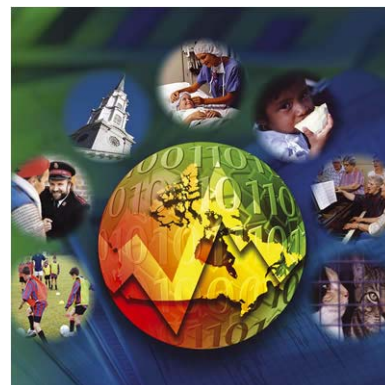


Satellite Account of Non-profit Institutions and Volunteering

2007



Symbols

The following standard symbols are used in Statistics Canada publications:

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

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Satellite Account of Non-profit Institutions and Volunteering

I.	Acknowledgements	4
II.	Letter from the co-chairs	5
III.	Introduction	6
IV.	The scope of the Canadian satellite account	8
V.	Presentation of results	9
VI.	A Focus on non-profit institutions serving households (NPISH) ..	29
VII.	Summary and conclusions	35
VIII.	Data tables	36
IX.	Conceptual framework	42
X.	Estimation methodology	44
	Appendix A: Reconciliation of satellite account estimates with the National Survey of Nonprofit and Voluntary Organization	46
	Appendix B: The International Classification of Nonprofit Organizations (ICNPO)	47
	Appendix C: Glossary of main terms	52
	Bibliography	54
	Income and Expenditure Accounts technical series	55

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

Committee members are: Jacquelyn Thayer Scott, Cape Breton University (Co-chair); Karen Wilson, Statistics Canada (Co-chair); Loleen Berdahl, Canada West Foundation; Michael Hall, Imagine Canada; Blaine Langdon and Dave Leblanc, Canada Revenue Agency; Mike McCracken, Informetrica Ltd.; Don McRae, Canadian Heritage; Susan Tolton, Sheila Regehr, Marcel Bérard, Sangita Dubey, Amanda Powers, Sally Tewelde, Lauren Polowyk, Julie Toussignant and Eric Windfield, Human Resources and Social Development Canada; Lester Salamon, Helen Tice, Megan Haddock and Robin Wehrin, Centre for Civil Society Studies, Johns Hopkins University; Ron Saunders, Institute for Work and Health; Katherine Scott, Canadian Council on Social Development; Andrew Sharpe, Centre for the Study of Living Standards; Rachel Laforest, Queen's University, Ferhana Ansari and Paul Reed, Statistics Canada.

We also wish to thank our colleagues in the Income and Expenditure Accounts Division for their invaluable support and assistance, especially Chris van Millingen, Joe Wilkinson, Arthur Berger, James Tebrake, Art Ridgeway and Karen Wilson.



II. Letter from the co-chairs

We are very pleased to present the latest edition of the *Satellite Account of Non-profit Institutions and Volunteering*, which includes two new years of data: 2006 and 2007.

Also new this year is an article focussing on non-profit institutions serving households (NPISH). This group of non-profit institutions has unique economic characteristics that are different from non-profit institutions classified to the government or corporate sector. New data tables on NPISH are also available upon request. The chapter on the value of volunteer work is not included this year and will be updated at a later date.

Non-profit institutions continue to make a significant contribution to the economic and social well-being of Canadians and are central to community engagement and the building of social capital. In 2007, the core non-profit segment grew 5.8% in nominal terms, accounting for 2.5% of Canada's gross domestic product. This share increases to 7.0% when hospitals, universities and colleges are included.

The concepts and methods used by Statistics Canada draw heavily on international standards outlined in the United Nations *Handbook on Non-profit Institutions in the System of National Accounts*. The non-profit sector has now gained prominence in many countries' official economic statistics. Nine countries have already published non-profit satellite accounts and 34 countries are committed to implementing the UN Handbook guidelines. Statistics Canada was one of the first statistical agencies to develop a Satellite Account on non-profit institutions.

The Satellite Account ensures that reliable information on the size, scope and nature of the non-profit sector is featured in Canadian economic statistics. We are very excited about providing new and more current economic information on non-profit institutions for policymakers, academics and experts worldwide, and for the many non-profit organizations operating throughout Canada.

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

Yours truly,

Co-chairs of the Advisory Committee for the Satellite Account of Non-profit Institutions.

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III. Introduction

The non-profit sector has been at the centre of a growing effort to document and study its role in recent years, both in Canada and internationally. Often referred to interchangeably as “civil society”, the “voluntary”, “third” or “independent” sector, this group of organizations plays a critical role in society, separate from that of governments or corporations, and is central to community engagement and the building of social capital. The non-profit sector has now gained prominence in many countries' official economic statistics.

Statistics Canada is among the first statistical agencies in the world to have created a new sector for non-profit institutions through the development of the Satellite Account of Non-profit Institutions and Volunteering. In doing so, the satellite account recognizes the non-profit sector as making an important contribution to the Canadian economy along with the private and public sectors.

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

The *Handbook* recommends compiling economic statistics for a broad non-profit sector, the boundaries of which are defined by structural and operational criteria. Conceptually, all non-profit institutions operating throughout the Canadian economy have similar structural and operational characteristics. They are institutionalized to some extent with a specific purpose or mandate. They do not generate profits for the purpose of distributing profits among specific persons, owners or directors. They are self-governing and able to control their activities, and, finally, membership and contributions of time and money are not required by law or as a condition of citizenship.

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

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

The development of the Satellite Account was initially funded through the Voluntary Sector Initiative to ensure that information on the size, scope and nature of the sector is now a permanent feature of Canada's official economic statistics. It includes a set of standard economic accounts covering the production, incomes and outlays of the non-profit sector, mirroring information already available for other sectors in the Canadian economy. The satellite account now receives ongoing funding as an annual program at Statistics Canada.

1. For a more detailed description of concepts, data sources and estimation methods implemented in the Canadian Satellite Account of Non-profit Institutions and Volunteering, refer to Sections IX and X of this report.

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



It is important to note that the non-profit sector's economic contribution is but one dimension of its much larger impact in society, and complementary statistical initiatives were also funded to address other aspects of the question. The first of these initiatives was a triennial repeat of the *Canada Survey of Giving, Volunteering and Participating* (CSGVP), a household survey of charitable giving, volunteering and participatory behaviour. Subsequent to this was the *National Survey of Nonprofit and Voluntary Organizations* (NSNVO), a first-ever survey of organizations that collected information on the areas in which they work, the populations they serve, the extent to which they provide public benefits, and the financial and human resources they engage.

With this sixth edition of the *Satellite Account of Non-profit Institutions and Volunteering*, two additional reference years for the standard accounts are added, 2006 and 2007, while existing estimates are revised back to 1997. These revisions either stem from data source updates or refinements to our estimation methodology.

Throughout this publication, all references to the core non-profit sector combine non-profit institutions serving households (NPISH) and non-profit institutions classified to the corporate sector. All references to the overall or broad sector include the core non-profit sector combined with non-profit institutions classified to the government sector.

In this publication, there is an article focussing specifically on NPISH. This replaces the section on volunteer work and extended measures, which will be updated at a later date.

The remainder of this publication is structured as follows: section IV discusses the scope of the Canadian satellite account in the context of the international definition. Analytical findings are presented in Section V which is divided into three sub-sections: the first gives an overview of the sector in macro-economic terms; the second describes its economic activity as measured by GDP; and the third provides an overview of the sources and uses of incomes. An article on NPISH is provided in Section VII. Data tables follow in Section VIII for the years 2000 to 2007, however all data series from 1997 onward are available through CANSIM. Sections IX and X lay out the conceptual framework and estimation methodology of the Canadian satellite account. Appendices include: a description of reconciliation work with the National Survey of Nonprofit and Voluntary Organizations; details on the International Classification of Non-profit Organizations; and glossary of main terms used throughout the document. A bibliography and list of the national accounts technical research series are provided at the end of the publication.

This report presents analysis for the period 1997 to 2007, with a focus on 2006 and 2007. Wherever possible, analysis is presented for the non-profit sector as a whole, and for the core segment. Gross Domestic Product (GDP) and total income are shown by primary area of activity according to the International Classification of Non-profit Organizations (ICNPO). For the time being, all estimates are presented in nominal terms, that is not adjusted for inflation.



IV. The scope of the Canadian satellite account

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

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

Universities and colleges⁴, are also shown together. These non-profit institutions classified to the government sector are separated from the core segment in the satellite account.

Estimates are available for (i) the overall non-profit sector including hospitals, universities and colleges and (ii) the core non-profit sector. Wherever possible, analysis is presented for the non-profit sector as a whole, and for the core sector.

3. For more information on entities classified to the public sector, see *Guide to the public sector of Canada, Catalogue 12-589-XWE, Statistics Canada (2008)*.

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



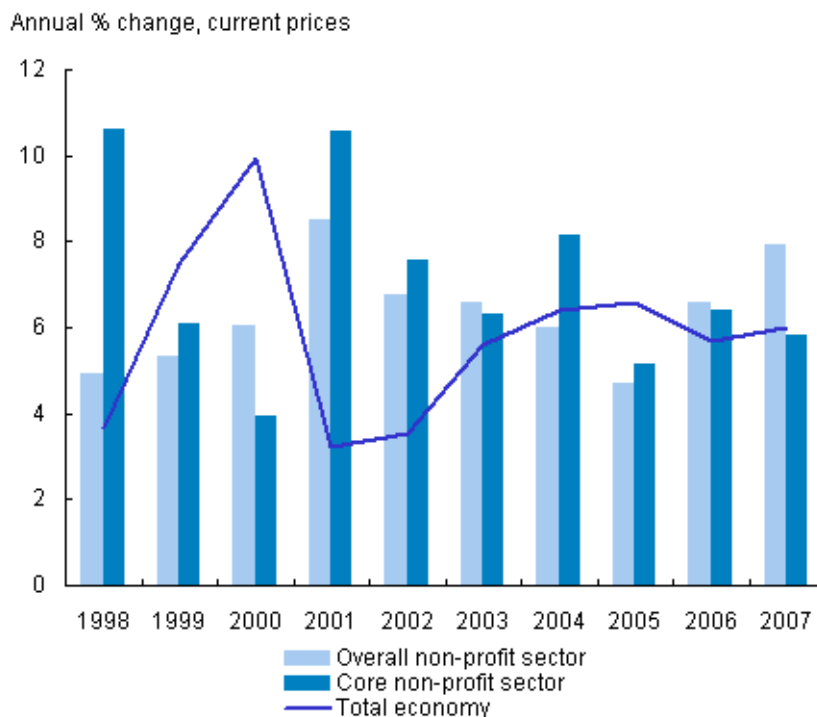
V. Presentation of results

Canada's non-profit sector in macro-economic terms

Non-profit institutions⁵ (NPI) continue to make a significant contribution to the economic and social well-being of Canadians. In 2007, the value added or gross domestic product (GDP)⁶ of the core non-profit sector⁷ amounted to \$35.6 billion, accounting for 2.5% of the total Canadian economy. This share increases to 7.0% when hospitals, universities and colleges are included, reaching \$100.7 billion in 2007.

In 2007, GDP of the core non-profit sector grew⁸ by 5.8%, slightly slower than the Canadian economy (+ 6.0%). However, the core segment grew faster (+6.4%) than the economy as a whole in 2006. Over the 1997 to 2007 period, its growth in economic activity outpaced that of the overall Canadian economy in six out of eleven years.

Figure 1
Growth of gross domestic product



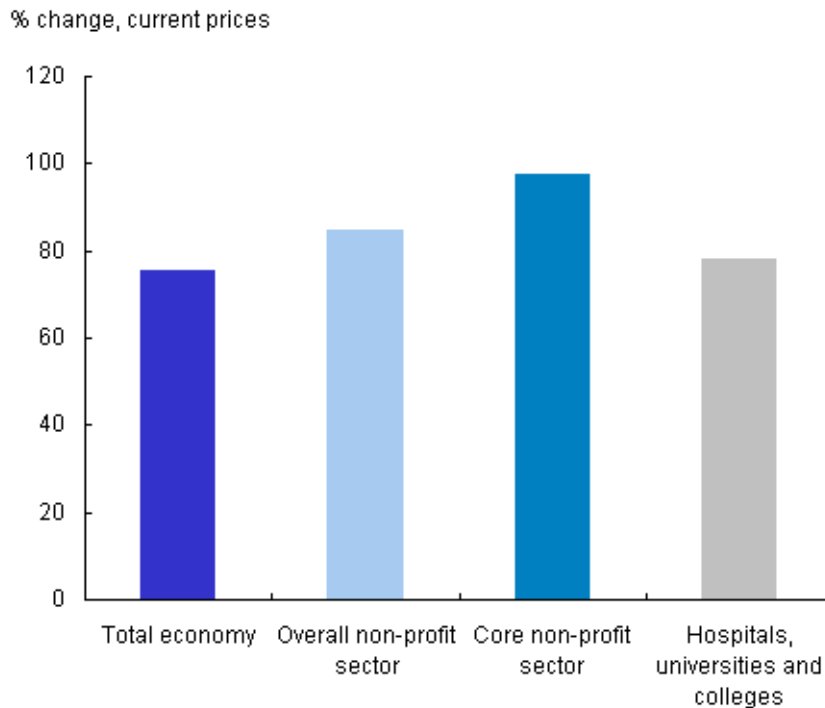
5. What are referred to as non-profit institutions (NPI) in the System of National Accounts are commonly referred to as "non-profit organizations" in Canada. We will use the former term throughout this publication.
6. GDP measures the productive activity generated as non-profit organizations undertake their missions in Canadian society. GDP refers to all goods and services produced in Canada's economic territory. It is also referred to as value added, output or economic activity.
7. Throughout this document, the "core non-profit sector" refers to non-profit institutions serving households (NPISH) and non-profit institutions classified to the corporate sector.
8. All growth rates in this publication are calculated using nominal (current) values; that is, not adjusted for inflation.



On average economic activity in the core non-profit sector outpaced that of the total economy

GDP of the core non-profit sector grew by an annual average of 7.1% over the eleven-year period. This was faster than the Canadian economy as a whole (+5.8%), and also faster than the aggregate of hospitals,⁹ universities and colleges, which grew by 6.0%. As a result the level of economic activity in the core non-profit sector nearly doubled between 1997 and 2007.

Figure 2
Cumulative growth of gross domestic product, 1997 to 2007



The economic contribution of the non-profit sector continues to exceed that of many key industries in Canada

Although the non-profit sector is not a specific industry, its GDP can be compared with selected key industries in Canada to provide a point of reference.¹⁰ It should be noted that this comparison does not consider the contribution of volunteering, which is particularly significant for the core non-profit sector.

In 2006, the latest year for which GDP by industry for Canada is available, the core non-profit sector generated 20% more value added than the entire accommodation and food services industry, more than 2.5 times that of agriculture, and generated nearly six times as much value added as the motor vehicle manufacturing industry.

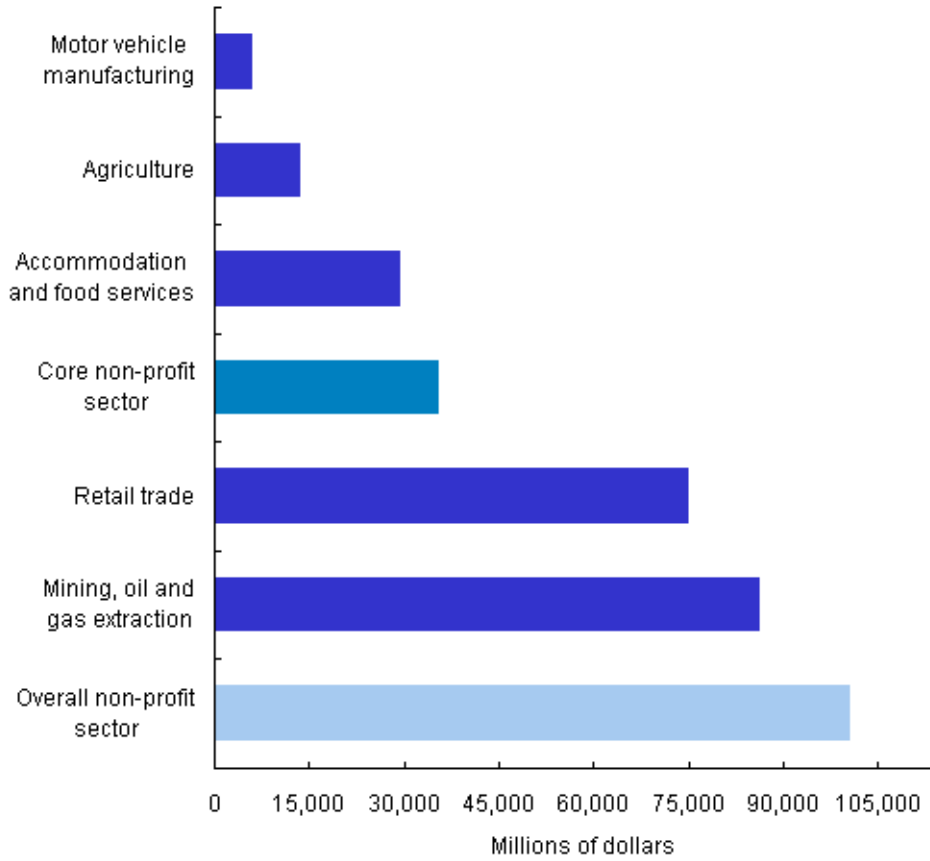
9. All references to hospitals throughout this document include residential care facilities.

10. Industries (e.g., manufacturing, construction) are defined on an activity basis, while institutional sectors (e.g., households, businesses, governments) are defined on the basis of their role or motivation in an economic system. Institutional units included in the non-profit sector span a range of industry groups.



The broader non-profit sector, which includes hospitals, universities and colleges, exceeded by more than one third the value added of the entire retail trade industry, and outpaced the value added of the mining, oil and gas extraction industry.

Figure 3
Gross domestic product: non-profit sector and selected industries, 2006



Note: Data by industry is not yet available for 2007.



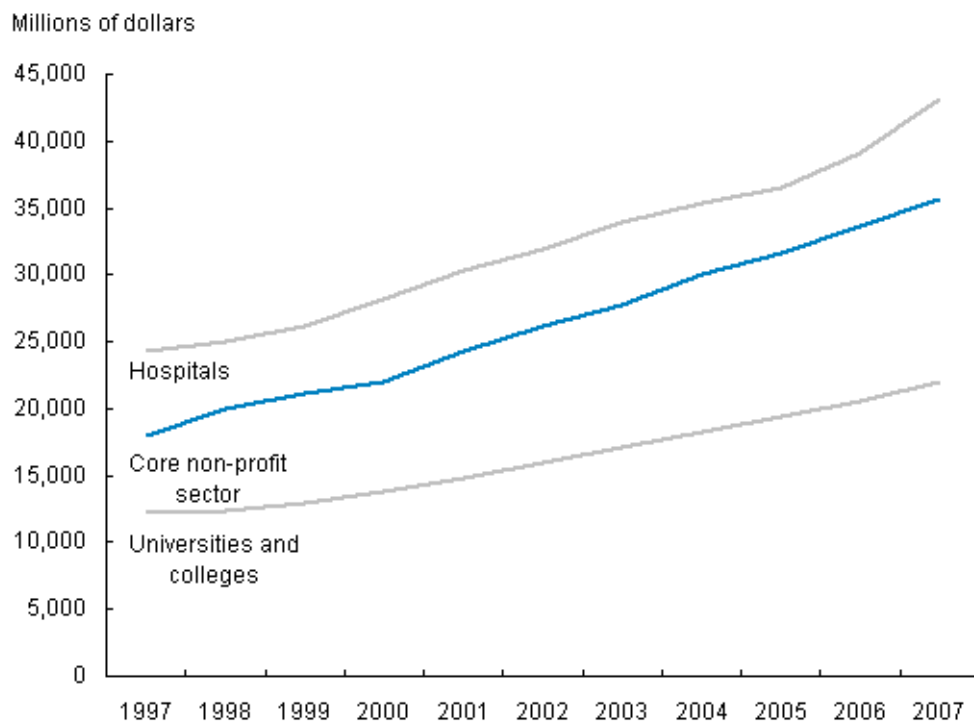
Economic activity in the non-profit sector, 1997 to 2007

The core non-profit sector increases its share of GDP, but hospitals, universities and colleges continue to dominate

With GDP totalling \$65.1 billion in 2007, hospitals, universities and colleges accounted for the bulk of economic activity in the broader non-profit sector throughout the eleven-year period. Of this total, hospitals generated \$43.1 billion, almost twice as much as universities and colleges (\$22.0 billion). However, the hospitals, universities and colleges group lost ground over the eleven-year period, as the core non-profit sector increased its share in the overall NPI sector from 33.0% in 1997 to 35.3% in 2007.

Figure 4

Gross domestic product: hospitals, universities and colleges and core non-profit sector



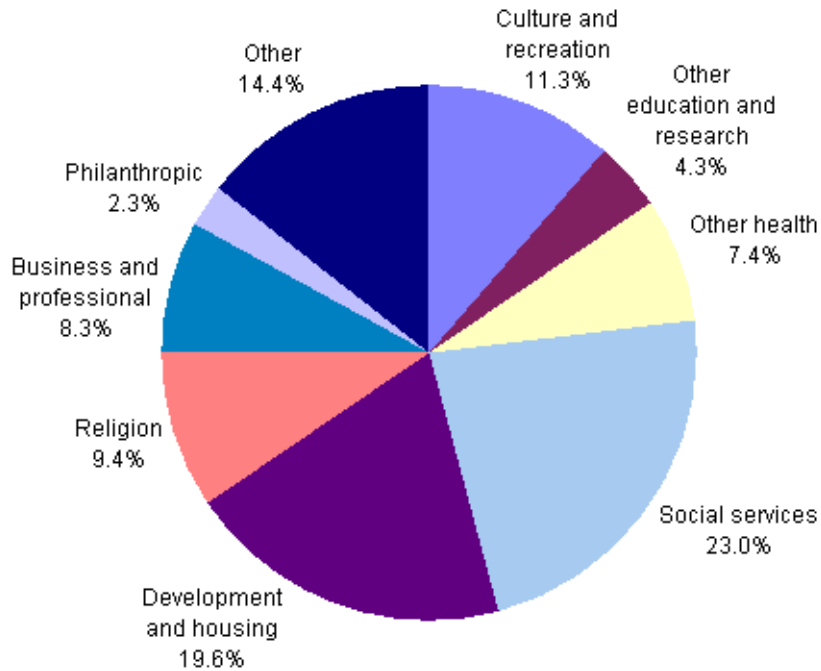
Top contributors to GDP in the core non-profit sector are social services and development and housing

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

Social services organizations accounted for 23.0% of core NPI GDP in 2007 and this share has remained stable throughout the 1997 to 2007 period. When combining development and housing, culture and recreation, religion, business and professional associations and other health organizations¹¹ with social services, these six fields of activity accounted for 78.8% of the core segment in 2007 down from 82.9% in 1997.



Figure 5
Distribution of gross domestic product by area of activity: core non-profit sector, 2007



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

Development and housing, and social services increase their share

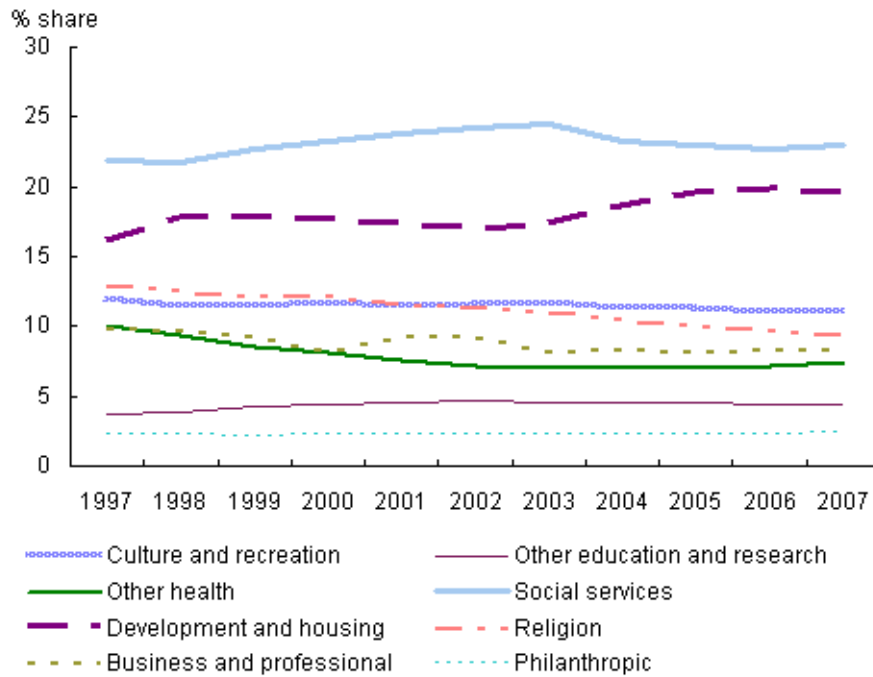
On the whole, the composition of the core non-profit sector by field of activity remained stable over the 1997 to 2007 period. However, a detailed analysis of the variations reveals that the share of development and housing (+3.4 percentage points), social services (+1.0 percentage points) and other education and research¹² (+0.6 percentage points) rose between 1997 and 2007, largely at the expense of religion (-3.5 percentage points), other health (-2.7 percentage points), business and professional associations (-1.5 percentage points), and culture and recreation (-0.9 percentage points).

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

12. Throughout this publication, the category "other education and research" refers to education other than universities and colleges.



Figure 6
Distribution of gross domestic product by area of activity: core non-profit sector



GDP growth wide-ranging across non-profit institutions’ fields

Economic activity in the broader non-profit sector grew by an annual average of 6.3% over the 1997 to 2007 period, with growth varying widely across areas of activity.

Law advocacy and politics, development and housing, other education and research, and social services grew the fastest over the period. This performance was roughly twice that of religious organizations and other health. Given its significant weight, however, social services contributed the most to the GDP of the non-profit sector with a cumulative increase of \$4.8 billion between 1997 and 2007.



Figure 7
Average annual GDP growth by area of activity: overall non-profit sector, 1997 to 2007



Note: Activities are sorted in descending order according to their average share of overall non-profit sector GDP (from 9.4% for social services to 0.3% for international).

NPI economic activity dominated by labour compensation¹³

Labour compensation accounted for, on average, 86.7% of the overall non-profit sector's GDP over the period 1997 to 2007. Capital consumption allowances (7.0%), other operating surplus (3.9%), and indirect taxes less subsidies on factors of production (2.3%) accounted for the remainder.

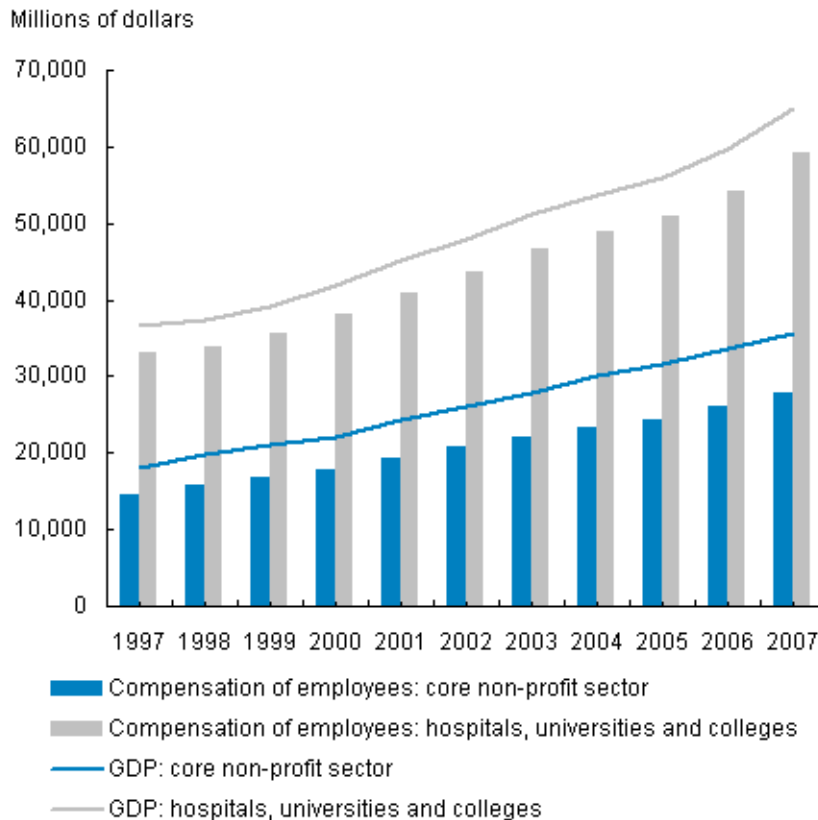
Compensation of employees in the overall non-profit sector grew to a level of \$86.9 billion in 2007, up from \$47.7 billion in 1997. Labour compensation in the core non-profit sector amounted to \$27.7 billion in 2007, nearly one third of total labour compensation in the overall non-profit sector.

Compensation of employees in the core segment grew at a faster average annual rate (+6.7%) than in the hospitals and universities and colleges combined (+6.0%) over the period. However, annual growth in paid labour compensation in the core non-profit sector slowed from 9.4% in 1998 to 6.7% in 2007. On the other hand, growth in compensation of employees in hospitals, universities and colleges reached 9.0% by 2007, up from 2.2% in 1998.

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



Figure 8
GDP and compensation of employees



The share of paid remuneration for hospitals, universities and colleges remained steady, accounting for, on average, 91.0% of their GDP over the period. The remaining expenditures consisted of capital consumption allowances (7.4%)—reflecting the importance of capital investment in health and education— and taxes less subsidies on production (1.5%).¹⁴

In the core non-profit sector, compensation of employees accounted for a relatively smaller share of GDP, roughly 79% on average over the period. While one of the key distinguishing characteristics of non-profit institutions is that they do not exist primarily to generate profits¹⁵, those with significant market activity can generate surplus or losses in any given year.¹⁶ Operating surplus represented an 11.1% annual average share of GDP over the 1997 to 2007 period. The remaining components of core NPI GDP included depreciation of structures and equipment (6.3%) and taxes less subsidies on factors of production (3.7%).

14. Since these organizations are non-market producers, by convention, their production is valued at cost in the System of National Accounts.

15. These organizations are considered to be market producers as they provide goods and services valued at economically significant price.

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

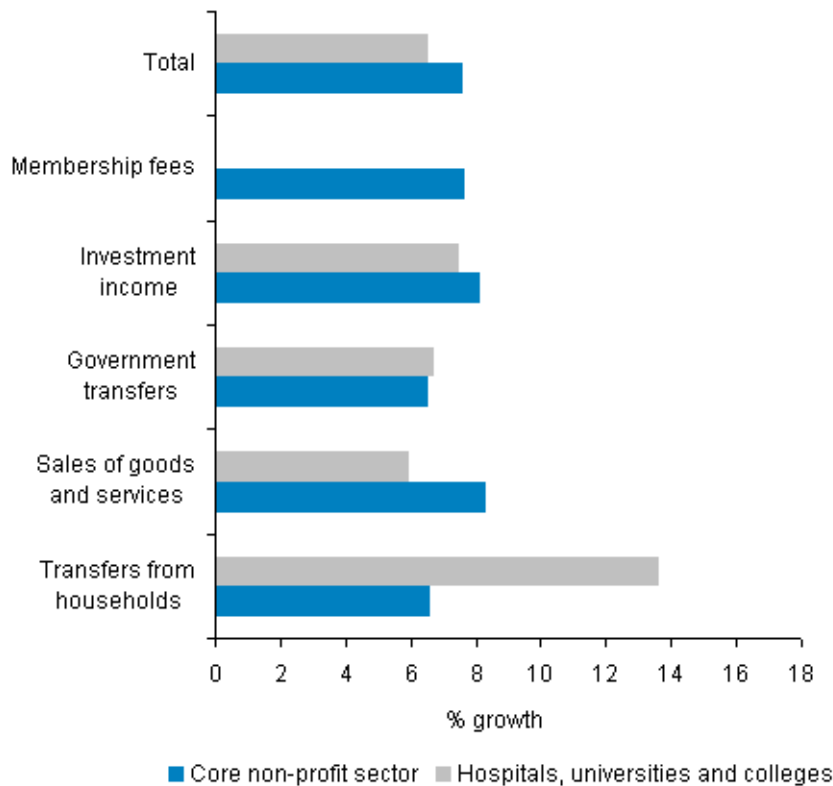


Incomes and outlays of the non-profit sector, 1997 to 2007

Income growth in the core non-profit sector remains strong

Over the 1997 to 2007 period, core non-profit institutions led the way in the overall non-profit sector growing at a faster annual average of 7.6%. The strong performance of the core segment over this period stems largely from stronger average growth in almost all sources of revenue including transfers. Income growth in the core non-profit sector grew 5.1% in 2007, below growth in the overall non-profit sector (+7.5%) due to slower growth in transfers from households and memberships fees.

Figure 9
Average annual growth of revenue by source, 1997 to 2007



Primary source of funds for hospitals, universities and colleges are government transfers and sales of goods and services

Government transfers represent the largest source of revenue, accounting for about three-quarters of total income for hospitals, universities and colleges, followed distantly by sales of goods and services which typically make up about one-fifth. The remaining 5.3% of revenue sources comprise transfers from other NPIs, donations from households, investment income and transfers from businesses. Although donations from households are small, they have recorded 13.6% average growth over the period.

Hospitals draw heavily on provincial government funding, receiving, on average, 85.0% of their revenue from this source.¹⁷ Universities and colleges rely less on public funding but considerably more on sales of goods and services (which are dominated by tuition fees) as only half of their revenue was in the form of government transfers

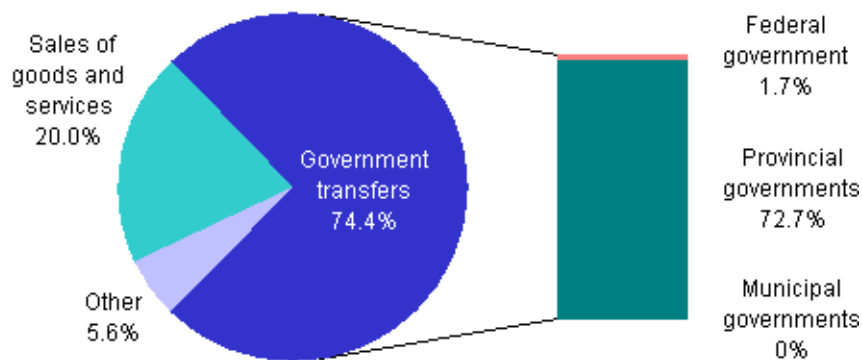


from provincial sources. This group derived one-third of its revenue from such sales, more than twice as much as did hospitals.

Typically, throughout the period, as much as 81.2% of all government transfers destined for the non-profit sector went to hospitals, universities and colleges, with 60.4% going to hospitals alone.

The remaining nearly one-fifth was received by the core non-profit sector.

Figure 10
Revenue by source: hospitals, universities and colleges, 2007



Note: The "other" category contains transfers from other non-profit institutions (2.3%), transfers from households (1.3%), investment income (1.2%), and transfers from businesses (0.8%).

Core non-profit institutions rely on diverse sources of revenue; sales of goods and services top the list

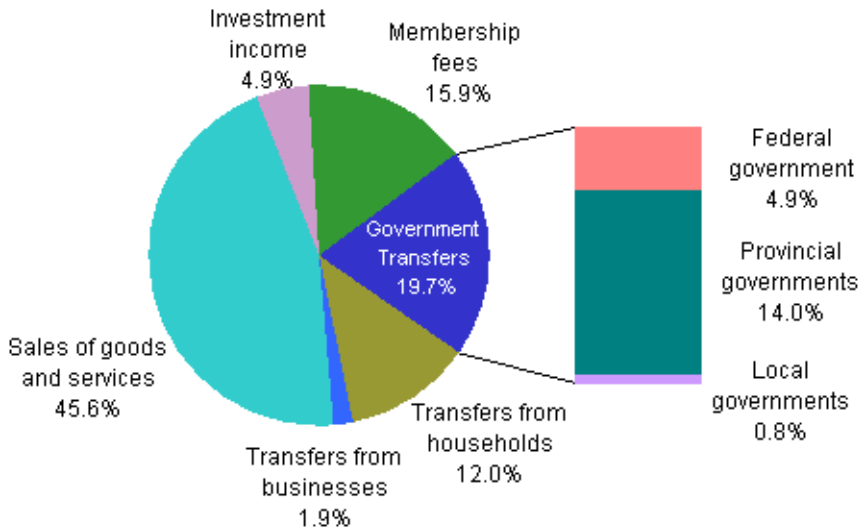
As was the case in previous years, sales of goods and services are, by far, the most important source of revenue for the core non-profit group in 2007, accounting for 45.6% of the total income. Government transfers were also significant at 19.7%. In addition to these funds, core non-profit institutions derived roughly one-third of their revenue from three additional sources: membership fees (15.9%), donations from households (12.0%) and investment income (4.9%).

By comparison, these same sources contributed only 2.5% of revenue for hospitals, universities and colleges.

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



Figure 11
Revenue by source: core non-profit sector, 2007

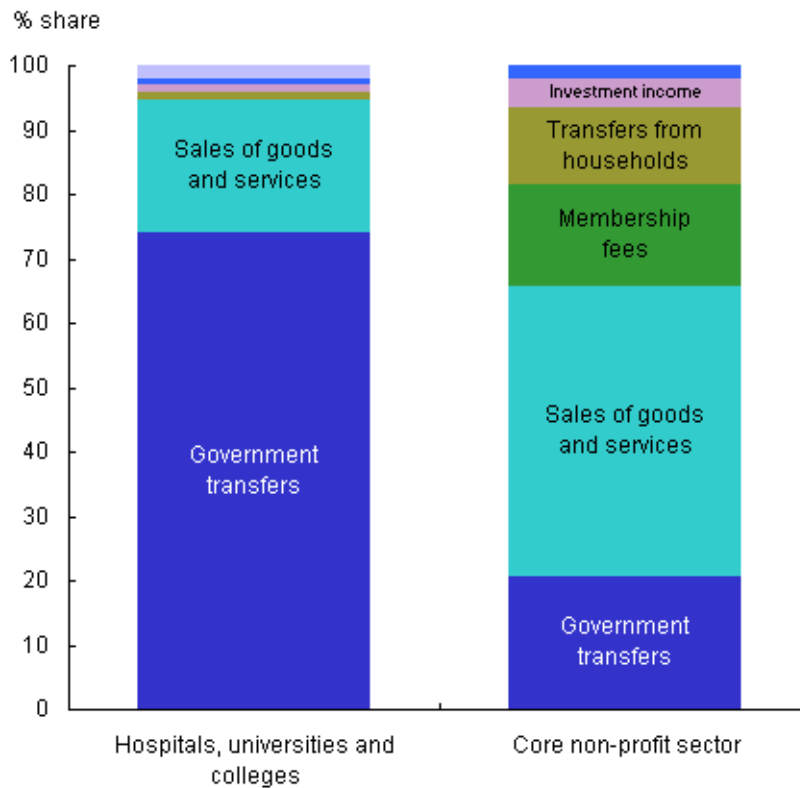


Government transfers and sales of goods and services¹⁸, the two largest sources of funds for the hospitals, universities and colleges group, accounted for on average 94.7% of its revenue over the eleven-year period (97.8% for hospitals and 88.9% for universities and colleges). By contrast, the core non-profit sector reached a similar level (95.4%) with revenue contributions from an additional three sources: membership fees, donations from households, and corporate donations.

18. In accordance with national accounts guidelines, in the components of current income for the satellite account, payments by governments to non-profit institutions in return for goods and services provided are recorded as sales, not as government transfers. Sales of goods and services from non-profit institutions to government cannot be separately identified.



Figure 12
Average share of revenue by selected sources, 1997 to 2007



Note: Not labelled on this figure are the following sources of revenue: Hospitals, universities and colleges: transfers from other NPIs (2.1%), investment income (1.1%), transfers from households (1.1%), and transfers from businesses (0.9%). Core-non-profit sector: transfers from businesses (1.9%).

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

Core non-profit institutions remain the main recipients of transfers from households, receiving 88.9% of these donations in 2007. Transfers from households to core non-profit institutions advanced on average 6.6% per year.

Hospitals, universities and colleges gained ground, with transfers from households more than doubling over the period; their share of total household donations advanced to 11.1% in 2007, up from 6.7% in 1997.

Government funding for core non-profit institutions is mostly from provincial sources, but federal funds on the rise

The majority of government funding to the core non-profit sector came from provincial governments. Of all provincial transfers to the overall non-profit sector, the core segment received on average 15%, with the share of total provincial transfers representing 13.9% in 2007.

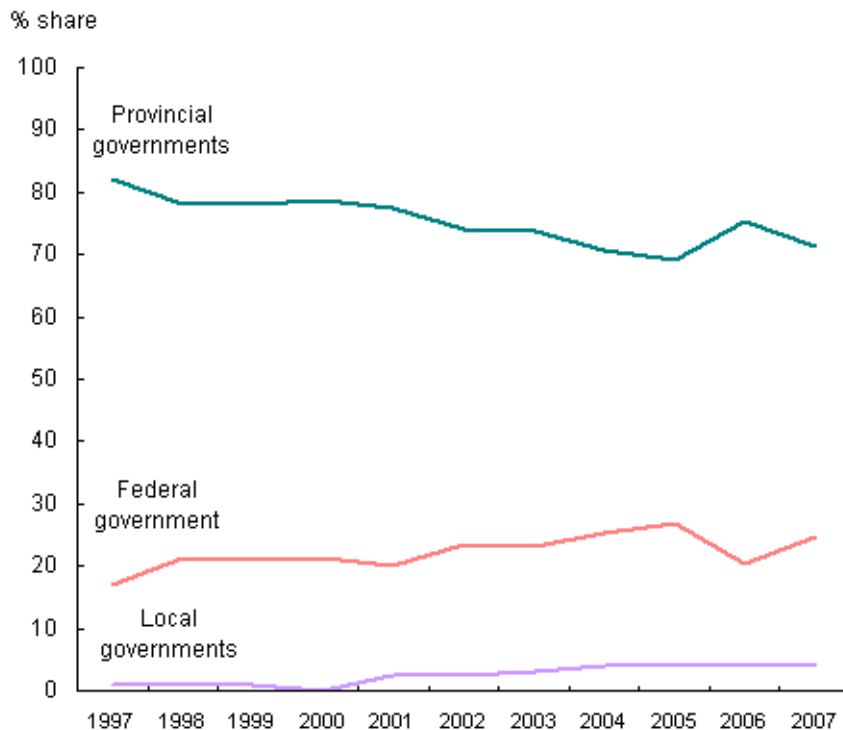
Provincial government transfers rose \$4.2 billion over the eleven-year period to reach \$10.9 billion in 2007, growing 62.8% over this period. The share of provincial government transfers has been declining from 82.2% in 1997 to 71.3% in 2007.



Of the remaining government funds, federal transfers to the core non-profit sector more than doubled over the eleven-year period, from \$1.4 billion in 1997 to \$3.8 billion in 2007, with the federal share increasing from 16.9% to 24.8% over the period. In 2007, the federal funding to the core non-profit sector advanced 33.5%, accounting for 4.9% of its total revenue. Of all federal transfers destined to the overall non-profit sector, the core segment received on average 69.2%, with the share of total federal transfers representing 70.7% in 2007.

The share of local government transfers, negligible before 2001, has increased gradually since 2003, to reach 3.9% in 2007.

Figure 13
Share of federal, provincial, and local government transfers: core non-profit sector

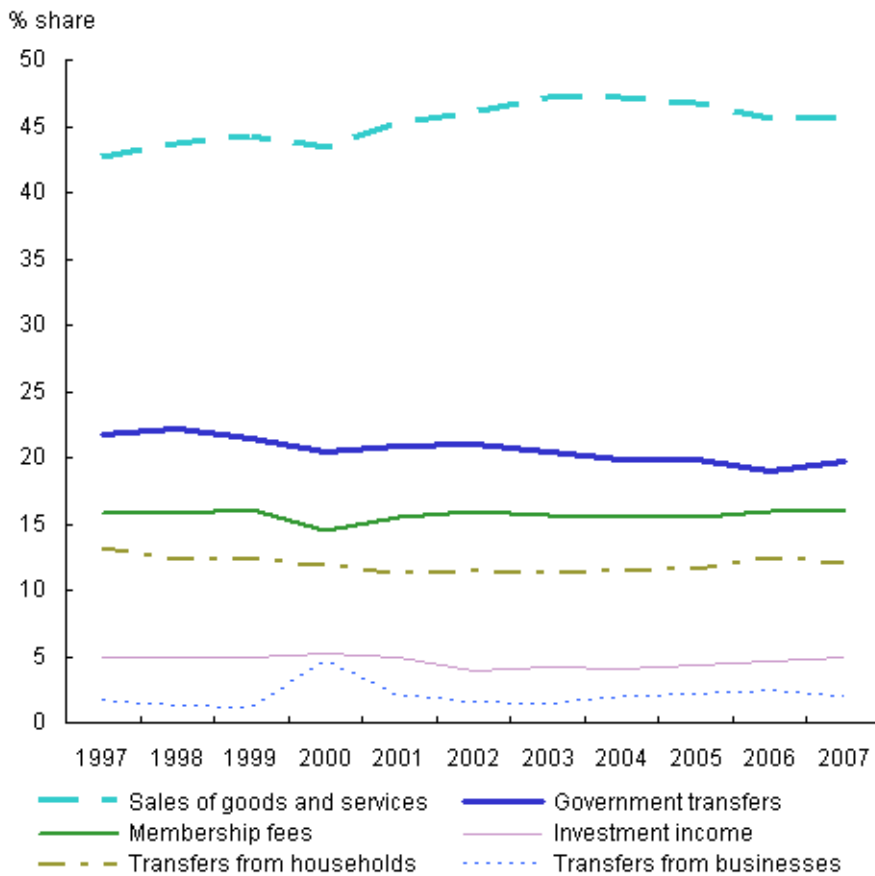


The sources of funds in the core non-profit sector preserved their relative positions in almost all years, with sales of goods and services contributing the largest share of revenue (45.4% on average). The distribution of income sources has been mostly stable with the exception of 2000.¹⁹ In 2007, investment income and government transfers outpaced their annual average growth posted over the period.

19. An exceptionally large corporate donation to a newly-created private foundation in 2000 more than quadrupled both the share of revenue and the level of corporate donations over the previous year, creating a temporary redistribution of revenue shares.



Figure 14
Revenue distribution by source: core non-profit sector



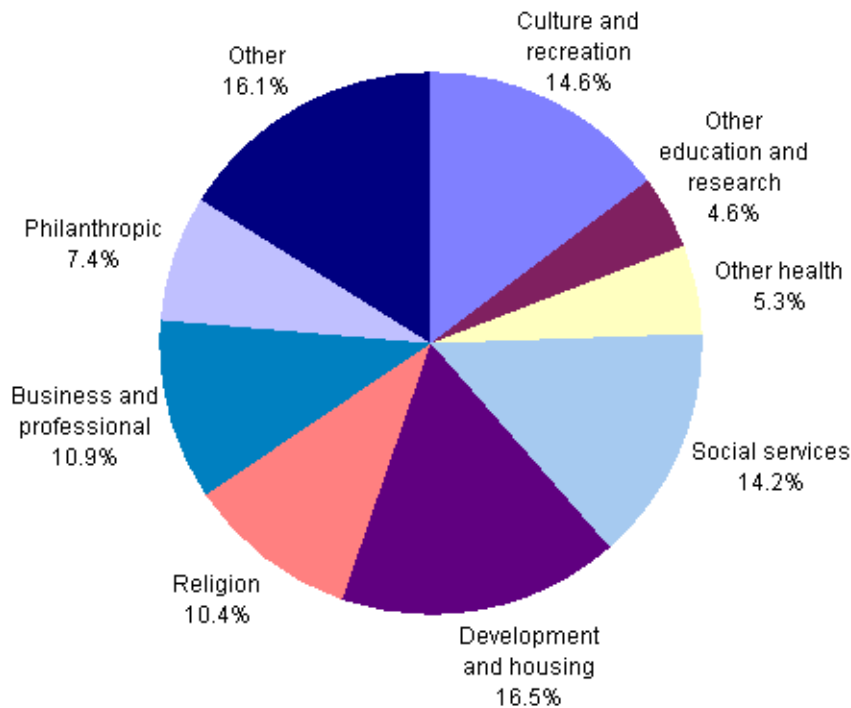
Revenue spans broad range of fields in the core non-profit sector

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

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



Figure 15
Distribution of revenue by area of activity: core non-profit sector, 2007



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

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

Total income in the core non-profit sector rose by a cumulative \$40.4 billion over the eleven-year period, reaching \$77.9 billion in 2007.

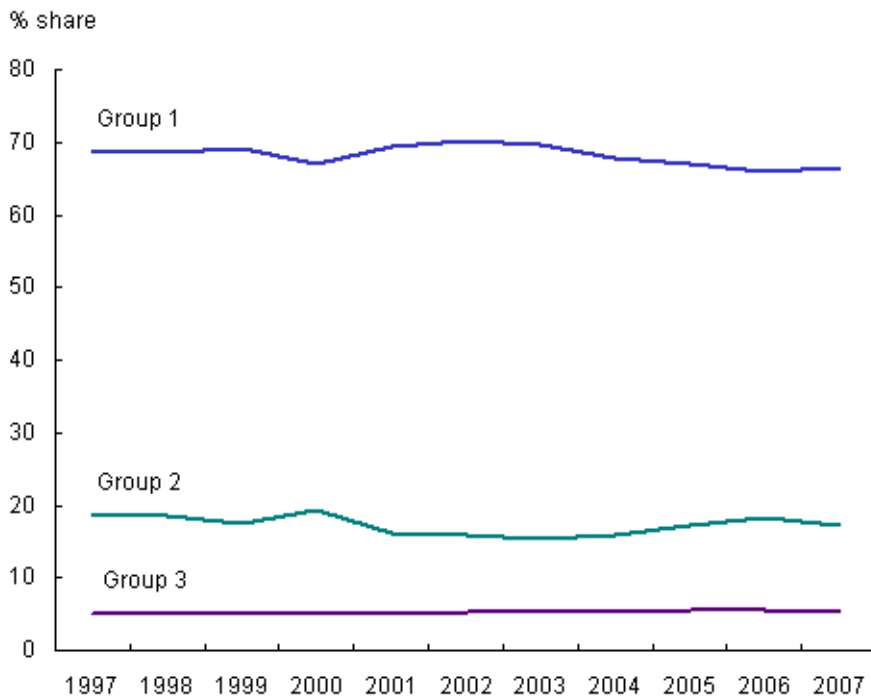
Nearly two-thirds of this increase is attributable to five areas of activity that recorded the largest increases in income: development and housing (\$7.6 billion), social services (\$5.8 billion), culture and recreation (\$5.8 billion), business and professional associations (\$4.4 billion), and religion (\$2.4 billion). This first group of activities accounted for, on average, 68.2% of revenue in the core segment over the eleven-year period, growing on average 7.2%.

The second group of NPI activities that recorded medium-sized increases in income comprises other education and research, other health, and philanthropic intermediaries. This group contributed, on average, 17.3% of core non-profit sector revenue growing 7.9% over the period.

The third group that recorded the smallest increases in levels of income comprises environment, law, advocacy and politics, and international fields. This group accounted for, on average 5.3% of total revenue in the core segment, but recorded a higher average growth over the period (+9.0%).



Figure 16
Combined share of revenue for activity groupings: core non-profit sector

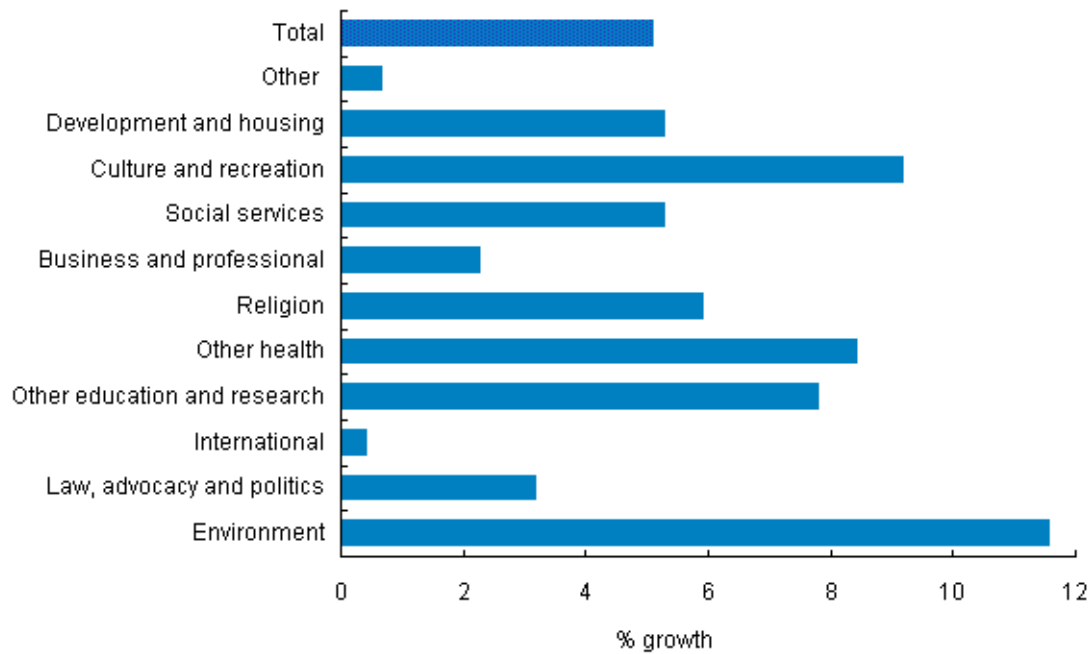


Perhaps a reflection of increasing awareness about environmental issues, the small group of environment was by far the top gainer in terms of revenue growth (+11.6%) in 2007. It was followed by groups with low contributions to total revenue: other health (+8.5%), other education (+7.8%).

On the other hand, organizations with the largest contributions, such as, culture and recreation (+9.2%), social services groups (+6.8%), religion (+5.9%), and development and housing (+5.3%) experienced relatively less growth.



Figure 17
Growth of revenue by area of activity: core non-profit sector, 2007

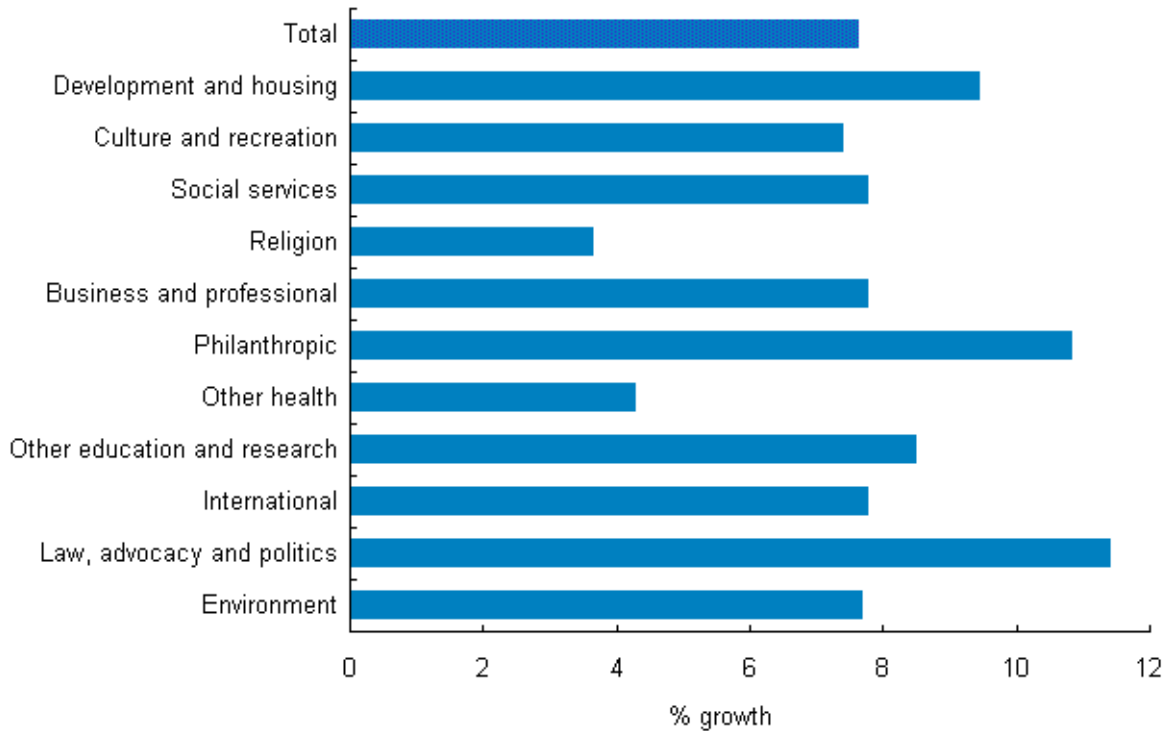


Note: Activities are sorted in descending order according to their share of revenue in 2007.

Between 1997 and 2007, average annual revenue generated in the top eight areas of activity ranked by average growth, grew by nearly 8.9%, ranging from 7.7% for environment to 11.4% for law, advocacy and politics. Philanthropic intermediaries, development and housing, and other education and research organizations were among these high performers. Social services, international, and business and professional associations grew at a similar pace (+7.8%). The remaining organizations registered much slower growth, with religion and other health experiencing the lowest average growth rates.



Figure 18
Average growth of revenue by area of activity: core non-profit sector, 1997 to 2007



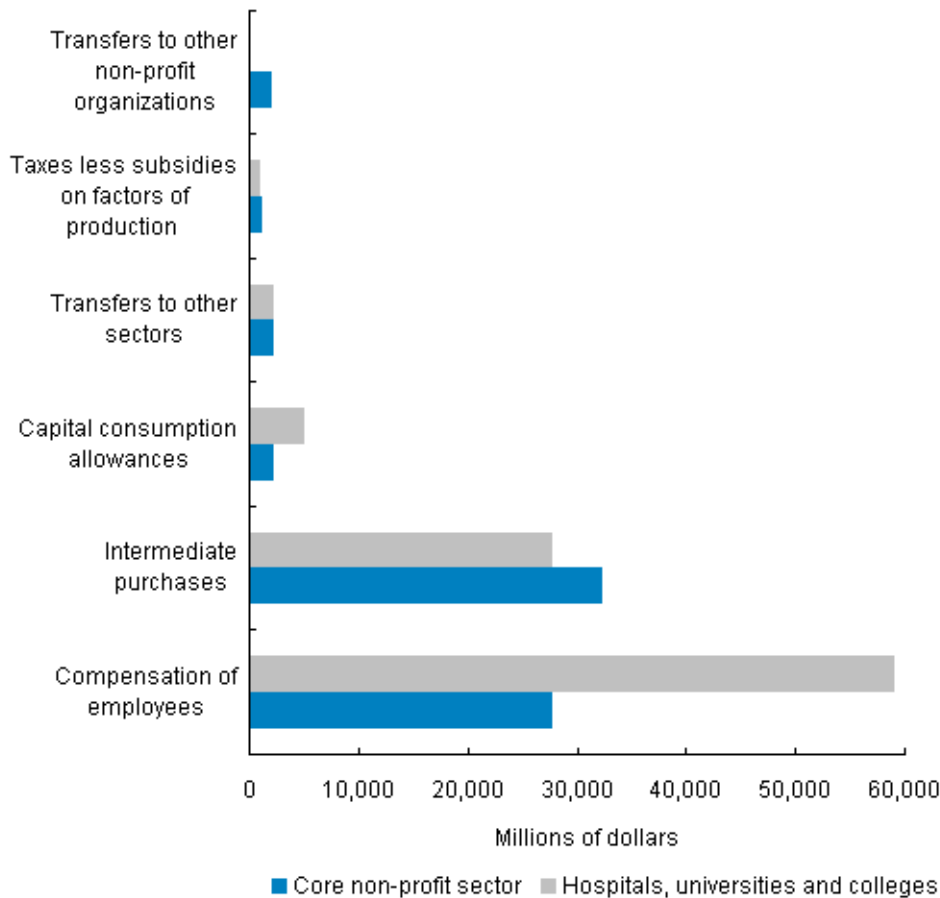
Note: Activities are sorted in descending order according to their average revenue share (from 15.4% for development and housing to 1.3% for environment).

Compensation of employees represents a smaller share of expenses for the core segment than for hospitals, universities and colleges

Increasing 3.9% in 2007, total expenses for the core non-profit sector reached \$68.2 billion in 2007, up from \$32.4 billion in 1997. Outlays for the overall non-profit sector grew at a faster pace (+6.3%) topping \$159.8 billion in 2007. Operating expenditures accounted for more than 93% of these two groups' outlays, with the remainder comprising transfers to other sectors (households and non-residents) and transfers to other non-profit institutions.



Figure 19
Components of current expenditures, 2007

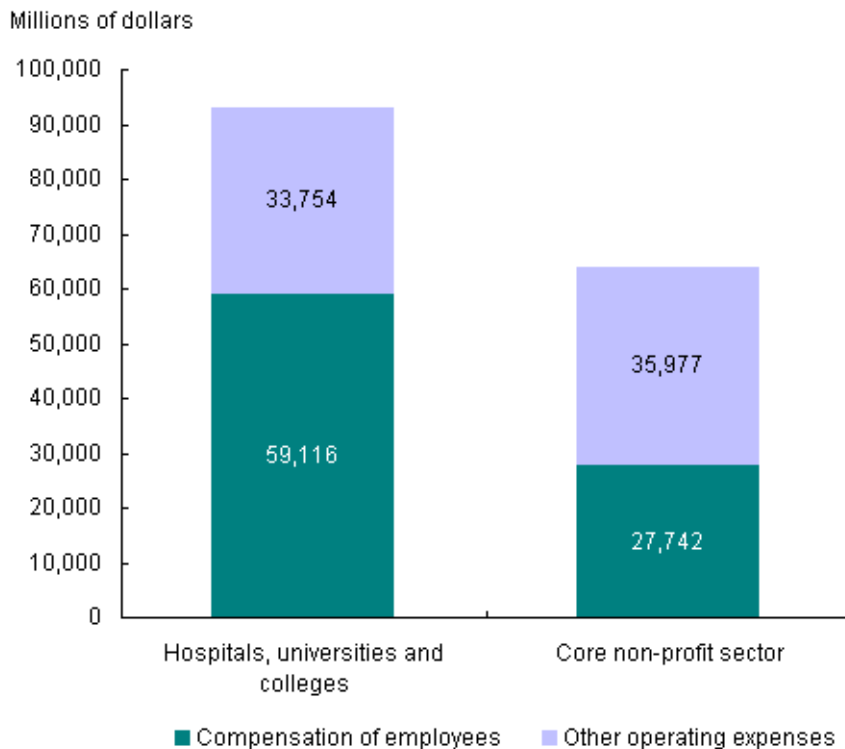


Labour compensation forms the majority of operating expenses for hospitals, universities, and colleges. In 2007, compensation of employees accounted for 63.7%, more than twice this group’s purchases of goods and services used in the production process, also called intermediate purchases (29.9%). In contrast, organizations in the core non-profit sector spent more on intermediate purchases (50.8%) than on labour services (43.5%). However, core non-profit institutions benefit also from the bulk of volunteer effort, painting an entirely different portrait of this group when extending the value of labour services to include a value of volunteer work.

The remaining 6% of operating expenses for each group is divided between capital consumption allowances (depreciation of fixed capital), and taxes less subsidies on factors of production.



Figure 20
Compensation of employees and other operating expenses, 2007



Over the 1997 to 2007 period, the composition of operating expenses remained relatively stable for both core non-profit institutions, and hospitals, universities and colleges. However, expenses of the core non-profit sector (+7.7%) grew at a faster pace than hospitals, universities and colleges (+6.7%).

NPI saving concentrated in specific organizations

Non-profit institutions cover their expenses with the incomes they receive, either earned from market activity or received as transfers. The revenue of the core non-profit sector exceeded its outlays over the 1997 to 2007 period. Hospitals, universities and colleges recorded positive saving until 2000 at which point their outlays began to exceed revenues. Hospitals recorded considerable negative saving since 2001.

For the core non-profit sector, the bulk of this saving comes from specific organization types including non-profit transportation authorities, health insurance providers, foundations, boards of trade and large business and professional associations. Most of these non-profit institutions tend to serve the needs of business,²⁰ have significant market activity, or are engaged in distributing revenue to other non-profit institutions.

20. These NPIs are classified to corporate sector in the standard accounts of the Canadian SNA.



VI. A Focus on non-profit institutions serving households (NPISH)²¹

The Canadian System of National Accounts (CSNA) presents a full sequence of accounts for the Canadian economy, currently representing four institutional sectors²² each characterized by different economic behaviour. One of these sectors is the household sector, which comprises households including unincorporated businesses and non-profit institutions serving households (NPISH).

International guidelines for the national accounts specify separate NPISH and household sectors²³. A complete set of accounts for NPISH is being researched by the Income and Expenditure Accounts Division²⁴ as part of the next comprehensive historical revision, where System of National Accounts 2008 (*SNA 2008*)²⁵ will be implemented.

Creating a separate NPISH sector offers several benefits to researchers, economists, policy makers and national accountants. An understanding of the economic contribution of NPISH to the production of goods and services in Canada points to the importance of NPISH within the Canadian economy. As well, the contribution of NPISH to the GDP of non-profit institutions illuminates its significance in providing social services to households in Canada. Finally, the impact of NPISH saving can be removed from the household sector, resulting in a clearer picture of household economic activities.

The NPISH sector is the focus of this article presenting economic information on its unique characteristics.

The NPISH sector

Non-profit institutions in the NPISH sector can be determined by the use of a set of international criteria that classifies non-profit institutions into institutional sectors and the subsectors under which they fall.

Firstly, the establishment of country of residence is paramount. Non-profit institutions must have a centre of economic interest in Canada and larger international organizations must be legally constituted and registered in Canada. Secondly, non-profit institutions cannot be individual households or groups of households.

Next, a determination is made as to whether the non-profit institution is a market or non-market producer. If it is a market producer it is classified in the financial or non-financial corporate sector. If it is a non-market producer and is controlled by government²⁶ it is classified in the government sector. The remaining non-market producers are classified to the NPISH sector.

NPISH are non-market producers with the primary purpose of providing goods and services free or at prices that are not economically significant to individual households or the community at large.

21. Volunteer work and extended measures will be updated at a later date.

22. In Canada, the household sector is more precisely called the persons and unincorporated business sector as it includes non-profit institutions serving households. The financial corporation and non-financial corporation sectors are called the corporate and government business enterprise sector. Federal, provincial and local government including hospitals, residential care facilities, colleges, universities, municipal school boards, and Canada and Quebec pension plans are called the government sector. Lastly, the rest of the world sector is called the non-resident sector. See section IX.

23. The household sector would comprise individual households including unincorporated businesses.

24. Currently in the Income and Expenditures Accounts, income of NPISH is included in some of the income components while NPISH expenditures are included as part of personal expenditures.

25. System of National Accounts 2008, chapters 4 and 23 at <http://unstats.un.org/unsd/nationalaccount/sna2008.asp>

26. Non-profit organizations classified in the government sector in Canada are found in all levels of government. See *Guide to the Public Sector of Canada*, catalogue 12-589 XWE.



The operational definition

The universe of NPISH is in practice established by identifying non-profit institutions operating in Canada that are not classified in the government or corporate sectors. A variety of tax files and classification systems are used as a starting point to collect data on NPISH.

NPISH can be characterized by the International Classification of Non-profit Organizations (ICNPO), or by industrial activity using the North American Industrial Classification System (NAICS). For example, all NPISH with activity in the following industries²⁷ are part of the NPISH universe:

1. Child and Youth Services NAICS 624110
2. Other Individual and Family Services NAICS 624190
3. Community Food Services NAICS 624210
4. Community Housing Services NAICS 624220
5. Emergency and Other Relief Services NAICS 624230
6. Religious Organizations NAICS 813110
7. Grant Making and Giving Services NAICS 813210
8. Social Advocacy Organizations NAICS 813310
9. Civic and Social Organizations NAICS 813410
10. Labour Organizations NAICS 813930
11. Political Organizations NAICS 813940

Furthermore, economic data on NPISH can be gathered from several tax files, of which the most important are the Registered Charities Information Return and the Non-profit Organizations Information Return files.

An economic profile of NPISH

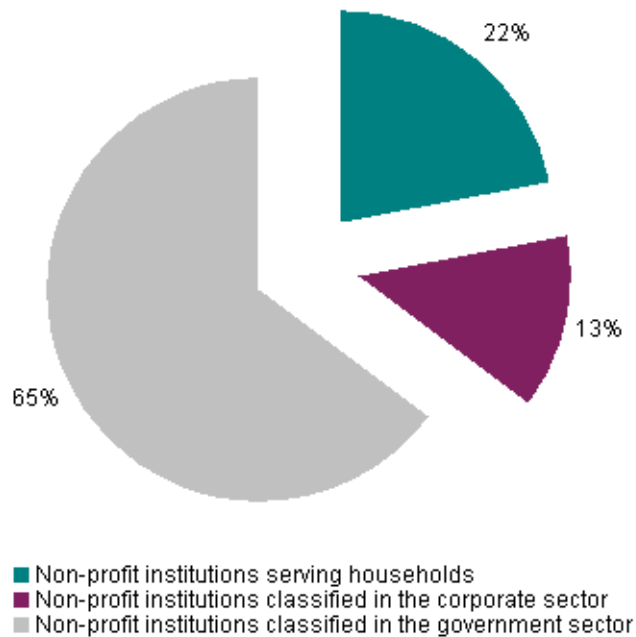
The second largest share of GDP

Of all economic activity of non-profit institutions operating in the Canadian economy, NPISH had the second largest share of GDP in 2007, behind non-profit institutions classified in the government sector, which had the largest share of GDP (65%).

27. North American Industry Classification System – NAICS Canada 2007. Catalogue no. 12-501.



Figure 21
Share of gross domestic product: non-profit institutions, 2007



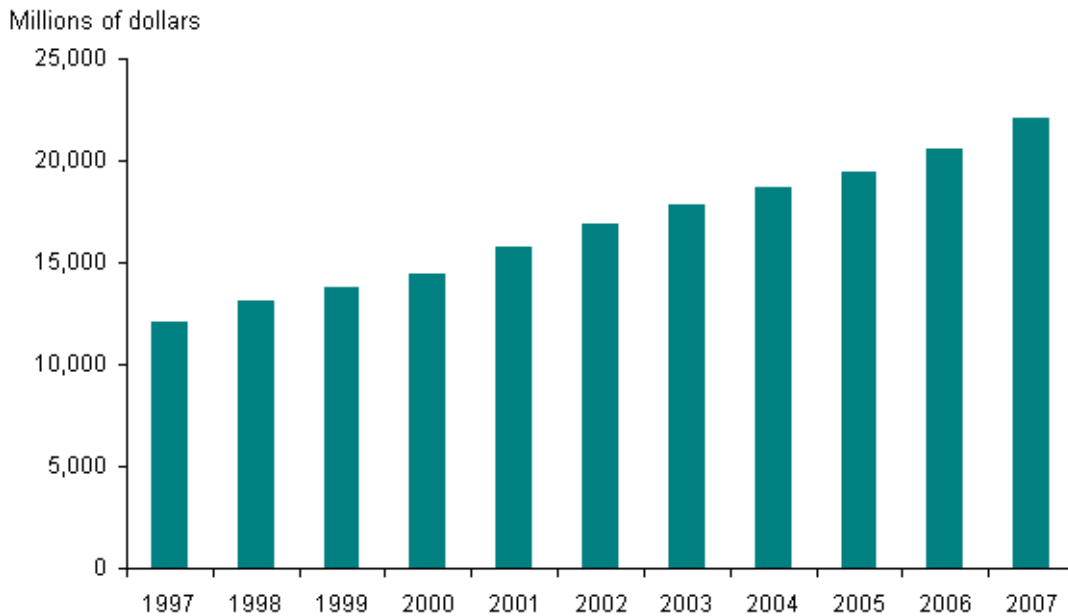
NPISH contributed around 22% to overall GDP of non-profit institutions in 2007, and this share has remained stable since 1997. Non-profit institutions classified to the corporate sector made up the remaining 13% of GDP in 2007.

Growth in GDP for NPISH

In 1997, economic activity of NPISH was valued at \$12.1 billion, whereas the most current estimates for 2007 show GDP valued at \$22.1 billion. The contribution of NPISH to total economy GDP for Canada has remained at around 1.5% since 1997, when data was first collected. The growth in GDP for NPISH ranged from a low of 4.0% in 2005 to a high of 8.8% in 2001. In 2007, GDP for the NPISH sector grew 7.6%, recording the third strongest year of growth over the entire period.



Figure 22
Gross domestic product: NPISH sector



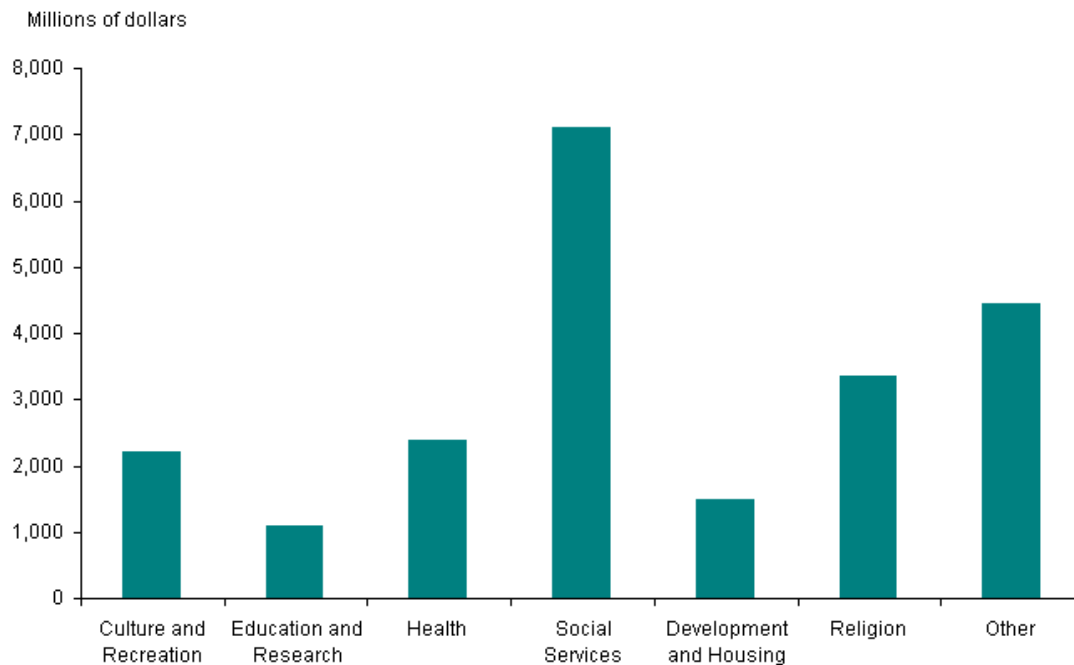
NPISH goods and services by ICNPO

Non-profit institutions serving households provide goods and services in many different areas of the economy. In 2007, almost one third of economic activity produced by NPISH was social services²⁸, which mostly comprised child and youth services, individual and family services, and community food and housing services. Combined together, health and social services made up 43% of GDP produced by NPISH in 2007, and this share has remained virtually unchanged over the eleven-year period. Also, value added by religious activities (15%) and culture and recreation (10%) contributed to the economic activity of NPISH in 2007.

28. The activities of non-profit institutions are classified using the *International Classification of Non-Profit Institutions* (ICNPO).



Figure 23
Gross domestic product by area of activity: NPISH sector, 2007



Employment and earnings of NPISH²⁹

The number of paid jobs in the NPISH sector has been estimated at about 488,000 in 2007, up from 324,000 in 1997. In 2007, employee compensation per job in the NPISH sector grew 2.3%, attaining close to \$40,000 per annum. Weekly hours worked have continued to expand each year since 1997, growing on average 4.0%. The growth in weekly hours combined with an increase in the hourly wage rate resulted in employee compensation growing more than 6.6% in 2007.

Income and outlays of NPISH

The income and outlay estimates of NPISH can provide specific information on the sources of revenue, as well as the use of revenue for expenditures and other outlays. The largest sources of revenue for NPISH over the eleven-year period came from sales of goods and services (38%), followed by government transfers (24%), and donations from households and business (21%).

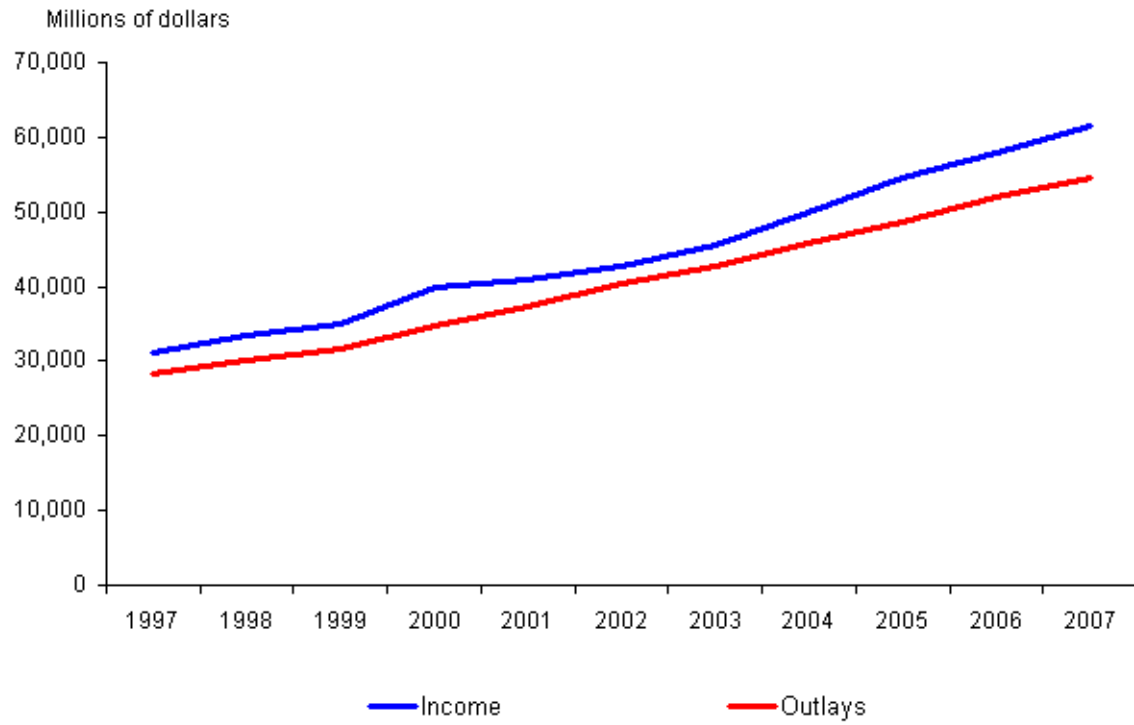
The pace of growth in NPISH income has been slowing since the latest peak in 2004 (+9.7%). Outlays have not grown as quickly as income, although growth in employee compensation, reflected by wages and salaries and supplementary labour income has remained strong, up 7.6% in 2007. As a result of slower growth in NPISH operating expenses and transfers from NPISH to other sectors, NPISH saving³⁰ has remained above \$2 billion since 2004.

29. Estimates of labour productivity, CANSIM 383-0010.

30. Saving can be used to purchase financial and non-financial assets or reduce liabilities. Work to date has not included the estimation of a capital and financial account for NPISH where such transactions be recorded.



Figure 24
Revenue and expenditures: NPISH sector



VII. Summary and conclusions

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

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

Over the 1997 to 2007 period, economic activity in both the overall and the core non-profit sectors outpaced that of the total economy, with GDP in the core segment growing significantly faster on average. As a result, by 2007, the core segment's share in the overall NPI sector had gained ground.

Organizations in the social services, development and housing, culture and recreation, and religion groups combined made up nearly two-thirds of core NPI economic activity in each of the eleven years. Over the period, the large social services, and development and housing groups, and the considerably smaller ones of law, advocacy and politics, other education and research, international, philanthropic, and environment grew the fastest.

Hospitals, universities and colleges are the heavyweights of NPI sector revenue, with the overwhelming bulk of their revenue received from only two sources: government transfers and sales of goods and services. The composition of revenue sources was notably stable over the period, but hospitals, universities and colleges received increased revenue in the form of donations from households. The share of donations from individuals to hospitals, universities and colleges nearly doubled over the period.

The core non-profit sector relies on a significantly broader set of revenue sources, with sales of goods and services ranking at the top of their list. While transfers from households remained the domain of the core segment, these organizations also obtain significant revenue from membership fees. The federal share of government transfers to the core sector rose over the period while the provincial share declined, although provincial governments remained, by far, the main providers of public funds to the non-profit sector.

Revenue in the core non-profit sector grew faster on average than revenue in the combined hospitals, universities and colleges group. The performance of the core segment can largely be explained by stronger average growth in many sources of income.

Compensation of employees was the largest expense, particularly for hospitals, universities and colleges, whereas core non-profit institutions spent comparatively more on goods and services used in the production process. Over the 1997 to 2007 period, the difference between the non-profit sector's income and outlay produced positive saving which was concentrated in certain segments.

Amongst all non-profit institutions in Canada, NPISH had the second largest share of GDP, and this has remained stable since 1997. GDP of NPISH continued to expand over the eleven-year period. The NPISH sector contributes 1.5% to the overall GDP in Canada. The GDP of NPISH is heavily concentrated in health and social services activities, religion, and culture and recreation. As growth in NPISH outlays has slowed at about the same pace as NPISH income growth, the saving of non-profit institutions serving households has remained over \$2 billion in each of the last four years. The saving in the NPISH sector may have already been used to acquire financial and non-financial assets or reduce liabilities. The future development of a capital and financial account will illustrate the use of NPISH saving.



VIII. Data tables

Table 1 Economic accounts: non-profit sector¹

CANSIM Table 3880001

	2000	2001	2002	2003	2004	2005	2006	2007
	millions of dollars							
Production account								
Gross output	100,490	109,089	117,401	125,410	134,646	142,265	151,513	160,808
Intermediate purchases	36,569	39,720	43,355	46,503	51,019	54,719	58,223	60,112
Gross Domestic Product at basic prices	63,921	69,369	74,046	78,907	83,627	87,546	93,290	100,696
Wages, salaries and supplementary labour income	55,908	60,419	64,586	68,808	72,251	75,239	80,205	86,858
Taxes less subsidies on factors of production	1,446	1,588	1,733	1,808	1,962	2,075	2,138	2,255
Capital consumption allowances	4,433	4,862	5,190	5,362	5,837	6,362	6,790	7,364
Other operating surplus	2,134	2,500	2,537	2,929	3,577	3,870	4,157	4,219
Income and outlay account								
Income	107,713	112,705	117,588	126,144	137,894	148,009	157,086	168,869
Sales of goods and services	33,117	36,147	38,878	42,152	46,360	49,741	51,689	54,149
Membership fees	7,194	8,080	8,733	9,019	9,930	10,807	11,851	12,413
Investment income	3,353	3,155	2,648	3,177	3,419	3,898	4,508	4,956
Current transfers from:								
Households and businesses	9,195	8,193	8,339	8,708	10,092	11,191	12,721	12,767
Households	6,553	6,676	7,034	7,382	8,250	9,118	10,312	10,504
Businesses	2,642	1,517	1,305	1,326	1,842	2,073	2,409	2,263
Governments	54,854	57,130	58,990	63,088	68,093	72,372	76,317	84,584
Federal government	3,199	3,489	3,830	3,889	4,756	5,138	4,333	5,386
Provincial governments	51,632	53,340	54,850	58,803	62,806	66,631	71,329	78,567
Local governments	23	301	310	396	531	603	655	631
Outlay	99,492	108,107	116,484	124,503	133,284	140,931	150,389	159,790
Gross current expenditure on goods and services	97,032	105,453	113,574	121,225	129,659	136,880	145,912	155,110
Current transfers to other sectors	2,460	2,654	2,910	3,278	3,625	4,051	4,477	4,680
Saving (income less outlay)	8,221	4,598	1,104	1,641	4,610	7,078	6,697	9,079

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



Table 2 Economic accounts: hospitals¹
CANSIM Table 3880001

	2000	2001	2002	2003	2004	2005	2006	2007
	millions of dollars							
Production account								
Gross output	39,040	42,450	45,377	48,702	51,212	53,623	57,386	62,701
Intermediate purchases	10,882	12,158	13,445	14,708	15,884	17,093	18,283	19,562
Gross Domestic Product at basic prices	28,158	30,292	31,932	33,994	35,328	36,530	39,103	43,139
Wages, salaries and supplementary labour income	25,869	27,800	29,416	31,401	32,562	33,565	35,874	39,579
Taxes less subsidies on factors of production	428	458	483	510	534	545	566	622
Capital consumption allowances	1,861	2,034	2,033	2,083	2,232	2,420	2,663	2,938
Income and outlay account								
Income	39,603	40,827	42,767	46,306	49,600	52,612	55,642	61,197
Sales of goods and services	5,367	5,683	6,142	6,595	7,056	7,518	7,888	8,256
Investment income	145	112	94	112	76	123	149	155
Current transfers from:								
Households and businesses	136	244	216	224	282	352	368	400
Other nonprofit organizations	335	402	556	590	735	929	964	1,052
Governments	33,620	34,386	35,759	38,785	41,451	43,690	46,273	51,334
Provincial governments	33,605	34,371	35,746	38,772	41,441	43,672	46,251	51,311
Local governments	15	15	13	13	10	18	22	23
Outlay	38,609	42,191	45,027	48,444	50,861	53,301	57,230	62,418
Gross current expenditure on goods and services	38,279	41,850	44,661	48,058	50,460	52,850	56,718	61,882
Current transfers to other sectors	330	341	366	386	401	451	512	536
Saving (income less outlay)	994	-1,364	-2,260	-2,138	-1,261	-689	-1,588	-1,221

1. Hospitals include residential care facilities.



Table 3 Economic accounts: universities and colleges

CANSIM Table 3880001

	2000	2001	2002	2003	2004	2005	2006	2007
	millions of dollars							
Production account								
Gross output	18,996	20,616	22,201	23,744	25,138	26,934	28,432	30,169
Intermediate purchases	5,212	5,843	6,226	6,621	6,899	7,522	7,878	8,201
Gross Domestic Product at basic prices	13,784	14,773	15,975	17,123	18,239	19,412	20,554	21,968
Wages, salaries and supplementary labour income	12,332	13,192	14,247	15,344	16,310	17,350	18,337	19,537
Taxes less subsidies on factors of production	230	248	261	249	297	311	325	347
Capital consumption allowances	1,222	1,333	1,467	1,530	1,632	1,751	1,892	2,084
Income and outlay account								
Income	19,611	21,078	21,611	23,554	25,797	27,419	29,306	31,944
Sales of goods and services	6,293	6,926	7,637	8,385	9,093	9,590	10,022	10,401
Investment income	605	460	394	667	706	764	916	963
Current transfers from:								
Households and businesses	890	967	1,046	1,140	1,229	1,303	1,382	1,540
Households	582	634	654	718	775	822	872	971
Businesses	308	333	392	422	454	481	510	569
Other nonprofit organizations	710	841	787	831	899	953	1,012	1,124
Governments	11,113	11,884	11,747	12,531	13,870	14,809	15,974	17,916
Federal government	1,031	1,313	1,135	1,159	1,508	1,423	1,481	1,580
Provincial governments	10,074	10,563	10,604	11,364	12,354	13,378	14,485	16,328
Local governments	8	8	8	8	8	8	8	8
Outlay	19,466	21,223	22,900	24,600	26,083	27,903	29,460	31,337
Gross current expenditure on goods and services	18,433	20,080	21,627	23,132	24,480	26,192	27,656	29,509
Current transfers to other sectors	1,033	1,143	1,273	1,468	1,603	1,711	1,804	1,828
Saving (income less outlay)	145	-145	-1,289	-1,046	-286	-484	-154	607



Table 4 Economic accounts: non-profit sector excluding hospitals, universities and colleges

CANSIM Table 3880001

	2000	2001	2002	2003	2004	2005	2006	2007
	millions of dollars							
Production account								
Gross output	42,454	46,023	49,823	52,964	58,296	61,708	65,695	67,938
Intermediate purchases	20,475	21,719	23,684	25,174	28,236	30,104	32,062	32,349
Gross Domestic Product at basic prices	21,979	24,304	26,139	27,790	30,060	31,604	33,633	35,589
Wages, salaries and supplementary labour income	17,707	19,427	20,923	22,063	23,379	24,324	25,994	27,742
Taxes less subsidies on factors of production	788	882	989	1,049	1,131	1,219	1,247	1,286
Capital consumption allowances	1,350	1,495	1,690	1,749	1,973	2,191	2,235	2,342
Other operating surplus	2,134	2,500	2,537	2,929	3,577	3,870	4,157	4,219
Income and outlay account								
Income	49,544	52,043	54,553	57,705	64,131	69,860	74,114	77,904
Sales of goods and services	21,457	23,538	25,099	27,172	30,211	32,633	33,779	35,492
Membership fees	7,194	8,080	8,733	9,019	9,930	10,807	11,851	12,413
Investment income	2,603	2,583	2,160	2,398	2,637	3,011	3,443	3,838
Current transfers from:								
Households and businesses	8,169	6,982	7,077	7,344	8,581	9,536	10,971	10,827
Households	5,903	5,920	6,272	6,552	7,334	8,120	9,256	9,333
Businesses	2,266	1,062	805	792	1,247	1,416	1,715	1,494
Governments	10,121	10,860	11,484	11,772	12,772	13,873	14,070	15,334
Federal government	2,168	2,176	2,695	2,730	3,248	3,715	2,852	3,806
Provincial governments	7,953	8,406	8,500	8,667	9,011	9,581	10,593	10,928
Local governments	0	278	289	375	513	577	625	600
Outlay	42,462	45,936	49,900	52,879	57,974	61,609	65,674	68,211
Gross current expenditure on goods and services	40,320	43,523	47,286	50,035	54,719	57,838	61,538	63,719
Current transfers to other nonprofit organizations	1,045	1,243	1,343	1,420	1,634	1,882	1,975	2,176
Current transfers to other sectors	1,097	1,170	1,271	1,424	1,621	1,889	2,161	2,316
Saving (income less outlay)	7,082	6,107	4,653	4,826	6,157	8,251	8,440	9,693



Table 5 Income of non-profit sector, by primary area of activity

CANSIM Table 3880002

	2000	2001	2002	2003	2004	2005	2006	2007
	millions of dollars							
Culture and recreation	7,287	7,851	8,287	8,815	9,576	10,160	10,431	11,391
Education and research	21,077	22,657	23,498	25,767	28,105	29,808	31,649	34,439
Health	41,131	42,239	44,111	47,280	50,856	54,097	57,057	62,714
Social services	7,653	8,559	9,286	10,160	10,860	11,427	11,767	12,607
Environment	609	697	695	757	805	825	881	983
Development and housing	7,093	7,495	8,083	8,803	9,799	11,132	12,210	12,857
Law, advocacy and politics	800	764	844	913	1,100	1,270	1,313	1,355
Philanthropic intermediaries and voluntarism promotion	4,634	3,187	2,970	3,123	3,682	4,932	6,439	5,756
International	1,121	1,182	1,303	1,436	1,523	1,724	1,872	1,880
Religion	6,371	6,523	6,667	6,855	7,191	7,535	7,610	8,062
Business and professional associations, unions	5,769	6,765	7,034	6,757	7,324	7,818	8,301	8,492
Not elsewhere classified	4,168	4,786	4,810	5,478	7,073	7,281	7,556	8,333
Total	107,713	112,705	117,588	126,144	137,894	148,009	157,086	168,869

Table 6 Income of non-profit sector excluding hospitals, universities and colleges, by primary area of activity

CANSIM Table 3880002

	2000	2001	2002	2003	2004	2005	2006	2007
	millions of dollars							
Culture and recreation	7,287	7,851	8,287	8,815	9,576	10,160	10,431	11,391
Education and research	2,176	2,453	2,673	3,045	3,207	3,342	3,356	3,619
Health	2,814	2,821	2,966	2,749	3,256	3,733	3,782	4,102
Social services	6,702	7,519	8,220	8,975	9,594	10,107	10,366	11,074
Environment	609	697	695	757	805	825	881	983
Development and housing	7,093	7,495	8,083	8,803	9,799	11,132	12,210	12,857
Law, advocacy and politics	800	764	844	913	1,100	1,270	1,313	1,355
Philanthropic intermediaries and voluntarism promotion	4,634	3,187	2,970	3,123	3,682	4,932	6,439	5,756
International	1,121	1,182	1,303	1,436	1,523	1,724	1,872	1,880
Religion	6,371	6,523	6,667	6,855	7,191	7,535	7,610	8,062
Business and professional associations, unions	5,769	6,765	7,034	6,757	7,324	7,818	8,301	8,492
Not elsewhere classified	4,168	4,786	4,811	5,477	7,074	7,282	7,553	8,333
Total	49,544	52,043	54,553	57,705	64,131	69,860	74,114	77,904



Table 7 Gross Domestic Product at basic prices of non-profit sector, by primary area of activity

CANSIM Table 3880002

	2000	2001	2002	2003	2004	2005	2006	2007
	millions of dollars							
Culture and recreation	2,590	2,808	3,059	3,300	3,432	3,607	3,765	4,005
Education and research	14,762	15,882	17,190	18,390	19,598	20,830	22,043	23,516
Health	29,145	31,231	32,879	34,964	36,418	37,659	40,359	44,503
Social services	5,925	6,669	7,249	7,790	8,018	8,325	8,807	9,430
Environment	294	323	354	371	381	390	416	458
Development and housing	3,870	4,207	4,425	4,835	5,580	6,193	6,678	6,967
Law, advocacy and politics	377	402	436	486	527	543	605	680
Philanthropic intermediaries and voluntarism promotion	476	534	586	621	650	693	735	835
International	177	194	209	223	242	259	273	303
Religion	2,653	2,804	2,965	3,044	3,133	3,182	3,232	3,349
Business and professional associations, unions	1,772	2,233	2,414	2,251	2,462	2,574	2,782	2,943
Not elsewhere classified	1,880	2,082	2,280	2,632	3,186	3,291	3,595	3,707
Total	63,921	69,369	74,046	78,907	83,627	87,546	93,290	100,696

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

CANSIM Table 3880002

	2000	2001	2002	2003	2004	2005	2006	2007
	millions of dollars							
Culture and recreation	2,590	2,808	3,059	3,300	3,432	3,607	3,765	4,005
Education and research	978	1,109	1,216	1,267	1,360	1,418	1,489	1,548
Health	1,793	1,826	1,862	1,961	2,112	2,206	2,408	2,625
Social services	5,119	5,782	6,334	6,799	6,997	7,248	7,654	8,170
Environment	294	323	354	371	381	390	416	458
Development and housing	3,870	4,207	4,425	4,835	5,580	6,193	6,678	6,967
Law, advocacy and politics	377	402	436	486	527	543	605	680
Philanthropic intermediaries and voluntarism promotion	476	534	586	621	650	693	735	835
International	177	194	209	223	242	259	273	303
Religion	2,653	2,804	2,965	3,044	3,133	3,182	3,232	3,349
Business and professional associations, unions	1,772	2,233	2,414	2,251	2,462	2,574	2,782	2,943
Not elsewhere classified	1,880	2,082	2,279	2,632	3,184	3,291	3,596	3,706
Total	21,979	24,304	26,139	27,790	30,060	31,604	33,633	35,589



IX. Conceptual framework

The System of National Accounts

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

The Canadian national accounts have always accounted for the monetary transactions of non-profit institutions, but they have not been identified explicitly in published statistics. International guidelines for national accounting recommend that data be produced for a limited subset of non-profit institutions in standard national accounts statistics. This subset is called Non-profit Institutions Serving Households (NPISH).³¹ As is the case in many other countries, this recommendation has not been implemented in Canada, and NPISH are currently included in the persons and unincorporated businesses sector in the Canadian national accounts. As per international guidelines, other non-profit institutions are found in the general government and corporate sectors, according to their characteristics. As a general rule, NPIs are classified to the government sector if they have significant ties to governments and receive significant government funding. They fall into the corporate sector if they exist to serve the needs of corporations or if they recover the majority of their costs through market sales³².

Satellite accounts and the central SNA framework

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

Work to develop international guidelines for satellite accounts of non-profit institutions was pioneered by the Center for Civil Society Studies at Johns Hopkins University in close collaboration with the United Nations Statistics Division. These guidelines are now published in the UN *Handbook on Non-Profit Institutions in the System of National Accounts*.³³ Along with 10 other countries and many international experts, Statistics Canada contributed to the development of the *Handbook* through the *Global Non-profit Information System Project*. We are among the first countries to undertake its implementation.

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

31. See *System of National Accounts 1993*.

32. In SNA 2008, NPIs are allocated to the corporate sector if they provide services to corporations whose output is sold to the corporations concerned or if they provide services to individual households at economically significant prices.

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



Figure 25
Non-profit institutions in the System of National Accounts¹

Type of institutional unit	Sectors in the Canadian SNA			Non-profit sector
	Corporations and government business enterprises	Governments	Persons and unincorporated businesses	
Corporations	C
Government units	...	G
Households	H	...
Non-profit institutions	N1	N2	N3	N = Σ Ni

1. For more information on institutional sectors, see *Guide to the Income and Expenditure Accounts*, Catalogue no. 13-017-X, Section Institutional sectors dimension of the CSNA - The Income and Expenditure Accounts, page 27.

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

Defining the non-profit sector

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

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

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



X. Estimation methodology

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

The standard economic accounts for the *Satellite Account of Non-profit Institutions and Volunteering* draw heavily on administrative files (tax data) to build estimates, while alternate sources are used for key segments of the non-profit sector or for specific variables in the account.

Standard economic accounts

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

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

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

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

Specific variables

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

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



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

Segments of the non-profit sector

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

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

Elementary and secondary schools: Comprehensive financial statistics on private, non-profit elementary and secondary schools are compiled by Statistics Canada's Centre for Education Statistics.³⁴

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

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

Classification by primary area of activity

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

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



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

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

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

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

From the point of view of the satellite account, the reconciliation analysis enabled coverage to be supplemented for certain types of organizations not well represented in the data sources used to compile the estimates. Since organizations not covered were generally small, the impact in terms of financial weight was not substantial, amounting to an increase of roughly \$2.2 billion (2.2%) in the gross domestic product for the non-profit sector, and an increase of \$4.0 billion (2.4%) in revenues for 2007. Coverage adjustments were concentrated mainly in culture and recreation group, followed by social services and philanthropic intermediaries groups.

Satellite account and NSNVO estimates could not be reconciled entirely, and differences remain between the two datasets. These differences are due to a range of factors, among them, different reference periods, conceptual and methodological differences, and varying classification procedures. Universe and coverage differences also remain in selected areas.³⁵ As a result of the reconciliation analysis undertaken, however, the broad messages on the size and scope of the non-profit sector in economic terms coming out of the two programs are largely consistent.

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



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

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

Group 1: Culture and recreation

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

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

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

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

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

Zoos and aquariums.

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

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

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

Group 2: Education and research

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

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

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



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

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

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

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

Group 3: Health

Hospitals. Primarily inpatient medical care and treatment.

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

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

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

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

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

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

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

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

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

Group 4: Social services

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

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



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

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

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

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

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

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

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

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

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

Group 5: Environment

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

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

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

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

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

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



Group 6: Development and housing

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

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

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

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

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

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

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

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

Group 7: Law, advocacy and politics

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

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

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

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

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

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

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

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

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



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

Group 8: Philanthropic intermediaries and voluntarism promotion

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

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

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

Group 9: International

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

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

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

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

Group 10: Religion

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

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

Group 11: Business and professional associations, unions

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

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

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

Group 12: [Not elsewhere classified]



Appendix C: Glossary of main terms

Capital consumption allowances

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

Current expenditure

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

Current transfers

Unilateral transfers between transactors for which there is no good or service provided in return. Household transfers to the non-profit sector are payments in the form of charitable donations. Governments transfers are in the form of grants.

Employment rate

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

Gross domestic product (GDP)

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

Gross domestic product at basic prices

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

Gross operating surplus

The surplus or deficit accruing from market production of non-profit institutions. Includes capital consumption allowances.

Gross output

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

Intermediate purchases

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

Investment income

Interest, dividends and other investment income received on assets held by the non-profit sector.

Membership fees

Memberships, dues and association fees received by non-profit institutions.



Net indirect taxes on factors of production

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

Operating expenses

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

Other operating surplus

Operating surplus less capital consumption allowances. Also called net operating surplus.

Replacement cost value of volunteer work

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

Sales of goods and services

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

Saving

Current income less current outlay.

Wages, salaries and supplementary labour income

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



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