

INSPIRING INNOVATION

The Size, Scope and
Socioeconomic Impact
of Nonprofit Social
Enterprise in Ontario



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INTRODUCTION

The primary objective of the 2012 Social Enterprise Survey for Ontario is to develop a profile of the size, scope, and socioeconomic impact of nonprofit social enterprise in the province during 2011. For the purpose of this study, a social enterprise is defined as:

“A business venture owned or operated by a non-profit organization that sells goods or provides services in the market for the purpose of creating a blended return on investment, both financial and social/environmental/cultural”

This survey is the first in Ontario to focus exclusively on the subject of nonprofit social enterprise. The baseline data provided in this report will allow future surveys to track developments within the sector over time. The model for this study is based on the work of the British Columbia and Alberta Social Economy Research Alliance’s (BALTA) social enterprise research, which began in 2009. Similar surveys have been conducted in Manitoba, New Brunswick, and Nova Scotia, while British Columbia and Alberta have been surveyed twice in the past 5 years. All of these reports contribute to a better understanding of a national entrepreneurial movement within the nonprofit sector.

To set the context, “Inspiring Innovation” includes a description of some of the key historical influences and components of the broad sector of activity surrounding social enterprise in Ontario, increasingly referred to as the social economy. The report briefly highlights aspects of the provincial government’s complex relationship with social economy and provides a snapshot of some of the broader-based community organizations and networks that support social enterprise in the province. The provincial landscape of financial supports available to social enterprise is discussed based on a series of qualitative interviews with a selection of funders, financiers, and intermediaries working in Ontario. The findings of the 2012 Social Enterprise Survey for Ontario are then presented. The report concludes with a summary of key findings, recommendations for further research – including an invitation for social enterprises to engage in that work, and a call for collaborative policy development.

The findings from the 2012 Social Enterprise Survey for Ontario are based on the participation of 363 social enterprises. These social enterprises were segmented into five unique subsector categorizations, identified as: ‘arts and culture’, ‘farmers markets’, ‘thrift stores’, ‘social purpose enterprises’, and ‘miscellaneous’. The subsector divisions attempt to capture the diverse nature of the social enterprises and how they interact with the market economy. The report also pays particular attention to francophone social enterprises, urban/rural and regional distinctions, years of operation, and specific mission focus.

The report shows that
ONTARIO'S SOCIAL ENTERPRISES are

ECONOMIC CONTRIBUTORS

Creating employment opportunities and generating wealth in the local, regional, and provincial economy.

FIGHTING POVERTY

Serving some of the province's most vulnerable populations and working to reduce poverty and its impacts.

FOCUSED AT THE LOCAL LEVEL

Working in neighbourhoods and communities to enhance the range of socio-economic supports.

PEOPLE- CENTERED

Offering multiple opportunities for individual and community engagement, agency, and ownership.

HERE TO STAY

Increasing the number of startups in recent years and building on an established cohort of social enterprises in the province.

CHALLENGING THE STATUS QUO

Blurring the lines between the public, private, and nonprofit sectors by dispelling classically held conceptions of nonprofit organizations and fostering innovative practice.

SUCCESSFUL IN THE MARKET

Generating the majority of their revenue from the sales of goods and services.

KEY FINDINGS: Ontario's Social Enterprises are...

...ON THE RISE

Ontario has a large cohort of well-established social enterprises, with more than half of respondents operating for over 10 years. The sector has also seen substantial growth; nearly one-fifth of the social enterprises surveyed have started trading in the last 3 years.

...ON THE BOOKS

The majority of social enterprises, 58%, are registered as charities with the Canada Revenue Agency (CRA). Older organizations show a greater likelihood of being incorporated as a registered charity.

...DIFFERENT IN RURAL AND URBAN CONTEXTS

Responding rural social enterprises show an average financial surplus that is 33% higher than their urban counterparts, and they are twice as likely to be independent of their parent organization. Urban social enterprises had 34% higher sales revenue and 43% more Full Time Equivalent (FTE) employees.

...BALANCING MULTIPLE MISSIONS

Approximately 80% of social enterprises operate to fulfill a social mission, whereas just under half of those surveyed indicate a cultural or environmental mission. Over 40% of respondents engage in employment development and/or training for workforce integration as part of their organization's mission.

...USING DIFFERENT SUPPORTS OVER THEIR LIFE CYCLE

Younger social enterprises are more likely to access personnel, in-kind, space, and financial supports from a parent organization compared to older social enterprises.

...OPERATING ACROSS A RANGE OF INDUSTRIES

Social enterprises sell their products and services in a variety of sectors, with greatest concentration in retail sales (including thrift), education, landscaping/gardening, food service/catering, janitorial/cleaning services, tourism, and sports and recreation.

...TACKLING POVERTY

More than 68% of social enterprises have a poverty reduction focus. Organizations that have been in operation for 3 years or less demonstrate the greatest likelihood of a poverty reduction approach.

...WORKING LOCALLY TO CREATE BENEFITS ACROSS COMMUNITIES

Social enterprises are significantly more likely to work at the neighbourhood, city or regional level than to operate over large geographical ranges, including provincial, national and international jurisdictions.

...UNIQUE IN FRANCOPHONE COMMUNITIES

Francophones have developed proportionately more social enterprises in Ontario, given their percentage of the overall population. They also lead the pack in terms of using debt financing to support the growth of their business.

...CREATING JOBS

The 363 social enterprises surveyed employed 5,355 individuals, 2,930 full-time equivalents (FTEs), spending an estimated \$116.6 million in wages and salaries at approximately \$47,680 per FTE worker in 2011.¹ On average, organizations aged 40 years and above employ the greatest number of full-time and part-time workers compared to their younger counterparts. Young social enterprises, aged 0-3, have the highest number of freelance employees compared to older organizations.

...CONTRIBUTING TO THE ONTARIO ECONOMY

In 2011, responding social enterprises earned at least \$207.6 million in total revenue. The average social enterprise surveyed sold \$548,700 worth of goods and services and earns 65% of its revenue from sales.

...DIRECTING THEIR ATTENTION TO VULNERABLE POPULATIONS

Social enterprises in Ontario most commonly serve low-income individuals, youth, and women, while working on average with nearly 5 different demographic groups. In 2011, the 363 responding social enterprises provided services to nearly 2.7 million individuals, excluding customers. At least 5,133 people were employed as part of the mission of the organization.

...BUILDING FINANCIAL SUSTAINABILITY

On average, 85% of responding social enterprises broke even in 2011; however, when grants are not included, just over half of those surveyed broke even.

...HESITANT TO TAKE ON LOANS

Of the social enterprises surveyed, 84% indicate that they do not receive loans. Social enterprises aged 40 and over are more likely to receive grants and least likely to take on loans. Early stage social enterprises, those between 4-9 years, are the most likely to take on a loan, compared to all other age groups.

...FOSTERING VOLUNTEERISM

In 2011, Ontario's responding social enterprises engaged at least 17,700 full-time and part-time volunteers, averaging 57 per organization.

...FACING CHALLENGES

Survey results demonstrate that 80% of respondents consider access to external capital as a challenge. Over 75% are in search of strategies and tools to increase organizational and staff capacity, enhance communications and networking, and measure their impacts.

...HELPING TO FINANCIALLY SUPPORT NONPROFIT ORGANIZATIONS

The responding social enterprises transferred at least \$18.8 million to their parent organization in 2011.



Social enterprise has the potential to change the rules of the game by fostering a culture that facilitates cross-pollination between business, government, and civic sectors to create more equitable and inclusive economies.

1.0 SOCIAL ENTERPRISE in ONTARIO

Light in the tunnel. While Ontario's nonprofit organizations have always shown a commitment to innovation, today's combination of an austere fiscal climate with increasing service demands has propelled the sector to undertake new approaches to address these challenges. This has resulted in an uptake of nonprofit social enterprise, a strategy that not only has the power to advance an organization's mission, but can also enhance financial sustainability and strengthen internal capacity. Consequently, individuals across public, private, and civic sectors are pointing to social enterprise as a better way to build social infrastructure.

Part of the toolbox. Social enterprise is one powerful tool among many to create, enhance and leverage resources within the social economy. As all sectors work together to build up the infrastructure and resources available to generate socio-economic change, it is possible to imagine and design the array of tools needed to guide us into a future of positive and sustainable impact. The ability to do this successfully depends on the collaboration of nonprofit organizations, funders, intermediaries, and networks to support practitioners in identifying and using appropriate tools.

Reaching beyond. The impact of social enterprise goes far beyond the individual organization. By harnessing the power of people, social enterprise connects and empowers individuals and communities, engaging a diverse range of participants; including clients, customers, members, volunteers, and employees. Propelled by mission-driven work, social enterprises operate from local to international levels, in urban and rural communities, working with a wide variety of populations, particularly society's most vulnerable groups.

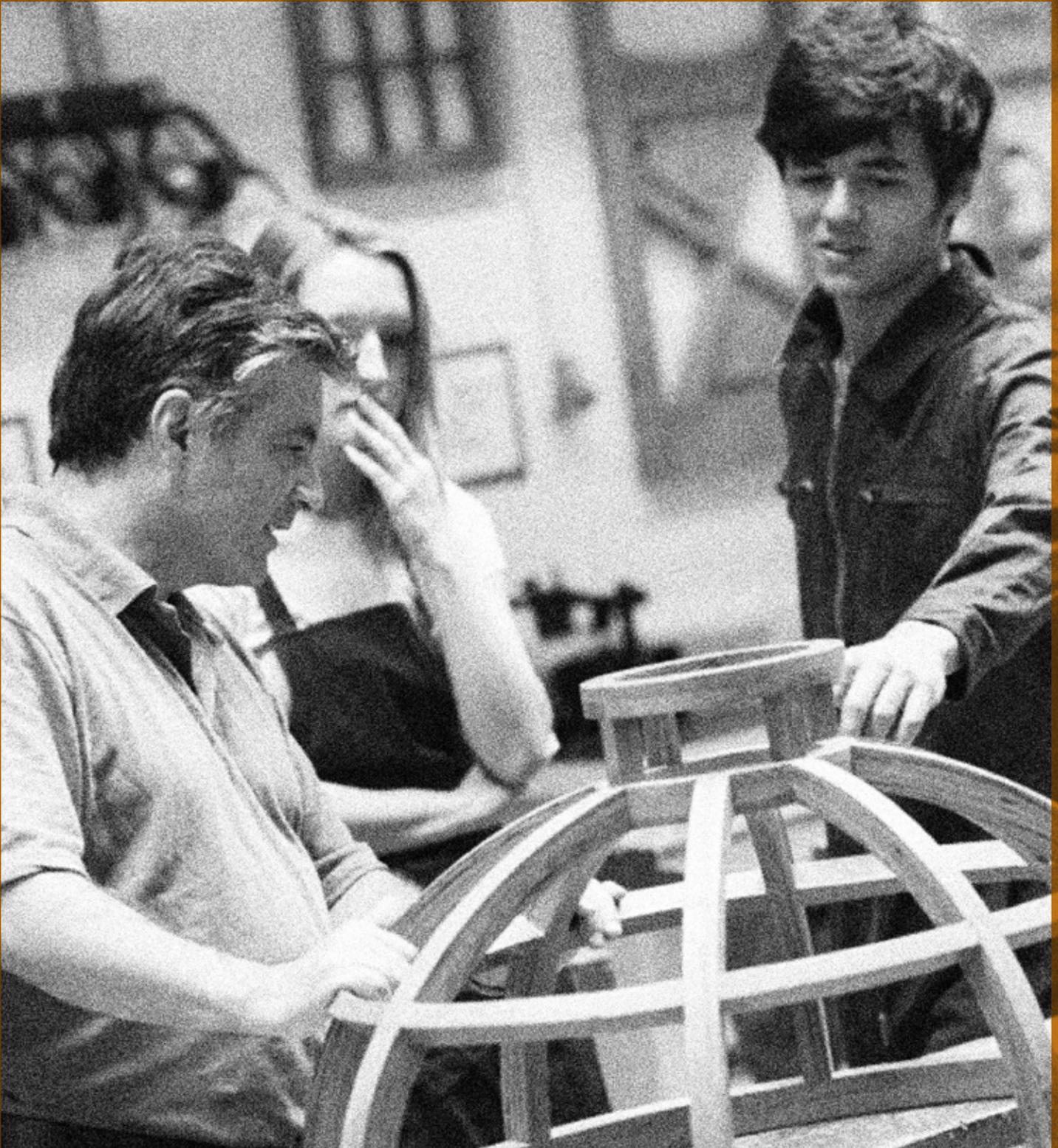
What's in a name? While the level of interest in 'social enterprise' has increased in the past 10 years, Ontario's community-based organizations have been engaged in enterprising activities for well over a century. Although the verdict is still out on the precise definition of social enterprise, the dramatic increase in activity, in Canada and internationally,

demands further recognition and investigation.

Talkin' about a revolution. Social enterprise is part of a movement to challenge the status quo, in both how nonprofit organizations are operated and what is accepted as traditional business values. The social enterprise movement has begun to initiate policy discussions with various levels of government and funders to address legislative barriers and to generate supportive strategies. Social enterprise has the potential to change the rules of the game by fostering a culture that facilitates cross-pollination between business, government, and civic sectors to create more equitable and inclusive economies.

A cautionary note. Social enterprise has the potential to be viewed by various levels of government as a way to alleviate fiscal responsibility towards social services and reduce government spending. While social enterprise and social finance seek to increase financial autonomy within the nonprofit sector, partnerships with governments continue to be needed, in order to better address society's challenges and ensure sustained service delivery.

Moving the conversation forward. This document captures the trends and patterns at play within the nonprofit social enterprise sector in Ontario. As the first of its kind in the province, limitations in the sample size and the subcategories under analysis are recognized. However, over the next few years subsequent studies can grow to capture the full range of social enterprise practice. If this research is continued and built upon, it will provide a comprehensive understanding of the sector and support the creation of policies and programs that will enable the growth of social enterprise.



The primary objective of the 2012 Social Enterprise Survey for Ontario is to generate widely intelligible and comparable quantitative indicators of the size, scope, and socioeconomic impact of nonprofit social enterprise activity in the province during 2011.

2.0 SURVEY METHODOLOGY

Objectives & Limitations

The primary objective of the 2012 Social Enterprise Survey for Ontario is to generate widely intelligible and comparable quantitative indicators of the size, scope, and socioeconomic impact of nonprofit social enterprise activity in the province during 2011.

The study builds on the British Columbia and Alberta Social Economy Research Alliance's (BALTA) work, which began in 2009. As part of the national initiative to understand the social enterprise sector, Dr. Peter Hall and Dr. Peter Elson have collaborated with host research teams in five other provinces including Alberta, British Columbia, Manitoba, New Brunswick, and Nova Scotia². Researchers in each of these provinces have collaborated with sector development organizations, intermediaries, and academics in order to complete the study. The findings have been and will continue to be used to support the work, research and development of the nonprofit social enterprise sector across Canada.

Methodology

Given the objective of the study, a survey method that utilized a short and standardized questionnaire intended for easy completion. Most of the questionnaire is identical to the one used in other provinces, although a small number of Ontario specific questions relating to challenges and relevant educational resources were added. Respondents received the invitation via email, which included a link to access the survey online. Participants were also given the option to complete the survey over the phone, by mail or by fax.

Creating the Universe

Best efforts were made to create a sample frame that included all social enterprises in Ontario in order to collect data from a representative selection of the population. A series of methods were used to consolidate the lists of potential social enterprises. These methods included the following:

Network Lists & Expert Consultation: The research team sourced lists of nonprofit social enterprises from organizations connected to the Ontario region of the Canadian CED Network (CCEDNet Ontario). Supporting network organizations only shared contact information based on respective confidentiality agreements. Online searches bridged the gap where limited information was available.

Support received from:

- Centre Canadien pour le Renouveau Communautaire
- Collaborative for Innovative Social Enterprise Development
- Community Opportunity and Innovation Network
- Conseil de la coopération de l'Ontario
- Enterprising Non Profits
- Evidence Consulting
- Ontario Co-operative Association
- Ontario Non-Profit Housing Association
- Ontario Nonprofit Network
- Ontario Trillium Foundation
- Social Enterprise Toronto
- Toronto Enterprise Fund
- Theatre Ontario
- United Way Sudbury
- Youth Opportunities Unlimited

Recruitment Support: Several of the networks listed above promoted registration and participation in the survey through e-newsletters. Networks encouraged nonprofit social enterprise organizations to share their contact information with the research team.

Online Searches: The research team conducted an extensive review of available online resources, including:

- 211 Ontario
- Canada Revenue Agency
- Centre for Social Innovation member listings
- Farmers' Markets Ontario
- Ontario Museum Association
- Ottawa Social Purchasing Portal
- Pillar Non-Profit Network
- Social Enterprise Council of Canada
- Sojo
- Theatre Ontario
- Toronto the Better Directory

Based on the information gathered from the process outlined above, the research team in conjunction with Dr. Peter Hall and Dr. Peter Elson identified the relevant sub categorizations for Ontario's nonprofit social enterprise sample.

The subcategories identified were: arts and culture, farmers markets, thrift stores, social purpose enterprises, and miscellaneous. The research team distinguished francophone social enterprises within the respective categories³. The arts and culture grouping is defined as arts-based non-governmental organizations including art galleries, conservation areas, heritage sites, museums, and theatres. The farmer's market category is described as organizations that oversee and/or manage markets where farmers can sell their produce and value added goods to the public. The thrift store grouping is comprised of shops that receive donated goods for the purpose of re-sale. The social purpose enterprise category consists of social enterprises that specifically train and/or employ people with persistent barriers to stable employment. The miscellaneous grouping comprises a range of organization types that are each too small to provide meaningful statistics as independent categories.

This subcategory represents the diversity of entrepreneurial behavior among nonprofits, including services such as facility rental, translation services, cafes, and non-thrift retail.

Two categories of social enterprise,

 » *Ontario-wide maps showing each enterprise subsector are included in the Maps section, Appendix E*

which are not included as distinct subsector groupings are nonprofit childcare organizations and nonprofit housing. While these organizations are considerable contributors to Ontario's social enterprise sector, it was not feasible to gather the necessary data given the time and resources available for the study. It is recommended that future studies attempt to include these sub-sectors, as they are important components to understanding nonprofit social enterprise within Ontario.

Process

The fieldwork occurred over a six-month period between August 1 and December 31, 2012, in a series of five stages:

1. Collection and consolidation of a social enterprise master list.
2. Secondary scan of social enterprises by subcategory and collection of contact information for potential study participants.
3. Validation and verification of social enterprise activity.
4. Invitation distributed via email to eligible organizations for participation in study.
5. Three-staged follow-up process to all listed in the sample frame.

From the contacts and information collected in stages one and two, 1,154 were identified as potential social enterprises. Following validation and verification, 1,040 social enterprises were found to meet the criteria for the study. Potential respondents were

contacted by the research team and were screened to determine whether they fit the following definition of a social enterprise:

"A social enterprise is a business venture owned or operated by a non-profit organization that sells goods or provides services in the market for the purpose of creating a blended return on investment, both financial and social/environmental/cultural."

Organizations were mainly disqualified because they were owned and operated by a for-profit company or government body, including First Nations, they were no longer in existence or they had not been active in 2011. The greatest percentage of voided entries occurred in the arts and culture and farmers market categories.⁴

Of the overall 1,040 confirmed social enterprises, some parent/head office organizations responded on behalf of multiple social enterprises. Of the n = 363 valid respondent social enterprises, 7 parent/head office organizations provided aggregate information for more than one social enterprise.⁵ Therefore, the actual number of unique respondents was 319. The overall response rate based on the total number of valid responses was 34.9% (363/1,040).

 » *Refer to Ontario's Social Enterprises: Survey Response on page 7*

The final sample set, while not exhaustive, does reflect the diversity within the sector and provides robust data not recorded in previous studies of the nonprofit social enterprise sector in Ontario. A baseline of understanding for the social enterprise sector in the province has been created in hope that future work will build on these findings.

The Questionnaire

The questionnaire was developed and piloted by students in Dr. Peter Hall's Spring 2009 course, SCD 403 (Leadership in Sustainable Community Development) at Simon Fraser University. The questionnaire was further refined in subsequent surveys to mitigate problems identified in the original version, including legal structure clarification, expansion of sector definitions, and the addition of sources and uses of grant financing.

The Ontario questionnaire included a grouping of questions related to the types of obstacles that social enterprises may be facing, including challenges related to governance, finance, operations, and marketing. The survey also featured a grouping of questions focused on the types of educational resources that would be relevant to social enterprise growth and development. While these questions are unique to the Ontario survey, the basic structure of the core questionnaire was not changed from the surveys that were used in other provinces.



» See **Appendix A** for the complete questionnaire.

- Reconciling and completing financial data. For example, when social enterprises without a parent organization did not indicate transfers to/from a parent, this was re-coded as \$0.
- Some respondents were unable to provide an estimate of the Full-Time Equivalent (FTE) positions in their organization. In calculating Estimated FTEs, if the respondent provided an FTE count, this was accepted. Otherwise an estimate based on 1 FTE per full-time employee, 0.5 per part-time, and 0.25 per seasonal was calculated. Missing data were regarded as 0 for this calculation.
- Social enterprises that did not provide complete financial data were not included in the analysis of the financial questions.
- Operating surplus was calculated as revenue minus expenses.⁶ This measurement allowed social enterprises that broke even to be identified (i.e., showed a net surplus of zero or more in the 2011 financial year).

Data Treatment, Management, and Outliers

The researchers conducted several random checks for internal consistency in responses. When necessary, respondents were re-contacted to clarify unclear or contradictory responses, especially regarding the collection of financial data. Particular attention was paid to correcting variables, which may have been misreported or incomplete, including:

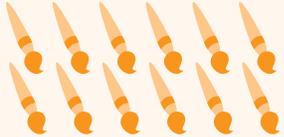
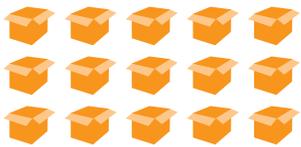
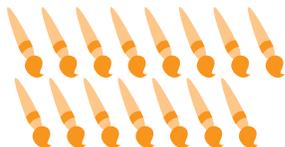
- Confirming the difference between customers (not counted in this survey), those receiving services, and those receiving training.
- Clarifying employment counts. For example, adjusting when members of targeted populations are employed in contract positions, and hence do not form part of the FTE count.

ONTARIO'S SOCIAL ENTERPRISES: Survey Response

 = Farmers' Market

 = Arts and Culture

 = Miscellaneous

Social Enterprises initial list (x 100)	 147	 364	 189
Not Contactable	 12	 12	 5
Contacted not Social Enterprise	 3	 41	 15
Effective population (x 100)	 132	 311	 169
Refused to respond	 5	 15	 3
No response	 72	 175	 101
Valid respondent Social Enterprises	 44	 106	 55
Response Rate (percent of effective population that were valid respondents)	 33%	 34%	 33%
Unique respondents**	 41	 106	 53

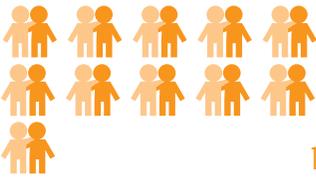
* A completion ratio is calculated by the online survey system as an indicator of the number of questions completed by the respondents. After inspection of the data, it was determined that completion ratios of less than 0.6 provided insufficiently valid data.

** 51 social enterprises responded through 7 parent/head office organizations, hence there are 44 fewer unique respondents than social enterprises.

 = Social Purpose Enterprises

 = Thrift

 = Francophone

			TOTAL
 130	 324	 130	1154
 2	 4		32
 11	 9	 2	81
 117	 311	 128	1040
 2	 107	 1	133
 46	 104	 87	585
 65	 93	 36	363
 56%	 30%	 28%	35%
 46	 73	 28	319



While the social enterprise sector is included in this sphere, the social economy also encompasses cooperatives, nonprofit societies, civil society associations, credit unions, and other organizations that have helped to forge an environment that is supportive of current social enterprises.

3.0 SETTING THE CONTEXT: Understanding the Social Economy

What is the Social Economy?

Canada's economy is made up of three distinct, yet overlapping, spheres: the private sector, the public sector including all levels of government, and civil society organizations.⁷ The latter grouping, alternatively called the charitable, nonprofit, community benefit, or voluntary sector, has been increasingly referred to as the 'social economy'.

There is no overarching consensus on what comprises the social economy in Canada; the movement is in development and the language reflects this. The relevant description as it relates to this report describes the social economy as comprised of "cooperatives, nonprofit societies, civil society associations, credit unions, and social enterprises that are working to combine social objectives with economic ones".⁸ This highlights that the social economy contains for-profit and nonprofit organizations, which seek to incorporate both economic and social values in their work.⁹

At the national level, the term social economy became officially recognized in 2004 during a Speech from the Throne.¹⁰ Shortly

thereafter, Prime Minister Paul Martin stated in an address, "we intend to make the social economy a key part of Canada's social policy toolkit", a phrase that would be used repeatedly by Martin and his Cabinet over the following months of his short-lived government.¹¹

The attention toward and recognition of the social economy was followed by an influx of funding from the federal government. The 2004 federal budget speech drew attention to the importance of supporting the development of Canada's social economy by announcing \$132 million in funding over five years across the country.¹² While the government was not able to make good on the full amount of this commitment before losing the 2006 election, the \$15 million earmarked for research resulted in the birth of the Canadian Social Economy Research Partnerships (CSERP) projects.¹³ The CSERP projects take a collaborative approach and have engaged social economy researchers and practitioners across the country.¹⁴ The CSERP initiative has led to a rich body of research outputs including a collection of almost 400 research reports, published journal articles, conference presentations, slide show presentations, fact sheets, student theses, and popular press media articles produced from 2005-2011.¹⁵

The relationship between Ontario's provincial government and the social economy is complex in nature. The provincial government is strongly tied to Ontario's social economy through a variety of networks, collaborations, partnerships, and programming and funding arrangements.¹⁶ Despite the interconnected nature of Ontario's government and the social economy, currently no overarching framework agreement or structure exists to guide this relationship.¹⁷ In the absence of an appropriate framework, several important initiatives over the past few years have begun to address these issues.¹⁸

A Brief History of Ontario's Social Economy

To understand social enterprise in Ontario it is important to draw attention to the broader context and historical influences on the province's social economy. While the social enterprise sector is included in this sphere, the social economy also encompasses cooperatives, nonprofit societies, civil society associations, credit unions, and other organizations that have helped to forge an environment that is supportive of current social enterprises.



Understanding the Social Economy Diagram. Adapted from "An Interactive View of the Social Economy," by Jack Quarter and Laurie Mook, 2010, ANSERJ Canadian Journal of Nonprofit and Social Economy Research, vol. 1, no. 1. Quarter and Mook 2010.

Labour Movements:

Unions and civil society organizations are in part responsible for laying the groundwork for the environment that has enabled social enterprise development. Historically, labour movements in Ontario have played an important role in advocating for equitable employment conditions including better wages and hours of work, appropriate compensation for overtime hours, and safe working environments. Unions and civil society organizations have been active in the province since the beginning of the 19th century.¹⁹

While most of these early examples of unionism have dissolved, many of the original aims of labour movements remain today. Ontario's workers have played an important role in advocating for an equitable society through actions such as collective bargaining, strikes, and pressure for legislative action. Their actions have led to many significant breakthroughs in the province.²⁰

**500,000
LOST DAYS**

Between 1994-2005, social economy organizations engaged in 196 work stoppages, losing a total of almost 500,000 person days over issues such as wages, conditions of service, quality of client care, and safety concerns.²¹

Cooperatives:

Cooperatives are a mechanism for people to help themselves and take new forms of responsibility. This is created through governance models that shift the balance of power within an organization. In Ontario, people have been participating in co-ops for over 140 years, with over 1,300

co-ops, credit unions, and caisses populaires in the province, and nearly 1.4 million members.²²

Many Ontarians are able to meet their housing, childcare, and healthcare needs through nonprofit co-ops. These social and community enterprises focus on meeting basic needs in a democratic and cost effective ways. The social enterprise movement and the co-operative sector have very complimentary missions. Co-ops keep dollars circulating within the local economy, provide secure employment, and aim to revitalize and sustain healthy communities.²³

Credit Unions:

Credit unions apply cooperative principles to banking and have historically played an important role in providing access to capital for social economy organizations. As a financial intermediary, credit unions offer the same services as traditional financial institutions such as mobilizing savings, managing risk, evaluating projects, and enabling transactions.²⁴ Credit unions offer financing options that cater to the diverse needs of nonprofit and cooperative organizations, which are often excluded from traditional financing institutions.^{25/26} Credit unions have been an integral financial and community building resource, especially in rural areas in Ontario.

Social Enterprise as a Component of the Social Economy

The term social enterprise is relatively new, having only emerged within the last two decades.²⁸ As it continues to gain prominence, the term represents a changing philosophy that seeks to merge traditional business frameworks with social objectives. While social enterprise places emphasis on social value creation through marketplace endeavors, there remains great variation in the degree to which social enterprises are market-driven, client-driven, self-sufficient, commercial, and business like.²⁹ Across the globe,



there are multiple streams of political and economic discourse related to social enterprise. None, however, have resulted in a unanimous definition of the concept.

The emergence of the social enterprise movement has been accompanied by a reconceptualization of the traditional frameworks under which the for-profit and nonprofit sectors operate. Many nonprofit organizations are engaging in revenue generating activities that also incorporate social benefits and have done so for many years; challenging the conception of traditional market players. While this phenomenon is not new, the terminology and mobilization around the concept has experienced a recent surge in interest in Ontario and beyond. This has led to a tremendous growth in the number of nonprofits who see ownership or operation of a social enterprise as an effective mechanism to enhance organizational capacity and meet client needs.

Importance of the Nonprofit Sector

Nonprofit organizations are fundamental in tackling the challenges and needs facing diverse and distinct communities across the country. Nonprofits exist with a variety of focus areas ranging from “environment, arts and culture, sports and recreation, newcomer settlement, housing, social services, community development, education research, faith groups, and more”.³⁰ While often addressing the needs of some of Canada’s most vulnerable populations, the nonprofit sector affects the well-being and livelihood of all Canadians.

The nonprofit sector plays an integral role in promoting economic growth, job creation, social service, and program delivery, policy advocacy, public engagement, and innovative solutions for the problems facing communities across the country. Canada has the second largest nonprofit sector globally. In 2007, the gross domestic product of the core nonprofit sector amounted to \$35.6 billion, accounting for 2.5 percent of Canada’s total economy.^{31/32} While the nonprofit sector has considerable impact at the national level, it is also incredibly significant at the provincial level in Ontario. There are currently over 46,000 nonprofits and registered charities in Ontario and the sector represents 7.1 percent of Ontario’s gross domestic product.³³

Challenges and Trends in the Nonprofit Sector

The nonprofit sector has become an increasingly vital part of Canada’s economy and a crucial instrument for program and service delivery. Along with this growing role, however, the sector is facing many challenges. In 2009, the nonprofit sector was responsible for delivering over three billion dollars in federal programming at the local, national, and international level.³⁴ Yet findings from the 2012 Sector Monitor highlight that despite increasing demand for nonprofit products and services in 2011 and 2012, about half of charity

leaders believe that current economic conditions are making it difficult to carry out their missions.^{35/36}

The nonprofit sector has traditionally relied on three main sources of revenue: government funding, philanthropic donations, and earned income. In recent years, government and philanthropic contributions have become progressively unstable, reflecting an eroding support landscape. During the period of 1994-2007, “of the three sources of revenue, the only source that has grown as a percentage of total sector revenue is earned income.”³⁷ This growth in earned income may also be explained by the uptake of social enterprise as a revenue stream for charities and nonprofit organizations.

The growth in social enterprise is arguably a direct result of the financial pressure created through the decline from the two other sources of revenue and the increased burden placed on the nonprofit sector to deliver services traditionally delivered by government. In Ontario, this changing trend coincides with the economic crisis of the 1990s; a balancing of the federal budget that included massive spending cuts and similar spending

cuts at the provincial level through the Common Sense Revolution. In response to reduced transfers from the federal government and rising social costs, “provincial governments reduced payments to local governments and many social organizations, while encouraging them to assume greater responsibilities for services.”³⁸

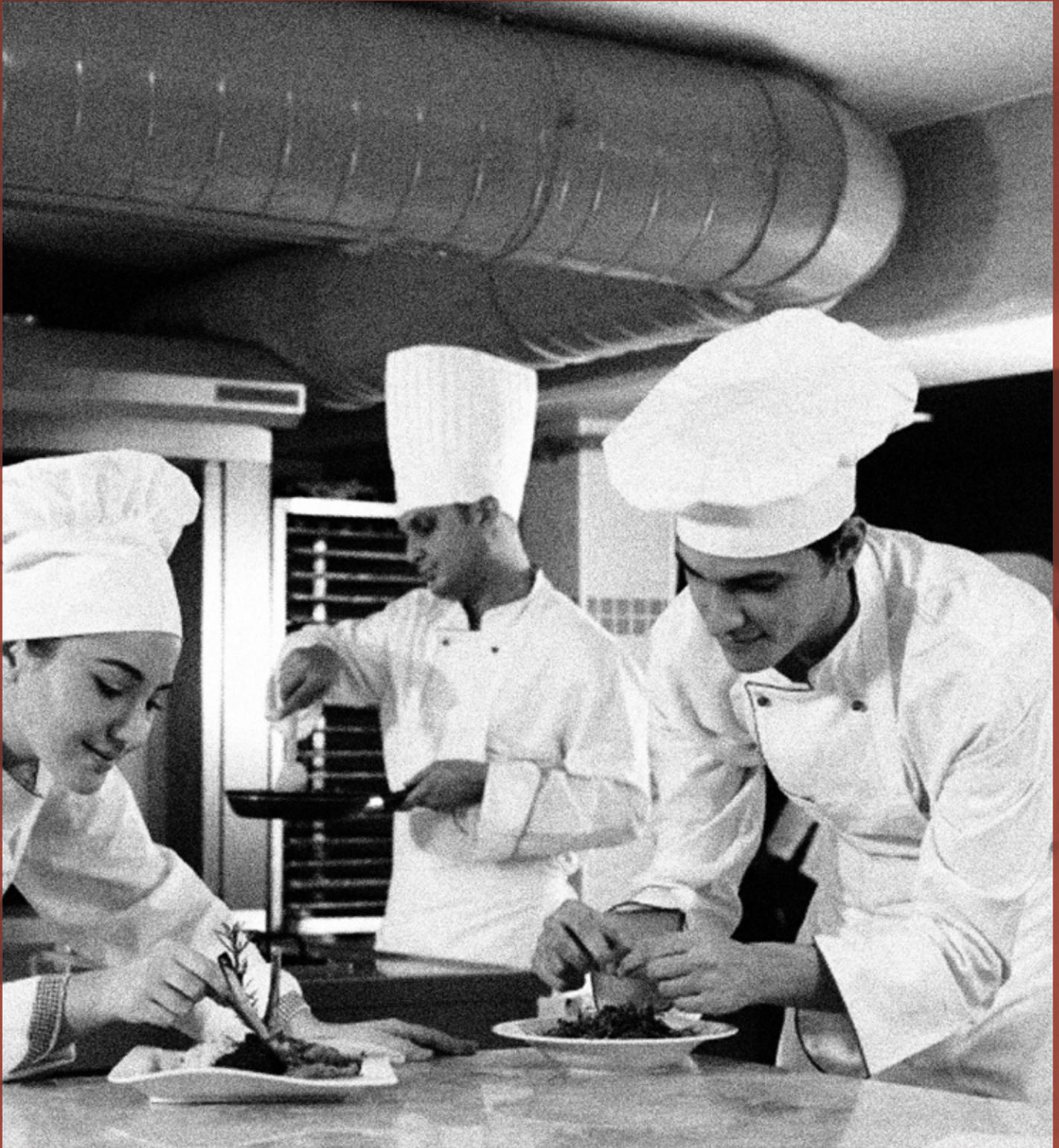
Rather than reversing the trend, subsequent governments have tended to continue it.³⁹ Former Prime Minister Paul Martin, perhaps the biggest political proponent for social enterprise in recent Canadian history, made it clear in a speech in 2007 as part of the Munk Centre’s Distinguished Speakers series that the wave of the future for social innovation is not through government funding but through the private sector. Martin speaks to a large supply of capital available to be invested in projects with both a financial and social return, provided that the right incentives are in place, further stating that, “What we have to do, is make it possible for social entrepreneurs to tap capital markets the same way their business counterparts can.”⁴⁰

6 MILLION

working in the non-profit industry



The nonprofit sector mobilizes over **5 million provincial volunteers** and over **1 million Ontarians are employed**.³³



Ontario has a wealth of community organizations and networks working to build the capacity of nonprofit social enterprises.

4.0 SUPPORTS FOR SOCIAL ENTERPRISE IN ONTARIO

4.1 GOVERNMENT SUPPORT FOR SOCIAL ENTERPRISE IN ONTARIO

The following section will draw attention to provincial governmental engagement within Ontario’s social economy, particularly in relation to social enterprise supports.

The Ontario Trillium Foundation (OTF), as a grant-making agency of the provincial government, has for over a decade been the primary vehicle for government related support of social enterprise. OTF has provided substantial financial support to organizations developing and growing social enterprises in all areas of Ontario as well as to several of the province-wide projects described in the community supports section below.

Historically, outside of OTF, little government funding has been specifically designated to supporting social enterprise and researchers have been clear that this has held back the growth of the sector.⁴¹ The Ontario government has been criticized in the past for lacking a proper “on-going high-level political or policy relationship” with the voluntary, or nonprofit, sector.⁴² Significant steps have been taken recently to address policy issues related to social enterprise that will hopefully create an action oriented relationship between the sector and the Ontario government.

On December 4, 2008 the provincial government announced Ontario’s Poverty Reduction Strategy. The Strategy made several significant commitments to enhance the opportunity and impact of social enterprise in Ontario, including examining the feasibility of a Social Venture Exchange (SVX) and a Community Interest Company (CIC) model based on experiences in the United Kingdom. The strategy also promised investment in a Social Venture Capital Fund, a Sustainable Procurement Strategy, and a website to profile social businesses. These latter three initiatives have yet to be developed but may have the potential to help enable social enterprise growth in the province.

In 2010, the Ontario government responded to issues raised by the Ontario Nonprofit Network (ONN) by rolling out the Partnership Project in order to strengthen the relationship between the Ontario government and the

nonprofit sector. The project report recognized the need to invest in social innovation by supporting social enterprise and social finance development. It recommended that Ontario “work with the Government of Canada and Canadian financial institutions to address regulatory and legal barriers to social innovation, and make a range of social financing tools available to Ontario’s not-for-profit sector.”⁴³

Another notable contribution to the social enterprise environment in Ontario is the government’s ongoing initiative to modernize the Ontario Not-for-Profit Corporations Act (ONCA), Bill 65. Following ONN’s active involvement in the process, this act will now specifically recognize a nonprofit corporation’s right to earn revenues to support its mission.⁴⁴ While the modernization of the ONCA reflects a step in the right direction, jurisdictional issues continue to present challenges for social enterprise development.

The Social Innovation Summit in May 2011, organized by MaRS in partnership with three Ontario ministries, reflects another step towards the creation of a robust and adaptive social enterprise policy environment. The summit created an innovative open policy development process and contributed to the drafting of Ontario’s Social Innovation Policy Paper in October 2012.⁴⁵ These policy directions have the potential to create significant beneficial impacts for the sector, particularly if they continue to be co-produced through a truly inclusive community-based process.

In 2012, the government created a Special Advisor, Social Enterprise position, and an Office for Social Enterprise within the Ministry of Economic Development and Innovation (now called the Ministry of Economic Development, Trade, and Employment), supported by the Open for Business and Policy and Strategy Divisions of the Ontario Government, to assist in building capacity and understanding of social enterprise.⁴⁶ The Office for Social Enterprise is designed to provide a unified perspective

► on social enterprise for the government, to leverage existing capacity to respond to the needs of social entrepreneurs and to look at the potential role of government to begin to address any gaps that exist.⁴⁷

The province's funding climate for social enterprise has in the past been described as "a game of snakes and ladders" creating undue challenges for the sector.⁴⁸ While steps towards relevant policy changes have been made, much remains to be done. A "formal horizontal coordination of current policy work"⁴⁹ is a significant prerequisite to enable social enterprise in Ontario.

4.2 COMMUNITY SUPPORT FOR SOCIAL ENTERPRISE IN ONTARIO

Ontario has a wealth of community organizations and networks working to build the capacity of nonprofit social enterprises. Supports provided by these organizations include information, resources, advice, mentorship, training, networking, research and/or financial assistance. This section cannot present an all-encompassing review of the community supports available for social enterprise in Ontario. Rather, it highlights some that have been significant in building the movement and advancing the sector.

Many of the organizations committed to social enterprise development have been working together through the **Ontario Social Economy Roundtable (OSER)**, established in 2008 and now a constellation of ONN.⁵¹ OSER is a group of independent and connected anglophone and francophone organizations and networks interested in working to strengthen the social economy sector by providing a vehicle for collaboration, information sharing, education, and coordinated work.⁵²

Two notable initiatives in Ontario's rural communities are the **Rural Social Enterprise Constellation (RSEC)** project and the **Community Futures Development Corporations (CFDCs)**. RSEC, created in 2012 under the stewardship of ONN, with funding from OTF, builds on important work to grow the social enterprise field that has developed over several years in rural regions.⁵³ RSEC is providing support in the areas of capacity building, mentorship, as well as community and regional social enterprise development. The federally funded CFDCs and their Ontario Association of CFDCs have been pivotal for 25 years in the provision of programs and services to support community economic development and small business growth, some of which has supported the development of social enterprise in rural communities.

Initiated in 2012, **LIAISON (Linking Infrastructure And Investment for Ontario)**, is designed to work collaboratively with OSER to bring together information and resources for social enterprise development in Ontario. Led by the Canadian CED Network's Ontario office

Ontario's Special Advisor recently stated that governments need to work with communities to create "an integrated, co-ordinated and collaborative social enterprise strategy that supports innovative organisations".⁵⁰ This view is aligned with the approaches recommended by community-based social enterprise networks and sets a positive direction for the future of social enterprise development.

(CCEDNet-Ontario), this OTF funded project conducted the 2012 Social Enterprise Survey (the basis of this report) to profile the nonprofit social enterprise sector.⁵⁴

The Ontario Co-operative Association (On Co-op) and **le Conseil de la Coopération de l'Ontario (CCO)**, along with their national counterparts, have provided extensive support to co-operative development in the province for over 100 years. Nonprofit social enterprises that incorporate as co-operatives are usually eligible for co-op development support.

In addition to province-wide organizations and networks, there are several organizations whose work primarily focuses at the local or regional levels. In Ottawa, the **Centre for Innovation and Social Enterprise Development (CISED)** has brought several agencies together to help individuals and organizations at every stage of their social enterprise development. In London, **Pillar Nonprofit Network** has a Social Enterprise Program that works with other local partners to provide similar supports. In some communities there are single agencies that operate as centres for social enterprise activity in the broader area, such as the **Community Opportunity and Innovation Network (COIN)** in Peterborough and **PARO Centre For Women's Enterprise** in northwestern Ontario.

The Toronto Enterprise Fund (TEF), a program of the United Way, has a 10-year history of providing financial and development supports to Toronto based social enterprises that hire or train people facing barriers to employment. The United Way of Greater Toronto has also more recently taken on **enp-Toronto**. Originally started in Vancouver, **Enterprising Non-Profits (enp)** provides matching grants to nonprofit organizations that are exploring the development of social enterprises. This organization now has a national reach with programs in five provinces.

Social Enterprise Toronto (SET), formerly known as SPEN Toronto, is a local network focusing on social enterprises operating with an employment and training mandate. SET has been working since 2006 to provide a voice and

strategies to managers of social enterprise in the GTA, with the overall aim to help support the growth of social enterprise in the city.

SiG@MaRS, as part of the Social Innovation Generation collaborative, is national in scope and has had a major impact on social enterprise in Ontario through policy advocacy with government and funding reports such as the Strategic Enquiry into Social Enterprise and the feasibility study that led to the creation of the School for Social Entrepreneurs. Through the Centre for Impact Investing, SiG@MaRS provides resources related to entrepreneurship to compliment their focus on social finance.

Shared space and community hubs are unique models that support social innovation and social enterprise, in both the for-profit and nonprofit space within Ontario. The Toronto-based **Centre for Social Innovation (CSI)** founded in 2004, now has three local hubs, acting as a strong leader and disseminator of knowledge in this field. London, Kitchener, and Ottawa have launched similar hubs, while centres are also being developed in Peterborough and Thunder Bay.

Beyond the area of direct support, organizations with a strong policy focus are working to create an enabling environment for social enterprise, individually or collaboratively through organizations like OSER and ONN. Policy focused organizations like the **Caledon Institute of Social Policy** and the **Mowat Centre for Policy Innovation** also include social enterprise in their broader purview.

University-based business schools are increasingly including social enterprise in their thinking. Several university-based centres in Ontario have also had a significant impact on social enterprise. For 10 years, until 2007, **Carleton Centre for Community Innovation (3Ci)** ran the **Community Economic Development Technical Assistance Program (CEDTAP)** National in scope, this bilingual program served all of Canada, providing grants to over 400 nonprofit organizations to help them develop social enterprises in disadvantaged communities. 3Ci now focuses on knowledge mobilization, particularly around social finance.

The **Social Economy Centre (SEC)** of the University of Toronto was established in 2005 as a unit of the **Ontario Institute for Studies in Education (OISE)**. The Social Economy Centre is engaged in research and policy analysis related to issues in the social economy, helping to foster academic and community-based partnerships.

Launched in 2012, the **School for Social Entrepreneurs – Ontario (SSE-O)** nurtures community-based social entrepreneurs by providing action-based and practical self-directed learning. SSE-O is affiliated with an international network of SSE schools located across the UK and Australia.⁵⁵ SSE-O contributes to transformational

social change and more equitable economic prosperity by helping people of all ages, educational backgrounds, and walks of life launch a non-profit, cooperative, ethical business, or social venture to benefit their community.

Social enterprise has increasingly become a significant tool to create wealth and support the vitality of Ontario's Francophone communities. Organizations such as CCO and **Canadian Centre for Community Renewal (CCCR)** have mandates to support social enterprise development. Many capacity building initiatives, like the Development Wheel and the PopUp Labs, have trained hundreds of francophones interested in socioeconomic development. CCO is leading the creation of a new partnership with CCRC, the youth-based **Fédération de la jeunesse franco-ontarienne (FESFO)**, **Association francophone des municipalités de l'Ontario (AFMO)**, **Assemblée de la francophonie de l'Ontario (AFO)**, and **Le Réseau de développement économique et d'employabilité - Ontario (RDÉE)**, to promote and support business succession planning with social enterprise.

Given the summative nature of this overview, many of the community organizations supporting social enterprise development at the local level have not been mentioned here. There are also a number of individual consultants that are essential players in the network of support for social enterprise. All together, these organizations, each with differing and complimentary mandates, reflect a rich and vibrant landscape of community support for social enterprise in Ontario. Despite the number of organizations involved, the demand for resource support at all levels is increasing as community needs and the interest in social enterprise continue to grow.



Funders and finance providers are crucial elements of this larger picture, and exert considerable influence on the work and outcomes of nonprofit organizations.

5.0 QUALITATIVE REVIEW OF FINANCING FOR SOCIAL ENTERPRISE IN ONTARIO

Social enterprise in Ontario must be understood in the context of the entire ecosystem that makes up the nonprofit sector. Funders and finance providers are crucial elements of this larger picture, and exert considerable influence on the work and outcomes of nonprofit organizations. In an effort to gain a deeper understanding of the movement of finance in the social economy, CCEDNet Ontario undertook a qualitative investigation to explore the supply of capital and resources that have contributed to the growth of social enterprise in the province. Please note that this research endeavor was undertaken as a distinct and separate activity from the 2012 Social Enterprise Survey and led exclusively by CCEDNet Ontario.

Methodology

Interview invitations were sent to 72 funders, financing organizations, and intermediaries across Ontario's private, public, and nonprofit sectors.⁵⁶ Invitees were selected in order to capture a range of regional representation, incorporation status, sector diversity, and organizational size. Individuals who expressed an interest in participating were scheduled in separate 30-minute phone interviews. In some instances, an in-person interview was undertaken. Qualitative interviews were conducted with 23 individuals from the initial population.



» *The question set can be found in Appendix B*

The 23 individuals interviewed represent but a subset of the overall financial supply side for nonprofit social enterprise. This survey attempts to increase understanding of available financing and funding for nonprofit social enterprises within Ontario, by highlighting opinions of those active in the field. Further research is required to understand the entire scope of spending and involvement from the sectors' funders, financiers, and intermediaries.

The State of Capital in the Nonprofit Social Enterprise Sector

Ontario's nonprofit organizations primarily access funds as non-repayable grants or donations from individual donors, foundations and governments.⁵⁷ While these forms are most common, results from the 2010 Social Finance Census reveal that this money is considered "difficult to access" and "dissatisfactory" for a large number of nonprofit organizations in the province.⁵⁸ Further, the state of public funding in Canada has undergone significant transformation over the past 15 years. While government funding to charities has more than doubled between 2000 and 2009, the amount dispersed has not kept pace with the overall growth and demands from within the sector.⁵⁹ In recognition of an insufficient funding base and a growing interest from investors to meld social and financial returns, there has been a rising movement towards impact investing and social finance tools.⁶⁰

Social finance in Ontario can be further segmented into three separate but interconnected parts: The supply, the demand, and the intermediaries that support the transfer and use of capital.⁶¹ The demand side represents the organizations and social enterprises in need of financial resources, while the supply side denotes those holding the pool of capital. In the Canadian context, there is said to be a "serious challenge in connecting capital demand with capital supply in a cost effective manner."⁶² This is attributed to high levels of fragmentation "with little co-ordination and no central portal to access these funds."⁶³ According to the 2010 Social Finance Census, estimates for the demand of social finance reveal that a majority of nonprofit and social purpose business practitioners within Ontario feel that there is a lack of access to capital, posing a major barrier to growth.⁶⁴

Recent evidence suggests that capital supply for social investment is perhaps more plentiful than realized by those operating in the nonprofit sector.⁶⁵ According to the Social Investment Organization (SIO), socially responsible investment assets in Canada are expanding in every major market segment, outpacing the total amount of managed assets. At the end of 2011, over \$600.9 billion

► Canadian assets were invested according to socially responsible guidelines.^{66/67} Of that amount, an estimated \$5.3 billion was used specifically for impact investing, a 20% increase since 2010.⁶⁸

These numbers, while seemingly large, represent a change in the levels of available finance. They do not however, capture the amount of non-repayable funds that are available to the nonprofit sector, the accessibility and desirability of this form of capital to nonprofit organizations or whether social finance can be used to offset reductions in government spending.

In the nonprofit sector, there has been growth in the number of funders, including community foundations and corporate funders.⁶⁹ Foundations play an active role through the distribution of grants to support program delivery,

technical assistance and operations. Collectively, Canadian community and private foundations control \$17-20 billion in assets, of which only a small but growing portion is engaged in investments through social finance.⁷⁰ Canada's approximately 160 urban and rural community foundations, a relatively small subset of philanthropic foundations, are said to hold more than \$2.4 billion in shared assets.⁷¹ Other key players in the provision of capital to nonprofit organizations are credit unions and cooperatives, whose assets are estimated to collectively total \$275 billion across Canada.⁷² While the figures shown here for capital assets and investments are encouraging, details are still missing regarding what percentage of these financial resources actually reach nonprofit social enterprises or contribute towards overall community betterment.

KEY MESSAGES

Respondents touched on a number of important ideas and trends related to the changing nature of capital within Ontario's social enterprise sector.

1. A FRIENDLY FUTURE

The majority of respondents expressed a positive view for the future of social enterprise and social finance in Ontario, suggesting that the sector is experiencing growth and that previously uninvolved stakeholders are coming to the stage. Many individuals noted that banks and traditional finance institutions are becoming increasingly interested in finance tools geared toward the nonprofit sector. Several respondents stated that they have seen an increased number of loans for nonprofit organizations coming from the banking sector. While much more work needs to be done to develop the range of finance tools to properly accommodate the needs of nonprofit social enterprise, both institutions and investors are starting to seek investment opportunities that serve objectives beyond a financial bottom line.

While the majority of interviewed funders indicated that they are not directly soliciting applicants for social enterprise, they do, however, place a strong emphasis on innovation, sustainability, and impactful ideas; which reflect the underlying goals of social enterprise. Many of these respondents noted that their investments in nonprofit social enterprises began in the last 12 years. Other funders stated that they have always been funding social enterprise, albeit without calling it social enterprise.

Comments from respondents:

“Our support for social enterprises is growing, partly as a result of expanding our social finance work – whereby we can use part of our investments to support the sector. More generally, we are seeing more organizations exploring enterprising tools.

Erica Barbosa Vargas,
McConnell Foundation

“There is a lot of interest from RBC Wealth Management. We have clients with money to invest, who are looking for interesting ways to generate social and financial returns on their investments.

Sandra Odendahl,
Royal Bank of Canada (RBC)

“Nonprofit organizations are becoming more innovative in their approaches with new financing models. They want more information and new models to work with.

Janet Shim,
Alterna Savings

2. NEW TOOLS AND APPROACHES FOR FUNDING NONPROFIT SOCIAL ENTERPRISE

a) Variety of Funds

Interviews illustrated that nonprofit social enterprises require a variety of financial solutions over their entire development cycle. Access to different funds at the start-up, growth, and scaling phases of social enterprise development were highlighted as essential to support long-term growth. Equity funding was also discussed as a needed piece that is not yet available to nonprofit social enterprise. Respondents reiterated that the financial demands of nonprofit social enterprise vary according to the needs of the population they serve, requiring unique considerations depending on how they support their target groups.

Comments from respondents:

“ We recognize that a combination of funding types – loans, equity and grants – may be necessary to support young entrepreneurs since organizational needs vary at different stages of growth.

Jory Cohen,
Youth Social Innovation Capital Fund

“ We need to have different funders coming in at different points, because at every stage of the enterprise there are different needs.

Viola Dessanti,
Ontario Trillium Foundation

“ The nature of the nonprofit sector is that a loan isn't always that helpful, because what's most often needed is maintaining the ongoing infrastructure.

Joyce Brown,
Ontario Council of Alternative Business (OCAB)

b) Collaboration and Coordination

Interviewees recognized an opportunity for collaboration between funders and finance providers in order to create a customized approach that meets the evolving needs of nonprofit organizations to undertake social enterprise.

Comments from respondents:

“ There is work to be done on the part of funders to learn how to fund as a network. Traditionally, funders are not good collaborators because we all have our own internal process requirements. In the social enterprise space we do have positive working relationships with other funders and we have seen a lot of movement from corporate foundations to collaborate with us.

Blair Dimock,
Ontario Trillium Foundation

“ We want to see greater forms of collaboration in the sector. We know that information sharing goes on, but are we being as strategic as we could be about it? Convening is a big priority for the Office for Social Enterprise going forward.

Ryan Lock,
Office for Social Enterprise (MEDTE)

c) Openness to Risk and Experimentation

Conversations with the interviewees revealed that the way in which funders and financiers perceive risk significantly impacts their willingness to experiment with new kinds of financing mechanisms. For the most part, funders with the propensity and openness to risk, access to capital, and/or relationships with a reliable intermediary have been able to try out new types of finance tools. Intermediaries were suggested as necessary players to reduce the challenges associated with risk and regulation by carrying out services not possible through traditional funding mechanisms.

Comments from respondents:

“ We have always had a high comfort level with different kinds of grants. I sometimes wonder if it's because we built our foundation from scratch; we had to be entrepreneurial ourselves. Social enterprise is a culture we can relate to.

Barbara McInnes,
Community Foundation of Ottawa

“ In some cases we did 'gr-oans'; at the beginning we would give a grant, but if the organization achieved certain financial results, they had to pay it back so we could redeploy it. We try to do creative things in the structuring of our financing.

Bill Young,
Social Capital Partners

“ We work to fill the risk void. Not many funders are doing loans and we know that there are a lot of cases where charities cannot get traditional financing.

Annette Aquin,
Hamilton Community Foundation

d) Increase Education

Interviewees reiterated that financial education amongst the entire sector, on both the supply and demand side, is crucial to support the growth and uptake of finance tools. The types of education include financial literacy, business development, capacity building for boards and strategic planning as well as support tools for implementation.

Comments from respondents:

“ There must be an educational component to loan financing. There is a significant need for education in the broader nonprofit sector.

Peter Asselstine,
Infrastructure Ontario

“ The difference about us is that we work with community organizations to build financial capacity by providing information about alternative financing, eligibility conditions as well as coaching services to get them loan ready.

Derek Ballantyne,
Community Forward Fund

“ I find that the social enterprises with strong financial partnerships, technical knowledge, and an experienced board of directors tend to be the most successful.

Cherie Beninger,
The Co-operators

3. MANAGING EXPECTATIONS

a) Social Enterprise is not the Panacea

Many respondents raised concerns regarding the perception of social enterprise as a cure-all for funding challenges. It was highlighted that nonprofit leadership must recognize the resource requirements associated with developing a social enterprise. Social enterprise is not an all-encompassing solution to financial challenges but a tool for advancing an organization's core work.

Comments from respondents:

“ Many organizations think that a social enterprise is the answer to their financial problems, and it isn't. The social enterprise needs to be relevant to the services that they are running. The organization has to have the ability and the business sense that doesn't always come with social service organizations.

Barbara McInnes,
Community Foundation of Ottawa

“ Social enterprise is not a guaranteed recipe for success. We think that while they can be very worthy at the early granting stage, the structure itself does not ensure success in the long run. It's more than just the model, it's about good leadership and planning.

Rahul Bhardwaj,
Toronto Community Foundation

“ Social enterprise has become a bit of a buzz word and people are jumping on the bandwagon without really knowing what it means.

Jim Niesen,
Huron Development Corporation

b) Recognize the Tradeoffs

A key element noted in the interviews, was the importance of a nonprofit social enterprise to manage the social and financial outcomes in what is called a blended return. This is by no means a simple task. As recommended by interviewees, practitioners may need to accept a decreased financial return in favor of a higher social return simply because a perfect balance is not always possible.

Comments from respondents:

“ Rapid growth within an organization can have a negative impact on the target population that is employed within the social enterprise because of the increased demands to support expansion.

Anne Jamieson,
enp-Toronto and the Toronto Enterprise Fund

“ There were instances in our work that even though the financial returns got better, the social return went down, organizations engaged in social enterprise need to be aware of this potential tradeoff.

Bill Young,
Social Capital Partners

4. REGULATORY CHALLENGES

Many respondents identified the challenges related to the regulatory climate within social finance as being an impediment. Key elements that were considered to be missing include equity financing and intermediaries to support the investment of capital in social projects. Many noted that a role for government could be to incentivize and support mechanisms for the aggregation and transfer of capital.

Comments from respondents:

“ There are a lot of hurdles in the way of social finance. If we rely on organic growth in the nonprofit sector it's going to take a long time to get the capacity we need.

Derek Ballantyne,
Community Forward Fund

“ Organizations need to be aware of the regulatory landmines in the field of social enterprise and be able to navigate around them.

Bill Young,
Social Capital Partners

“ A number of social enterprises we've worked with are getting involved in areas that are chaotic in terms of regulation, specifically in the energy sector.

Jim Niesen,
Huron Development Corporation

5. MEASUREMENT MISMATCH

Measurement and evaluation issues were referenced many times throughout the interview process. Although respondents viewed measurement as highly important, it was described most commonly as being in progress or a plan for the future. Interviewees pointed to the desire to evaluate the impact of their dollars in both qualitative and quantitative terms. Discussions revealed that the most common tools being used and considered for measurement are Social Return on Investment (SROI)⁷³ frameworks and the Sustainable Livelihoods Model.⁷⁴

Currently, a number of discussions are under way to advance this field; however, no overarching approach to impact measurement has been set in place within the province. Respondents indicated that timeframes pose a challenge to measurement since data is usually collected over the short term while the impacts that are being measured often accrue over a longer period. They further added that measurement is closely related to incentive structures, implementation process, and design, adding another level of complexity to tracking Ontario's social outcomes.

Comments from respondents:

“ There is a huge appetite on everyone's part to measure better.

Blair Dimock,
Ontario Trillium Foundation

“ Everyone struggles with common sense ways to measure together. There is a gap between what some funders measure and how the nonprofit sector measures successes and challenges. A tremendous amount is not captured when you just look at numbers; we need to have a mix of qualitative analysis.

Joanna Reynolds,
MaRS Centre for Impact Investing

“ To 'unlock core government funding' for social finance vehicles, organizations must be able to speak the language of government, and government in turn, must understand local organizations. At present, we don't have a common language - and importantly, a common accounting system across sectors and levels of government.

Anne White,
Infrastructure Ontario

“ Not all funders share the way that they measure or what outcomes they are looking for.

Anne Jamieson,
enp-Toronto and the Toronto Enterprise Fund

6. CAPITAL: SUPPLY, DEMAND & IN-BETWEEN

Despite a general recognition of regulatory challenges faced by nonprofit social enterprises, many respondents expressed that there is widespread availability of capital for social enterprise growth. Some interviewees perceived the lack of loan-ready demand as the greater challenge in addressing the flow of money between financiers and recipient organizations. A suggestion to remedy this problem was to invest in a strong network of intermediaries to solve the challenges associated with preparing organizations and distributing funds.

Comments from respondents:

“ Capital is looking for vehicles. On the investor side you create viable vehicles and it's more likely to get the funds. The demand side is more complicated, there is a need for financial capacity building and education to be done.

Derek Ballantyne,
Community Forward Fund

“ What gets left out in the discussion of supply versus demand is the middle space. There is a need for connective tissue, we don't have the proper connections in the social finance space but we're building them.

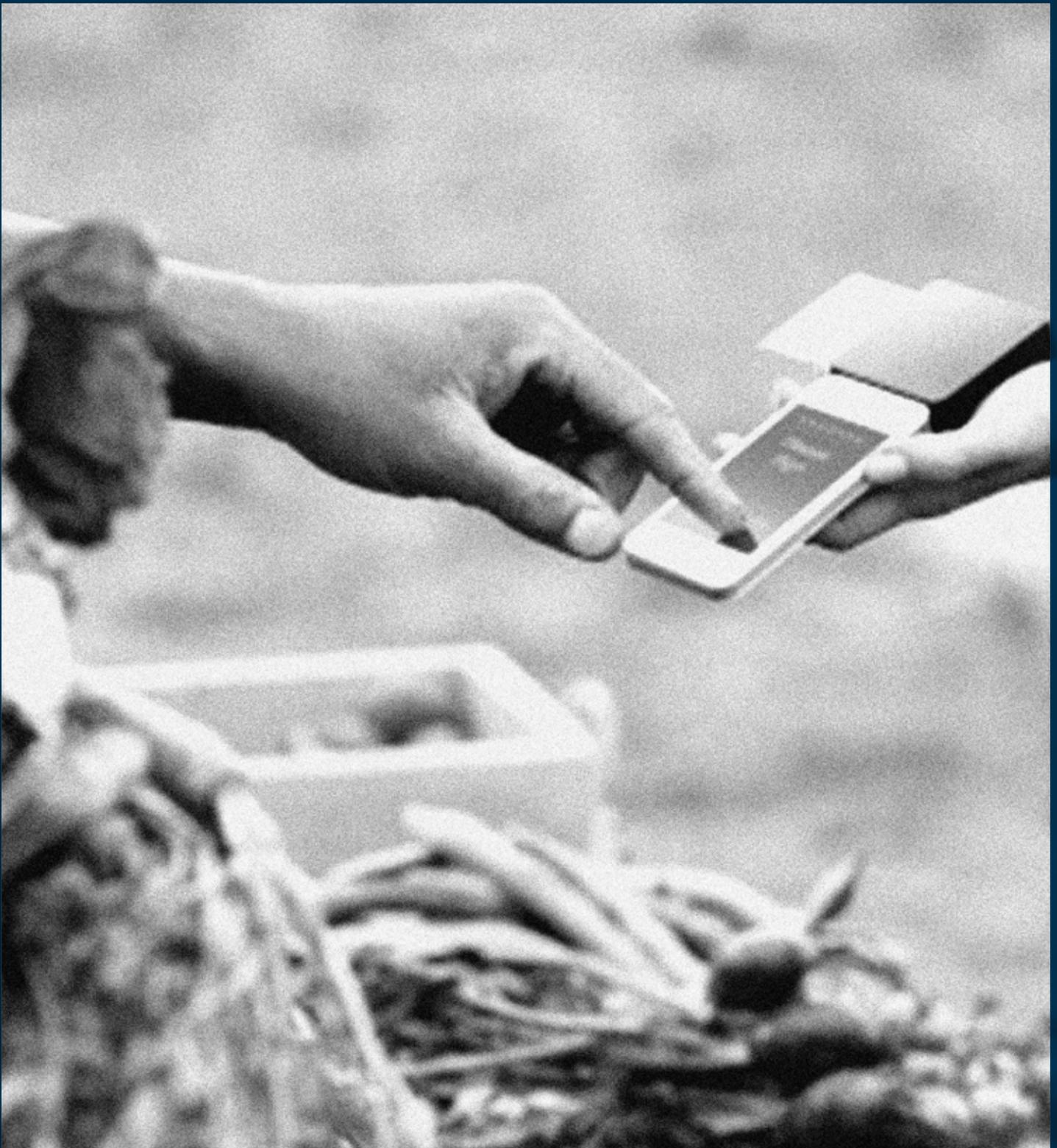
Ryan Lock,
Office for Social Enterprise (MEDTE)

“ We had been warned that our challenge wouldn't be finding the money, but the right places to invest. We have a lot more money available than demand. We believe we can create the demand by offering workshops and training. Charities aren't used to this kind of money.

Barbara McInnes,
Community Foundation of Ottawa

IN SUMMARY

This qualitative review is but a step towards understanding the relationship between social enterprise, the funding and finance community, and the types of intermediary support in Ontario. Further areas of investigation should address the questions of: whether available capital is provided in a way that meets the realities of nonprofit organizations, if the increase in supply can properly match the rates of service demands and funding cuts, and discerning the true quantity of funding and finance dollars available to the sector.



Of the social enterprises surveyed, 68% were found to have a poverty reduction focus... The groups most commonly being served by social enterprises are low-income individuals, youth, and women.

6.0 FINDINGS FROM THE 2012 SOCIAL ENTERPRISE SURVEY

The following findings reflect information gathered from the 2012 Social Enterprise Survey for Ontario. For a comparison of survey results from Ontario, Alberta, and British Columbia see **Appendix C**.

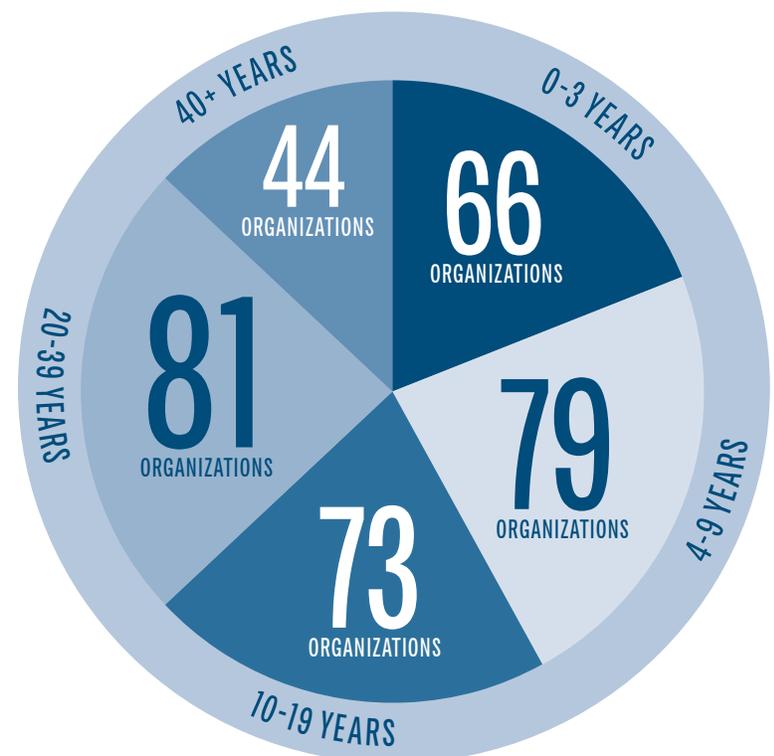
6.1 AGE OF ONTARIO'S SOCIAL ENTERPRISES

The 2012 Survey shows that over half of respondents have been in existence for over 10 years; highlighting that Ontario has a large cohort of well-established social enterprises. Less than 20% of organizations are under 3 years old, while 37% of the social enterprises surveyed have been in operation for over 20 years.

According to the 2012 Survey results, the average year of formation for social enterprises in Ontario is 1991.⁷⁵ The earliest social enterprise is a farmers' market, incorporated over 153 years ago, in 1859. Arts and culture organizations and thrift stores have typically been in operation the longest, with average formation dates in the early 1980s.⁷⁶ Miscellaneous and farmers' markets show average formation dates in the mid-1990s, while social purpose enterprises, the youngest subcategory, were on average incorporated in 2001.⁷⁷

On average there is a 7-month gap between the date of incorporation and the start of sales or service by the social enterprise with slight variation depending on the type of enterprise.

Ontario's Social Enterprises: Years of Operation



6.2 ANALYZING SOCIAL ENTERPRISES BY PURPOSE

The majority of respondents, 77%, indicate that they operate a social enterprise in order to fulfill a social mission. Further, nearly half exist to meet a cultural or environmental mission. A third express that their social enterprise is intended to generate income for a parent organization. Over 40% percent of social enterprises indicated their purpose as either employment development or training for workforce integration and almost a quarter of social enterprises indicated both options.

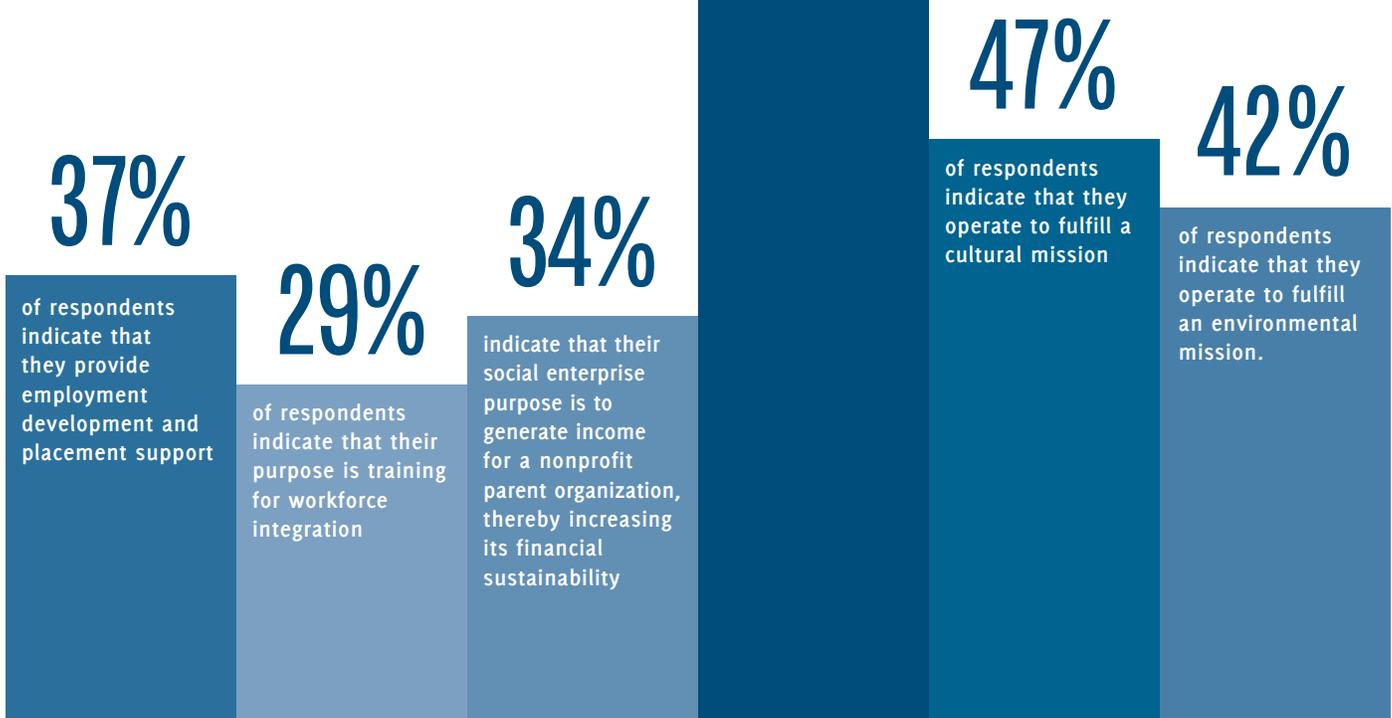
Social purpose enterprises have the greatest likelihood to engage in employment development and/or training for workforce integration, while arts and culture organizations have a minimal focus on these areas. Of the social enterprises surveyed, thrift stores are most commonly used to generate income for the parent organization; however, they also maintain that a social mission is a strong purpose of their work. Farmer’s markets indicate the highest environmental focus compared to all other subcategories, while arts and culture organizations specify a primary concentration on a cultural mission. Given the diverse nature of the miscellaneous subcategory, it is not surprising that respondents indicated a range of purpose types. Nevertheless, a relatively high level of commitment to advancing a social purpose exists.

Organizations that have been operating for over 40 years are most likely to be engaged in employment development.

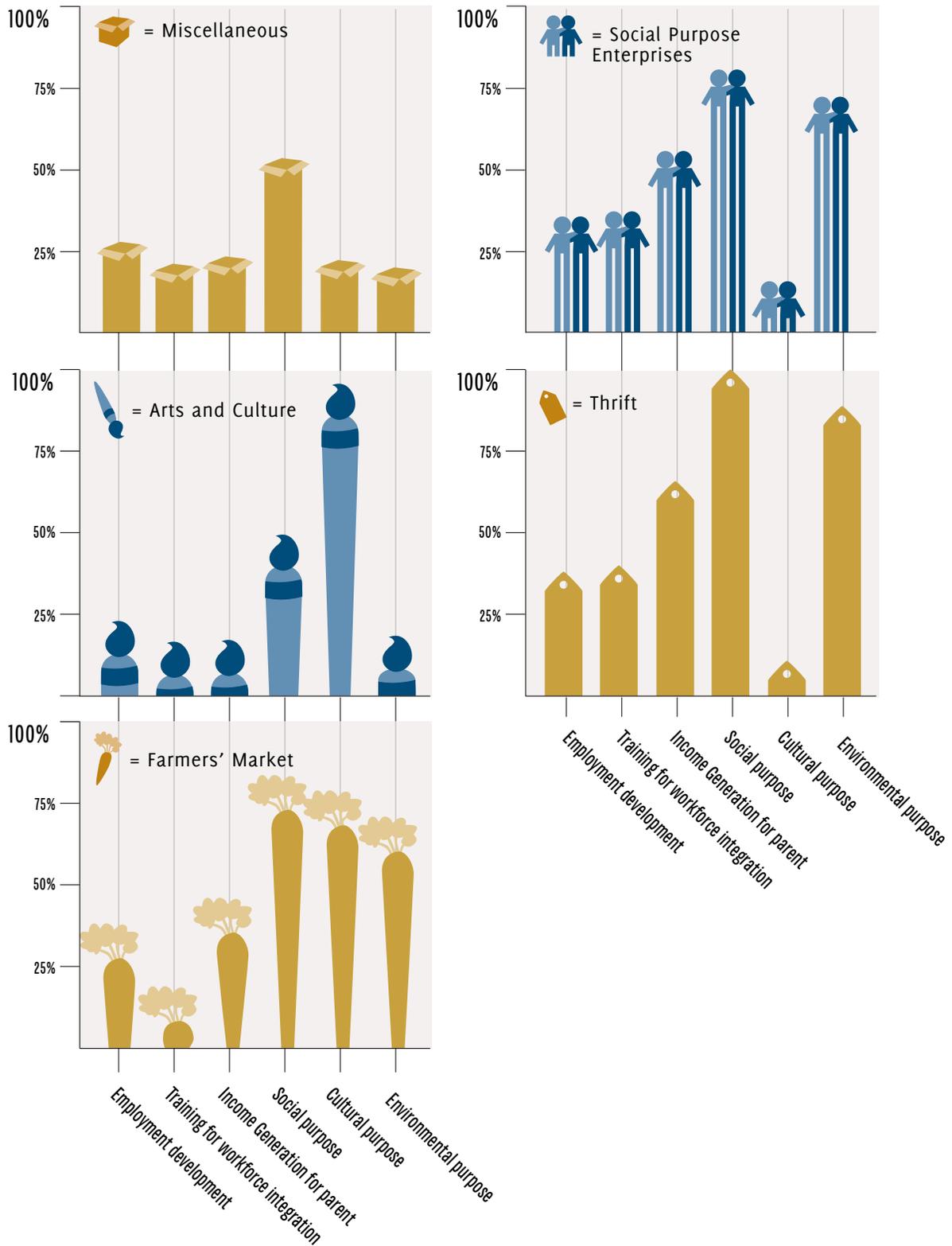
More than half of social enterprises in operation for over 40 years and over 40% of social enterprises between 0-3 years indicate that they are involved with training for workforce integration. Social enterprises aged 4-9 years are most likely to have an environmental mission compared to all other age categories, whereas organizations aged 20-39 are most likely to have a cultural mission.

The youngest social enterprises, those aged 0-9 years, are significantly more likely compared to older age groupings to indicate income generation for a parent organization as a purpose of their work.

Ontario’s Social Enterprises: Mission by Non-Exclusive Purpose



Ontario's Social Enterprises: Non-Exclusive Purpose by Subcategory



COMMUNITIES
JUSTICE
ACTION
IMPROVE
SUSTAINABILITY
INSPIRE
COOPERATION
NEIGHBOURHOOD
REGION
COOPÉRER REVE
SOCIAL
CREATE
INNOVATION
LEVERAGE
AFFORDABLE
EDUCATION
URBAN
AUTONOMISER
INCREASE
ACCÈS
HOUSING
GENERATE
ENGAGE
CONSUMER
SUPPLEMENT
LOC
EMPLOYM
YOUNG MEM
ENVIR
ENTR

WHAT IS THE PRIMARY MISSION OF YOUR SOCIAL ENTERPRISE?

NUE
ATE
AL
MENT
BRES
ONMENTAL
EPRENEURS
LAUNCH
LOISIRS

FRANCOPHONES
RURAL
TRAINING
PEOPLE
CRÉER
CONNAÎTRE
PRÉSERVER
CULTURELLE
D'EMPLOIS
AIDER

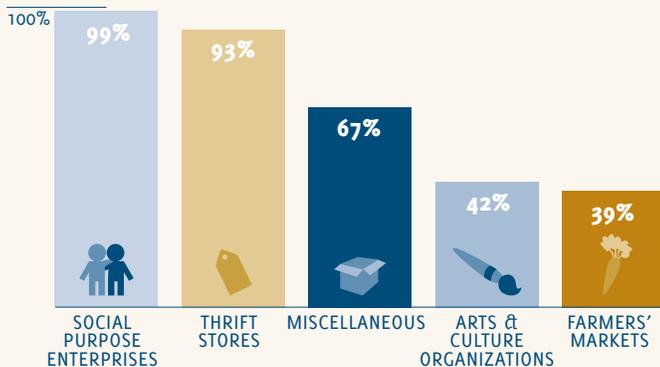
STEWARDSHIP
APPRECIER
EQUALITY
STRONG
DEVELOP
HERITAGE

6.3 SOCIAL ENTERPRISE THROUGH A POVERTY REDUCTION LENS

For the purpose of a more in-depth analysis, a 'poverty reduction focus' category was created by combining several variables. This category of social enterprises is comprised of respondents that identified as serving the following demographics: Low income communities, homeless individuals and/or people with barriers to employment.⁷⁸ This poverty reduction grouping also includes social enterprises that selected providing employment development and/or training for workforce integration in the purpose related question.

Of the social enterprises surveyed, 68% were found to have a poverty reduction focus. Organizations that have been in operation for three years or less have the greatest likelihood of a poverty reduction focus.

Ontario's Social Enterprises: Focus on Poverty Reduction by Subcategory



Nearly 60% of social enterprises with a poverty reduction focus have an associated parent organization, the majority of which, 72%, are in-house programs. Poverty reduction focused social enterprises are also more likely to receive personnel, space, in-kind, and finance support from their parent than the average survey respondent.

Poverty reduction focused organizations are significantly more likely to be operating at the neighbourhood/local community level or city/town level compared to both non-poverty reduction focused social enterprises and the overall average.

In comparison to all others in the sample, those with a poverty reduction focus are more likely to work in the areas of resources, production, and construction; trade and finance; and health and social services.⁷⁹ These organizations are significantly less likely to be involved in arts and culture based industries. More specifically, of the poverty reduction organizations surveyed 43% are involved

in retail sales (including thrift); 29% in landscaping/gardening; 25% in janitorial/cleaning; 23% in education; 21% in foodservice/catering; and 20% in sports and recreation.

On average, poverty reduction organizations served at least 6 different demographic groups in Ontario, while non-poverty reduction organizations worked with an average of less than 2 demographic groups. The entire sample served an average of approximately 5 different demographic groups.

Organizations with a poverty reduction focus are at least 10% more likely than the average social enterprise surveyed to target ethnic/minority groups, immigrants, low-income individuals or individuals living with intellectual, physical or employment barriers.

In 2011, responding social enterprises with a poverty reduction focus trained at least 49,855 people and employed at least 3,226 individuals in Ontario, with an estimated full time equivalent (FTE) count of 1,839. They also employed at least 1,196 full time paid employees, 1,481 part time employees, 636 seasonal employees, and 2,707 freelance/contract workers with total wages paid of an estimated \$58,430,741. This cohort received support from approximately 5,484 part time volunteers and 6,869 full time volunteers.⁸⁰

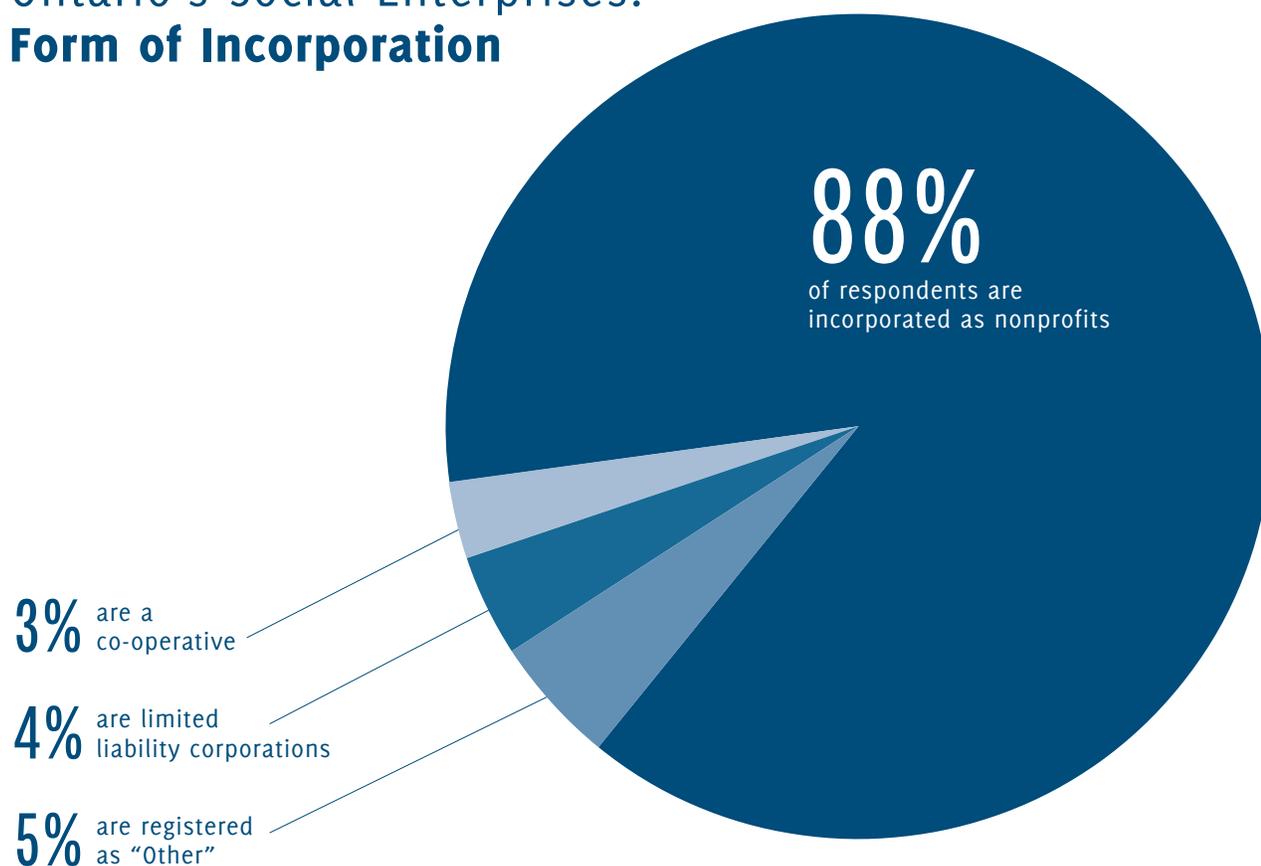
Nonprofit social enterprises that are defined as having a poverty reduction focus tend to be smaller than the average in terms of revenue, but generate a larger percentage of their income from sales. In 2011, the average total revenue of poverty focused social enterprises was \$672,600, approximately half of the average earnings for organizations that are not poverty focused, which generated an estimated \$1,228,400.⁸¹

Compared to the overall sample, poverty reduction organizations earn approximately 21% less revenue than the overall sample average.⁸² Organizations with a focus on poverty reduction make approximately 70% of their earnings from sales of goods and services, including service contracts with governments, while those without a poverty reduction focus earn about 54% of revenue from this source. Overall, the social enterprises surveyed received 65% of earnings from the sales of goods and services. More social enterprises with a poverty focus received grants from foundations and from governments, at 49% and 70% respectively, than those social enterprises without a poverty focus, which only received these grants in 36% and 55% of cases.

6.4 FORMS OF INCORPORATION

Social enterprises operated by a charity or nonprofit must abide by the legal frameworks at the federal level and their respective province. In Ontario, nonprofits are governed by distinct regulatory and legal constraints, namely found within the Corporations Act. Additionally, nonprofit and charitable organizations are bound by federal guidelines set out by the Canada Revenue Agency (CRA).

Ontario's Social Enterprises: Form of Incorporation



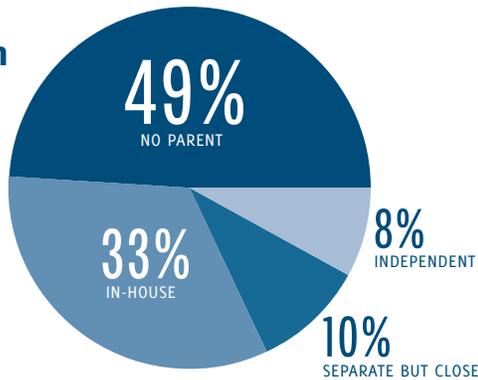
The majority of social enterprises, 58%, are registered with the Canada Revenue Agency (CRA). Older organizations show a great likelihood of being incorporated as a registered charity.

The 14 respondents that identified as using a for profit structure (limited liability) were owned and operated by nonprofit organizations. Of additional note, 93% of the social enterprises that incorporated as for-profit entities are either social purpose enterprises or defined as having an employment development focus. The social enterprises in this cohort constitute 18% of the total social purpose enterprise subcategory.⁸³ The majority of these social enterprises are linked to one of several common parents indicating that this structure, although not widespread, represents an interesting area for further exploration.

6.5 RELATIONSHIP TO PARENT ORGANIZATIONS

The survey responses reveal that just over half of social enterprises, 52%, identify as having a parent organization. There is, however, a high degree of variation between the subcategories.

Ontario's Social Enterprises: Type of Relationship with Parent Organization



No Parent: Social purpose enterprises and thrift stores are most likely to have a parent organization, 86% and 71% respectively. In contrast, only 19% of arts and culture organizations have a parent, while miscellaneous and farmers' markets, on average, identify having a parent in 45% of cases. Social enterprises that have been in operation for 40 plus years are least likely to have a parent organization compared to all other age groupings.

In-house program, project or department of the parent: Approximately half of social purpose enterprises and thrift stores are in-house programs, while only 31% of miscellaneous organizations, 16% farmers' markets and 11% of arts and culture indicate this relationship. The youngest cohort of social enterprises, those aged 0-3, are most likely to be in-house programs when compared to all other age groupings.

Separate but works closely with parent: Less than 10% of miscellaneous, farmers' market, and thrift stores work separately but closely with a parent organization. Thirty one percent of social purpose organizations indicate this type of relationship, while only 1% of arts and culture organizations selected this option.

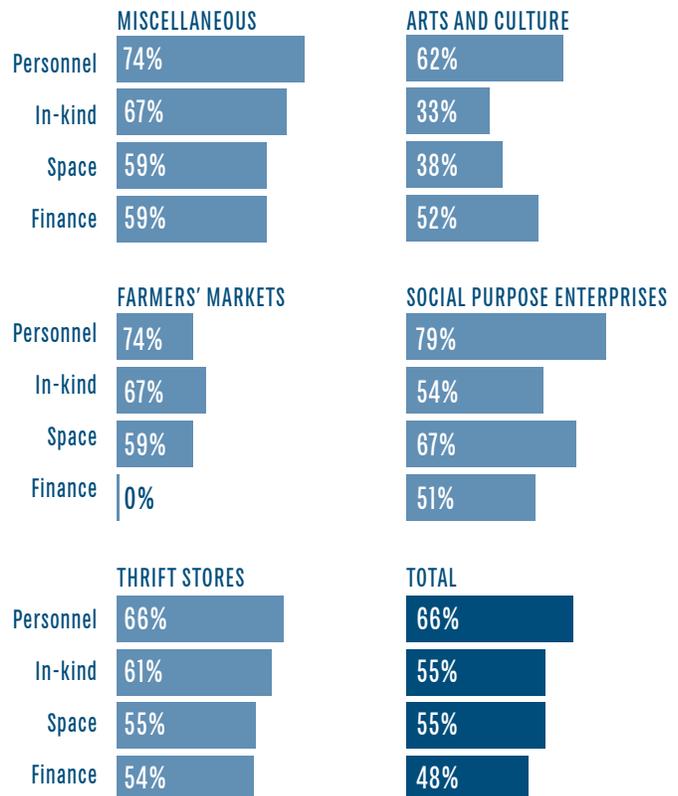
Independent organization operating at arm's length from parent: Responses from miscellaneous, arts and culture, social purpose, and thrift stores reveal that less than 8% are independent organizations. Farmer's markets showed a unique trend with 23% indicating organizational independence.

Given that over half of the respondents indicate a relationship with a parent organization, it is important to understand the range of services and supports received by the social enterprise.

Sixty-six percent of social enterprises with parent organizations utilize personnel support with organizations under 3 years old indicating the greatest likelihood of use. Approximately 55% receive in-kind contributions, including 'goods, materials, transportation etc', and space. Forty-eight percent access financial services, including 'loans, grants, loss write-off etc'. Interestingly, none of the organizations that are over 40 years old are accessing any in-kind or space support from a parent. Social enterprises aged 0-9 years have the greatest likelihood of receiving financial support from financial organizations compared to all other age groupings.

Respondents indicated the following additional supports: Website and technical support, marketing and outreach, cultural programming, insurance, membership, design work, legal support, strategic planning, volunteer recruitment, and training.

Ontario's Social Enterprises: Supports Received from Parent Organization by Subcategory

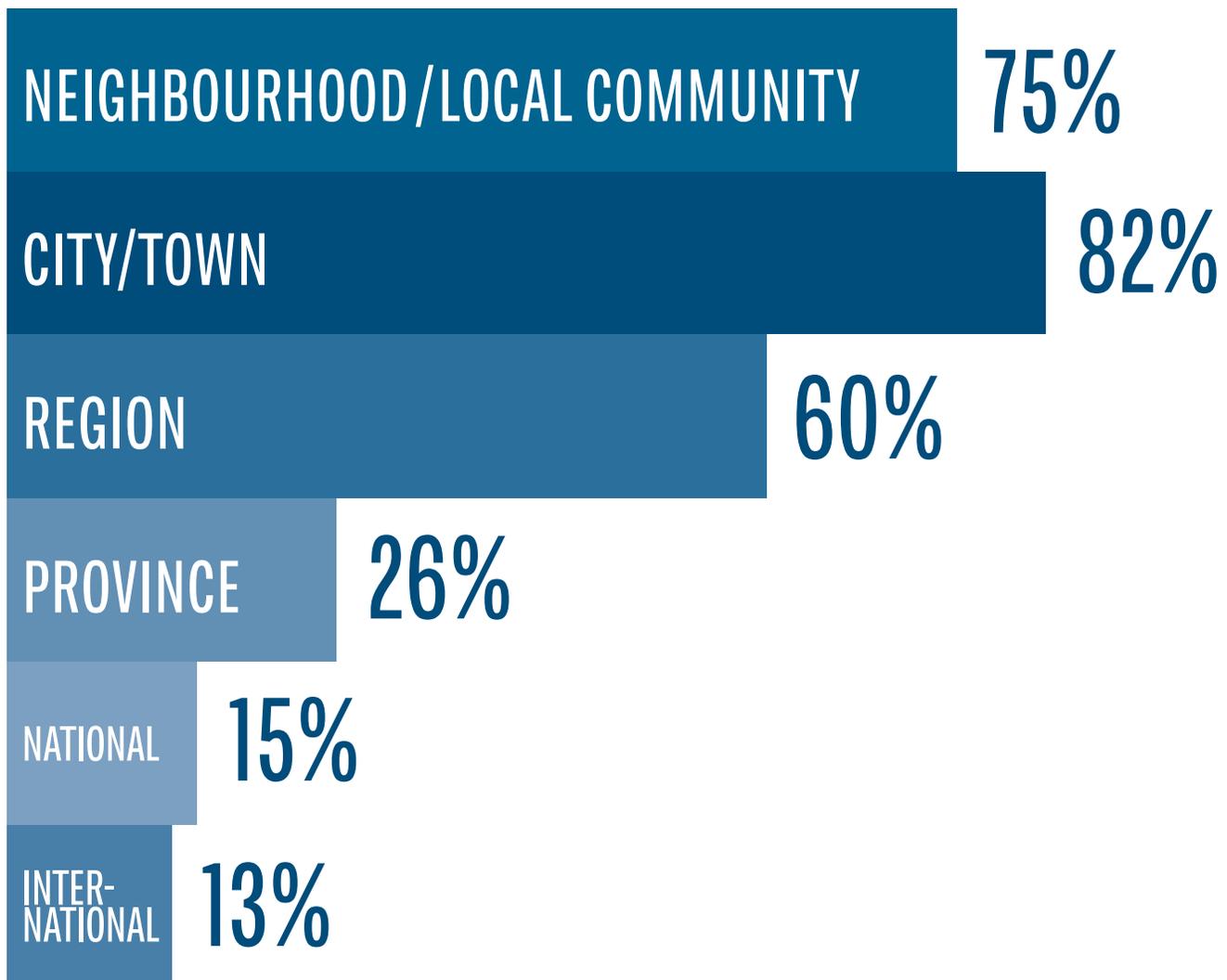


6.6 GEOGRAPHICAL SCOPE OF SOCIAL ENTERPRISES

The 2012 Survey sought to establish the scale at which social enterprises operate. The data shows that the greatest proportion of social enterprises are engaged at the neighbourhood, city or regional levels. Social enterprises are less likely to operate at large geographical ranges, including provincial, national, and international scales.

Responses illustrated that miscellaneous, arts and culture, social purpose and thrift stores most commonly operate at the city/town level while farmers' markets work primarily in their neighbourhoods and local community.

Ontario's Social Enterprises: Scale of Operations



6.7 SOCIAL ENTERPRISE THROUGH AN URBAN/RURAL LENS

The Ontario government defines a rural enterprise as any enterprise “located in a town, small city or rural township with a population of 100,000 or less.”⁸⁴ The same definition has been used to identify the rural regions participating in the 2012 Social Enterprise Study. Almost half of respondents, 49%, were located in rural communities with the remainder working in urban settings. Farmers’ markets and arts and culture social enterprises are most commonly found in rural communities whereas miscellaneous and social purpose enterprises tend to be located in urban areas. Thrift stores are only slightly more prevalent in rural communities than urban areas.

Although the first rural social enterprise emerged approximately 70 years before the first urban enterprise, on average, rural and urban enterprises have existed for the same amount of time. Findings reveal a relatively even split between the overall number of social enterprises in rural and urban areas, however social enterprises which have been in operation for 20-39 years are almost twice as likely to be in rural areas.

Urban social enterprises are twice as likely as rural enterprises to have an employment development purpose and three times as likely to be training for workforce integration. Rural enterprises are significantly more likely to report a cultural or environmental mission than organizations based in urban areas. However, rural and urban social enterprises are equally likely to report

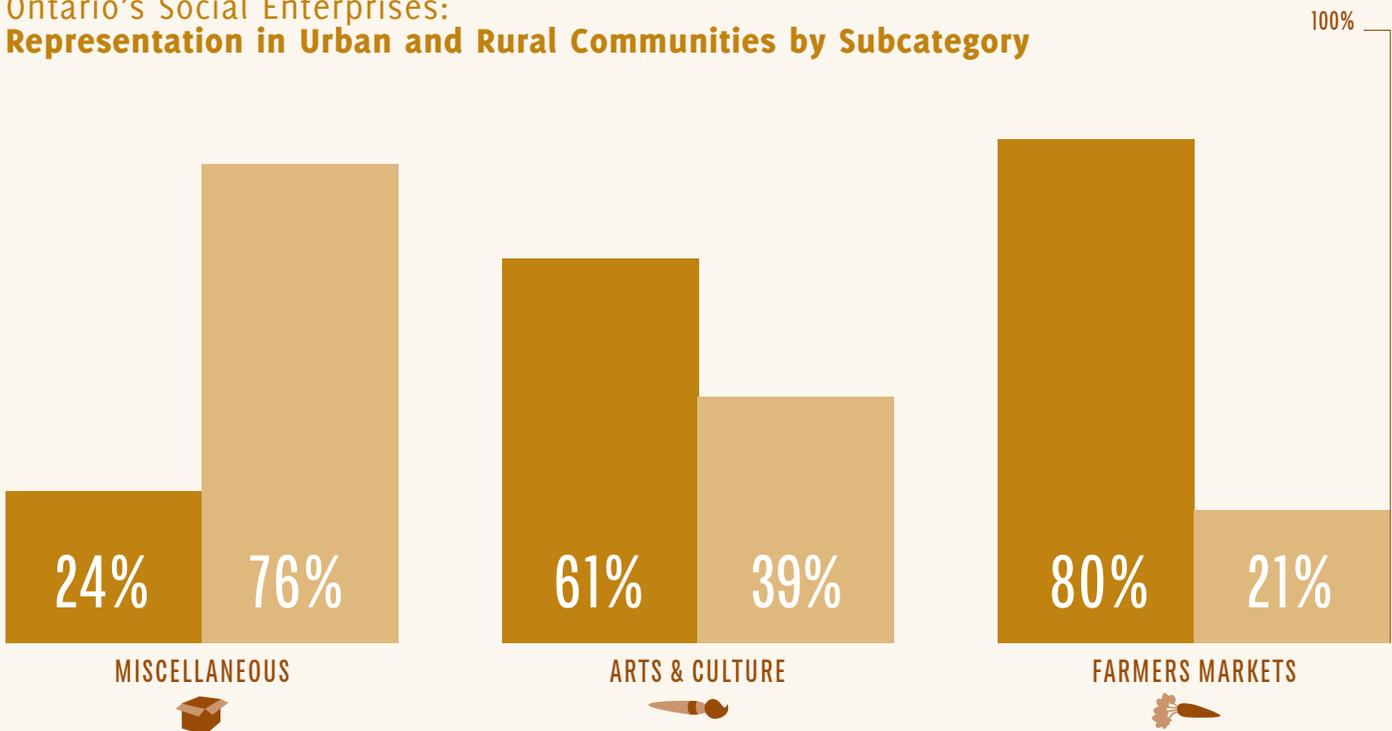
their purpose as relating to a social mission or income generation for a parent organization.

As seen in the overall findings, 51% of rural and urban social enterprises have a parent organization but the relationships that exist between them differ. When compared with their urban counterparts, rural social enterprises are twice as likely to be independent of their parent organization. Approximately 10% of both groups describe themselves as being separate but close, 31% of rural enterprises identified themselves as being “in-house”, compared with 37% of urban organizations. Rural social enterprises are equally likely to receive financial support from their parent organization; although they are less likely to receive personnel, in-kind supports, and space from them. There are no significant differences in the legal structures adopted by rural and urban enterprises.

Rural and urban enterprises state their geographical scope of work to be quite similar, however, rural enterprises are slightly more likely to serve their local neighbourhoods and significantly more likely to serve their region.

Urban and rural social enterprises are equally likely to view all the people living in a particular place/community as their target group and equally likely to target youth or men. However, when looking at the different demographic groups being served, there are significant differences between rural and urban social enterprises.

Ontario’s Social Enterprises: Representation in Urban and Rural Communities by Subcategory



Rural organizations are 1.5 times more likely to have families, children or seniors as a target group while urban organizations are significantly more likely to target those with physical or intellectual disabilities, women or lower income individuals. Urban social enterprises are almost twice as likely to target ethnic groups and minorities, homeless persons and people living with addictions; more than twice as likely to target immigrants and refugees and those with employment barriers; and 2.5 times more likely to target people with psychological disabilities.

In looking at the source of funds for rural and urban social enterprises, there are few significant differences between the two sectors, although rural organizations are 1.5 times more likely to receive funds from their parent organization. Average grants for rural enterprises from their parent organizations were \$45,545 which is 49% higher than their urban counterparts. Rural enterprises are 9 times as likely to receive funding from Community Development Futures Corporations. Rural social enterprises are almost twice as likely to receive no grants or donations.

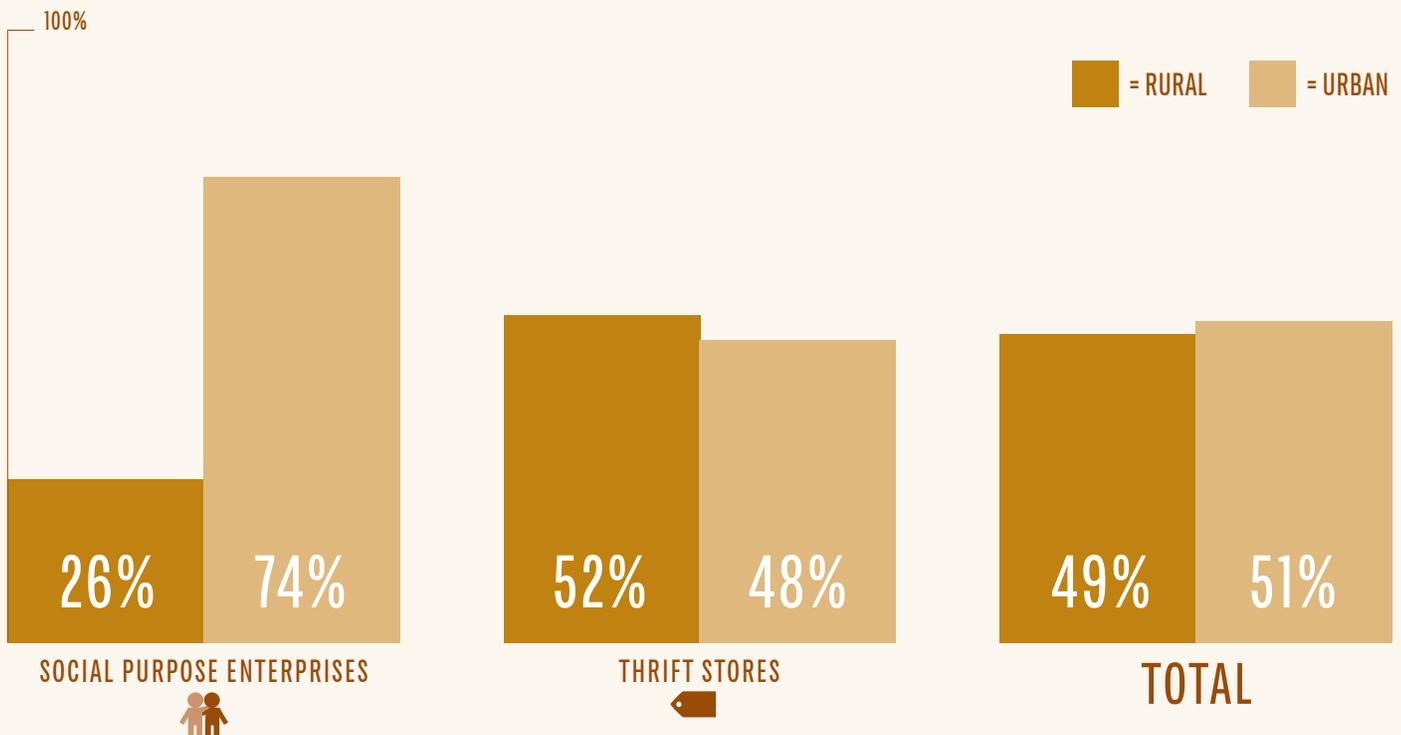
Rural and urban social enterprises differ in their intended purpose of loans and grants. Rural enterprises are generally more likely than those in urban areas to access loans as part of their funding and 5 times as likely to use them for short term needs. Rural

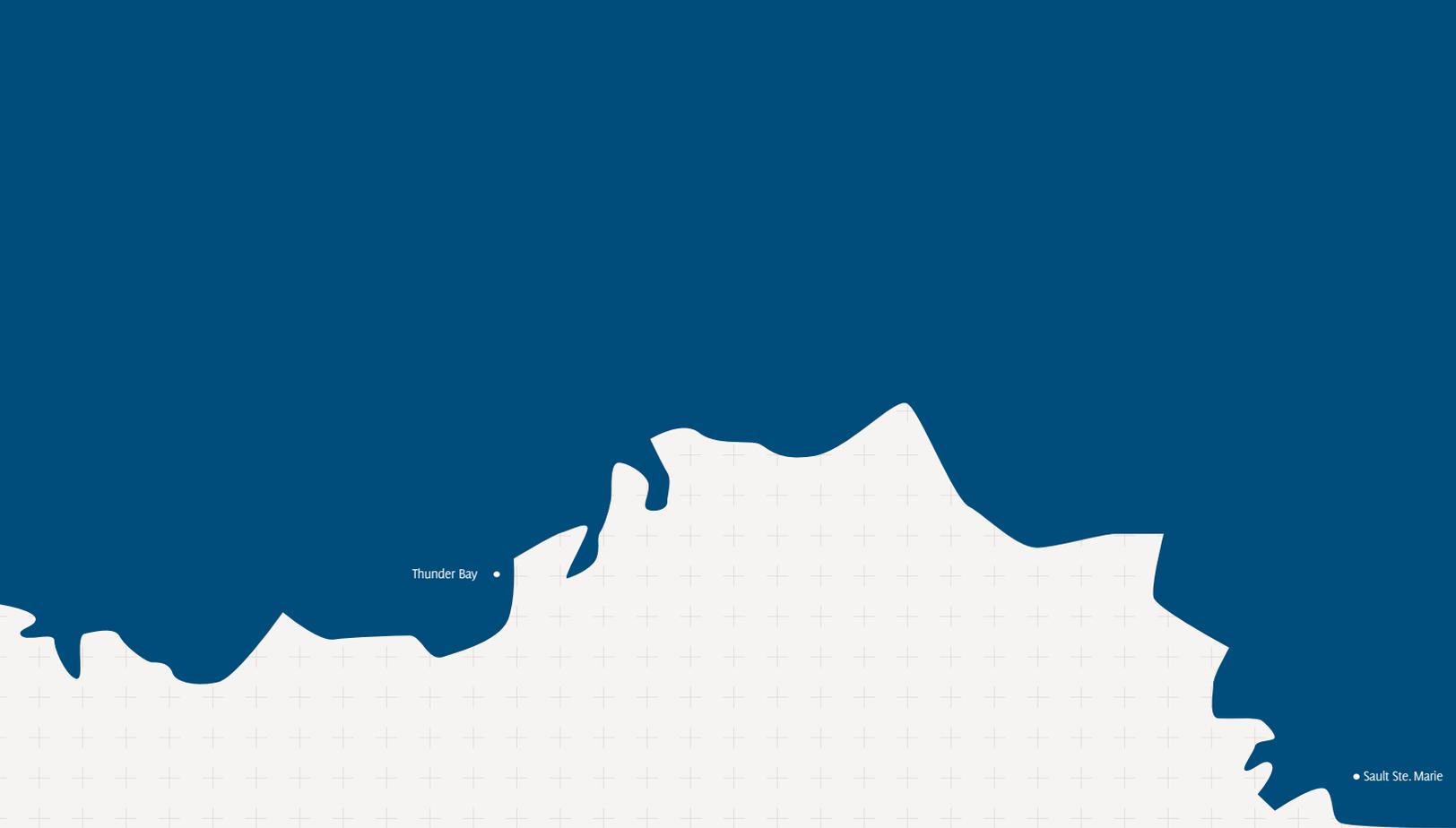
organizations are less likely to use grants for technical assistance or operational costs.

For rural social enterprises the total average revenue from all sources in 2011 was \$648,140, 28% less than the \$894,688 average for urban enterprises. Their total expenses during the same period were \$608,366, 48% less than the \$915,199 of their urban counterparts. Rural and urban social enterprises are equally likely to break even, although the former is slightly less likely to break even without including grants.

Rural social enterprises, on average, served 21% fewer clients (excluding customers) than urban social enterprises in 2011. They also employed 57% fewer estimated full time equivalent (FTE) employees. Rural social enterprises hired 30% less freelance and/or contract workers than urban social enterprises in 2011. Interestingly, both rural and urban social enterprises engaged a similar number of volunteers on average per organization.

In comparing products and services of rural and urban enterprises, rural organizations are significantly more likely to be working in the areas of: resources, production and construction, accommodation, tourism, and food service or arts, culture, and communication. They are less likely than urban-based social enterprises to be in health and social services or real estate and equally as likely as urban enterprises to be in industries of trade and finance.

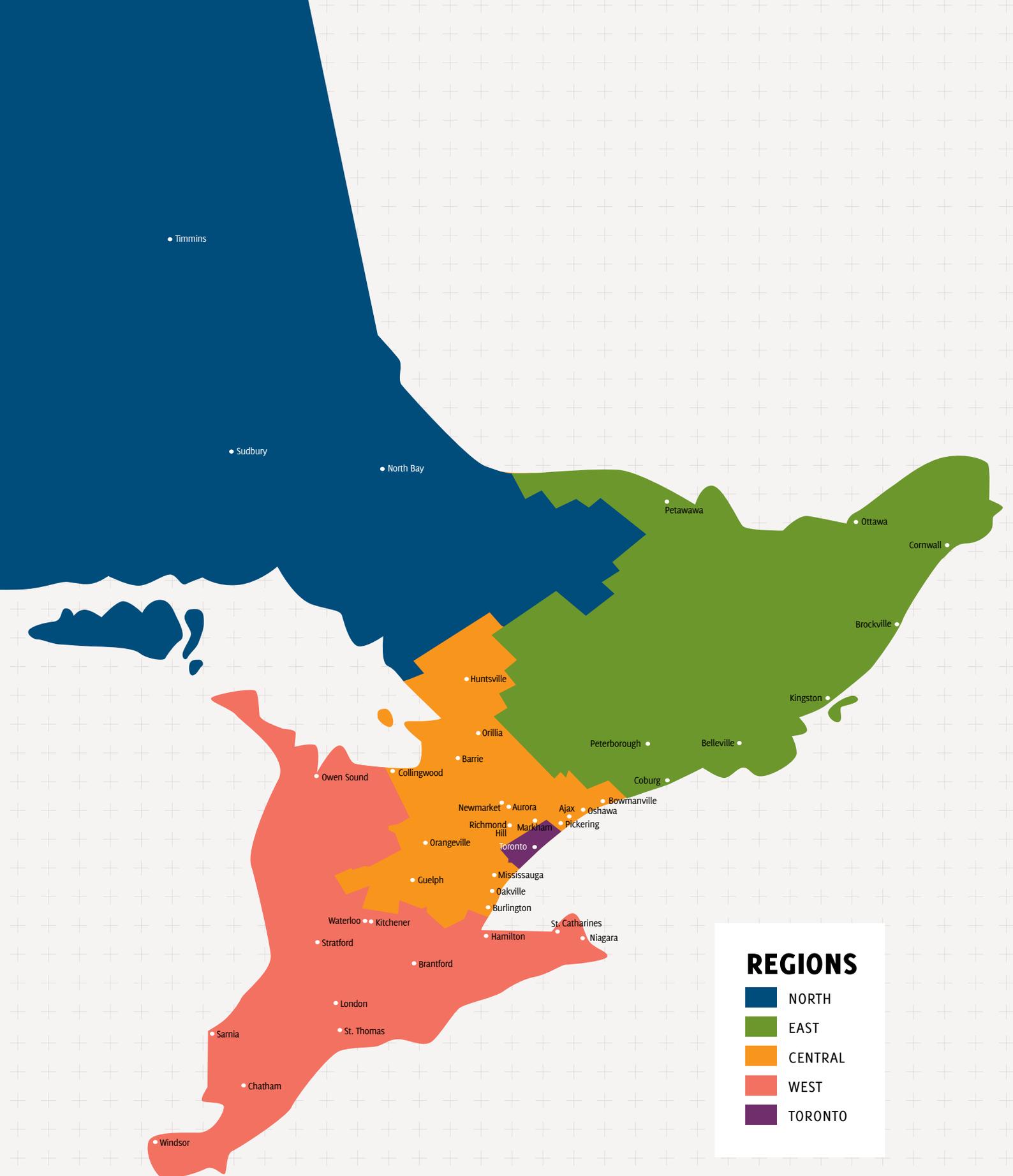




Thunder Bay •

• Sault Ste. Marie

REGIONS of ONTARIO'S SOCIAL ENTERPRISES



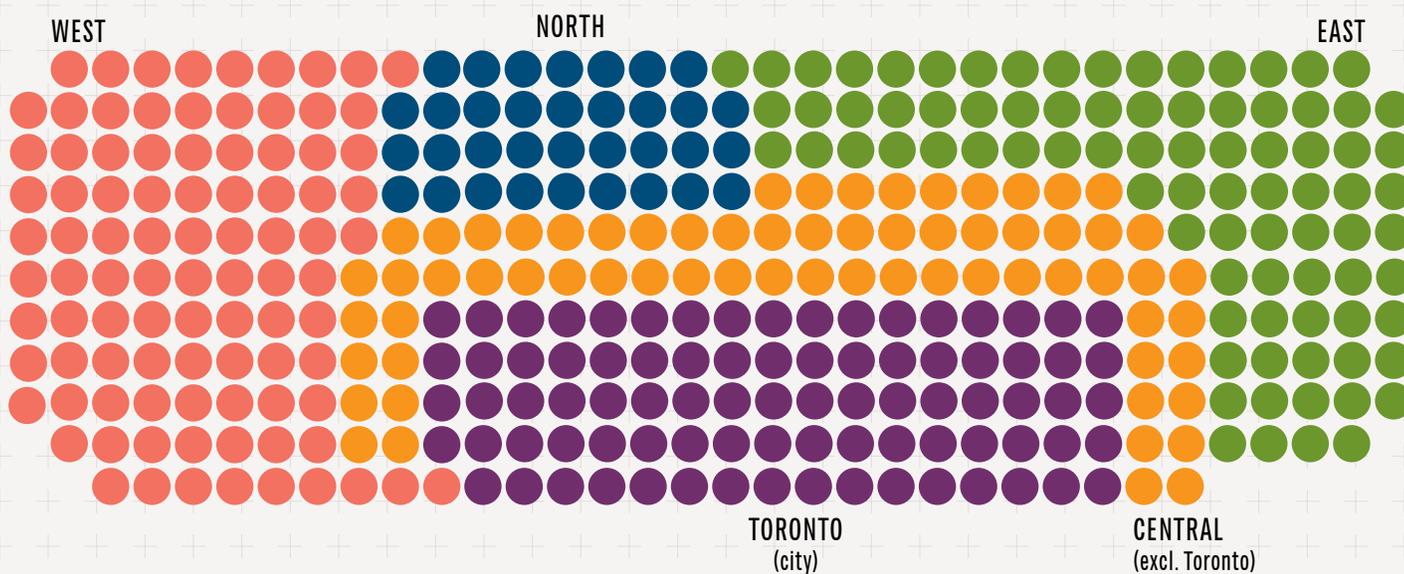
6.8 SOCIAL ENTERPRISE THROUGH A REGIONAL LENS

For the purpose of regional analysis the province was divided into 5 general regions: North, East, West, Central (excluding greater Toronto), and greater Toronto. The regional analysis is intended to capture commonalities and differences amongst the responding social enterprises operating within these areas. The 5 region breakdown was selected in order to ensure a sufficient sample size of social enterprises in each area to allow statistically valid comparisons.

Findings demonstrate that:

- Northern social enterprises are more likely than all social enterprises in the province to work with volunteers (97% vs 81%).
 - Western social enterprises have a higher rate of being incorporated as registered charities. They also have a parent organization at a higher rate than all other social enterprises.
- Regions differ in how they relate to their parent organizations:
- When compared with all social enterprises, those in the East are more likely to be separate but close to a parent organization (22% vs 10%) and receive financial support from their parent organization at a higher rate than all social enterprises.
 - Northern social enterprises have the highest rate of being an independent organization operating at arm's length when compared with other regions. However, they are also most likely to receive in-kind support from their parent when compared with all enterprises (80% vs 63%).
 - Toronto enterprises have the highest rate in the province of having an in-house relationship and are more likely than all other social enterprises to receive support in the form of personnel (92% vs 76%) or space (68% vs 62%).
 - Central Ontario social enterprises are more likely than all other social enterprises to break even financially, whether including grant income (93% vs 85%) or excluding it (72% vs 52%).
 - On average social enterprises in the city of Toronto and Eastern Ontario have been in operation for between 17-18 years, while those in Central Ontario (not including Toronto) average between 24-26 years.
 - Approximately 55% of social enterprises in the city of Toronto have been selling their products or services for less than 9 years, while over 40% of social enterprises in Northern, Western and Central Ontario (not including Toronto), have been selling for more than 20 years.
 - Northern social enterprises are more likely than their counterparts to work with Aboriginal populations and are also more likely to work with seniors.
 - Western social enterprises most often work with families and children, whereas eastern social enterprises are more likely to work with people with intellectual disabilities.
 - Central Ontario predominates in working with people with lower incomes, women and men.
 - Responding social enterprises based in Toronto tend to serve similar groups to that of urban social enterprises surveyed. Target populations include immigrants, refugees, homeless, as well as individuals facing addictions, employment barriers, and with physical or psychiatric disabilities.
 - The business sectors in which social enterprises sell their products and services vary considerably by region. Health and social services as well as research and education are more prevalent in the North; arts, culture and communication in the East; trade and finance in Central; accommodation, tourism and food, and arts, culture and communication in the West and; real estate and health and social services in Toronto.

ONTARIO'S SOCIAL ENTERPRISES: Regional Distribution



TOTAL = 363
Social Enterprises
in Ontario

● = 1 social enterprise

6.9 INDUSTRY BASED MARKET ACTIVITIES

The survey asked social enterprises to identify the business sector(s) in which they operate. The respondents were given 42 possible response options and asked to select all that applied. Of the entire sample surveyed, 36% are engaged in retail sales (including thrift), 27% are in education, 20% in landscaping/gardening, 19% in food service/catering, 17% in janitorial/cleaning services, 16% in tourism, and 15% in sports and recreation.

The response options were further clustered into 7 broad sector groupings based on the Bouchard et al., 2008 categorization in order to simplify the information. Responses reveal that seventy-three percent of social enterprises are selling goods and/or services in 2 or more of the defined sectors. The most common groupings in which social enterprises' sell their products and services are accommodation, tourism and food service, arts, culture and communication and, resources, production and construction.



HEALTH AND SOCIAL SERVICES – 15%
Emergency and relief; employment services; environment and animal protection; healthcare; social services



TRADE AND FINANCE – 38%
Finance and insurance; retail sales (thrift stores); wholesale sales



RESOURCES, PRODUCTION & CONSTRUCTION – 40%
Agriculture, forestry, fishing, mining; construction; food production; printing and publishing; production, manufacturing and sewing; repair and maintenance

Ontario's Social Enterprises: Industry Grouping by Sales of Goods and Services



REAL ESTATE - 6%
Housing; property
management;
real estate



ARTS CULTURE AND COMMUNICATION - 45%
Arts culture and communication; gallery/arts;
theatre/performing arts



**ACCOMMODATION, TOURISM AND
FOOD SERVICE - 52%**
Accommodation; facilities (banquet,
conference etc.); food service/
catering; food distribution; sports
and recreation; tourism

OTHER SERVICES - 36%
Administrative services; consulting;
janitorial/cleaning; landscaping/gardening;
law, advocacy and politics; movers/hauling;
personal/professional services; public
administration services; research/education;
scientific/technical services; services
for businesses/social enterprises/coops/
nonprofits; transportation and storage;
waste management

6.10 DEMOGRAPHIC GROUPS TRAINED, EMPLOYED OR SERVED BY SOCIAL ENTERPRISES

On average social enterprises engage with 5 unique demographic groups as part of their work. Older social enterprises, those in operation for over 40 years, tend to, on average, serve over 7 distinct populations.

Overall, the groups that are most commonly being served by social enterprises are low-income individuals, youth, and women.

THE RESPONDING SOCIAL ENTERPRISES SERVED:
 11,146 individuals on average
 3,366,375 individuals in total

**Ontario’s Social Enterprises:
 Demographic Groups Being Served by Subcategory**

Demographic Groups	Misc.	Arts & Culture	Farmers’ Markets	Social Purpose Enterprises	Thrift Stores	Total Percentage Overall
1. Aboriginal	22%	31%	5%	29%	15%	22%
2. Children	24%	51%	14%	9%	19%	27%
3. Ethnic group/ minority	38%	32%	9%	32%	36%	31%
4. Family	31%	52%	25%	8%	16%	28%
5. Homeless persons	20%	7%	2%	23%	16%	14%
6. Immigrants (including temporary workers, permanent residents etc.)	29%	19%	9%	28%	36%	25%

Nearly a third of arts and culture and social purpose enterprises serve aboriginal populations

Half of arts and culture organizations state that they offer programs to children as part of their mission.

While the majority of subcategories demonstrate limited engagement with homeless populations, nearly a quarter of social purpose enterprises are working with this group.

Over a third of thrift stores demonstrate a focus on immigrant groups.

Demographic Groups	Misc.	Arts & Culture	Farmers' Markets	Social Purpose Enterprises	Thrift Stores	Total Percentage Overall
7. Low income individuals	47%	29%	14%	43%	87%	47%
8. Men	33%	42%	16%	40%	36%	35%
10. People living with employment barriers	31%	16%	5%	57%	37%	30%
11. People living with psychiatric disabilities	20%	9%	7%	51%	13%	19%
12. People living with intellectual disabilities	29%	17%	9%	66%	37%	32%
13. People living with physical disabilities	29%	18%	11%	43%	36%	28%
14. Refugees	15%	9%	5%	20%	8%	11%
15. Senior/aged/elderly	26%	47%	21%	19%	17%	28%
16. Women	42%	48%	23%	51%	40%	42%
17. Youth/young adults/students	55%	68%	23%	29%	43%	47%

All subcategories indicate engagement with low income individuals, but predominantly served by thrift stores at 87%.

Almost half of arts and culture organizations serve senior/aged/elderly populations

Approximately half of social purpose enterprises are serving those with disabilities and barriers to employment, as well as women, men, and low-income individuals

Ontario's Social Enterprises: Individuals Trained, Employed and Served in 2011

	<i>Average</i>	<i>Total</i>
Trained	209	65,902
Employed	16	5,133
Served, excluding customers	9120	2,690,375

Farmers' markets illustrate the lowest diversity of demographic groups served; the most commonly selected group being family, indicated in 25% of cases. Miscellaneous organizations demonstrate the highest diversity of demographic groups served, including youth, women, low-income individuals, ethnic groups/minorities, people with employment barriers, and immigrants. Arts and culture organizations demonstrate high levels of engagement with youth, children, family, men, women, and seniors but are less likely compared to other subcategories to engage with vulnerable populations, including low income groups, people living with disabilities or those facing barriers to employment. In contrast, approximately half of social purpose enterprises are serving those with disabilities and barriers to employment, as well as women, men, and low-income individuals. Thrift stores reflect similar trends of engagement to social purpose enterprises albeit at a reduced level.

The oldest social enterprises with over 40 years of operation are most likely to be serving ethnic groups/minorities and immigrant populations, with approximately 60% of respondents selecting these groups. Whereas, the youngest social enterprises, aged 0-9 have the greatest likelihood of serving

refugee populations compared to all other age categories.

Who else are social enterprises serving? International residents/communities abroad, local farmers and artisans, farmers and farming families, cancer patients, health care workers, entrepreneurs, teachers, deaf/non-verbal individuals, foreign missions, affordable housing residents, artists, community service agencies, researchers, emerging artists, francophones, and other organizations.

The survey asked respondents to identify how many individuals from the identified target groups they trained, employed or served. Results demonstrate that the responding social enterprises trained at least 65,902 individuals from their targeted demographic groups. Farmers' markets indicate the fewest people trained, on average training 3 people per organization in 2011. Miscellaneous organizations illustrate the highest propensity for training of targeted groups with an average of 291 per organization and up to 16,500 by a single social enterprise. Results demonstrate that on average, organizations in operation between 10-19 years have trained the most individuals from targeted demographic groups, with over 356

people per social enterprise.

Survey results reveal that at least 5,133 individuals from the targeted groups were employed in Ontario's social enterprises in 2011. On average, miscellaneous and arts and culture organizations employed the largest number of individuals, approximately 30 from within their targeted demographic groups. Farmers' markets and thrift stores employed the lowest number of individuals, averaging 1 and 3 respectively per organization. Social purpose enterprises on average employed 12 individuals from targeted demographic groups. Findings show that, on average, organizations in operation for 40 or more years have employed the greatest number of individuals, approximately 40 people per social enterprise.

Responses indicate that social enterprises provided services to 2,690,375, excluding customers, up to a maximum of 711,000 by a single organization. Again, miscellaneous and arts and culture were the largest providers of services, followed by thrift stores, farmers' markets, and social purpose enterprises. Social enterprises tend to provide services to a greater number of people as they grow older.⁸⁵

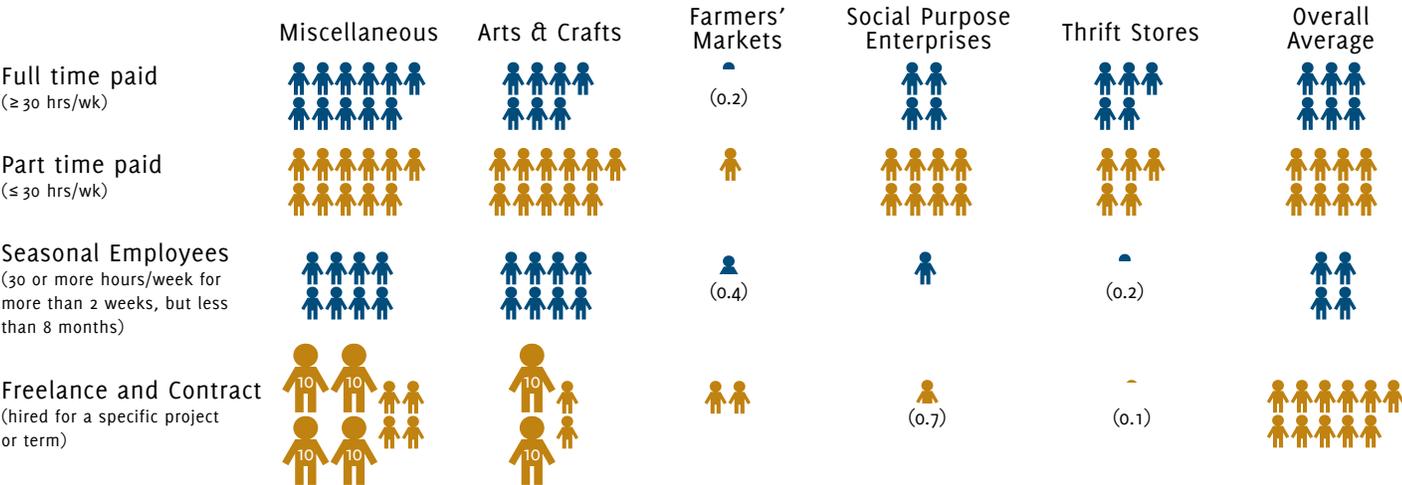
6.11 EMPLOYMENT AND VOLUNTEERISM

The 218 respondents who provided complete financial data employed at least 2,367 full time equivalents (FTEs), spending an estimated \$112,829,710 in wages and salaries at approximately \$47,678 per FTE worker in 2011.⁸⁶ Organizations that have been in operation for more than 40 years are likely to employ more full-time and part-time workers on average compared to their younger counterparts with 13 and 29 individuals respectively per social enterprise. As compared to their older counterparts, startup social enterprises in operation for 0-3 years have, on average, the highest number of freelance employees; hiring an average of 19 people per social enterprise.

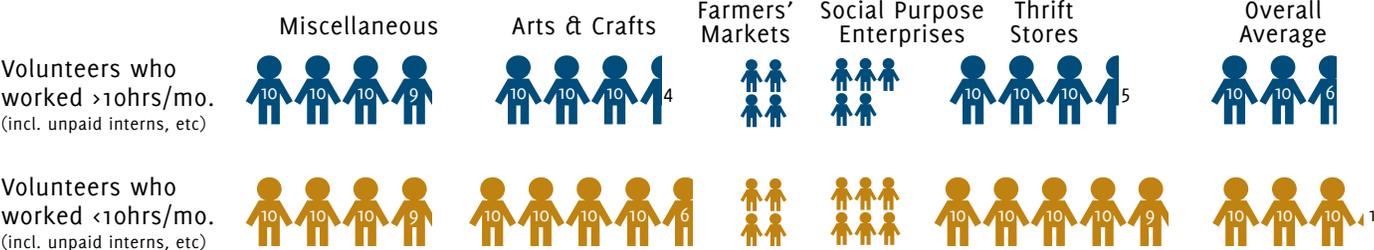
The findings illustrate that at least 8,088 full time volunteers and 9,618 part time volunteers are engaged by the responding social enterprises. Responses indicate that some organizations work with up to a 1000 full time volunteers and 500 part time volunteers. When combining full time and part time volunteers, the average number across the subcategories is 57 volunteers per organization.⁸⁷ Miscellaneous social enterprises have the highest average of full-time volunteers, with 39, while farmers' markets have the least, with approximately 4. Arts and culture organizations have the greatest average of part-time volunteers with 46 while farmers' markets have the lowest average with only 4. On average, the youngest social enterprises, those in operation for less than 3 years, have approximately half of the number of volunteers compared to those in operation for greater than 3 years.

The responding social enterprises provided at least 1,762 full time, 2,425 part time, 1,168 seasonal full-time equivalent freelance or contract positions in 2011.

Ontario's Social Enterprises: Average Number Employed by Subcategory



Ontario's Social Enterprises: Average Full Time and Part Time Volunteers by Subcategory



6.12 SOCIAL ENTERPRISE THROUGH A FRANCOPHONE LENS

Of the 363 respondents participating in this survey, 10% were francophone organizations. The province has a Franco-Ontarian population that currently constitutes 5% of the overall population, so this is a healthy sample size. The majority of the francophone respondents, 61%, are found in Eastern Ontario in the Ottawa-Prescott region, with an additional 23% based in Northern Ontario.

In general, francophone social enterprises appear to be younger than non-francophone social enterprises. Of the francophone social enterprises surveyed, only 2% have been in operation for over 40 years, and over 20% of those surveyed are under 9 years old.

Based on the survey data, francophone social enterprises are 41% more likely than their non-francophone counterparts to have an employment development

purpose. Interestingly, they are also 64% less likely to have training for workforce integration purpose. In other words, francophone respondents are more concerned about hiring individuals than providing training for future employment. Participating francophone social enterprises are also 69% less likely to have a purpose of income generation for a parent organization. Francophone organizations are also significantly more likely to have reported a cultural or social mission than an environmental mission.

Organizationally, francophone social enterprises are 34% less likely to engage volunteers than their non-francophone counterparts. On average, francophone social enterprises have 9 volunteers compared to 62 volunteers per non-francophone social enterprise.

Francophone social enterprises are also 50% less likely to have registered charity status compared to their non-francophone counterparts. They are only slightly less likely to have a parent organization; what is noteworthy is the relationship that exists between them.⁸⁸ Whereas 69% of non-francophone social enterprises with a parent identified themselves as being “in-house”, 63% of francophone social enterprises with a parent identified their relationship to the parent as being separate but close. Further, these same

francophone social enterprises are 40-70% less likely to receive personnel, in-kind, and space support from their parent than their non-francophone counterparts.

Francophone social enterprises are more likely than their non-francophone counterparts to see the scope of their work as extending beyond the local area. They are 37% less likely to view all the people living in a particular place/community as a target group compared to non-francophone organizations. Francophone respondents are also 40-90% less likely to see homeless persons, lower income individuals, men, people with employment barriers, and people with

psychological disabilities as target demographic groups. However, they were 71% more likely to serve people with physical disabilities.

When it comes to sources of funding, francophone social enterprises are 92%

more likely to receive support from their parent, if one exists, and are over 19 times more likely to receive support from community futures corporations than non-francophone respondents. Non-francophone social enterprises receive over 6 times as much support through individual donations as their francophone counterparts.

While the uptake of loans by social enterprises continues to be minimal it does appear that francophone social enterprises are almost 3 times more likely to take on loans than non-francophone organizations. In 2011, one-fifth of francophone social enterprises surveyed received loans from foundations; almost no non-francophone respondents had received loans from foundations. The francophone social enterprises were also much more likely to have received loans from government and the private sector respectively. Francophone social enterprises received loans from their parent organizations at 4 times the likelihood of non-francophone social enterprises. When it comes to banks, however, francophone social enterprises were less likely to receive loans, at about one-third the rate.

At the same time, francophone social enterprises seem to have a harder time breaking even without grants, with 77% of francophone respondents demonstrating that

In general, francophone social enterprises appear to be younger than non-francophone social enterprises. Of the francophone social enterprises surveyed, only 2% have been in operation for over 40 years, and over 20% of those surveyed are under 9 years old.

without grants they did not break even compared to 46% of non-francophone respondents.

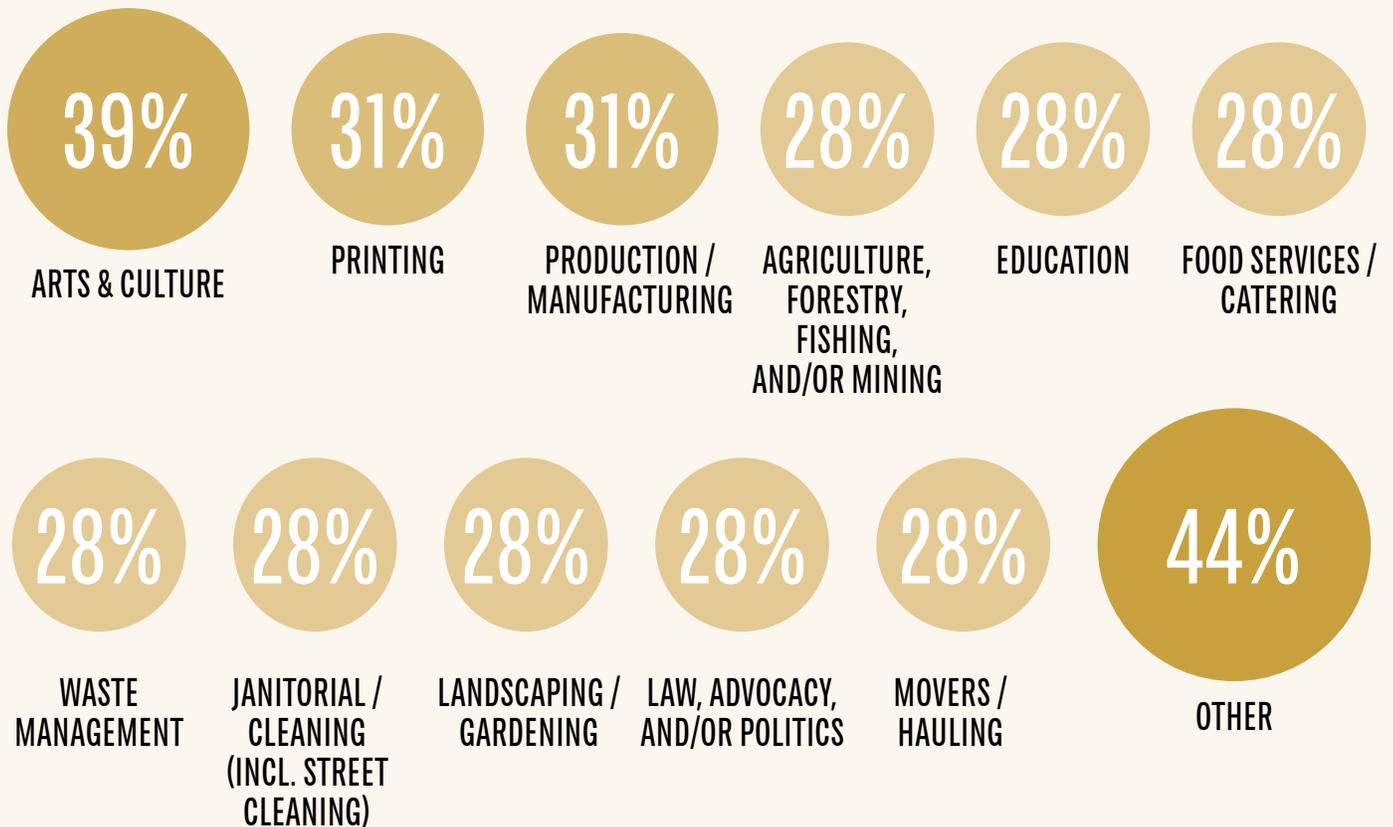
The purpose of loans and grants vary greatly between francophone and non-francophone social enterprises. Francophone social enterprises are more likely than non-francophone social enterprises to use loans and grants for technical, long term, short term, and other purposes. Interestingly, non-francophone social enterprises were 36% more likely than francophone social enterprises to use grants for operational purposes, while francophone social enterprises were 4 times more likely to use loans for this purpose.

The average total revenue from all sources for francophone social enterprise (including sales, grants, etc.) in 2011 was \$275,236 which is 66% less than non-francophone social

enterprises. The total average wages and salaries paid (including those trained) during the same period was \$242,217, 88% of their total average revenue and 53% less than what non-francophone social enterprises paid out on average.

On average, francophone social enterprises served 66% fewer clients in 2011 (excluding customers) than non-francophone social enterprises. They also employed 51% fewer estimated full-time equivalent (FTE) employees and engaged 85% fewer volunteers in 2011 than non-francophone social enterprises. Interestingly, francophone social enterprises hired 43% more freelancers and/or contract workers for specific projects or terms than non-francophone social enterprises in 2011.

Ontario's Social Enterprises: Market Activities by Industry for Francophone Organizations



6.13 FINANCIAL RESULTS

The information found in this section is based on the responses of the 218 social enterprises that provided complete financial data.⁸⁹

In 2011, responding social enterprises earned a total of:

\$119,617,547	from sales of goods and services, including government contracts
+ \$50,746,292	from other organizations and private individuals
+ \$10,253,234	in transfers from parent organizations
+ \$6,020,171	from other sources
= \$186,637,244	in total revenue

The average social enterprise surveyed earns approximately 65% of its revenue from sales, 11% in transfers from the parent organization, and 20% as grants and donations from other sources.

On average, thrift stores earn the greatest amount from the sales of goods and services, including government contracts, while farmers' markets earn the least. Arts and culture organizations tend to receive substantially more financial support from their parent organization, private individuals, and other organizations when compared to all other social enterprises surveyed. Miscellaneous organizations on average made the greatest financial contributions to their parent organization. Arts and culture organizations spent the greatest amount, on average, on wages and salaries paid.

» See Appendix D for full financial information by subsector breakdown.

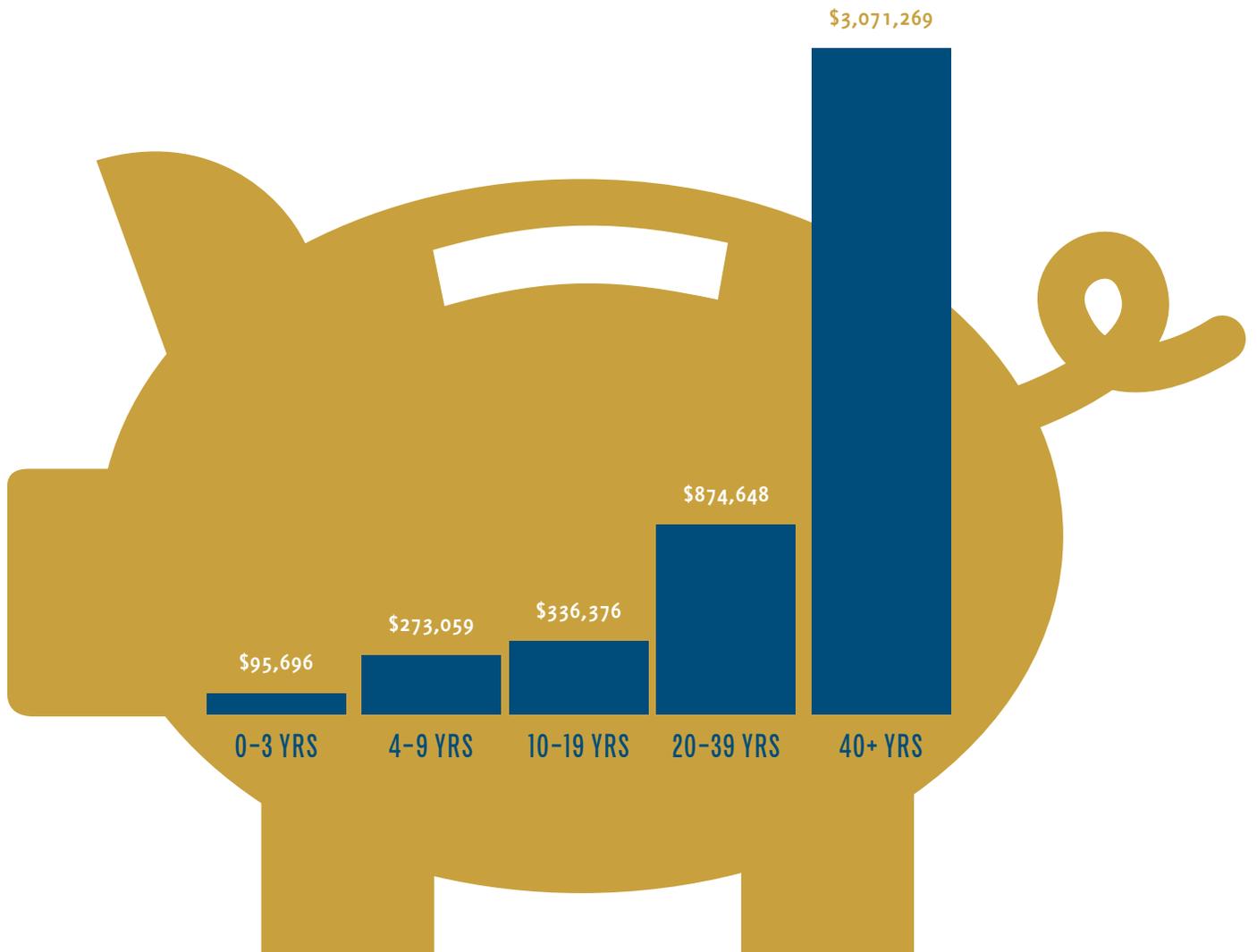
Findings suggest that as social enterprises mature, their average levels of revenue generation tend to increase and they experience a rise in earnings from the sale of goods and services as well as grants and donations from other organizations and private individuals. Wages and salaries

paid also tend to rise on average with greater years of operation. Social enterprises in the 0-3 and 10-19 year categories are on average receiving the least amount of financial transfers from their parent organization. Further, early stage social enterprises, those in operation for less than 10 years, are averaging the greatest transfer amounts to their parent organizations with steadily decreasing contributions thereafter.

On average, older social enterprises tend to have higher net profits compared to their younger counterparts. However, of the social enterprises surveyed, those above the age of 40 years tend to display smaller levels of net profit compared to middle aged social enterprises. Approximately 70% of surveyed organizations between the ages of 10-19 years and those over 40 years broke even without grants; a far greater percentage compared to other age categories.

On average, 85% of responding social enterprises broke even in 2011, however, when subtracting earnings from grants, just over half of those surveyed broke even. Farmers' markets and thrift stores have the greatest likelihood of breaking even in both cases, while arts and culture organizations tend to be the least likely to break even without grants.

Ontario's Social Enterprises: Average Revenue Earned by Age Grouping in 2011



6.14 FINANCIAL SUPPORTS

The survey asked respondents to indicate the sources of their loans and grants. The data highlights a low uptake of loans by social enterprises with 84% of organizations stating that they do not receive loans, whereas only 16% do not receive grants. Social enterprises that have been in operation for over 40 years exhibit the greatest likelihood of receiving grants, and are least likely to take on loans. Organizations in operation for 4-9 years are the most likely to take on a loan, compared to all other age groups. Nonprofit social enterprises received the majority of their grants and donations from government, followed by private individuals, foundations, and corporations/private business.

Ontario's Social Enterprises: Percentage of Grants and Loans by Source

SOURCES	GRANTS / DONATIONS						LOANS / INSTRUMENTS					
	Misc	A&C	FM	SPE	Thrift	Total	Misc	A&C	FM	SPE	Thrift	Total
FOUNDATIONS	41%	57%	10%	41%	53%	45%	6%	4%	0%	2%	0%	2%
GOVERNMENT	55%	85%	15%	59%	77%	65%	10%	7%	0%	3%	0%	4%
PRIVATE INDIVIDUALS	22%	73%	10%	24%	81%	51%	2%	4%	2%	2%	0%	2%
BANK	2%	12%	0%	2%	0%	4%	14%	12%	0%	2%	2%	6%
CORPORATIONS / PRIVATE BUSINESS	27%	47%	2%	29%	74%	42%	6%	2%	0%	3%	0%	2%
PARENT ORGANIZATION	10%	9%	0%	25%	48%	21%	8%	1%	0%	5%	0%	2%
CREDIT UNION	8%	5%	0%	6%	0%	4%	4%	4%	0%	3%	0%	2%
COMMUNITY FUTURES	2%	6%	0%	16%	0%	5%	2%	1%	0%	0%	0%	1%
OTHER:	8%	6%	7%	11%	5%	7%	10%	3%	0%	2%	0%	3%
NO GRANTS / NO LOANS	18%	4%	63%	13%	9%	16%	69%	73%	98%	84%	98%	84%

Ontario's social enterprises also received grants from: Community organizations, other NGOs/nonprofit donors, religious institutions (churches), universities, BIAs, Board of Directors, and service clubs.

Ontario's social enterprises also received loans from: Community Forward Funds, universities, and community bonds.

The majority of grants and donations are being used for operational costs, followed by other and technical assistance. The use of loans illustrates a similar pattern, albeit at much lower rates.

Ontario's Social Enterprises: Percentage of Grants and Loans by Purpose

PURPOSE	Grants / Donations						Loans / Instruments					
	Misc	A&C	FM	SPE	Thrift	Total	Misc	A&C	FM	SPE	Thrift	Total
TECHNICAL ASSISTANCE	28%	27%	0%	46%	1%	21%	25%	0%	0%	25%	0%	8%
OPERATIONAL GRANTS	53%	90%	35%	67%	38%	62%	44%	20%	0%	42%	1%	18%
LONG TERM LOANS / EQUITY	10%	0%	0%	16%	0%	5%	31%	6%	0%	25%	1%	10%
SHORT-TERM LOANS	10%	0%	0%	16%	0%	5%	13%	20%	10%	28%	0%	12%
OTHER	30%	32%	30%	42%	58%	41%	25%	29%	0%	14%	1%	12%

Social enterprises in Ontario are also using grants and donations for: Green design initiatives, programming, capital improvements, assistance with deficit, service delivery, expansion projects, education programs/scholarships, events, capital costs for repairs/construction, market research, training, re-selling donated items, and rent.

Social enterprises in Ontario are also using loans and debt instruments for: Solar panels, mortgages, employment creation, cash flow, line of credit against deficit, support for educators, rent, capital for building expenses, renovations, funding for salaries, and community/shelter services.

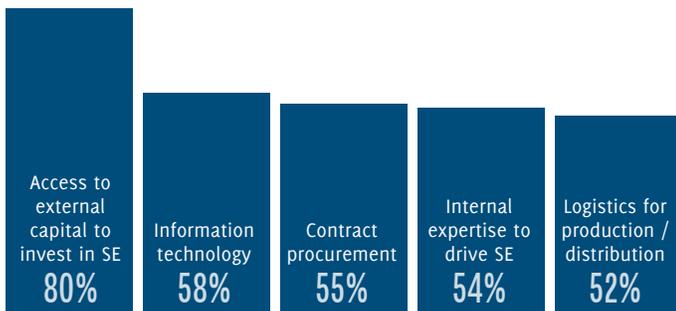
6.15 CHALLENGES IN ONTARIO'S SOCIAL ENTERPRISE SECTOR

In order to obtain a better understanding of the issues facing Ontario's social enterprises respondents were presented with 16 potential challenges related to the governance, financial, operational, and marketing elements of a social enterprise.⁹⁰

- Survey results demonstrate that 80% of respondents consider access to external capital to invest in the social enterprise as a challenge, of which nearly half consider it to be a significant challenge. This was consistently ranked as the greatest challenge across all subsectors, particularly among thrift stores and arts and culture organizations.
- Contract procurement fell into the top 5 greatest challenges for responding social enterprises, with 55% indicating this to be a moderate to significant challenge, however, 30% of respondents did not consider contract procurement to be applicable to their work.⁹¹

Ontario's Social Enterprises: Greatest Challenges Facing Organizations

100%



Each item was rated on the scale as: not a challenge, small challenge, moderate challenge, significant challenge, or not applicable. The chart shows percentages of issues considered to be moderate or significant challenges.

Findings reveal some variation regarding perceived challenges across the 5 subsectors. Overall, thrift stores tend to be the most unique when compared to the other subsectors.

- While thrift stores experience the greatest challenges with legal and regulatory considerations, they tend not to find access to customers to be an issue.
- Social purpose enterprises, farmers' markets, and arts and culture organizations all considered marketing concerns of advertising/publicity and access to customers as their greatest challenges.

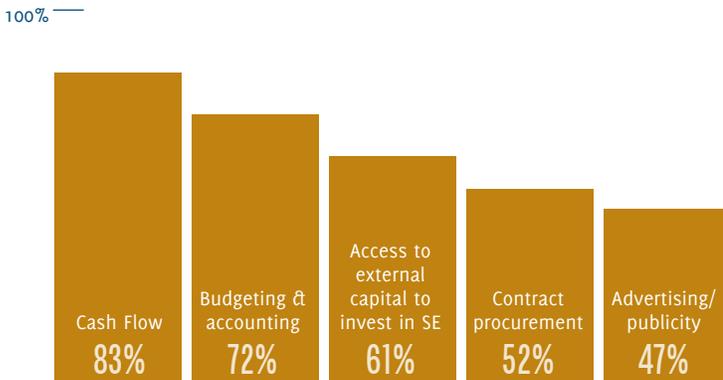
- Social purpose enterprises, arts and culture, and miscellaneous organizations indicated that the sale of products and/or services was a considerable challenge.
- With respect to financial issues, cash flow was rated amongst the top 5 challenges experienced by social purpose enterprises, arts and culture, and miscellaneous social enterprises.
- Social purpose enterprises showed a greater likelihood of challenges related to contract procurement compared to other subcategories. Advertising/publicity and access to customers were also rated high. Legal and regulatory considerations were one of the lowest rated challenges for this group.
- Arts and culture organizations were unique in that they did not view contract procurement as a high challenge with approximately 24% indicating that this was not applicable in their social enterprise. Unlike the other groups surveyed, board of director involvement was selected as a notable challenge.
- Farmers' markets are the only sector that listed internal resources (i.e. equipment, facilities) as a major challenge, and their high level of concern for human resources (e.g. training, qualified staff, employee retention) was only shared with the miscellaneous sector.
- Cash flow is the second greatest challenge for miscellaneous enterprises, and a greater concern for this subsector when compared to other groups.
- Thrift stores and miscellaneous social enterprises were the only two groups to rank information technology in their top 5 challenges.

CHALLENGES FACING FRANCOPHONE SOCIAL ENTERPRISES

The challenges experienced by francophone enterprises are similar to that of non-francophone enterprises surveyed. On average, responding francophone organizations perceived fewer areas of challenge than their non-francophone counterparts. However, there are several challenges where results reveal significant differences.

- Francophone social enterprises considered cash flow as well as budgeting and accounting to be a moderate to significant challenges, at 83% and 72% respectively. These figures are approximately 38 percentage points higher than non-francophone social enterprises.
- Conversely, access to external capital, logistics for production and/or distribution, and information technology are less likely to be rated as a challenge by responding francophone social enterprises. These figures are approximately 18 to 21 percentage points less than non-francophone organizations.

**Ontario’s Social Enterprises:
Greatest Challenges Facing Francophone Organizations**



Each item was rated on the scale as: not a challenge, small challenge, moderate challenge, significant challenge, or not applicable. The chart shows percentages of issues considered to be moderate or significant challenges.

CHALLENGES FACED BY RURAL AND URBAN ORGANIZATIONS

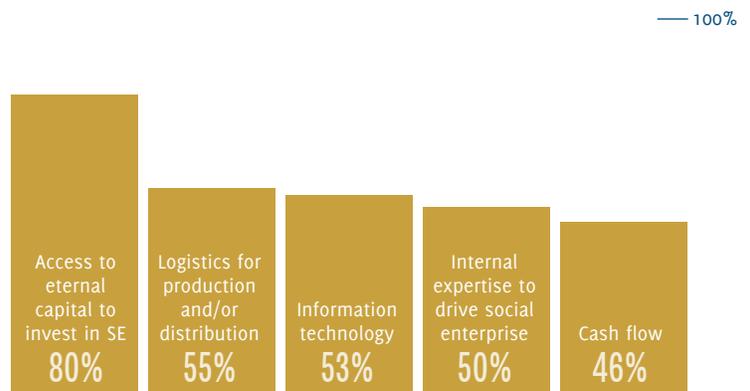
Findings reveal that rural and urban social enterprises are facing similar challenges to that of the overall sector.

- Responding rural social enterprises indicate that cash flow is a primary challenge, while contract procurement is seen as less significant.
- Alternatively, for responding urban social enterprises, access to customers is considered a top challenge while logistics for production and/or distribution are considered

less of an issue. Furthermore, 36% of urban enterprises rated contract procurement as a significant challenge.

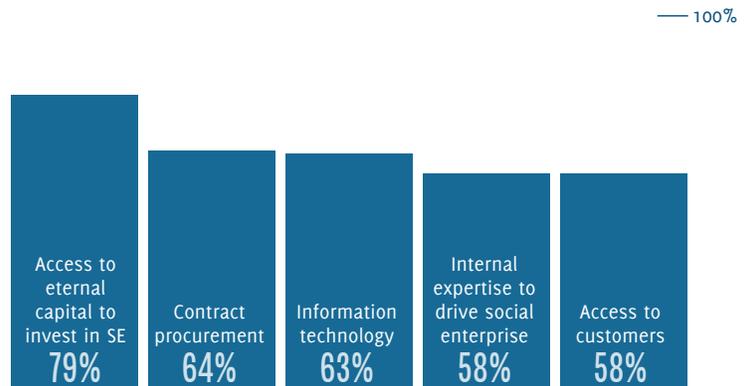
- Rural and urban social enterprises consistently cited access to capital as an issue facing the organization; 40% of rural enterprises and 36% of urban rated this challenge as significant.

**Ontario’s Social Enterprises:
Greatest Challenges Facing Rural Organizations**



Each item was rated on the scale as: not a challenge, small challenge, moderate challenge, significant challenge or not applicable. The chart shows percentages of issues considered to be moderate or significant challenges.

**Ontario’s Social Enterprises:
Greatest Challenges Facing Urban Organizations**



Each item was rated on the scale as: not a challenge, small challenge, moderate challenge, significant challenge or not applicable. The chart shows percentages of issues considered to be moderate or significant challenges.

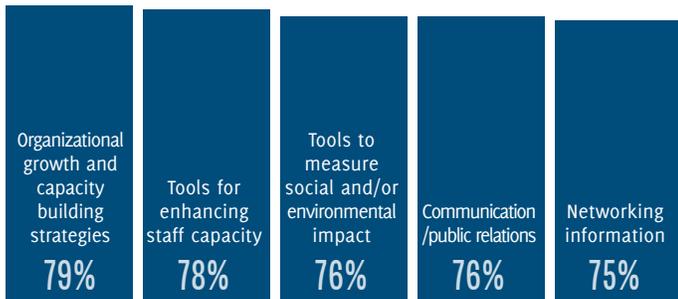
6.16 RELEVANT EDUCATIONAL RESOURCES FOR ONTARIO’S SOCIAL ENTERPRISE SECTOR

In order to obtain a better understanding of the tools to support the development of Ontario’s social enterprise sector, respondents were presented with a list of 11 different educational resources related to the governance, financial, operational, and marketing elements of a social enterprise.

- Responses indicate that strategies and tools to increase organizational and staff capacity were most commonly ranked as helpful by responding social enterprises, followed by: tools to measure impact, communications/public relations, and networking information.
- Less than half of responding social enterprises indicated that support and training on information technology would be helpful or very helpful to their social enterprise.

Ontario’s Social Enterprises:
Most Useful and Relevant Educational Resources

100%



Each item was rated on a scale of: not helpful, somewhat helpful, helpful, very helpful or not applicable. The chart shows percentages of resources considered to be helpful or very helpful.

Based on the survey responses, the top 5 most relevant educational resources do not vary widely when analysed by subsector. The resources consistently selected by all sectors are: Organizational growth and capacity building strategies, networking information, tools for enhancing staff capacity, and communications/public relations.

- Thrift stores’ rating of all educational resources was on average 19% higher than any other sector.
- Almost 75% of social purpose enterprises indicated that capital and social purpose investment opportunities were helpful or very helpful.
- Arts and culture as well as miscellaneous organizations commonly selected tools to measure the social and/or environmental impact as being helpful, whereas legal

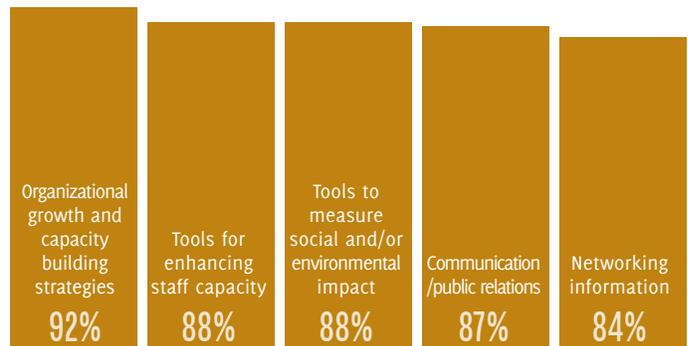
and regulatory advice as well as the online marketplace received the lowest uptake.

- Networking information and communications/public relations resources received a high rating by farmers’ markets while tools to measure their social and/or environmental impact received a substantially lower rating compared to any other sector.
- Miscellaneous social enterprises were the only subsector to indicate legal and regulatory advice specific to social enterprises in their top 5 desired educational resources. This sector was unique in their low rating of both networking information and communication/public relations resources.

RELEVANT EDUCATIONAL RESOURCES FOR FRANCOPHONE ORGANIZATIONS

Ontario’s Social Enterprises:
Most Useful and Relevant Educational Resources for Francophone Organizations

100%



Each item was rated on a scale of: not helpful, somewhat helpful, helpful, very helpful or not applicable. The chart shows percentages of resources considered to be helpful or very helpful.

Survey responses demonstrate that francophone social enterprises share many of the same priorities in regards to desired educational resources compared to non-francophone organizations; however, there is some variation.

- Overall, francophone social enterprises show a higher interest in accessing educational tools compared to their non-francophone counterparts. For capital and social purpose investment opportunities this was a full 35 percentage points higher although, their interest in financial planning support and training was 16 percentage points lower than for non-francophone organizations.
- Other areas where francophone social enterprises show comparatively higher interest are information technology and networking information.

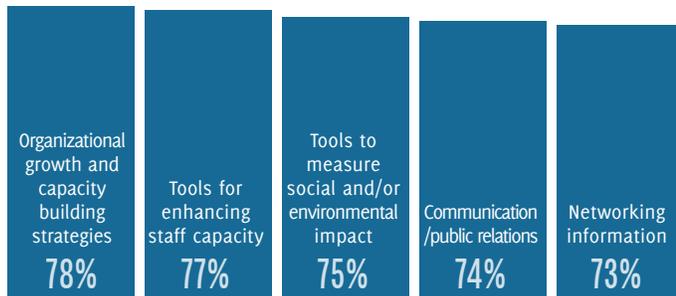
RELEVANT EDUCATIONAL RESOURCES FOR RURAL AND URBAN SOCIAL ENTERPRISES

Overall, rural social enterprises indicate similar interest in the types of useful educational resources when compared to those working in urban areas.

- The greatest difference between rural and urban social enterprises is visible in the areas of financial education. Specifically, urban social enterprises tend to rank capital and social purpose investment opportunities as well as financial planning support and training in their top priorities.
- Rural social enterprises tend to perceive resources related to networking information as being helpful or very helpful, with 78% selecting this option.

Ontario’s Social Enterprises: Most Useful and Relevant Educational Resources for Rural Organizations

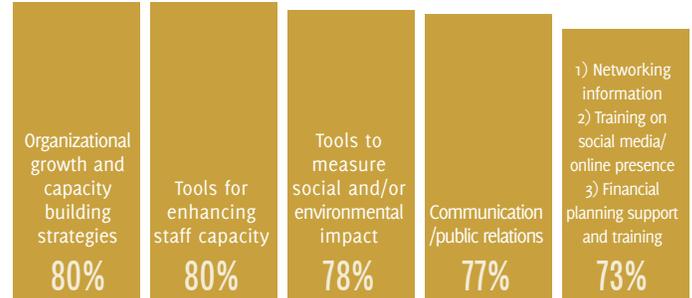
100% —



Each item was rated on a scale of: not helpful, somewhat helpful, helpful, very helpful or not applicable. The chart shows percentages of resources considered to be helpful or very helpful.

Ontario’s Social Enterprises: Most Useful and Relevant Educational Resources for Urban Organizations

— 100%



Each item was rated on a scale of: not helpful, somewhat helpful, helpful, very helpful or not applicable. The chart shows percentages of resources considered to be helpful or very helpful.



Social enterprises make a substantial contribution to the provincial economy through running effective and sustainable businesses that reduce poverty and employ people, many of whom are the most vulnerable citizens, while addressing other social, cultural or environmental challenges.

7.0 CONCLUSIONS AND NEXT STEPS

Social enterprise is having a significant impact in Ontario

This research has shown that social enterprise in Ontario is a well established, thriving, and rapidly growing sector that illustrates great diversity. Social enterprises make a substantial contribution to the provincial economy through running effective and sustainable businesses that reduce poverty and employ people, many of whom are the most vulnerable citizens, while addressing other social, cultural or environmental challenges. In this way, social enterprise is an effective tool for community economic development.

Summarizing the data

It is important to stress that the following figures represent only a fraction of the total contribution of the nonprofit social enterprise sector in Ontario. In 2011, the 363 social enterprises that responded to the survey generated at least \$207.6 million in revenues, including at least \$143 million in sales. They paid at least \$117 million in wages and salaries to at least 5,355 full-time, part-time and seasonal employees, with an estimated 2,930 FTE positions each receiving approximately \$47,680 per FTE. Including contract positions, 5,133 people were employed as part of the mission of the organization. The responding social enterprises also trained 65,900 people, involved almost 18,000 volunteers and, on average provided services to 9,120 people, excluding their customers, for a total almost 2.7 million people.

On average, responding social enterprises each employed 17 full-time, part-time, and seasonal workers, and almost 13 contract workers; of these an average of 16 people were employed as part of the mission of the organization. They also trained 209 people, provided services to 9,120 people excluding their customers, and engaged 57 volunteers. On average, in 2011, social enterprises sold \$548,700 worth of goods and services, paid \$517,600 in wages and salaries, and generated net revenues of \$42,000.

More research is needed

As this sector continues to grow, building support to foster innovative and impactful outcomes will become more important. This survey is but a first step towards a comprehensive understanding of the size, scope, and socio-economic impact of nonprofit social enterprise in Ontario. We have been cautious not to extrapolate from the 363 respondents to the survey to the 1,040 identified social enterprises that met the narrow definition used in this study. While the survey also only captures a small percentage of the province's nonprofit social enterprise, the study has created a baseline on which future surveys can be expanded to include other subcategories such as nonprofit childcare centres, nonprofit housing organizations, and nonprofit cooperatives. Including these organizations in future survey work would probably increase the effective population to at least 3,000 social enterprises. Due to the very specific nature of the definition of social enterprise within this study, it is acknowledged that survey data does not capture all of the entrepreneurial and market-related activity taking place within Ontario nonprofit social service organizations. The 2003 National Survey of Nonprofit and Voluntary Organizations identified over 45,000 such organizations in Ontario, and estimated that 36% of their revenue is earned (Scott et al, 2006). Further research is needed to better understand which of these earnings-generating activities by nonprofit organizations might be counted as 'social enterprise'. The brief qualitative survey of social enterprise funders and intermediaries incorporated into this report indicates another direction for in-depth research to enhance the infrastructure and support the flow of new forms of capital.

Impact and innovation can grow with support

This report showcases the trends at play within the nonprofit sector in Ontario and the growing influence of social enterprise in the market economy. While social enterprise is far from new to the province, capturing the current surge of activity can help spark more innovative directions amongst public, private, and civic actors. Social enterprise provides opportunities to engage individuals and communities in building financial, social, and environmental sustainability. As momentum behind social enterprise initiatives continues to build across the globe, Ontario is well positioned to be a key contributor to this international phenomenon. In order to play this leading role, community stakeholders and governments will need to work together to create a coordinated policy framework. With Ontario's Special Advisor on Social Enterprise advocating for the provision of the "right kind of support... [that] creates the conditions for these social enterprises to be profitable and also generate a strong social return on investment,"⁹² there is strong potential for community-based social enterprise networks and the province to be aligned. This type of environment will enable social enterprise to expand and yield an increase in the benefits experienced by all Ontario communities.

This report does not extrapolate the economic and social impacts of the entire nonprofit social enterprise sector from data provided by our respondents. Given our current state of knowledge, any extrapolation could potentially under- or over-estimate the scale of the impact of the non-profit social enterprise sector. Instead, readers are urged to focus on average contribution of each social enterprise to employment, training, providing services, generating revenue and so on, as well as to their qualitative characteristics such as the diversity of needs they meet, the geographic places in which they operate, and market segments in which they are active.

Count yourself in: Further opportunities for nonprofit social enterprises.

The next step at CCEDNet Ontario is to work with partners to develop and promote an online directory and marketplace for nonprofit social enterprises. In addition, a second survey is expected to be conducted within the next two years. If your social enterprise was not contacted for the 2011 survey, we urge you to contact CCEDNet Ontario so that we can promote your business and ensure that your work is captured in the next survey.

http://ccednet-rcdec.ca/en/regional_networks/ontario/SESurvey

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APPENDIX A:

Ontario 2012 Social Enterprise Survey Questionnaire

This is a survey of social enterprises in Ontario.

“A social enterprise is a business venture owned or operated by a non-profit organization that sells goods or provides services in the market for the purpose of creating a blended return on investment, both financial and social/environmental/cultural”

The questionnaire is designed for quick completion.

Please complete check the appropriate box for each question, or insert dates, numbers, amounts or text as requested.

Please provide the following details about your organization	
Name of organization	
Mailing address	
Postal code:	
Phone number (with area code):	
1.0 Year of formation and operation. Please answer parts 1.1 and 1.2	
1.1 In which year was your social enterprise formed (incorporate/ approve its founding constitution?)	
1.2 in which year did your social enterprise first start selling products or services?	
2. What is the PURPOSE of your Social Enterprise?	
Please check all that apply	
Social purpose	<input type="radio"/>
Cultural purpose	<input type="radio"/>
Environmental purpose	<input type="radio"/>
Income generation for parent organization	<input type="radio"/>
Employment development	<input type="radio"/>
Training for workforce integration	<input type="radio"/>
2.1 In your own words, what is the PRIMARY MISSION of your social enterprise?	

3.0 Does your social enterprise have members?	
Yes	<input type="radio"/>
No	<input type="radio"/>
3.1 If yes, how many members do you have?	
4.0 What is the form of incorporation of your social enterprise? Please check all that apply	
Non-Profit corporation	
Co-operative	
Limited liability corporation	
Other (Please specify)	
5.0 Is your social enterprise a registered charity with the Canada Revenue Agency?	
Yes	<input type="radio"/>
No	<input type="radio"/>
6.0 Do you have a parent organization?	
Yes	<input type="radio"/>
No	<input type="radio"/>
6.1 If yes, what is the name of your parent organization?	
6.2 What is your relationship with the parent organization? <i>Select the one option which best describes your relationship with the parent organization:</i>	
We have no parent organization	
We are an in-house program, project or department of the parent	
We are a separate organization that works closely with the parent	
We are an independent organization, operating at arm's length from a parent organization	
6.3 Did your parent organization regularly provide any of the following supports in the past 12 months? <i>Please check all that apply</i>	
Personnel (time of staff, admin, management, etc)	
In-kind (goods, materials, transportation, etc)	
Space (offices, storage, accommodations, etc)	
Finance (grants, loans, loss write-off, etc)	
Other (Please specify)	

7.0 What is the name of the municipality (town, city, village, district or reserve) in which your main office is located?	
7.1 In which of the following geographic areas or scales do you operate or provide services? <i>Please check all that apply</i>	
Neighbourhood / local community	<input type="radio"/>
City / town	<input type="radio"/>
Region (county / regional district)	<input type="radio"/>
Province	<input type="radio"/>
National (other parts of Canada)	<input type="radio"/>
International	<input type="radio"/>
Other (Please specify)	<input type="radio"/>
8.0 In which sectors does your social enterprise sell products and/or services? Please check all that apply.	
<input type="radio"/> Accommodation (overnight, short-term)	<input type="radio"/> Movers/hauling
<input type="radio"/> Administrative services	<input type="radio"/> Personal services
<input type="radio"/> Agriculture, forestry, fishing, mining	<input type="radio"/> Printing and publishing
<input type="radio"/> Arts and culture	<input type="radio"/> Production/manufacturing
<input type="radio"/> Communications (mail, radio, internet)	<input type="radio"/> Professional services
<input type="radio"/> Construction	<input type="radio"/> Property Management
<input type="radio"/> Consulting	<input type="radio"/> Public administration/services to government
<input type="radio"/> Day care	<input type="radio"/> Real estate (development and management)
<input type="radio"/> Education	<input type="radio"/> Repair and Maintenance
<input type="radio"/> Emergency and relief	<input type="radio"/> Research
<input type="radio"/> Employment services	<input type="radio"/> Retail sales (incl. Thrift stores)
<input type="radio"/> Environment and animal protection	<input type="radio"/> Scientific/technical services
<input type="radio"/> Facilities (banquet, conference, party)	<input type="radio"/> Services to private businesses
<input type="radio"/> Finance and insurance	<input type="radio"/> Services to social enterprises, cooperatives, non-profits, charities and their employees
<input type="radio"/> Food service/catering	<input type="radio"/> Sewing
<input type="radio"/> Food production	<input type="radio"/> Social services (incl. income, social work)
<input type="radio"/> Food distribution	<input type="radio"/> Sports and Recreation
<input type="radio"/> Gallery/arts	<input type="radio"/> Theatre/performing arts
<input type="radio"/> Health care (incl. hospital, nursing, clinic, crisis care, addictions, etc)	<input type="radio"/> Tourism
<input type="radio"/> Housing (long-term rental, assisted, etc)	<input type="radio"/> Transportation and storage
<input type="radio"/> Janitorial/cleaning (incl. street cleaning)	<input type="radio"/> Waste management (incl. recycling)
<input type="radio"/> Landscaping/Gardening	<input type="radio"/> Wholesale sales
<input type="radio"/> Law, advocacy, politics	<input type="radio"/> Other – please specify:

9.0 Which of the following demographic groups does your social enterprise train, employ or provide services to as part of your mission? Please check all that apply:	
<input type="radio"/> All the people living in a particular place / community	<input type="radio"/> People living with addictions
<input type="radio"/> Aboriginal / indigenous people	<input type="radio"/> People living with employment barriers
<input type="radio"/> Children	<input type="radio"/> People living with psychiatric disabilities
<input type="radio"/> Ethnic group / minority	<input type="radio"/> People living with intellectual disabilities
<input type="radio"/> Family	<input type="radio"/> People living with physical disabilities
<input type="radio"/> Homeless persons	<input type="radio"/> Refugees
<input type="radio"/> Immigrants (including temporary workers, permanent residents, etc)	<input type="radio"/> Senior / aged / elderly
<input type="radio"/> Lower income individuals	<input type="radio"/> Women
<input type="radio"/> Men	<input type="radio"/> Youth / young adults / students
<input type="radio"/> Other – please specify:	
9.1 – 9.3 We would like to know about how many people in the target populations listed in Question 9.0 you trained, employed or provided with services.	
<i>It is okay to count the same person in more than one category. Estimated totals are acceptable. Do not include people who are exclusively the retail customers of your social enterprise.</i>	
9.1 From the groups listed above, in 2011, how many people did you train?	
9.2 From the groups listed above, in 2011, how many people did you employ?	
9.3 From the groups listed above, in 2011, how many people did you provide services to?	
10.0 How many people were employed or volunteering at your social enterprise during 2011?	
<i>Estimated totals are acceptable. Please include those who you employed as part of your mission (see question 9.3)</i>	
Full-time paid employees (30 or more hrs/week)	
Part-time paid employees (less than 30 hrs/week)	
Seasonal employees (30 or more hours per week for more than 2 weeks but less than 8 months)	
If known, TOTAL FTEs (full time equivalent employment at 2000 hours p.a.)	
Freelancers and contract workers (hired for a specific project or term)	
Volunteers (incl. unpaid interns, etc) who worked 10 or more hrs/month	
Volunteers (incl. unpaid interns, etc) who worked less than 10 hrs/month	
11.0 We would like to know about the revenue and expenses in 2011 of your social enterprise.	
<i>Estimated totals are acceptable. Please fill in as much detail as you can, and round off amounts to the nearest \$1,000.</i>	
REVENUE	
Revenue from sales of goods and services, including service contracts with government	
Revenue from grants and donations received from parent organization (do not include loans)	
Revenue from grants and donations from other organizations and private individuals (do not include loans)	
Total revenue from all sources	
EXPENSES	
Total wages and salaries paid, including target groups in training within your social enterprise	
Total financial transfers to parent organization	
Total expenses on all items	

12.0 What were the sources of grants and donations received in 2011? <i>Please check all that apply:</i>	
<input type="radio"/> Foundations	<input type="radio"/> Parent organization
<input type="radio"/> Government	<input type="radio"/> Credit Union
<input type="radio"/> Private individuals, philanthropists, donors	<input type="radio"/> Community Futures
<input type="radio"/> Bank	<input type="radio"/> Other - <i>please specify:</i>
<input type="radio"/> Corporations/Private businesses	<input type="radio"/> No grants and donations received
12.1 What were the sources of loans/ debt instruments taken out in 2011? <i>Please check all that apply:</i>	
<input type="radio"/> Foundations	
<input type="radio"/> Government	
<input type="radio"/> Private individuals, philanthropists, donors	
<input type="radio"/> Bank	
<input type="radio"/> Corporations/Private businesses	
<input type="radio"/> Parent organization	
<input type="radio"/> Credit Union	
<input type="radio"/> Community Futures	
<input type="radio"/> Other - <i>please specify:</i>	
<input type="radio"/> No loans or debt instruments taken out	
12.2 What were the purposes of grants and donations received in 2011? <i>Please check all that apply:</i>	
<input type="radio"/> Technical assistance grants	
<input type="radio"/> Operational grants	
<input type="radio"/> Long-term loans / equity	
<input type="radio"/> Short-term loans	
<input type="radio"/> Other - <i>please specify:</i>	
12.3 What were the purposes of loans/ debt instruments taken out in 2011? <i>Please check all that apply:</i>	
<input type="radio"/> Technical assistance grants	
<input type="radio"/> Operational grants	
<input type="radio"/> Long-term loans / equity	
<input type="radio"/> Short-term loans	
<input type="radio"/> Other - <i>please specify:</i>	

This section of the survey will pose some question relating to challenges your social enterprise may be facing. Please indicate which areas factors pose a challenge to your social enterprise by rating each item on the following scale: *Not a challenge, Small challenge, Moderate challenge, Significant challenge, or not applicable.*

Governance Challenges	Not a Challenge	Small Challenge	Moderate Challenge	Significant Challenge	Not Applicable
Internal expertise to drive our social enterprise	<input type="radio"/>				
Board of director involvement	<input type="radio"/>				
Legal and regulatory considerations	<input type="radio"/>				
Meeting our organizational mission	<input type="radio"/>				
Financial Challenges	Not a Challenge	Small Challenge	Moderate Challenge	Significant Challenge	Not Applicable
Access to external capital to invest	<input type="radio"/>				
in the social enterprise	<input type="radio"/>				
Budgeting and accounting	<input type="radio"/>				
Cash flow	<input type="radio"/>				
Operational Challenges	Not a Challenge	Small Challenge	Moderate Challenge	Significant Challenge	Not Applicable
Business planning	<input type="radio"/>				
Logistics for production and/or distribution	<input type="radio"/>				
Sales of products and/or service	<input type="radio"/>				
Human resources (e.g. training, qualified staff, employee retention)	<input type="radio"/>				
Internal resources (e.g. equipment, facilities)	<input type="radio"/>				
Information technology (e.g. computers, software, and website)	<input type="radio"/>				
Marketing	Not a Challenge	Small Challenge	Moderate Challenge	Significant Challenge	Not Applicable
Contract procurement	<input type="radio"/>				
Access to customers	<input type="radio"/>				
Advertising/publicity	<input type="radio"/>				
<i>Are there any other challenges you would like to note?</i>					

This section of the survey will ask about educational resources which would be relevant and useful to your social enterprise. Please respond by rating each resource on a scale of:

Not Helpful, Somewhat Helpful, Helpful, Very Helpful, or Not Applicable

Governance educational resources	Not Helpful	Somewhat Helpful	Helpful	Very Helpful	Not Applicable
Legal and regulatory advice	<input type="radio"/>				
specific to social enterprises	<input type="radio"/>				
Financial educational resources	Not Helpful	Somewhat Helpful	Helpful	Very Helpful	Not Applicable
Capital and social purpose	<input type="radio"/>				
investment opportunities	<input type="radio"/>				
Financial planning support and training	<input type="radio"/>				
Operational educational resources	Not Helpful	Somewhat Helpful	Helpful	Very Helpful	Not Applicable
Support and training on	<input type="radio"/>				
information technology (IT)	<input type="radio"/>				
Organizational growth and capacity building strategies	<input type="radio"/>				
Tools to enhance staff capacity	<input type="radio"/>				
Tools to measure the social and/or environmental impact	<input type="radio"/>				
Marketing educational resources	Not Helpful	Somewhat Helpful	Helpful	Very Helpful	Not Applicable
Communications/public relations	<input type="radio"/>				
Networking information	<input type="radio"/>				
Training about social media and	<input type="radio"/>				
developing an online presence	<input type="radio"/>				
An online marketplace to sell products and/or services	<input type="radio"/>				
<i>Are there any other challenges you would like to note?</i>					

APPENDIX B:

Qualitative Survey Questionnaire

OBJECTIVE:

1. A qualitative assessment of the funding and social finance tools available for nonprofit social enterprise.

METHOD:

1. In-depth interviews with 15-25 funding organizations in public, private and nonprofit sectors. Survey respondents are members of institutions and not individual donors.

PREAMBLE:

This survey is being conducted to assess:

1. The nature and quantity of funds spent on nonprofit social enterprise in 2011 and 2012.
2. The criteria used by funders to allocate funds towards nonprofit social enterprise in Ontario.

Participants in the survey will include individuals from public, private, nonprofit and community institutions that are investing or funding nonprofit social enterprise. This does not include individual donors.

For the purpose of this study, nonprofit social enterprise is defined as a venture or activity owned or operated by a nonprofit organization that sells goods or provides services in the market for the purpose of creating a blended return on investment, both financial and social/environmental/cultural.

QUESTION SET:

1. Name of organization
2. Type of organization
3. Name of respondent and position
4. Does your organization provide funding to nonprofit social enterprise?
 - a. If your organization does not provide funding to nonprofit social enterprise:
 - i. Are you offering other types of supports for nonprofit social enterprise?
 - b. If your organization does provide funding to nonprofit social enterprises:
 - i. How long have you been providing funds for?
 - ii. Are your funds allocated to intermediary organizations or provided directly to nonprofits?

iii. What type of financing do you provide? (ex. grants, loans)

iv. What are the purposes of these funds?

- Technical assistance grants
- Operational grants
- Long-term loans/equity
- Short term
- Other

v. How much money did your organization spend on social enterprise initiatives in 2011? 2012?

vi. What percentage of your overall financing dollars is directed towards nonprofit social enterprise in 2011? 2012?

- *If no figures are available, is this more or less than in previous years?

vii. What other services does your organization provide to nonprofit social enterprises?

5. What are the requirements/criteria for organizations to be considered recipients of your social enterprise funds or supports? (ex. nonprofit vs business incorporation, stage of growth/development, mission focus)
 - a. Do you consider these criteria to be similar to those of other funding sources?
6. How do you assess the viability of the social enterprise?
7. In which areas do social enterprises most commonly request financing? (ex. human resource, planning, physical capital)
8. Do you measure the benefit (impact) that has been created from your organization's nonprofit social enterprise funding?
 - a. If impact is not measured:
 - i. Why not?
 - b. If impact is measured:
 - i. How does your organization measure this impact?
 - ii. In which areas have your funding initiatives had the most impact?

APPENDIX C:

Cross Comparative Data on Social Enterprise in Ontario, Alberta & British Columbia

2012 Summary
Statistics

	Ontario 2012 Survey	Alberta 2012 Survey	B.C. 2012 Survey
Demographic profile			
Year of formation: median	1997.0	1986.5	1996.0
Year of first sale: median	1999.0	1988.0	1996.0
Number of business sectors (1-7): average	2.3	1.8	2.1
Number of targeted populations (0-17): average	4.8	5.0	3.8
Members: average in 2011	238.6	506.8	1043.0
Trained: average for 2011	208.6	122.3	68.8
Employed (from target group): average for 2011	16.3	132.3	26.4
Served: average for 2011	9119.9	5287.3	7721.5
FTEs: average in 2011	9.3	96.2	14.9
Volunteers (full-and part-time): average in 2011	56.8	182.4	90.7
Purpose (percent of social enterprises):			
Employment development	36.9%	12.3%	25.0%
Employment training	29.2%	8.8%	14.4%
Income generation for parent organization	33.9%	19.3%	27.9%
Social mission	77.4%	78.9%	60.6%
Cultural mission	46.6%	64.9%	57.7%
Environmental mission	42.4%	14.0%	35.6%
Target groups (percent of social enterprises):			
All the people living in a particular place / community	67.5%	71.9%	64.4%
Aboriginal / Indigenous people	22.0%	36.8%	32.7%
Children	26.7%	38.6%	21.2%
Ethnic minority	31.1%	22.8%	22.1%
Families	28.4%	45.6%	20.2%
Homeless people	13.5%	14.0%	10.6%
Immigrants	25.1%	19.3%	14.4%
Men	35.3%	29.8%	30.8%
Lower income individuals	47.4%	33.3%	25.0%
People with addictions	13.2%	15.8%	12.5%
People with employment barriers	29.5%	19.3%	20.2%
People with physical disabilities	27.8%	24.6%	19.2%
People with psychological disabilities	19.0%	24.6%	17.3%
People with intellectual disabilities	31.7%	33.3%	18.3%
Refugees	11.0%	12.3%	2.9%
Senior / aged / elderly	27.8%	45.6%	31.7%
Women	42.4%	36.8%	37.5%
Youth / Young adults	47.1%	50.9%	38.5%

	Ontario 2012 Survey	Alberta 2012 Survey	B.C. 2012 Survey
Legal/Organizational structure (% social enterprises):			
Non-profit legal structure	87.6%	82.5%	89.4%
Registered charity	57.9%	60.7%	67.6%
Co-operative (b)	3.0%	3.5%	2.9%
Has a parent organization	51.8%	38.6%	36.5%
Financial profile			
Total expenditure: average in 2011 (c)	\$814,200	\$2,908,600	\$1,119,800
Total wages and salaries: average in 2011 (c)	\$517,600	\$1,039,400	\$754,600
Transfers to parent: average 2011 (c)	\$3,600	\$4,400	\$7,400
Total revenue: average in 2011 (c)	\$856,100	\$2,919,000	\$1,164,900
Revenue from sales of goods&services: avg. 2011 (c)	\$548,700	\$2,230,200	\$902,800
Revenue from grants/loans/donations from parent: avg. 2011 (c)	\$47,000	\$34,400	\$4,300
Revenue from all other grants/loans/donations: avg. 2011 (c)	\$232,800	\$393,200	\$237,900
Revenue exceeds expenses in 2011	84.9%	75.9%	74.1%
Sales as percent of revenue: average per org 2011 (c)	65.1%	58.2%	62.6%
Revenue less grants/loans/donations exceeds expenses in 2011	51.7%	31.8%	28.0%
Purpose Classification (d)			
Social, Environmental and/or Cultural only	39.1%	71.9%	58.7%
Income focused	20.1%	12.3%	18.3%
Multi-purpose	40.8%	15.8%	23.1%

NOTES:

(a) Counts of members, people served, trained and provided targeted employment, FTEs, volunteers, and financial data refer to year before survey (2011).

(b) Our samples do not include major financial, retailing and agricultural cooperatives.

(c) Financial data is reported only for those social enterprises for which complete data were obtained.

(d) This classification was generated post-survey based on combinations of up to six purposes.

APPENDIX D:

Ontario's Social Enterprises: Average Revenues and Expenses by Subcategory

	Miscellaneous	Arts and culture	Farmers' markets	Social purpose enterprise	Thrift stores	Overall Total
Revenue from sales of goods/ services, incl service contracts with govt	\$621,200	\$803,500	\$17,800	\$154,900	\$902,100	\$548,700
Revenue from grants and donations received from parent	\$14,500	\$101,500	\$800	\$53,000	\$1,300	\$47,000
Revenue from grants and donations from other organizations and private individuals	\$53,900	\$674,200	\$2,400	\$26,400	\$6,300	\$232,800
Total Revenue (all sources)	\$694,400	\$1,619,600	\$21,000	\$231,600	\$996,800	\$856,100
Total wages and salaries paid (incl those who are trained)	\$485,400	\$960,000	\$10,800	\$148,700	\$575,500	\$517,600
Transfers to parent	\$12,500	\$1,100	\$100	\$3,600	\$1,700	\$3,600
Total expenses on all items	\$658,600	\$1,535,200	\$14,200	\$225,400	\$957,200	\$814,200
Net Profit (Revenue - Expenses)	\$35,800	\$84,400	\$6,800	\$6,200	\$39,600	\$42,000
% of revenue from sales	0.72	0.36	0.81	0.75	Avg: 0.89	0.65
Net profit without grants	(\$32,600)	(\$691,200)	\$600	(\$73,200)	\$32,100	(\$237,900)

APPENDIX E:

Detailed Challenges and Educational Resources Charts

Social Enterprise Challenges – by subsector (with the top 6 priorities bolded)						
	Total	Misc	A&C	FM	SPE	Thrift
Access to external capital to invest in SE	80%	71%	85%	79%	63%	92%
Information technology	58%	52%	52%	39%	39%	90%
Contract procurement	55%	48%	43%	53%	62%	74%
Internal expertise to drive SE	54%	40%	50%	48%	33%	84%
Logistics for production / distribution	52%	33%	42%	43%	34%	87%
Access to customers	49%	38%	67%	54%	54%	33%
Advertising/publicity	47%	38%	71%	64%	59%	14%
Cash flow	47%	59%	57%	28%	53%	34%
Human resources	46%	58%	54%	64%	32%	35%
Sales of products and/or services	45%	49%	63%	41%	56%	13%
Business planning support	42%	43%	42%	40%	26%	54%
Budgeting and accounting	38%	42%	31%	39%	49%	35%
Internal resources	38%	41%	54%	57%	40%	13%
Board of director involvement	37%	28%	56%	50%	14%	35%
Legal and regulatory considerations	36%	40%	18%	48%	18%	61%
Meeting your organizational mission	25%	15%	21%	38%	25%	30%

Each item was rated on the scale as: not a challenge, small challenge, moderate challenge, significant challenge, or not applicable. The chart shows percentages of issues considered to be moderate or significant challenges.

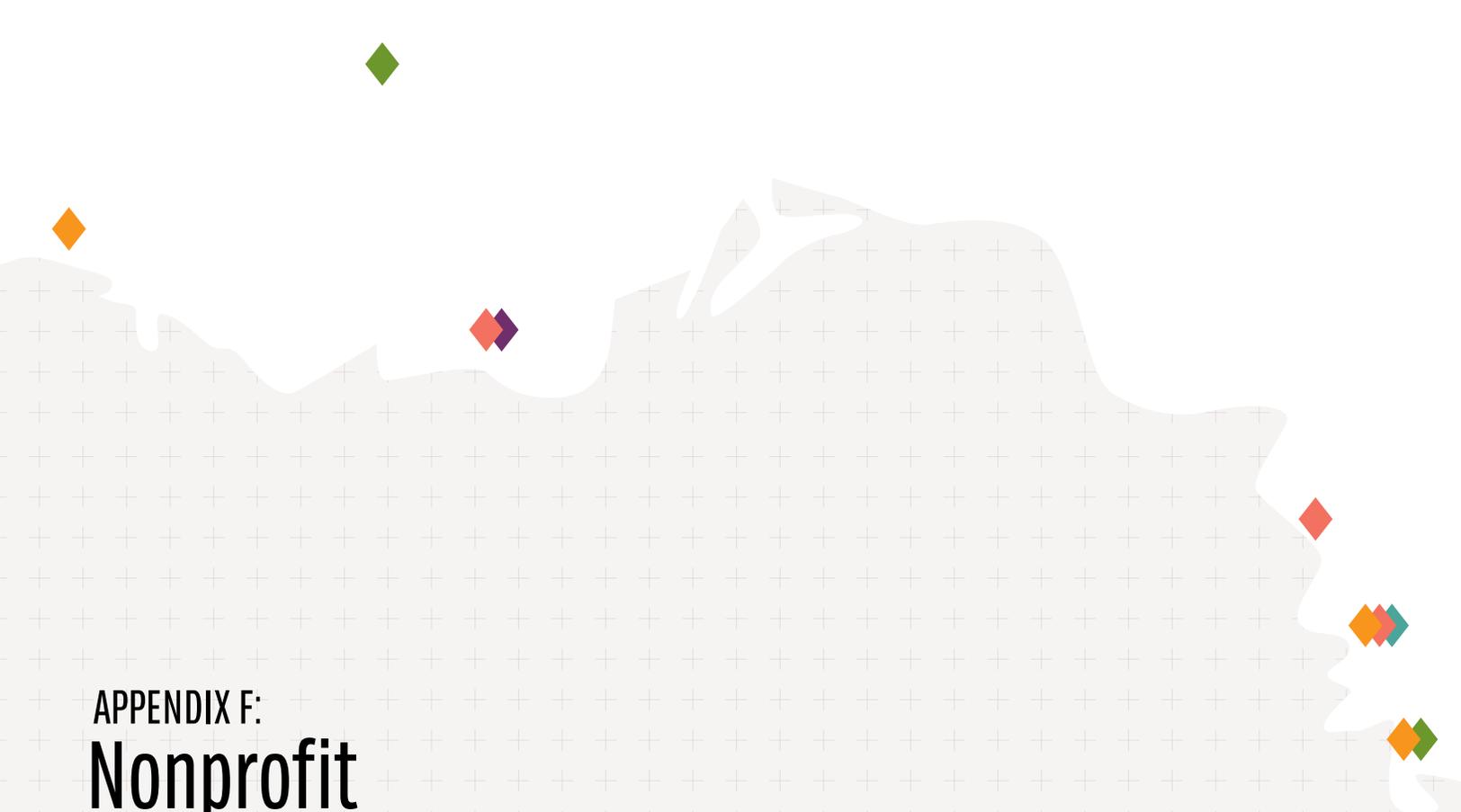
All = All responding social enterprises, Misc = Miscellaneous, A&C= Arts and Culture, FM = Farmers Markets, SPE = Social Purpose Enterprises, Thrift = Thrift Stores

Educational Resources Relevant and Useful to Social Enterprise by Subsector (with the top 5 priorities bolded)						
	All	Misc.	A&C	F M	SPE	Thrift
Organizational growth and capacity building strategies	79%	72%	76%	64%	72%	96%
Tools for enhancing staff capacity	78%	72%	72%	57%	70%	99%
Tools to measure social and/or environmental impact	76%	74%	74%	50%	66%	95%
Communications/public relations	76%	53%	71%	62%	79%	96%
Networking information	75%	53%	69%	69%	78%	95%
Training about social media and an online presence	73%	55%	64%	65%	71%	95%
Financial planning support and training	67%	62%	63%	45%	49%	95%
Legal and regulatory advice for social enterprises	66%	77%	55%	56%	43%	91%
Capital and social purpose investment opportunities	60%	72%	66%	50%	75%	41%
An online marketplace to sell products and/or services	57%	51%	56%	41%	58%	65%
Support and training on information technology (IT)	49%	55%	61%	46%	43%	39%

Each item was rated on a scale of: not helpful, somewhat helpful, helpful, very helpful, or not applicable.

The chart shows percentages of resources considered to be helpful or very helpful.

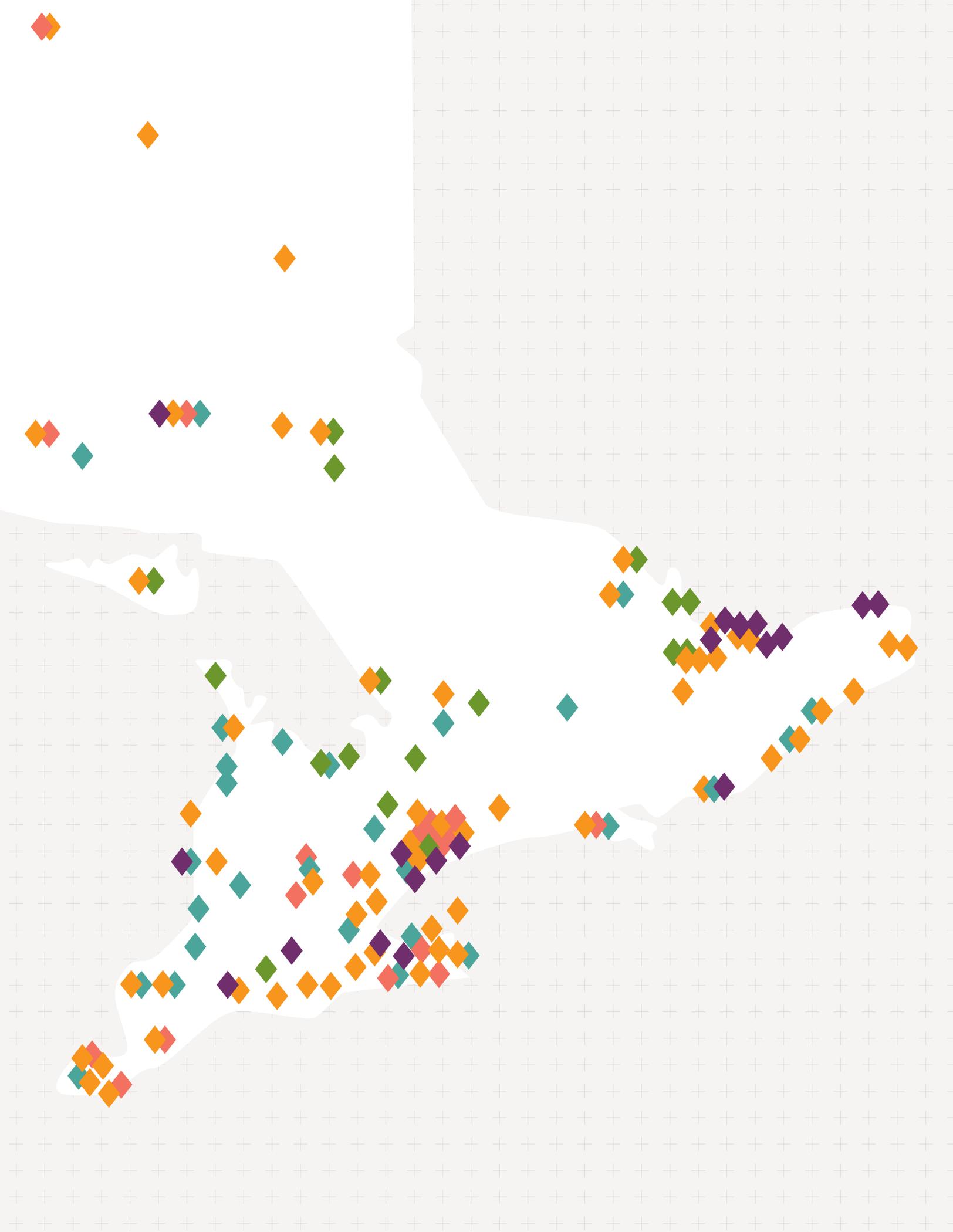
All = All responding social enterprises, Misc = Miscellaneous, A&C= Arts and Culture, FM = Farmers Markets, SPE = Social Purpose Enterprises, Thrift = Thrift Stores



APPENDIX F:
**Nonprofit
Social Enterprise
in Ontario**

ENTERPRISE TYPE

- ◆ Social Purpose
- ◆ Arts & Culture
- ◆ Farmers' Markets
- ◆ Thrift Stores
- ◆ Miscellaneous



Notes

- 1 Some respondents were unable to provide an estimate of the Full-Time Equivalent (FTE) positions in their organization. In calculating Estimated FTEs, if the respondent provided an FTE count, this was accepted. Otherwise an estimate based on 1 FTE per full-time employee, 0.5 per part-time employee and 0.25 per seasonal employee was calculated. Missing data were represented as zero in the database for this calculation.
- 2 Alberta and British Columbia have recently completed their second round of the Social Enterprise Study.
- 3 Of the Social Enterprise Studies conducted across Canada to date, Ontario and New Brunswick are the only provinces to have distributed their questionnaires in French and English. Best efforts were made on the part of the research team to include French-speaking organizations. This resulted in a population of 128 confirmed Francophone social enterprises, of which 38 responded and were included in the final data analysis.
- 4 While a significant number of farmers markets were eliminated due to municipal ownership and operation, many were also discovered to have no incorporation status, which subsequently voided them from the study.
- 5 One responded on behalf of 2, two had 3, one had 4, two had 9, and one had 21.
- 6 Although it may be misrepresentative to speak of social enterprises exclusively in terms of profitability, we used this calculation as one of the key metrics for capturing the size and scope of the sector.
- 7 Sarah Amyot, Rupert Downing, and Crystal Tremblay, *Public Policy for the Social Economy: Building a People-centred Economy in Canada*, Public Policy Paper Series no. 3 (Victoria: Canadian Social Economy Hub at the University of Victoria, 2010): 9.
- 8 Marilyn Struthers. "Of Starlings and Social Change: Funding the Nonprofit Sector in Canada," *The Philanthropist* 24, no. 1 (2012): 266-267.
- 9 Sarah Amyot, Rupert Downing, and Crystal Tremblay, *Public Policy for the Social Economy: Building a People-centred Economy in Canada*, Public Policy Paper Series no. 3 (Victoria: Canadian Social Economy Hub at the University of Victoria, 2010): 9.
- 10 Sean Markey, Stacey Corriveau, Michael Cody, and Brendan Bonfield, *Social Enterprise Legal Structure: Options and Prospects for a 'Made in Canada' Solution* (British Columbia: SFU Centre for Sustainable Community Development with the BC Centre for Social Enterprise, 2011): 7.
- 11 Yves Vaillancourt and Luc Theriault, *Social economy, social policy, and federalism in Canada*, Occasional Paper Series no. 4 (Victoria: Canadian Social Economy Hub at the University of Victoria. Occasional Paper Series, 2008):21.
- 12 Ibid, 22.
- 13 Matthew Thompson and Joy Emmanuel, *Assembling Understandings: Findings from the Canadian Social Economy Research Partnerships, 2005-2011* (Canada: University of Victoria, 2012), 8.
- 14 In Southern Ontario, CSERP research was coordinated through University of Toronto's Social Economy Centre, while northern Ontario research, although linked with the Prairie provinces research hub, was centred at Algoma University's Community Economic and Social Development Department (CESD) and their NORDIK Institute.
- 15 Matthew Thompson and Joy Emmanuel, *Assembling Understandings: Findings from the Canadian Social Economy Research Partnerships, 2005-2011* (Canada: University of Victoria, 2012), 8.
- 16 Kathy L. Brock and Cheryl Bullpit, *Encouraging the Social Economy through Public Policy: The Relationship between the Ontario Government and Social Economy Organizations*, Paper Series Canadian Political Science Association (Saskatoon: University of Saskatchewan, 2007): 9-11.
- 17 Ibid.
- 18 Please refer to section 4.6 and 4.7 of this report for a discussion on community and government based supports related to Ontario's social economy and social enterprise sector.
- 19 Eugene A. Forsey, *The Canadian Labour Movement 1812-1902*, *The Canadian Historical Association Booklets*, no.27 (Ottawa: The Canadian Historical Association,1974): 3.
- 20 Ibid, 16-17.
- 21 Kunle Akingbola, *Labour Relations in the Social Economy: Key Trends*, Social Economy Research Alliance Fact Sheet no. 26 (Toronto: Southern Ontario Social Economy Research Alliance, 2009): 2.
- 22 "Coops in Ontario", Ontario Co-operative Association, accessed February 20, 2013, http://www.coopscanada.coop/assets/firefly/files/files/pdfs/ProvAndSectoralProfiles/Ontario_co-ops_jun07.pdf
- 23 "What is a Co-op?", Ontario Co-operative Association, accessed February 20, 2013, http://www.ontario.coop/all_about_cooperatives/what_is_a_coop
- 24 Karim Harji and Tessa Hebb, *The Quest for Blended Value Returns: Investor Perspectives on Social Finance in Canada* (Ottawa: Carleton Centre for Community Innovation, 2009): 7.
- 25 Fortunate Mavenga, *Economic Impact of Credit Unions on Rural Communities, Linking, Learning, Leveraging Social Enterprises, Knowledgeable Economies, and Sustainable Communities* (Saskatchewan: The Northern Ontario, Manitoba, and Saskatchewan Regional Node of the Social Economy Suite, 2010): 2.
- 26 Ontario's first credit union was established in 1908.
- 27 "Canadian Credit Unions", Bob Leshchysen, *Analysis of Canada's Largest Credit Unions: Financial Results*, Accessed March 19, 2013, <http://www.canadiancreditunion.ca/files/report-2010.pdf>.
- 28 Freya Kristensen, Stewart Perry, and Sean Markey, *Credit Unions and the Social Economy: Being Competitive and Building Capacity*, prepared on behalf of the BC-Alberta Social Economy Research Alliance (British Columbia: Canadian Centre for Community Renewal, 2010): 4.
- 29 Raymond Dart. "The Legitimacy of Social Enterprise". *Nonprofit Management and Leadership* 14, no. 4 (2004): 414.
- 30 Ontario Nonprofit Network, *The Ontario Nonprofit Network's Recommendations to the Jobs and Prosperity Council* (ONN, 2012): 1-2.

- 31 The core nonprofit sector excludes colleges, hospitals, and universities.
- 32 Cynthia Haggard-Guenette, Malika Hamdad, Denise Laronde-Jones, Tasmin Pan, and Mingyu Yu, *Satellite Account of Non-profit Institutions and Volunteering* (Ottawa: Statistics Canada, 2009): 9.
- 33 Ontario Nonprofit Network, *The Ontario Nonprofit Network's Recommendations to the Jobs and Prosperity Council* (ONN, 2012): 1-2.
- 34 Elizabeth Mulholland, Matthew Mendelsohn, and Negin Shamshiri, *Strengthening the Third Pillar of the Canadian Union: An Intergovernmental Agenda for Canada's Charities and Non-Profits* (Toronto: Mowat Centre for Policy Innovation, 2011): 3.
- 35 David Lasby and Cathy Barr. "Imagine Canada's Sector Monitor," *Sector Monitor* 3, no. 1(2012): 4.
- 36 This tension was recently identified in their 2012 study, *Sector Monitor*, in which, David Lasby and Cathy Barr surveyed 2,194 charity leaders across Canada to gauge the state of the nonprofit sector. Their study examined the experience of carrying out organizational missions, operating conditions, and predictions for the future.
- 37 Lynne Eakin and Heather Graham, *Canada's non-profit maze: A scan of legislation and regulation impacting revenue generation in the non-profit sector* (Wellesley Institute, 2009):8.
- 38 Kathy L. Brock, *Public Policy and the Nonprofit Sector – New Paths, Continuing Challenges* (Strategy Mix and Labour-Market Integration. A. Zimmer and C. Stecker. Munster, Germany, Centre for Active Citizenship, 2002): 2.
- 39 Hugh McKenzie, *Completing the job started by Mike Harris* (Canadian Centre for Policy Alternatives, March 27, 2012).
- 40 Paul Martin, *Unleashing the Power of Social Enterprise* (The Philanthropist, Volume 21, No. 3, 2008): 239.
- 41 Peter R. Elson, Andres Gouldsbrough, and Robert Jones, *Building Capital, Building Community: A comparative analysis of access to capital for social enterprises and nonprofits in Ontario and Quebec* (Toronto: University of Toronto Social Economy Centre, 2009): 11-12.
- 42 Ibid.
- 43 Government of Ontario, *The Partnership Project: An Ontario Government Strategy to Create a Stronger Partnership with the Not-for Profit Sector* (Government of Ontario, 2011): 32.
- 44 The proclamation of the ONCA has been delayed until January 2014.
- 45 The paper highlights a number of innovative strategies to address challenges in funding, measuring outcomes, and the regulatory environment that relate to social enterprise.
- 46 Appointed to the position of Special Advisor, Social Enterprise is Helen Burstyn is former Co-Chair and Executive Lead of The Partnership Project, former Chair of the Ontario Trillium Foundation and a Co-Founder and Director of The Pecaut Centre for Social Impact.
- 47 Ryan Lock (Director of Social Enterprise), interview by Joanna Flatt, February 2013.
- 48 Peter R. Elson, Andres Gouldsbrough, and Robert Jones, *Building Capital, Building Community: A comparative analysis of access to capital for social enterprises and nonprofits in Ontario and Quebec* (Toronto: University of Toronto Social Economy Centre, 2009): 17.
- 49 Mulholland Consulting, *Social Enterprise: Ontario Strategic Inquiry*, prepared for and funded by SIG@MaRS (Toronto: Mulholland Consulting, 2008): 11.
- 50 Helen Burstyn, "Lessons from Ontario: how government can help social enterprise," *The Guardian*, April 10 2013, <http://www.theguardian.com/social-enterprise-network/2013/apr/10/lessons-ontario-government-social-enterprise>.
- 51 A constellation is an activity based group of organizations that have chosen to work together on a particular issue (for more information see <http://socialinnovation.ca/constellationmodel>)
- 52 In addition to supporting a range of province-wide and regional consultations and educational events, OSER has produced four social finance policy papers on tax incentives for social enterprise, Infrastructure Ontario's eligibility criteria, community bonds, and RRSP eligibility for social enterprise tax credits and community bonds. One of the outcomes of OSER has been increased collaboration in support of social enterprise. An example of this work is the series of Social Innovation PopUp Labs currently being offered across the province. The Rural Ontario Institute (ROI), the Canadian Centre for Community Renewal (CCCR), ONN, and CSI have collaborated to provide workshops designed to help nonprofits respond to the changing needs of their communities through social innovation and social enterprise.
- 53 This initial project of RSEC is designed to connect, support, and grow social enterprise work in rural Ontario, with a focus on four regions: Huron-Perth, Greater Simcoe County, Peterborough-Kawartha-Durham, and Thunder Bay region.
- 54 LIAISON is currently working to develop several online resources including a database and marketplace of Ontario social enterprises, and a 'Window on Social Enterprise' - a tool that organizations can put on their own websites to link to a compendium of accessible resources and viable social enterprise models.
- 55 "Ontario: About SSE-0", *The School for Social Entrepreneurs*, accessed February 15, 2013, www.the-sse.org/schools/11/ontario/60/about-sse-0 .
- 56 Intermediaries are organizations that carry out a variety of tasks in the mobilization and preparation of capital, whether by mobilizing savings, evaluating projects, managing risk, facilitating transactions, or providing educational training and supports.
- 57 Marilyn Struthers. "Of Starlings and Social Change: Funding the Nonprofit Sector in Canada," *The Philanthropist* 24, no. 1 (2012): 266-267.
- 58 Annie Malhorta, Heather Laird, and Adam Spence, *Social Finance Census 2010: A Summary of the Results from the Social Finance Census of Nonprofits and Social Purpose Businesses*, a collaborative research initiative of the Ontario Nonprofit Network and the Social Venture Exchange (Ontario: ONN and SVX, 2012):6.
- 59 Marilyn Struthers. "Of Starlings and Social Change: Funding the Nonprofit Sector in Canada," *The Philanthropist* 24, no. 1 (2012): 266-267.

- 60 Tristina, Sinopolo, *Impact Investing: Big Picture, Big Future? Social finance definition, trends and issues*, presentation prepared on behalf of MaRS Centre for Impact Investing (Toronto: MaRS Centre for Impact Investing, 2013): 3.
- 61 Karim Harji and Tessa Hebb, *The Quest for Blended Value Returns: Investor Perspectives on Social Finance in Canada* (Ottawa: Carleton Centre for Community Innovation, 2009).
- 62 Ian, Bragg, *Impact Investing in Canada: A Survey of Assets, Social Investment Organization*. 2010: 1.
- 63 Peter R. Elson, Andres Gouldsbrough, and Robert Jones, *Building Capital, Building Community: A comparative analysis of access to capital for social enterprises and nonprofits in Ontario and Quebec* (Toronto: University of Toronto Social Economy Centre, 2009): 15.
- 64 Annie Malhorta, Heather Laird, and Adam Spence, *Social Finance Census 2010: A Summary of the Results from the Social Finance Census of Nonprofits and Social Purpose Businesses*, a collaborative research initiative of the Ontario Nonprofit Network and the Social Venture Exchange (Ontario: ONN and SVX, 2012): 6-7.
- 65 Reports by Harji and Hebb argue that the supply of capital for social finance may not be the limiting factor to growth.
- 66 Socially Responsible Investing (SRI) is the integration of environmental, social and governance (ESG) factors in the selection and management of investments. The SIO uses an inclusive definition of SRI without drawing distinctions between this and related terms such as responsible investing, sustainable investing, and sustainable and responsible investing, etc.
- 67 Ian Bragg and Daria T. Smeh, *Canadian Socially Responsible Investment: Review 2012* (Canada: Social Investment Organization, 2013): 6.
- 68 The measurement of impact investing by the SIO includes both for profit and nonprofit ventures with a social or environmental purpose. Impact investing includes community investing, where capital is specifically directed to traditionally underserved individuals or communities, or financing that is provided to businesses with a clear social or environmental purpose, or to enterprising (i.e. revenue-generating) non-profits.
- 69 Marilyn Struthers. "Of Starlings and Social Change: Funding the Nonprofit Sector in Canada," *The Philanthropist* 24, no. 1 (2012): 266-267.
- 70 Olaf, Weber and Sean Geobey, *Social Finance and Nonprofits: The Contribution of Social Finance to the Sustainability of Nonprofit Organizations and Social Enterprises*. Interim Report, prepared on behalf of Export Development Canada Chair in Environmental Finance, School of Environment and Enterprise Development (SEED) (Waterloo: University of Waterloo, 2011).
- 71 Karim Harji and Tessa Hebb, *The Quest for Blended Value Returns: Investor Perspectives on Social Finance in Canada* (Ottawa: Carleton Centre for Community Innovation, 2009): 5.
- 72 Ibid.
- 73 SROI is a framework based on social generally accepted accounting principles (SGAAP) that can be used to help manage and understand the social, economic and environmental outcomes created by your activity or organization.
- 74 The Sustainable Livelihoods framework was adapted from a model developed by the UK's Department for International Development, and adjusted for use in Canada. It is a holistic, asset-based framework for understanding poverty and the work of poverty reduction.
- 75 The median year is 1997.
- 76 Arts and Culture average date of formation is 1984. Thrift stores average date of formation is 1983.
- 77 Miscellaneous average date of formation is 1999. Farmers' Markets average date of formation is 1997.
- 78 Refer to Question 9.0 in Appendix A for a complete list of demographic groups served.
- 79 These groupings are based on the Bouchard et. al categorization, found in section 6.8 on page X
- 80 Part time volunteers contribute less than 10 hours per month. Full time volunteers contribute greater than 10 hours per month.
- 81 Total revenue from all sources is defined as revenue from sales of goods and services, including contracts with government, plus revenue from grants and donations received from parent organization, plus revenue from grants and donations from other organizations and private individuals.
- 82 The average revenue of social enterprises surveyed is \$856,134
- 83 There are 65 organizations in the Social Purpose Enterprise subcategory
- 84 "Rural Summer Job Service," Ontario Ministry of Rural Affairs, Accessed June 16 2013, <http://www.omafra.gov.on.ca/english/rural/rsj/index.htm>.
- 85 There's a slight decrease in the number of people served by organizations over 40 years old, however, this is still higher than groups 19 and younger.
- 86 Some respondents were unable to provide an estimate of the full time equivalent (FTE) positions in their organization. In calculating Estimated FTEs, if the respondent provided an FTE count, this was accepted. Otherwise an estimate based on 1 FTE per full-time employee, 0.5 per part-time employee and 0.25 per seasonal employee was calculated. Missing data were represented as zero in the database for this calculation.
- 87 The median is 15.
- 88 Only 16 francophone social enterprises supplied responses to the questions pertaining to their relationship with a parent organization. We have included some of the details here but we recognize that this sample size is not significant enough to make broad conclusions. Rather, what we have included here provides a mere glimpse at the potential reality.
- 89 While we did receive full financial information for 218 organizations, only 27 farmers' markets provided a full report.
- 90 When comparing thrift stores with other sectors, it is important to recognize that unlike other sectors, approximately 2/3 of these surveys were completed by the head office of organizations with multiple locations, rather than by those managing the individual enterprise. It is fair to assume that some of the priorities at a head office level would be different than at the local level.
- 91 The 'not applicable category is used by only 2%-%10 for most other questions.

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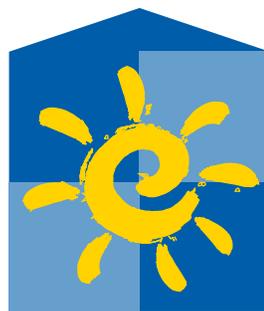
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