



WITH SUPPORT FROM



# 2023 STATE OF THE SECTOR: AT A TIPPING POINT

POLICY REPORT





# TABLE OF CONTENTS

<b>Introduction</b>	3
<b>A sector running on fumes, headed into unprecedented territory</b>	4
<b>Future projections point to a downward spiral by 2026</b>	5
<b>Nonprofits are vital to communities</b>	7
<b>Long-term trends</b>	8
<b>Demand for nonprofit services is at an all time high</b>	8
<b>Finances are trending downwards</b>	11
• Only some nonprofits have marginal increases in revenue, and even that is slowing	11
• All nonprofits have higher costs and expenses	12
• Nonprofits are increasingly having to dip into reserve funds	13
• The length of time that nonprofits are able to operate for is declining	14
• Optimism from 2021 that financial situations will improve is fading as more of the sector expects their financial situation to get worse	15
<b>Nonprofit human resources are still in crisis</b>	17
<b>Volunteer crisis is slowing</b>	21
<b>Cutbacks, waitlists, and nonprofit closures remain in line with last year</b>	22
<b>Policy recommendations for government</b>	24
<b>Calls to action for the sector</b>	25
<b>Acknowledgments</b>	27



# INTRODUCTION

The 2023 State of the Sector survey is the fourth annual bilingual survey conducted by Ontario Nonprofit Network (ONN) in order to better understand how nonprofits in Ontario are fairing.

While the core purpose of the survey - to identify and share the state of the sector in a given moment of time - has remained constant since 2020, it now also provides nonprofits and other key stakeholders access to [high quality sector-wide data](#) disaggregated by key demographic profiles. Perhaps most importantly, the survey is a vital resource as the findings can be used by the sector to influence governments, funders, and the public for an enabling public policy environment for nonprofits and the communities they serve.

Questions on operational and financial health have remained consistent over four years while those on human resources have remained consistent over the last two years, producing longitudinal quantitative data to analyze for sector-wide trends. There is also two years of data disaggregated by the following types of organizations :

- Black-led, -serving, and -focused (B3 for short) or<sup>1</sup>
- Indigenous-led,-informed, -benefitting, and -partnership (I4 for short).

This report highlights important trends alongside stories from the sector that provide nuance and complexity to the numbers. We also pose policy recommendations and related calls to action for the sector ahead of the Ontario government's 2024 budget consultation cycle.

---

<sup>1</sup> Source: [CEE Centre for Young Black Professionals](#) and [The Circle on Philanthropy and Aboriginal Peoples in Canada](#)



# A SECTOR RUNNING ON FUMES, HEADED INTO UNPRECEDENTED TERRITORY



Trends over four years of surveying reveal:

- Demand for services is sharply increasing and is at an all time high.
- Nonprofit financial situations are on a downward spiral.
- The crisis level shortage of human resources continues.

As a result, nonprofits are cutting back programs and services, waitlists are growing, and nonprofit closures are climbing. The erosion of Ontario's critical social infrastructure is speeding up at a time when communities need it the most.

If policymakers continue to ignore the warning signs experienced by the sector, we fear that cutbacks, waitlists, and nonprofit closures will reach devastating levels and have a detrimental effect on Ontarians, in the immediate and long-term. The sector needs to continue vigorously advocating for long-term policy solutions for financial sustainability and human resource planning so we can support communities better.

We initiated our data collection in 2020, just three months into the pandemic, which means we lack a benchmark year free from some form of crisis for comparison. The 2020 data reflected an uncertain sector - nonprofits were losing revenue and laying off staff but demand, costs, and expenses had not risen exponentially. The 2021 data revealed a relatively optimistic sector during the height of the pandemic as nonprofits were both called on and funded to do more. Demand and expenses had somewhat increased, but so had revenues compared to the previous year, given availability of pandemic-related financial supports. However, much of that changed in 2022. The 2022 data highlights the detrimental impact of rapidly increasing demand, costs, and expenses amidst a human resource and volunteer crisis and as flexible financial supports for the sector to continue serving communities ended.



In 2023, the same trends emerged, where demand, costs, and expenses increased rapidly while revenue and human resources continued to fall short. We are heading into unprecedented territory.

As more and more Ontarians turn to us for support and our nonprofit business model continues to prove to be the effective and efficient way to serve communities, warning signs of a sector in trouble must be heeded. We are unique in that we are not seeking profit, but rather our work grows out of community needs - however big or small. It's a local nonprofit that provides deeply needed affordable housing, operates the local food bank, or provides mental health and addictions services. Nonprofits also sustain local quality of life with affordable children's and adult recreation and sport leagues. Nonprofits operate everything from local service clubs, summer festivals, theatre and arts programs, supports for persons with disabilities, and even the local gardening club.

While we are known to be resilient and practical, there are limits. We cannot keep running on fumes into an uncertain future.

## FUTURE PROJECTIONS POINT TO A DOWNWARD SPIRAL BY 2026

We used a forecast formula with data from the past four years to forecast demand for services, nonprofit operational sustainability over twelve months, costs, and closures over the next three years. Based on the rate of change for these four areas, and with public policy remaining the same, we are projecting devastating numbers by 2026:

- Every single nonprofit in Ontario will be experiencing an increase in demand for service.
- Only 17 per cent of nonprofits will forecast financial sustainability over 12 months.
- Nonprofits will see a 131 per cent increase in costs.
- There will be 63 per cent of nonprofits knowing of similar organizations closing down and ceasing operations.



## FUTURE SECTOR PROJECTIONS

YEAR	INCREASE IN SERVICE
2020	47%
2021	63%
2022	74%
2023	76%
<b>2024</b>	90%
<b>2025</b>	99%
<b>2026</b>	109%
YEAR	SUSTAIN > 12M
2020	51%
2021	35%
2022	34%
2023	35%
<b>2024</b>	27%
<b>2025</b>	22%
<b>2026</b>	17%
YEAR	CLOSURES
2021	18%
2022	34%
2023	35%
<b>2024</b>	46%
<b>2025</b>	55%
<b>2026</b>	63%
YEAR	INCREASE IN COSTS
2021	64%
2022	83%
2023	90%
<b>2024</b>	105%
<b>2025</b>	118%
<b>2026</b>	131%

Note: Review our [data sets](#) for more information on the questions informing the projections above.



While this forecasting uses data that reflects the sector as grappling with many crises and social, economic, financial, and political shifts over the past four years, it does not account for a potential recession or other immeasurable factors the sector may face in the next three years.

Nonprofits already rate the provincial government's response to the sector's challenges as poor. There continues to be no strategic coordinated policy response for the needs and priorities of the sector. There is no human resource recruitment strategy for the sector, wages remain uncompetitive, and government funding for services is largely stagnant and not keeping up with rising costs. Meanwhile local communities struggle with housing, food insecurity, mental health and addictions, and overall lack of affordability for recreation and culture for their residents. As households fall further into poverty and require services at higher rates, now is not the time to cut back.

## NONPROFITS ARE VITAL TO COMMUNITIES

Despite challenges, nonprofits bring immense value to their communities all over Ontario. In this year's survey, nonprofits shared how they are operating safe consumption sites, implementing HIV programming, assisting children from low-income families to access organized sports, training artists with entrepreneurial skills for sustainable employment, supporting refugees from across the world, providing food security, preventing suicides through arts programming, or helping rebuild lives after being unhoused or incarcerated. The list goes on.

Nonprofits also shared how sudden decreases and cuts in funding, or the expectation to do more with less, can suddenly stop impact, stall innovation for even better outcomes, and leave them wondering if they will exist in the next three, five, or even ten years.



We also asked respondents to share their dreams for their communities if they had unlimited resources to implement them, and an overwhelming number shared how they would battle the current basic needs crisis their communities are facing - affordable housing, food security, and justice and equity. The sector knows that their people are at the centre of their work and included dreams of providing staff with decent work - adequate pay, pensions, and benefits.

Dreams speak to the value of the sector; their dreams are not about making profit or expanding to become more valuable to shareholders. Their dreams focus on better responding to the needs of their communities.

- “[A] truly affordable housing for people with disabilities project.”
- “We would acquire and own more deeply affordable housing for our clients who are precariously housed.”
- “Expand our services or partnerships in the areas of food security, mental health, material basic needs supports via drop-in and community development.”
- “[S]taff pension plans, increased wages (more competitive with the sector), flexible funding to meet most urgent needs still paramount from the pandemic.”

## LONG-TERM TRENDS

### DEMAND FOR NONPROFIT SERVICES IS AT AN ALL TIME HIGH

Just over three quarters of respondents have seen an increase in demand for programs and services. There has been an increase of two per cent from last year, 13 per cent from 2021, and 29 per cent from 2020.

Over the past three years, respondents with budgets over \$3 million, bilingual respondents, respondents in Peel region, and across the health sector consistently reported an increase in demand.





Between 2021 and 2023 respondents in the sports and recreation and environment subsectors had higher rates of increase in demand, in comparison to other subsectors. Over the past two years, B3 and I4 respondents have consistently reported high levels of demand for their programs and services.

### **NEW DATA THIS YEAR**

Demand grew by at least 26 per cent and very few nonprofits can meet the growing demand.

- Half of respondents reported at least a 26 per cent or more increase in demand for services.
- Less than a quarter of respondents reported being able to meet demand.

## NONPROFITS, IN THEIR OWN WORDS:



"As the demand for our programs continues to grow during the post-pandemic mental health crisis, our inability to raise enough funding and recruit enough youth volunteers will continue to detract from our ability to meet the demand and address our growing waitlist."

"The increased demand for both our primary healthcare and wellness supports (particularly mental health) will continue to impact our effectiveness in the next year. As well, demand for higher wages from unionized employees who had been impacted by Bill 124 throughout the pandemic will further increase the likelihood of a significant financial shortfall in this period."

"Funding does not reflect increasing demand and complexity of clients served. Aging demographics in our community place additional strain on demand. We do not have capacity to meet current let alone anticipated demand for services in a community where we are the only providers of service."





## WHY IS THIS A TREND?

Individuals, families, and communities continuously turn to and rely on nonprofits, particularly during times of crises. Increase in demand for nonprofit programs and services is in line with the growing pandemic in 2020 and 2021 and the rapidly increasing affordability crisis of basic needs as well as climate emergencies in 2022 and 2023.



Nonprofits are the first responders to what these crises offset as well (e.g. settlement, gender-based violence, and employment and training supports etc.), stop-gaps to issues the government cannot grasp and for-profits cannot monetize, and the cultural and recreational lifeblood of communities.

Those in our sector experiencing the most increase in demand correlates with who is disproportionately impacted by crises. Peel nonprofits and the communities they serve are attempting to recover from one of the worst public health crises of our time, as the region was hit hardest with lockdowns and infections, while navigating exponential growth due to immigration and an affordability crisis. Over the past couple of years the environmental subsector has increased their advocacy as more impacts of climate change hit closer to home. B3 and I4 organizations, limited in number and capacity to begin with, are responding to, and recovering from, the pandemic's disproportionate impact on Black and Indigenous communities. Additionally, they work alongside their communities to heal from colonialism and its harmful legacies and combat current systems of oppression, all the while providing culturally relevant programming and supports.



## FINANCES ARE TRENDING DOWNWARDS



### ONLY SOME NONPROFITS HAVE MARGINAL INCREASES IN REVENUE, AND EVEN THAT IS SLOWING

While over the past four years respondents reporting an increase in revenue has grown to half of respondents and those reporting a decrease has declined to a quarter of respondents, the rate of reporting an increase or decrease has significantly slowed. The number of respondents reporting an increase in revenue had grown by 16 per cent in 2021 and 2022, respectively, but only by 7 per cent this year.

The reporting of decrease in revenue slowed by 7 per cent in 2021, 17 per cent in 2022, and by only 8 per cent this year. Year over year the number of respondents reporting “no impact” on revenue has stayed stagnant between 19-23 per cent.

When looking at data by region and subsectors, more respondents reported revenue increases between 2021 and 2022, but between 2022 and 2023 there was a drastic double digit decline in reporting revenue increases. More respondents reported revenue decreases between 2021 and 2022 and that slowed between 2022 and 2023. More respondents with larger budgets, in Ottawa, Toronto, and the social services subsector have consistently reported revenue increases over the past three years while those with budgets under \$500,000, in the arts, culture, tourism, faith-based, and the sports and recreation subsectors have consistently reported decreases. Between 2022 and 2023 revenue increases slowed for B3 and I4 respondents as well. Respondents that reported any sort of revenue increase over the years mostly reported increases ranging between one per cent to 24 per cent.



Over the past two years, although most respondents shared that the reason their revenues increased was because of more government funding, earned income as a factor for increasing revenues grew the fastest this year, by 12 per cent. Respondents with budgets over \$3 million, in Peel and from the law, advocacy, and politics subsector consistently reported growth in government funding. Respondents from the sports and recreation subsectors consistently reported an increase in earned income. Respondents from faith-based and hospitals, universities, and colleges subsectors consistently reported an increase in donations. Black-led and Indigenous-led respondents' government funding grew by 40 per cent and 66 per cent respectively over the same period.

## ALL NONPROFITS HAVE HIGHER COSTS AND EXPENSES

Year over year more respondents are reporting an increase in both costs and expenses. This year, 90 per cent reported an increase in costs, up by 7 per cent since 2022 and 26 per cent since 2021. And, 90 per cent also reported an increase in expenses this year, up by 16 per cent from 2022, 35 per cent from 2021, and 67 per cent from 2020. Increase in costs and expenses is prevalent across budget sizes, regions, and subsectors. Since 2021 the number of respondents reporting expense increases is double that of those reporting revenue increases.

### **NEW DATA THIS YEAR**

The largest source of expense is salaries and benefits.

- 46 per cent of respondents reported their largest source of expense as salaries/benefits.



## NONPROFITS ARE INCREASINGLY HAVING TO DIP INTO RESERVE FUNDS

While not as high as at the beginning of the pandemic in 2020 when 36 per cent of respondents reported using their reserve funds, between 2021 and 2023 more respondents have reported using their reserve funds. The number decreased in 2021 and 2022 to 25 per cent and 24 per cent respectively and then increased to 28 per cent this year. When comparing over the last three years, more Francophone respondents, those from the sports and recreation subsector, and B3 and I4 respondents reported using their reserve funds.

16 per cent of respondents still do not have reserve funds. Year over year, more respondents with budgets under \$500,000, bilingual respondents, those from Durham, Halton, and York and in the arts, culture, and tourism, international and law, advocacy, and politics subsectors, and B3 and I4 respondents did not have a reserve fund.

## NONPROFITS, IN THEIR OWN WORDS:



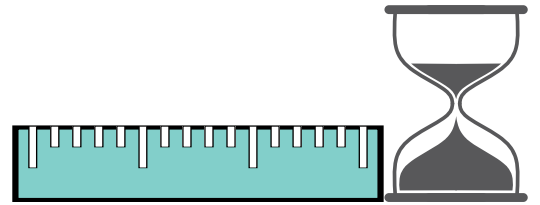
"[M]ostly lack of funds prevents us from delivering on programs and hiring staff. Organizations can not pay for training - no revenue from programs coming in, which is currently main source of funding."

"[W]e are too small and don't have the capacity to fundraise. [S]o the gap between revenues and expense increases a bit every year. [W]e are looking for a merger partner to ensure the continuity of our programs."





## THE LENGTH OF TIME THAT NONPROFITS ARE ABLE TO OPERATE FOR IS DECLINING



The number of respondents reporting they can operate for seven months or more is decreasing to mirror pandemic levels in 2020 while those reporting they can operate for only up to six months is increasing.

In 2020, 73 per cent of respondents reported that they could sustain their operations for more than seven months, growing to 84 per cent in 2021, and then declining in 2022 by 1 per cent and a further 10 per cent in 2023 to 73 per cent, again.

On the other hand, in 2020 28 per cent of respondents could sustain themselves for up to six months, that number decreased to 16 per cent in 2021 and then started climbing to 17 per cent in 2022 and 19 per cent in 2023. The same trend emerges based on budget-size and region, but sustainability varies based on subsectors.

Forecasting sustainability over twelve months is even more precarious. Over the past three years, the number of respondents with budgets of \$3 million or more reporting that they can sustain themselves for twelve months or more has been decreasing: 84 per cent in 2021, 82 per cent in 2022, and 66 per cent in 2023. Meanwhile the number of respondents across all budget sizes with three months or less of operational sustainability increased.

These trends are more pronounced for all types of B3 and I4 respondents. Compared to the provincial average over the past two years, more are reporting they can only sustain themselves for three months or less and less are reporting they can sustain themselves for twelve months or more.



## NONPROFITS, IN THEIR OWN WORDS:



"A lack of long-term, sustainable funding will hamper our ability to deliver the unique community services we provide."

"If there is a downturn in the economy, we won't be able to grow our endowments as quickly to help meet community needs through sustainable funding."

"The biggest issue for us is securing long term funding so we can operate sustainably and be able to build on past successes. It feels like we are regularly re-setting to near-zero."



OPTIMISM FROM 2021 THAT FINANCIAL SITUATIONS WILL IMPROVE IS FADING AS MORE OF THE SECTOR EXPECTS THEIR FINANCIAL SITUATION TO GET WORSE



Only a quarter of respondents reported that they expect their organization's financial situation will improve between the next six to twelve months, down by three per cent from 2020, 15 per cent from 2021, and 9 per cent from 2022.

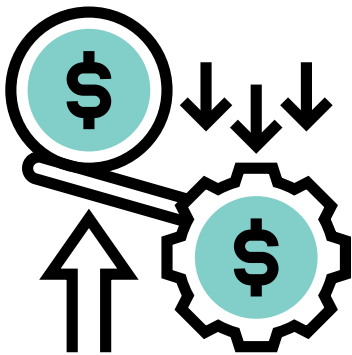
While respondents reporting that they expect to "remain the same" has increased by 5 per cent between 2020 and 2022, to 50 per cent, it decreased by two per cent this year. On the other hand, between 2020 and 2021 the number of respondents reporting they expect their financial situation to "worsen" was on a downward trend, but increased to 16 per cent in 2022 where it has remained steady this year.



The same trend appears across regions and subsectors, rather more starkly as respondents forecasting their situation will improve has declined by the double digits this year.

Black-led, Black-serving, and Black-focused respondents as well as Indigenous benefitting, Indigenous partnership, Indigenous-led, and I4 respondents are more likely to report they expect their situation will “improve” and less likely to report “it will worsen”, compared to the provincial average. They reported high levels of “it will worsen” last year and are in line with the provincial average this year.

## NONPROFITS, IN THEIR OWN WORDS:



“Rising costs and financial constraints mean difficult decisions need to be made around priorities. Physical building maintenance and programming are competing for funding.”

“Cost of services due to inflation. Increased demand and no matching funding - many will be left out - increasing poverty.”



## WHY IS THIS A TREND?

Our world has been in a constant state of uncertainty and flux since the onset of a global pandemic in 2020 and its reverberating fallout over the past couple of years.

More than other sectors and industries, nonprofits are at the whims of our context. For nonprofits, community crises translate into increase in demand for services usually without additional support, and broader economic uncertainty and austerity means declining donations and government funding.





Time between crises is becoming shorter and the constant cycle of chaos is making it more difficult to strategize, innovate, and plan effectively for the future. Increases in demand, costs, and expenses for all nonprofits are outpacing marginal revenue growth for some and driving down the sector's ability to bridge shortfalls with traditional tactics of earned income initiatives, fundraising efforts, and donations. As policymakers continue to ignore calls from the sector to fund them to do more - and better - their financial precarity deepens as does pessimism for change.

The sector experienced a “blip” in 2021 where we were called on and funded to do more with better financial outcomes for the sector. We saw what was possible, however, as soon as the pandemic waned, sharp financial declines emerged. Long-term support for the sector has not existed - not before the pandemic, and nothing on the horizon indicates any changes for the foreseeable future.

Rather, there continues to be short-term interventions for some organizations. Every organization in the sector is experiencing sustained financial distress, both small and large and across the province and subsectors, and those disproportionately vulnerable, such as the arts, culture, and tourism, sports and recreation subsectors.

## NONPROFIT HUMAN RESOURCES ARE STILL IN CRISIS

Over the last two years, 65 per cent of respondents have reported experiencing staffing challenges with recruitment and retention. Compared to the provincial average, more respondents with budgets over \$3 million, Francophone and bilingual respondents, and those from the social services subsector reported high levels of staffing challenges over the past two years. This year respondents from Eastern Ontario, Ottawa, and Peel had the highest increase in respondents reporting staffing challenges.



Eastern Ontario increased to 75 per cent, Ottawa to 82 per cent, and Peel to 79 per cent. In the same vein, hospitals, universities, and colleges, and law, advocacy, and politics subsectors saw the largest decreases in respondents reporting staffing challenges, falling below the provincial average.

Black-led (-32 per cent), Black-serving (-12 per cent), Indigenous-led (-14 per cent) and I4 (-17 per cent) respondents reporting staffing challenges decreased since last year. They fell to what is the current provincial average as they were reporting significantly high rates compared to the provincial average last year.



More than half the sector is reporting some sort of job vacancy rate this year with job vacancy rates in the various rate ranges remaining similar over the past two years with only marginal percentage decreases overall, and single digit increases/decreases across subsectors and regions.

The number of respondents reporting a job vacancy rate between 30-39 per cent has held steady at three per cent in both 2022 and 2023 with the biggest increases in respondents reporting this job vacancy rate range in York, the international subsector, and I4 organizations.

In line with last year, respondents reported that the top factors for recruitment and retention challenges are burnout and stress, skills shortage, and wage parity. There was a considerable double digit increase in respondents reporting these factors in Niagara, the education and Environment subsectors (largest increase in staff burnout reporting), and Black-led respondents. Lack of funding as a factor saw the largest growth at more than six per cent. There was a considerable increase in respondents reporting lack of funding as a factor from the environmental subsector (31 per cent increase), and B3 (30 per cent) and I4 (25 per cent) respondents.



## NEW DATA THIS YEAR

Three quarters of nonprofits faced staff turnover, with most workers leaving for the same job at another nonprofit or in the public sector.

- 37 per cent of respondents reported workers leaving for another nonprofit for the same or similar job.
- 36 per cent of respondents reported workers leaving for the public sector for the same or similar job.

Nonprofits are facing a skills shortage.

- While fundraising was the top reported skill shortage (41 per cent), respondents equally identified all other skills shortages.

Nonprofits are implementing strategies to recruit and retain staff.

- Flexible working hours (53 per cent), remote work options (50 per cent), and raised salary (40 per cent) are the top strategies respondents reported implementing.
- 4-day work weeks (8 per cent) and signing bonuses (two per cent) are the strategies respondents reported implementing the least.

## NONPROFITS, IN THEIR OWN WORDS:



"We experience high pay for our senior management team but low pay for our leader of volunteer services and lower management. Cost of living increases we risk losing great employees as we don't receive adequate funding to increase staff under senior management- Big wage gaps- employee turnover is high."

"Inflation impacting bus pricing for school visits. Lowering or stagnation of government funding when compared to inflation. Not enough skilled trades in the area to address capital improvements and maintenance. Staff turnover due to low wages compared to similar jobs in the public sector and/or related industries."

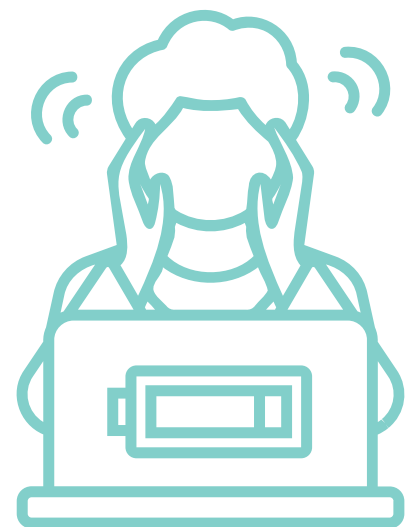




## WHY IS THIS A TREND?

Nonprofits have been ringing the alarm on the HR crisis for the past two years. They are meeting exponential increases in demand for programs and services at times at the expense of their workers. The affordability crisis continues to accelerate the exodus of workers across positions, the cities they work in, and at times it means that some staff are accessing the very services they provide. Staff burnout continues to be of major concern as less people shoulder more and more difficult work.

Workers are demanding decent work, especially better wages, comprehensive benefits, flexibility and hybrid work models, and long-term stability, rather than simply hoping for it. Remaining in precarious low-paying jobs, especially if the same job is available for better wages and benefits in the public sector, is untenable for nonprofit workers. We continue to compete with each other and across the public and for-profit sectors for people of all skills and expertise in an unpredictable labour market.



Nonprofits are not waiting for solutions, but coming together in various parts of the province to try and mitigate some of the HR crisis together, often off the side of their desks. Over the last year, some parts of the sector have successfully advocated for base-funding and wage increases in government funding for some of their workers. Across regions and subsectors we are brainstorming solutions like collaborative compensation surveys, shared staff services, and convincing boards to move ahead with comprehensive pension and health benefits.

The layered causes for the HR crisis are systemic. Without systemic solutions, the workforce will continue crumbling and Ontarians will continue losing access to crucial high-quality services.



## VOLUNTEER CRISIS IS SLOWING

Between 2020 and 2021, the increase in respondents reporting volunteer gains and losses since the start of the pandemic were relatively the same, 8 per cent and 10 per cent respectively.

However, in 2022 more than half of respondents were reporting volunteer-related issues like pandemic safety, loss of volunteers, and difficulty recruiting new volunteers, while just under a half were reporting difficulty convincing previous volunteers to return and a third citing volunteers retiring and difficulty attracting youth volunteers as issues. This year, those numbers have decreased to a quarter reporting multiple concerns and just over a third reporting concerns with loss of volunteers and recruiting new volunteers, respectively.

The decrease in concern for volunteer recruitment and retention was fairly consistent across budget size, language of operation, regions, and subsectors. More respondents from the international subsector struggled with volunteer retirement while those from faith groups struggled with recruiting youth volunteers.

### WHY MIGHT THIS BE TRENDING?

Despite the quantitative data highlighting a slowing volunteer crisis, volunteer issues remained significantly reported on in this year's qualitative data. Respondents shared stories of continued difficulty of recruiting and retaining consistent volunteers and fear of further program closures as a result. Many expressed the need for volunteerism modernization where a strategy would reflect the way people of all ages and communities connect to causes and volunteerism. The volunteer crisis will remain a major factor in the sector's ability to recover and continue to serve their communities.



## NONPROFITS, IN THEIR OWN WORDS:



"[Our] biggest concern is the lack of consistent volunteers that will take on a leadership role in running an event or program."

"Expected to have a continuation of difficulty recruiting new volunteers."



## CUTBACKS, WAITLISTS, AND NONPROFIT CLOSURES REMAIN IN LINE WITH LAST YEAR

There was a significant jump in the number of respondents reporting they know of a similar nonprofit closing between 2021 and 2023, a 16 per cent increase in 2022 and a further one per cent increase in 2023 to 35 per cent. Over the past two years, more respondents with budgets less than \$500,000, bilingual respondents, and those from the arts, culture, and tourism, faith-groups, sports and recreation, and social services subsectors have consistently reported knowing of closures similar to them, higher than the overall provincial average for both 2022 and 2023.

Slightly fewer respondents this year reported that they are cutting back and/or discontinuing programs and services and/or that their waitlists have grown. Reporting on programs or services scaling back declined by 10 per cent to 39 per cent, programs and services discontinuing declined by 6 per cent to 8 per cent, and respondents reporting increase in waitlists declined only by 2 per cent to 21 per cent. Only Francophone respondents, those in York region, the international subsector, and B3 respondents had an increase in respondents reporting cutbacks over the past two years.



More respondents from Eastern Ontario, Halton, and Peel, hospitals, universities, and colleges, and B3 respondents reported waitlists have increased, compared to last year. More respondents from York, international and law, advocacy, and politics subsectors reported programs or services discontinued.

**NEW DATA THIS YEAR:**

*All types of resources, supports, and information would help nonprofits weather emerging concerns.*

- Respondents agreed any type of funding would be helpful, but half respondents wanted different types of funding including revenue generation opportunities and sector-wide infrastructure.

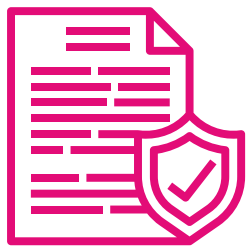
## WHY IS THIS A TREND?

With the sector being in a constant state of financial uncertainty and flux since 2020, it comes with no surprise that the jump in nonprofit closures aligns with the exponential increase in demand for services, costs and expenses and dwindling resources of all kinds, including staff and volunteers. These are groups and organizations that just could not recover from the pandemic and/or weather through increase in costs and expenses in the years following it without adequate support. More closures are also happening within subsectors that were the hardest hit with pandemic closures and restrictions and that primarily rely on disposable income from Ontarians to subsist. Every nonprofit closure leaves a tear in our social safety net that we fear will become large gaping holes in the coming years, driving up costs and demand on tertiary care institutions such as hospitals, long-term care institutions, jails, or treatment centres, to name a few. Services will inevitably not be available to all.

The somewhat decreasing nonprofit programs and services cutbacks and waitlists can be happening for a number of reasons.



Last year, cutbacks and waitlists reached crisis levels and so many nonprofits are already running bare-bone programming and probably do not have anything left to cut. Also more closures might be signaling that whole organizations are shutting down rather than just one program or service scaleback.



## 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.

### 2. FUTURE-PROOF ONTARIANS' SOCIAL INFRASTRUCTURE:

Address sustainability for all nonprofits receiving funding from government - from arts and sports groups to social services - by transitioning to stable, long-term, and flexible operational funding that reflects the true cost of delivering services and programs, keeps pace with inflation, responds to emerging needs, and reduces administrative burdens on nonprofits. Make nonprofit business models the preferred choice for delivering effective and efficient programs and services.





### 3. INVEST IN NONPROFITS AND GRASSROOTS GROUPS SERVING EQUITY-DESERVING COMMUNITIES:

This particularly includes Black and other racialized communities; First Nations, Inuit, and Métis communities; and organizations serving persons with disabilities, women, youth, newcomers, and low-income households.

### 4. SUPPORT THE SECTOR TO BUILD A RESILIENT NONPROFIT WORKFORCE FOR THE FUTURE:

Support the sector in developing a labour force strategy and workforce development plan through the Skills Development Fund or other appropriate mechanism. The strategy must include addressing the labour shortage, promoting careers in nonprofits, and creating opportunities for workers to attain in-demand skills.

### 5. MODERNIZE VOLUNTEERISM:

Create a provincial volunteer recovery strategy to address the negative impacts of the pandemic on volunteerism and commit to removing fees for vulnerable sector police record checks.



# CALLS TO ACTION FOR THE SECTOR

## 1. CONNECT AND COLLABORATE:

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.



## 2. DEVELOP ALLYSHIPS:

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 cost of not supporting nonprofits.

## 3. ENGAGE IN COLLECTIVE ADVOCACY:

Amplify the recommendations in this report to the provincial government in 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 with the local sector.

## 4. 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.



## 5. ENCOURAGE LOCAL COMMUNITY ENGAGEMENT AND SUPPORT:

Program users and clients in communities across the province are the voices of the people. Encourage their support of the nonprofit sector by advancing local engagement and public education, where it's possible and where there is capacity to do so. Activities or support 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 partner with other organizations to facilitate educational events that focus on sharing the impact and importance of local nonprofits.

## ACKNOWLEDGMENTS

ONN would like to express our gratitude to Community Researchers for conducting this survey as well as the Definity Foundation for funding support. We are also grateful to our survey partners for helping us reach nonprofits and charities across Ontario.

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. Initiatives such as this are possible thanks to the generous support of nonprofits and charitable organizations across the province.

Ontario Nonprofit Network  
300 - 2 St Clair Ave E #300,  
Toronto, ON M4T 2T5  
<https://theonn.ca/>  
[info@theonn.ca](mailto:info@theonn.ca)