

Financial Vulnerability of Non-Profit Sector: Case study of the Slovak Republic*

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Abstract

In the last decade, the non-profit sector has played an important role in civil society. However, many non-profit organizations are financially vulnerable. The main goal is to assess the financial vulnerability of Slovak non-profit organizations by type of organizations. The total sample consists of 351 non-profit organizations. The data are obtained mainly from the balance sheet and profit and loss statement from Finstat, but also from the Ministry of Finance of the Slovak Republic and the Ministry of the Interior of the Slovak Republic. These accounting data were used to calculate financial ratios. The results show that commercial non-profit organizations are more vulnerable than non-commercial non-profit organizations. Non-commercial non-profit organizations rely less on contributions from tax paid. Many non-profit organizations should diversify their revenue structure by self-financing or reaching out to potential donors. In addition, the average age of non-commercial non-profit organizations is almost three years higher compared to commercial organizations.

Keywords: Financial Vulnerability, Non-Profit Organization, Non-Profit Sector, Fundraising