

11 SECTOR: NON-PROFIT INSTITUTIONS SERVING HOUSEHOLDS

The **sector of non-profit institutions serving households (NPISHs) (S.15)** consists of non-profit institutions which are separate legal entities, which serve households and which are private other non-market producers.

Non-profit institutions (NIs) are, in general, defined as legal or social entities created for the purpose of producing goods and services whose status does not permit them to be a source of income, profit or other financial gains for the units that establish, control or finance them. In practice, their productive activities are bound to generate either surpluses or deficits but any surpluses they happen to make cannot be appropriated by other institutional units. In other words non-profit institutions may generate profit yet may not distribute the profit among their owners or founders. This is the essential difference of private non-profit producers from all other private producers. This way defined non-profit institutions are often also referred as voluntary organisations, organisations of the civic sector, organisations of the third sector, private non-profit organisations, non-governmental or non-state non-profit organisations.

In order to distinguish the type of producer the so-called 50% criterion for the coverage of production costs by sales is applied. It says if a concrete unit covers less than 50% of production costs by sales then the unit is a non-market producer. If the unit is, moreover, also a private one than it is a non-profit institution serving households.

Non-profit institutions are, generally, distinguished by entity which they provide their services with. The NPISHs sector includes the following main kinds of NPISHs that provide non-market goods and services to households¹. Concerning the type of activity this is a rather varied group of units having the legal form of foundation and endowment fund, generally beneficial company, legal person of education facility, civic association, political party and movement, church or religious society, professional or learned society, interest association of legal persons, and hunting association.

Data sources

The basic data source for the compiling of national accounts for the NPISHs (S.15) is data from an annual statistical survey at non-profit institutions carried out by means of the questionnaire NI 1-01 (a).

In practice this survey is carried out by five variants of a questionnaire adjusted to respective legal forms of the institutions. Units having 10 and more employees are surveyed in the form of a regular annual 100% survey. Small units with less than 10 employees are surveyed by the form of 100% survey or a very extensive sample survey done periodically once in five years the way that each year units of a certain legal form are selected to be measured in the extended sample survey. In 2009, for instance, there were foundations and endowment funds measured in a 100% survey and in 2010 the measured NPISHs were hunting associations, professional or learned societies, chambers, and interest association of legal persons. Data for other units (not measured in a particular year) are extrapolated on the basis of data from previous years using information on the number of employees, number of units, and on year-on-year changes at units having 10 and more employees.

¹ Besides non-profit institution serving households, there are also private non-profit institutions serving business, as a special case. These are usually financed by means of contributions from a group of certain businesses while these contributions are not considered to be transfers, yet they are taken as payment for provided services, i.e. as sales. These non-profit institutions are therefore considered to be market producers and are classified to the sectors of non-financial corporations and financial corporations.