



ONTARIO NONPROFIT NETWORK

BUILT ON HOPE: NONPROFIT SECTOR SEEKING STABILITY



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Introduction

The 2024 [State of the Sector survey](#) is the fifth annual, bilingual survey conducted by Ontario Nonprofit Network (ONN) to better understand how nonprofits in Ontario are faring.

The core purpose of the survey has remained constant since 2020: to identify and share the state of the sector in a given moment of time and provide the sector, as well as other key stakeholders, access to consistent, high-quality data. Every year survey data is used to help create an enabling public policy environment for nonprofits, and to support them in influencing government, funders, and the wider public.

Reflected in every year's data is a story of the sector. A reoccurring theme in this year's data is the sector's hopefulness and determination. The resilience and resourcefulness of the sector also comes through and, ever present, is the sector's commitment to its communities in the face of increasing and changing needs. Regrettably, what is also evident in the 2024 data is the ongoing underfunding and neglect of Ontario's nonprofit sector.



This policy report focuses on broad trends informed by the last five years of data across subsectors and regions, as well as policy recommendations for the Ontario government, alongside calls to action for the nonprofit sector and general public. The [technical report](#) describes the survey methodology and provides rich and detailed disaggregated data on who filled out the survey, and its focus areas of operations, finances, staff and volunteers, and more.

The vision for, and value of, disaggregated data

Over the last few years, ONN has broadened the many ways in which it disaggregates state of the sector survey data. Disaggregated data, in all its form, is critical for nonprofits as it highlights the differential impacts of the province's economic, political, and social, realities on the breadth and depth of nonprofits serving communities, particularly on those who are often underrepresented in policymaking. Disaggregated data is used to make evidence-informed public policy decisions that best meet the needs of communities.

Data sets ([data sheet](#) and [tables](#)) disaggregated by the below noted categories are also available to the public for review and usage; the sets can be disaggregated by the categories listed above.

With support from the sector, over the next couple of years we aim to expand disaggregation of the data to include:

- Women-led, women-serving, and women-focused organizations.
- Disabilities-led, disability-serving, and disability-focused organizations.
- Francophone-led, Francophone-serving, and Francophone-focused organizations.



DISAGGREGATED DATA JOURNEY

| TYPE | YEARS OF DATA | NOTES |
|--|---------------|---|
| Region | 5 | Regional disaggregation has evolved over the years. In 2024, we began identifying more urban and rural centres outside of the Greater Toronto Area. |
| Subsector | 5 | Based on International Classification of Nonprofit Organizations, subsectors include the full range of nonprofit community organizations, from arts and culture and sports and recreation to social services and housing. |
| French-language | 5 | Alongside identifying if organizations' primary language of operation is either French, English, or bilingual, this year they could also specify other. |
| Rural organizations | 3 | Rural or small communities are defined as those with a population of fewer than 20,000 people. |
| Black-led, -serving, and -focused (B3 for short) | 3 | Definitions are borrowed from CEE Centre for Young Black Professionals . |
| Indigenous-led, -informed, -benefitting, and -partnership (I4 for short) | 2 | Definitions are borrowed from The Circle on Philanthropy and Aboriginal Peoples in Canada for full I4 Definitional Matrix . |
| 2SLGBTQIA+ led, -serving, and-focused | 2 | Definitions are borrowed from the Enchanté Network . |

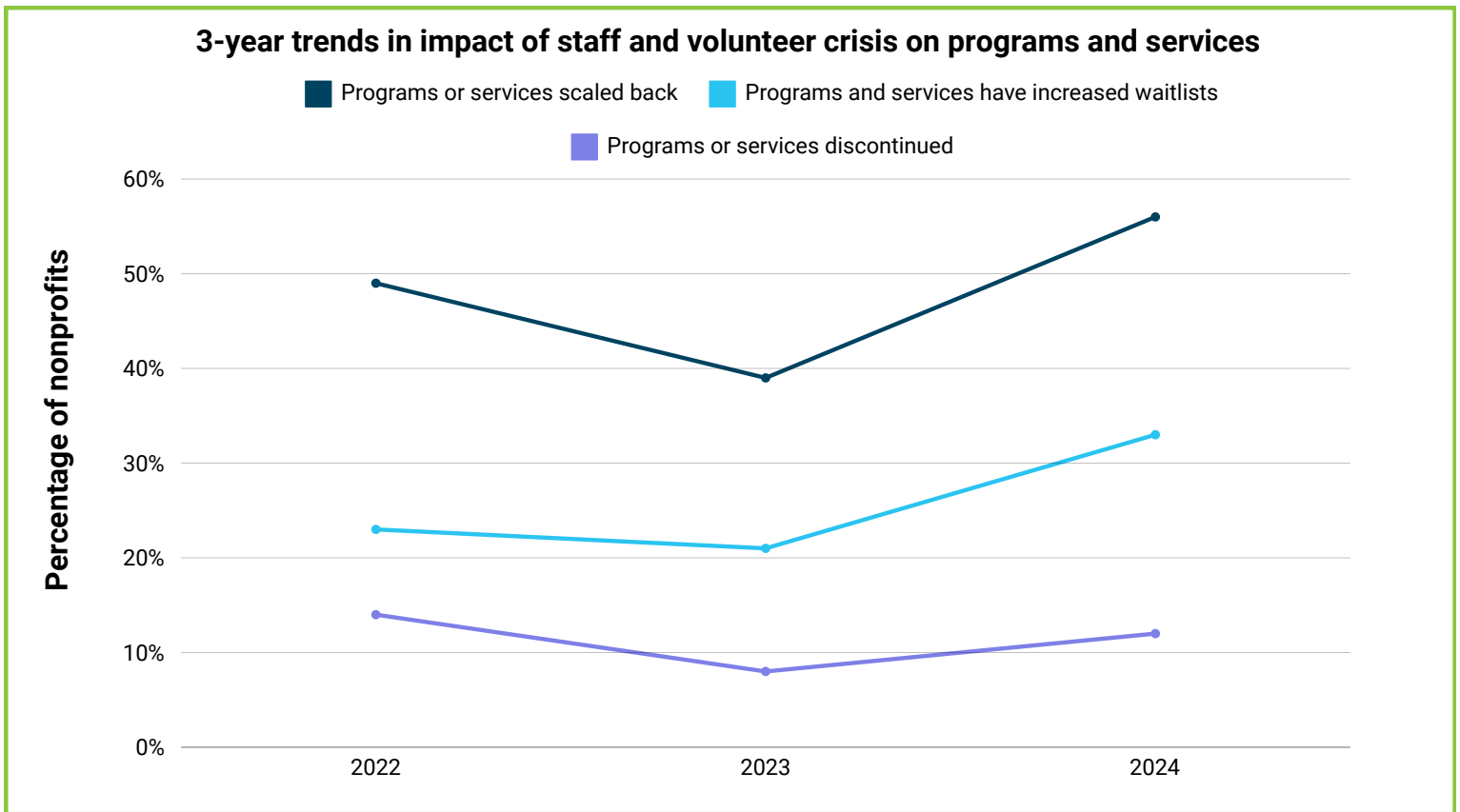
Overview of key themes

The nonprofit sector is experiencing stagnant and declining financial resources amidst climbing demand

While the last five years have been anything but stable for nonprofits, year-over-year the issues remain the same: reserve use is increasing, financial resources are unstable, government investment in the sector is stagnant or declining, and volunteers are not returning. It's also harder to recruit and retain talented staff. As a result, more organizations have growing waitlists and are cutting back services. The stories are the same across every subsector and region. The issues nonprofits are facing are holistic as the sector's capacity to serve communities is tied to healthy financial and human resources. If one or both are unhealthy, programs and services are impacted.

In [2020](#) and [2021](#), ONN's data reflected an influx of investment into the nonprofit sector, from government support to other types of fundraising and revenue generation avenues. However, in the years that have followed this investment has not continued, and the impact is starkly visible in our communities. The programs and services nonprofits provide in their communities - ranging from sports to arts, child care to food banks - are vital, not just in times of crises but are relied upon by Ontarians every single day. A better supported sector means less pressure on tertiary systems, high-quality and accessible programs and services for all, better social cohesion, and ultimately better supported Ontarians.

[Last year](#), ONN issued a warning - if policymakers continued to ignore the sector's alarm bells, cutbacks, waitlists, and program and service closures would reach devastating levels, and have a detrimental effect on Ontarians, in the immediate and long-term. There was a sharp increase in those numbers this year, a 17 per cent increase in nonprofits reporting programs scale back (just over half the respondents), 12 per cent increase in nonprofits reporting waitlists are increasing (a third of respondents), and 4 per cent increase in nonprofits reporting program closures (12 per cent of respondents). We have not course-corrected.



Nonprofits continue to make the most of their dwindling resources

This year's survey reinforces that nonprofits want to support their communities, create social connections, and meet increasing demands through their programs and services. Against all odds, they remain steadfast in their determination and hopeful that at some point, they will be adequately resourced to fulfill their missions. This duality of hope and despair is reflected in the fact that this year 45 per cent of survey respondents reported feeling overwhelmed, and 41 per cent reported feeling optimistic at this current moment.

Nonprofits are truly on the frontlines, servicing new needs with decades old investments. Big trends governments are grappling with and trying to solve for, nonprofits are already confronting. Over the past two years the sector has been witnessing the material consequences of overlapping macro economic, political, and social trends in their communities, and in turn thinking creatively, adapting quickly, and remaining focused on serving their community.

From rising income inequality, unaffordable housing, and threats from climate change to mass population and demographic shifts, migration into urban and rural centres outside of the GTA, polarization fueled by distrust, weak social fabrics, and world conflicts, nonprofits do not quit when the challenges are immense. But their grit is not a replacement for money, and it will run out. The sector cannot only exist on drive and resiliency.

The sector's calls to be part and parcel of economic public policy, to deliver public interest solutions are often unheeded. Rather, the privatization of publicly funded services delivered by the public or nonprofit sector is increasing despite overwhelming evidence that for-profit care services are more expensive, less effective, and for-profit organizations quit when the going gets rough. In this environment, it is difficult, almost impossible, for nonprofits to strategize, innovate, and plan effectively for the future.

Provincial leadership is needed

What is clear in ONN's data is that leadership in valuing and supporting social infrastructure is missing at the provincial government level. No one ministry or minister in the provincial government is responsible for the well-being of Ontario's nonprofit sector in its entirety. No one is championing the sector, and encouraging investment so nonprofits can unlock their full potential. Instead, funding and responsibilities for nonprofits is fragmented across various ministries and departments, creating a myriad of inefficiencies, administrative burdens, and missed opportunities for solutions to collective problems.



According to this year's survey, 24 different provincial ministries and secretariats provide funds to nonprofit organizations to deliver programs and services in communities. In total, 52 per cent of survey respondents received funds from one or more of these sources; 94 per cent of organizations with budgets less than \$500,000, 75 per cent of French-language organizations, 71 per cent of I4 organizations, and 63 per cent of organizations in Northern Ontario.

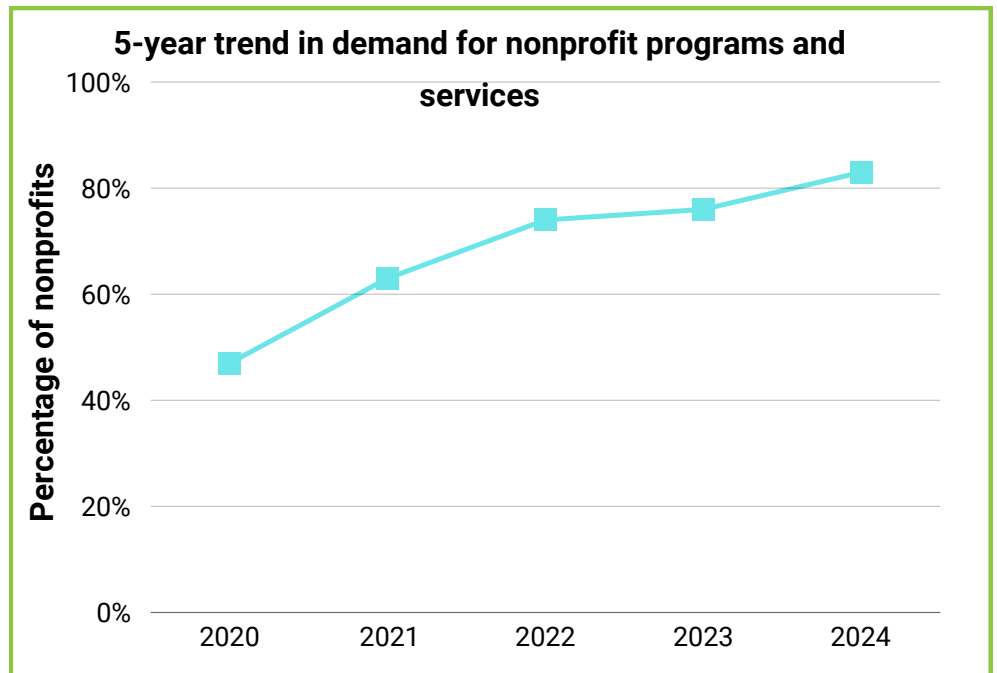


While each level of government has a role to play in creating an enabling fiscal environment for nonprofits to thrive in, given that the provincial government is not only the primary funder of community programs and supports, but also the primary legislator and regulator, they carry the largest responsibility. Municipal governments understand what is happening in communities, but do not necessarily have the tax base nor mandate to fund or manage much local service provision. Provincial control over the finances and activities of the municipalities also means they have, to a large extent, responsibility for the overall well-being of communities. The federal government provides direct funding for particular programs and services in areas of their jurisdiction, such as settlement services for immigrants and refugees, or transfers for big portfolios like health which are ultimately left for the province to manage and implement. Some sector data shows that the federal government has not taken responsibility for maintaining their share of local services.

The lack of leadership and responsibility has, in part, resulted in the state of the sector today. Eighty one per cent of respondents reported that their provincial funding had stayed the same or decreased over the past year, with only 19 per cent reporting an increase. Many nonprofits have not seen base increases in decades while other pots of money have not kept up with the true cost of delivering programs. Occasionally, a service in particular trouble will receive an infusion of funds to temporarily stave off the problems. However, in order for our social infrastructure - including tertiary systems - to meet growing needs, the entire system needs to be adequately invested in.

Increasing needs in communities

Over the past five years, every year more respondents reported an increase in demand for their programs and services, yet their ability to meet demand is not keeping up. This year, a concerning 83 per cent of respondents have seen an increase in demand for programs and services, a seven percent increase over 2023.



The demand for programs and services is increasing across the spectrum of community supports, and mirrors the complex social issues communities are facing. Every year more and more arts and culture organizations, sports and recreation, and, unsurprisingly, social services report an increase in demand. Sixty eight per cent of arts and culture organizations, 83 per cent of sports and recreation organizations, and 93 per cent of social service organizations reported an increase in demand this year. The largest increase over 2023 was for community development and housing organizations which jumped 33 per cent to 93 per cent of organizations reporting an increase in demand for services. The data reflects how critical arts, sports and recreation, housing, and social services are in communities. Sports and arts were the hardest hit during the pandemic, and are now slowly climbing to pre-pandemic program levels while social services and community development and housing are supporting Ontarians through the affordability crisis.

Culturally appropriate programs and services, led and delivered by communities themselves, remain critical for Ontarians. This year, there was a 17 per cent increase in the number of B3 respondents reporting an increase in demand for services (97 per cent) and a spike of 27 per cent in the number of I4 organizations reporting the same (95 per cent). Increasing five per cent over last year, from 85 per cent to 90 per cent, were 2SLGBTQIA+ organizations reporting an increase in demand.

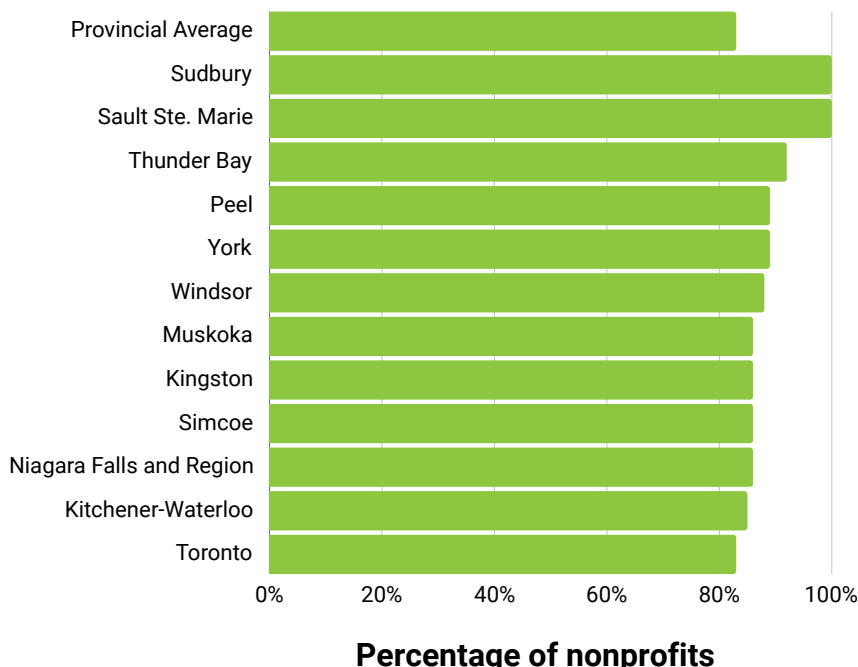
In Northern Ontario, while population numbers are lower and relatedly less expansive is social infrastructure compared to the rest of Ontario, the needs are greater. Over the past five years, year-over-year Northern Ontario has experienced one of the highest increases in demand for services, with a 16 per cent jump this year to 85 per cent of organizations reporting an increase in demand for services.

The Greater Toronto Area’s (GTA) exponential population growth is a constant pressure on nonprofits. Peel region has one of the fast-growing populations, and also the highest number of respondents experiencing an increase in demand for services, year-over-year.

NEW DATA THIS YEAR:

Cities outside of the GTA (Peel, York, Toronto, Durham) are experiencing similar demand in services to those in the GTA but may not have the equivalent social infrastructure to support the influx of demand for services as more people move into their communities.

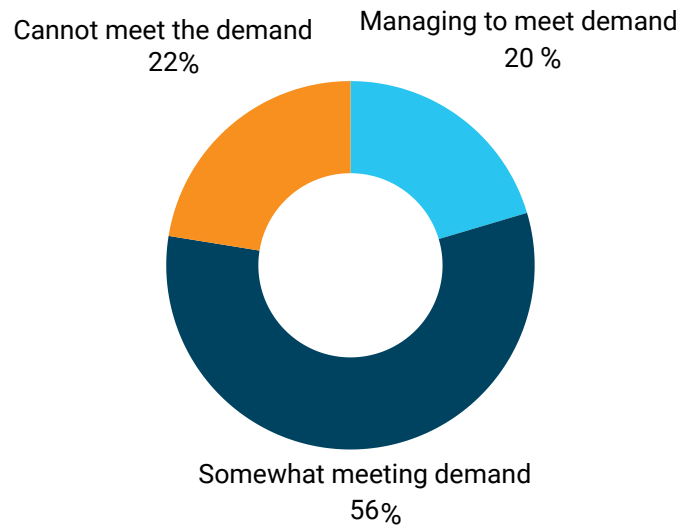
2024 trend in demand for nonprofit programs and services across cities above the provincial average



DATA CHECK-IN:

How well are nonprofits meeting increase in demand in their communities? The numbers remain unchanged from last year, even though more reported an increase in demand for services:

- 20 percent report they are managing to meet demand
- 56 percent are “somewhat” meeting demand
- 22 percent cannot meet the demand.



A critical barrier to meeting demand is the ongoing labour force and volunteer crisis nonprofits are facing. Over the last three years the number of nonprofits reporting they experienced staff recruitment and retention issues - just under two thirds - has remained unchanged. Compared to last year, more nonprofits also reported a skills shortage. Just under half the sector continued to report challenges in recruiting and retaining volunteers.

DATA CHECK-IN:

The top three factors for recruitment and retention issues are not changing, but the number of respondents reporting them is changing:

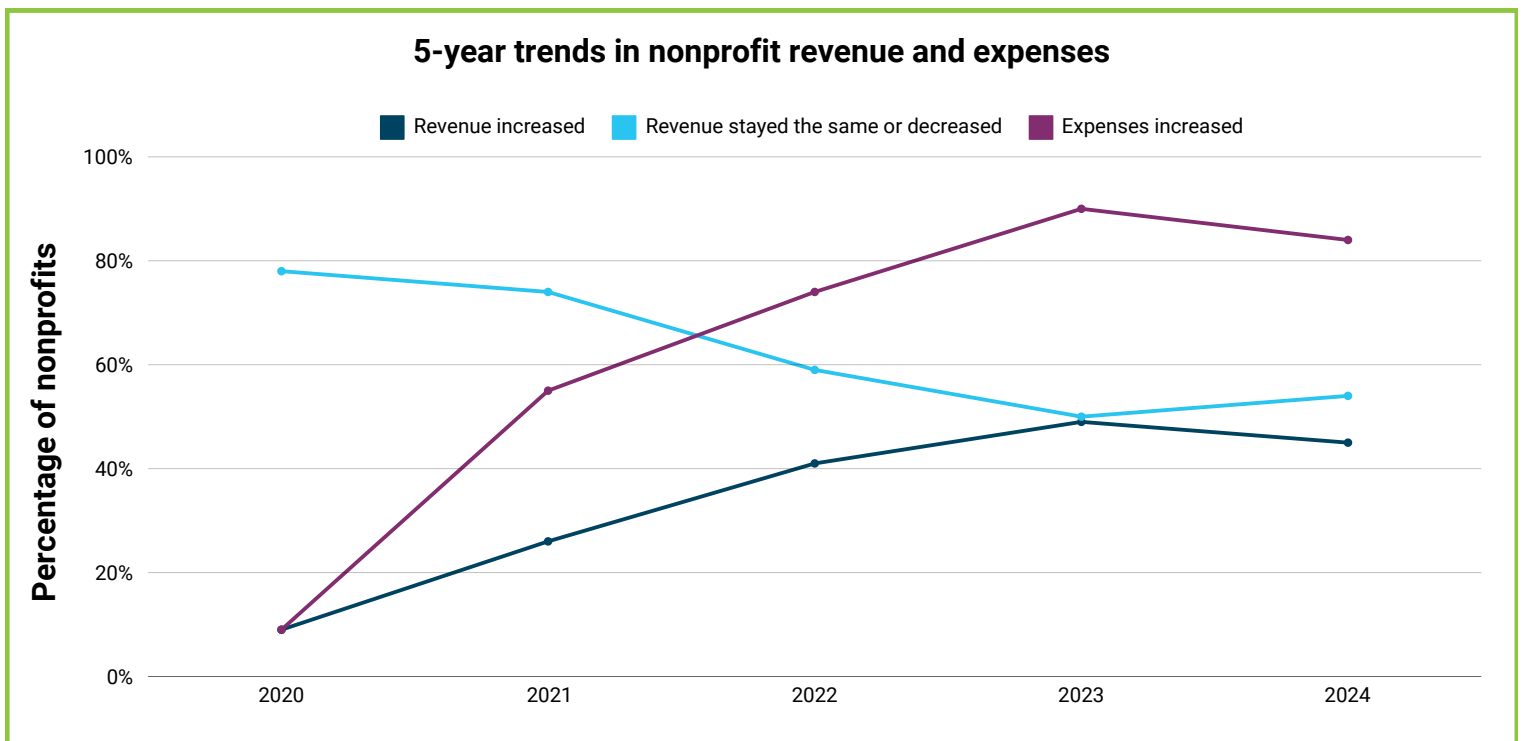
- Wage disparity for similar/same job increased by 19 per cent to 66 per cent
- Uncompetitive compensation packages increased by 7 per cent to 56 per cent
- Staff burnout and stress increased by 5 per cent to 56 per cent.

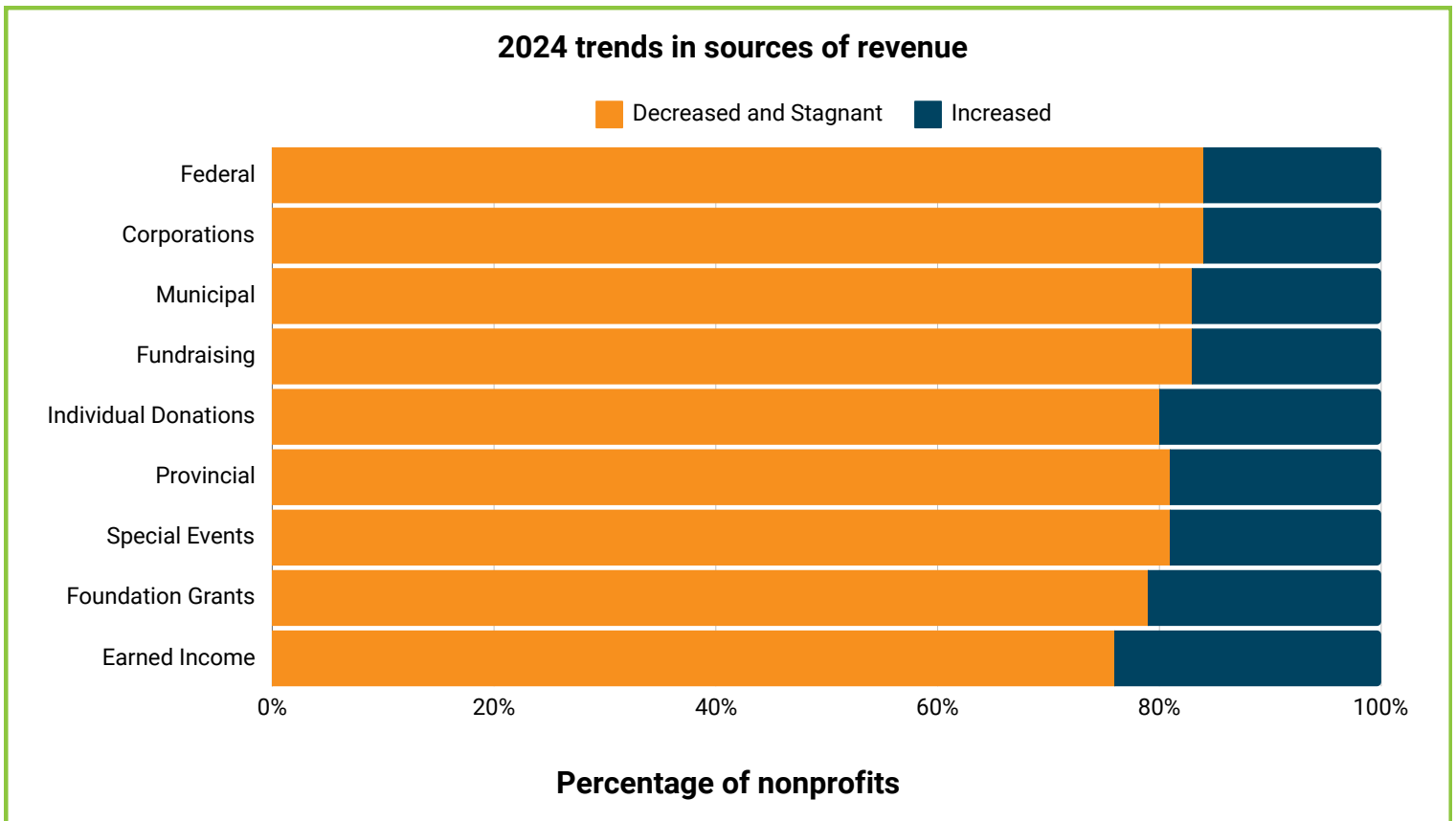


Flat and declining revenues, depleting reserves

Emerging across the five year data: nonprofit financial capacity is shrinking. More and more nonprofits are grappling with stagnant and declining revenues, which are not keeping up with increases in expenses even though peak inflation has passed.

While the number of nonprofits reporting stagnant and decreasing revenue was continuously dropping between 2020 and 2023, with the most significant drops between 2021 and 2022, and 2022 and 2023, this year there was a four per cent increase. The number of respondents reporting stagnant and declining revenue is now at 54 percent while 84 per cent reported increase in expenses. It is a tribute to the ingenuity of the sector, and the coordinated and collective advocacy efforts that 46 per cent of organizations managed to increase their revenues. The sector's financial capacity is shrinking given the stagnant and declining sources of revenue, particularly funding from government and corporations and businesses.





For the first time in four years, more respondents from arts, culture, heritage, sports and recreation, law, advocacy and politics, education and research, and the environment subsectors reported their revenues failed to grow. Respondents from the environment subsector experiencing revenue growth declined the most, 18 per cent, in comparison to last year. Many of these subsectors often receive less funding from government, relying primarily on a mix of individual donations, earned revenues, special events, foundation grants, and corporate donations which do not fill the gap like they used to. Not surprisingly then, arts and culture and environment subsectors, all had more nonprofits reporting stagnant or declining revenues at above 60 per cent this year.

The declining revenues are pervasive. No region is spared. Durham, Windsor, Timmins, Sudbury, and Sault Ste. Marie, all had nonprofits reporting stagnant or declining revenues above 60 per cent this year.

NEW DATA THIS YEAR:

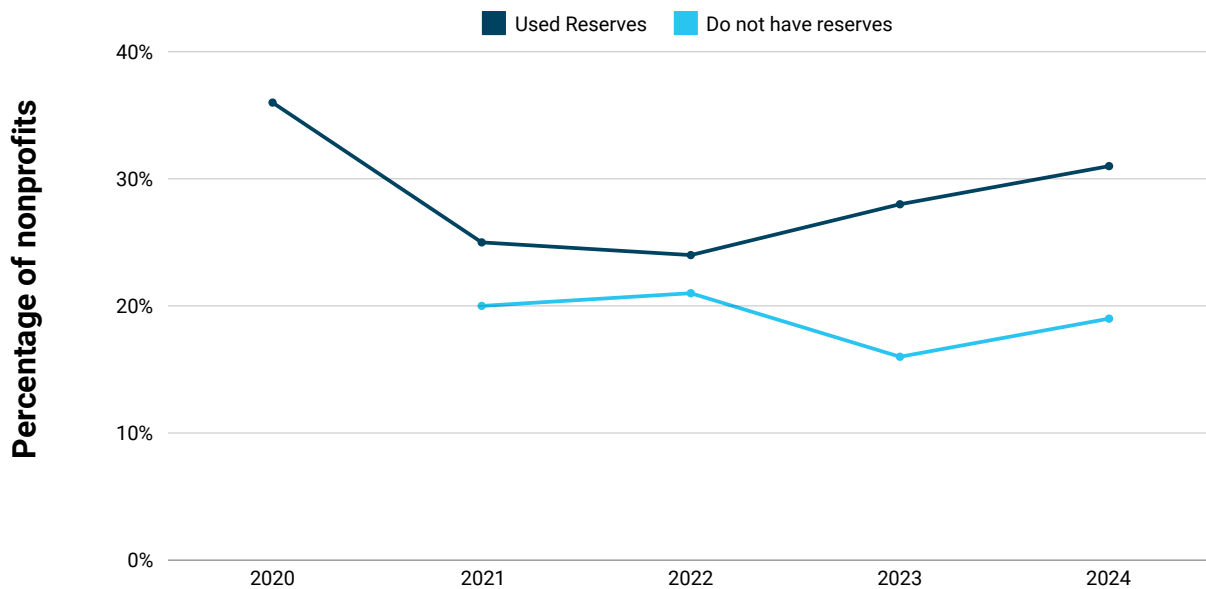
Top three expense lines that organizations reported increased:

- Salaries and benefits (76 per cent)
- General administration costs (70 per cent)
- Programs, services, and activities (70 per cent).

When possible, nonprofits maintain reserve funds for when their expenses exceed their revenues. Reserves give an organization flexibility to cover off occasional unanticipated expenses. High use of reserve funds however is an indicator of financial distress. In 2020, 36 per cent of respondents reported using their reserve funds.

The use of reserves decreased between 2021 and 2022, but started increasing in 2023, and is now 31 per cent, almost mirroring pandemic-era levels.

5-Year trends in nonprofit reserves



In particular, over the last three years, more respondents from the arts, culture, tourism, and heritage and health subsectors consistently reported using their reserve fund, and more organizations reported not having reserve funds. One bright spot, organizations from the sports and recreation subsector were consistently reporting using their reserve funds in previous years, and for the first time this year, the use declined.

Some organizations fluctuate dramatically in the use of their reserve funds. This is often in response to unstable and unpredictable revenue sources. Organizations from the subsectors of business associations, environment, law, advocacy, and politics, education and research, and faith groups as well as B3 organizations report fluctuating use of reserve funds.

Not having a reserve fund is a sign of financial vulnerability. Year-over-year, more respondents have reported not having a reserve fund.

- “Financial security; we used reserved funds and ended last FY [fiscal year] in a deficit rather than laying off staff - a conscious decision. If we lay off staff and function within capacity, we will provide less to our clients and families when the needs are more complex and increasing. We need more support for admin and infrastructure and no one wants to fund that. The fundraising landscape has changed for the worse - less funding, greater competition for the limited funding, and all great causes“
- “Years of flatlined funding, increasing costs, and annual funding contracts that prohibit carrying some funds into the next fiscal year prevent long term planning and make non-profits paupers; unable to retain staff, be prepared for emergencies, and invest in capacity building to expand and/or improve service delivery!”

Building on hope, dedication, and community

Many nonprofits provided testimonials about their impact, and how they are providing key support and programs in their communities, often filling a unique need or gap locally. When nonprofits close, or are at risk of closing, the health, social and economic wellness, and vitality of Ontario's communities suffer.

- “Often a nonprofit is the only resource in their community providing vital community support. They are reaching community members at times of vulnerability helping them find their way forward. It is nonprofit organizations that provide the joy and vibrancy in communities. We are the only option in our rural community for a number of services. Registered Food Bank, Homelessness Drop in Site, Christmas Assistance, and more.”
- “We are the only Indigenous women's organization in the area that is offering services for women who have experienced violence.”
- “We offer quality sport opportunities for all no matter age or ability. Advocacy, education and resources to enable the growth of equitable inclusive sport and recreation opportunities in Ontario.”
- “Through our programs youth find out more about themselves while building a relationship with the outdoors and others in their communities”

When faced with challenging conditions nonprofits continue to put service provision first, and are resourceful in finding solutions that help stretch the little funds they have. This year's data identifies that organizations have tried to increase their earned income with 24 per cent reporting some success. And 21 per cent of organizations reported an increase in individual donations, while 21 per cent received increased funding from foundations.

Nonprofits are also trying to put their people first. Many are joining forces and advocating for wage increases, aside from or on top of program funding increases. Compared to last year, more nonprofits reported implementing recruitment and retention strategies this year.

NEW DATA THIS YEAR:

Top increases over the past two years in implementing staff recruitment and retention strategies:

- 15 per cent more organizations raised their salaries (55 per cent)
- 8 per cent more organizations provided mental health supports (35 per cent)
- 8 per cent more organizations provided remote work options (58 per cent).

Action is required before it's too late



Nonprofits face a multitude of challenges, and if there are no tangible actions taken to address them, the vibrancy of our communities will cease to exist. With lack of government leadership, nonprofits have attempted to fill in the gaps themselves, from creating our own reliable data to providing essential services to those who need them.

This year, a troubling 39 per cent of respondents assessed themselves at significant risk (ranked at a five or above) for not existing in the next three years. Greater numbers of French-language respondents, those with budgets less than \$500,000, and those in Northern Ontario are at risk of not existing in the next three years. Half of respondents from arts, culture, heritage and tourism, community development and housing, and environment subsectors, respectively, reported being at risk of not existing in the next three years.

Alarming and due to the instability of funding, more than two-thirds of B3 respondents, 29 per cent of I4 respondents, and 43 per cent of 2SLGBTQIA+ respondents reported being at risk of not existing in the next three years, which could be devastating for the equity-deserving communities served and supported through these organizations.

Two-thirds of the sector gauged the health of nonprofits as somewhat unhealthy or very unhealthy across Ontario, across their local community, across their subsector, and across nonprofits led-by, focused-on, and/or serving equity deserving communities, respectively.

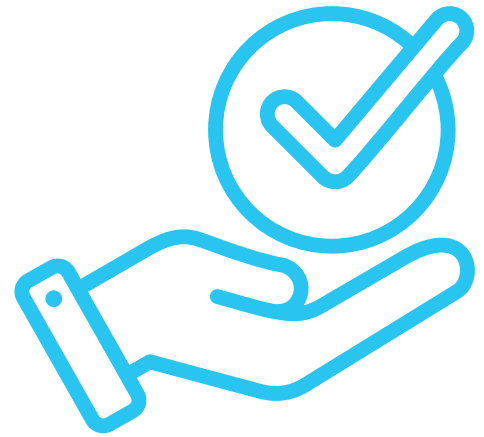
Funding has always been, and remains a big challenge for the sector. Despite creative revenue generation and fundraising solutions, the only way to meet ever-growing demands while keeping programs and services affordable and accessible is through external investments. A mixture of funding to the sector from government, individual and corporate donations, foundations and community funds, or special events has worked well for many years, but is not working anymore.

Individual and corporate donations can be unreliable or limiting due to economic and social factors and trends. Currently, most individuals' disposable income is under stress with inflation, and housing costs, while corporations are cutting back on community investments. Many foundations and community funds understand the challenges of the sector; and are experiencing huge increases in grant applicants that they cannot begin to address nor find are their responsibility.

Who then, is going to champion Ontario's social infrastructure? We're calling on all Ontarians to actively support and advance the sector's advocacy for sustainability.



Policy recommendations for government



1

Create a home in government for the sector to efficiently work with Ontario’s 58,000 nonprofits and charities: Appoint an Associate Minister within the Ministry of Economic Development, Job Creation and Trade, supported by a Deputy or Assistant Deputy Minister in an Office representing nonprofits, charities, and social innovation. Learn more about our [home in government](#) policy recommendation

2

Future-proof Ontarians’ social infrastructure: Address sustainability for nonprofits receiving funding from government by transitioning to annual base funding increases that reflect the true cost of delivering services and programs, keeps pace with inflation, and responds to emerging needs.



Calls to action for the sector

1

Build diverse networks: Convene across subsectors and regions to share information. Collaborate and align on minimum standards for wages and administrative costs for when funding opportunities and contracts arise, for example. Ally with workers, unions, and employers of all sizes in the sector to make clear to Ontarians across the province the alarming situation of the sector and the consequences of not supporting nonprofits.

2

Engage in collective advocacy: Amplify the recommendations in this report to the provincial government alongside your own public policy and advocacy work. Write a letter to your local MPP or set-up a meeting with them to talk about the report, its recommendations, and how they resonate in your community. Strategic moments of advocacy and awareness building and education can focus on pre-budget submissions and elections.

3

Socialize the Nonprofit Business Model: Make it clear to communities and government the breadth, depth, and value of the sector and the sector's ability to provide high-quality and affordable publicly-funded services.

4

Encourage local community engagement and support: Encourage your program users or clients to support the nonprofit sector by offering local engagement and public education. Activities may include reaching out and sharing a story with local media, letting community members know how they can connect with their MPP to share their experiences with the nonprofit sector or your organization specifically, or partnering with other organizations to facilitate educational events that focus on sharing the impact and importance of local nonprofits.

Calls to action for the public

1 Get involved in your communities: There are many, many nonprofits in local communities across the province. Take some time to learn more about how nonprofits are supporting your community by providing care and creating wellness and connection - local theatres, art galleries, museums, and sports leagues, service clubs and faith groups, child care and elder care centres, nonprofit housing cooperatives and shelters, food banks, and gender-based violence support groups, and community health centres and summer camps - there are so many types of nonprofits and they need your help!

2 Support nonprofit advocacy: Community nonprofits are locally run and supported. They have local volunteers and board members. Many are entirely volunteer operated. They need communities to support them and advocate for sustainable funding so they can continue their vital work.

3 Participate in democratic processes: By voting you help support your local community and its unique needs. Connect with local nonprofits to learn about what is important for them, in the run up to an election, and consider these needs as part of your process of deciding who to vote for.



Acknowledgments

ONN would like to express our gratitude to Environics Research for conducting this survey as well as the Definity Foundation, and our other supporters.

We would also like to thank all of the respondents of the survey, as well as our partners for sharing the survey, and encouraging organizations in their networks to participate, providing valuable data for this initiative.

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