

# Financial Challenges of Nonprofit and Voluntary Organizations



Although Canada's nonprofit and voluntary sector has a substantial economic presence, many organizations nevertheless face significant financial challenges. The 2003 National Survey of Nonprofit and Voluntary Organizations (NSNVO) found, for example, that almost half of Canada's 161,000 nonprofit and voluntary organizations report problems obtaining funding.

Specifically, 48% of organizations said that they have difficulty obtaining funding from other organizations, including government; 20% said that this problem is serious. The same proportion of organizations said that they have difficulty obtaining funding from individuals, although only 13% said that this problem is serious. Finally,

42% of organizations said that they have difficulty earning revenue (11% said the problem is serious).

## Annual Revenues

The higher an organization's annual revenues, the more likely it is to report problems obtaining funding from other organizations. Only 41% of organizations with annual revenues under \$30,000 report this problem, compared to 61% of organizations with annual revenues of \$10 million or more.

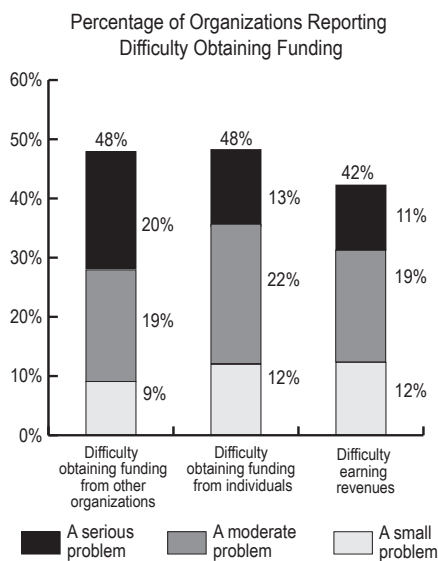
The likelihood that an organization will report problems obtaining funding from individuals peaks at 54% among organizations with annual revenues between \$100,000 and \$249,999. Problems

earning revenues are reported by between 40% and 44% of organizations with annual revenues under \$10 million, compared to only 22% of organizations with revenues of \$10 million or more.

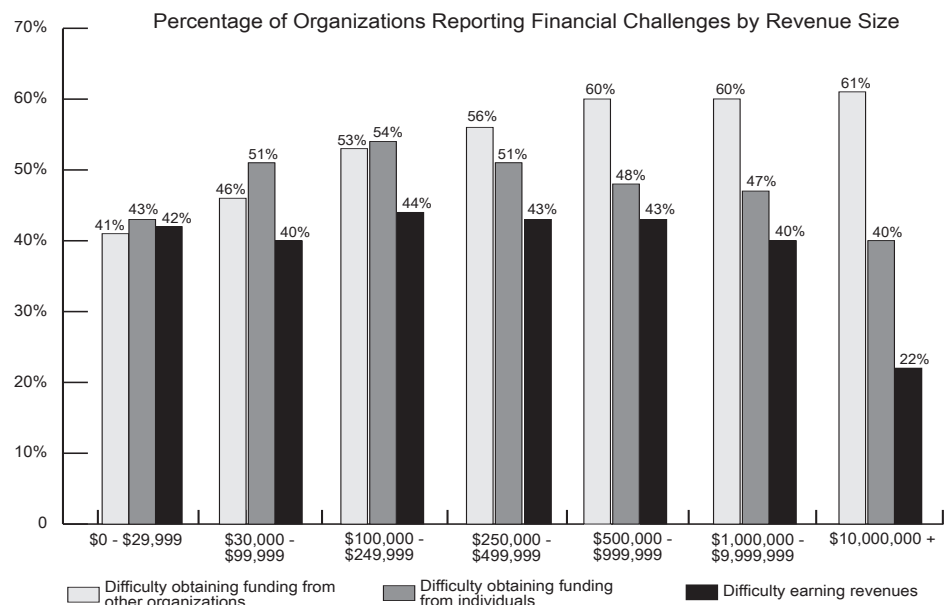
## Activity Area

In most activity areas, more than half of organizations report difficulty obtaining funding from other organizations. This problem is reported most frequently among organizations working in the areas of Health (73%), Arts and Culture (70%), Social Services (67%), and Law, Advocacy and Politics (66%).

Well over three-quarters of Universities and Colleges (84%) report difficulty obtaining funding from individuals. Other areas where



Note: Percentages may not add to totals due to rounding.



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this problem is common include Health (63%), Arts and Culture (63%), Social Services (60%), and International (60%). This problem is reported least often among Development and Housing organizations (22%).

Arts and Culture organizations are more likely than any other type of organization to report difficulty earning revenue (60%). Approximately half the organizations working in the areas of Law, Advocacy, and Politics (53%),

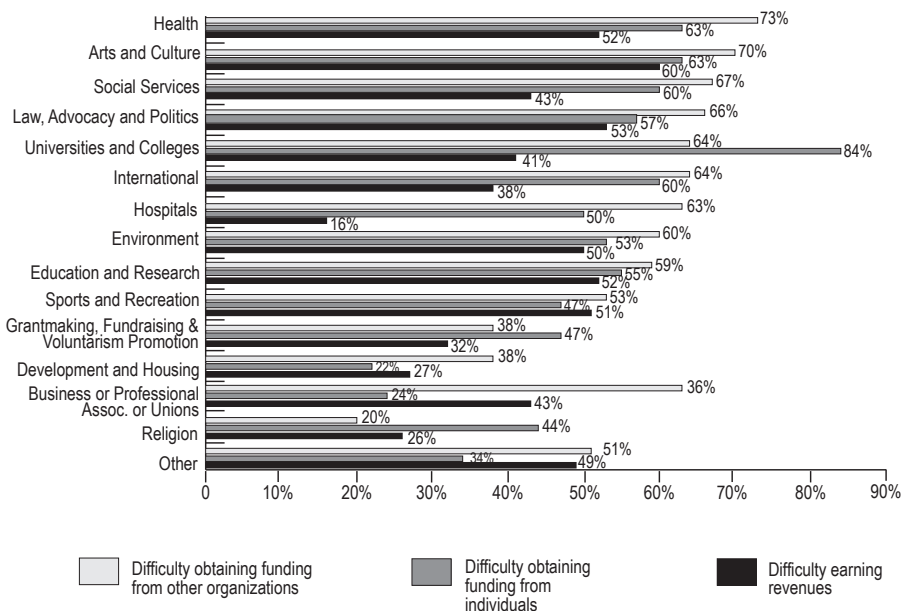
Health (52%), Education and Research (52%), and Sports and Recreation (51%) also report this problem. It is reported least often among Religious organizations (26%) and Development and Housing organizations (27%).

## External Funding Challenges

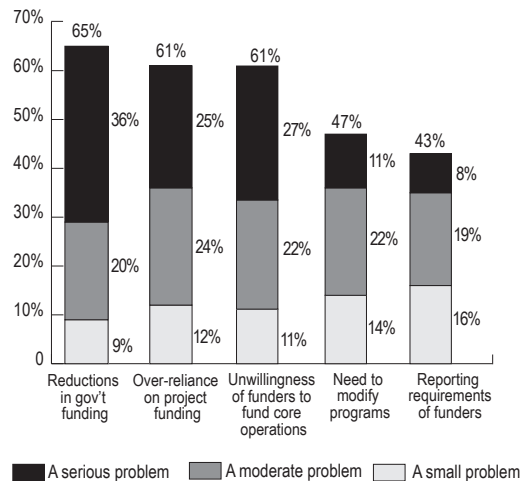
The 39% of organizations that received external funding in the previous three years were asked about problems relating to this

type of funding. Sixty-five percent of these organizations said that reductions in government funding are a problem for them and 36% said that the problem is serious. Sixty-one percent said that the unwillingness of funders to fund core operations (e.g., long-term programs, administrative expenses) is a problem and the same percentage said that over-reliance on project funding is a problem. Approximately one-quarter of organizations said that these problems are serious. Finally, 47% of organizations that received external funding reported that they needed to modify programs to receive funding, and 43% said that they struggled to meet the reporting requirements of funders.  $\Delta$

Percentage of Organizations Reporting Financial Challenges by Activity Area



Percentage of Organizations Reporting External Funding Problems



The National Survey of Nonprofit and Voluntary Organizations (NSNVO) was conducted by a consortium of organizations consisting of Imagine Canada (formerly the Canadian Centre for Philanthropy), l'Alliance de recherche universités-communautés en économie sociale à l'Université du Québec à Montréal, the Canada West Foundation, the Canadian Council on Social Development, the Capacity Development Network at the University of Victoria, the Community Services Council of Newfoundland and Labrador, the Voluntary and Non-profit Sector Organization of Manitoba, Queen's University School of Policy Studies, and Statistics Canada.

A summary of the survey findings may be found in *Cornerstones of Community: Highlights of the National Survey of Nonprofit and Voluntary Organizations*, available at [www.nonprofitscan.ca](http://www.nonprofitscan.ca).



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