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DISCUSSION PAPER

Report on 2020 T3010 Research Group ACCS/CSDWG Consultation

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ABSTRACT

The 2020 T3010 Research Group ACCS/CSDWG Consultation event organized by the Sprott Centre for Social Enterprises / Centre Sprott pour les entreprises sociales (SCSE/CSES) was held virtually on November 19, 2020. The objective of the discussion paper is to summarize some comments from the event and other meetings, to document the different issues regarding the T3010 data and third sector data and to recommend actions to the Advisory Committee on the Charitable Sector (ACCS) and Charitable Sector Data Working Group (CSDWG). The paper will contribute to the discussion between academics, government representatives, practitioners and professionals.

RÉSUMÉ

Le document de travail s'insère dans le cadre d'une journée de recherche (T3010 Research Group ACCS/CSDWG Consultation) organisée par le Sprott Centre for Social Enterprises / Centre Sprott pour les entreprises sociales (SCSE/CSES) à l'Université Carleton le 19 novembre 2020. L'objectif du document est de résumer certains commentaires durant cette session et d'autres réunions, de documenter divers défis à propos des données du formulaire T3010 et celles du secteur tertiaire et de recommander certaines actions au Comité consultatif sur le secteur de la bienfaisance (CCSB) et du Groupe de travail sur les données du secteur de la bienfaisance (GTDSB). Le document contribuera à la discussion entre universitaires, représentants gouvernementaux, praticiens et professionnels.

1. INTRODUCTION

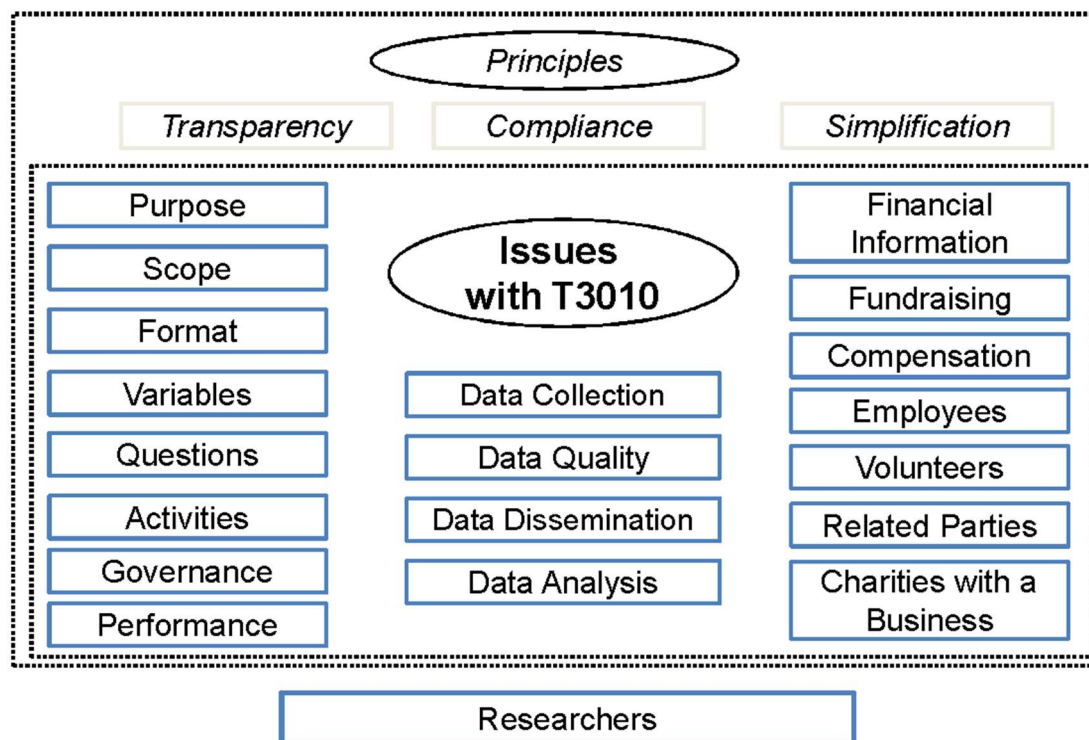
Members of the T3010 Research Group organized the T3010 Users Research Day on May 26, 2014 (Brouard 2014a; 2014b; 2014c). The objective of the event was to offer an opportunity to discuss different issues and challenges regarding the data collected and the improvement of research using the Registered Charity Information Returns (T3010) filed by charities with the Canada Revenue Agency (CRA). It was in the context of the CRA modernization project. This one day think tank was attended by academics, government representatives (CRA, Finance Canada, Statistics Canada), practitioners and professionals.

Three Discussion papers were prepared by the Sprott Centre for Social Enterprises / Centre Sprott pour les entreprises sociales (SCSE/CSES) in connection with the 2014 event (and are still relevant):

- Brouard (2014a). *T3010 Challenges for Research*, May, 51p.
- Brouard (2014b). *Suggestions to Improve the T3010 for Research*, May, 12p.
- Brouard (2014c). *Report on 2014 T3010 Users Research Day*, August, 13p.

In the 2014 session, a framework was used to organize the challenges in redesigning the T3010 and to frame the discussion (see Figure A).

Figure A – T3010 Challenges for Redesign



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The objective of the 2020 T3010 Research Group ACCS/CSDWG Consultation was to offer an opportunity to discuss different issues regarding the T3010 data and third sector data, document those issues and recommend actions to the Advisory Committee on the Charitable Sector (ACCS) and Charitable Sector Data Working Group (CSDWG). The two hours session has been attend, mainly by T3010 Research Group (2020) members, as well as ACCS, CSDWG and CRA representatives (see Appendix A). Other comments were also received from various individuals who could not attend the session.

The objective of the present discussion paper is to summarize some comments from the event and other meetings, to document the different issues regarding the T3010 data and third sector data, and to recommend actions to the Advisory Committee on the Charitable Sector (ACCS) and Charitable Sector Data Working Group (CSDWG).

The 2020 discussion will focus on two main themes (see Table 1 for agenda):

- What improvements should be made to the T3010?
- What improvements should be made to the sector data?

Table 1 – Agenda of the day

<u>Time</u>	<u>Theme</u>	<u>Lead</u>
9h00-9h05	Introduction (welcome, objective)	F Brouard
9h05-9h10	Context - ACCS Charitable Sector Data Working Group	A MacDonald T Manconi
9h10-10h00	What improvements should be made to the T3010? a) data collection improvements b) data sharing improvements c) changes and main recommendations /priorities?	M Lenczner
10h00-10h05	<i>Break</i>	
10h05-10h50	What improvements should be made to the sector data? a) unanswered questions about the sector b) additional surveys c) alternate sources of administrative data (e.g. statcan) d) other alternatives e) main recommendations /priorities?	M Lenczner
10h50-11h00	Conclusion (next steps)	M Lenczner T Manconi A MacDonald F Brouard

The session used a modified version of the Chatham House Rule.

“When a meeting, or part thereof, is held under the Chatham House Rule, participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed.” (<https://www.chathamhouse.org/about-us/chatham-house-rule>)

The only exception is the publication of the list of attendees and affiliation in the discussion paper, but without identifying or attributing information shared.

This Paper is organized as follows.

- (1) Selected recommendations from The Special Senate Committee on the Charitable sector (Senate of Canada, 2019) are presented.
- (2) T3010 consultation suggestions are summarized.
- (3) More details on improvements to be made to the T3010 are listed.
- (4) More details on improvements to be made to the sector data in general are presented.
- (5) Concluding remarks and next steps are summarized.

2. SELECTION OF SENATE COMMITTEE DATA RECOMMENDATIONS

The *Special Senate Committee on the Charitable sector* published a report (Senate of Canada, 2019) report with a number of recommendations. The list below presents the recommendations relevant more specifically to data, information and reporting (bold added). A complete list of recommendations of the Senate of Canada (2019) report is included in Appendix B.

Recommendation 8 (Senate of Canada, 2019, p.39)

“That the Government of Canada, through Canada Revenue Agency, include questions on both the T3010 (for registered charities) and the T1044 (for federally incorporated not-for-profit corporations) on **diversity representation** on boards of directors based on existing Employment Equity guidelines.”

Recommendation 13 (Senate of Canada, 2019, p.49)

“That the Government of Canada develop and implement a standardized set of reporting categories and an **on-line tool** for charitable and non-profit organizations **to submit financial reports** based on these categories. The Treasury Board of Canada should be tasked with working with federal departments and agencies and federal/provincial/territorial working groups.”

Recommendation 16 (Senate of Canada, 2019, p.55)

“That the **Government of Canada prioritize data** about the charitable and non-profit sector in all Statistics Canada economic surveys, including the Satellite Account of Nonprofit Institutions and the General Social Survey on Giving, Volunteering and Participating; and that the Government of Canada support collaboration between Statistics Canada and the charitable and non-profit sector **to determine what additional data could be collected and disseminated in a timely and consistent manner** to support the evidence base for decisions by organizations in the sector”.

Recommendation 17 (Senate of Canada, 2019, p.56)

“That the Government of Canada, through the Canada Revenue Agency, seek the advice of the Advisory Committee on the Charitable Sector on what **additional information could be included in the Agency’s T3010 form** that would support the work of the sector.”

Recommendation 22 (Senate of Canada, 2019, p.62)

“That the Government of Canada, through the Minister of Innovation, Science and Economic Development, create a **secretariat on the charitable and non-profit sector** to:

- establish and convene regular meetings of an interdepartmental working group, with representation from Finance Canada, the Treasury Board of Canada Secretariat, the Canada Revenue Agency, Employment and Social Development Canada and other departments with direct connections to these organizations;

- convene meetings of appropriate groups of federal/provincial and territorial ministers with responsibility for various aspects of regulating and relating to the charitable and non-profit sectors; and
- publish an **annual report on the state of the charitable and non-profit sector**. This report should include changes related to the sector by federal, provincial and territorial governments along with a more general overview of the economic and social health of the sector.”

Recommendation 39 (Senate of Canada, 2019, p.120)

“That the Government of Canada directs the Canada Revenue Agency to assess the merits of amending section 241 of the Income Tax Act to allow the Canada Revenue Agency to **publicly disclose the information contained on the T1044 Non-Profit Organization Information Return**”.

Building on those recommendations, the following sections examine possible improvements from a research perspective.

3. SUMMARY OF T3010 CONSULTATION SUGGESTIONS

The paper is summarizing comments collected during previous T3010 meetings, during the November 19th session, and those received after the session. The paper doesn't represent a consensus from participants. The discussion will continue to build bridges between the different stakeholders.

Suggestion 1

Examine the best options (administrative data (T3010, T1044, T2) and/or surveys) and sources (Canada Revenue Agency (CRA), Statistics Canada) to collect a range of data on a regular basis to get the full picture of the third sector, including registered charities and nonprofit organizations.

Suggestion 2

Provide sufficient resources to a secretariat on the charitable and non-profit sector and/or the Canada Revenue Agency (CRA) to act as coordinator and identify a liaison person with the research community.

Suggestion 3

Allow the Canada Revenue Agency (CRA) to publicly disclose the information contained on the T1044 Non-Profit Organization Information Return.

Suggestion 4

Consider a number of elements regarding improvements to data content, data collection and data sharing for the registered charities, but also for the charitable and non-profit sector. Some items are easy to implement.

Suggestion 5

Consider having new surveys about the charitable and non-profit sector, including an in-depth survey of charities focusing on Indigenous organizations.

Suggestion 6

Researchers and academics would like to continue the dialogue and be consulted about the future of the T3010 / T1044 / other related forms / charitable and non-profit sector data and on methods to improve data quality for the charitable and non-profit sector.

4. IMPROVEMENTS TO THE T3010

The T3010 is one return with multiple uses. We may cite three purposes of the T3010:

- a tool to help ensure compliance with the *Income Tax Act*,
- a tool to help provide transparency to the public,
- a tool for research on the sector.

Considering the lack of regular information on the third sector and the availability of T3010 data, data are used for research as a proxy for the sector. However, some improvements should be made around the T3010 and they could take several avenues.

4.1 Research and outreach to the research community

For the research community, it would be of great benefit to:

- have a contact point (liaison officer) coordinating all government departments and agencies involved with data on the charitable and non-profit sector;
- have investments from CRA regarding their own research program and to provide funds for partners for research study;
- have access to internal research reports from CRA both at the aggregate and individual level;
- have access to research projects' interests from CRA perspective;
- develop a research program supported by CRA;
- have a collaboration between researchers and CRA on research study;
- have a CRA visiting faculty program;
- receive regular information (periodic newsletter to research community);
- know the lists of data posted to the CRA website without having to request them, perhaps Top Ten requests listing;
- have a continuation of existing collaboration and closer partnership between CRA the academic community, such as
 - continuing participation in T3010 Research Group activities
 - attending research presentations about the uses of T310 data

4.2 Data content improvements

Data content improvements could be classified under different themes, such as data content standards and definitions, financial information, additional content

4.2.1 Data content standards and definitions

For the research community, it would be of great benefit to:

- have access to published data standards on T3010 availability to researchers, policy makers and all stakeholders;
(ex: guide for researchers describing all the variables, data dictionary)
- have standardized variables names and fields;

- have access to concordance mapping between various versions of forms, so it gets comparable over time;
- have access to published definitions on T3010 concepts; (ex: definition of terms regarding fundraising methods)
- revise existing categories for classification;
 - The category codes should be revisited and made available with explanations.
 - The category codes should have correspondence with recognized classification to help international comparisons.
 - The list of fundraising activities on the T3010 should be changed to reflect new fundraising methods.
- know the process and steps taken in cleaning the data.

4.2.2 *Financial information*

For the research community, it would be of great benefit to:

- have all basic financial information required for all charities; (The CRA should not ask for less T3010 data from small charities – researchers need this information, but should ask more for larger charities and non-profit organizations.)
- have a complete balance sheet that actually balances (assets, liabilities, net assets). (Missing Net assets at the moment)
(The T3010 should reflect the financial statements, including the Statement of financial position, but excluding the Statements of cash flows.)
- have precise financial amounts (vs those in thousands (000\$));
- have easy access to complete financial statements submitted;
- know if financial statements are standalone or consolidated statements from a head body;
- know the type of assurance report prepared with financial statements;
- examine potential use of modified version of General Index of Financial Information (GIFI) for registered charities;
- distinguish expenditures in main activities;
- have additional lines of detail on the liabilities both D and 6 needed, in order to provide more detail about the charity's obligations;
- know about amended information in the return;
- rethink how allocation is determined and what it means to have administrative overhead costs;
- have a more specific description of allocation method;
- reflect on direct and indirect costs.

4.2.3 *Additional content*

For the research community it would be of great benefit from:

Indigenous relations

- to have additional Indigenous relations information (funding, board representation, management, staff, etc.);

Foreign activities

- to use a standard list for variables according to international standards;
- to have more information on foreign activities;
- to include a listing of all countries in the T3010 foreign activities section.

Geographic information

- to have more geographic information;
- to know who is being serviced and where;
 - Where is charitable service being provided?
 - Who is being served?
 - What are the main types of operations or services?
 - What is the scale of your operations – local, regional, national, international?
 - E.g., How to cope with a church that raises funds for Haiti in one year but supports flood relief measures in Alberta the next - both may appear as disaster relief on the T3010 but they are very different in the eyes of researchers?
- to be able to map what kind of services are offered in a particular community;

Volunteering

- to have more information on volunteers;
 - Do you do the bulk of your fundraising with volunteers?
 - Are volunteers involved in day-to-day operations?
 - Are your operations being supported by individuals that aren't paid?
 - What is the breakdown between full and part-time volunteers, respectively and proportion of each group?
 - What is the number of volunteers or the number of volunteer hours?
- to distinguish formal and informal volunteering;

Services and beneficiaries

- to have more information on beneficiaries;

Governance and accountability

- to have more information on governance and accountability;
 - Who is your accountant?
 - Did you use an accounting firm?
 - Has your board approved and reviewed your T3010 filing?
 - What is the composition of the Board of directors/trustees?

Performance, outcomes and impacts

- to have more data on the local community impact of charities;
- to have performance and outcomes data;
- to collect qualitative and quantitative data to show an accurate picture;
- to consider a public benefit statement like in UK;

Compensation and gifts

- to improve disclosure on compensation;
- to see the compensation data linked to T4 data and not having to report separately;
- to see questions about how charities collect unreceipted gifts.

4.3 Data collection improvements

Data collection improvements could be classified under different themes, such as (1) organizations subjected to data collection, (2) clear identification of organizations and history, (3) standardization in data collection, (4) prefilled forms and use of technology, (5) format of forms, fields and variables.

4.3.1 *Organizations subjected to data collection*

For the research community, it would be of great benefit to:

- have all charities submitting a T3010;
- have more information provided by large nonprofit organizations;
- consider a simple form for smaller organizations;
- avoid optional data;
- better identify entities with head bodies and local chapters of charities;
- allow charities the ability to explain their stories on their T3010.

4.3.2 *Clear identification of organizations and history*

For the research community, it would be of great benefit to:

- have a unique identifier organization number;
(organizations merge and continue to use an old business number (BN))
- be able to track the complete history of an organization, i.e. single life cycle documentation needed;
(Death date of organizations often not available.)
- have information about reorganization of charities;
- have Registered Charity Basic Information Sheet (BIS) (CRA TF725 form);
- have official information over all the possible steps.
 - Information from application for registration and approval
 - Change to designation
 - Revocation
 - Re-registration
 - Annulment

4.3.3 *Standardization in data collection*

For the research community, it would be of great benefit to:

- see recognized codes used;
 - Countries
 - Need for complete list of country codes in the form or elsewhere
 - Need to use a standard list of country codes according to international standards (E.g., code with alpha-2 or alpha-3 digits from International Organization for Standardization (ISO) ISO-3166 – Country codes (<https://www.iso.org/iso-3166-country-codes.html>))
 - Standardized recognized acronyms needed
 - Need for unlimited number of responses for country codes (or information gets lost)

Types and sectors

- Codes for types
- Codes for sector
- ensure that organizations are accurately classified according to CatCode and SubCatCode variables.

4.3.4 Pre-filled forms and use of technology

For the research community, it would be of great benefit to:

- see the use of technology to offer validation in data entry; (details not surpassing 100%, ex: activities, revenues, assets)
- see pre-filled form, where basic information from the previous year is already captured (preventing mistakes due to lack of documentation, especially for small charities);
- examine if organizations be allowed to self-select their respective category codes;
- see charity's formal objectives and purposes included in the return.

4.3.5 Format of forms, fields and variables

For the research community, it would be of great benefit to:

- examine the format and design of the form;
 - Is there logic between the fields?
 - Do the numbers add up?
 - Remove the limit on the number of projects the charities can report on their T3010
 - Keep 0 vs missing entry separate (so far zero's are treated same as non-responses)
 - Design code & variable 1600 - for identifying foundations
- examine format, alignment and place of fields / variables;
(If something is offset, does it mean the same thing all the time ? (E.g. offset columns in special cases when number needs to be reported negative- In some cases it is indicated by offset column, in some not.)
(Two members of the T3010 Group (Elizabeth Searing and Nathan Grasse) are working on format and quality of T3010 data.)
- examine and simplify language used on the return;
- examine the possibility of different versions of the T3010, as organizations are getting more and more diverse (E.g., US 990-EZ / -N / -PF forms);
- redesign the form.
 - to distinguish between basic common information and additional details
 - to ask basic information for all charities and additional details for larger ones (different levels)
 - to distinguish monetary information and Yes/No question

4.4 Data sharing improvements

Data sharing improvements could be classified under different themes, such as (1) dissemination of data, (2) dissemination of all official information on registered charity, (3) dissemination format of data, and (4) data availability.

4.4.1 *Dissemination of data*

For the research community, it would be of great benefit to:

- be able to access data in an online format instead of CDROMs;
- display purposes on the web site once the CRA has approved them (possibility over the years of mission drift).

4.4.2 *Dissemination of all official information on registered charity*

For the research community, it would be of great benefit to:

- have access to other related information that the CRA maintains; (including who has permission to accumulate)
- have regular communication about new release of data.

4.4.3 *Dissemination format of data*

For the research community, it would be of great benefit to:

- have open data principles built into the system from the planning stage, instead of as an afterthought;
- have access to update Open Data Portal more often, update once or twice a year;
- have access to datasets in different formats as well, for easier use;
- have access to original data, in addition to the cleaned data;
- have indication of which return is the authoritative version, since often multiple (updated) returns.

4.4.4 *Data availability*

For the research community, it would be of great benefit to:

- have access online to all the previous years (not only 6 years back); (Data that go back 20-30 years are especially needed in Covid context.)
- have a complete archival dump of all computerized records following the CRA modernization project; (It is time sensitive before too much time elapses and computer systems are discarded.)
- make available all data as it is (with and without changes and revisions);
- make data available and placed in a number of stable repositories. (E.g., CRA, university libraries, Imagine Canada, and a couple of other places)

5. IMPROVEMENTS TO THE SECTOR DATA

Considering the lack of regular data on the third sector, the availability of T3010 data leads to use it as a proxy for the sector. Because the T3010 is the only tool, it should be used to get broader information, not just as a regular compliance tool. Additional data to T3010 is often suggested. However, a reflection should happen on the best way to gather multiple information on the sector. Some improvements to the sector data are suggested. Our group is named the T3010 research group only because that is the only form available.

Data on the sector is collected through two main sources: (1) information from Canada Revenue Agency (CRA) forms by individual organizations (Table 2) and (2) surveys by Statistics Canada (Table 3). However, some information is not publicly available (for example CRA T1044 form) (Senate of Canada 2019).

Table 2 – Information from Canada Revenue Agency (CRA)

<u>Form</u>	<u>Description</u>
T2050	Application to Register a Charity Under the Income Tax Act
T3010	Registered Charity Information return
TF725	Registered Charity Basic Information Sheet
T3011	Registered Charities Application for Designation as Associated Charities
T2095	Registered Charities Application for Re-Designation
T2046	Tax Return Where Registration of a Charity is Revoked
T1235	Directors/Trustees and Like Officials Worksheet
T1236	Qualified Donees Worksheet / Amounts Provided to Other Organizations
RC232-WS	Director/Officer Worksheet and Ontario Corporations Information Act Annual Return
T1240	Registered Charity Adjustment Request
T2081	Excess Corporate Holdings Worksheet
T1189	Application to Register a Canadian Amateur Athletic Association Under the Income Tax Act
T2052	Registered Canadian Amateur Athletic Associations (RCAAA)
T1044	NPO Information return
T2	Corporate Income Tax Return
T3RET	Trust Income Tax and Information Return
	Information about Registered National Arts Service Organizations (RNASO)

Table 3– Surveys by Statistics Canada

<u>Title of survey</u>	<u>Last version</u>
<i>The Satellite Account of Nonprofit Institutions and Volunteering</i>	2007 (report published in December 2009) + Period 2007-2017 (special release of tables in March 2019)
<i>National Survey of Nonprofit and Voluntary Organization (NSNVO)</i>	2003 (report published in September 2004)
<i>General Social Survey on Giving, Volunteering and Participating (GSSGVP)</i>	2018 (every 5 years)

On the survey side, there is a need for much more frequent Labour Force Survey and Nonprofit organization birth and death rate information, ideally at the same frequency as business information is released. It is particularly interesting and useful in a COVID-19 pandemic. Data for business is available and we know how many businesses closed due to the pandemic, but don't know if the nonprofit organizations closure rate is higher or lower.

The initiative taken by Statistics Canada on a voluntary survey of nonprofit diversity in December 2020 is a good news and should be encouraged.

5.1 Additional information to collect

For the research community, it would be of great benefit to:

- have information on indigenous relations (E.g. a 3-5 year in-depth survey of charities to have one focused on Indigenous relations - funding, board representation, management, staff, etc.);
- have information on diversity; (E.g. gender and ethnicity, disability, nationality, sexual orientation)
- consider harmonization between federal and provincial-level reports and to various departments and agencies;
- have a conversation about the best ways to get the information;
- capture information about social enterprise activities;
- examine to what extent should the T3010 cover social enterprise;
- have more information on volunteerism;
- have more information on social and economic performance;
- to distinguish different legal structure (E.g. cooperatives and social enterprises);
- have more information on Labour market (including salary information for different positions);
- have more information on target population and targeted impact;
- have more information on political activities - lobbying and spending

5.2 Alternate sources of administrative data

For the research community, it would be of great benefit to:

- have access to various administrative data located within CRA or Statistics Canada;
- have possibilities of linked datasets using multiple filings from corporations, nonprofits, including information return, tax file information and payroll information;
- connect provincial annual forms.

6. CONCLUSION AND NEXT STEPS

The T3010 Research Group is happy to see interests and movements regarding data using T3010 and other means for registered charities and nonprofits. A more global perspective should be adopted to focus on the charitable and non-profit sector as a whole.

The Senate of Canada (2019) report offers a number of recommendations that will benefit the charitable and nonprofit sector. By submitting this paper, we hope to contribute to the conversation and pursue the dialogue with the Advisory Committee on the Charitable Sector (ACCS) and Charitable Sector Data Working Group (CSDWG).

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APPENDIX A - LIST OF ATTENDEES

<u>Attendees (22)</u>	<u>Affiliation</u>
Arlene Battishill	researcher
François Brouard	Carleton University, Sprott School of Business, SCSE/CSES; Philab
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Information on the T3010 research group members could be found at (<http://carleton.ca/profbrouard/t3010researchgroup>).

APPENDIX B - SENATE OF CANADA (2019) RECOMMENDATIONS

Special Senate Committee on the Charitable sector published a report. *Catalyst for Change: A Roadmap to a Stronger Charitable Sector*. (Senate of Canada, 2019, p.14-22)

“Recommendation 1 (p.29)

That the Government of Canada, through its departments and agencies, develop and implement a national volunteer strategy to encourage volunteerism by all Canadians in their communities, recognizing that the needs of northern, rural and urban communities are unique.

Recommendation 2 (p.30)

That the Government of Canada, through the Treasury Board of Canada Secretariat and the agencies and departments funding charitable and non-profit organizations, include in contribution agreements costs associated with the recruitment and retention of volunteers needed to deliver funded events and/or services.

Recommendation 3 (p.31)

That the Government of Canada, through the Public Safety Minister, work with provincial and territorial counterparts and the Canadian Association of Chiefs of Police to seek ways to alleviate a financial burden on low-budget organizations for needed police checks on volunteers.

Recommendation 4 (p.32)

That the Government of Canada encourage federal departments and agencies to develop and administer recognition programs for volunteers who assist in the delivery of their government services.

Recommendation 5 (p.36)

That the Government of Canada, through the Minister of Finance and federal-provincial territorial meetings of Ministers of Finance, support the development of pensions for the charitable and non-profit sectors that are portable across provincial and territorial jurisdictions.

Recommendation 6 (p.37)

That the Government of Canada, through Labour Canada, work with the charitable and non-profit sector to develop and implement a human resources renewal plan to ensure the long-term sustainability of the sector workforce, recognizing that the needs of northern, rural and urban communities are unique.

Recommendation 7 (p.37)

That the Government of Canada, in consultation with the charitable and non-profit sector, reinstate the Human Resources Council for the Voluntary Sector, or a similar body by which the sector can collaborate with government to fulfill aspects of the human resources renewal plan.

Recommendation 8 (p.39)

That the Government of Canada, through the Canada Revenue Agency, include questions on both the T3010 (for registered charities) and the T1044 (for federally incorporated not-for-profit corporations) on diversity representation on boards of directors based on existing Employment Equity guidelines.

Recommendation 9 (p.44)

That the Government of Canada, through the Minister of Revenue and the Commissioner of the Canada Revenue Agency, direct the Advisory Committee on the Charitable Sector to review existing tax measures available to individual donors in order to strengthen the culture of giving among new and current charitable donors.

Recommendation 10 (p.45)

That the Government of Canada, through the Treasury Board of Canada Secretariat, develop policies that require departments and agencies to compensate full administrative costs associated with delivering the services being funded in transfers to charitable and non-profit organizations.

Recommendation 11 (p.46)

That Government of Canada initiatives that support the sustainability of for-profit sectors, particularly with respect to overhead and infrastructure costs, be extended to the charitable and non-profit sector.

Recommendation 12 (p.47)

That the Government of Canada, through Treasury Board of Canada, ensure that grants and contribution agreements cover a minimum of two years, renewable as appropriate; and that the level of information required for both application and reporting on these agreements be commensurate with the level of funding, minimizing complexity for smaller amounts.

Recommendation 13 (p.49)

That the Government of Canada develop and implement a standardized set of reporting categories and an on-line tool for charitable and non-profit organizations to submit financial reports based on these categories. The Treasury Board of Canada should be tasked with working with federal departments and agencies and federal/provincial/territorial working groups.

Recommendation 14 (p.51)

That the Government of Canada, through Employment and Social Development Canada, support innovation across charitable and non-profit organizations, including through the advisory group managing the Social Finance Fund.

Recommendation 15 (p.52)

That the Government of Canada's procurement strategy be further modified to remove barriers to the participation of charitable and non-profit organizations, with a particular focus on suppliers with smaller staff complements.

Recommendation 16 (p.55)

That the Government of Canada prioritize data about the charitable and non-profit sector in all Statistics Canada economic surveys, including the Satellite Account of Nonprofit Institutions and the General Social Survey on Giving, Volunteering and Participating; and that the Government of Canada support collaboration between Statistics Canada and the charitable and non-profit sector to determine what additional data could be collected and disseminated in a timely and consistent manner to support the evidence base for decisions by organizations in the sector.

Recommendation 17 (p.56)

That the Government of Canada, through the Canada Revenue Agency, seek the advice of the Advisory Committee on the Charitable Sector on what additional information could be included in the Agency's T3010 form that would support the work of the sector.

Recommendation 18 (p.57)

That the Government of Canada establish a funding stream for projects to incent organizations to develop shared technologies to manage their administrative requirements.

Recommendation 19 (p.58)

That the Government of Canada through the Minister of National Revenue seek the advice of the Advisory Committee on the Charitable Sector with respect to modifying CRA restrictions on accessing other forms of capital by charitable and non-profit organizations; and that all federally funded initiatives with respect to innovation that are available to for profit organizations be available to and promoted among charitable and non-profit organizations.

Recommendation 20 (p.60)

That the Government of Canada direct the Canada Revenue Agency (CRA) to take the following steps to improve its relationship with charitable and non-profit organizations:

- communicate more clearly CRA's decisions with respect to rejections of applications, revocation of registered charitable status, and results of internal appeals;
- reduce wait times for responses on applications for status and other requests for information; and
- increase collaboration with provincial and territorial counterparts with a view to reduce the reporting burden on charitable and non-profit organizations.

Recommendation 21 (p.61)

That the Government of Canada, through the Minister of National Revenue and the Commissioner of CRA, direct the Advisory Committee on the Charitable Sector to include a wide range of organizations on its working groups. This should include, but not be limited to, smaller organizations, organizations in rural and remote communities, organizations representing and serving newcomers to Canada and organizations supporting and serving Indigenous communities.

Recommendation 22 (p.62)

That the Government of Canada, through the Minister of Innovation, Science and Economic Development, create a secretariat on the charitable and non-profit sector to:

- establish and convene regular meetings of an interdepartmental working group, with representation from Finance Canada, the Treasury Board of Canada Secretariat, the Canada Revenue Agency, Employment and Social Development Canada and other departments with direct connections to these organizations;
- convene meetings of appropriate groups of federal/provincial and territorial ministers with responsibility for various aspects of regulating and relating to the charitable and non-profit sectors; and
- publish an annual report on the state of the charitable and non-profit sector. This report should include changes related to the sector by federal, provincial and territorial governments along with a more general overview of the economic and social health of the sector.

Recommendation 23 (p.77)

That the Government of Canada propose amendments to the Income Tax Act to provide that all appeals from decisions of the Charities Directorate of the Canada Revenue Agency proceed to the Tax Court of Canada for a hearing de novo, following consideration by the Canada Revenue Agency's Tax and Charities Appeals Directorate; and a right to appeal to the Tax Court of Canada for cases where the Canada Revenue Agency's Tax and Charities Appeals Directorate (the Directorate) has not rendered a decision on an appeal by an organization that has had its application for registered charity status refused, or an existing charity that has had its registration revoked, within six months of it having been referred to the Directorate.

Recommendation 24 (p.77)

That, recognizing the importance of enabling the development of the common law definition of charity, the Government of Canada consider measures to assist organizations that have had their application for registered charity status refused, or existing charities that have had their registration revoked, in appealing decisions from the Canada Revenue Agency's Charities Directorate.

Recommendation 25 (p.78)

That the Government of Canada, through the Advisory Committee on the Charitable Sector, review the common law meaning of charity to determine whether Canada should follow the approach of other jurisdictions, such as Australia and England, and enact legislation to broaden the legal meaning of charity.

Recommendation 26 (p.80)

That the Government of Canada, through the Advisory Committee on the Charitable Sector, review the policy considerations relating to qualified donee and tax preferred status. This review should be conducted with a view to establishing a principle-based framework for new categories of qualified donee and other tax preferred entities.

Recommendation 27 (p.84)

That the Government of Canada replace the current categories of registered charity with two new categories: public charity and private charity.

Recommendation 28 (p.92)

That the Government of Canada direct the Canada Revenue Agency to develop and implement a pilot project to assess the viability of granting registered charities greater latitude in undertaking revenue-generating activities (provided the proceeds are used to further charitable purposes) through the implementation of a “destination of funds” test.

Recommendation 29 (p.92)

That the Government of Canada direct the Canada Revenue Agency to update policy statement CPS-019 (What is a related business) to provide greater clarity on permissible revenue generation activities for registered charities, particularly with regard to revenue generating opportunities arising from new technologies.

Recommendation 30 (p.97)

That the Government of Canada direct the Canada Revenue Agency to revise Guidance CG002 “Canadian registered charities carrying out activities outside Canada.” The revised guidance should demonstrate a shift in focus from “direction and control” to careful monitoring through the implementation of an “expenditure responsibility test.”

Recommendation 31 (p.99)

That the Government of Canada direct the Canada Revenue Agency to develop, implement and evaluate a pilot project to allow registered charities to make gifts to non-qualified donees in certain limited circumstances, namely where the gifted funds are subject to careful monitoring and used for exclusively charitable purposes, in order to facilitate cooperation between registered charities and non-charities.

Recommendation 32 (p.100)

That the Government of Canada review the Income Tax Act provisions governing registered charities every five years, beginning no later than next fiscal year.

Recommendation 33 (p.100)

That the Government of Canada consider which activities registered charities should not be allowed to carry out and proscribe them through precisely defined statutory prohibitions.

Recommendation 34 (p.108)

That the Government of Canada, through the Canada Revenue Agency, develop, implement and evaluate a pilot project on the impact on the charitable sector of exempting donations of private shares from capital gains tax.

Recommendation 35 (p.108)

That the Government of Canada, through the Canada Revenue Agency, study the extent to which the donation of non-environmental real estate could be incentivized without undermining the Ecological Gifts Program.

Recommendation 36 (p.113)

That the Government of Canada direct the Advisory Committee on the Charitable Sector to examine the advantages and disadvantages of amending the disbursement quota for registered charities; and the advantages and disadvantages of setting the disbursement quota in regulation, rather than statute.

Recommendation 37 (p.113)

That the Government of Canada instruct the Advisory Committee on the Charitable Sector to consider means of ensuring that donations do not languish in donor-advised funds, but are instead used to fund charitable activities in a timely fashion.

Recommendation 38 (p.118)

That the Government of Canada direct the Canada Revenue Agency to revise its interpretation of the “not-for-profit purpose rule” to provide greater clarity and certainty for non-profit organizations (NPOs) regarding the extent to which it is permissible for them to hold surplus income; and to reflect the language of the Income Tax Act, which focuses on the purposes of the organization.

Recommendation 39 (p.120)

That the Government of Canada directs the Canada Revenue Agency to assess the merits of amending section 241 of the Income Tax Act to allow the Canada Revenue Agency to publicly disclose the information contained on the T1044 Non-Profit Organization Information Return.

Recommendation 40 (p.121)

That the Government of Canada direct the Advisory Committee on the Charitable Sector to review the treatment and regulation of non-profit organizations, including whether the Income Tax Act should distinguish between public benefit and member benefit non-profit organizations.

Recommendation 41 (p.123)

That the Government of Canada instruct the Advisory Committee on the Charitable Sector to review the impact of Canada’s anti-spam legislation on charities and charity-like organizations.

Recommendation 42 (p.125) That the Government of Canada review the “ineligible individual” provisions set out in section 149.1(1) of the Income Tax Act as part of a comprehensive review of the Income Tax Act provisions governing registered charities, other qualified donees and non-profit organizations.”



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