

CITY BUDGET MATTERS 101

NONPROFIT ORGANIZATIONS

Each year, the City of Toronto approves a [City Budget](#), which is a financial plan for how our local government earns and spends money. The budget defines how much money goes toward local services such as public transit, childcare, employment and social services, social housing, garbage collection, public health, arts and cultural services, long-term care and senior housing, and more. The City Budget is funded by municipal revenues, as well as by financial supports from other levels of government, primarily the Government of Ontario.

The City of Toronto is a key funder of nonprofits, committed to working with them to deliver essential community services and investing more than \$1.2 billion per year in the sector.

WHAT IS A NONPROFIT ORGANIZATION AND WHY DO THEY MATTER?

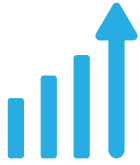
If you have ever participated in a local dance program, used a social housing service, attended a cultural festival in your community, used a childcare program, or read a community research report on housing policies, then you have likely engaged with a nonprofit program or service.

Nonprofit organizations come in different sizes and forms. Some are registered charities regulated by Canada Revenue Agency. These organizations can issue tax receipts for donations and they cannot take part in partisan political activities. Other nonprofits are foundations that raise and distribute donations to other nonprofits or grassroots community groups. Some nonprofits are corporations. The donations these organizations receive are not tax-deductible. If nonprofit corporations make a surplus at the end of the year, the money must be used to support the activities of the organization. These types of nonprofits have fewer limitations to their political activities.

Nonprofits organize and operate for many purposes besides profit — such as social welfare, equity, civic improvement, culture, the environment, or recreation. What they have in common is their positive impact on society, especially by working alongside diverse community groups to promote policy change and responsive and effective programs.



Nonprofit organizations have enduring and essential connections with local residents and communities. Together, they strengthen our city by:



Contributing to the economy:

Nonprofits employ more than 200,000 people in Toronto and contribute at least \$14 billion per year to our city’s revenue.



Informing policies and programs:

Communities know their needs best. Nonprofits help bring this community expertise to policymakers so that local policies and programs can have greater impact.



Helping people understand how local government works:

Nonprofits help residents, especially in underserved and underrepresented communities, understand how decisions made at City Hall affect their lives and how they can have their say.



Providing essential services:

Nonprofits provide vital community services — like arts and culture, shelters, employment services, and childcare — that make life in Toronto better for all.

WHAT IS THE PROBLEM?

Nonprofits have been pushed to do more with less during the pandemic.

The pandemic means nonprofits face devastating financial challenges. The Ontario Nonprofit Network estimated that [20% of organizations have closed their doors](#) since the start of the pandemic and may not reopen because of a loss of funding and other revenue sources.

Yet now more than ever, both the City of Toronto and communities need nonprofits to meet swelling demands for vital services — such as those identified as urgent by [more than 1,400 residents](#) hardest hit by the pandemic — including income supports, affordable housing, and mental health services.

Nonprofit services are at risk in 2021.

The City of Toronto funds nonprofits to provide a wide range of community services and programs on its behalf. But the City is starting its 2021 budget process with a gap of about [\\$1.8 billion](#), and nonprofits are concerned about potential funding cuts.

Cuts to nonprofit programs and services will directly affect their ability to operate. And cuts to municipal grants for nonprofits doing work related to the arts, community, environment, or recreation will negatively affect our communities and quality of life.

MOVING FORWARD: WHAT CAN BE DONE?

In 2017, the City of Toronto officially recognized the integral role nonprofits play in helping our local government support vibrant, inclusive, and equitably resourced communities by adopting a new policy framework called [“For Public Benefit.”](#) This framework outlines the City’s principles, commitments, and action plans for working with Toronto nonprofits.

The document presents eight commitments, including commitments to ongoing collaboration and promoting the financial sustainability of the nonprofit sector. **Our local government must be accountable for their promises of working with the Toronto nonprofit sector and supporting its financial wellbeing.**

The City of Toronto must also work with other levels of government to promote the importance of nonprofits and the need for further financial support.

This year, the Government of Canada dedicated approximately \$2.65 billion of pandemic relief funding for Canadian nonprofits. The Ontario Nonprofit Network (ONN) calculated that \$883 million of relief funding will flow to our province. However, ONN also estimated that [\\$680 million is still needed](#) to stabilize Ontario nonprofits during the pandemic. [The government of Ontario has earmarked only \\$60 million](#) (approximately) for nonprofits in its 2020 Budget.

All three levels of government must do more to ensure Toronto nonprofits do not face imminent closures — especially during the pandemic, as nonprofits are essential to helping communities weather its negative impacts.



CALL TO ACTION

Despite COVID-19's impact on municipal funds and the City's projected \$1.8 billion shortfall for 2021, our municipal government must make good on its commitment to support and work with nonprofits to support communities, especially during the pandemic.

STAY INFORMED AND HAVE YOUR SAY IN THE 2021 CITY BUDGET

The decisions made during the City Budget process determine the type of city we have. The Budget process kicks off on January 14, 2021, and concludes with the final City Council vote on February 18-19. Here are some ways you can learn more or share your input about the 2021 City Budget:

- Follow our [City Budget Watch blog](#).
- [Watch](#) Council and Budget Committee meetings ([meeting dates](#)).
- Make a deputation (a five-minute speech) to the Budget Committee.
- Send written comments to the Budget Committee (email buc@toronto.ca or mail Toronto City Hall, 100 Queen St. W., 10th floor, West Tower, Toronto, ON M5H 2N2).
- Write a letter to [your local City Councillor](#).
- Read the other backgrounders in our [City Budget Matters 101 series](#).

