Predicting the Financial Vulnerability of Canadian Social Service Charities

Derya Kahraman, Keith Seel

Mount Royal University, Calgary, Alberta, Canada

Financial vulnerability of nonprofit organizations, especially of social service nonprofits, has become an issue of serious concern in Canada. Policy efforts were put in place; however, the impact has been partial in some provinces and nonexistent in others. Due to a lack of available financial data, the meagre literature on financial vulnerability prediction for nonprofits is mainly limited to US Charitable Organizations. Furthermore, the case of social service nonprofits has been examined only once while panel data analysis for binary response has not been used at all. This paper uses panel data of registered social service charities from Canada for the 2003-2006 period and builds on the model of Keating, Fisher, Gordon, and Greenlee (2005). The proposed prediction model might assist policy makers, nonprofit managers, funders, auditors, creditors, and others in their decision making process.