

# Funding What Works

Strengthening BC's Non-Profit Sector Through  
Multi-Year and Core Funding



## Introduction

Vantage Point is a British Columbia non-profit that serves other BC non-profits. With our main office on the unceded traditional lands of the xʷməθkʷəy̓əm (Musqueam), Skwxwú7mesh (Squamish), and Səl̓íl̓wətaʔ (Tsleil-Waututh) First Nations, Vantage Point's work spans across the territories of more than 200 distinct First Nations in BC.

Vantage Point's vision is an inclusive community, where non-profits can achieve their fullest potential and drive sustainable change throughout the province and beyond. We promote connected communities by nurturing a strong non-profit sector. We achieve this by delivering high-quality training, resources, and advocacy that builds connection, creativity, and impact in the sector.

Vantage Point convenes the BC Non-Profit Network (BCNN). Launched in 2024, the BCNN is a broad, cross-sectoral group that includes provincial and umbrella organizations, community non-profits and charities, and other entities supporting public benefit in BC. These organizations come together to address issues that impact all non-profits in British Columbia. Over its first two years, the BCNN's purpose is to strengthen the sector's voice with government, build connections across the sector, enable shared research, amplify sector visibility, and advance collective advocacy.

The 2025 State of BC's Non-Profit Sector Survey reveals a sector stretched thin - striving to both maintain sustainability and meet rising client and community demand during uncertain times. This survey was conducted during a period marked by many changes in the federal and provincial governments, U.S. tariffs threats, an unstable economy, and continued rising costs that impact both non-profits and the communities they serve. Our province's non-profits currently operate in a challenging fiscal environment: 4 in 5 survey respondents reported increased expenses across all types, and nearly 40% reported decreased revenues. Staff salaries and wages, the greatest program expense for non-profits, was the top increased expense, followed by administrative and operational expenses. Alarming, 1 in 3 (33%) respondents had concerns about their organization's sustainability past 12 months, with operating budgets under \$1M especially vulnerable.<sup>1</sup>

Vantage Point's State of BC's Non-Profit Sector report is just one look into the immense challenges non-profits face – with structural funding policies contributing to the pressure. The funding environment is fragmented, often focused on short-term, project-based funding sources, and tends to chronically under-resource administrative and operational costs.

The BC Non-Profit Network has identified two key policy recommendations that can help address these challenges, improve service and program stability, and drive long-term community impact:

- 1. Expand multi-year funding agreements.**
- 2. Recognize and resource administrative and core operating costs.**

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<sup>1</sup> Vantage Point. Stretched Thin: 2025 State of BC's Non-Profit Sector. 2025.

These policy recommendations have strong support across the sector and levels of government, with identified chronic issues able to be traced all the way back to 2003.<sup>2</sup> They are solution-oriented, aiming to help address structural issues affecting the outcomes of the sector as a whole, rather than aimed at assigning blame in one area or targeting specific issues faced by specific non-profits.

## Background and Context

Our non-profit sector is large and diverse, both in BC and nationally. In BC, our sector represents 377,000 jobs and employs a diverse workforce that is 69% female, 33% immigrants, 5% Indigenous, and 36% visible minorities.<sup>3</sup> In 2023, the sector contributed \$31.9B to our province's GDP.<sup>4</sup> Non-profits are essential in our province, not only to provide a safety net and drive systems change, but to engage communities through impactful volunteer opportunities and community building.

Nationally, the sector contributes an estimated \$225 billion to our economy, representing 8.2% of the country's GDP. Additionally, 13 million volunteers dedicate 1.7 billion hours annually to help build stronger communities – equivalent to 714,000 full-time jobs.<sup>5</sup> 2.7 million people work in the sector – more than each of retail trade, construction, and manufacturing.<sup>6</sup>

Our sector helps bridge the gaps within the public support system, strengthening communities, providing key services and connection, supporting people in need, and enabling people to thrive. Across BC, community halls, food banks, arts groups, and health centres are serving more people than ever — but with stagnant dollars and strained teams.

Demand for our sector's services and programs continue to rise year over year. In 2025, nearly 84% of the State of BC's Non-Profit Sector Survey respondents indicated increased community demand,<sup>7</sup> compared to 76% in 2024.<sup>8</sup> Additionally, nearly 9 in 10 respondents reported that demand exceeds their capacity to deliver.<sup>9</sup> In 2023, one fifth of Canadians actively used charitable services to meet their essential needs.<sup>10</sup> Demand has been consistently found to be rising since the COVID-19 pandemic, even as funding becomes more constrained.

In addition to rising demand, community need is more complex and severe, with 77% of organizations reporting this in 2025.<sup>11</sup> Organizational capacity is being stretched in unsustainable ways, forcing critical

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<sup>2</sup> Canadian Council on Social Development. Funding Matters: The Impact of Canada's New Funding Regime on Nonprofit and Voluntary Organizations. 2003.

<sup>3</sup> Imagine Canada. Introduction to British Columbia's Nonprofit Sector. 2025.

<sup>4</sup> Ibid

<sup>5</sup> Imagine Canada. Written Submission for the Pre-Budget Consultations in Advance of the Fall 2025 Budget. 2025.

<sup>6</sup> Ibid

<sup>7</sup> Vantage Point. Stretched Thin: 2025 State of BC's Non-Profit Sector. 2025.

<sup>8</sup> Vantage Point. Under Pressure: 2024 State of BC's Non-Profit Sector. 2024.

<sup>9</sup> Vantage Point. Stretched Thin: 2025 State of BC's Non-Profit Sector. 2025.

<sup>10</sup> Ipsos. Two in 10 Canadians are Currently Using Charitable Services to Meet Their Essential Needs. 2023.

<sup>11</sup> Vantage Point. Stretched Thin: 2025 State of BC's Non-Profit Sector. 2025.

decisions about which services, programs, or activities to prioritize to meet increasing demands, often with the same or fewer resources, while also striving to protect staff wellbeing.

## Current Funding Landscape

Canadian non-profits report an overwhelming reliance on time-limited project-based grants and short-term contracts, rather than stable core funding. This challenge is a chronic one faced by the sector. In 2019, a Special Senate Committee on the Charitable Sector noted that until the 1990s, many organizations had received ongoing grants, but that funding has since shifted to short-term contributions that “rarely cover the costs of even administering the projects being funded”.<sup>12</sup> The shift in funding practices reflected shifting political attitudes in government – away from direct service delivery and towards outsourcing and fiscal tightening. Smaller, more targeted contributions for specific outcomes and programs became more prevalent over time, rather than flexible grants.

In practice, most non-profits find themselves on a “project funding roller coaster” – Canadian Council for Social Development (CCSD) research found that 6 in 10 organizations had over 75% of funding lasting a year or less, forcing constant re-application and creating cash-flow problems.<sup>13</sup> In the 2025 State of BC’s Non-Profit Sector Survey, 59% of respondents indicated they rely primarily on short-term, project-based funding.<sup>14</sup>

Additionally, as far back as 2003, the CCSD identified that funders were moving away from a core funding model (which funds organizations to pursue their mission) and towards project-based funding, providing funding for shorter lengths of time, increasing reporting requirements, and additionally showing reluctance to fund administrative costs.<sup>15</sup> Participants in their study were supportive of increasing accountability, supporting partnerships, promoting diversification of funding sources, and fostering efficiency and innovation in the sector,<sup>16</sup> however achieved outcomes are not aligned with shared goals.

Short-term, project-based funding impedes non-profits’ abilities to offer consistent services, supports, and activities, retain staff with the necessary skill sets, and work effectively with other non-profits. Short funding horizons further hinder strategic planning and can force organizations to focus more on chasing grants than advancing their mission.

A related problem is the under-resourcing of administrative and operational costs, or what many refer to as “core costs”. Most funders insist that nearly all money be spent on direct programs, leading a CCSD

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<sup>12</sup> Special Senate Committee on the Charitable Sector. Catalyst for Change: A Roadmap to a Stronger Charitable Sector. 2019.

<sup>13</sup> Canadian Council on Social Development. Funding Matters: The Impact of Canada’s New Funding Regime on Nonprofit and Voluntary Organizations. 2003.

<sup>14</sup> Vantage Point. Stretched Thin: 2025 State of BC’s Non-Profit Sector. 2025.

<sup>15</sup> Canadian Council on Social Development. Funding Matters: The Impact of Canada’s New Funding Regime on Nonprofit and Voluntary Organizations. 2003.

<sup>16</sup> Ibid

report to note that administration is a “dirty word.”<sup>17</sup> Core costs include paying for core operating staff, rent, utilities, accounting, software, insurance, and more. All these cost categories have increased in recent years.<sup>18</sup> The short-term, project-based grants that non-profits primarily rely on often impose strict caps on how much can be spent on these core costs – non-optional, necessary costs that are part of running a functional, fiduciarily responsible, sustainable, and impactful organization.

The Special Senate Committee’s e-consultations found that 66% of responding charities and non-profits described the challenge of ensuring funds for administrative costs as “very concerning” – more than those worried about funding for programs.<sup>19</sup> These dynamics force non-profits again to spend their extremely limited resources to seek additional funding, leading to a snowball effect on administrative time and costs. More grants and contracts mean more time spent navigating application and reporting processes, and scenario planning to account for unpredictable grants awards. Findings from the 2025 State of BC’s Non-Profit Sector Survey reflect this: non-profits’ top operational activities were fund development (increased for 71%), reporting to funders (increased for 62%), and planning (increased for 61%).<sup>20</sup> Additionally, even when more money is received, it often does not cover the administrative costs incurred to secure the funds.<sup>21</sup>

This project-driven regime has eroded sustainability and staff wellbeing. Non-profits must hire and lay off staff like “revolving doors” between contracts,<sup>22</sup> driving high turnover and burnout, and reducing efficiency – both of program delivery and of the entire organization. The result is pared-back services, deferred maintenance, and even compromised community trust as organizations chase changing funder priorities, rather than being free to focus on their core mandates and operations.

Vantage Point’s annual survey gives valuable insight into BC’s context within Canada. In 2025, nearly 9 in 10 non-profit respondents reported that client and community demand for their services, programs, and activities exceeded their ability to deliver.<sup>23</sup> This is even as government funding, our sector’s primary source of revenue in BC, remained flat, and most other categories of funding were contracting.<sup>24</sup> Fortunately, we can explore policy options to address these challenges and build a stronger and more resilient non-profit sector.

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<sup>17</sup> Canadian Council on Social Development. Funding Matters: The Impact of Canada’s New Funding Regime on Nonprofit and Voluntary Organizations. 2003.

<sup>18</sup> Vantage Point. Under Pressure: 2024 State of BC’s Non-Profit Sector. 2024; Vantage Point. Stretched Thin: 2025 State of BC’s Non-Profit Sector. 2025.

<sup>19</sup> Special Senate Committee on the Charitable Sector. Catalyst for Change: A Roadmap to a Stronger Charitable Sector. 2019.

<sup>20</sup> Vantage Point. Stretched Thin: 2025 State of BC’s Non-Profit Sector. 2025.

<sup>21</sup> Special Senate Committee on the Charitable Sector. Catalyst for Change: A Roadmap to a Stronger Charitable Sector. 2019.

<sup>22</sup> Canadian Council on Social Development. Pan-Canadian Funding Practice in Communities: Challenges and Opportunities for the Government of Canada. June 2006.

<sup>23</sup> Vantage Point. Stretched Thin: 2025 State of BC’s Non-Profit Sector. 2025.

<sup>24</sup> Ibid

## Policy Option #1 – Expand Multi-Year Funding

Arguably the most consistent theme across sector research is the need to move beyond short-term, project-based funding cycles toward longer-term, flexible agreements. Reports discussed here unanimously emphasize that these short-term, project-specific grants have become a major structural barrier to stability and efficiency. Expanding access to multi-year funding would better align priorities between interest-holders, improve outcomes, and reduce administrative duplication for both funders and recipients.

Multi-year agreements provide strategic stability for organizations. They enable long-term planning and investment in organizational capacity, staff retention, and continuous improvement. They also boost efficiency – extending agreement lengths reduces repetitive application and reporting cycles, allowing more time to be spent on program and service delivery. Consideration can also be given to embedding annual inflationary increases within agreements, providing even more organizational sustainability. The 2025 State of BC’s Non-Profit Sector Survey highlighted the correlation between the presence of multi-year funding agreements among a respondent’s revenue sources and confidence in their organization’s sustainability.<sup>25</sup>

Multi-year agreements also boost trust and accountability. Longer timelines can allow for clearer performance metrics and more realistic and achievable timelines for goals and outcome measurement. Longer commitments likewise signal confidence in funded organizations, strengthening collaboration both between funder and recipient, and across the sector. Collaboration is a capacity enabler for non-profits,<sup>26</sup> but is often supplanted by fund development activities. Multi-year funding can boost the sector’s efficacy, allowing organizations to build long-lasting relationships with one another. Lastly, predictable year-to-year funding also allows organizations to better recruit and retain their staff, stabilizing the non-profit workforce and strengthening the sector as a whole.

In British Columbia, government routinely invests long-term capital, accepts risk, and funds long-term capacity in resource industries to ensure economic presence in rural and remote regions. In contrast, the non-profit sector, despite delivering essential public services in those same regions, is primarily funded through short-term, project-based transfers. This inhibits service and program continuity, workforce stability, and institutional capacity, leading to poorer long-term outcomes.

However, moving toward multi-year funding is not without its own challenges. Multi-year commitments can reduce short-term flexibility, both in fiscal and outcome terms, for ministries, agencies, and funders. While trust and accountability can be built over multiple years, longer agreements will also likely require careful monitoring frameworks to ensure accountability without crossing over into excessive reporting mechanisms—ultimately reducing efficiency. Likewise, it can be difficult to hold long-term impetus for funding, especially considering the often-changing mandates of government over elections, and

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<sup>25</sup> Vantage Point. Stretched Thin: 2025 State of BC’s Non-Profit Sector. 2025.

<sup>26</sup> Vantage Point. Stretched Thin: 2025 State of BC’s Non-Profit Sector. 2025.

changing fiscal environments for both government and funders. Our sector has seen some of the effects of the current tightening fiscal climate, with reports that funders have clawed back accrued interest from some organizations holding multiple years of funding. Lastly, transitioning to standardized multi-year models will require significant coordination between interest-holders, as well as potential amendments to Treasury Board and ministry funding directives.

## Implementation Options

### **Standardize 3–5 Year Funding Models – Focus on Existing Programs with Demonstrated Efficacy**

The best candidates for multi-year funding models are existing programs with demonstrated efficacy. This focuses on the prime candidates for efficiency improvements: programs that are still forced to chase short-term, project-based grants despite a proven track record. Multi-year funding models would also have a disproportionately positive effect on small- to medium-sized organizations, which have more sustainability concerns compared to larger organizations.<sup>27</sup>

The COVID-era multi-year Recovery and Resiliency Fund grants administered by Vancouver Foundation, launched in 2022, with recipients funded through 2026, is a recent experience of a multi-year funding model within the sector. However, the grants were oversubscribed and intended to be one time rather than ongoing. Standardization of multi-year funding models could include launching pilot programs or studying the efficacy and outcomes of existing programs already in operation for 3 or more years, such as the Vancouver Foundation model, to build the case for permanent funding reform.

#### **Case Example**

In Ontario, Community Health Centres (CHC) are volunteer-run non-profits that incorporate diverse service types and primarily focus on improving the health and well-being of populations that have traditionally faced barriers such as geography, culture and language in accessing health services. Ontario's CHCs receive stable, recurrent funding through multi-year service agreements with the provincial health system, allowing them to deliver integrated primary care, mental health, health promotion, and social supports. While this approach entails higher and more predictable public expenditure compared to short-term project grants, it also enables government to provide stable and effective services for the most vulnerable in harder-to-reach places, where direct public administration would otherwise cost much more.

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<sup>27</sup> Vantage Point. Stretched Thin: 2025 State of BC's Non-Profit Sector. 2025.

## **Embed Multi-Year Commitments in Ministry and Crown Agency Agreements**

This is a more direct implementation option and would involve directives from Cabinet to incorporate multi-year operating commitment frameworks within their service and funding agreements. This would further align with Treasury Board guidelines on long-term procurement and partnership models. However, embedding multi-year commitments directly into funding agreements is ultimately less resilient than other options, as it would rely on the commitment being prioritized and maintained over changing governments with changing priorities.

## **Amend Treasury Board Directives**

This is arguably the strongest and most resilient implementation option. The government would directly amend relevant Treasury Board policies to explicitly authorize and prioritize offering multi-year funding agreements, as well as clarify expectations for inflationary adjustments and related overhead cost recovery. Going this route has the opportunity to build these priorities directly into the machinery of government.

Treasury Board Directives are the official outlines and policies that direct the administration of government spending. Simply, they are the policies that ministries must follow when spending or allocating taxpayer dollars. As such, amending the Directives is an opportunity to embed high impact funding best practices for our sector, ensuring that all funding agreements undertaken by ministries will necessarily include prioritization of multi-year models.

The evidence from both national and provincial research supports expanding multi-year, flexible funding as a structural reform that would yield measurable benefits for government, funders, and communities. The current system—characterized by short-term, project-based grants—creates inefficiency, high administrative load, and workforce instability. In contrast, multi-year funding models allow organizations to plan strategically, retain skilled staff, and deliver higher-quality, outcome-driven services and programs.

Expanding multi-year funding access would modernize the province's funding relationship with the non-profit sector, providing stability while maintaining accountability. It would reduce administrative burden for ministries, enable longer-term planning for service providers, and ensure better alignment between public investment and community outcomes. Implemented thoughtfully, this policy would strengthen both fiscal stewardship and social impact across British Columbia's non-profit ecosystem.



## Policy Option #2 – Recognize and Resource Administrative Capacity and Core Expenses

Across Canada and within British Columbia, non-profit organizations consistently identify under-resourced administrative and core functions as one of the most significant barriers to sustainable service and program delivery. Most project-based funding models cap administrative or indirect expenses at levels that no longer reflect true and full costs, particularly given rising wages, technology costs, compliance obligations, and inflationary pressures. Additionally, restrictive administrative allowances force organizations to seek unrestricted funding, creating inequity for smaller organizations with less access to these funding sources.

National reviews, including the Senate’s *Catalyst for Change* report, the Treasury Board’s *Blue-Ribbon* Panel, and Imagine Canada’s ongoing policy work, all show that low and inflexible overhead limits impair organizational capacity, distort budgeting practices, and ultimately reduce program effectiveness. Respondents to the 2025 State of BC’s Non-Profit Sector Survey illustrated this link, saying “Rising costs and underfunded administrative support further limit our flexibility to respond [to increased demand],” and “Without adequate administrative support, programs and services cannot be delivered effectively.”<sup>28</sup>

In October 2025, Vantage Point polled the sector on administrative expense restrictions in funding. The poll found that within provincial government funding agreements, the most common cap on administrative expenses was 10%, with caps typically varying between 0-20%.<sup>29</sup> Administrative expenses identified as commonly ineligible for funding or expected to be covered through in-kind contributions are those related to core staff, IT, facilities, equipment/furniture, compliance and insurance, finance and accounting, communications and marketing, fund development, conferences, food/snacks, membership, travel, and data collection and evaluation.<sup>30</sup> Additionally, 59% of poll respondents indicated that they often encounter administrative expense discrepancies between funding agreements, complicating financial reporting and planning.<sup>31</sup>

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<sup>28</sup> Vantage Point. Stretched Thin: 2025 State of BC’s Non-Profit Sector. 2025.

<sup>29</sup> Vantage Point. Sector Snapshot October 2025: Administrative Expense Restrictions in Provincial Funding. 2025.

<sup>30</sup> Ibid

<sup>31</sup> Vantage Point. Sector Snapshot October 2025: Administrative Expense Restrictions in Provincial Funding. 2025.

### Case Example

The BC Community Gaming Grants have a 15% cap on administrative spending. Their guidelines allow a portion of an Executive Director's (ED) salary to be allocated directly to program costs: if an ED is paid \$100,000 annually and spends 30% of their time on the relevant program, then \$30,000 may be allocated as a program cost. This practice allows core staff salaries to be expensed, which is often a more accurate reflection of the involvement of different staff roles in a project or program, especially in smaller organizations. This practice allows the organization to have increased flexibility in what to include under the 15% administrative cap, including expensing an additional percentage of their ED's salary. However, other funding sources the non-profit uses may explicitly disallow or not explicitly allow this practice, complicating budget lines, reporting processes, and their overall financial picture.

Moving to more flexible funding of operational and administrative expenses has the potential to yield positive results for our sector. Increasing the cap on administrative expenses will ensure it reflects the true cost of delivering programs, especially given the pace of inflation since the pandemic. Alternately, allowing a flexible, unrestricted portion of project-based funding to be used for administrative and core expenses would also better align funding practices with contemporary service delivery realities and sector-wide evidence. Both options support organizations to be more effective, compliant, and adaptable, thus increasing their overall capacity.

Sufficient core funding also improves the viability and sustainability of organizations, particularly their workforce. Core funding helps to offset staffing instability, ensuring staff do not have to go through the carousel of being laid off and re-hired due to uncertain funding cycles, and reduces burnout associated with chronic underfunding of supportive and administrative roles. This, again, helps to build robust, sustainable organizations, improving long-term outcomes and service and program delivery.

One barrier to higher administrative expense caps and core operating funding is donor intent and prevailing perceptions about overhead and impact. Funders, donors, and philanthropists may reasonably be concerned that higher overhead allowances could lead to fewer resources—both time and dollars—being tied directly to service and program delivery. In addition, many funds are governed by donor-imposed restrictions, meaning that a dollar given for a specific program or purpose must be used exactly as directed. This creates a double-edged sword: while such funds are essential and highly valued, donor-advised and restricted funds tend to be extremely specific in their allowable use and are naturally inclined toward program- or goal-specific activities. For example, if an endowment is given with direction that it must be used for seniors' health, those funds cannot be used for general operating expenses, administrative costs, or even other senior serving supports outside of health. Finally, funding

core operations is often not as alluring as funding projects with tangible outcomes in the community, making these dollars harder to come by.

A robust approach to transparency, reporting, and accountability may help to mitigate these legitimate concerns and ensure that strong service and program delivery goals are met. Interest holders, as well as the public, all have a direct interest in strong and efficient organizations, and they know that non-profits need to spend on things other than program delivery to stay afloat. According to public polling conducted by Imagine Canada in 2024, Canadians trust the charitable and non-profit sector to operate efficiently, with 6 in 10 agreeing that charities operate as efficiently as they can and do the most with the resources they have. Of the types of expenses that charities incur, Canadians strongly supported the following operating costs: fundraising (78%), technology (77%), insurance (74%), volunteer recruitment and financial audit (73%). Additionally, two-thirds (65%) of Canadians polled believed that the federal government should be providing ongoing funding to support core administrative expenses.<sup>32</sup>

The vast majority of Canadians, 81%, believe that the services delivered by charities and non-profits in Canada are essential to the well-being of the country and its citizens. This belief is strong across the board—regionally, by age, and by income level.<sup>33</sup> Recognizing and resourcing administrative capacity and providing more flexibility in core operating funding helps, rather than hinders, strong and sustainable service and program delivery.

## **Implementation Options**

### **Transition to Unrestricted Funding Models**

Over time, we can move towards models that allow organizations to allocate resources flexibly across program and operational needs, without capped administrative allocations. This approach can build trust, improve outcomes, and strengthen organizations, while preserving accountability and transparency for funders.

### **Raise Administrative Limits**

Current limits are low and simply not reflective of operational realities. As a step towards fully flexible funding, funders can increase administrative caps to more realistic thresholds—often cited informally to Vantage Point as 20-30%—to account for wage growth, inflation, reporting expectations, and technology requirements. This higher limit is supported by data: a 2023 study by Charity Intelligence Canada found that the average charity spent 27% on overhead, including fundraising and

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<sup>32</sup> Imagine Canada. Giving intentions, charity rankings and trust: insights from our latest public opinion poll. 2025.

<sup>33</sup> Imagine Canada. Recent Public Polling Offers Insights Into Long-Held Perspectives About the Sector. 2024.

administration.<sup>34</sup> This approach is aligned with Imagine Canada’s federal advocacy for a 30% cap on administrative spending for project-based funding.<sup>35</sup>

### **Develop Core Capacity Grants for Small and Rural Non-Profits**

Smaller and rural organizations often face disproportionately higher administrative demands relative to their size. A dedicated stream of core capacity grants would help stabilize these organizations, enable compliance and reporting, increase capacity, and reduce strain. As with multi-year funding agreements, established programs with proven efficacy can be prioritized. However, reliance on this type of funding could present a significant challenge to non-profits if it is not renewed, creating the risk of a fiscal cliff. Two sample programs from around the country may be illustrative:

The BC Arts Council has, since 2022, run an Operating Assistance program which aims to provide funding for general operations over a two-year funding cycle. Once approved to receive the funding, most organizations that maintain eligibility will continue to be approved thereafter, allowing them to build capacity, engage in long-term planning, and retain core staff. However, funding for these grants has to be appropriated by the government each budget year, and due to the renewal process, government will likely face upward pressure to increase the total funding for the program year over year. This poses challenges for the stability of the program as a whole and limits the equitable access of non-profits to the program.

In 2023, the Government of Canada’s Social Development Partnerships Program offered an Organizational Capacity Development Stream under the program’s Disability component. The funding stream focused on building and supporting the organizational capacity of disability organizations, and funded projects for up to 24 months. While the funding was dedicated to increasing organizational capacity, the program was limited in scope to just disability-based organizations and faces a low likelihood of renewal in the current fiscal environment. Nevertheless, it shows that government can and should invest in capacity-building to help build a resilient non-profit sector.

Low administrative cost limits create several well-documented challenges: they disincentivize investment in essential internal systems, push organizations to reallocate or obscure legitimate expenses across program lines, and contribute to staff burnout when administrative support is insufficient. Rising costs across expense categories make traditional limits increasingly unrealistic. Current practices also create inefficiencies: when core functions are underfunded, organizations spend more time navigating workarounds, managing turnover, and addressing crises instead of delivering services and programs.

Increasing administrative cost allowances, or moving toward unrestricted and flexible funding models, would help ensure that organizations have the staffing, technology, and financial management systems

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<sup>34</sup> Charity Intelligence Canada. Charity Intelligence’s 2023 Sector Snapshot. 2023.

<sup>35</sup> Imagine Canada. Written Submission for the Pre-Budget Consultations in Advance of Federal Budget 2024. 2024.

necessary for efficient and high-quality services, programs, and activities. Adequate core funding enables dollars to go further by reducing duplication, improving stability, and supporting strategic long-term planning. It also enhances transparency by allowing organizations to report true operational costs rather than segmenting them across program budgets.

Implementation of options discussed would support shared priorities across our sector's interest holders: sustainable service and program delivery, effective stewardship of public resources, and strong, resilient organizations serving their communities.

## Conclusion

British Columbia's non-profit sector plays an essential role in delivering social, cultural, environmental, and economic outcomes across the province. Yet the evidence is clear: without predictable, flexible, and equitable funding structures, organizations face systemic barriers that limit their ability to plan, retain staff, innovate, and fully meet community needs. Across decades of federal and provincial reports, sector research, and philanthropic practice, a consistent message emerges — sustainable funding models lead directly to better outcomes for funders, non-profits, and the communities they serve.

Multi-year funding agreements, realistic and flexible administrative allocations, and models that reflect the true cost of service and program delivery are not just experimental concepts. They are well-supported nationally and provincially, and across years, organizations, and levels of government. These reforms reduce administrative burden, strengthen accountability mechanisms, improve labour stability, and create the conditions for long-term impact rather than short-term project churn.

British Columbia has an opportunity to be a leader in Canada and modernize its funding approach in ways that align with the needs of its non-profit partners and incorporate best practices emerging across the country. Implementing multi-year funding, embedding inflationary adjustments, and raising or removing restrictive administrative caps will not only stabilize organizations — it will improve program quality, increase efficiency, and strengthen trust between funders and funded partners.

Vantage Point and BC Non-Profit Network stand ready to help move these recommendations into implementation. A collaborative approach will ensure that policy design reflects operational realities, reduces unintended consequences, and supports a healthier, more resilient non-profit ecosystem.

By adopting these evidence-based policy measures, BC can build a funding landscape that supports stronger organizations, delivers better outcomes for communities, and advances shared public-interest goals across the province. The sector is ready to work in partnership. The path forward is clear — and the time to act is now.

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Vantage Point's office is located on the traditional and ancestral lands of the xʷməθkʷəy̍əm (Musqueam), Skwxwú7mesh (Squamish), and Səlilwətaʔ (Tsleil-Waututh) First Nations, and we offer programs throughout the province across the lands of over 200 distinct First Nations.

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