

NIAS Research Publication

Financing Needs of the Voluntary Sector

By:

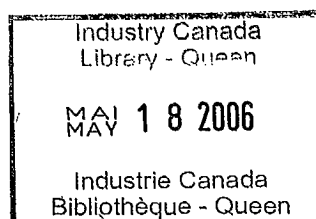


**NIAGARA
ENTERPRISE
AGENCY**

November 1999

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Introduction

The Niagara Enterprise Agency was contracted by Industry Canada in October of 1999 to research the financing needs of the voluntary sector. The purpose of the report will be to use the findings, along with other qualitative data, to make recommendations on the development of a voluntary sector pilot project under the Canada Small Business Financing Act (CSBFA). The purpose of the pilot is to test the feasibility of making CSBFA loan guarantees available to voluntary sector organizations.

Terms of Reference

The terms of reference for the project were to develop a taxonomy of the voluntary sector that outlines the different types of organizations that exist, their distribution and numbers. Analysis was to focus on the sector's needs and include a profile comparison between typical small and medium-sized enterprises (SMEs) and small and medium-sized volunteer sector organizations (VSOs). Essentially, the project was to describe the sector and its potential financing needs in order to provide context for the CSBFA pilot project.

Analysis was to be conducted using a relevant sectoral classification system based on a breakdown of economic activity.

Comparable data on SMEs was to be sourced in conjunction with research conducted or published by Industry Canada. A comparison was to be conducted between the economic profile of typical SMEs and small and medium-sized VSOs by sector, region, size and other applicable criteria.

This report would also include macro-economic analysis of variables such as overall employment of the sector, contribution to the national GDP, export of products and services and other pertinent data, in all, to assess this sector's overall economic impact.

Definitions

For the purpose of this report, the voluntary sector is defined as being made up of organizations which are legally prohibited from distributing profits or financial surpluses to those who own or control the organizations. In a general sense, that covers all organizations which could be defined as "non-profit" or "not-for-profit". Information on these groups is very limited and scattered by various definitional differences from one examining body to the next. The best government statistics that separate this sector from the for-profit side are from Revenue Canada.

Revenue Canada divides the voluntary or non-profit sector into two broad classes: organizations that are registered as charities, and those that are not. This report divides the sector along similar lines, using the term Charities to refer to those registered with Revenue Canada as charities, and Non-Profit Organizations (NPOs) to refer to all those in the voluntary sector which are not registered as charities. The term Voluntary Sector Organizations (VSOs) refers to the combination of these two sides, representing all groups that do not fit into the for-profit sector.

Data Availability

Data on registered charities was available from Revenue Canada based on Information Returns filed. One of the challenges was that the most up-to-date statistics were from 1995. Revenue Canada is still conducting data integrity checks on later returns. See Appendix One for the Registered Charity Information and Public Information Return.

Great difficulty was experienced in sourcing data on non-profit organizations (NPOs). As many sector experts have noted in the past, very little data exists on this side of the voluntary sector¹. One of the tracking mechanisms reviewed for data was income tax returns. The challenge in relying on this data for NPOs is that there are a great deal of NPOs that fail to file returns. Only those with revenues greater than \$10,000 and whose total assets exceed \$200,000 are required to complete Revenue Canada's *Non-Profit Information Return* (T1044) each fiscal period². (See Appendix Two for the Return form). This requirement has only been in place since 1993, and many NPOs that established prior to that year may not be aware of the obligation to file. Total returns for NPOs filed in 1997 were 7,703³. It has been estimated by some sources that the total number of enterprises in the voluntary sector is as high as 175,000, of which charities represent 45%. This would mean that a significant segment of the voluntary sector is unreported.

To our knowledge, there is only one other source of NPO data and that is the Business Register provided by Statistics Canada. The register includes:

- Businesses that are registered for GST
- Businesses that make payroll deductions
- Businesses that are incorporated either federally or provincially

¹ The Voluntary Sector in Canada: Literature Review and Strategic Considerations for a Human Resources Sector Study, April 1998, Canadian Centre for Philanthropy and Canadian Policy Research Network

² Revenue Canada, Income Tax Guide to the Non-Profit Organization (NPO) Information Return

³ Revenue Canada, NPO Master Database, Special Tax Statistics Section, R99125T, 1997 Returns

The information supplied for this report from Statistics Canada included 4 of 20 categories:

- 111002- Non-Financial, Incorporated, Private
- 112102- Non-Financial, Unincorporated Employers, Private
- 112202- Non-Financial, Own Account Workers, Private
- 150002- Non-profit Institutions Serving Household Sector, Private⁴

This excluded Non-Financial Public businesses, any Financial Sector businesses, and public sector (government) organizations. A more complete picture of the sector (including charities) would come from all categories including government hospitals, teaching institutions, and health while noting which are specifically government versus funded by government.

Charities, however, are included in the business register statistics, so it is difficult to separate out data solely for NPOs and causes duplication of charitable information data reported by Revenue Canada. As Revenue Canada returns provide the most comprehensive data required for this report on charities and NPOs, it was determined that these would be the primary source upon which to base our findings.

Information was not available on Assets and Liabilities from which to analyze debt ratios for total sector small and medium-sized enterprises (SME). Retail SME data on debt ratios was sourced from the Retail Council of Canada, which was used as being representative of the SME sector for comparison purposes. SME remuneration and employment information was available through Statistics Canada.

Data Reliability

On the charitable side, since charities are regulated due to their ability to issue tax receipts, data is tracked by a separate division of Revenue Canada. The most up to date figures from Revenue Canada are based on 1995 filings of T3010 information returns.

One caution about using these figures emanates from the concerns raised by the Canadian Centre for Philanthropy in its "Portrait of Canada's Charities". Author David Sharpe noted,

"an initial examination of the T3010 data provided by Revenue Canada raised a number of concerns about the reliability of the financial data. In a small number of cases, there were simply no financial figures at all or they

⁴ Statistics Canada, Small Business and Special Surveys Division, 1999

were incomplete. In some instances there were errors of arithmetic. In other cases, the financial figures provided were obviously too low.⁵

In July of 1999, in conjunction with the Panel on Accountability and Governance in the Voluntary Sector (known informally as the Broadbent Report, after panel chair Ed Broadbent), Revenue Canada's Charities Division produced a report on 1995 returns. In response to the reliability issues raised by CCP, as noted above, it stated the following:

"This... problem [of reporting financial figures that were obviously too low is] related to situations where registered charities reported their finances in thousands of dollars and failed to indicate the last three zeros on their forms... Once corrected, the new total revenue figure for universities was approximately two times higher than the original figure had been. In considering the 1995 T3010 data file, returns for the majority of Canadian universities and a number of hospitals were manually reviewed against information in the CARE system. Where the (\$000) problem was identified, the data was corrected. However, it is possible that similar errors may exist for other categories of charities. In terms of potential problems with charities not reporting financial information or arithmetic errors, a definitive statement on accuracy cannot be provided since only those charities that were subject to departmental audit would have had complete validity checks on the information reported...⁶"

In our experience on this project, we also found a number of instances where Revenue Canada data included reliability issues.

1. Two different documents were reviewed based on the same filing year (1995) where revenue figures could not be reconciled.
2. For at least two different category codes, revenue figures, receipted income and/or grants and payment figures were greater than total receipts.

In the latter case, Revenue Canada attributed this to a number of possible reasons including data reported incorrectly on the T3010 return, no system validity checks at the data entry level for totals, keying errors, etc. Revenue Canada is currently conducting a "data integrity review" of the 1995 and 1997

⁵ Canadian Centre for Philanthropy, "A Portrait of Canada's Charities" by David Sharpe, 1994, page 58

⁶ Government of Canada, Privy Council Office, Supplementary Paper D, "Analysis of Returns of Registered Charities (1995 Filing Period)" July 28, 1999, Charities Division, Policy and Legislative Branch, Revenue Canada, Section 2

data from T3010 returns in their database. The review is not expected to be completed before the year 2000⁷.

Classification Systems

In attempting to decide which classification system to use for this project, a variety were reviewed.

Source	Classification Method	Method Measures	To Be Used For	Advantages	Disadvantages
Revenue Canada	Designation	Pub. Found. Pvt. Found. Char. Org.	Charities	Segregates those organizations giving versus receiving	No detail on charitable organization breakdown
	Sector	Welfare Health Education Religion Ben. to. Community Other	Charities	Provides greater detail on activity	Foundations are mixed in with charitable organizations
	Category Code	48 sub categories of each sector	Charities	Provides detailed breakdown of organization's activities. Data is available through its Charities Division	Codes only allow for one election regardless of whether the organization is involved in a number of activities. Election is made when charity initially registers so there is no allowance for updates upon evolution. Includes Foundations so double counting occurs. Difficult to compare to other methods such as NAICS.
Johns Hopkins Univers.	International Classification Of NPOs (INCPO)	11 categor. Cult. & Rec. Educ. & Research Health Soc. Service Environment Dev. & Housing Civic & Advoc. Philanthropy Int'l Act. Bus. Assoc. Other	Charities	Simplistic method that has been used internationally to measure and compare various countries' voluntary sector	Not widely used in the US and Canada.
Revenue Canada	Organization Type	9 types: Rec./Soc. Prof.Assoc. Bds. Of Trade Civic Improv.	NPOs	Provides separate data on NPOs	Does not correlate with method used in the Charities Division of Revenue Canada. Types are self-designated by the organization with little

⁷ Revenue Canada, Charities Division, 1999

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		Agricultural Educational Multicultural Art/Cultural Other			explanation to ensure consistency.
Internal Rev. Service (IRS)	National Taxonomy of Exempt Entities (NTEE) <i>Created by the National Centre for Charitable Statistics at Independent Sector</i>	10 major categories, 26 major groups, 645 sub-groups	Charities and NPOs	The IRS has used NTEE since 1995. Currently used by leading NPO information resources. Eventually all voluntary sector will carry NTEE codes.	Not accepted internationally. Used mostly in the US.
Varied	North American Industry Classification System (NAICS)	Detailed info on various sectors. Replaced Standard Industrial Classification Codes (SIC)	All	Spans all kinds of economic activity. StatsCan data is sorted by NAICS. Easier to compare with SME data. International system used by US, Canada and Mexico.	Provides few categories for non-profits. Difficult to compare data from this method to other non-profit methods.
Canadian Centre for Philanthropy (CCP)	Charity Types	6 types: Pub. Found. Pvt. Found. Hospital Religious Teach. Inst. Other CO	Charities	Based on Revenue Canada's category, sector & designation codes. Advantages are that foundations are separated out so duplication or double counts are eliminated.	Not widely used. Difficult to convert to this system with Revenue Canada data unless available by record.

Based on the availability of data, Revenue Canada's classification methods for Charities and NPOs were used. No cross-referencing of types between these two methods was possible however due to the aggregate nature of the data.

Background on the Canada Small Business Financing Act

On April 1, 1999, the federal government formally replaced the Small Business Loans Act (SBLA) with the Canada Small Business Financing Act (CSBFA).

The new Canada Small Business Financing (CSBF) Program follows much of the same criteria for eligibility and goals as its predecessor. Both programs were designed to make it easier for small businesses to get loans to finance the purchase or improvement of fixed assets for new or expanded operations.

Under the program, financial institutions can make loans of up to \$250,000, with a maximum term of 10 years, to individual small businesses whose gross annual revenues will not exceed \$5 million in the year the loan is approved. The

government guarantees to cover 85 percent of the loss if the loan goes into default⁸.

Money raised from the loans may be used to finance up to 90 percent of the cost of the asset, including non-refundable taxes and duties.

In fiscal year 1997-98, the SBLA program involved more than 28,700 loans amounting to nearly \$2 billion in lending. The average loan size was \$67,880.

Of the loans made in 1997-98,

- \$1.360 billion or 73.4 percent, was used to finance the purchase, installation, renovation, improvement and/or modernization of equipment;
- \$238 million, or 12.8 percent, was used to finance the renovation, improvement, modernization, construction and/or purchase of premises;
- \$237 million, or 12.8 percent, was used to finance the purchase of land; and
- \$18 million, or 1.0 percent, was used to finance the 2-percent loan registration fee⁹

As indicated in these statistics, this program provides much needed support to the SME sector. This is why it is being viewed as a potential answer to some of the financing needs of the voluntary sector.

Some SMEs however, will be opposed to opening up the Canada Small Business Financing Act program to the voluntary sector. That point was made clear when the Canadian Federation of Independent Business, representing 90,000 small and medium-sized independently owned firms in Canada, appeared before the Standing Committee on Industry.

The CFIB said SMEs already complain on a regular basis about unfair competition from establishments that do not pay taxes—competition which has undoubtedly become stronger in recent years, as VSOs look to expand their revenue base by providing more services which may encroach on private sector enterprises. "We have serious concerns that voluntary sector establishments receiving financing under CSBFA will give these enterprises a further competitive advantage..." the CFIB said in its written submission¹⁰.

The CFIB fears that opening up the CSBFA to a broader range of eligible operations could ultimately put the entire program at risk. If a need to include the voluntary sector was clearly determined, the CFIB is urging the government

⁸ Canada Small Business Financing Act, 1999/02/10, ss 6(2),

⁹ Small Business Loans Act Annual Report 1997-1998, Industry Canada

¹⁰ Standing Committee on Industry, re: Bill C-53, The Canada Small Business Financing Act (CSBFA), submission by Brian Gray and Garth Whyte, Canadian Federation of Independent Business, October 21, 1998

to establish a separate program (such as the Voluntary Sector Financing Act) instead of expanding the CSBFA¹¹.

The Voluntary Sector: A Taxonomy

Overview

The voluntary sector in Canada has traditionally been under-valued. When many people think of this sector, the image that comes to mind is of local food banks or church-run bingo games raising a few dollars here and there for a good cause. When the facts are examined and the sector viewed as a whole, however, it becomes clear that registered charities and non-profit organizations, which comprise the voluntary sector, have a massive impact on Canada's economy.

With annual revenues approaching \$75 billion,¹² the voluntary sector dwarfs many other higher-profile manufacturing and service sectors. To put it in perspective, the charitable sector is comparable in size to the entire economy of Alberta and is 50% greater than the entire Atlantic region's GDP.¹³

Just as important to its direct contribution to the national GDP, though, is the contribution the sector makes to employment through both paid and unpaid labour. Nearly one in ten Canadians are employed by VSOs, of which two-thirds are full time.¹⁴

In addition, VSOs employ the services of over 1.6 million volunteers per month¹⁵. Calculations based on figures from the Canadian Centre for Philanthropy show that more than \$37.5 billion of non-government money was pumped into charitable services across the country in 1993.¹⁶ These are services which—if not for volunteers—would have had to be paid for by governments already struggling under heavy debt.

Without the contribution of the voluntary sector, Canadians would undoubtedly face the no-win choice of having many vital services eliminated or having their taxes increased significantly. Furthermore, the importance the sector plays in our

¹¹ Ibid

¹² Revenue Canada, Charitable Information Returns for 1995 and NPO Returns for 1997

¹³ Statistics Canada, CANSIM, Matrices 9015-9026, 1995

¹⁴ Canadian Centre for Philanthropy, "A Portrait of Canada's Charities", 1994

¹⁵ "The Voluntary Sector in Canada: Literature Review and Strategic Considerations for a Human Resources Sector Study", Canadian Centre for Philanthropy and Canadian Policy Research Networks, 1998

¹⁶ Canadian Centre for Philanthropy, "A Portrait of Canada's Charities", 1994

economy continues to grow year by year: the number of charities today is 20,000 more than in the 1980s and triple that of the 1960s.¹⁷

Organization Counts

Although there is little published statistical information on the non-profit side of the voluntary sector, estimates have been made by such organizations as the Voluntary Sector Roundtable as well as by Statistics Canada that this sector is made up of approximately 175,000 organizations¹⁸. The sample size, as shown in Table 1, used in this project was 75,728 or 43%, heavily weighted in favour of representing the charitable portion (90%).

Table 1 Breakdown of Sample Size by Organization Type					
Charity Sector Type	Count (1995)	% of Total	NPO Organization Type	Count (1997)	% of Total
Welfare	11,569	17.0%	Rec.or Social Org	1,037	13.5%
Hospitals	841	1.2%	Prof.Assoc	506	6.6%
Health	4,033	5.9%	Bd.of Trade/ Chambers Comm.	95	1.2%
Teaching Institutions	2,612	3.8%	Civic Improvement	442	5.7%
Education	8,085	11.9%	Agricult.Org	177	2.3%
Religion	29,468	43.3%	Educ.Org.	301	3.9%
Community Benefit	9,889	14.5%	Multicult.Org	62	0.8%
Other	1,528	2.2%	Arts/Cultural Org	181	2.3%
			Other Types	4,902	63.6%
TOTAL	68,025	100%	TOTAL	7,703	100%

Source: Revenue Canada, 1995 Counts and Amounts,

Source: Revenue Canada, NPO Master Database, 1997

The number of charities has been increasing steadily for decades now, growing by 20,000 or approximately 25% since the 1980s.¹⁹ The actual number of registered charitable organizations as of August 1998 was 77,990.²⁰ It should be noted that there is a distinction to be made by Revenue Canada though between the number of registered charities and the number of information returns filed where data is available. In the case of 1995 data, the difference between 73,468²¹ registered charities and 68,025²² returns may be attributable to the following:

- Some charities did not file information returns

¹⁷ Working Together: A Government of Canada/Voluntary Sector Joint Initiative. Report of the Joint Tables, August 1999

¹⁸ Statistics Canada, "Voluntary Organizations in Ontario", 1999

¹⁹ Panel on Accountability and Governance in the Voluntary Sector, Final Report, February 1999: "Building on Strength: Improving Governance and Accountability in Canada's Voluntary Sector."

²⁰ Revenue Canada, Charities Division, 1999

²¹ Revenue Canada, Charities Division, 1995 Grants or Payments

²² Ibid

- Some filed returns with zero incomes
- Some filers did not include income data
- Keying entries from Revenue Canada staff.²³

As Figure 1 shows, a review of charitable sector data for 1995 reveals that Places of Worship make up the largest portion of the sector at 43% while the type representing the smallest portion is Hospitals. This data mirrors findings from 1991 Revenue Canada statistics.

Revenue

From the sample data, we note that total sector revenues exceeded \$72 billion²⁴ or roughly 9% of Gross Domestic Product at Market Prices for 1995.²⁵ This estimate is conservative when consideration is given to the relatively large gap in available data for the other 57% of the voluntary sector that is not available.

The impact of this sector can be seen by comparing charitable revenues to provincial GDPs. The charitable sector revenues were larger than 6 provinces and 2 territories. Alberta's GDP was only slightly larger.²⁶ Other comparators to charitable revenues are listed in Table 2.

Figure 1 - Registered Charities by Sector Type
Source: Revenue Canada, Charities Division, 1995 Grants or Payments

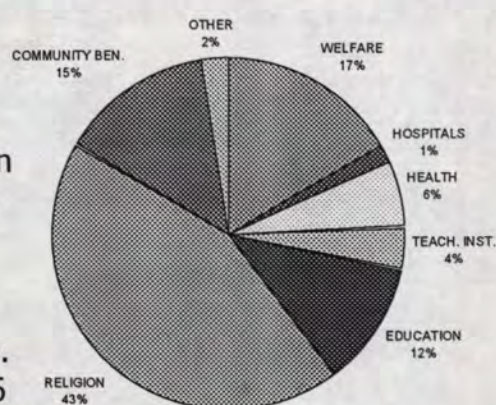


Table 2 – Revenues of Registered Charities Compared to Other Sectors of the Economy

No. Of Registered Charities ²⁷	73,468
	\$ (Millions)
Registered Charities Revenues ²⁸	64,228.5
Gross Domestic Product (at mkt prices)	807,088
Char.Revenue as % of GDP	8.0%
GDP of Alberta	87,647
GDP Atlantic Region	49,699
GDP Manufacturing Sector	114,239
GDP Finance, Insurance & Real Est.	108,183
GDP Communications Industry	20,641

*Source: Statistics Canada, GDP, CANSIM, Matrix 6547, 9015-9026, 4677, 1995

²³ Revenue Canada, Charities Division

²⁴ Revenue Canada, NPO Master Database, R99125T, 1997 Returns and Charities Division, "1995 Grants or Payments"

²⁵ Statistics Canada, GDP (income based), CANSIM, Matrix 6547

²⁶ Statistics Canada, GDP (income based), CANSIM, Matrices 9015-9026

²⁷ Revenue Canada, Charities Division

²⁸ Revenue Canada, Charities Division, "1995 Grants or Payments"

As seen in Figure 2, over half (55%) of the charitable sector's revenues are accounted for by Hospitals and Teaching Institutions, which comprise only 5% of all registered charities. These findings are similar to those reported by the Canadian Centre for Philanthropy's, *"A Portrait of Canada's Charities"*, 1994. Conversely, Places of Worship make up over 43% of all charities and yet they account for only 9.5% of all revenues.

On the Non-Profit side of the sector, the largest proportion of revenues (59%) was attributable to Other Types, which unlike charities, makes up 64% of NPOs (in the sample). Table 3 shows the variance between the balance of revenues and counts of NPOs. Agricultural organizations account for 16% of total revenues and yet just 2% of total NPOs.

Figure 2 - Charitable Revenues by Type

Source: Revenue Canada, Charities Division, 1995 Grants or Payments

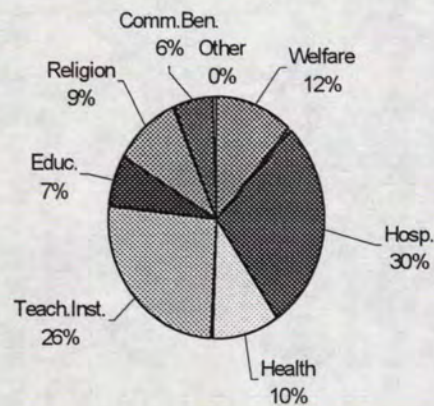


TABLE 3 - Revenues and Counts of NPO Types

Organization Type	Total Revenues \$ (Millions)	%	Counts	%
Recr./Social	789	6%	1,037	13%
Prof. Assoc.	1,061	8%	506	7%
Bd.Trade/Chamber	108	1%	95	1%
Civic	893	7%	442	6%
Agricultural	2,131	16%	177	2%
Educational	367	3%	301	4%
Multicultural	32	0%	62	1%
Arts/Cultural	144	1%	181	2%
Other Types	8,084	59%	4,902	64%
Total	13,609		7,703	

Source: Revenue Canada, NPO Master Database, 1997 Counts and Amounts

Sources of Revenue

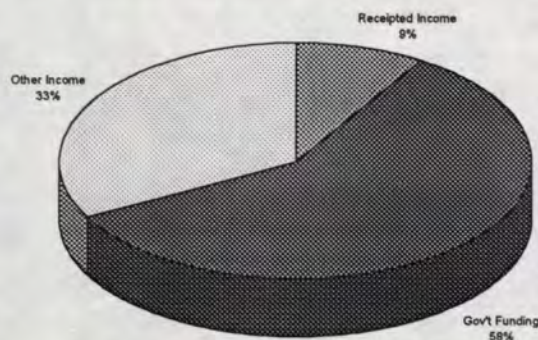
A distinction can be seen when reviewing sources of revenue data between the charitable and NPO portions of the voluntary sector. Figure 3 shows that the charitable portion of the sector relies quite heavily on government funding of one kind or another (58%).

Over \$34 billion was received in total from government sources by this sector in 1995.²⁹

According to Statistics Canada, net government current expenditures on goods and services totaled \$173 billion.³⁰ Grants or Payments to charities therefore represented almost 20% of government spending. In 1993, the Canadian Centre for Philanthropy reported that of the three levels of government, the provinces provided 48% of all charity revenues and 84% of all government funds.³¹

**Figure 3 - Revenue Sources
by Charitable Sector**

Source: Revenue Canada, Charities Division, 1995 Grants or Payments



This aggregate figure of government funding however is generally skewed by the two largest types (Hospitals and Teaching Institutions) that rely over 70% on the government for revenues. As noted in previous studies, the large but less numerous charities account for the bulk of the economic activity in the sector.

Table 4 indicates the diversity of reliance on the three categories of revenue sources by Charity Type. Most charity types, though, rely mainly on one primary source of revenue and as such are more vulnerable if those sources decline.

Charities most reliant on government grants and payments are Hospitals and Teaching Institutions. Together they receive over 67% (\$23 billion) of the government's total charitable funding, however they only represent approximately 5% of the charities. Six of the eight types rely on government sources for at least 50% of their revenue base. Least reliant on this source of funds are Places of Worship and Other.

²⁹ Revenue Canada, Charities Division, 1995 Grants or Payments

³⁰ Statistics Canada, GDP (expenditure based), CANSIM, Matrix 6548

³¹ Canadian Centre for Philanthropy, "A Portrait of Canada's Charities", 1994

Receipted Income, provided through individuals and corporations, account for 9% or \$5.2 billion of funding to charities. Using the same logic as CCP's Portrait Report to calculate the proportion of individual versus corporate spending³², \$4.5 billion would be the estimated amount individuals gave to registered charities in 1995. This was confirmed by the CCP's National Survey of Giving, Volunteering and Participating, which put the figure for '96-'97 at \$4.45 billion.³³ According to Statistics Canada, this would equate to 1% of total personal spending on consumer goods and services.³⁴ By comparison, the Retail Council of Canada reports that consumers spent 0.7% on footwear and 1.2% on Furniture and Floor Coverings.³⁵

Table 4 – Revenue Sources by Charity Type

Sector Code	Receipted Income	Grants and Payments	Other Income	Total Receipts
WELFARE	\$909,896,718	\$3,657,408,873	\$2,264,457,370	\$6,831,762,961
% of Total Rec.	13.3%	53.5%	33.1%	
HOSPITALS	\$83,406,964	\$12,282,867,140	\$4,892,225,041	\$17,258,499,145
% of Total Rec.	0.5%	71.2%	28.3%	
HEALTH	\$466,511,316	\$3,184,678,670	\$1,926,492,824	\$5,577,682,810
% of Total Rec.	8.4%	57.1%	34.5%	
TEACH.INST	\$337,554,311	\$10,719,566,665	\$4,219,581,325	\$15,276,702,301
% of Total Rec.	2.2%	70.2%	27.6%	
EDUCATION	\$326,458,780	\$2,301,005,278	\$1,666,210,033	\$4,293,674,091
% of Total Rec.	7.6%	53.6%	38.8%	
RELIGION	\$2,737,084,728	\$286,020,606	\$2,532,048,484	\$5,555,153,818
% of Total Rec.	49.3%	5.1%	45.6%	
COMM.BENEF	\$273,574,831	\$1,771,391,907	\$1,593,553,150	\$3,638,519,888
% of Total Rec.	7.5%	48.7%	43.8%	
OTHER	\$76,124,109	\$48,091,728	\$115,047,425	\$239,263,262
% of Total Rec.	31.8%	20.1%	48.1%	
TOTAL ALL CHAR.	\$5,210,611,797	\$34,251,030,867	\$19,209,615,652	\$58,671,258,276
	8.9%	58.4%	32.7%	

Source: Revenue Canada, Charities Division, 1995 Grants or Payments

The charity types that receive the largest portion of their revenue base from receipted income or donations are Religion and Other. Almost 50% or \$2.7 billion of Religious Organizations' receipts come from congregation donations where tax receipts were provided. Hospitals and Teaching Institutions rely the least on donations as evidenced by the fact that less than 1% and 2.2% respectively of

³² Canadian Centre for Philanthropy, "A Portrait of Canada's Charities", 1994

³³ Canadian Centre for Philanthropy, "National Survey of Giving, Volunteering and Participating", 1997

³⁴ Statistics Canada, GDP (expenditure based), CANSIM, Matrix 6548, 1995

³⁵ Retail Council of Canada, Personal Expenditures on Consumer Goods and Services, 1998

their revenues come from this source. Because Revenue Canada information combines Foundations with other Charitable Organizations, these statistics can be a bit deceiving. Hospitals and Teaching Institutions both typically set up their own separate foundations to conduct their non-operating budgetary fundraising which is a large contributor to overall revenues, and in particular, asset purchases.

The range of dependence on Other Income lessens in this category of revenues. Proportionate dependencies range from a low of 28% for Hospitals and Teaching Institutions to a high of 44-46% for Community Benefit and Religious Organizations.

The most evenly weighted revenue source mix is experienced by the charity type of Other. This group appears to be less vulnerable to one particular source. However, as the propensity of governments to provide funding declines in this era of frugality, other types of charities will be looking for additional revenue sources. These types of charities may attempt to change the mix so these ratios of revenue sources may be significantly different in the years to come.

The diversity of revenue base changes considerably when a provincial perspective is taken. In 1997, CCP published *"A Provincial Portrait of Canada's Charities"* based on 1994 Revenue Canada returns filed.

Table 5 – Provincial Breakdown of Revenue Sources for Hospitals			
	%	%	%
	Gov't	Earned Income	Private Giving
Newfoundland	88	11	2
PEI	31	66	2
Nova Scotia	66	31	4
New Brunswick	63	36	0
Alberta	81	18	1
British Columbia	85	14	1
Northwest Territories	95	5	0
Yukon	98	2	0
Quebec	87	11	2
Ontario	64	34	2
Manitoba	53	45	1
Saskatchewan	86	10	4

Source: *A Provincial Portrait of Canada's Charities*, Canadian Centre for Philanthropy (1997)

In this report, a complete breakdown by charity type, revenue source and province is included. One specific example shown in Table 5 is Hospitals. The proportion of government funding ranges from a low of 31% in Prince Edward

Island (PEI) to a high of 98% in Yukon—a vast difference. Conversely, Earned Income varies from a low of 2% in Yukon to a high of 66% in PEI.³⁶

Unfortunately, provincial data was not available in the sample data that was used for this report so an update of this analysis is not possible.

On the Non-Profit side, overall government funding sources accounted for only 16% of total revenues, making this sector much less dependent and vulnerable to cuts. When NPO Types are analyzed in Table 6, the dependency ranges from a high of 39% of revenues for Arts/Cultural Organizations to a low of 2.1% for Agricultural Organizations.

Table 6 - Percentage of Revenue Sources by NPO Type

NPO Type	Gifts	Grants and Payments	Other Income	Total Receipts
Recr./Social	\$6,815,763	\$53,747,668	\$728,759,881	\$789,323,312
% of Total Rec.	0.9%	6.8%	92.3%	
Prof.Assoc.	\$3,725,887	\$27,833,854	\$1,029,520,458	\$1,061,080,199
% of Total Rec.	0.4%	2.6%	97.0%	
Bd.Trade/Chamber	\$1,001,897	\$8,767,516	\$97,869,759	\$107,639,172
% of Total Rec.	0.9%	8.1%	90.9%	
Civic	\$6,155,697	\$174,296,597	\$712,300,175	\$892,752,469
% of Total Rec.	0.7%	19.5%	79.8%	
Agricultural	\$1,187,871	\$44,744,948	\$2,085,260,286	\$2,131,193,105
% of Total Rec.	0.1%	2.1%	97.8%	
Educational	\$8,875,899	\$112,000,279	\$246,343,013	\$367,219,191
% of Total Rec.	2.4%	30.5%	67.1%	
Multicultural	\$230,293	\$9,236,590	\$22,919,215	\$32,386,098
% of Total Rec.	0.7%	28.5%	70.8%	
Arts/Cultural	\$5,406,470	\$56,193,892	\$82,891,661	\$144,492,023
% of Total Rec.	3.7%	38.9%	57.4%	
Other Types	\$49,523,823	\$1,643,326,056	\$6,390,689,373	\$8,083,539,252
% of Total Rec.	0.6%	20.3%	79.1%	
TOTAL NPOs	\$82,923,600	\$2,130,147,400	\$11,396,553,821	\$13,609,624,821
	0.6%	15.7%	83.7%	

Source: Revenue Canada, NPO Master Database,
1997 Counts and Amounts

Due to the fact that charitable receipts cannot be issued by NPOs, it is not surprising that Gifts only represented 0.6% of total revenues. The highest proportion of donations is Arts/Cultural Organizations at 4%.

³⁶ Canadian Centre for Philanthropy Research Bulletin Vol.4, No.2 &3, "A Provincial Portrait of Canada's Charities", Spring/Summer 1997, Michael H. Hall

The balance is therefore Other or Earned Income, which is composed of Membership Fees and Dues, Interest, Dividends, Rentals and Royalties Received, Proceeds of Disposition of Capital Property, Gross Sales from Organizational Activities and Other Receipts. Once again, this ranges from 57% to 98% for Arts/Cultural Organizations and Agricultural Organizations respectively.

No provincial breakdown was available for the sample data used in this report.

Employment

The NPO data from Revenue Canada did not include employment figures as this is not required on the information return that is filed. What is reported instead is the number of members as well as the number of members who received compensation. For 1997, the latter figure was reported to be 1,286,000.³⁷ This does not however, reflect the number of paid employees and so, no data is reported for this.

As the charitable sector portion of our sample data did not include detailed employment information, our analysis in this section will rely primarily on CCP's 1993 Portrait Report.

**TABLE 7 – Charitable Sector
Employment
Compared to Other Sectors of the
Economy**

	1993	% of <i>Lab. Force</i>
<u>CCP Data (1993)</u> ³⁸		
Charitable Employment (1993)	1,321,400	10%
<u>Statistics Canada (1993)</u> ³⁹		
<i>Employed Labour Force, Cda</i>	13,014,700	
<u>Statistics Canada (1992)</u> ⁴⁰		
<i>Goods Producing Sector</i>	3,628,200	24%
<i>Manufacturing</i>	2,067,000	13%
<i>Construction</i>	737,100	5%
<i>Finance, Insurance, Real Estate</i>	846,700	6%
<i>Public Administration</i>	791,200	5%

The 1993 data included in Table 7, based on data from the Portrait Report by CCP, indicates that the charitable sector provided paid employment to over 1.3 million Canadians, 877,300 of them full-time and 444,160 part-time.⁴¹ This report

³⁷ Revenue Canada, NPO Master Database, 1997 Counts and Amounts

³⁸ Ibid

³⁹ Statistics Canada, Cat.No.71-201-XPB, Historical Labour Force Statistics

⁴⁰ Statistics Canada, (Sept.1993, Cat. No. 11-010)

⁴¹ Canadian Centre for Philanthropy, "A Portrait of Canada's Charities", 1994

also outlines that Hospitals employ more than any other Charity Type – 468,000 people or 35% of the overall sector employment. Conversely, Community Benefits employed the least at 5% or 71,000 people.⁴²

Paid employment figures alone do not accurately reflect the amount of labour that is involved in this sector. Volunteers, in the charitable sector in particular, form a huge part of the manpower required to carry out activities. A survey conducted by the Canadian Centre for Philanthropy in 1993 found that registered charities rely on 1.6 million Canadian volunteers, or 6% of the population, in a typical month.⁴³ Furthermore, 70% of charities reported using volunteers on a regular basis and 23% utilized over 21 employees per month.⁴⁴

Little if any data appears to exist on volunteerism in the NPO sector. It is believed that they would not rely on volunteers to the same extent that charities do. However, if the total employment of the sector, including volunteers and paid staff, was quantified, it would undoubtedly dwarf many other, higher profile sectors.

Remuneration

Table 8 - NPO Salary Expenditures as a Percentage of Revenues

Organization Code	A Total Revenues	B Total Remuneration	B as a % of A
Recreational or social organizations	\$789,323,312	\$705,449,539	89.4%
Professional associations	\$1,061,080,199	\$270,603,858	25.5%
Boards of trade or chambers of commerce	\$107,639,172	\$35,068,582	32.6%
Organizations operated for civic improvement	\$892,752,469	\$212,984,786	23.9%
Agricultural organizations	\$2,131,193,105	\$66,508,579	3.1%
Educational Organizations	\$367,399,191	\$127,547,109	34.7%
Multicultural organizations	\$32,386,098	\$9,614,835	29.7%
Arts or cultural organizations	\$144,492,023	\$62,713,659	43.4%
Other types	\$8,083,539,252	\$1,973,961,442	24.4%
Total	\$13,609,804,821	\$3,464,452,389	25.5%

Source: Revenue Canada, NPO Master Database, 1997 Counts and Amounts

From the NPO sample data shown in Table 8, total remuneration and benefits to all employees and officers in 1997 was approximately \$3.5 billion.⁴⁵ Again, as

⁴² Ibid

⁴³ Canadian Centre for Philanthropy, "A Portrait of Canada's Charities", 1994

⁴⁴ Ibid

⁴⁵ Revenue Canada, NPO Master Database, 1997 Counts and Amounts

noted in the employment section, this number is a conservative one because of the data gaps on NPOs that did not file with Revenue Canada.

On the charitable side, Table 9 shows that in 1993, Canada's registered charities spent almost \$40 billion on salaries and benefits.

Table 9 - Remuneration Comparison of NPOs and Charities

NPO Organization Type	Total Remuneration	Charity Sector Code	Total Remuneration
Recr. or Social	\$ 705,449,539	Places of Worship	\$ 13,390,000
Prof. Assoc.	\$ 270,603,858	Hospitals	\$ 16,333,000,000
Bd.Trade/Chambers	\$ 35,068,582	Teaching Institutions	\$ 9,702,000,000
Civic Improvement	\$ 212,984,786	Other Charitable Org.	\$ 11,154,000,000
Agricultural	\$ 66,508,579	Public Foundations	\$ 1,148,000,000
Educational	\$ 127,547,109	Private Foundations	\$ 156,000,000
Multicultural	\$ 9,614,835		
Arts or Cultural	\$ 62,713,659		
Other Types	\$ 1,973,961,442		
Total	\$ 3,464,452,389	Total	\$ 39,832,000,000
Total Both Sectors		\$ 43,296,452,389	

Source: Revenue Canada, NPO Master Database, 1997 Counts and Amounts and, Revenue Canada, Charities Division, 1995 Grants or Payments

Although different years are compared, the total of both sectors is \$43.3 billion or 10.7% of GDP.⁴⁶ When the spending power of this remuneration is considered, with its multiplier effects, it is evident that this sector has a significant effect on the economy.

Expenditures

As our sample data did not include detailed expenditure information (either from charities or NPOs), our analysis in this section will rely primarily on CCP's 1993 Portrait Report.

The charitable sector is restricted on expenditures by disbursement quotas. This quota is the amount a registered charity must spend each year on certain activities or give to eligible donees to meet the requirements for continued registration. The quota differs for each designation of registered charity (i.e., public foundation, private foundation or charitable organization).

A charitable organization (as opposed to a foundation) must spend on charitable activities it carries out and through gifts it makes to qualified donees amounts

⁴⁶ Statistics Canada, GDP (income based), CANSIM, Matrix 6547

equal to at least 80% of the previous year's donations for which official receipts were issued, excluding:

1. Gifts of capital property received by way of a bequest or inheritance;
2. Gifts received subject to a trust or direction of the donor that the property given be held for at least 10 years; and
3. Gifts from registered charities.⁴⁷

There is one exception to this quota. Charities can postpone their disbursement quota and save up funds for a large project by using a special provision called the Accumulation of Property. It allows a registered charity to temporarily accumulate funds to make a major expenditure, such as the purchase of a building or costly equipment, which cannot be financed out of current revenues.

The quota has the effect of mandating expenditures, thereby, either eliminating charities' ability to acquire surpluses from year to year without using the special provision or if they use the provision, purchase the property through accumulated funds rather than arrange financing for the purchase.

CCP reports that expenditures of Canada's registered charities in 1993 totaled \$82.4 billion.⁴⁸ Table 10 details these expenditures. Over \$53 billion (65%) was devoted to charitable programs, administration costs absorbed \$12.8 billion (16%) while fundraising accounted for \$1.1 billion (1%) of total expenditures.

Table 10 – Allocation of Expenditures by Each Charity Type

Expenditure	Charity Type						All
	Places of Worship	Hospitals	Teaching Instit.	Other C.O.	Public Found.	Private Found.	
			\$ (Millions)				
Fundraising Costs	113	78	89	680	164	8	1,132
Fees to Consultants	4	1	4	29	6	0	44
Administration	742	3,345	3,804	4,181	607	90	12,769
Political Expend.	2	0	0	10	1	6	19
Gifts to Qual. Donees	783	331	101	933	1,096	327	3,571
Programs	2,809	17,891	14,488	15,620	2,223	209	53,240
Accum. with Perm.	34	27	4	156	134	10	365
Other Expend.	371	4,296	4,023	2,436	135	24	11,285
TOTAL	4,858	25,969	22,513	24,045	4,366	674	82,425
<i>Note: C.O. – Charitable Organizations</i>							
<i>Salaries & Benefits are included in these figures</i>							

Figures may not add due to rounding

Source: Canadian Centre for Philanthropy, 1994,
"A Portrait of Canada's Charities"

⁴⁷ Your Guide to the Charitable Information Return – Revenue Canada

⁴⁸ Canadian Centre for Philanthropy, "A Portrait of Canada's Charities", 1994

A good portion of total funds Accumulated with Permission are attributable to Other Charitable Organizations (43%) although, as a percentage of their total expenditures it is relatively small (0.6%). This charity type includes organizations involved in welfare, health, education, religion, community benefits and other. Funds set aside as Accumulated with Permission are earmarked for real property purposes and as seen in Table 10, it represents only a small proportion of total expenditures by all charity types (0.4%).

As a proportion of their total expenditures, Hospitals spent 0.3% on fundraising costs while Teaching Institutions spent 0.4%. These lower costs of Hospitals and Teaching Institutions reflect the fact that they have their own foundations that are used as their fundraising arms. Furthermore, this fact also allows them to purchase real property outright versus the need to finance purchases.

Places of Worship account for only 10% of all fundraising costs even though donations constitute a far greater proportion of their revenues than any other Charity Type.

Assets and Liabilities

As most organizations in the voluntary sector have yet to adopt standardized accounting procedures, the calculation of assets and liabilities has always been challenging.

One of the important factors to consider when loaning money to any organization is the ability to service the debt and repay the loan. One way to calculate the former is debt ratios, the amount of debt per dollar of assets. These assets may be in the form of inventory, long term investments, fixed assets or simply cash or receivables. Debt may be in the form of mortgages, gifts payable, lease obligations, operating lines or accounts payable.

Table 11 - Charitable Sector Assets and Liabilities

Charity Type	ASSETS		LIABILITIES		Debt Ratio
	\$ Millions	%	\$ Millions	%	
Places of Worship	17,542	16.2%	3,248	9.9%	\$ 0.19
Hospitals	20,740	19.1%	6,951	21.2%	\$ 0.34
Teaching Instit.	32,768	30.2%	8,886	27.1%	\$ 0.27
Other Char.Org.	27,402	25.2%	11,584	35.3%	\$ 0.42
Public Foundations	6,825	6.3%	1,662	5.1%	\$ 0.24
Private Foundations	3,289	3.0%	476	1.5%	\$ 0.14
ALL CHARITIES	108,566		32,807		\$ 0.30

Source: Canadian Centre for Philanthropy, "A Portrait of Canada's Charities", 1994

The charitable sector, as shown in Table 11, reported total assets of \$109 billion and liabilities of just under \$33 billion. This equates to an overall debt ratio of \$0.30:\$1.00. Teaching institutions represent the largest proportion (30.2%) of these assets, primarily due to their sizable real estate properties.

On the other hand, NPO sector data from 1997 reveals that total assets are almost \$20 billion while total liabilities are just under \$14 billion. The total NPO sector debt ratio is \$0.69:\$1.00. When the NPO sector is broken into organization types, the debt ratio varies as seen in Table 12. Multicultural organizations appear to have the highest debt ratio and Boards of Trade/Chambers of Commerce the lowest.

Table 12 - NPO Sector Assets and Liabilities

Charity Type	ASSETS		LIABILITIES		Debt Ratio
	\$ Millions	%	\$ Millions	%	
Recr/Social	1,412	7.2%	667	4.9%	\$ 0.47
Prof.Assoc	1,074	5.5%	461	3.4%	\$ 0.43
Bd.Trade/Chamb	96	0.5%	36	0.3%	\$ 0.38
Civic Improv.	1,150	5.8%	829	6.1%	\$ 0.72
Agricultural	558	2.8%	341	2.5%	\$ 0.61
Educational	330	1.7%	129	0.9%	\$ 0.39
Multicultural	77	0.4%	63	0.5%	\$ 0.82
Arts/Cultural	281	1.4%	220	1.6%	\$ 0.78
Other Types	14,718	74.7%	10,923	79.9%	\$ 0.74
ALL NPO	19,696		13,669		\$ 0.69

Source: Revenue Canada, NPO Master Database, 1997 Counts and Amounts

Even though the statistics cited above represent different periods of time, one can see the significant difference in the debt ratio of the two sectors. NPOs have a debt ratio more than double that of charities. Part of the reason for this can be discovered in their revenue sources. As seen previously in Table 4 and 6 (Revenue Sources), while charities rely on government grants and payments for over 58% of their receipts, NPOs only rely on this source for less than 16%. In essence, NPOs are earning more of their income through such things as membership dues and fees (20%), gross sales and revenues from organization's activities (47%), and other receipts (8%). It is reasonable therefore to assume that in their activities, they rely more on debt than do charities. In addition, many charities, such as Hospitals and Teaching Institutions, are mandated to produce balanced budgets on a year to year basis by their regulating provincial governments. NPOs, by contrast, have no similar restrictions.

The Small and Medium-Sized Enterprise Sector

Mention small business and the image that comes to mind for many people is that of a mom-and-pop variety store or some other such venture operating in relative obscurity. Though they may have lower profiles than big corporations, small and medium-sized enterprises (SMEs)—defined as any business with fewer than 50 employees—are in fact the driving force of our national economy.

The following facts demonstrate the significant employment impact SMEs have on our economy:

- One in three Canadians in the workforce were employed by an SME in 1995. That ratio changes to about one in two workers if self-employment is factored in.⁴⁹
- 81% of net new jobs created in 1996-1997 were with SMEs.⁵⁰
- In 1998 alone, 208,000 net new jobs were created by SMEs.⁵¹
- SMEs provide 60% of Canada's private sector employment.⁵²
- The total number of companies operating in Canada increased by 25% between 1983 and 1993. Of those new ventures, 99% were SMEs, according to Industry Canada's "Small Business in Canada: A Statistical Overview"
- SMEs make up a staggering 97% of all companies nation-wide.⁵³

Another key measure of this sector's importance is its contribution to the Canadian GDP. According to Industry Canada's Entrepreneurship and Small Business Office, SMEs contributed 35.9% to the GDP in 1993, up 3.4% over 10 years earlier.

A significant and growing presence in the SME sector is the self-employed:

- Self-employment alone, which reached 2.5 million people in 1998 according to Statistics Canada, makes a considerable contribution to the GDP: growing from 8.1% in 1983 to 9.5% in 1993.⁵⁴ That is roughly equivalent to the charitable sector noted above.
- Between 1983 and 1993, self-employment grew at more than twice the rate (33%) of overall employment (16%).⁵⁵
- In 1993, there were 1.9 million self-employed persons, representing 15.4 % of the total workforce. By 1998, the number of self-employed grew to 2.5 million, representing 21.3% of total employment.⁵⁶

⁴⁹ Industry Canada, Entrepreneurship and Small Business Office

⁵⁰ Industry Canada, "Small and Medium-Sized Enterprises," Strategis web site

⁵¹ Industry Canada, Small Business Quarterly

⁵² Ibid

⁵³ Industry Canada, "Small Business in Canada: A Statistical Overview,"

⁵⁴ Industry Canada, Entrepreneurship and Small Business Office

⁵⁵ Ibid

- Less than 38% of businesses have employees, meaning that the bulk of businesses are self-employed.⁵⁷

Table 13: SMEs Compared to all Canadian Industries—1995

	Remuneration	No. Businesses	No. Employees
SMEs (<50 employees)	\$93.7 billion	912,263	3,438,600
% of all Industries in Canada	25.6%	97.4%	30.1%

Source: Statistics Canada, Small Business and Special Surveys Branch

* NOTE: the above graph excludes self-employed from SMEs. If they are included, the number of employees jumps to 5,538,000 and 41% of the labour force.⁵⁸ But there are no separate remuneration statistics or number of business statistics for the self-employed.

SMEs and Debt Ratios

Information obtained from the Retail Council of Canada's 1998 State of the Industry provides some insight into debt ratios of SMEs. It should be noted that this information focuses solely on retail operations, and that other debt ratio information on other types of SMEs was not available. Although these figures may be slightly higher than the average SME due to their retail nature, it provides some insight into debt ratios of SMEs.

Calculations based on the Retail Council of Canada data indicate that the median debt ratio of retail-based SMEs overall was \$0.73.

Table 14: Liabilities to Assets for a Typical SME – 1994

	Typical Firm in Revenue Range		
	<\$500K	\$500K-\$5M	\$5M-\$25M
Median Debt Ratio	\$0.88	\$0.71	\$0.73
Overall Median		\$0.73	

Source: Retail Council of Canada, State of the Industry, 1998

⁵⁶ Statistics Canada, Small Business and Special Surveys

⁵⁷ Industry Canada

⁵⁸ Statistics Canada

A Comparison of Two Vital Sectors

Both the SME and voluntary sectors play key roles in Canada's economy—roles that appear to be increasing in importance as more and more Canadians become self-employed and the number of charities continues to grow amid government downloading and restructuring.

The scarcity of information on non-profit organizations makes it impossible to compare NPOs to SMEs specifically in many aspects, but the voluntary sector as a whole can be compared. See Table 15:

Table 15: SMEs and the Voluntary Sector

	Voluntary Sector	SMEs
% GDP	9% in 1995	35.9% of private sector GDP in 1993
Remuneration/benefits	Non-Profit: \$3.46 billion in 1997 Charities: Almost \$40 billion in 1993	\$93.7 billion in 1995 (source: Industry Canada)
# Employees	Charities: 1,321,400 in 1993	5,538,000 including self-employed in 1995
Number of companies/organizations	Approximately 175,000	912,263 in 1995, excluding self-employed
Growth	Tripled since 1960s	97% of new businesses created between 1983 and 1993 were SMEs.
Liabilities to Assets	Charities: \$0.30-\$1.00 Non-Profit: \$0.69-\$1.00	Median of \$0.73 in 1994

**Note: the SME data includes some Voluntary Sector organizations, since available SME data does not segregate VSOs.*

*** For sources, refer to specific sections of report.*

From the information in Table 15, we see that:

- The Voluntary sector's contribution to the GDP is seen to be roughly a third that of the SME sector (9% in 1995 compared to 35.9% in 1993, respectively).
- The Voluntary sector's impact on the overall economy in terms of employment and remuneration is equal to roughly half that of SMEs.
- There are only about a fifth as many voluntary organizations as SMEs, which arises from the fact that the vast majority of SMEs (734,620 out of 912,263 in 1995, according to Industry Canada figures) had less than five employees.
- While charities have a lower debt ratio than SMEs, debt ratio in the non-profit sector is very close to that of SMEs (\$0.69-\$1.00 and \$0.73 respectively).

- The impact of both VSOs and SMEs on the economy as a whole continues to increase.

Analysis of the Financing Needs of VSOs

The financing needs of the voluntary sector and whether or not these may fit with the Canada Small Business Financing Act (CSBFA) were assessed based on the following criteria:

- types of assets that the various organizations have or may require, based on their estimated activities, in order to carry out their mandates and whether they fit the eligible purchases of the Act,
- revenue sources for diversity/dependence characteristics as well as assessing the potential flows and how that might affect financing needs,
- surpluses of revenues over expenditures to assess their ability to service debt/repay loans as well to highlight the possible types of financing required,
- restrictions on expenditures,
- ability to service the debt/repay the loan as demonstrated through debt ratio or liquidity.

Due to data gaps and aggregate information, many assumptions have been made in the following analysis. The reader should be cautioned against relying solely on these findings.

Charities

The following analysis is based on calculations made from data primarily contained in the report from the Canadian Centre for Philanthropy, "A Portrait of Canada's Charities", 1994.

Hospitals and Teaching Institutions

ACTIVITIES:	Provide healthcare and educational services to the public. Includes universities, colleges, school boards, as well as hospitals.
ASSETS:	
Avg.Size	\$19 million for Hospitals, \$13 million for Teaching Institutions
Types	Real estate, buildings, major medical equipment, furniture, lab equipment, computers On an ongoing basis these organizations regularly update equipment in order to remain efficient, grow their operations, stay at the leading edge as well as to potentially reduce liability. Many of these asset types would be greater than the \$250,000 maximum set by the CSBFA.
LIABILITIES:	
Avg.Size	\$6.5 million for Hospitals, \$3.5 million for Teaching Institutions
	Due to the age of many of these organizations, it is assumed that many major assets such as real estate and buildings have already been paid for and thus the liability showing on the balance sheet is significantly less than the ongoing asset value. The majority of the net book value remaining would likely represent equipment/assets

Financing Needs of the Voluntary Sector--27

	<p>with shorter useable life spans. These types of liabilities would likely continue. It is not known if the bulk of the liabilities represent asset based loans, demand loans for operating capital, or accounts payable. Without further information it is difficult to determine the specific types of financing vehicles that may be needed to satisfy their requirements.</p> <p>Because of the size of many of the associated foundations, financial institutions may be more prone to loan money through various vehicles to these institutions in order to secure their investment business.</p>
REVENUES:	
Sources	<p>71% government funding, 28% Other Income, 1% Receipted Income</p> <p>This group is heavily reliant on government funding and as such is vulnerable to cuts. The degree that these cuts affect their ongoing financing needs is likely greater for operating capital than for asset purchases due to the foundations' purpose in fundraising cited above used by institutions other than school boards.</p>
Avg. Size	<p>\$24.6 million for Hospitals, \$9.4 million for Teaching Institutions</p> <p>Both of these average sizes of revenues exceed the maximum set under the CSBFA.</p>
EXPENSES:	
Types	<p>Bulk of expenditures are for Programs (67%), Other Expenditures (17%) and Administration (15%)</p>
Avg. Size	<p>\$24.3 million for Hospitals, \$8.9 million for Teaching Institutions</p>
Restrictions	<p>The disbursement quota that requires them to limit administration and fundraising costs to no more than 20% of receipted income restricts charities. Although the limitation only currently exists on one form of income, it is limiting in terms of expenditures, particularly when coupled with the restrictions below.</p> <p>Although foundations were not segregated in the 1995 Revenue Canada data, many of the major expenditures for asset purchases made by the bulk of these organizations are in fact financed by their own foundations, set up as their fundraising arms. Any major capital expenditures are paid for by the foundations, hence, there is a reduced need for asset-based financing. They are, however, restricted from using foundation monies for operating costs. Based on the deficits that many run on a year-to-year basis, there appears to be a financing need for operating capital. Many provincial ministries require that hospitals submit balanced budgets, which means no deficits. Under this requirement, there is also no incentive to create a surplus so expenditures are generally equal to revenues. The reality is that many do not balance their budgets and the strain of reduced government funding has often resulted in deficits.</p> <p>Likewise, school boards, college and universities are not generally allowed to run a deficit, however, surpluses may be carried forward to offset future deficits.</p> <p>For smaller assets, many organizations of this kind rely on leasing as a financing option. The costs can be included in their operating costs.</p>
DEBT RATIO	<p>\$0.34 for Hospitals, \$0.27 for Teaching Institutions</p>
Comparator	<p>SMEs Debt Ratio: \$0.73 - \$0.80 (source: Retail Council of Canada)</p> <p>By comparison this group's debt ratio is much lower than the SME ratios as well as Other Charitable Organizations. Hospitals and Teaching Institutions can and do obtain operating lines that are secured against their large asset base. Technically, a bank then has assets they can seize in case of default. In reality, however, many banks would be averse to seizing the assets of a public hospital, for example, for political and public relations reasons.</p>
Summary of Financing Needs & Fit with CSBFA	<p>They have a large asset base and considerable clout from which to obtain operating capital if required. This means they have the ability to honour their loans based on securities offered, however, due to shrinking operating funds, their short term ability to meet these debt obligations may be strained. For major asset purchases, their foundations generally provide the</p>

	monies. As more charities rely on donations, this may become a shrinking piece of the pie for them.
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Places of Worship

ACTIVITIES:	Congregations, Parishes and Synagogues that provide various services, centered on a particular kind of worship, that include operation of daycares, Sunday schools, counseling, church libraries, missions/retreat programs, food banks and youth groups.
ASSETS:	
Avg.Size	\$700,000
Types	Major: Buildings and major fixtures including churches, pastor dwellings, and real estate including land, cemeteries, etc. Minor: Furniture, computers, organs, etc. Based on the activities of this group, it is not believed that there would be a great ongoing need to purchase assets unless new activities or programs are initiated. Where new buildings or additions/renovations are required, generally a building fund would be set up in advance with congregation contributions directed there. If a Place of Worship is expanding into other activities such as daycare, there may be a requirement for assets to support those activities. Many are not computerized and where they are, these types of assets can generally be purchased through leases.
LIABILITIES:	
Avg.Size	\$129,000
	Based on the age of many of the Places of Worship, it is believed that the bulk of the major assets would be unencumbered. Most of the older buildings for example would be paid for and any new ones would likely obtain a mortgage with the building as security. Many have operating lines as well that are secured through assets or obtained based on the association of prominent congregation members.
REVENUES:	
Sources	49% Donations, 5% Government, 46% Other Income This group is heavily reliant on donations from congregation members, however there is a continuing trend of declining congregation numbers. From 1981 to 1991 Statistics Canada Censuses, the percentage of Canadians reporting no religious affiliation rose from 7.4% to 12.5% (from 1.8 million people in 1981 to 3.4 million people in 1991). Places of Worship are therefore vulnerable to the ebbs and flows of this revenue source. This source has been supplemented by Other Income from such activities as Bingos that help raise money to offset operating costs as well as to fund programs.
Avg.Size	\$204,000
EXPENSES:	
Types	Programs (58%), Gifts to Qualified Donees (16%), Administration (15%)
Avg. Size	\$193,000
Restrictions	Generally, the disbursement quota that requires them to limit administration and fundraising costs to no more than 20% of receipted income restricts charities. Although the limitation only currently exists on one form of income, it is limiting in terms of expenditures, particularly when coupled with the restrictions below. For smaller assets such as computers, many organizations of this kind rely on leasing as a financing option. Very little (2.3%) is necessary to be spent on fundraising as they typically simply need to 'pass the plate' in order to receive funds from those in attendance.
DEBT RATIO	\$0.19
Comparator	SMEs Debt Ratio: \$0.73 - \$0.80 (Retail Council of Canada) By comparison this group's debt ratio is significantly lower than the SME ratios and

	is the lowest of all charity types. Essentially they have large amounts of unencumbered assets that allow them to make future purchases with financing secured against existing assets. Like the previous charity group, most banks would be averse to seizing the assets of a Place of Worship if not simply because of the large potential for lost business from dissatisfied parishioners within the community.
Summary of Financing Needs & Fit with CSBFA	Places of Worship have a large asset base and considerable clout from which to obtain operating capital if required. This means they have the ability to honour their loans based on securities offered, however, due to ongoing deficits created by a shrinking donor base, their short-term ability to meet these debt obligations may be strained. For major asset purchases, specific long-term fundraising initiatives are developed to offset financing requirements. Many of their ongoing minor asset purchase requirements would be eligible under the Act however, they do not appear to be disadvantaged by a lack of access to financing options at this time.

Foundations

ACTIVITIES:	Public and private foundations that are established exclusively for charitable purposes but are not charitable organizations and where the bulk of activities include fundraising and gifts to charitable organizations that deliver programs. Include such foundations as United Way, Kidney Foundation, McConnell Family Foundation.
ASSETS:	
Avg.Size	Public \$2.2 million, Private \$1.1 million
Types	Major: Investments Minor: Leaseholds, computers, office furniture Based on the activities of this group, it is not believed that there is much need to purchase assets. As most of the assets are believed to be investments, the minor assets can be purchased through leasing programs or purchased outright with operating capital.
LIABILITIES:	
Avg.Size	Public \$528,000, Private \$157,000
	As most expenses are operating costs and minimal assets, this group has a relatively small amount of liabilities. It is unknown whether they have obtained or have a need for operation lines however it is doubtful based on activities and their needs. Certainly, if they did require financing, their investment assets alone would allow them security to do so.
REVENUES:	
Sources	Public: 25% Donations, 46% Government, 29% Other Income Private: 39% Donations, 20% Government, 41% Other Income Public Foundations are far more reliant on government grants and payments than Private Foundations. The bulk of Other Income comes in the form of Investment Income -- over 36% combined. Major Public Foundations typically set aside one period within the year to do their major fundraising drive so there may be large variances in a monthly cash flow. Presumably their expenses would not mirror these variances and hence there would be a need to account for the deficits through Other Income or possibly financing by way of an operating line.
Avg.Size	Public \$1.5 million, Private \$360,000
EXPENSES:	

Types	Public: Programs (51%), Gifts to Qualified Donees (25%), Administration (14%) Private: Programs (31%), Gifts to Qualified Donees (48%), Administration (13%)
Avg. Size	Public \$1.4 million, Private \$223,000
Restrictions	Generally, charitable foundations are restricted by the disbursement quota that requires them to spend on charitable activities or through gifts 80% of the previous year's receipted donations. As can be seen in the types of expenditures above, between 25-48% was spent on Gifts to Qualified Donees. In addition, 3% was set aside as Accumulated with Permission, presumably for future Gifts to be made. An example would be a hospital foundation accumulating money for a MRI. For smaller assets such as computers, leasing is a financing option. The bulk of expenditures therefore, would not likely be eligible purchases under the Act.
DEBT RATIO	Public \$0.24, Private \$0.14
Comparator	SMEs Debt Ratio: \$0.73 - \$0.80 (Retail Council of Canada) By comparison this group's debt ratio is significantly lower than the SME ratios and is among the lowest of all charity types. Essentially they have large amounts of unencumbered assets that allows them high liquidity and good debt servicing capabilities, if required. The need to borrow however is not evident.
Summary of Financing Needs & Fit with CSBFA	This group has a large asset base and considerable clout from which to obtain operating capital if required. This means they have the ability to honour their loans based on securities offered however, they do not appear to have a need for financing. For gifts to support major asset purchases of a donee, specific long-term fundraising initiatives are developed to offset financing requirements.

Other Charitable Organizations

Although this sector type includes many different kinds of charitable organizations, it will be analyzed in aggregate. Readers should be cautioned however, that due to the variety of organizations included, they would likely all have different financing needs. Included is information on organizations involved in Welfare, Education, Health, Community Benefit and Other.

ACTIVITIES:	Due to the range of organizations included in this group, activities range from social care other than treatment, health services other than hospitals, cultural activities and promotion of the arts, convents, libraries, to service clubs. Included are such charitable organizations as Social Planning Councils, Canadian Cancer Society, National Ballet of Canada, Art Gallery of Ontario, John Howard Society, and Kiwanis Club.
ASSETS:	
Avg. Size	\$799,999

Types	<p>Major: exhibits and collections, club houses, leaseholds, buildings</p> <p>Minor: furniture, computers, office equipment</p> <p>It is believed that the majority of organizations in this group would not own their own buildings rather, they would lease facilities. The bulk of the major assets would therefore include other items such as leaseholds and collections. Minor assets would be those typically found in any office.</p> <p>It is further believed that the majority of assets do not represent investments, rather, assets of the nature that would be eligible under the Act.</p>
LIABILITIES:	
Avg.Size	\$338,000
	<p>This group, in aggregate, accounts for 35% of total charitable liabilities, more than either Hospitals or Teaching Institutions. Because of the large number of organizations in this group however, average liabilities shows a more accurate picture. Average liabilities are considerably less per organization than Hospitals or Teaching Institutions.</p> <p>It is not known what specific types of liabilities this group possesses. It is believed to include operating lines, term loans on assets, mortgages and leases.</p>
REVENUES:	
Sources	<p>49% Government, 11% Receipted Income, 40% Other Income</p> <p>Within Other Income, the bulk is Other, Fees, Gifts and Investment Income in that order. When this data is compared to 1995, government reliance has increased (to 53%). Charitable Organizations such as the Cancer Society would typically set aside one period within the year to do their major fundraising drive so there may be large variances in a monthly cash flow. Presumably their expenses would not mirror these variances and hence there would be a need to account for the deficits through Other Income or possibly financing by way of an operating line.</p>
Avg.Size	\$743,000
EXPENSES:	
Types	Bulk is spent on Programs(65%), Administration(17%) and Other Expenditures(10%)
Avg. Size	\$701,000
Restrictions	<p>Generally, these organizations are restricted by the disbursement quota that requires them to spend on charitable activities or through gifts 80% of the previous year's receipted donations.</p> <p>Very little was set aside for Accumulated with Permission (0.6%) of their total expenditures however, when compared to other groups, Other Charitable Organizations accounted for nearly 43% of total funds Accumulated with Permission. This suggests that they have a greater need to make purchases of major assets. They do not however have the ability to rely on foundations to finance these assets such as Hospitals and Teaching Institutions.</p> <p>For smaller assets such as computers, leasing is a financing option.</p>
DEBT RATIO	\$0.42
Comparator	<p>SMEs Debt Ratio: \$0.73 - \$0.80 (Retail Council of Canada)</p> <p>By comparison this group's debt ratio is significantly lower than the SME ratios however, it is the highest of any charity group. The need to borrow, however, is not evident.</p>
Summary of Financing Needs & Fit with CSBFA	<p>Although there are many varied organizations within this group, in aggregate their financing options appear more limited than other groups. Evidently, they have a need to finance fixed asset purchases, which is probably being satisfied with term loans or operating lines. They do not have the access to large unencumbered assets or foundations for fundraising that the other non-Foundation groups have.</p>

Non-Profit Organizations

Because they are not allowed to issue receipts for tax purposes, no similar restrictions on debt or disbursement quotas exist for NPOS. Overall, there is less dependency on government sources for funding (16%) versus charities (58%) and far more emphasis on earning income to fund operations. This characteristic in itself makes them more reliant on debt instruments to run their organizations on an ongoing basis. Further analysis of each of the nine organization types follows.

Although recent detailed data exists for this group from Revenue Canada (1997), the sample size is relatively small (8%) versus the estimated overall number of NPOs. For the purposes of the analysis, it has been assumed that this sample size is indicative of the balance of this group as a whole.

Detailed information on the sectoral activities within the NPO group was not available and only broad examples were provided by Revenue Canada. Furthermore, because organizations self-designate which group they place themselves in with no help from the return guide for consistency, there is bound to be organizations of a like nature in different categories.

Multicultural Organizations

ACTIVITIES:	Included are such organizations as ethnic clubs and associations, heritage councils, ethnic broadcasting and news.
ASSETS:	
Avg.Size	\$1,240,502 Total Assets Fixed Assets \$850,532, Other Assets \$367,061, LT Investments \$17,723, Inventory \$5,186
Types	69% of their asset base is in fixed assets. Very little is held in inventory (0.4%) or long term investments (1.4%) with the balance in other assets (including cash) at almost 30%. With the average of total fixed assets being as high as it is, it is believed that the majority of organizations in this group own their own buildings or have made considerable leasehold improvements. Minor assets would be those typically found in any office. The average total assets represents a large number however, looking at it in perspective, due to the small sample size, it may be that this base is not representative of all organizations in this group (there were only 62). This group's average asset base ranks among the lowest for all NPOs.
LIABILITIES:	
Avg.Size	\$1,009,701
	Even though this group was among the lowest in average asset base, they had a relatively large amount of average liabilities (ranking 5 th of 9). This appears to be indicative of organizations that earn the majority of their revenue. It is not known what specific types of liabilities this group holds, however, it is believed to include accounts payable, operating lines, term loans on assets, mortgages and leases. They may use the extension of payables as one means of

	meeting their financing needs. Unlike charities, NPOs are not mandated to have balanced budgets and it is believed that many carry deficits.
REVENUES:	
Sources	29% Government, 0.7% Gifts, 70.8% Other Income This group is among the highest of all NPO types in terms of government reliance. Other Income can be broken down into Organizational Activities Revenues (60%), Other Receipts (8%), Interest/Dividends (2.1%) and Membership Dues and Fees (0.8%). One area of note is that virtually none of their receipts come from the disposition of capital property, suggesting that once they own the asset, they keep it.
Avg. Size	\$522,356
EXPENSES:	
Types	Data not available. Although it is known that this group spent over \$9.6 million on salaries and benefits (30% of revenues), there is no further data to indicate where the balance of their expenditures are made.
Avg. Size	Data not available
Restrictions	Depending on specifics of government funding sources, many government contracts for services will negate specific asset purchases and only provide for project operating funds. This would encourage leasing as a financing option.
DEBT RATIO	\$0.81
Comparator	SMEs Debt Ratio: \$0.73 - \$0.80 (Retail Council of Canada) By comparison to SMEs, this group's debt ratio is higher. Furthermore, when compared to other NPO types, it is the highest. They appear to have a large amount of leveraged assets that that may hinder their ongoing need to access financing. In addition, based on the debt ratio, there is less room for debt servicing.
Summary of Financing Needs & Fit with CSBFA	This group appears to have a need to finance fixed asset purchases that are probably currently being satisfied with term loans or operating lines and sometimes creating deficits. Their primary needs are likely operational. They do not have the access to large unencumbered assets or investment pools that some of the charitable groups have. They may have difficulty, however, servicing the debt, assuming they could secure a financing vehicle such as that offered through the CSBFA. As government sources re-evaluate their spending priorities, particularly provincial governments amid continued downloading from one government level to another, this may make them more vulnerable and hence, more of a risk for lending money.

Agricultural Organizations

ACTIVITIES:	Included are such organizations as marketing boards for dairy, grain and seed, and agricultural societies.
ASSETS:	
Avg. Size	\$3,154,702 Total Assets Fixed Assets \$833,636, Other Assets \$2,121,327, LT Investments \$174,109, Inventory \$25,631

Types	<p>67% of their asset base is in Other Assets. Very little is held in Inventory (0.8%) or Long Term Investments (5.5%) with the balance in Fixed Assets (26.4%.)</p> <p>With the average of total fixed assets being as high as it is, it is believed that the majority of organizations in this group may own their own buildings and in many cases, real estate. Minor assets would be those typically found in any office.</p> <p>When compared to other NPO types however, the average fixed assets ranks 5th of 9. As Other Assets are made up of such liquid assets as Receivables, Cash and Prepaid Expenses, this high proportion bodes well for this group in terms of liquidity and the ability to attract potential financing.</p>
LIABILITIES:	
Avg. Size	\$1,926,813
	Even though this group possesses the largest average total asset base, they also have a relatively large amount of liabilities. This may represent mortgages on the fixed assets, as there presumably would be no need for large operating lines or term loans given the liquidity. In addition, it may include accounts payables and land leases.
REVENUES:	
Sources	<p>2.1% Government, 0.1% Gifts, 97.8% Other Income</p> <p>This group enjoys the highest Other Income proportion of all NPO types. Conversely, they also rely the least on government for revenue.</p> <p>Other Income can be broken down into Organizational Activities Revenues (88%), Other Receipts (3.4%), Interest/Dividends (0.6%) and Membership Dues and Fees (5.9%). One area of note is that virtually none of their receipts come from the disposition of capital property suggesting once they own the asset, they keep it. This group had the highest average revenue size of any NPO Type. This would negate their participation in the CSBFA due to the maximum revenue size for eligibility being \$5 million.</p>
Avg. Size	\$12,040,639
EXPENSES:	
Types	<p>Data not available.</p> <p>Although it is known that this group spent over \$66.5 million on salaries and benefits (3.1% of revenues), there is no further data to indicate where the balance of their expenditures are made.</p>
Avg. Size	Data not available
Restrictions	Depending on specifics of government funding sources, many government contracts for services will negate specific asset purchases and only provide for project operating funds. This would encourage leasing as a financing option. No other restrictions are evident.
DEBT RATIO	\$0.61
Comparator	<p>SMEs Debt Ratio: \$0.73 - \$0.80 (Retail Council of Canada)</p> <p>By comparison to SMEs, this group's debt ratio is lower. Furthermore, when compared to other NPO types, it ranks 5th of 9. The debt ratio may be somewhat deceiving here as nearly two thirds of the assets are liquid and would more than offset the total liabilities.</p>
Summary of Financing Needs & Fit with CSBFA	<p>This group appears to have successfully accessed financing for their operational requirements. They have large amounts of liquid assets from which to leverage financing. Although their debt ratio is higher than many, liquid assets more than offset debt. Their average revenue size, however, would effectively eliminate their potential participation in the CSBFA.</p>

Boards of Trade or Chambers of Commerce

ACTIVITIES:	Activities range from providing networking opportunities for member businesses and information services to publications, training and facilities rentals.
ASSETS:	
Avg. Size	\$1,012,897 Total Assets Fixed Assets \$293,380, Other Assets \$485,864, LT Investments \$225,727, Inventory \$7,927
Types	48% of their asset base is in Other Assets. Very little is held in Inventory (0.8%) however they do have the highest proportion of Long Term Investments (22.3%) with the balance in Fixed Assets (29%). With the average of total fixed assets being just less than \$300,000, it is believed that this represents mostly leaseholds, fixtures and office equipment. There are exceptions however, as the Toronto Board of Trade alone has 3 facilities and a golf course. Yet when compared to other NPO types, the average fixed assets ranks as the lowest. The sizable proportion of Long Term Investments suggests less liquidity in the short term. It is however, a good base from which to secure financing against.
LIABILITIES:	
Avg. Size	\$377,521
	Even though this group possesses the lowest average assets base, they also have the lowest average liabilities. The bulk of which is likely loans on equipment or leasehold improvements, operating lines and accounts payables. Based on the general credibility of these prominent business organizations, it is believed that they would be able to secure financing required. Unlike charities, NPOs are not mandated to have balanced budgets and it is believed that many carry deficits. There is no data on this group however to suggest whether deficits are a problem.
REVENUES:	
Sources	8.1% Government, 0.9% Gifts, 90.9% Other Income Other Income can be broken down into Organizational Activities Revenues (37%), Other Receipts (16%), Interest/Dividends (3.6%) and Membership Dues and Fees (34%). It is surprising that only 4% of revenues are attributable to Interest/Dividends/Royalties & Rentals given that over 22% of their assets are in Long Term Investments and that a good portion of their activities in many cases involve facilities rentals. Average revenues rank 6 th of 9.
Avg. Size	\$1,133,044
EXPENSES:	
Types	Data not available. Although it is known that this group spent over \$35 million on salaries and benefits (32% of revenues), there is no further data to indicate where the balance of their expenditures are made.
Avg. Size	Data not available
Restrictions	Depending on specifics of government funding sources, many government contracts for services will negate specific asset purchases and only provide for project operating funds. This would encourage leasing as a financing option. No other restrictions are evident.
DEBT RATIO	\$0.37
Comparator	SMEs Debt Ratio: \$0.73 - \$0.80 (Retail Council of Canada) By comparison to SMEs, this group's debt ratio is much lower. Furthermore, when compared to other NPO types, it ranks as the lowest. They appear to have a solid liquid asset base, offset with significant long-term investments that they can use as security as well as a need for purchases of the nature that would be eligible under the

	Act.
Summary of Financing Needs & Fit with CSBFA	This group has a relatively unencumbered asset base from which to draw on if necessary. Based on their activities, they appear on the whole to have less of a need for large fixed asset purchases than general upgrading of office equipment. Where there is a need, they should be able to access financing.

Arts or Cultural Organizations

ACTIVITIES:	Activities range from theatre groups providing performances to museums offering a collection of exhibits.
ASSETS:	
Avg.Size	\$1,549,781 Total Assets Fixed Assets \$592,142, Other Assets \$879,873, LT Investments \$16,753, Inventory \$61,013
Types	57% of their asset base is in Other Assets. Very little is held in Long Term Investments (1.1%) while a relatively higher amount is held in Inventory (4%) with the balance in Fixed Assets (38%). With the average of total fixed assets being just less than \$600,000 (4 th of 9), it is believed based on activities that this represents mostly buildings, leaseholds, fixtures, exhibition acquisitions and equipment. Some of this equipment that is required to support activities is fairly expensive (e.g., woodworking equipment to build sets). Typically, sets for smaller theatre groups would be disposed of after each production run as they would have no further use for it. For larger repertory groups, these may be retained for a number of years for subsequent similar productions. The sizable proportion of Inventory may include the exhibition pieces acquired for display at museums. The absence of Long Term Investments may suggest the tight budgets that typically would negate or diminish their ability to make these types of investments. The higher proportion of Other Assets (3 rd of 9) indicates where they may get the bulk of their ongoing operating capital.
LIABILITIES:	
Avg.Size	\$1,216,614
	The bulk of the liability base is likely made up of mortgages, loans on equipment or leasehold improvements, operating lines and accounts payables. Unlike charities, NPOS are not mandated to have balanced budgets and it is believed that many carry deficits. Anecdotal information suggests that some of this group, particularly arts, experience ongoing deficits. This is surprising given the high liquidity seen in Other Assets.
REVENUES:	
Sources	39% Government, 4% Gifts, 57% Other Income Other Income can be broken down into Organizational Activities Revenues (33%), Other Receipts (12%), Rentals (10.3%) and Membership Dues and Fees (2%). This group is the most reliant on government sources of any NPOs. As this is becoming a shrinking base, the need to diversify into other sources becomes apparent. The average revenue size is among the lowest of the NPO types.
Avg.Size	\$798,298
EXPENSES:	

Types	Data not available. Although it is known that this group spent over \$62.7 million on salaries and benefits (43% of revenues), there is no further data to indicate where the balance of their expenditures are made. It is estimated that the rest of their expenditures go to production costs, building operations, promotional materials, royalties and the cost of exhibitions and acquisitions.
Avg. Size	Data not available
Restrictions	Depending on specifics of government funding sources, many government contracts for services will negate specific asset purchases and only provide for project operating funds. This would encourage leasing as a financing option. Many of the arts organizations in particular may receive gifts that are specifically earmarked for a particular project or performance.
DEBT RATIO	\$0.79
Comparator	SMEs Debt Ratio: \$0.73 - \$0.80 (Retail Council of Canada) By comparison to SMEs, this group's debt ratio is higher. Furthermore, when compared to other NPO types, it ranks as the second highest. The fact that many experience deficits year after year as well as their already high debt ratio may make it more difficult to secure financing.
Summary of Financing Needs & Fit with CSBFA	This group appears to have a number of significant challenges in meeting their financing requirements. They have an asset base that is already leveraged to a large degree. Their revenue sources show a dependency on government funding in a time when this is a shrinking base. The fact that many consistently run deficits diminishes their ability to secure financing when required. It is believed that for the most part their financing needs are more operational than asset based which would not be eligible under the CSBFA.

Organizations Operated for Civic Improvement

ACTIVITIES:	Activities range from helping the disadvantaged within communities to business and community development to providing low-cost housing. Included are such organizations as the Canadian Community Economic Development Network (Digby Network), Niagara Enterprise Agency, economic development corporations and housing corporations.
ASSETS:	
Avg.Size	\$2,602,637 Total Assets Fixed Assets \$1,574,624, Other Assets \$501,027, LT Investments \$512,883, Inventory \$14,103
Types	19% of their asset base is in Other Assets. A relatively large proportion are in Long Term Investments (20%) while a minor amount is held in Inventory (1%) with the bulk in Fixed Assets (60%). The average total fixed assets was one of the highest of the NPO types. It is believed that for certain types within this group such as housing corporations, this represents buildings. However, due the size of these assets, this may skew the averages. It is believed that for the rest of the organizations, the bulk of the fixed assets represent leaseholds, fixtures, and office equipment.
LIABILITIES:	
Avg.Size	\$1,875,011
	Based on the assumptions made for assets, the bulk of the liability base is likely made up of mortgages, loans on equipment or leasehold improvements, operating

	lines and accounts payables. Unlike charities, NPOs are not mandated to have balanced budgets and it is believed that many carry deficits. Anecdotal information on this group suggests that deficits do exist in some cases.
REVENUES:	
Sources	20% Government, 0.7% Gifts, 79% Other Income Other Income can be broken down into Organizational Activities Revenues (23%), Other Receipts (28%), Interest/Dividends (16%) and Membership Dues and Fees (13%). It is not surprising, given that 20% of their asset base consists of long term investments, that almost 16% of revenues are attributable to Interest, Dividends, Royalties & Rentals. This group has a fairly diverse income base that demonstrates less vulnerability to changes in revenue sources. The flow of these revenues however, may not correlate with their expenditures, thus creating a need for financing their operations. Where government sources are involved for program delivery contracts, typically an advance would be made. However, Organizational Activities or even Membership Dues may fluctuate greatly. The average revenue size is among the lowest of the NPO types.
Avg. Size	\$2,019,802
EXPENSES:	
Types	Data not available. Although it is known that this group spent over \$213 million on salaries and benefits (24% of revenues), there is no further data to indicate where the balance of their expenditures are made. It is estimated that the rest of their expenditures go to funding ongoing operations and programs as well as smaller fixed assets.
Avg. Size	Data not available
Restrictions	It is likely in this group that many of the organizations receiving government monies do so by way of contracts for services. With these types of contracts, often come restrictions on spending for capital assets and generally only allow for project operations expenses. Examples may include Human Resources Development Canada Training or Labour Market Partnerships programs. These types of restrictions would encourage leasing as a financing option.
DEBT RATIO	\$0.72
Comparator	SMEs Debt Ratio: \$0.73 - \$0.80 (Retail Council of Canada) By comparison to SMEs, this group's debt ratio is slightly lower. Furthermore, when compared to other NPO types, it ranks as the 4 th of 9. This higher debt ratio may impede their ability to service debt instruments provided by lending institutions.
Summary of Financing Needs & Fit with CSBFA	There appears to be gaps in this group's financing requirements although the differences among organizations included in this group would likely vary significantly. On the whole, they have an asset base that is leveraged to a large degree. Their revenue sources show a diversity that is encouraging in terms of ongoing stability. The assumption that some consistently run deficits may diminish their ability to secure financing when required. It is believed that for the most part, their financing needs are more operational than asset based which would not be eligible under the CSBFA.

Educational Organizations

ACTIVITIES:	Activities range from the provision of training curriculum to educational related organizations providing advocacy and assistance for students. Included are such organizations as student associations, schools, management and training centres.
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ASSETS:	
Avg.Size	\$1,097,892 Total Assets Fixed Assets \$389,530, Other Assets \$516,897, LT Investments \$142,351, Inventory \$49,114
Types	47% of their asset base is in Other Assets. A relatively large proportion are in Inventory (4.5%) while 13% is held in Inventory and the bulk in Fixed Assets (36%). The average total fixed assets was one of the lowest of the NPO types. It is believed that this group's assets include leaseholds, furniture, and equipment. Very little would be held in the way of mortgages based on their activities as well as the size of the asset base. This group also has the highest proportion of inventory of any other NPO type. This is likely books, training materials, etc.
LIABILITIES:	
Avg.Size	\$428,410
	The bulk of the liability base is likely made up of loans on equipment or leasehold improvements, operating lines and accounts payables. Unlike charities, NPOs are not mandated to have balanced budgets and it is believed that many carry deficits. It is unknown with this group whether ongoing deficits are a reality.
REVENUES:	
Sources	31% Government, 2.4% Gifts, 67% Other Income Other Income can be broken down into Organizational Activities Revenues (37%), Other Receipts (8%), Interest/Dividends (2%) and Membership Dues and Fees (20%). This group's dependency on government is among the highest. This may make them more vulnerable to changes in that revenue source. The flow of these revenues however may not correlate with their expenditures thus creating a need for financing for operations. Where tuition or course fees typically are tied to when courses run, costs for overhead and program delivery are ongoing monthly. In addition, Membership Dues may fluctuate greatly as well.
Avg.Size	\$1,220,595
EXPENSES:	
Types	Data not available. Although it is known that this group spent over \$127.5 million on salaries and benefits (35% of revenues), there is no further data to indicate where the balance of their expenditures are made. It is estimated that the rest of their expenditures go to funding inventories, ongoing operations and programs as well as smaller fixed assets—most of which is not eligible under the CSBFA.
Avg. Size	Data not available
Restrictions	It is likely in this group, that many of the organizations receiving government monies do so by way of contracts for services. With these types of contracts, often come restrictions on spending for capital assets and generally only allow for project operations expenses. Examples may include Human Resources Development Canada Training programs. These types of restrictions would encourage leasing as a financing option, particularly for computers and other such teaching tools.
DEBT RATIO	
Comparator	SMEs Debt Ratio: \$0.73 - \$0.80 (Retail Council of Canada) By comparison to SMEs, this group's debt ratio is significantly lower. Furthermore, when compared to other NPO types, it ranks as one of the lowest. This lower debt ratio would positively affect their ability to service debt instruments provided by lending institutions.
Summary of Financing	
	On the whole, they have a proportionately smaller asset base that does not appear to be encumbered with significant debt. Their revenue sources show

Needs & Fit with CSBFA	a reliance on government sources which often brings with it restrictions on capital purchases. It is believed that for the most part, they would have some need for purchases of the nature that would be eligible under the CSBFA however, the majority of their financing needs would be operational.
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Recreational or Social Organizations

ACTIVITIES:	Activities range from the promotion of certain sports to creating social opportunities for members. Included are such organizations as golf and country clubs, sporting associations, Royal Canadian Legions.
ASSETS:	
Avg.Size	\$1,361,430 Total Assets Fixed Assets \$996,586, Other Assets \$287,173, LT Investments \$63,456, Inventory \$14,215
Types	21% of their asset base is in Other Assets, 1% in Inventory, 5% in Long Term Investments and 73% in Fixed Assets. The average total fixed assets was among the highest of the NPO types. It is believed that the majority of this group's fixed assets represent buildings or clubhouses. Most legions for example own their own building. A minor portion would include leaseholds, furniture, and office equipment.
LIABILITIES:	
Avg.Size	\$643,307
	The bulk of the liability base is likely made up of mortgages with a minor portion representing leasehold improvements, and accounts payables. Unlike charities, NPOs are not mandated to have balanced budgets and it is believed that many carry deficits. It is unknown with this group whether ongoing deficits exist. However, it is believed that due to their nature, most would face difficulty in securing operating lines.
REVENUES:	
Sources	7% Government, 0.9% Gifts, 92% Other Income Other Income can be broken down into Organizational Activities Revenues (48%), Other Receipts (5%), Interest/Dividends (4%), Disposition of Capital Property (0.9%) and Membership Dues and Fees (35%). This group's dependency on government is among the lowest. This is offset with revenues primarily that are earned such as Dues. The flow of these revenues however may not correlate with their expenditures thus creating a need for financing for operations. Where dues would likely be payable once per year at a prescribed time, they would likely be in advance to cover overhead and operating costs.
Avg.Size	\$761,160
EXPENSES:	
Types	Data not available. This group as a whole spent over \$705 million on salaries and benefits or 89% of revenues. This is by far the most of any other NPO Type. This is surprising given the nature of this group's activities. Many social organizations such as legions have very little staff. Organizations such as golf courses on the other hand, would have professional golfers, restaurant staff, and grounds-keepers. Although there is no further data to indicate where the balance of their expenditures are made, it is estimated that the bulk of the rest of their expenditures go to operating expenses and the balance to servicing the debt, which is largely believed to be mortgages.
Avg. Size	Data not available

Restrictions	No restrictions are evident with this group given their revenue sources.
DEBT RATIO	\$0.47
Comparator	SMEs Debt Ratio: \$0.73 - \$0.80 (Retail Council of Canada) By comparison to SMEs, this group's debt ratio is significantly lower. Furthermore, when compared to other NPO types, it ranks 6 th of 9. This would suggest that a good portion of their fixed assets have been paid off which is likely due to the age of some of these organizations. Consequently, the remaining net book value on the balance sheet is relatively high. This lower debt ratio would positively affect their ability to service debt instruments provided by lending institutions as well as provide some security for additional financing.
Summary of Financing Needs & Fit with CSBFA	On the whole, this group appears to have lower liquidity among their assets with a significant portion of their fixed assets unencumbered. Their revenue sources show relative independence from government sources with no known restrictions on expenditures. Their large proportion of revenues spent on salaries and benefits however does not leave much room for operating costs and debt servicing. It is believed that for some organizations within this group, they would have ongoing needs to purchase assets of the nature that would be eligible under the Act. However, many social organizations, having already purchased their buildings, would not have a significant ongoing need to make asset purchases or even major leasehold improvements.

Professional Associations

ACTIVITIES:	Activities range from providing information, advocacy/lobbying, publications and research as well as educational services to members. Included are such organizations as associations for contractors, real estate, and the medical profession.
ASSETS:	
Avg. Size	\$2,123,105 Total Assets Fixed Assets \$596,123, Other Assets \$1,108,350, LT Investments \$404,265, Inventory \$14,366
Types	52% of their asset base is in Other Assets, 0.7% in Inventory, 19% in Long Term Investments and 28% in Fixed Assets. The average total fixed assets was among the lowest of the NPO types. There are some anomalies that exist within this group. It is believed that, based on their estimated activities, the majority of this group's fixed assets would include leaseholds, furniture, and office equipment. Having said that however, there is a surprising proportion (9.4%) of their revenues that are derived from the disposition of capital property. It is doubtful that this represents the sale of furniture and office equipment. Furthermore, there is little information as to why this group would possess such a large proportion of long-term investments.
LIABILITIES:	
Avg. Size	\$910,439
	The bulk of the liability base is likely made up of leasehold improvements, and accounts payables. Unlike charities, NPOs are not mandated to have balanced budgets and it is believed that many carry deficits. It is unknown with this group whether ongoing deficits are a reality. However, based on the relatively high amount of liquid assets, it is not believed that they would require an operating line.

REVENUES:	
Sources	<p>2.6% Government, 0.4% Gifts, 97% Other Income</p> <p>Other Income can be broken down into Organizational Activities Revenues (24%), Other Receipts (7%), Interest/Dividends (4%), Disposition of Capital Property (9.4%) and Membership Dues and Fees (52%). This group's dependency on government is among the lowest. This is offset with revenues primarily that are earned as Dues. As mentioned above, this group has the highest proportion of revenues from the disposition of capital property.</p> <p>The flow of these revenues however may not correlate with their expenditures possibly creating cash flow requirements. However, where dues would be payable once per year at a prescribed time, they would likely be in advance to cover overhead and operating costs.</p> <p>This NPO type had one of the highest average revenues of any group.</p>
Avg. Size	\$2,096,996
EXPENSES:	
Types	<p>Data not available.</p> <p>This group as a whole spent over \$270 million on salaries and benefits or 26% of revenues. Although there is no further data to indicate where the balance of their expenditures are made, it is estimated that the rest of their expenditures go to program/publications costs, operating expenses and servicing existing debt.</p>
Avg. Size	Data not available
Restrictions	No restrictions are evident with this group given their revenue sources.
DEBT RATIO	
Comparator	<p>SMEs Debt Ratio: \$0.73 - \$0.80</p> <p>By comparison to SMEs, this group's debt ratio is significantly lower. Furthermore, when compared to other NPO types, it ranks 7th of 9. This is due to the high proportion of cash, receivables and long-term investments held. This lower debt ratio would positively affect their ability to service debt instruments provided by lending institutions and their asset base would provide some security for additional financing if required.</p>
Summary of Financing Needs & Fit with CSBFA	
	<p>On the whole, this group appears to have strong liquidity in their assets with significant long-term investments. Their revenue sources show relative independence from government sources with no known restrictions on expenditures. It is believed that they would have an ongoing need for minor asset purchases in order to provide for the efficient delivery of their services and activities.</p>

Other Types

Note: As NPO organizations self-select their designation, the category of Other leaves it quite open to interpretation. There is no detailed explanation in the return guide for categorizing organizations. 64% of the total returns filed were in this category and yet it is doubtful if this is representative of the sector as a whole. The following analysis should be read within this context.

ACTIVITIES:	<p>The specific activities of the group as a whole are unknown, as it is believed that this type ends up as a 'catch all'. However, some examples of organizations we know to be included are condominium corporations, co-operative and affordable housing. Their activities would include the purchase and rental of housing and its related services such as maintenance. The focus of this analysis will be on the housing activities.</p>
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ASSETS:	
Avg.Size	\$3,002,410 Total Assets Fixed Assets \$1,874,675, Other Assets \$770,977, LT Investments \$341,112, Inventory \$15,646
Types	26% of their asset base is in Other Assets, 0.5% in Inventory, 11% in Long Term Investments and 62% in Fixed Assets. The average total fixed assets was the highest of the NPO types. In addition, the total fixed assets for this group represented a staggering 79% of the total for all groups combined. Based on the assumption that housing organizations make up the bulk of this group, the majority of fixed assets would likely be housing units. Furthermore, it is unknown why this group would possess such a large proportion of long-term investments. Short-term liquidity, as demonstrated through Other Assets, is among the worst.
LIABILITIES:	
Avg.Size	\$2,228,254
	The bulk of the liability base is likely mortgages, whose average size would undoubtedly exceed CSBFA eligibility. Unlike charities, NPOs are not mandated to have balanced budgets and it is believed that many carry deficits. It is unknown with this group whether ongoing deficits are a reality.
REVENUES:	
Sources	20% Government, 0.6% Gifts, 79% Other Income Other Income can be broken down into Organizational Activities Revenues (43%), Other Receipts (8%), Interest/Dividends (8%), Disposition of Capital Property (2%) and Membership Dues and Fees (19%). This group's dependency on government ranks 4 th of 9. Presumably the bulk of this funding comes from provincial sources as housing typically falls within that jurisdiction. This is offset with revenues primarily that are earned as rent and fees. The uneven flow of these revenues can often cause cash flow problems. It is not known whether this group experiences this, however rent would appear to be fairly consistent, as would condo fees.
Avg.Size	\$1,649,029
EXPENSES:	
Types	Data not available. This group as a whole spent almost \$2 billion on salaries and benefits or 24% of revenues. Although there is no further data to indicate where the balance of their expenditures are made, it is estimated that they would go to unit maintenance and operating costs as well as debt servicing. One of the greatest financing needs they would have would be for purchasing housing units. It appears, based on the acquisitions included in the asset base, that they have been successful in accessing financing for this.
Avg. Size	Data not available
Restrictions	Presumably there would be some restrictions on the provincial portion of revenues however, it is unknown what they may be.
DEBT RATIO	
Comparator	SMEs Debt Ratio: \$0.73 - \$0.80 By comparison to SMEs, this group's debt ratio is about the same. When compared to other NPO types, it ranks among the highest. This is due to the high proportion of leveraged fixed assets.
Summary of Financing Needs & Fit with CSBFA	
On the whole, this group appears to have successfully accessed significant financing in order to support their large fixed asset acquisitions over time. Their short-term liquidity is among the lowest however they have fairly significant long-term investments. Their revenue sources indicate a reliance	

	on government; particularly provincial government funding which has been going through restructuring across the country. It is believed that they would have an ongoing need for major fixed asset purchases that would likely be greater than the maximum set under the CSBFA.
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Summary of Financing Needs

VSO Type	Sub Category	Financing Needs/Extent Satisfied
CHARITIES	Hospitals and Teaching Institutions	<ul style="list-style-type: none"> a large asset base and considerable clout from which to obtain operating capital if required for major asset purchases, their foundations generally provide the monies
	Places of Worship	<ul style="list-style-type: none"> a large asset base and considerable clout from which to obtain operating capital if required for major asset purchases, specific long-term fundraising initiatives are developed to offset financing requirements many of their ongoing financing requirements would likely be operational versus asset based
	Foundations	<ul style="list-style-type: none"> a large asset base and considerable clout from which to obtain operating capital if required they do not appear to have a need for financing of the nature envisioned by the CSBFA
	Other Charitable Organizations	<ul style="list-style-type: none"> less financing options than other charitable groups due to a lack of access to large unencumbered assets or foundations for fundraising that the other non-Foundation groups have it is believed that for the most part, their financing needs are more operational than asset based which would not be eligible under the CSBFA
NPOs	Multicultural	<ul style="list-style-type: none"> it is believed that for the most part, their financing needs are more operational than asset based and where major assets are required (buildings), the size would likely exceed CSFA eligibility.
	Agricultural	<ul style="list-style-type: none"> they have large amounts of liquid assets from which to make purchases or leverage financing so the need for financing is not apparent their average revenue size would effectively eliminate their potential participation in the CSBFA.
	Boards of Trade & Chambers	<ul style="list-style-type: none"> although no significant demonstrated need for fixed assets appears, where there is a need, they should be able to access financing based on their relatively unencumbered asset base.

Arts or Cultural	<ul style="list-style-type: none"> ▪ an asset base that is largely leveraged already, a significant dependency on government for funding and cash flow problems all suggest that they face more difficulty in accessing financing. ▪ it is believed that for the most part their financing needs are more operational than asset based which would not be eligible under the CSBFA.
Civic Improvement	<ul style="list-style-type: none"> ▪ There appears to be gaps in this group's financing requirements although the differences among organizations included in this group would likely vary significantly. ▪ it is believed that for the most part, their financing needs are more operational than asset based which would not be eligible under the CSBFA.
Educational	<ul style="list-style-type: none"> ▪ It is believed that for the most part, that their financing needs would center on computer equipment, furniture and leaseholds which would all be eligible under the CSBFA, however it is felt that the majority of their financing needs would be operational.
Recreational or Social	<ul style="list-style-type: none"> ▪ Their large proportion of revenues spent on salaries and benefits does not leave much room for operating costs and debt servicing. ▪ It is believed that for some organizations within this group, they would have ongoing needs to purchase assets of the nature that would be eligible under the Act. However, many social organizations, having already purchased their buildings, would not have a significant ongoing need to make asset purchases or even major leasehold improvements.
Professional Associations	<ul style="list-style-type: none"> ▪ It is believed that they would have an ongoing need for minor asset purchases (those eligible under CSBFA) in order to provide for the efficient delivery of their services and activities ▪ With their strong liquidity and significant long-term investments, they would likely be able to access financing to meet their needs.
Other Types	<ul style="list-style-type: none"> ▪ On the whole, this group appears to have successfully accessed significant financing in order to support their large fixed asset acquisitions over time. ▪ Based on the assumption that housing activities make up the bulk of this group. It is believed that they would have an ongoing need for major fixed asset purchases that would likely be greater than the maximum set under the CSBFA.

Conclusion

In reviewing the analysis of the voluntary sector as a whole, it appears that many of the financing needs of these organizations are likely operational or are too large for eligibility under the CSBFA. There are however, large variances in financing needs within this sector.

Where needs exist for eligible asset purchases, some organizations require significant equipment to run their operations. Arts and Cultural organizations for example, have a requirement for expensive woodworking equipment to build sets. The bulk of organizations however, will mostly require smaller asset purchases such as minor leaseholds and office equipment upgrades. For assets of this nature, the cost of utilizing CSBF programs would have to be weighed against existing access to financial sources to determine what is best for the organization.

VSO access to capital issues were addressed recently by the Canadian Centre for Philanthropy in their submission to the Panel on Accountability and Governance in the Voluntary Sector,

"While there are concerns about the inability of voluntary groups to gain access to capital, these seem to relate primarily to practices within the financial services sector rather than to legislative barriers."

This suggests that the problem with accessing capital by the VSO sector possibly lies in a lack of understanding of the nature of VSOs as well as the corresponding difficulty in adequately assessing the risks involved in providing financing to them. Talk to a banker about financing a theatre group or social club and they will likely roll their eyes. This will need to be addressed if CSBFA is extended to the voluntary sector.

CSBFA, as demonstrated through its utilization by SMEs, *could* be a valuable tool to *some* VSOs in meeting their financing needs. Further analysis of the *specific* types of organizations, based on direct consultation, needs to be undertaken in order to be effective.

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Appendix One – Registered Charity Information Return



REGISTERED CHARITY INFORMATION RETURN

Attach your preprinted label here.

Legal name of charity

Address - c/o Name of person or position

Postal Address

City

Province or territory

Postal code

If you did not receive a preprinted label, provide the following information and complete lines 001, 002, and 003.

Charity's telephone number

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Charity's fax number

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Charity's Web site address

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Charity's E-mail address

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

If you did receive a preprinted label, see the guide for details on how to check the information on the label. If the information is correct, go to question A2. However, if the label needs changing, make corrections on the appropriate line or lines below. Do not fill out all the lines - only those required to enter the corrections. The guide will tell you if you need to submit supporting documents before we can accept the changes.

Legal name of charity

Address - c/o Name of person or position

Postal address

City

Province

Postal code

BN/Registration number

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Return for fiscal period ended

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Charity's designation (please check - ✓)

☐

A. Public foundation

☐

B. Private foundation

☐

C. Charitable organization

Did the charity use names other than its legal name for fund-raising or other purposes? ☐ Yes ☐ No

If yes, please print those names below.

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Was the charity an internal division of another registered charity (i.e., it had no governing documents establishing its independent existence)? ☐ Yes ☐ No

If yes, what is the name and BN/registration number of the other charity?

Name

BN/Registration number

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Was the charity linked to a provincial, national, or international organization? ☐ Yes ☐ No

If yes, what is the name of this organization and its location (city and province for organizations located in Canada; city and country for organizations located elsewhere)?

Name

Location

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Is this the first return the charity has filed since it was registered? ☐ Yes ☐ No

Is this a final return (e.g., the charity has dissolved)? ☐ Yes ☐ No

If yes, please see the guide.

Is the charity a religious organization that meets all the criteria set out in the guide for exemption from completing some sections of the return? ☐ Yes ☐ No

Usually, the only religious organizations exempted are those that have never issued any tax receipts. See the guide for details.

If the charity was designated a **charitable organization**, go to question C5.

If the charity was designated a **public** or **private foundation** (see question A1), was the foundation:

- a fund-raising intermediary (e.g., United Way)? ☐ Yes ☐ No
- a provider of support for a specific **qualified donee**? ☐ Yes ☐ No
- an **employees' charity trust**? ☐ Yes ☐ No
- a charitable trust of a service club or fraternal society? ☐ Yes ☐ No

Indicate in which of the following fields the charity carried on **programs** to accomplish its charitable purposes and the approximate percentage of time and resources it devoted to the selected fields. Please find the field in the list below that best describes the charity's work. Beside each listed field is a field code, made up of a letter plus a number. Enter the field code representing the field in which the charity was primarily involved on line 041. Charities involved in a secondary field should enter that field code on line 042. If needed, use lines 043 and 044 to indicate further fields.

Grant-making charities should select the field or main fields which they supported with their funds.

A charity active in only one field should enter "100%" on line 045. Otherwise, on lines 045 to 048, enter approximate percentages to indicate the amount of effort the charity devoted to each of its selected fields. Percentages entered on lines 045 to 048 don't have to add up to 100, since a charity may be involved in more than four fields.

	Field code	Approx. % of emphasis given to field
Most important field	<input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> %
2nd most important field	<input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> %
3rd most important field	<input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> %
4th most important field	<input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> %

Fields

Social services in Canada

- A1 housing for seniors, low-income people, and those with disabilities
- A2 food or clothing banks, soup kitchens, hostels
- A3 employment preparation and training
- A4 legal assistance and services
- A5 other services for low-income people
- A6 seniors' services
- A7 services for the physically or mentally challenged
- A8 children and youth services/housing
- A9 services for aboriginal people
- A10 emergency shelter
- A11 family and crisis counselling, financial counselling
- A12 immigrant aid
- A13 rehabilitation of offenders
- A14 disaster relief

International aid and development

- B1 social services (any listed under A1-A13 above)
- B2 infrastructure development
- B3 agricultural programs
- B4 medical services
- B5 literacy/education/training programs
- B6 disaster/war relief

Education and research

- C1 scholarships, bursaries, awards
- C2 support of schools and education (e.g., parent-teacher groups)
- C3 universities and colleges
- C4 public schools and boards
- C5 independent schools and boards
- C6 nursery programs/schools (see below under "Other community benefits" for daycare)
- C7 vocational and technical training (not delivered by universities/colleges/schools)
- C8 literacy programs
- C9 cultural programs, including heritage languages
- C10 public education, other study programs
- C11 research (scientific, social science, medical, environmental, etc.)
- C12 learned societies (e.g., Royal Astronomical Society)
- C13 youth groups (Girl Guides, cadets, 4-H clubs, etc.)

Culture, arts

- D1 museums, galleries, concert halls, etc.
- D2 festivals, performing groups, musical ensembles
- D3 arts schools, grants and awards for artists
- D4 cultural centres and associations
- D5 historical sites, heritage societies

Religion (see the guide)

- E1 places of worship, congregations, parishes, dioceses, fabriques, etc.
- E2 missionary organizations, evangelism
- E3 religious publishing and broadcasting
- E4 seminaries and other religious colleges
- E5 social outreach, religious fellowship, and auxiliary organizations (e.g., women's auxiliaries)

Health

- F1 hospitals
- F2 nursing homes, hospices
- F3 clinics
- F4 services for the sick
- F5 mental-health services and support groups
- F6 addiction services and support groups
- F7 other mutual-support groups (e.g., cancer patients)
- F8 promotion and protection of health, including first-aid and information services
- F9 specialized health organizations, focussing on specific diseases/conditions

Environment

- G1 nature, habitat-conservation groups
- G2 preservation of species, wildlife protection
- G3 general environmental protection, recycling services

Other community benefits

- H1 agricultural and horticultural societies
- H2 welfare of domestic animals
- H3 parks, botanical gardens, zoos, aquariums, etc.
- H4 community recreation facilities, trails, etc.
- H5 community halls
- H6 libraries
- H7 cemeteries
- H8 summer camps
- H9 daycare/after-school care
- H10 crime prevention, public safety, preservation of law and order
- H11 ambulance, fire, rescue, and other emergency services
- H12 human rights
- H13 mediation services
- H14 consumer protection
- H15 support and services for the charitable sector

Other

I1 (please specify)

Please attach a separate copy of the charity's own financial statements. ☐ Attached
 Would you like Revenue Canada to make these separately attached financial statements available to the public (see the guide)? ☒ Yes ☐ No
Figures on financial statements can differ from those in Section D because they are based on different accounting principles.

Statement of assets and liabilities

Assets

Cash on hand and in bank accounts ☐ ☐
 Amounts receivable from founders, directors/trustees, employees, members, or individuals and organizations not at arm's length to them ☐ ☐
 Amounts receivable from others ☐ ☐
 Other investments ☐ ☐
 Fixed assets and inventory used in charitable programs ☐ ☐
 Other fixed assets and inventory ☐ ☐
 Other assets (please specify) ☐ ☐
Total assets (add lines 051 to 057) ☐ ☐

Liabilities

Contributions, gifts, and grants payable for charitable programs ☐ ☐
 Amounts payable to founders, directors/trustees, employees, members, or individuals and organizations not at arm's length to them ☐ ☐
 Amounts payable to others ☐ ☐
 Other liabilities (please specify) ☐ ☐
Total liabilities (add lines 061 to 064) ☐ ☐

Statement of receipts and disbursements

Was the following financial information prepared on an accrual or a cash basis (see the guide)? ☒ Accrual ☐ Cash
 Report gross amounts received except where otherwise specified.

Gifts and grants received this fiscal period

Tax-receipted gifts are those for which the charity has or will issue an **official donation receipt** for income tax purposes. **Other gifts** are those for which the charity issued no receipt or issued an ordinary, non-tax receipt. For more information, please see the guide.

Total tax-receipted gifts ☐ ☐
 How much of the amount on line 100 was received from other registered charities (see the guide)? ☐ ☐
Total other gifts ☐ ☐
 How much of the amount on line 102 was received from other registered charities? ☐ ☐
Government grants
 Federal ☐ ☐
 Provincial/territorial ☐ ☐
 Municipal ☐ ☐
 Other (please specify) ☐ ☐
Total (add lines 104 to 107, and enter the total on line 108) ☐ ☐

Amounts received from other sources this fiscal period

Memberships not reported above as gifts ☐ ☐
 Rental income (land and buildings) ☐ ☐
 Receipts from governments ☐ ☐
 Other fees and earned income ☐ ☐
 Payments from fund-raising activities not reported above as gifts ☐ ☐
 Interest and dividends ☐ ☐
 Net realized capital gains (losses) ☐ ☐
 Other income (please specify) ☐ ☐
Total amounts received from all sources (add lines 100, 102, and 108 to 117) ☐ ☐

Disbursements this fiscal period

Operation of charitable programs
 • expenditures on charitable work the charity itself carried out ☐ ☐
 • gifts to **qualified donees** (from line 503) ☐ ☐
Management and general administration ☐ ☐
Fund-raising ☐ ☐
Political advocacy, activities (see the guide) ☐ ☐
Other disbursements (please specify) ☐ ☐

Was the charity's total of amounts received (line 118) more than \$30,000? ☐ Yes ☐ No

If *no*, it is not necessary to answer the remaining questions in this section. Go to Section F.

If *yes*, please answer the questions in this section.

Did the charity charge fees for, or otherwise receive regular revenue from, any of the following?

- gift shops ☐ Yes ☐ No
- bookstores, publications, and tapes ☐ Yes ☐ No
- donated clothing, furniture, and other used goods ☐ Yes ☐ No
- education, courses, seminars, and conferences ☐ Yes ☐ No
- artistic performances, theatre, concerts, and exhibitions ☐ Yes ☐ No
- shelter, housing, and rooms ☐ Yes ☐ No
- parking ☐ Yes ☐ No
- other rentals (e.g., banquet hall, equipment) ☐ Yes ☐ No
- housekeeping services ☐ Yes ☐ No
- transportation ☐ Yes ☐ No
- food, cafeteria services, meals, and catering ☐ Yes ☐ No
- medical and health care ☐ Yes ☐ No
- counselling ☐ Yes ☐ No
- nursery and day care ☐ Yes ☐ No
- memberships entitling user to facilities or services (e.g., swimming pool, exercise room) ☐ Yes ☐ No
- copyrights, royalties, and licensing agreements ☐ Yes ☐ No
- product endorsements ☐ Yes ☐ No
- member or donor mailing lists ☐ Yes ☐ No
- other sources of revenue (please specify) ☐ Yes ☐ No

What was the resulting gross and net revenue to the charity from the sources listed in question E2?

If the charity had no revenue from any of the above sources, enter "0" for both gross and net revenue.

Gross revenue ☐ \$ ☐ Net revenue ☐ \$

Did the charity use any of the following fund-raising methods?

- auctions ☐ Yes ☐ No
- mail campaigns (including E-mail) ☐ Yes ☐ No
- telephone solicitation ☐ Yes ☐ No
- door-to-door canvassing ☐ Yes ☐ No
- sales (e.g., cookies, chocolate bars) ☐ Yes ☐ No
- collection boxes ☐ Yes ☐ No
- advertisements, posters, flyers, and radio and TV commercials ☐ Yes ☐ No
- telethons ☐ Yes ☐ No
- anonymous donations, loose collections ☐ Yes ☐ No
- bingos, casino nights ☐ Yes ☐ No
- swim-a-thons, walk-a-thons, bike-a-thons, etc. ☐ Yes ☐ No
- draws and lotteries ☐ Yes ☐ No
- fund-raising dinners, galas, concerts ☐ Yes ☐ No
- tournaments and sports events ☐ Yes ☐ No
- other (please specify) ☐ Yes ☐ No

If you answered *yes* to any of the items in question E4, complete questions E5, E6, and E7 below. Otherwise, go to question E8.

What was the total amount of funds raised through these activities (i.e., gross revenue)? ☐ \$

Did the charity hire outside professional fund-raisers? ☐ Yes ☐ No

If *yes*, were the professional fund-raisers retained:

- on a commission basis? ☐ Yes ☐ No
- on a fee basis? ☐ Yes ☐ No

What was the total of amounts paid to or retained by the professional fund-raisers? ☐ \$

Describe the main fund-raising activity, event, or campaign (in terms of gross revenue) carried out during this fiscal period.

Type of activity: _____

How often was this activity held during the fiscal period? _____

How many of the people working on the activity were volunteers? (estimated percentage) _____

If a professional fund-raiser was used, how much was paid to or retained by the fund-raiser? \$ _____

What were the charity's net proceeds from the activity? \$ _____

Did the charity operate a **planned-giving program**? ☐ Yes ☐ No

If yes, did the charity help people donate to it by means of:

• bequests? ☐ Yes ☐ No

• annuities? ☐ Yes ☐ No

• life insurance policies? ☐ Yes ☐ No

• residual interests or charitable remainder trusts? ☐ Yes ☐ No

Compensation in this section includes all forms of remuneration (e.g., salaries, fees, and honoraria) and benefits (e.g., the personal use of a car or office space).

On average, how many compensated positions did the charity have during the fiscal period? ☐ _____

If the charity did not compensate anyone, enter "0".

Did the charity employ compensated **managers** on a permanent, part-time, or contract basis who were responsible for administering the daily operations of the charity? ☐ Yes ☐ No

If yes, for the five most highly compensated managers, show how many had compensation packages in each of the following ranges:

☐ \$1-29,999

☐ \$30,000-49,999

☐ \$50,000-69,999

☐ \$70,000-89,999

☐ \$90,000-109,999

☐ \$110,000-129,999

☐ \$130,000-149,999

☐ \$150,000+

Did the charity compensate its **directors/trustees**? ☐ Yes ☐ No

If yes, attach an explanation describing the services for which the directors/trustees received compensation and the amounts involved.

Apart from compensation, did the charity directly or indirectly transfer any part of its income or assets (see the guide) to:

• its founders? ☐ Yes ☐ No

• its **directors/trustees**? ☐ Yes ☐ No

• its employees? ☐ Yes ☐ No

• its members? ☐ Yes ☐ No

• individuals not at **arm's length** to anyone included in the four preceding groups? ☐ Yes ☐ No

• an organization controlled by or not at **arm's length** to any individuals included in the five preceding groups? ☐ Yes ☐ No

If you answered yes on any of lines 311 to 316, attach a statement explaining the transactions.

A charity can legally pursue political activities that are non-partisan, related to its charitable purposes, and limited in extent.

Political activities are those designed to influence law, policy, and public opinion (see line 124 in the guide).

During the fiscal period, did the charity attempt to influence public opinion or to affect legislation or policy using any of the following means?

• media advertisements ☐ Yes ☐ No

• conferences, workshops, speeches, or lectures ☐ Yes ☐ No

• publications, or published or broadcast statements ☐ Yes ☐ No

• rallies, demonstrations, or public meetings ☐ Yes ☐ No

• mailings to elected officials or the public ☐ Yes ☐ No

• meetings with elected officials or their staff ☐ Yes ☐ No

• presentations or briefs to elected or appointed officials ☐ Yes ☐ No

• letter-writing campaigns ☐ Yes ☐ No

• other (please specify) _____ ☐ Yes ☐ No

Did the charity give money or other forms of support either as a gift to a **qualified donee** to help the recipient organization carry on political activities, or as payment to another organization or individual to help the charity conduct its own political activities? . . . ☒ Yes ☐ No

If *yes*, provide the name and location of the recipient. If a recipient is also a registered charity, provide the BN/registration number.

The terms **qualified donee**, **specified gift**, and **associated charity** are explained in the guide.

Did the charity make gifts to qualified donees? ☒ Yes ☐ No

If *no*, go to section I.

If yes, provide the information outlined below. Please enter the total amount the charity gave each donee during the fiscal period, and list donees in order of the amount they received from largest to smallest.

[illegible]

Total amounts given to qualified donees (add lines 501 and 502)

Amounts refer to Canadian funds.

Did the charity make any direct expenditures to conduct programs outside Canada (see the guide)? ☐ Yes ☐ No

If *no*, do not answer the remaining questions in this section. Go to section J.

Were the charity's direct expenditures on programs outside Canada more than \$10,000? ☐ Yes ☐ No

If *no*, do not answer questions I3, I4, I5, and I6. Enter the total the charity spent on these programs on line 640.

Please describe the charity's involvement in programs outside Canada.

Were any of these programs carried on:

• by employees of the charity? ☐ Yes ☐ No

If *yes*, what were the total remuneration and benefits the charity paid these employees? \$

What were the total of other expenditures related to carrying out these programs (including the value of equipment and supplies)? \$

• under agency or contract with other organizations or individuals? ☐ Yes ☐ No

If *yes*, indicate the total expenditures and complete the following: \$

Name of organization or individual	Location (city and country)	Amount (\$)

• under other arrangements (e.g., joint venture; see the guide)? ☐ Yes ☐ No

If *yes*, what were the total expenditures? \$

Please describe the nature of these arrangements.

If you recorded expenditures on lines 611, 612, 614, or 616, complete question I5.

If *no*, go to question I6.

Does the charity:

• issue instructions, directing the use of its funds? ☐ Yes ☐ No

• retain legal responsibility for the use of its funds? ☐ Yes ☐ No

• receive a detailed breakdown of expenditures at least annually? ☐ Yes ☐ No

• make periodic on-site visits to verify reports it receives? ☐ Yes ☐ No

• give prior approval for the specific allocation of funds? ☐ Yes ☐ No

• make instalment payments based on progress reports? ☐ Yes ☐ No

• maintain records in Canada substantiating how its resources were used in other countries? ☐ Yes ☐ No

Did the charity make gifts to **qualified donees** outside Canada? ☐ Yes ☐ No

If *yes*, what was the total amount of such gifts? \$

Total direct expenditures outside Canada (add lines 611, 612, 614, 616, and 631) \$

I certify that the information given on this form and in all schedules and attached statements is, to the best of my knowledge, correct and complete.

Signature

Name (please print)

Position

Date signed

SCHEDULE A: CHECKLIST

1. Has the charity made any changes to its **governing documents** that it has not previously reported? ☐ Yes ☐ No
If *yes*, please submit an official copy of the changes.
2. Did the charity issue **tax receipts** only when it received gifts of **property** (as opposed to contributions of services)? ☐ Yes ☐ No
If *no*, see the guide.
3. Did the charity use a different type of receipt, from the tax receipts it used to acknowledge donations, to acknowledge payments that are not gifts (e.g., tuition fees, from hall rentals)? ☐ Yes ☐ No ☐ N/A
If *no*, see the guide.
4. Did the charity issue tax receipts showing a date in the previous calendar year for donations it received in January or later? ☐ Yes ☐ No
If *yes*, see the guide.
5. Has the charity issued tax receipts to acknowledge **non-cash gifts** (i.e., gifts in kind), such as paintings, equipment, vehicles, or land? ☐ Yes ☐ No
If *yes*, what was the total amount for which it issued such receipts? \$ _____
What was the value of the largest non-cash gift for which it issued a tax receipt? \$ _____
If the amount on line 706 is more than \$1,000, what type of property was involved, and how did the charity establish the fair market value of the gift?

6. Has the charity returned any donation to a donor? ☐ Yes ☐ No
If *yes*, attach a statement providing details.
7. Did the charity accept an amount that the donor had designated for the use or benefit of any individual or another organization? ☐ Yes ☐ No
If *yes*, attach a statement providing details.
8. Did the charity transfer an amount to a **qualified donee** on the understanding that the qualified donee would give these funds to another organization? ☐ Yes ☐ No
If *yes*, attach a statement providing details.
9. Did the charity operate a school providing religious or religious-and-academic instruction? ☐ Yes ☐ No
If *yes*, how much did the charity receive in total payments for tuition? \$ _____
For how much of the total on line 711 did the charity issue tax receipts? \$ _____
10. Did the charity hold fund-raising dinners, balls, concerts, shows, or similar events? ☐ Yes ☐ No
If *yes*, how much did the charity receive in total payments for admission to these events? \$ _____
For how much of the total on line 714 did the charity issue tax receipts? \$ _____
11. Did the charity receive gifts or sponsorship fees from a **business**? ☐ Yes ☐ No
If *yes*, how much did the charity receive? \$ _____
For how much of the total on line 717 did the charity issue tax receipts? \$ _____
12. Has the charity ever received a gift of **cultural property**? ☐ Yes ☐ No
If *yes*, during this fiscal period, did the charity dispose of any cultural property it received within the last five years other than to a designated institution or public authority? ☐ Yes ☐ No
If you answered *yes* on line 720, see the guide.
13. Has the charity ever received a gift of **ecological property**? ☐ Yes ☐ No
If *yes*, during this fiscal period, did the charity dispose of or change the use of any ecological property without obtaining the permission of the Minister of the Environment? ☐ Yes ☐ No
If you answered *yes* on line 722, see the guide.
14. Did the charity receive gifts by way of **charitable remainder trusts**? ☐ Yes ☐ No

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15. Did the charity acquire a **non-qualifying security** or allow a donor to use any of the charity's property during the fiscal period? ☐ Yes ☐ No
If *yes*, see the guide.
16. If the charity paid remuneration and benefits to employees, did it issue T4 slips? ☐ Yes ☐ No ☐ N/A
If *no*, see the guide.
17. If the charity awarded scholarships or bursaries, did it file a T4 Summary and a T4A Supplementary for each payment? ☐ Yes ☐ No ☐ N/A
If *no*, see the guide.
18. Does the charity keep complete books and records at a location in Canada? ☐ Yes ☐ No
If *no*, see the guide.

19. The charity's books and records are in the care of:

Mr. ☐ Mrs. ☐ Miss ☐ Ms. ☐

Present location

Number, street, apt. no., or lot and concession no.

City

Province and postal code

Phone number ()

20. Please identify the individual who completed this return.

Mr. ☐ Mrs. ☐ Miss ☐ Ms. ☐

Present address

Firm name (if applicable)

Number, street, apt. no., or R.R. no.

City

Province and postal code

Phone number ()

Fax number ()

Occupation

For public foundations and private foundations only

21. Has the foundation acquired control of a corporation?
If *yes*, attach a statement providing details. ☐ Yes ☐ No
22. Has the foundation incurred debts, other than debts for current operating expenses, for the purchase and sale of investments, and for administering charitable programs?
If *yes*, attach a statement providing details. ☐ Yes ☐ No

For private foundations only

23. Did the foundation hold any shares, rights to acquire such shares, or debts owing to it that meet the definition of a **non-qualified investment** (see the guide)?
If *yes*, attach a statement providing details. ☐ Yes ☐ No

SCHEDULE B: STATEMENT OF PROPERTY ACCUMULATED

Only those charities that have received our written permission to treat certain retained amounts as expenditures for the purposes of the disbursement quota should complete this schedule.

If we have granted the charity more than one written approval to accumulate property, please attach a statement on each approval using the following format.

Amount for which the Department granted permission to accumulate property \$

Expiry date of the accumulation period stated in the written approval

Year	Month	Day	Day	Day

Specific purpose for which the Department granted permission to accumulate property

Does the charity still intend to use the accumulated amount for this specific purpose? ☐ Yes ☐ No
If *no*, see the guide.

Balance still to be disbursed (line 756 of last year's return) \$

Amount accumulated, including income the charity earned on property it had previously accumulated, in this fiscal period (enter this amount on line 833 of Schedule C) \$

Total (add lines 752 and 753) \$

Amount disbursed for the specific purpose outlined above during this fiscal period \$

Balance still to be disbursed (subtract line 755 from line 754) \$

SCHEDULE C: DISBURSEMENT QUOTA

Part I - Finding out the minimum amount the charity should have spent on charitable programs this fiscal period

A charitable organization filing its first return since it was registered does not have to complete Part I; when completing Part II, enter "0" at line 835. Newly registered public and private foundations, see the guide.

Section 1 - For all charities completing Part I

For section 1, use figures from last year's return

Enter:

Total tax-receipted gifts the charity received the previous year (line 901 of last year's return) \$

Tax-receipted bequests the charity received the previous year (line 902 of last year's return) \$

Tax-receipted 10-year gifts the charity received the previous year (line 903 of last year's return) \$

Tax-receipted gifts from other registered charities the charity received the previous year (line 904 of last year's return) \$

Add lines 802, 803, and 804 \$

Subtract line 805 from line 801 \$

Multiply line 806 by 80% \$

Section 2 - For all charities completing Part I

Enter amounts the charity spent in this fiscal period which it had excluded from its disbursement quota on lines 802 or 803 of a previous year's return (bequests and 10-year gifts) \$

Multiply line 808 by 80% \$

Add lines 807 and 809 \$

If the charity is a charitable organization, line 810 indicates the minimum amount which the charitable organization should have spent on charitable programs this fiscal period. Go to Part II. You do not have to complete sections 3 and 4 of Part I.

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Section 3 - For public and private foundations only

For section 3, use figures from last year's return.

Enter:

Total gifts the charity received the previous year from other registered charities (line 911 of last year's return)

Specified gifts the charity received the previous year (line 912 of last year's return)

Subtract line 812 from line 811

Private foundations: Enter the amount from line 813 **Public foundations:** Multiply line 813 by 80% **Section 4 - For public and private foundations only**

Enter:

Average value of the foundation's investment property (see the guide)

Figure from line 806 above

Figure from line 808 above

Figure from line 813 above

Add lines 821, 822, and 823

Subtract line 824 from line 820 (if negative, enter "0")

Adjust for non-standard fiscal period if necessary (multiply line 825 by the number of days in the fiscal period, and divide by 365)

Multiply line 825 or line 826 by 4.5%

Add lines 810, 814, and 827

Line 828 indicates the minimum amount the foundation should have spent on charitable programs this year.

Part II - Finding out whether the charity met the minimum spending requirementAll charities should complete this part. Use figures from **this year's** return.

Enter:

Total spent on charitable work the charity itself carried out (from line 120)

Gifts to qualified donees other than specified gifts (from line 501)

Deemed expenditure: Special relief amount (see the guide)

Deemed expenditure: Accumulated property (from line 753)

Total expenditures the charity can apply toward meeting its disbursement quota (add lines 830, 831, 832, and 833)

Minimum amount that the charity must spend on charitable programs (line 810 for charitable organizations, or line 828 for foundations)

If the amount on line 834 is **more** than the amount on line 835, the charity may have a disbursement excess – that is, it may have spent more than the minimum required on charitable programs during the year. It can use this excess to cover a shortfall in the immediately preceding year, or it can carry it forward to cover any shortfalls in any of the next five years. Go to Part III.

If the amount on line 834 is **less** than the amount on line 835, the charity may have a disbursement shortfall – that is, it may not have spent enough on charitable programs during the year. It can use a previous disbursement excess to cover this shortfall, or ensure that it spends more next year. Go to Part IV.

Part III - Calculating the charity's disbursement excess

Disbursement excess (subtract line 835 from line 834)

Portion of the amount on line 840 the charity is using to cover a disbursement shortfall in its immediately preceding fiscal period

Current year's net disbursement excess available for carry-forward (subtract line 841 from line 840)

Go to Parts V and VI.

Part IV - Calculating the charity's disbursement shortfall

Disbursement shortfall (subtract line 834 from line 835)

Previous years' disbursement excesses the charity is using to cover the shortfall (from line 848 below)

Net disbursement shortfall (subtract line 846 from line 845)

Go to Parts V and VI.

Part V - Keeping track of disbursement excesses

Part V is optional (see the guide).

Fiscal period	Available for carry-forward at end of last fiscal period	Minus: amount applied to current shortfall*	Available for carry-forward to next year
19____ (5 years ago)			
19____ (4 years ago)			
19____ (3 years ago)			
19____ (2 years ago)			
19____ (1 year ago)			
Total			
Net disbursement excess of this fiscal period (from line 842 above)			
Total available for carry-forward			

*When covering shortfalls, use available excesses chronologically, starting with the earliest year (5 years ago).

Part VI - Preparing for next year

All charities have to complete Part VI. It provides us with essential information on the gifts the charity received this fiscal period. As well, it will make the charity's task easier: next year, it can simply copy these figures into the relevant sections of Part I when completing Schedule C.

A **charitable organization** that has received a **specified gift** should use line 912 below to report its receipt. This entry is only for our information and does not affect the organization's disbursement quota next year. Do not complete lines 911, 913, or 914.

Section 1 - For all charities

Enter:

Total tax-receipted gifts the charity received this fiscal period (line 100 of this year's return), plus any accumulated property deemed to be a tax-receipted gift the charity received this fiscal period (see Schedule B in the guide)		
Tax-receipted bequests the charity received this fiscal period		
Tax-receipted 10-year gifts the charity received this fiscal period		
Tax-receipted gifts from other registered charities the charity received this fiscal period (line 101 of this year's return)		
Add lines 902, 903, and 904		
Subtract line 905 from line 901		
Multiply line 906 by 80%		

Section 3 - For public and private foundations only

Enter total gifts the charity received this fiscal period from other registered charities (add lines 101 and 103 of this year's return)		
Enter specified gifts the charity received this fiscal period		
Subtract line 912 from line 911		
Private foundations: Enter the amount from line 913		
Public foundations: Multiply line 913 by 80%		

Appendix Two – Non-Profit Organization Information Return

Section D – Remuneration

Total remuneration and benefits paid to all employees and officers	120	
Total remuneration and benefits paid to employees and officers who are members	121	
Other payments to members (please describe)	122	
Number of members in the organization		
Number of members who received remuneration or other amounts		

Section E – The organization's activities

Briefly describe the activities of your organization:

Are any of the organization's activities carried on outside of Canada? Yes ☐ 1 ☐ No ☐ 2 ☐

If *yes*, please indicate where:

Section F – Location of books and records

Name of person to contact			
Postal address			
City			
Province	Postal code	Area code	Telephone number

Section G – Certification

To be signed only by a current officer of the organization.

I, _____	, of	
[Name of officer whose signature appears below (please print)]		(Address)

certify that the information given on this return is, to the best of my knowledge, correct and complete.

Authorized officer's signature	Position or office within the organization
--------------------------------	--

Area code	Organization's telephone number	Date	Year	Month	Day	Language of correspondence	Langue de correspondance
						Please indicate the language of your choice	Veuillez indiquer la langue de votre choix
						1 English <input type="checkbox"/>	2 Français <input type="checkbox"/>
						Andais <input type="checkbox"/>	French <input type="checkbox"/>

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