total	54,631	57,338	60,412	64,009	69,475	74,134	78,932	83,414

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

CANSIM Table 3880002

	1997	1998	1999	2000	2001	2002	2003	2004
millions of dollars								
Culture and recreation	2,254	2,395	2,530	2,567	2,804	3,061	3,269	3,368
Education and research	682	798	902	990	1,125	1,239	1,309	1,386
Health	1,834	1,900	1,824	1,842	1,887	1,913	2,018	2,171
Social services	3,961	4,304	4,822	5,178	5,911	6,337	6,862	7,161
Environment	225	241	260	307	339	356	374	382
Development and housing	2,916	3,626	3,889	3,939	4,204	4,515	4,910	5,312
Law, advocacy and politics	268	308	326	332	382	435	453	483
Philanthropic intermediaries and voluntarism promotion	387	440	440	478	538	593	626	655
International	148	144	171	170	180	214	225	245
Religion	2,295	2,413	2,532	2,692	2,839	2,999	3,077	3,147
Business and professional associations, unions	1,808	1,972	1,947	1,729	2,181	2,356	2,173	2,339
Not elsewhere classified	1,335	1,502	1,645	1,843	2,020	2,209	2,472	2,929
Total	18,113	20,043	21,288	22,067	24,410	26,227	27,768	29,578



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	12,601
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

	1997			
	Replacement cost value of volunteer work	Paid labour compensation	Total extended value of labour services	Ratio of volunteer work to total
	millions of dollars			percent
Culture and recreation	3,629	1,804	5,433	66.8
Education and research	1,825	11,389	13,214	13.8
<i>Of which universities, colleges, primary and secondary education</i>	1,728	10,843	12,571	13.7
Health	1,221	23,823	25,044	4.9
<i>Of which hospitals and residential care facilities</i>	534	22,355	22,889	2.3
Social services	2,964	3,170	6,134	48.3
Environment	292	180	472	61.9
Development and housing	752	2,334	3,086	24.4
Law, advocacy and politics	447	214	661	67.6
Philanthropic intermediaries and voluntarism promotion	220	310	530	41.5
International	91	118	209	43.5
Religion	2,464	1,837	4,301	57.3
Business and professional associations, unions	136	1,447	1,583	8.6
Not elsewhere classified	102	1,065	1,167	8.7
Total	14,143	47,691	61,834	22.9

	2000			
	Replacement cost value of volunteer work	Paid labour compensation	Total extended value of labour services	Ratio of volunteer work to total
	millions of dollars			percent
Culture and recreation	3,645	2,061	5,706	63.9
Education and research	1,514	13,127	14,641	10.3
<i>Of which universities, colleges, primary and secondary education</i>	1,473	12,332	13,805	10.7
Health	1,345	27,348	28,693	4.7
<i>Of which hospitals and residential care facilities</i>	478	25,869	26,347	1.8
Social services	2,853	4,158	7,011	40.7
Environment	374	246	620	60.3
Development and housing	694	3,163	3,857	18.0
Law, advocacy and politics	558	267	825	67.6
Philanthropic intermediaries and voluntarism promotion	177	384	561	31.6
International	134	136	270	49.6
Religion	2,292	2,161	4,453	51.5
Business and professional associations, unions	297	1,388	1,685	17.6
Not elsewhere classified	158	1,480	1,638	9.6
Total	14,041	55,919	69,960	20.1



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).²⁶ 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, NPOs 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*.²⁷ 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.

26. See *System of National Accounts 1993*.

27. 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 NPOs 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:

Figure 28

Nonprofit institutions in the System of National Accounts

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 NPOs 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.²⁸

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.²⁹

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.³⁰

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.³¹ 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

28. 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.

29. 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.

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

31. 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 \$1.8 billion (2.2%) in the gross domestic product for the nonprofit sector, and an increase of similar magnitude (\$3.2 billion) in revenues for 2004. Coverage adjustments were concentrated in ICNPO groups for sports and recreation, social services and business and professional associations.

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.³² 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.

32. 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, output or economic activity.

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.



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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 fourth in an ongoing annual series.

