

Benefacts |

Benefacts
Nonprofit
Sector
Analysis

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Go to www.benefacts.ie/analysis for an online version of this report with additional data and analysis.

Benefacts is a social enterprise established in 2014 to promote the transparency of all Irish nonprofits.

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PREFACE

Nonprofits constitute at least 10% of all organisations active in Ireland today. Despite their reach into every part of Irish life, very little is understood about the nonprofit sector at large. This is because of the sheer diversity of the organisations involved, and the voluntary nature of much of their work. Indeed, the word “sector” is a kind of misnomer, because many nonprofits operate in sectors where there are also commercial providers - for example the arts, healthcare, education.

Benefacts has set out to make all Irish nonprofits more accessible and more transparent. We have built the **Database of Irish Nonprofits** to put reliable, comprehensive trend data at the service of nonprofits and their stakeholders. We plan to make this an annual report, with regular updates and more extensive data on our website benefacts.ie.

SOME KEY FINDINGS

Nonprofits generate more than €10.9b in turnover annually, including government funding of €5.3b which amounts to 8% of all current expenditure by the Exchequer.

More and more of this public funding is by way of service contracts rather than grants, and a sizeable proportion of it is paid to a few hundred organisations whose employees are remunerated as though they were public servants, even though they are employed by independently-governed voluntary organisations.

Only a tiny proportion of the people professionally employed in nonprofit organisations are paid more than €70,000 per annum and two-thirds of these work for quasi-public bodies where their remuneration is governed by public sector norms.

Reported income from fundraising and donations increased on average year-on-year by 15% between 2013 and 2015, although the picture varies dramatically by sub-sector. Philanthropies contribute at least €83m in donations to the sector annually.

Notwithstanding the public demand for transparency, more than a quarter of nonprofit companies chose in 2015 to publish abridged financial statements. This is a disclosure standard that provides no information about their current income and expenditure.

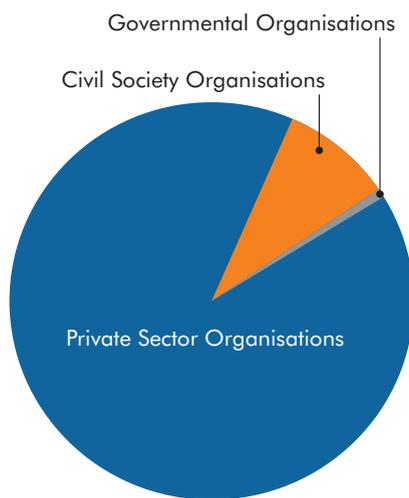
We have prepared this analysis based on all of the information available from regulatory sources about Ireland’s 19,505 registered nonprofit organisations – about 40% of them are registered charities. See more about our scope and approach on page 16.

A more detailed analysis including sectoral breakdown is available on benefacts.ie, where you can also search for more information about each organisation in the **Database of Irish Nonprofits**, and follow links to access their own websites.

1. ABOUT IRISH NONPROFITS

“Nonprofit” is a broad term. We use it to describe civil society organisations that have been established by their members on a not-for-profit basis, usually to promote some kind of public benefit. They are organisations without beneficial owners. They don’t form part of the private sector and they are autonomous of government.

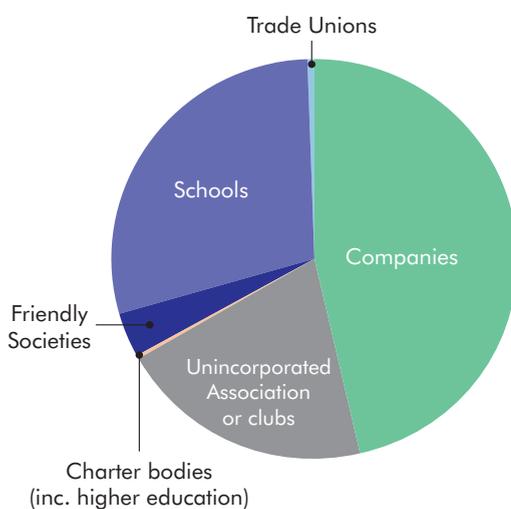
Putting Irish nonprofits in context



IRISH NONPROFITS ARE CONSTITUTED IN VARIOUS WAYS

Nonprofits are established in a variety of different ways: just under half of the organisations in the **Database of Irish Nonprofits** are incorporated as companies limited by guarantee. A small number are incorporated by statute (some long-established hospitals, higher education institutions) or are constituted under Friendly, Provident & Industrial Society, Trade Union or other legislation. The rest are unincorporated bodies of various kinds – including faith-based bodies and schools - with their own constitution and rules.

Types of organisations in the nonprofit sector



Many are charities, a term that acquired new legal force in Ireland with the commencement in 2014 of parts of the Charities Act, 2009.

In addition to these, there are nonprofits that do not qualify in law for inclusion on the register of charities, for example sports clubs, trade unions, business associations and others. We have included them in the database because they fall within the definition of nonprofits used by Eurostat and widely accepted internationally.

19,505 organisations have been included in the **Database of Irish Nonprofits** because they have registered and lodged documents in various repositories of public information, and we have digitised and analysed their contents.

Principally these are the constitutions and financial statements of companies, trade unions and friendly societies published by the Companies Registration Office (CRO), the public register of charities published by the Charities Regulator, the list of nonprofits (including sports bodies) enjoying charitable tax relief published by Revenue, the lists of schools published by the Department of Education and Skills and the disclosures of statutory bodies laid before the Houses of the Oireachtas, published by their Library.

SOME ARE EFFECTIVELY ‘QUASI-PUBLIC BODIES’

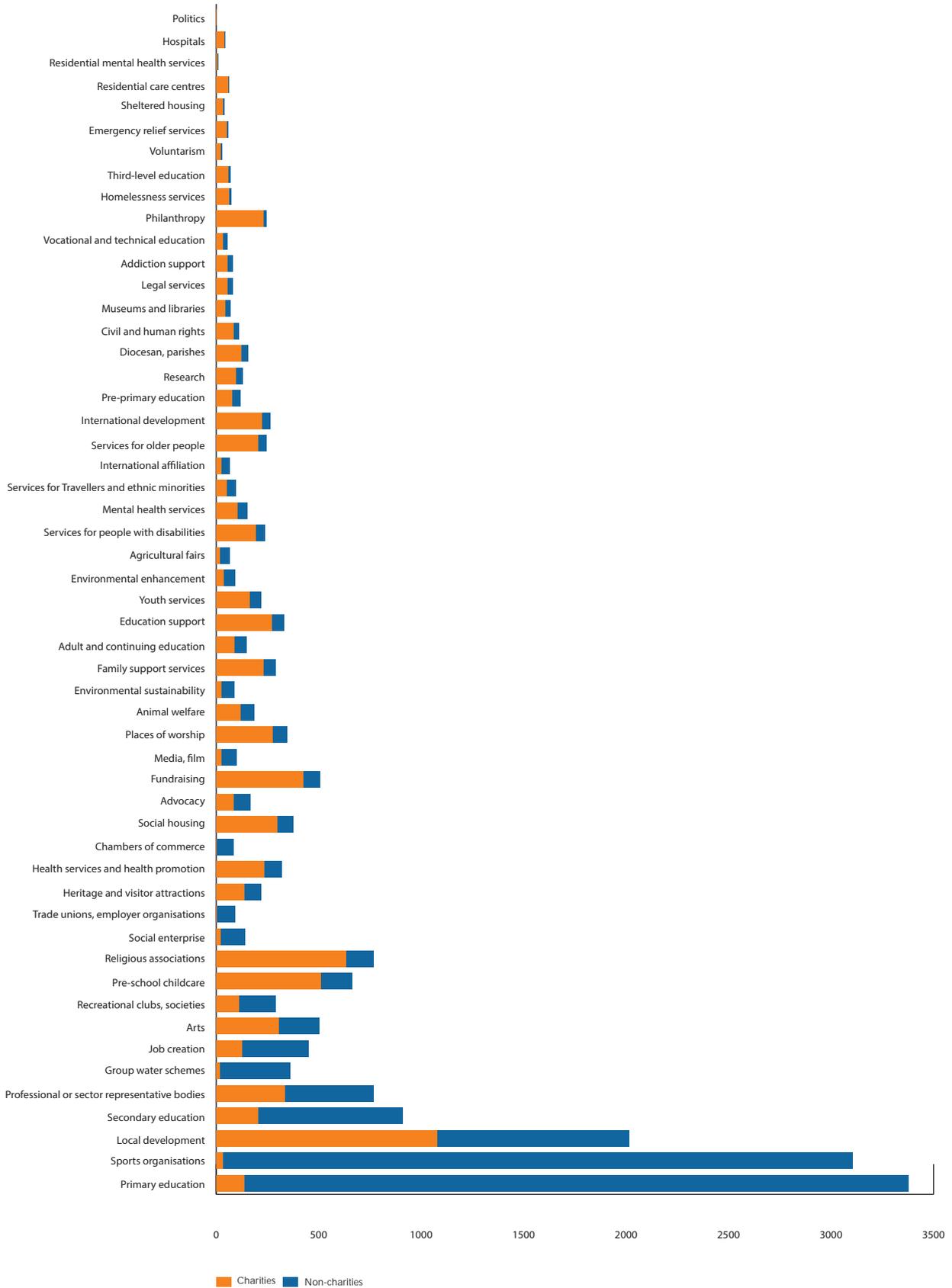
Many nonprofits provide services to the public, but a small number operate on special terms with government, inasmuch as their voluntary boards don't exercise control over the remuneration of their employees because these are treated as public sector workers.

Effectively these are “quasi-public bodies”. They are the 44 so-called “Section 38” providers of health and social care services, 22 higher education institutions, and 281 local providers of family support, drugs rehabilitation, citizens' advice and other local development supports and services, directly established by government.

In aggregate, this small group of 347 organisations receives more than 70% of reported receipts from government by all nonprofits, and its employees enjoy higher remuneration terms than the sector at large. More about this in the next section.

Overleaf is a graphic illustration of the concentration of charities across the sector at the end of Q1, 2017, using our localised version of the international system for classifying all nonprofit organisations.

Charities and non-charities in the Database of Irish Nonprofits today



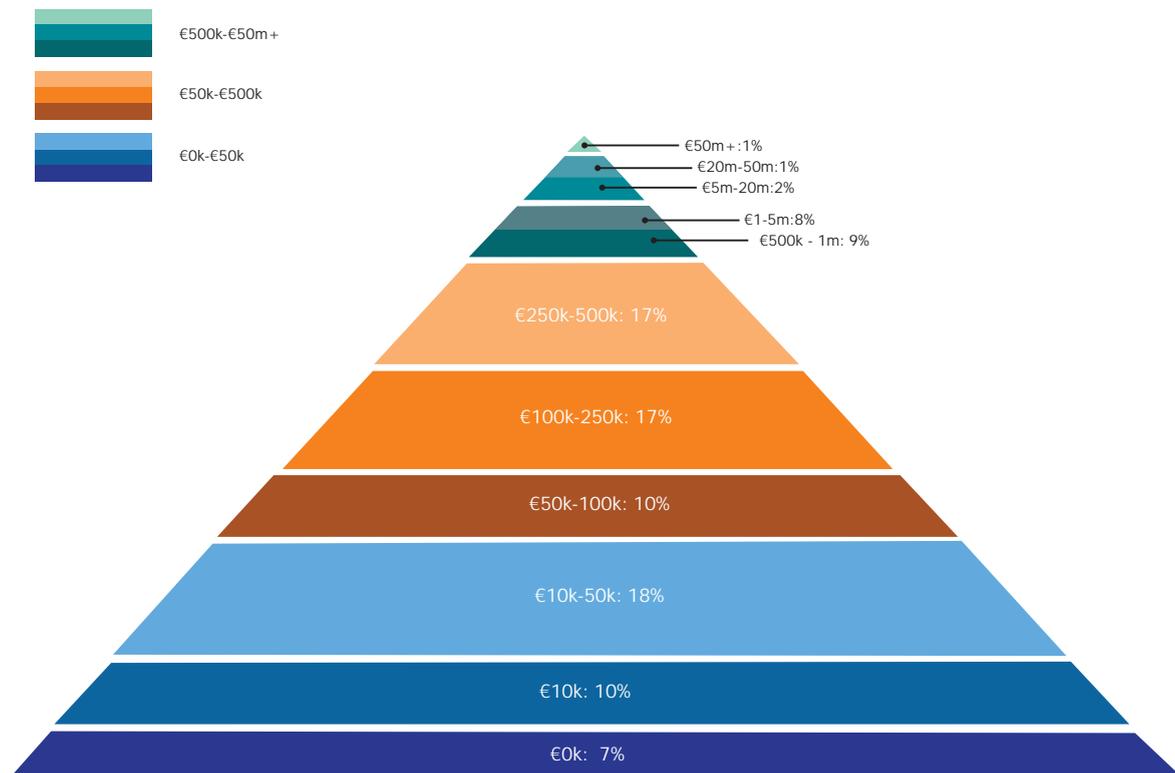
THIS IS A SECTOR OF MANY VERY SMALL ORGANISATIONS, AND FEW LARGE ONES

Nonprofits vary considerably in size and scale. Of those nonprofits for which financial income data is available for 2015, 35% report total income of €50,000 or less.

Another 44% had a turnover of between €50,000 and €500,000, 9% reported a turnover between €500,000 and €1m, and only 12% had a turnover in excess of €1m annually.

For an analysis of these turnover bands illustrating which of these nonprofits are registered as charities, go to www.benefacts.ie/analysis.

The scale and profile of Irish nonprofits income in 2015



2. EMPLOYMENT IN IRISH NONPROFITS

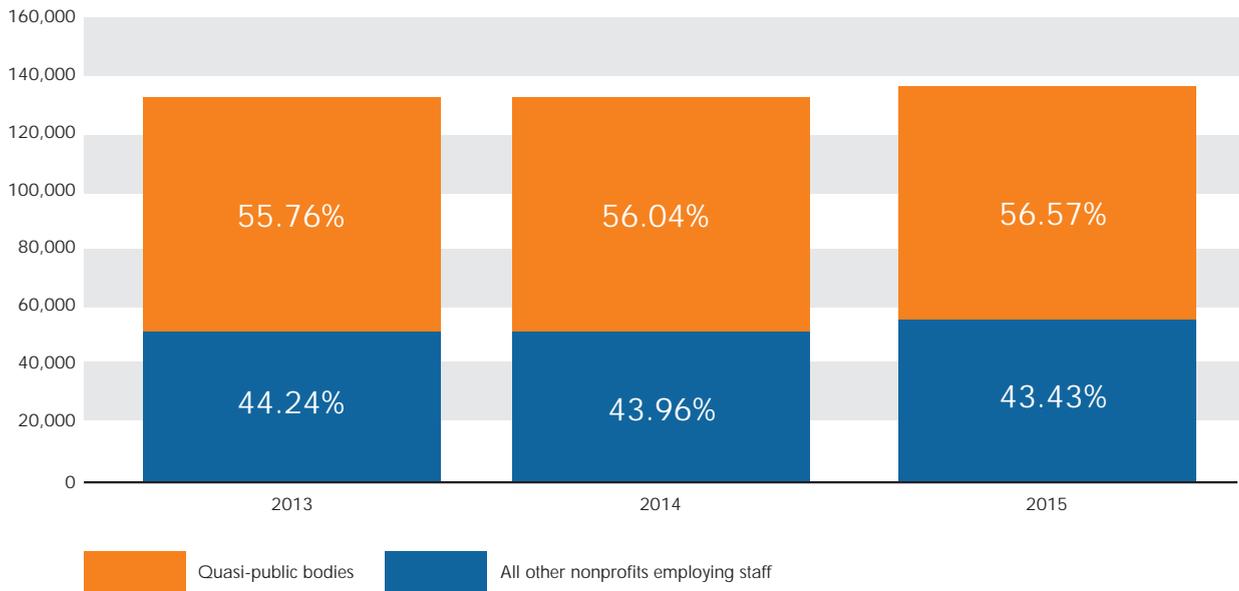
Of the 8,097 nonprofit companies for which financial statements are available from a regulatory source 4,321 disclose details of payroll numbers and costs. These disclosures indicate that this is a sector with at least 149,360 paid employees.

66,031 of these work in the 310 quasi-public bodies for which employment data is available. Employment terms in these nonprofits provide for salaries and other benefits that are equivalent to public sector grades. Some of these employees (in the higher education, health and social care sectors) are counted as public sector employees in government statistics.

83,329 work in the 4,011 other nonprofit organisations that report having paid staff.

According to mandatory disclosures in the financial statements, the numbers employed in the sector at large have increased by 5.5% from 2013 to 2015. Employment in quasi-public bodies has increased by 3.6%, and in the rest of the sector, employment has increased by 7%.

2013-2015 Employment trends in Irish nonprofits

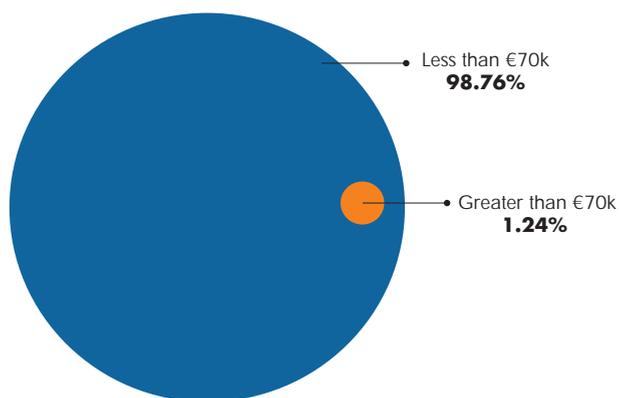


IN THE MAIN, IRISH NONPROFIT WORKERS ARE NOT HIGHLY PAID

Since 2015, new financial reporting regulations require all companies - including nonprofits - to disclose the number of their employees whose total remuneration is greater than €70,000 per annum.

Just over 1% of people who work in Irish nonprofits are paid more than €70,000.

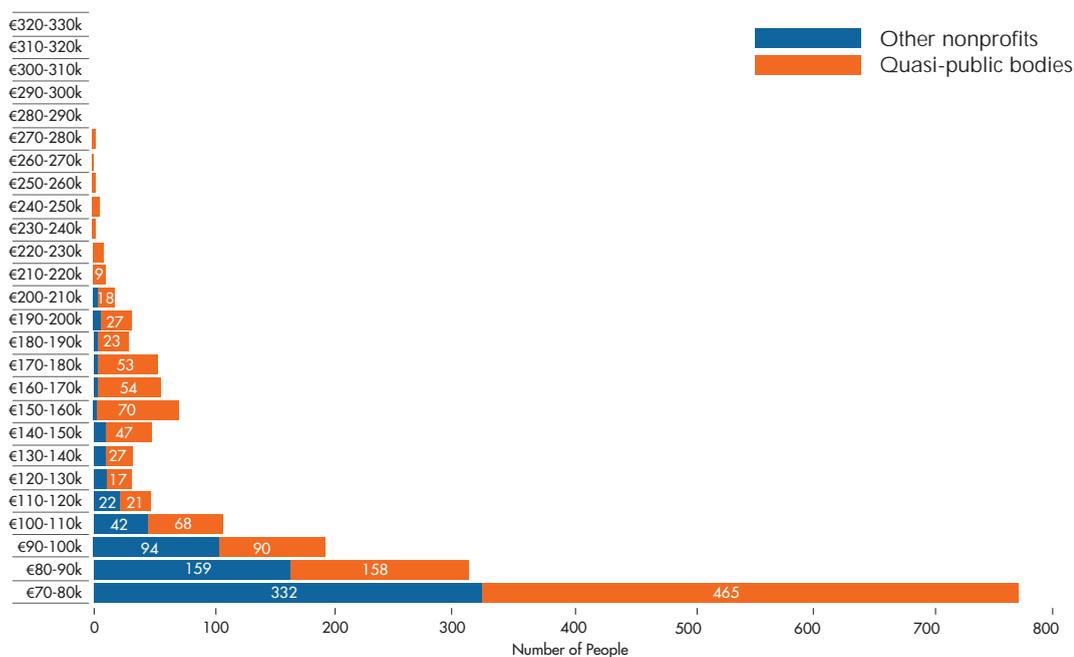
Proportion of higher-paid employees in Irish nonprofits



The difference between quasi-public bodies and the rest of the sector is stark: this is where most of the higher-paid employees are to be found – a total of 1,166 employees of quasi-public bodies are paid more than €70,000 per annum, and almost all (94%) of the people paid more than €150,000 are employed by these organisations.

In the rest of the sector, only 159 nonprofits report that they pay any of their employees more than €70,000 – a total of 691 people.

Reported remuneration profile of higher paid nonprofit sector workers



As this was a new disclosure in 2015, no trend data is yet available. Nonetheless, it provides a benchmark from which future trends can be measured, and it points to a contrast in remuneration profiles as between service providers that follow government pay and pension norms, and the rest of the sector.

In the broader economy, 12.8 % of the workforce declares* annual remuneration of more than €70,000, by contrast with nonprofits where only 0.5% receive total remuneration of €70,000 or more, discounting the remuneration of people working in quasi-public bodies.

*Based on information published by Revenue

VERY FEW NONPROFIT SECTOR EMPLOYEES ENJOY THE BENEFITS OF A COMPANY PENSION SCHEME

1,234 nonprofits report making pension provision of some kind for their employees – only 29% of all those that report payroll expenditure. Most of the reported pension expenditure is in quasi-public bodies.

NEARLY 50,000 PEOPLE SERVE AS VOLUNTARY DIRECTORS/TRUSTEES

48,143 people currently serve as directors on the boards of 9,124 nonprofit companies – about 10% of these serve on more than one board.

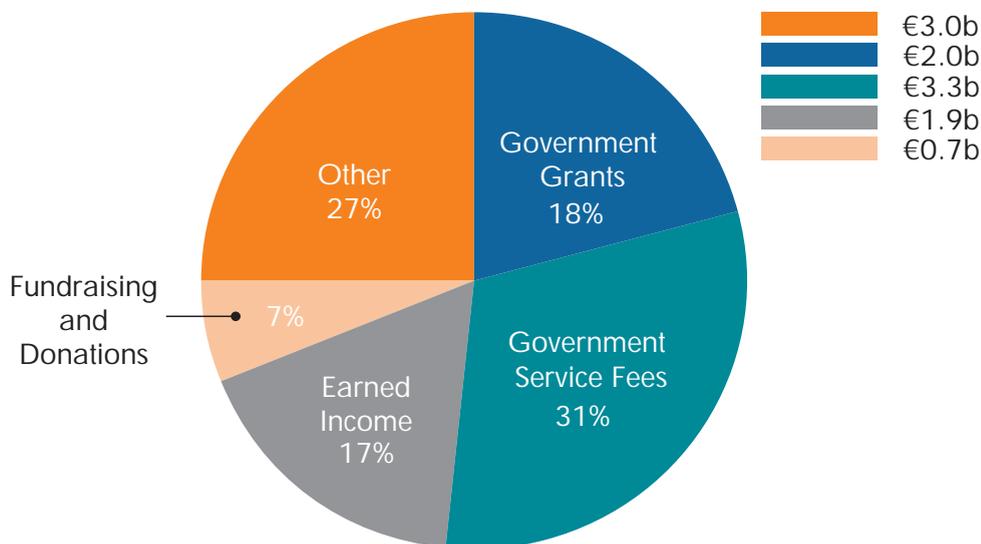
3. HOW IRISH NONPROFITS ARE FUNDED

The profile of nonprofits' funding is quite different from that of their counterparts in the private sector. Most are constituted in such a way as to serve the interests of their members or their beneficiaries, and their boards are accountable to these stakeholders, rather than to owners or investors.

Even where they provide full financial disclosures, nonprofits do not always report on all of the sources of their income which is why one of the biggest income categories here is miscellaneous or unspecified.

In the main, Irish nonprofits reported revenues of €10.9b which came from fees and other income generated from their activities – including service fees from Government – from government grants, and from fundraising and donations.*

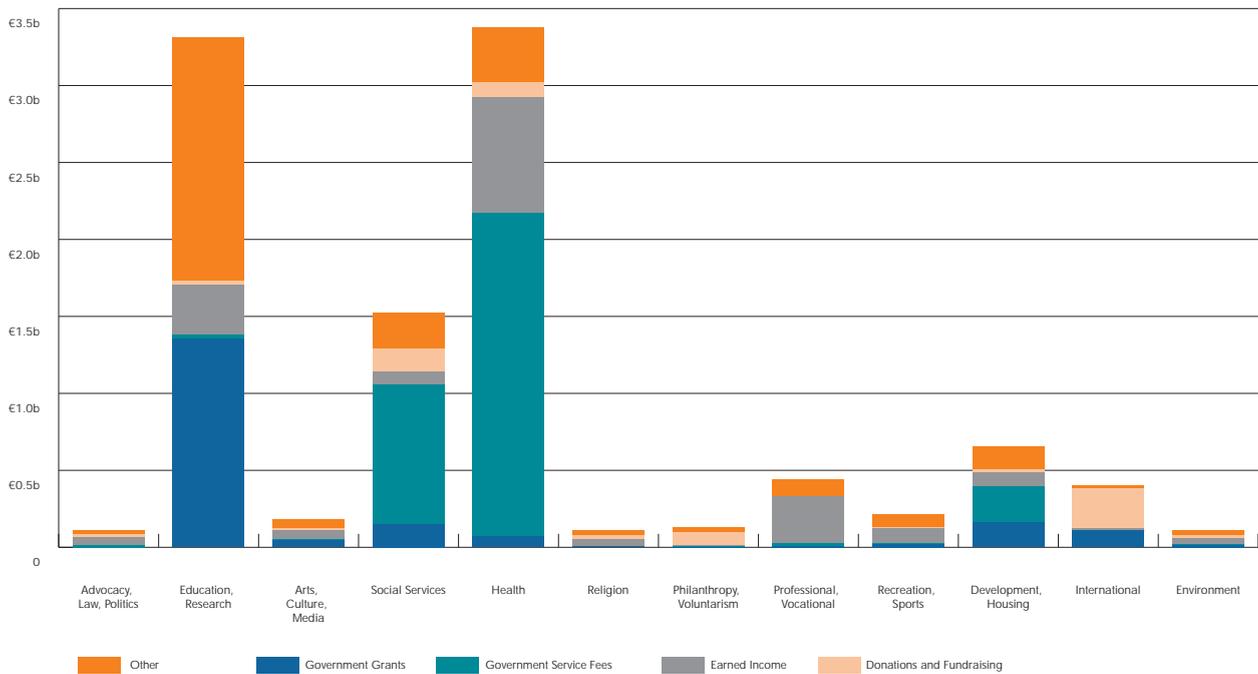
Where the €10.9b came from in 2015



**Note that in 2015, more than a quarter of all nonprofit companies elected to publish abridged accounts, which provide no analysis of the sources of their income. For a list of these see benefacts.ie/analysis.*

This income profile varies dramatically from sector to sector. For a more detailed breakdown of funding by sub-sector, go to benefacts.ie/analysis.

Funding sources analysed by sector



Note that in education, religion and sport there isn't yet a published regulatory source for the financial statements of many of the nonprofits in these categories.

FOR NOW, ONLY LIMITED DATA ON UNINCORPORATED CHARITIES IS AVAILABLE

Today, charities form a substantial proportion (about 40%) of all nonprofits. In time this proportion will grow, as more nonprofits register with the Charities Regulator.

About 56% of these charities are incorporated as companies, which means that their constitutional and financial records are in the public domain because they are required to make an annual return to the Companies Registration Office, which publishes these documents under open data licence terms.

Financial statements for unincorporated charities are not yet publicly available, and neither governance, employment nor financial data is yet released under open data licence terms by the Charities Regulator. Any newly available data will inform the Benefacts 2018 sector analysis report.

GOVERNMENT IS THE LARGEST SINGLE SOURCE OF FUNDING TO IRISH NONPROFITS

In 2015, according to the reported receipts of 5,879 nonprofit companies, government committed €5.3b in current expenditure to the sector, which equated to 8% of current Exchequer spending in that year.

Most nonprofit companies receive no government funding at all. Of the 2,692 that report government funding, 66% rely on this for more than half of their income.

Government funding as a proportion of the income of nonprofit companies

Government funding as a % of all income	Number of nonprofit companies	Amount
0%	3,187	€0
0-25%	432	€100,393,146
25-50%	474	€942,487,494
50-75%	566	€1,097,470,014
75%+	1,220	€3,157,634,338

THERE IS A TREND TOWARDS PROVIDING GOVERNMENT FUNDING BY WAY OF SERVICE AGREEMENT RATHER THAN GRANT

More than 60% of the €5.3b provided by government to nonprofits in Ireland now takes the form of contracts that are provided subject to the objective delivery of services under the terms of service level agreements.

The main sources of service contracts are the Health Services Executive (which has put all of its funding over €250,000 per annum to health and social care providers on this footing), the Department of Social Protection (in relation to employment creation) and Pobal (which is the administrator of many grant schemes on behalf of different government departments). These contracts are capable of being varied or substituted - this means potentially that they could be awarded to other nonprofits, or to for-profit providers.

NONPROFITS' TOTAL NET ASSETS AMOUNT TO €10.4B

Based on balance sheet reports from 8,097 nonprofit companies, the sector's reserves, or net assets (total assets less total liabilities) amount to €10.4b. (This number will increase when financial statements for religious and other non-incorporated charities become publicly available.) The growth in these reserves has been 6% in the period 2013 to 2015.

The main asset value is in universities and voluntary hospitals: 60% of the asset value is concentrated in 1% of organisations for which financial information is publicly available.

Liquid assets account for €3.7b, which is made up of cash, equities, bonds and investment properties. There are 392 nonprofits (mostly in professional and sector representative bodies, higher education and fundraising) where the value of their liquid assets is more than €1m.

4. GIVING TO IRISH NONPROFITS

As we have already seen, nonprofits - including charities - derive 7% (€725m) of their income from fundraising and donations. This includes gifts from individuals, philanthropies and private companies.

Between 2013-15, reported income from fundraising and donations increased by 15% on average year-on-year. In part, this can be ascribed to the increase in the number of organisations: improvements in the quality of disclosures will allow us to monitor this trend in the future.

The main beneficiaries of significantly increased giving were charities working in international development, family support services, services for people with disabilities, health services and health promotion.

THE COSTS OF FUNDRAISING ARE INCREASING BUT THE GROWTH IN INCOME IS NOT YET COMMENSURATE

Many charities engage directly in fundraising on their own account, which accounts for most of the reported income from this source. It is impossible to analyse the costs of this fundraising effort, using currently-prevailing standards of financial reporting.

Some larger charities (for example hospitals, universities) have created dedicated fundraising operations to raise funds on their behalf.

Here's an analysis of the profile of their fundraised income relative to their employment costs – which is an indicator of the cost of fundraising. In these dedicated fundraising organisations, more people are being employed but the revenues generated are lagging behind employment costs: in 2013, for every euro spent on payroll, €8.57 was raised in funds the following year, and in 2014 for every euro spent on payroll, €8.26 was raised in funds the following year.

Year	Number of fundraising charities	Total employees	Remuneration greater than €70,000	Total payroll	Total income
2013	83	248	N/A	€ 11,372,833	€ 83,132,221
2014	93	269	8	€ 11,677,435	€ 97,555,125
2015	101	289	7	€ 13,746,578	€ 96,485,315

PHILANTHROPIC GIVING ACCOUNTS FOR AT LEAST €83.4M ANNUALLY

Institutional philanthropy takes various forms in Ireland, including professionally-staffed organisations, groups of individuals operating without professional staff, and endowed funds that distribute the legacy of an individual or family, with or without the benefit of professional advice.

Using published financial reports where available, Benefacts has analysed the reported spending of 32 philanthropic organisations in Ireland. In 2015, the latest year for which comparable data is available for all.

There are other unincorporated philanthropic organisations active in Ireland but no data about these is available, pending the publication of financial returns by the Charities Regulator. Benefacts plans to report on these, and on the profile of philanthropic giving in 2016, in its next sector analysis report.

- Three of these (The Atlantic Philanthropies, the Ireland Funds and the Community Foundation for Ireland) made philanthropic gifts annually of €5m or more, totaling €66.15m in 2015
- Four spent more than €1m but less than €5m annually in donations, totaling €9.8m in aggregate in 2015
- 25 spent less than €1m, totaling €7.4m in aggregate in 2015

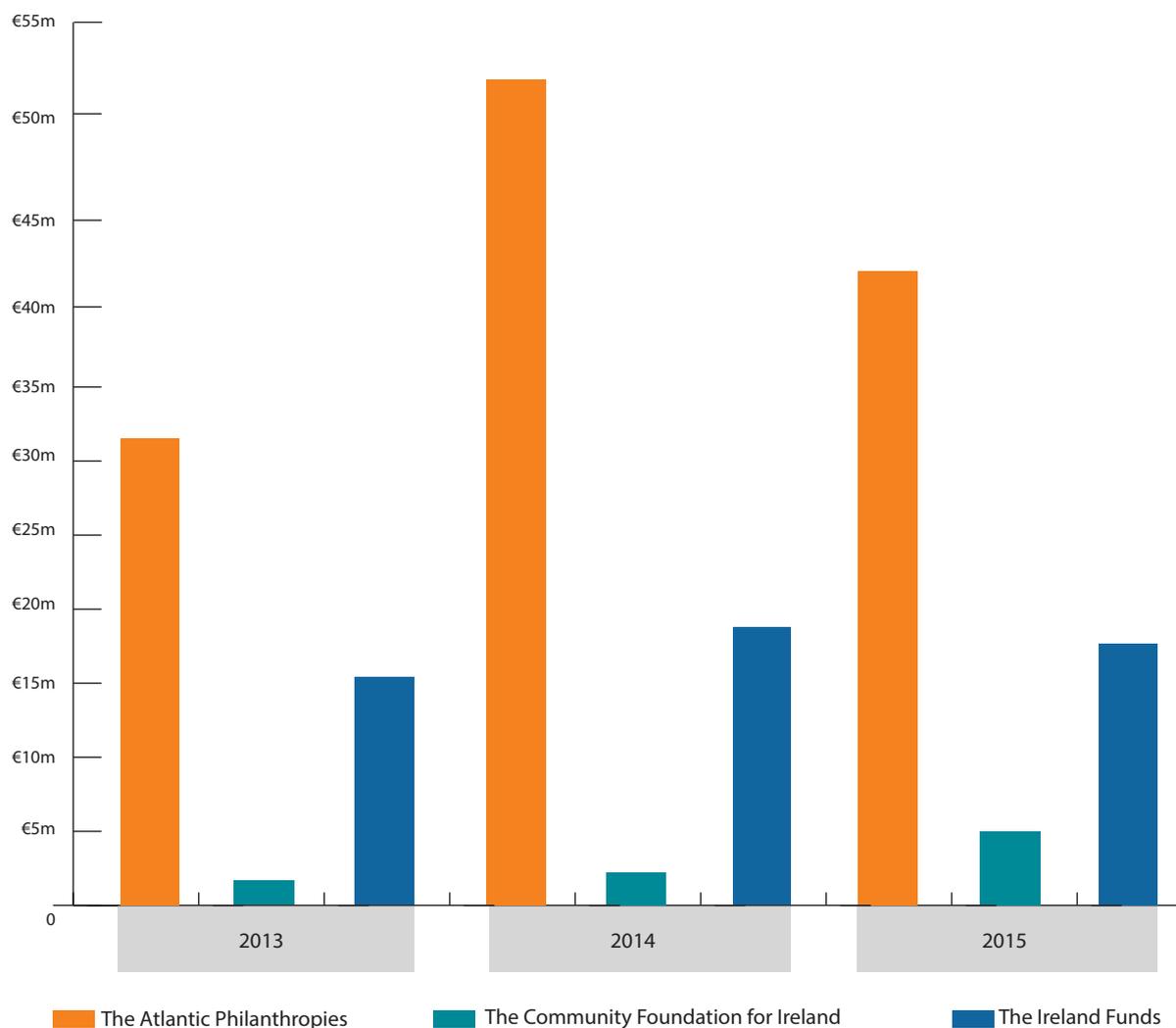
THREE MAJOR IRISH PHILANTHROPIES

The Atlantic Philanthropies is a US-headquartered, professionally-staffed foundation that distributes a fund created by its founder Chuck Feeney to advance opportunity and promote equity and dignity in various parts of the world, including the island of Ireland. It is spending down its endowment, and plans to distribute no further philanthropic grants after 2016. (See www.atlanticphilanthropies.org)

The Ireland Funds is a professionally-staffed affiliation of organisations established in 12 countries around the world, whose mission is to harness the power of a global philanthropic network of friends of Ireland to promote and support peace, culture, education and community development across the island of Ireland and among Irish communities around the world. The Ireland Funds derives its income from fundraising events and activities, and also distributes donor-advised funds. (See www.irelandfunds.org)

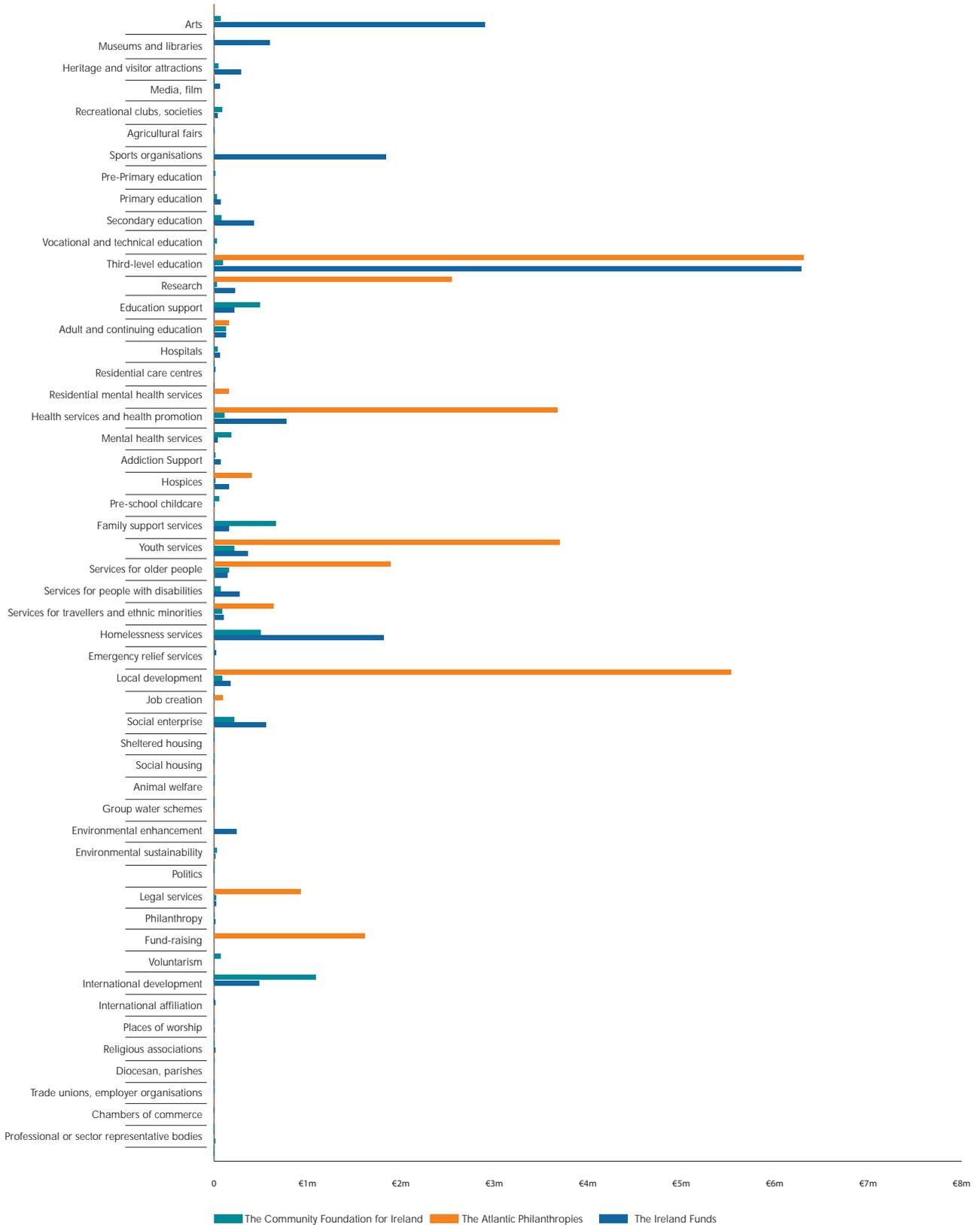
The Community Foundation for Ireland is part of a global network of 1,800 community foundations, providing specialist professional donor services to people, communities and corporations who wish to support the delivery of just and progressive social change in Ireland and overseas. (See www.foundation.ie)

2013-2015 Trends in giving by three major philanthropies



A review of their reported giving indicates that major philanthropies concentrate their resources in certain areas, notably the arts and heritage, health services and health promotion, higher education and youth services. Overleaf is the profile in 2015.

Targets of giving by top three Irish philanthropies in 2015



SCOPE AND APPROACH

Benefacts is a company limited by guarantee, without share capital, established in 2014 with financial support from government and philanthropies to promote the accessibility and transparency of Ireland's nonprofit sector. It does this by defining the scope of the **Database of Irish Nonprofits**, identifying and harvesting the contents of public registers, cleaning, classifying and where necessary digitising the data, and deploying extracts in a range of web-based and other services including a free public website and this first annual *Benefacts Nonprofit Sector Analysis*.

The data for this report is derived from the regulatory disclosures of 19,505 nonprofit organisations, including registered charities, under the provisions of open data licenses. Employment, financial and governance data from 2013, '14 and '15 was derived from the financial statements and other regulatory disclosures of 8,097 nonprofit companies or charter bodies, some of which are charities.

For data on charities, Benefacts has relied on open data files published from time to time by the Charities Regulator, the Department of Education and Skills, and Revenue on their respective websites, and on the website of the Library of the Houses of the Oireachtas. Benefacts does not "scrape" the websites of regulators or nonprofits without their knowledge or approval.

This report was prepared and published by Benefacts on the basis of publicly available information, internally developed data and other sources believed to be reliable. It was completed on 20th April 2017, and published on 28th April 2017.

While all reasonable care has been taken in the preparation and completion of this report using documents retrieved from regulatory sources (including financial statements prepared by third parties) and input by us into our database, we do not guarantee the accuracy or completeness of the information contained in it and accept no responsibility for any errors or omissions.

1 Most of the information in this report is derived from the financial statements of 8,097 nonprofits

Regulatory filings by nonprofits are the raw material from which the database is derived. Benefacts acquires, cleans and normalises the contents of these regulatory documents - including constitutions and financial statements - as soon as they are filed on any public register and released under open data licence terms.

No effort is required of the nonprofits concerned: Benefacts is able to access the materials like any other member of the public from the online venues where they are published, under open data regulations.

2 This is the most extensive and robust-ever analysis of Irish nonprofits

The data used in this report is extracted by Benefacts from financial statements and other regulatory disclosures for 2013, 2014 and 2015 for all of the nonprofits in scope, where these are available for re-use under open data licence terms, and from the additional disclosures of major philanthropies.

“All of the nonprofits in scope” includes not just 8,014 companies limited by guarantee, but also bodies established by statute including higher education institutes and some voluntary hospitals, entities that are constituted as friendly societies or trade unions, and unincorporated associations of various kinds.

3 Charities are a subset of all nonprofits

The definition of “nonprofit” used by Benefacts is derived from an internationally-recognised standard originally developed in an important worldwide study of civil society originally led by the Center for Civil Society Studies at Johns Hopkins University and now adopted by the UN, Eurostat and national statistics offices around the world. To be included in the **Database of Irish Nonprofits** an organisation must be

- 1 Organised:** organisations must have some kind of formality and institutional reality
- 2 Private:** organisations must be institutionally separate from government
- 3 Non-profit distributing:** organisations must not return any surpluses generated to their owners or directors
- 4 Self-governing:** organisations must be in a position to control their own activities and have their own internal procedures for governance
- 5 Voluntary:** participation in these organisations must not be mandatory

By definition, this includes all registered charities, and it excludes organisations that are directly controlled by government.

4 The analysis available is as comprehensive as current open data disclosures allow

In 2015, the latest year for which a full set of regulatory disclosures is available, three important new regulatory provisions came into force:

1) The Charities Act, 2009 some of whose provisions were commenced in October 2014. Section 40 of the Act provides that those c. 8,000 nonprofits which had already secured recognition as charities for tax exemption purposes were deemed to be charities but were required to register with the new Charities Regulatory Authority (known as the Charities Regulator) within eighteen months - later extended to two years. According to open data files or other information provided by the Regulator, approximately 5,000 charities had completed this process by the end of Q1 2017 (when this report was prepared), and 447 charities have been registered under Section 39 of the Act.

2) The Companies Act 2014, which for the first time permits smaller companies limited by guarantee to file abridged financial statements - a provision long available to smaller private companies. 27% of nonprofit companies (24% of charities) have elected to do so in 2015. This means that the public is able to see the names of their directors, the auditor's report, the balance sheet stating assets and liabilities, and notes to the accounts including the number of employees and total payroll expenditure. No analysis of income or expenditure (including sources of income) is provided in abridged accounts.

3) Financial Reporting Standard 102 (FRS102), which is statutorily binding on most small or medium sized companies, whatever their for-profit or not-for-profit constitution. FRS102 introduces an important new provision which requires companies to report the number of cases where the total remuneration of its employees exceeds €70,000, in bands of €10,000. This means it is possible for the first time to know how many higher-paid employees any company has - including incorporated charities - and the full set of reported employee remuneration data from 2015 therefore informs this analysis report.

5 Further trend data will be analysed when 2016 records are available

Most of the data from which this report has been derived has been extracted from the audited financial statements of nonprofit companies. These are prepared up to nine months after the financial year-end, after which they must be placed on the public record.

Some nonprofits had not filed financial statements for 2015 by the end of Q1 2017, and others were subject to significant re-organisation, for example incorporation, group consolidation or merger. In general, Benefacts has only provided trend data where like-for-like comparisons could be made 2013-2015. For more about our approach see benefacts.ie.

Benefacts plans to make this an annual publication, released in the first quarter of every year once the analysis of all of the financial statements filed in the prior year has been completed.

GLOSSARY

Abridged accounts

Under the Companies Act, 2014 any small company is now permitted to file abridged financial statements - previously companies limited by guarantee were not permitted to avail of this exemption. Abridged accounts do not provide any analysis of income or expenditure.

See <http://www.irishstatutebook.ie/eli/2014/act/38/section/352/enacted/en/html>

Charities

A charity is a body that promotes a charitable purpose as defined in Section 3 of the Charities Act, 2009. Explicit exclusions to the definition of a charity in Section 2 of the Act include bodies that promote a political purpose or cause, trade unions, chambers of commerce, and games/sports bodies.

See <http://www.charitiesregulatoryauthority.ie/en/cra/pages/charitysearch>

A register of charities is maintained by the Charities Regulator and published on its website

See <http://www.irishstatutebook.ie/eli/2009/act/6/enacted/en/print.html>

Company Registrations Office (CRO)

The central repository of public statutory information on Irish companies and business names. It is mandatory for all Irish companies – whether or not they are also registered charities – to provide certain information and documents to the CRO including a constitution, financial statements, and details of their directors.

Filings to the CRO are published on its website see www.cro.ie

Financial Reporting Standards (FRS 102)

Financial Reporting Standard 102, which is the statutorily binding reporting standard for most small or medium sized companies, including charities and other nonprofits. It came into force for accounting periods beginning after 01 January 2015.

For full guidelines see www.frc.org.uk

Quasi-public bodies

Many nonprofits provide services to the public, but a small number operate on special terms with government, inasmuch as their voluntary boards don't exercise full control over the remuneration of their employees because these are treated as public sector workers.

Effectively these are “quasi-public bodies”. They are 44 so-called “Section 38” providers of health and social care services, 22 higher education institutions, and 281 local providers of family support, drugs rehabilitation, citizens' advice and other local development supports and services, directly established by government.

This benchmark report is the most comprehensive-ever analysis of nonprofits including registered charities in Ireland.

It has been created by Benefacts as the first in a planned annual series, using the public regulatory disclosures of all nonprofits in scope.

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