A PORTRAIT OF IRELAND'S NON-PROFIT SECTOR

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FOREWORD

Crowe Horwath, one of Ireland's Top 10 accountancy and advisory firms, is proud to support The Wheel in publishing this important report into the non-profit sector in Ireland.

Undoubtedly, charities are facing major and unprecedented challenges at present, and the economic downturn which commenced in 2008 has created a survival culture to which every non-profit organisation has had to adapt, often radically. As this report clearly shows, nearly two-thirds of charities saw their income fall between 2009 and 2012, and many have had to reduce their staff numbers, cut pay or take other tough decisions, including dropping some services. But Irish charities do have staying power, and 70% of them have been around for 10 years or more.

Other changes will also have significant impact, and will be highlighted in future reports. The establishment of the new Charities Regulatory Authority, combined with the new Statement of Recommended Practice (SORP) for charities, is already creating a fresh environment for Irish non-profits in which greater openness, transparency and accountability are core elements of the way they operate and interact with their service users, funders, staff and the general public.

And alongside the new regulatory environment, charities are having to make significant changes to the way they engage with statutory funders, with more than 70% of charities deriving income from local, national and EU grants and contracts, representing more than 50% of the sector's income. In an era of public sector austerity caused by the global economic crisis of recent years, statutory funding remains a challenge for many non-profits, with an increasing requirement for charities to justify their value for money, to show clear and measurable outputs or outcomes, and in some cases to compete for service contracts. The overarching requirement is for non-profits to become more businesslike in the way they operate, whilst retaining their ethos and culture. In that context, it's reassuring to note from the research that nearly two-thirds of charities have a strategic plan, and a similar number have indicators in place to measure their progress.

Over the next two years, Crowe Horwath will be working closely with The Wheel to progress this research further, including the publication of factsheets which will provide more detail on certain aspects of the research. We will also be undertaking follow-up surveys to see what changes take place within the non-profit sector, and to track progress against many of the indicators highlighted in this report.

Given the scale of change happening within the non-profit sector, it is of great importance that there is a clear baseline which helps to measure progress and change, and this report sets down some important markers to enable this tracking to take place. We commend The Wheel on taking forward this vital initiative, and look forward to ongoing fruitful collaboration in producing further reports and factsheets which will be of great benefit to the non-profit sector, policy makers, and the public.

Shane McQuillan
Partner, Crowe Horwath Ireland

INTRODUCTION

As a representative body for the non-profit sector, it has long been The Wheel's ambition to provide in one document the key facts on which supportive policy can be developed, to enable the sector to maximise its contribution to national well-being and social and economic recovery.

Non-profit organisations play a crucial role in Ireland's social and economic life. They are extremely diverse – ranging from small community groups like retirement associations and sports clubs to large national organisations working in areas such as healthcare, education, social housing and poverty relief. In the middle is a vast array of small-and medium-sized groups – radical and conservative, single-issue and all-encompassing.

The unifying tie that binds these groups together is that they all exist to change peoples' lives for the better. Collectively, these organisations are often referred to as the community and voluntary sector, or the non-profit sector.

Yet, for all their significance in providing essential services and supporting communities, we know relatively little about the day-to-day challenges faced by these organisations. Whilst the work of the former Irish Non-profit Knowledge Exchange (INKEx) considerably increased our knowledge of the scale and extent of non-profit activity in Ireland, there were still substantial gaps in our knowledge of this vital and diverse sector.

Thanks to the INKEx project we know that in 2009 there were at least 11,700 organisations employing over 100,000 people, involving over 560,000 volunteers in their work, and managing turnover of €5.75bn. If we bear in mind that Irish GNP in 2010 was about €130bn, then the community and voluntary sector accounts for over 3.25% of national income (see Appendix A).

Yet the dearth of more detailed information on the nature of activity in the non-profit sector and the challenges faced by organisations in sustaining their missions in the economic downturn mean that to date, policymakers and other decision-makers have had to base crucial decisions on conjecture.

To bridge this gap, The Wheel commissioned the research on which this report is based. The findings tell us a great deal more about the sector and will aid decision makers to design policies and strategies that will help the non-profit sector to thrive and fulfil its role in Ireland's social and economic recovery.

The purpose of this report is to ensure that the information gathered in the research is made available and interpretable by policy makers, academics, funders, non-profits and other interested stakeholders, including the public and the media.

We are confident that this report will come to play its part in ensuring that community and voluntary organisations are appreciated and valued for the contribution they are making to national life, and that they have available to them the services and supports necessary to fulfil their missions.

The Wheel would like to thank Crowe Horwath Ireland for supporting the publication of this report. We are also grateful to the 500 people in non-profit organisations who gave generously of their time in completing the research questionnaire and in taking part in interviews. The Wheel would also like to extend our gratitude to RSM McClure Watters, NICVA and Whitebarn Consulting who undertook the ambitious research. And lastly, we would also like to thank Patricia Quinn of INKEx who generously gave permission for the INKEx data to be included in this report, an inclusion which has enriched the report considerably.

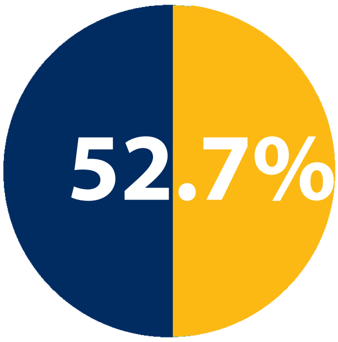
See Appendix C for more information on the methodology of the research.

60%

of non-profit organisations experienced a decrease in their income between 2009-2012

63.5%

reported an increase in beneficiary numbers during the period covered by the survey.



Just over half the sector's income comes from statutory grants and contracts.

30%

percent of non-profit organisations don't fundraise directly from the public

78.9%

Nearly 80% of non-profit organisations use volunteers, and the number of volunteers increased between 2009 and 2012.

72%

The sector's workforce is three-quarters female.

44%

Although most organisations are responding to decreasing income by securing efficiencies and reducing the scale of activities, 44% have dropped some services.

KEY FINDINGS

This report provides an overview of Ireland's non-profit sector, and offers valuable insights into the impact of the economic downturn on non-profit organisations.

- Almost 60% of Irish non-profits have experienced a decrease in their income between 2009 and 2012, with the majority (60%) of these experiencing a decrease of between 11-25%.
- Two-thirds (63.5%) of non-profits experienced an increase in beneficiary numbers between 2009 and 2012, and organisations are working at securing efficiencies to increase services to cater for increased demand.
- Just over half the sector's income comes from statutory grants and contracts, with a quarter coming from individual donations.
- Almost 30% of Irish non-profits do not fundraise from members of the public, and among the 70% that do, there is an interest in moving away from event-type fundraising to using standing orders / direct debits and online giving.
- Although most organisations are responding to decreasing income by securing efficiencies and reducing the scale of activities, 44% have dropped some services.
- The sector's workforce is three-quarters female. Two-thirds of organisations have taken steps to reduce spending on staff since the economic downturn, and organisations are innovating to motivate and retain staff in these challenging times.
- Salaries are the biggest expense for most organisations. Over a third (36%) spend up to 60% of annual expenditure on salaries, whilst over a quarter (27%) spend 60%-80% of their annual expenditure on salaries. Almost 10% spend over 90% of annual expenditure on salaries.
- Over a third (36%) of organisations have introduced pay freezes, while a quarter (25%) have reduced pay and 17% have cut working hours.
- The number of volunteers increased between 2009 and 2012; however, recruiting, training and supervising volunteers present major challenges for organisations.
- For each non-profit there is an average of 12 volunteer board members, directors, trustees or governors, with more or less equal numbers of men and women.
- Most Irish non-profits are fairly young: nearly a quarter (24%) have been in existence for 10 years or less, and the majority (67%) are 25 years old or younger.
- Two-thirds of organisations state that they have indicators in place to measure their progress, and of those 90% believe these indicators measure outputs and 70% believe that their indicators measure outcomes.
- Two-thirds of organisations have a written strategic plan. Uncertainty in the external environment, shortage of staff time and organisations being in transition are identified as the main challenges in developing a strategy.
- Most organisations (76%) follow the advice of their accountants in terms of the standard used to prepare annual accounts; 10% use SORP, the (non-mandatory) Statement of Recommended Practice for Financial Reporting by Charities.
- Less than half (42%) of Irish non-profits have a reserves policy.
- Most organisations have no formal process to assess training needs, and only 40% have a written training and development plan with an accompanying budget.

A PORTRAIT OF IRELAND'S NON-PROFIT SECTOR

1. IRISH NON-PROFIT ORGANISATIONS: A PROFILE

2. FINANCE: INCOME, EXPENDITURE AND FUNDRAISING

3. HUMAN RESOURCES: PAID EMPLOYEES AND VOLUNTEERS

4. GOVERNANCE & VOLUNTARY CODES

1

IRISH NON-PROFIT ORGANISATIONS: A PROFILE

THIS SECTION EXPLORES THE LEGAL STATUS, AGE, GEOGRAPHIC LOCATION AND ACTIVITIES OF IRISH NON-PROFIT ORGANISATIONS.

LEGAL STATUS

LEGAL STATUS OF ORGANISATION

The majority of Irish non-profits (70.9%) are companies limited by guarantee.

Incorporated – company limited by guarantee	70.9%
Unincorporated – association	10.7%
Other legal status	10.7%
Unincorporated – trust	4.3%
Incorporated – co limited by shares	1.2%
Unincorporated – benevolent society	1.2%
Incorporated – industrial & provident society	0.8%

Note: 0.2% did not provide a response

AGE

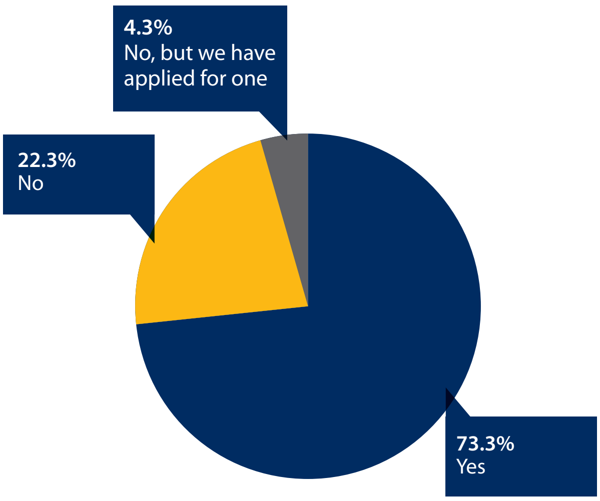
The majority of Irish non-profits have been in existence for 25 years or less.

0–2 years	1.6%
2-5 years	7.7%
5–10 years	14.8%
10–25 years	43.5%
25–50 years	25.1%
over 50 years	7.3%

CHARITY NUMBER

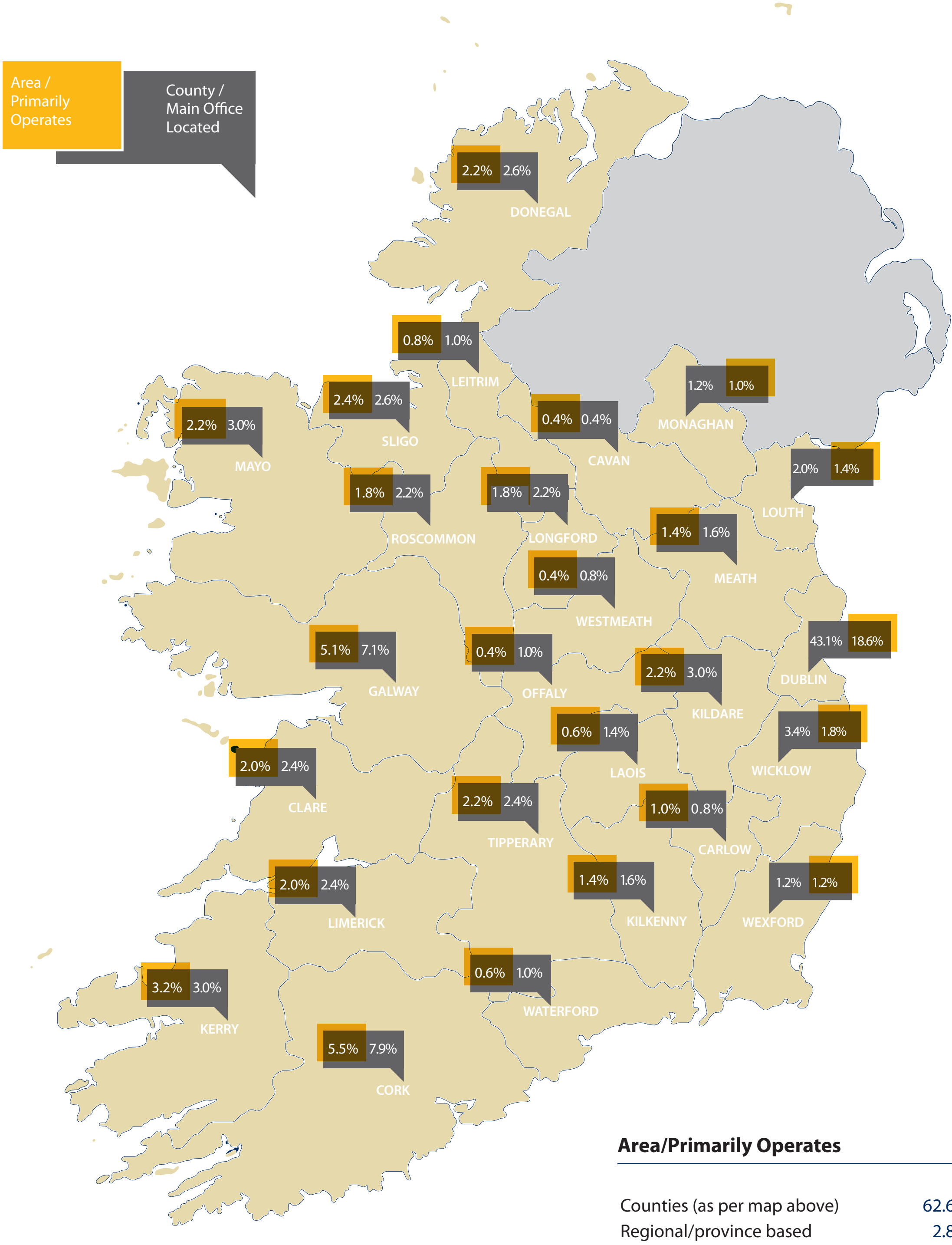
Almost three-quarters of Irish non-profits (73.3%) have a CHY (charity) number.

DOES THE ORGANISATION HAVE A CHY NUMBER?



GEOGRAPHIC LOCATION

Although non-profit organisations are operating in all 26 counties, the largest proportion is based in and operates from Dublin. Less than a fifth (15.2%) operate nationally and 11.3% work across the island of Ireland.



Area/Primarily Operates

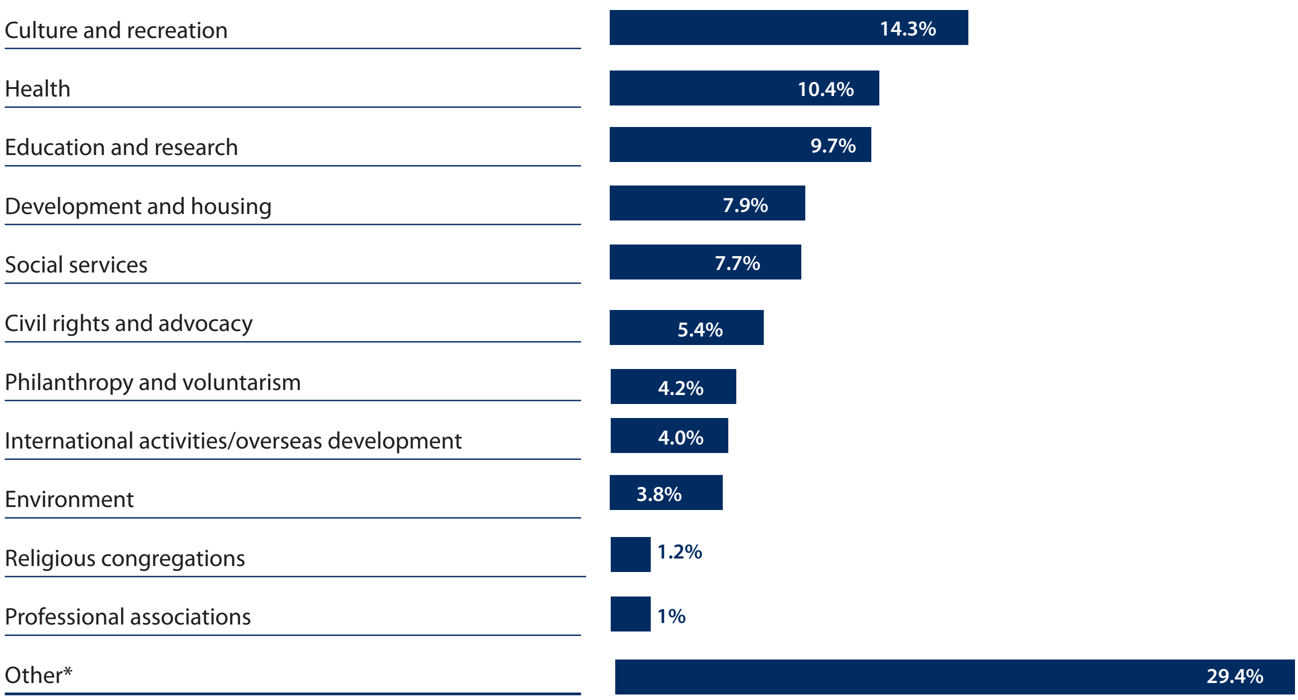
Counties (as per map above)	62.6%
Regional/province based	2.8%
National – Republic of Ireland	15.2%
All Ireland	11.3%
International	4.5%
Other	3.6%

ACTIVITIES

Irish non-profit organisations are involved in a very broad range of activities.

Organisations were asked to describe the focus of their work through the lens of the Johns Hopkins University International Classification of Non-profit Organisations (ICNPO), as adapted for the Irish situation in the *Hidden Landscape report* (Centre for Non-profit Management, TCD, 2006). Organisations described their focus by selecting descriptions that *could apply* to their work (respondents could select more than one description), and their *primary focus* (respondents could select only one description). The table below provided as summary of their *primary focus*. The full breakdown is outlined in Appendix B.

PRIMARY FOCUS (SEE APPENDIX B FOR FULL BREAKDOWN)



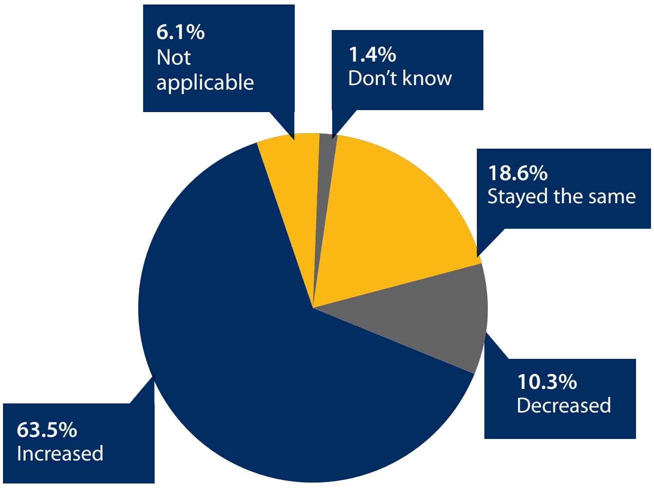
*Many repondents did not classify their organisation's primary activities under any of the standard ICNPO categories.

WHO BENEFITS?

53.2% of non-profits stated that they had fewer than 1,000 beneficiaries.

NUMBER OF INDIVIDUAL BENEFICIARIES	%
1-199	27.0%
200-399	13.6%
400-999	12.6%
1,000-4,999	18.6%
5,000-9,999	7.4%
10,000-49,999	7.8%
50,000-249,000	3.6%
250,000+	3.8%
Zero or undisclosed	5.4%

About two-thirds of organisations report an increase in beneficiary numbers between 2009 and 2012.



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FINANCE

THIS SECTION LISTS SOME OF THE KEY FINDINGS RELATED TO INCOME, EXPENDITURE AND FUNDRAISING.

INCOME

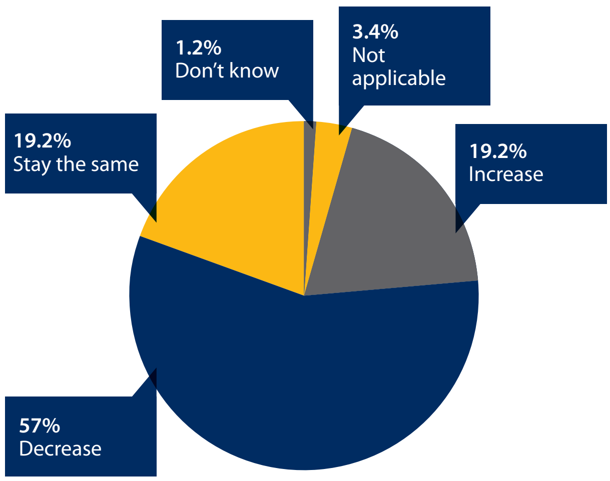
Just over half the sector's income comes from statutory grants and contracts, with a quarter coming from individual donations.

The table below presents a breakdown of total annual income by income stream. The two largest income streams are:

- State grants / contracts (local, national and EU), which account for almost 53% of income; and
- Individual giving which accounts for about 25% of income.

INCOME STREAM	% INCOME
State grants & contracts (local, national and EU)	52.7%
Individual giving	25.0%
Other (unclassified)	11.4%
Fees / sales	3.9%
Foundation support	3.0%
Corporate donations	2.1%
Investment income	1.0%
Membership dues	0.9%
Total	**100.0%**

Almost 60% of non-profits have experienced a decrease in income between 2009 and 2012.



For most (52%) of those which had experienced a decrease in income, the scale of the decrease was between 11% and 25%.

SIZE OF DECREASE IN INCOME

1-10% decrease	29.9%
11-25% decrease	52.0%
26-50% decrease	13.2%
50%+ decrease	5.0%

Although most organisations are responding to decreasing income by securing efficiencies and reducing the scale of activities, almost 44% have dropped some services altogether, and more than 21.2% have secured additional funds.

STRATEGIES ADOPTED AS A RESULT OF A DECREASE IN INCOME

Reduced the scale of some services / activities	55.9%
Secured efficiencies in services / activities	54.2%
Dropped some services / activities	43.8%
Secured additional funds	21.2%
Secured additional funds to increase provision of or expand existing services / activities	18.1%
Secured efficiencies in services / activities	12.8%
Other	5.6%

Note: Respondents could provide more than 1 response so total number of responses may be greater than the total number of respondents and the sum of the %s may be greater than 100%.

One-third of non-profits believe that there is a possibility of developing new approaches to earning income to make up for fall-offs in traditional funding.

PREFERRED APPROACHES TO INCREASING INCOME

Greater collaboration	49.1%
Diversified income strategy	43.5%
Introduction of fees or services	30.4%
Corporate sponsorship	28.4%
Selling services to non-core beneficiaries	21.1%
Local business sponsorship	20.5%

Note: Respondents could provide more than 1 response so total number of responses may be greater than the total number of respondents and the sum of the %s may be greater than 100%.

RESERVES

Less than half of organisations (47.6%) have an operational reserve.

The table below show the value of operational reserves as a percentage of annual income.

VALUE OF RESERVE AS % OF ANNUAL INCOME	%
Average (median)	45%
Minimum reserve (if any)	1%
Median	18%
Maximum	500%

EXPENDITURE

Three-quarters of organisations have expenditure of less than €1m per annum, with over a third spending up to 60% of annual expenditure on salaries, and over a quarter spending 60% to 80% of their annual expenditure on salaries.

- Almost one quarter (23.9%) of organisations have annual expenditure of €99,999 or less.
- A further 22.9% have expenditure between €100,000 and €299,999.
- A quarter (25.1%) have expenditure levels of between €300,000 and €999,999.
- 16.6% have expenditure in excess of €1m (although most of these are no more than €5m).

FUNDRAISING

Almost 70% of non-profits fundraise from the public, and of those that do, there is an interest in moving away from event-type fundraising to using standing orders / direct debits, web appeals, online giving and legacies.

The table below sets out the fundraising techniques that are currently used by those who fundraise from the public.

FUNDRAISING TECHNIQUES	USED	DESIRED
Events	51.4%	43.9%
Standing order / direct debit	24.1%	30.6%
Web appeals / on-line giving	22.7%	30.8%
Draws / lotteries	20.2%	20.9%
Church gate collection	17.6%	16.6%
Direct mail / mail shots	17.0%	17.6%
Wills / legacies	12.3%	26.9%
Other public collection	11.5%	12.3%
Other (unspecified)	11.1%	4.3%
Flag day	10.9%	12.3%
On-street collection	10.3%	10.1%
International treks etc.	3.6%	9.7%
House-to-house collection	2.8%	3.0%
Telephone giving	2.0%	7.7%

Note

Respondents could provide more than 1 response so total number of responses may be greater than the total number of respondents and the sum of the %s may be greater than 100%.

Respondents were asked to rank the five biggest challenges to fundraising. The most commonly ranked challenges were "uncertain future / changing external environment" (ranked first or second by 42.7%), "overly dependent on grant income" (ranked first or second by 32%) and "insufficient staff capacity / time" which was ranked first or second by 27.7%.

3

HUMAN RESOURCES: PAID EMPLOYEES AND VOLUNTEERS

THIS SECTION LOOKS AT THE POSITION OF STAFF AND VOLUNTEERS IN NON-PROFITS.

EMPLOYEES

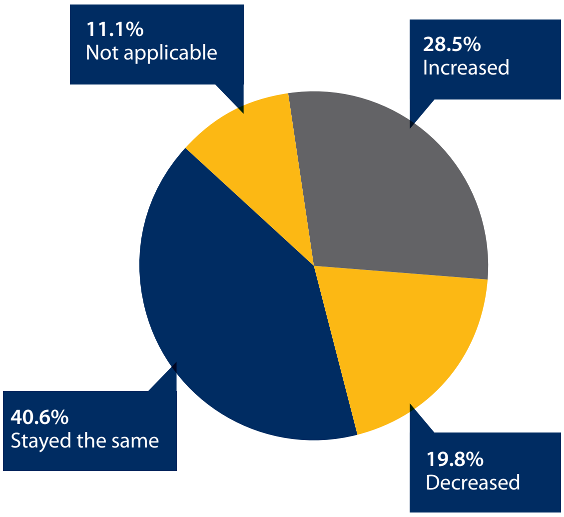
Of those that employ staff, 47% of non-profits employ fewer than 10 people and three-quarters of employees are female.

NUMBER OF EMPLOYEES (GROUPED)	%
Zero or number not disclosed	14.4%
1-5	31.2%
6-9	15.8%
10-19	19.0%
20-49	12.1%
50-99	4.6%
100-250	2.2%
250+	0.8%

The ratio of female to male employees overall is almost 3:1 and this is reflected within full-time and part-time work patterns. However the ratio varies by job title with a more even female / male split in more senior categories and a greater proportion of female employees in the less senior positions.

GENDER OF EMPLOYEES	%
Female	72%
Male	28%

More organisations report an increase in employee numbers than a decrease in employee numbers between 2009 and 2012.



TRAINING

More than half of Irish non-profits have no formal process to assess training needs, and only 40% have a written training and development plan with an accompanying budget.

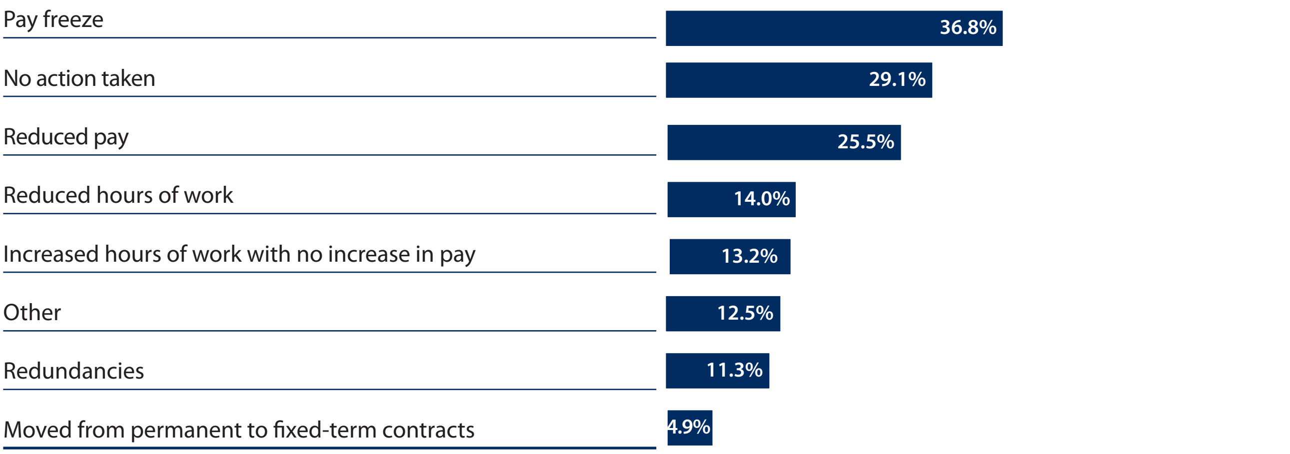
Almost half of organisations report that they will require training in fundraising, with one-third requiring training in strategic planning, in committee / board skills and in financial management.

Two-thirds of organisations have taken steps to reduce spending on staff.
The figure below illustrates the impact of the current economic downturn on staffing in organisations in the non-profit sector both in terms of actions already taken and actions planned (looking at a 12-month window in either direction). Reduced pay and introducing a pay freeze are the two most common options both in terms of actions taken and actions planned. However, the proportion of organisations that have already taken these actions is greater than the proportion that plan to implement these:

– Over a third (36.8%) of organisations initiated a pay freeze in the last 12 months. Just under a third (30.6%) plan to do so in the next 12 months.
– About a quarter (25.5%) of organisations introduced reduced pay in the last 12 months, and about one-fifth (19.6%) plan to do this in the next 12 months.

It is also interesting to note that just under a third (29.1%) of organisations had taken no action with regard to staffing measures, and more than a third (33.8%) planned to take no action.

ACTIONS TAKEN WITH REGARDS TO STAFFING



Note: Respondents could provide more than 1 response so total number of responses may be greater than the total number of respondents and the sum of the %s may be greater than 100%.

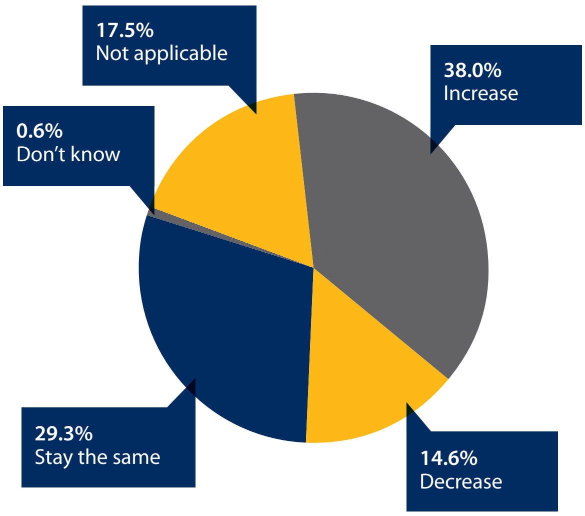
Non-profits are very willing to participate in employment creation schemes.
Over 60% of organisations indicated that they are willing to support employment creation schemes. Community Employment / Rural Social schemes attracted most interest (69.0%), closely followed by JobBridge (61.5%) and Tús (60.9%).

VOLUNTEERS

The vast majority of organisations (78.9%) use volunteers, and the number of volunteers increased between 2009 and 2012.

Over a third of organisations (38%) said that the number of volunteers had increased, while 29% reported that the number remained static.

CHANGE IN NUMBER OF VOLUNTEERS BETWEEN 2009 AND 2012



Over a third (36%) say volunteers are important or very important, while 37% say volunteers are essential to carrying out their missions.

Over half of non-profits don't have a written volunteer policy.
Almost half of the organisations surveyed (47.8%) have a volunteer policy; this includes organisations with a wide range of volunteer numbers. However, of the 50.6% of organisations without a written policy, up to one-third of these (17.6%) don't have any volunteers. Of concern is the 34.0% of organisations which have volunteers but do not have a policy in place.

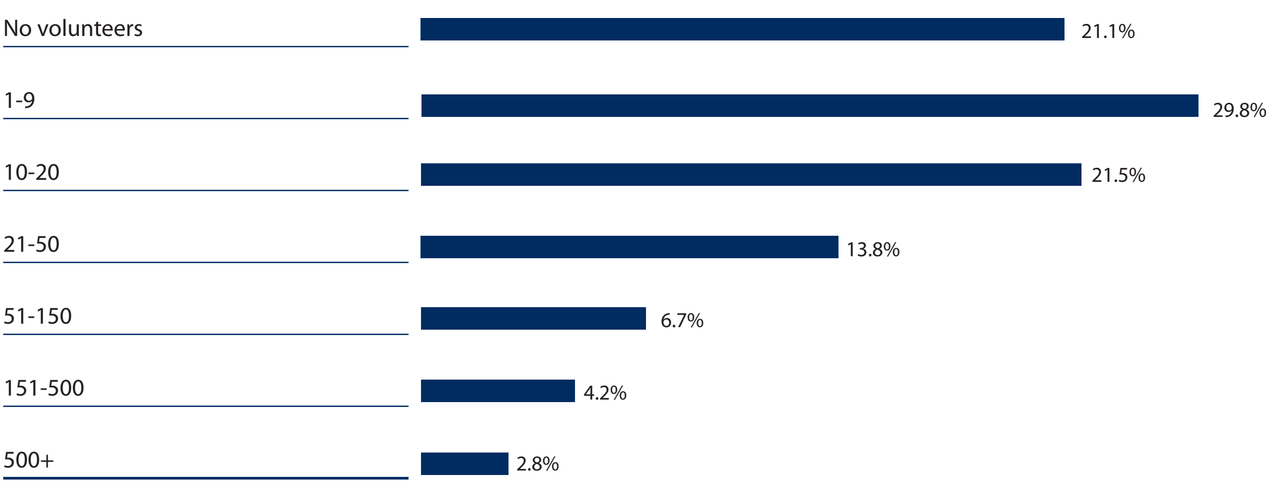
Non-profits use a variety of methods to recruit volunteers.
The majority of non-profits (69.0%) use word-of-mouth as their primary means of recruiting new volunteers. The second most popular method of recruitment is volunteer centres (30.0%). It is interesting to note that similar proportions (about one-quarter) of respondents use traditional media / local media advertising / notices (27.5%) or internet / social media (25.5%).

Recruiting, training and supervising volunteers present challenges for organisations.
Many organisations indicated that recruiting, training and supervising volunteers presented challenges for them. Recruiting volunteers was ranked as the most significant challenge by one-third (31.8%), while training and development for volunteers was ranked 1st or 2nd by 40.5%.

There are about three female volunteers for every two male volunteers.

GENDER OF VOLUNTEERS	%
Female	60.7%
Male	39.3%

NUMBER OF VOLUNTEERS PER ORGANISATION



4

GOVERNANCE, STANDARDS & VOLUNTARY CODES

THIS SECTION LOOKS AT MATTERS RELATING TO THE GOVERNANCE, REGULATION, STANDARDS AND VOLUNTARY CODES.

BOARD MEMBERS, DIRECTORS, TRUSTEES AND GOVERNORS

Irish non-profits each have an average of 12 volunteer trustees (also called board members, directors, trustees or governors) with more or less equal numbers of men and women.

Organisations were also asked how they recruited trustees. Enrolment by invitation is the most common method (54.7%), followed by co-option by the Board of an organisation (51.0%) and then election by general membership of the organisation (49.4%). External agency nominations stood at 13.6% and sourcing from BoardMatch Ireland at 11.9%. Other methods were indicated by 4.7% of organisations.

RESERVES POLICY

Less than half (42.1%) of non-profits have a reserves policy, and only 47.6% have operational reserves.

57.7% of organisations surveyed don't have a reserves policy. Similarly, under half had an operational reserve (47.6%) whilst 52.2% indicated that no operational reserve was in place. Most of those with a reserves policy had an operational reserve, although 13.6% do not have a policy but do have an operational reserve.

ANNUAL ACCOUNTS

Most organisations (76.1%) follow the advice of their accountants on standards used to prepare annual accounts.

Only 10.1% of Irish non-profits use SORP (the Statement of Recommended Practice, Accounting and Reporting by Charities), but the vast majority (92.3%) are satisfied that they are using an appropriate accounting standard.

STRATEGIC PLAN

One-third of organisations do not have a written strategic plan.

While 64.8% of non-profit organisations have a written strategic plan, just over one-third (34.8%) do not. Uncertainty in the external environment, shortage of staff time and organisations being in transition are identified as the main barriers to developing a strategy.

BIGGEST BARRIERS TO STRATEGIC PLANNING	%
Uncertain future / changing external environment	50.6%
Insufficient staff capacity /time	29.2%

PROGRESS INDICATORS

Two-thirds of organisations (67.6%) have indicators in place to measure their progress.

Of the two-thirds that have indicators in place, 89.8% measure outputs and 69.3% measure outcomes.

STATEMENT OF GUIDING PRINCIPLES FOR FUNDRAISING

Over one-third of non-profits are aware of the Statement of Guiding Principles for Fundraising, and among those the majority apply the principles.

Awareness is split three ways, with just over one-third (37.2%) indicating awareness and just under one-third (32.6%) not aware. The remaining 30.0% of organisations did not raise funds directly from the public.

Of those organisations that are aware of the Statement of Guiding Principles for Fundraising, the majority (82.4%) apply the principles. Of those who do not apply the principles, the top three reasons included “not relevant to our organisation”, “intend to do it in the near future” and “organisation is currently in transition”.

SUMMARY AND CONCLUDING COMMENTS

The research on which this report is based provides an up-to-date and nuanced picture of Ireland's non-profit sector, and offers valuable insights into the impact of the economic downturn on non-profit organisations.

The majority of organisations (57%) indicated that their income had decreased between 2009 and 2012. Feedback from the stakeholder consultation also highlighted a reduction in donations from the public and from corporate donors; the departure of two major private foundations (Atlantic Philanthropies and the One Foundation) is also noted as a threat in terms of funding.

Just under two-thirds of respondents (63.5%) indicated that the number of people benefitting from their services had increased during the period covered by the survey. Feedback from stakeholders echoes the increasing demand for services – and notes the irony in this increase in demand emerging in parallel with shrinking resources.

Over one-quarter (28.5%) of organisations had seen the number of paid employees increase, and over one-third (38.0%) had experienced an increase in volunteers. These changes highlight increasing demand for services, a reduction in incoming financial resources for many organisations, and pressure on existing human resources (with some reductions in staffing). Some organisations have experienced an uplift in volunteering.

Where demand has increased, organisations have sought to increase service provision by looking for additional resources internally (efficiencies) and externally (securing additional funds). Where income has actually reduced, organisations have sought to secure efficiencies, but have also had to reduce and/or drop some services or activities.

Given the changes in the external environment and in particular the economic challenges, organisations in the non-profit sector have also had to introduce a range of strategies to manage staff: reduced pay and pay freezes are the two most common options in this regard.

The consultation with stakeholders revealed a high level of awareness of the challenges posed by the economic crisis, and decisions are being taken to reduce costs.

There have been a number of new developments and standards (e.g.. the Charities Act 2009, Statement of Guiding Principles for Fundraising, Governance Code and the establishment of the Charities Regulatory Authority) which have sought to provide greater transparency, accountability and consistency in the non-profit sector. The research shows that there is some awareness of, preparation for, and use of existing standards.

Clearly, the non-profit sector will need support to adopt and implement changes arising from these standards, and the need for adoption will become more pressing after the establishment of the Charities Regulatory Authority. However, this needs to be balanced against the availability of resources as well as an organisation's size and stage of development.

Finally, the research highlights specific shared challenges among non-profits: key concerns are the uncertainty surrounding external factors, as well as finance / funding and meeting the increasing demand given the limited capacity of existing staff resources and the ongoing challenges associated with recruiting volunteers.

APPENDIX A

INKEx DATA ON IRELAND'S NON-PROFIT COMPANIES

The best data we have on the extent of the non-profit sector in Ireland comes from the former Irish Non-profits Knowledge Exchange (INKEx). INKEx was an independent Irish non-profit company that followed the Guidestar model first established in the USA and now deployed in a number of other countries around the world, including Belgium and Israel.

INKEx created the Irish Non-profits Database by sourcing data, either as a digital feed or re-keyed as necessary, from public domain regulatory filings. In Ireland's case, in the first instance, this involved the re-use of public information filed with the Companies Registration Office by the 8,000+ companies limited by guarantee with a public benefit purposes.

It should be noted that if all local voluntary societies, associations and clubs are counted, civil society organisations in Ireland number in the tens of thousands. The Irish Non-profits Database held listings for a subset of these – specifically, the majority of economically-significant, non-governmental, secular organisations.

The following data was published in *Irish Non-profits: What we Know* (INKEx, 2012)

There are at least 11,700 formally constituted non-profit organisations in Ireland of which 8,000 are companies limited by guarantee with a public-benefit purpose. The other 3,700 are unincorporated charities which enjoy tax relief from Revenue.

Governance

- 59,600 directors serve on the boards of Irish non-profit companies. Board membership in the sector is almost invariably unpaid.
- If an average of eight trustees (for the 3,700 unincorporated charities in the database) is added, this means that up to 90,000 people serve in a voluntary capacity in the governance of the non-profit sector in Ireland.
- Of the non-profit companies currently trading, 70 were incorporated prior to 1950; 3,571 were incorporated between 1950 and 1999; 4,934 were incorporated between 2000 and the first quarter of 2010. Of the recently-established non-profit companies, many are local development organisations. – enterprise, partnership and community development companies and many others set up with government funds to deliver local supports.

The financial profile of the sector

- The total reported income of the non-profit companies in the Irish Non-profits Database in 2009 was €5.75bn.
- Reported assets held by the non-profit companies amounted in 2009 to €3.4bn, of which cash totalled €1.7bn.
- 951 companies reported a negative asset position, collectively totalling €152m in net liabilities.
- There is no consistency in the presentation of incoming resources. About half of the non-profit companies in the database provide an analysis of the sources of their income, whether from grants, donations, or trading activities, whereas the rest simply report "income". In the meantime, all of the amounts below are certainly an understatement of the true position. Of those non-profit companies that report the sources of their income:
  - 42 report receiving legacies and bequests to a net value of €7.3m, in amounts varying from €795 to €1,254,466 — a mean average of €172,951
  - 24 report receiving donations in kind (i.e. non-cash) to a net value of €100m – a mean average of €4,182,868
  - 733 report "donations" in values ranging from €10 to €6,916,903, with total reported donations in 2009 valued at €77m Grants.

Grant income

- Grants, whether from State or private philanthropic sources, are by far the single largest source of income. Grants are reported as a source of income by 2,886 non-profit companies at a combined level of €2bn.
  - 443 organisations reported total grant income of less than €10,000
  - 555 reported grant income of between €10,000 and €50,000
  - 1,441 reporting grant income between €51,000 and €.5m, and
  - 433 reporting grant income in excess of €.5m.
- Ten non-profits (only one of which is not a health service provider) with a combined turnover of just over €1bn account for €.9bn of reported grant income.
- The total number of grant sources itemised in the Irish Non-

profits Database is 672, with Irish government departments and agencies accounting for the great majority of these, and a small number of Irish-based international NGOs reporting grants from a variety of foreign governments and international agencies. The profile of grants by source is as follows:

- 1,778 non-profits report a grant from one source only.
- 518 report grants from two sources.
- 280 report grants from three sources.
- 154 report grants from 4 sources.
- 245 report grants from between 5 and 10 sources and 20 report grants from between 11 and 19 sources.

Employment

– Of the 3,857 non-profit companies that report employee numbers and / or payroll costs, the total number of employees in 2009 was 101,054.

– Hospitals and healthcare providers are the largest employers, with 26 institutions alone responsible for the employment of 4,200 of these.

– The profile of employment numbers suggests a sector of SMEs:

- 1,458 non-profit companies employ 5 people or fewer
- 1,606 employ between 6 and 50 people
- 90 employ between 51 and 99 people.
- Just over 100 non-profits employ more than 100 people.

– The accounts of about 3,500 non-profit companies report neither staff numbers nor payroll costs, thus indicating that they operate on an entirely voluntary basis.

– No data are yet publicly available about employment levels in the 3,700 unincorporated charities which enjoy tax-exempt status from Revenue (this will presumably change when the provisions of the Charities Act 2009 are commenced).

– The total wages and salaries expenditure in Irish non-profit companies in 2009 was €3.7bn, with a further €290m remitted in employers' PRSI. FAS contributed €151m, in reported grants to 477 non-profit companies.

APPENDIX B

ACTIVITIES OF IRISH NON-PROFITS CLASSIFIED ACCORDING TO THE JOHNS HOPKINS UNIVERSITY INTERNATIONAL CLASSIFICATION OF NON-PROFIT ORGANISATIONS (ICNPO).

INTERNATIONAL CLASSIFICATION		PRIMARY FOCUS	COULD DESCRIBE
CULTURE & RECREATION	Culture & arts	7.9%	20.0%
	Sports	2.8%	11.3%
	Recreation & social clubs	3.6%	18.2%
EDUCATION & RESEARCH	Primary education	0.6%	7.1%
	Secondary education	0.6%	6.7%
	Higher education	1.4%	6.7%
	Other education	5.1%	30.0%
	Research	2.0%	10.5%
DEVELOPMENT & HOUSING	Economic, social & community development	6.1%	17.8%
	Housing	1.2%	3.2%
	Employment & training	0.6%	7.7%
SOCIAL SERVICES	Social services	6.3%	18.6%
	Emergency & relief services	1.4%	7.5%
	Income support & maintenance	0.0%	2.2%
ENVIRONMENT	Environment	2.6%	11.3%
	Animal protection	1.2%	2.6%
CIVIL RIGHTS & ADVOCACY	Civic & advocacy	3.4%	16.8%
	Law & legal services	1.0%	4.7%
	Political	1.0%	6.3%
HEALTH	Hospitals & rehabilitation	1.2%	5.1%
	Nursing homes	0.0%	1.0%
	Mental health	4.9%	14.0%
	Physical health	4.3%	14.2%
PHILANTHROPY & VOLUNTARISM	Grant-making foundations and trust	1.2%	3.4%
	Promotion of volunteering	3.0%	12.8%
PROFESSIONAL ASSOCIATIONS	Trades unions	0.2%	0.6%
	Business & professional associations	0.8%	1.4%
INTERNATIONAL ACTIVITIES /OVERSEAS DEVELOPMENT		6.7%	4.0%
RELIGIOUS CONGREGATIONS		1.2%	3.6%
OTHER		29.4%	36.0%

APPENDIX C

The Wheel commissioned RSM McClure Watters in association with NICVA and Whitebarn Consulting to undertake research into the nature and extent of community and voluntary activity in Ireland and the challenges faced by people who lead and manage nonprofit organisations.

The research was conducted between October 2011 and March 2012.

4,500 independent non-profit organisations (drawn from The Wheel's database of over 10,000 organisations) were targeted. Over five hundred completed surveys were received, representing a response rate of over 11%.

The key strands of the research included the following complementary work streams:

Online survey of non-profit organisations
Organisations that are both independently governed and not-for-profit were eligible to take part in the survey. A comprehensive questionnaire was designed by RSM McClure Watters in conjunction with The Wheel, including piloting with a focus group of community and voluntary sector organisations. The total number of completed surveys which were analysed was 506.

Interviews with stakeholders
A stakeholder consultation map was developed in conjunction with The Wheel; this included key government departments, umbrella bodies, funders, professional associations and others

Desk research
The survey design was underpinned by desk review of relevant policy and strategic context information.

Analysis
Crowe Horwath Ireland carried out an additional analysis of the data in this report.

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