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Government Funding of Charities Serving Indigenous Peoples

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PRÉCIS

Plusieurs raisons amènent les gouvernements à financer les organismes de bienfaisance. Par rapport aux ministères, les organismes de bienfaisance sont souvent plus aptes à évaluer les besoins locaux et à s'y adapter, à servir les populations vulnérables et à fournir, le cas échéant, des services tenant compte des spécificités culturelles. Cet article étudie les décisions de financement des gouvernements en se concentrant sur les organismes de bienfaisance qui fournissent des services aux autochtones. Les auteures utilisent les données du formulaire T3010 de l'Agence du revenu du Canada sur les organismes de bienfaisance enregistrés de 2003 à 2017 pour extraire de l'information sur les organismes de bienfaisance qui offrent des services à la population autochtone et pour répartir ce groupe entre ceux qui sont situés dans les réserves et ceux qui sont situés hors réserves. Les gouvernements financent les organismes de bienfaisance au service des autochtones différemment de leurs homologues non autochtones. Le fait d'être un organisme de bienfaisance au service des autochtones est associé à une augmentation de 25 pour cent de la probabilité prédite de recevoir un soutien de l'État par rapport aux organismes de bienfaisance non autochtones (pour le groupe de référence). Les organismes de bienfaisance au service des autochtones qui sont situés dans les réserves sont 17 pour cent *moins susceptibles* de recevoir des fonds publics que ceux situés à l'extérieur des réserves. Le financement

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du gouvernement fédéral semble agir comme un catalyseur pour le financement provincial et municipal. Les résultats des auteures corroborent l'idée selon laquelle les gouvernements financent les organismes de bienfaisance pour qu'ils fournissent des services adaptés au contexte local des populations vulnérables.

ABSTRACT

There are several reasons why governments fund charities. Relative to government ministries, charities are often better able to assess and adapt to local needs, serve vulnerable populations, and deliver culturally sensitive services where appropriate. This article investigates the funding decisions of governments by focusing on charities that provide services to Indigenous individuals. The authors use Canada Revenue Agency T3010 data on registered charities from 2003 to 2017 to extract information on charities that serve the Indigenous population and further separate this group into those located off and on reserves. Governments fund Indigenous-serving charities differently than their non-Indigenous counterparts. Being an Indigenous-serving charity is associated with a 25 percent increase in the predicted probability of receiving government support relative to non-Indigenous charities (for the reference group). Indigenous-serving charities on reserve are 17 percent *less likely* to receive public funding relative to those off reserve. Federal government funding seems to act as a catalyst for provincial and municipal funding. The authors' results lend support to the idea that governments fund charities to provide locally appropriate services to vulnerable populations.

KEYWORDS: INDIGENOUS ■ CHARITIES ■ SUBSIDIES ■ GOVERNMENT ■ SERVICES

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INTRODUCTION

Governments can provide goods to citizens in at least three ways: directly through various departments or ministries (such as Passport Canada), by contracting out to the private sector (for example, for municipal garbage collection), or by financing the non-profit sector (for example, through grants to food banks). We are interested in the last mechanism of goods provision. The literature highlights several reasons why governments may choose to fund charities, two of which are particularly pertinent: charities better target the needs of specific groups, often vulnerable populations;[1]

1 For example, Michael H. Hall and Paul B. Reed, "Shifting the Burden: How Much Can Government Download to the Non-Profit Sector?" (1998) 41:1 *Canadian Public Administration* 1-20; and Helen Rose Ebaugh, Janet Saltzman Chafetz, and Paula F. Pipes, "Faith-Based Social Service Organizations and Government Funding: Data from a National Survey" (2005) 86:2 *Social Science Quarterly* 273-92.

and charities are "nimble" when it comes to responding to local needs, certainly as compared with the workings of government administration.[2] Being nimble also means that charities can react quickly to changing conditions and provide services that are culturally appropriate to specific groups. Other explanations for the government funding of charities include that charities are more cost-effective relative to direct government provision, and providing services through charities allows governments to delegate the delivery of services without being accountable for their provision.[3]

Rather than examining the government funding of charities in a particular area, such as religious organizations,[4] in this article we focus on charities across all areas serving a particular segment of the population: Indigenous peoples. We investigate first whether funding differs in a meaningful way between "Indigenous-serving" and all other charities (and find that it does), and then we investigate the factors that are associated with this government funding.

A few Canadian studies paint a portrait of funding to charities, starting with Lu's[5] discussion of how government funding varies by charity type, corroborated a decade later by Hall et al.[6] and then by Lasby,[7] who emphasized that hospitals and educational institutions garner the lion's share of public funds. In the United States, Pipes and Ebaugh[8] looked at funding and social services, highlighting the problems associated with depending on insecure government funds; dependency issues are reiterated by Bennett and Savani[9] in the United Kingdom, and Cortis and Lee[10] in Australia. The

2 David M. Schizer, "Subsidizing Charitable Contributions: Incentives, Information, and the Private Pursuit of Public Goals" (2009) 62:2 *Tax Law Review* 221-68 (https://scholarship.law.columbia.edu/faculty_scholarship/1013).

3 Eve E. Garrow, "Receipt of Government Revenue Among Nonprofit Human Service Organizations" (2010) 21:3 *Journal of Public Administration Research and Theory* 445-71.

4 For example, Ebaugh et al., supra note 1.

5 Jiahuan Lu, "Which Nonprofit Gets More Government Funding? Nonprofits' Organizational Attributes and Their Receipts of Government Funding" (2015) 25:3 *Nonprofit Management and Leadership* 297-312.

6 Michael H. Hall, Cathy W. Barr, M. Easwaramoorthy, S. Wojciech Sokolowski, and Lester M. Salamon, *The Canadian Nonprofit and Voluntary Sector in Comparative Perspective* (Toronto: Imagine Canada, 2005).

7 David Lasby, "What T3010 Data Tell Us About Charity Funding" (2011) 24:2 *Philanthropist Journal* 155-60.

8 Paula Pipes and Helen Rose Ebaugh, "Faith-Based Coalitions, Social Services, and Government Funding" (2002) 63:1 *Sociology of Religion* 49-68.

9 Roger Bennett and Sharmila Savani, "Surviving Mission Drift: How Charities Can Turn Dependence on Government Contract Funding to Their Own Advantage" (2011) 22:2 *Nonprofit Management and Leadership* 217-31.

10 Natasha Cortis and Ilro Lee, "Assessing the Financial Reserves of Social Service Charities Involved in Public Service Delivery" (2019) 48:4 *Nonprofit and Voluntary Sector Quarterly* 738-58.

administrative burden associated with government grants is further discussed by Pipes and Ebaugh,[11] and echoed by Hall et al.[12] and Lu.[13]

Using information reported in the Canadian T3010 registered charity information return, we first distinguish between registered charities that provide services to Indigenous peoples ("Indigenous-serving" charities) and all other charities. We provide descriptive statistics and regression analyses to help in better understanding the factors associated with the government funding of Indigenous-serving and other charities. Parsing Indigenous-serving charities into those located off and on reserves helps to further elucidate funding patterns. The T3010 data also allow us to examine funding across six different program areas and funding by the three main levels of government in Canada.

Our empirical results show that the predicted probability of receiving government funds is significantly higher for Indigenous-serving charities compared to all others, increasing by some 25 percent for the Indigenous-serving reference group when compared with its non-Indigenous counterpart. Funding differs by charitable sector: charities serving Indigenous health and welfare are even more likely to be funded relative to other program areas. Indigenous-serving charities located off reserve are more likely to receive government funding compared to those on reserve. Funding by the federal government is also positively linked to both provincial and municipal funding.

DEFINING "INDIGENOUS-SERVING" CHARITIES USING DATA FROM T3010 RETURNS

For tax exemption purposes and to maintain status as a legal entity, registered charities file annually the T3010 registered charity information return with the Canada Revenue Agency (CRA).[14] The T3010 provides the financial statements of each charity, including revenue sources.[15] We use returns from 2003 to 2017 and standardize all monetary variables using 2017 as the base year.

The analysis distinguishes between Indigenous-serving charities (11,459 observations for 1,099 charities) and all other charities (1,225,991 observations for 106,224 charities); the Indigenous-serving sample is further broken down into those located off reserve (6,483 observations for 632 charities) and those located on reserve (4,976 observations for 467 charities). Indigenous-serving charities serve predominantly

11 Pipes and Ebaugh, supra note 8.

12 Hall et al., supra note 6.

13 Lu, supra note 5.

14 Government of Canada. "Request Publicly Available Data from the List of Charities (Charities Listings)" (www.canada.ca/en/revenue-agency/services/charities-giving/charities/guidance-videos-forms/request-charities-listings.html).

15 CRA form T3010, "Registered Charity Information Return."

Indigenous people and are extracted from the full sample of registered charities by applying three criteria:[16]

1. charities located within the borders of an Indigenous community,
2. charities that have an Indigenous reference in their legal name, and
3. charities that report providing benefits to Indigenous peoples.

The subsample also includes any remaining "Friendship Centres" not picked up by applying the above criteria. For the first group, the postal codes of the registered charities are matched to the addresses of Indigenous census subdivisions as classified by Aboriginal Affairs and Northern Development Canada (now Indigenous Services Canada [ISC]). The second group encompasses charities that contain in their legal name words such as Aboriginal, Indigenous, First Nation, Inuit, Métis, Indian, or Native. Some examples of these are First Nations Child and Family Caring Society of Canada, National Indian & Inuit Community Health Representative Organization, Metis Culture and Heritage Resource Centre Inc., and Okanagan Métis & Aboriginal Housing Society. We made sure that charities whose name contained the word "Indian" pertaining to India or to the locality Indian Harbour were removed from the sample. We included all charities that reported as one of their fields of activity (line 1200, 1210, or 1220 in the T3010 form) the code A9—services for Aboriginal peoples. These charities cover a wide range of areas including suicide prevention lines; shelters for victims of abuse; counselling centres for alcoholism and substance abuse; and family counselling, drop-in, and community centres and organizations that provide legal services or consultation for industry, commerce, agriculture, or craftsmanship activities.[17] The groups arising from the application of the three criteria are not mutually exclusive. Table 1 shows the number of charities picked up by year when we apply the criteria in the order just discussed. For instance, in 2003 there were 298 charities on reserves, which grew to 334 in 2017; 197 charities had an Indigenous name in 2003 and 239 in 2017; charities that did not satisfy these two criteria but reported providing "services for Aboriginal peoples" dropped from 201 to 177 over this period; and we picked up an additional 11 growing to 14 Friendship Centre charities not captured by the three criteria.

Not all charities reported funding by *level* of government. In 2009, the rules for T3010 reporting were modified to allow some usually smaller charities to report reduced financial information. If any of the following conditions applied—

16 We do not mean to imply that "Indigenous-serving" charities do not serve non-Indigenous individuals, or that "non-Indigenous" charities do not serve Indigenous people. We use this nomenclature simply as a shortcut to describe the two main groups of charities examined in this study.

17 Canada Revenue Agency, *Policy Statement* CPS-012, "Benefits to Aboriginal Peoples of Canada," November 6, 1997.

TABLE 1 Breakdown of Indigenous-Serving Charities by Sample Restrictions Applied by Year to T3010 Data, 2003-2017

Year	Indigenous charities on reserve	Indigenous name	Code A9	Friendship Centre	Total
2003	298	197	201	11	
2004	308	202	202	12	
2005	316	210	205	11	
2006	322	224	203	10	
2007	328	232	203	11	
2008	334	233	193	11	
2009	337	236	193	11	
2010	344	234	186	12	
2011	347	238	184	12	
2012	346	240	188	12	
2013	347	237	183	13	
2014	340	241	180	14	
2015	339	242	184	14	
2016	336	236	178	14	
2017	334	239	177	14	
Total	4,976	3,441	2,860	182	11,459

Source: Data collected from Canada Revenue Agency form T3010, "Registered Charity Information Return," 2003-2017.

a) the charity's revenue exceeds $100,000;
b) the amount of all property (for example, investments, rental properties) not used in charitable activities [is] more than $25,000;
c) the charity [has] permission to accumulate funds during this fiscal period[18]—

charities had to continue to fill out schedule 6. As a result of this change, all charities specified federal, provincial, and municipal funding up to 2008; thereafter, only those subject to filling out schedule 6 did so. Our schedule 6 sample contains 870,093 observations for 97,806 charities and 11,459 observations for 1,099 Indigenous-serving charities. (Subsample details are provided in the relevant tables.)

The accuracy of the information contained in the T3010 returns has improved over time, and for more than a decade, charities have submitted their audited annual

18 CRA form T3010, supra note 15, at 3, under section D. For the year 2009 only, the following additional condition applied: "d) The charity has spent or transferred enduring property during this fiscal period." "Enduring property" generally means gifts in the form of bequests or inheritances from individual donors, gifts from other charities, or 10-year gifts (which cannot be spent for 10 years). For more details, see Canada Revenue Agency, "Charities and Giving Glossary" (www.canada.ca/en/revenue-agency/services/charities-giving/charities/charities-giving-glossary.html).

reports or financial statements along with the returns. Andreoni and Payne[19] compared the quality of the T3010 data with counterpart data from the United States; the Canadian data were found to be richer and more complete. We further improved the quality of the data by dropping charities with anomalies and by recalculating financial variables when arithmetic inconsistencies persisted. For the former, some charities reported amounts that were very large. Sometimes this information was correctly reported, and sometimes not. We e-mailed charities directly to ask about their funding and examined published balance sheets to verify whether irregular increases in total revenues had attendant increases in total assets net of expenditures in the following years. Some of these outliers include the Schad foundation, which received a private donation in the amount of several tens of millions of dollars in 2007; the Cold Lake Native Friendship Centre Society, which reported municipal funding incorrectly in 2007; and the Coast Conservations endowment fund, which had 10 times higher revenues for private donations in 2008 compared to previous years.

DESCRIPTIVE ANALYSIS

Table 2 provides summary statistics and a difference-in-means analysis. The heading of each column provides the number of observations (Obs) and the number of different charities in operation over the 2003-2017 period (N). This table establishes that Indigenous-serving and "non-Indigenous" charities, and Indigenous-serving charities off reserve and on reserve, are significantly different from each other in many dimensions, including the likelihood of obtaining government financing. For example, column 4 reveals that 22 percent more Indigenous-serving charities as compared with all other charities receive funds from public sources; this difference is larger for federal government funds (26 percent), about the same for provincial funding (21 percent), but smaller for municipal funding (8 percent). Considering government support in monetary terms, Indigenous-serving charities on average receive more federal (+$329,030) but less provincial funding (−$876,862) than their non-Indigenous counterparts; provincial funding still represents the lion's share of government funding to Indigenous-serving charities. Figures 1 and 2 trace the variation in government funding for Indigenous charities over the sample period.

Averages for Indigenous-serving charities off reserve and on reserve are reported in columns 5 to 7 of table 2. More charities off reserve are government funded (70 percent) compared to those on reserve (39 percent). Also, Indigenous-serving charities off reserve receive more public funding, with each charity receiving on average $1.5 million of government funding compared to $867,000 for those on reserve. The differences in means are statistically significant as reported in column 7.

Total assets, revenues, and expenditures provide an understanding of the importance of the charitable sector: on average each non-Indigenous charity spends

19 James Andreoni and A. Abigail Payne, *Crowding Out: The Effect of Government Grants on Donors, Fundraisers, and Foundations in Canada*, Working paper no. 2013-10 (Hamilton, ON: McMaster University, Department of Economics, 2013).

TABLE 2 Summary Statistics and Difference in Means

	Mean (standard deviation), percentage				Mean (standard deviation), percentage		
	Full sample				Indigenous-serving sample		
	Full sample	Sample A	Sample B		Sample C	Sample D	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Reported information	Full sample Obs = 1,237,450 N = 107,219	Non-Indigenous charities Obs = 1,225,991 N = 106,224	Indigenous-serving charities Obs = 11,459 N = 1,099	Difference in means (A – B)	Indigenous-serving charities off reserve Obs = 6,483 N = 632	Indigenous-serving charities on reserve Obs = 4,976 N = 467	Difference in means (C – D)
Funding							
Government (Y/N)	0.35	0.35	0.56	−0.22*** (0.004)	0.70	0.39	0.31*** (0.009)
Federal (Y/N)	0.16	0.16	0.41	−0.26*** (0.003)	0.54	0.25	0.28*** (0.009)
Provincial (Y/N)	0.23	0.22	0.43	−0.21*** (0.004)	0.57	0.26	0.31*** (0.009)
Municipal (Y/N)	0.13	0.13	0.21	−0.08*** (0.003)	0.29	0.11	0.18*** (0.008)
Government ($)[a]	1,834,218	1,839,864	1,230,145	609,719	1,508,531	867,448	641,083***
	(45,126,514)	(45,334,936)	(4,341,380)	(423,524)	(4,456,902)	(4,158,669)	(81,607)
Federal ($)[a]	88,265	85,218	414,248	−329,030***	487,238	319,152	168,086***
	(2,770,404)	(2,779,021)	(1,565,887)	(25,999)	(1,608,700)	(1,503,138)	(29,472)
Provincial ($)[a]	1,624,128	1,632,248	755,387	876,862**	933,638	523,150	410,487***
	(43,326,303)	(43,436,369)	(3,660,942)	(405,784)	(3,675,773)	(3,628,783)	(68,895)
Municipal ($)[a]	121,296	121,867	60,178	61,689	87,269	24,883	62,385***
	(6,239,656)	(6,268,648)	(362,287)	(58,561)	(421,551)	(261,822)	(6,803)
Total assets[a]	3,831,484	3,850,953	1,748,526	2,102,427***	2,278,504	1,058,042	1,220,462***
	(67,001,315)	(67,307,731)	(8,200,618)	(628,814)	(10,401,256)	(3,617,276)	(154,144)
Total revenue[a]	2,733,117	2,742,900	1,686,564	1,056,336**	2,121,771	1,119,552	1,002,218***
	(52,939,960)	(53,184,405)	(5,105,265)	(496,855)	(5,397,923)	(4,636,337)	(95,767)
Total expenditure[a]	2,657,278	2,666,601	1,659,928	1,006,672**	2,098,653	1,088,335	1,010,317***
	(52,297,824)	(52,539,349)	(5,001,528)	(490,829)	(5,308,718)	(4,507,339)	(93,795)

(Table 2 is concluded on the next page.)

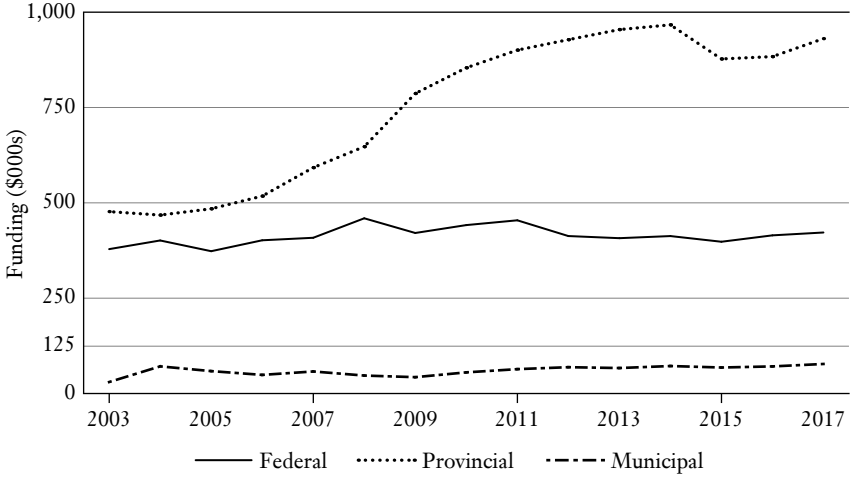
TABLE 2 Concluded

	Mean (standard deviation), percentage				Mean (standard deviation), percentage		
	Full sample				Indigenous-serving sample		
	Full sample	Sample A	Sample B		Sample C	Sample D	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Reported information	Full sample Obs = 1,237,450 N = 107,219	Non-Indigenous charities Obs = 1,225,991 N = 106,224	Indigenous-serving charities Obs = 11,459 N = 1,099	Difference in means (A – B)	Indigenous-serving charities off reserve Obs = 6,483 N = 632	Indigenous-serving charities on reserve Obs = 4,976 N = 467	Difference in means (C – D)
Size							
< $25,000	0.27	0.27	0.21	0.06*** (0.004)	0.15	0.29	−0.15*** (0.008)
$25,000 - < $100,000	0.24	0.24	0.18	0.06*** (0.004)	0.11	0.26	−0.15*** (0.007)
$100,000 - < $250,000	0.18	0.18	0.11	0.07*** (0.004)	0.10	0.14	−0.04*** (0.006)
$250,000 - < $500,000	0.11	0.11	0.08	0.03*** (0.003)	0.09	0.07	0.03*** (0.005)
$500,000 - < $1 million	0.08	0.08	0.12	−0.04*** (0.003)	0.16	0.07	0.08*** (0.006)
$1 million - < $5 million	0.08	0.08	0.24	−0.16*** (0.003)	0.32	0.13	0.19*** (0.008)
$5 million - < $10 million	0.03	0.03	0.06	−0.03*** (0.002)	0.08	0.04	0.04*** (0.005)
$10 million and over	0.01	0.01	0.01	0.00*** (0.001)	0.01	0.01	0.00 (0.000)
Location							
Rural	0.23	0.23	0.41	−0.18*** (0.004)	0.17	0.72	−0.55*** (0.008)
Urban	0.77	0.77	0.59	0.18*** (0.004)	0.83	0.28	0.55*** (0.008)

a Notes: These variables have not been used in the regressions. The standard deviation (in parentheses) is not provided for dichotomous variables. The standard errors are provided for the difference in means. Significance: ** $p < 0.05$, *** $p < 0.01$.

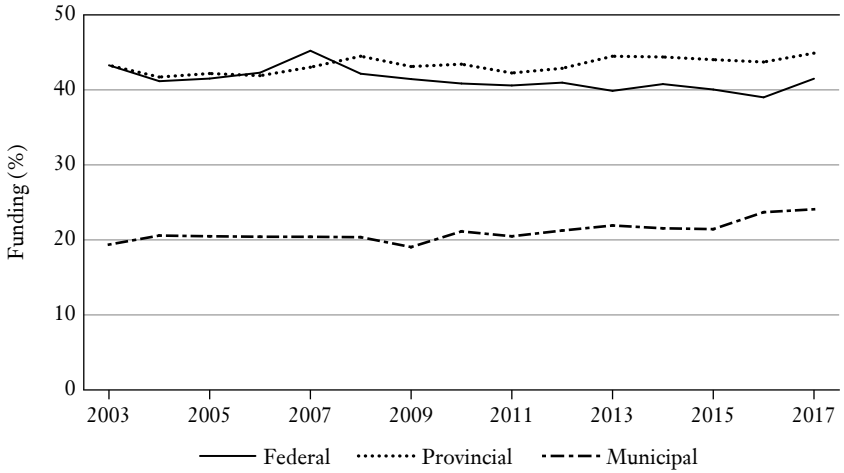
Source: Authors' calculations from data collected from Canada Revenue Agency form T3010, "Registered Charity Information Return," 2003-2017.

FIGURE 1 Government Funding of Indigenous Charities, in 2017 Dollars, 2003-2017



Source: Authors' calculations from data collected from Canada Revenue Agency form T3010, "Registered Charity Information Return," 2003-2017.

FIGURE 2 Funding of Indigenous Charities by Federal, Provincial, and Municipal Governments as a Percentage of Total Government Funding, 2003-2017



Source: Authors' calculations from data collected from Canada Revenue Agency form T3010, "Registered Charity Information Return," 2003-2017.

$2.7 million, whereas an Indigenous-serving charity spends close to $1.7 million, with approximately the same amount in total revenues each year. Indigenous-serving charities are larger on average than non-Indigenous charities: 80 percent of non-Indigenous charities are in the lowest four revenue categories, and 24 percent of Indigenous-serving charities are in the $1 million to < $5 million category. Indigenous-serving charities on reserve are generally smaller than those off reserve.

More than three-quarters of all charities are in urban regions. For Indigenous-serving charities, the split is 59 percent urban and 41 percent rural. One might think that urban charities are located off reserve and rural charities on reserve, but this is not the case: 17 percent of Indigenous-serving charities off reserve are in rural zones as opposed to 72 percent of on-reserve charities.

Although these data are omitted for space considerations, 28 percent of Indigenous-serving charities are religious entities, mostly operating on reserve, compared to 39 percent of all other charities. Exactly half of the Indigenous-serving charities are welfare or "benefits-to-community" charities, mostly located off reserve, as opposed to 36 percent of the non-Indigenous charities. Education and health charities are reasonably similar across both samples, representing 17 percent and 5 percent, respectively, of all Indigenous-serving charities, and 16 percent and 7 percent, respectively, of non-Indigenous charities.

It is also useful to look at the evolution of the number of charities over the period in question. Table 3 reports the percentage of charities entering and exiting the sample by year for the four main subsamples in this study. Several points are worthy of note. First, the mostly small annual change in the total number of charities reflects the net effect of a bigger influx of charities and a smaller exit of charities. By and large, about 3 to 4 percent of all charities are new every year, while about 2 to 3 percent exit every year, except in 2009 when there was a small spike in both numbers. For the Indigenous-serving group, which is a much smaller subset of the full sample, we see that the flow in and out is larger in percentage terms relative to the non-Indigenous group. The number of new charities, and of exiting charities to a lesser extent, was significantly higher for the Indigenous group in the early part of the sample. When the Indigenous-serving sample is further parsed into those located on and off reserve, even larger variations are apparent over time—likely a result of small numbers.

We also dug down into the Indigenous-serving sample to determine whether the flow is similar across the six fields of operation, and found that it is not. (This is a large table, omitted for space considerations.) The inflow into charities in education has the largest net increase of all the fields. This is followed by health charities, especially those off reserve, and benefits-to-community and welfare. The religion and "other" categories both experienced a net drop in charities over the 2003-2017 period. There are very few charities in the "other" category.

One might wonder whether charities entering and exiting the sample differ when it comes to the percentage that received government funding and the amount of funding. To this end, table 4 provides the total number of non-Indigenous, Indigenous-serving, and off- and on-reserve Indigenous-serving charities, the percentage with

TABLE 3 Flow in and out of Charities over Time, Full Sample and Subsamples, 2003-2017

	All charities	% enter	% exit	Non-Indigenous charities	% enter	% exit	Indigenous-serving charities	% enter	% exit	Off-reserve charities	% enter	% exit	On-reserve charities	% enter	% exit
2003	77,977			77,270			707			409			298		
2004	78,751	3.63	2.64	78,027	3.62	2.64	724	7.50	5.09	416	7.09	5.38	308	8.05	4.70
2005	79,883	3.88	2.44	79,141	3.86	2.44	742	7.32	4.83	426	7.45	5.05	316	7.14	4.55
2006	81,005	3.71	2.31	80,246	3.70	2.31	759	6.06	3.77	437	7.04	4.46	322	4.75	2.85
2007	81,696	3.21	2.36	80,922	3.21	2.37	774	4.87	2.90	446	5.26	3.20	328	4.35	2.48
2008	82,026	3.02	2.62	81,255	3.02	2.61	771	3.62	4.01	437	2.47	4.48	334	5.18	3.35
2009	83,102	5.16	3.85	82,325	5.16	3.85	777	6.36	5.58	440	5.72	5.03	337	7.19	6.29
2010	83,590	3.40	2.81	82,814	3.41	2.81	776	3.35	3.47	432	2.05	3.86	344	5.04	2.97
2011	83,956	2.78	2.34	83,175	2.78	2.34	781	3.87	3.22	434	3.47	3.01	347	4.36	3.49
2012	84,449	2.86	2.27	83,663	2.86	2.27	786	3.97	3.33	440	4.61	3.23	346	3.17	3.46
2013	84,382	2.69	2.77	83,602	2.70	2.77	780	2.54	3.31	433	2.27	3.86	347	2.89	2.60
2014	84,537	2.26	2.08	83,762	2.26	2.07	775	2.69	3.33	435	3.70	3.23	340	1.44	3.46
2015	84,310	2.17	2.44	83,531	2.17	2.45	779	3.61	3.10	440	4.37	3.22	339	2.65	2.94
2016	84,149	2.51	2.70	83,385	2.52	2.69	764	2.57	4.49	428	2.73	5.45	336	2.36	3.24
2017	83,637	2.32	2.93	82,873	2.32	2.93	764	3.53	3.53	430	4.21	3.74	334	2.68	3.27

Source: Authors' calculations from data collected from Canada Revenue Agency form T3010, "Registered Charity Information Return," 2003-2017.

government funding, and the average amount of funding (in real 2017 dollars), as well as the number of entering and exiting charities and their government funding information.

Turning first to the total number of charities in the two big categories, we see that it steadily grows except in roughly the last five years of the study period, when it moves up and down slightly. The number of the smaller off- and on-reserve groups of charities moves slightly up and down over the period of study. The proportion of charities funded over the period is remarkably stable for the non-Indigenous and Indigenous-serving groups, with a slight drift upward in the last couple of years: on average, about 35 percent of the former and 56 percent of the latter receive some government funds. When it comes to the average amount of funding received, this has clearly increased over time; interestingly, there is not much difference in the percentage increase across the two groups. Non-Indigenous charities experienced a 52 percent increase in average funding from 2003 to 2017, whereas it was 54 percent for the Indigenous-serving group.

A comparison of the percentage of entering charities that received government funding in their first year of operation and the percentage of exiting charities with government funding is remarkably uninformative when we look at the non-Indigenous sample. From table 4 we find that on average over one-fifth of all entering charities had government funding in their first year of operation, ranging from a high of 26 percent in 2004 to a low of 15 percent in 2009. The numbers are very similar when we look at exiting charities, from a high in 2006 of 26 percent with funding in their last year of operation, to a low of 13 percent in 2009. Once again, relative to the non-Indigenous sample, a much larger percentage of entering and exiting Indigenous-serving charities received government funding, ranging from 51 percent in 2009 to 25 percent in 2016 for entering charities, and 52 percent in 2004 to 26 percent in 2005 for exiting charities. Scrolling down further on table 4, we see that when parsing the sample into on- and off-reserve Indigenous-serving charities, in most years new off-reserve charities are more likely to receive government funding relative to new on-reserve charities. Similarly, exiting charities were more likely to have received government funding in their last year of operation if they were located off reserve relative to those on reserve.

Finally, we examined the average dollar value of government funding of entering and exiting charities, also reported in table 4, which yielded a couple of notable observations. First, for the non-Indigenous sample, the average funding of entering charities is less than the average funding of exiting charities, with exceptions only for 2008 and 2011. However, for Indigenous-serving charities, this pattern changes: in most cases, entering charities receive on average more government funding, except for 2012, 2013, and the last three years of our sample. This hints at the importance of government funding in encouraging charities to serve Indigenous populations. Eight of the 14 years saw entering Indigenous-serving charities off reserve having higher average government funding relative to those on reserve. A second observation is that new charities have lower average funding than existing charities, possibly because of large established charities. The one exception to this point is found in the

TABLE 4 Percentage of Charities Receiving Government Funding and Average Amounts, 2003-2017

Year	Total no.	Government funded (%)	Average government funding ($)	Entering charities	Government funded (%)	Average government funding ($)	Exiting charities	Government funded (%)	Average government funding ($)
				Non-Indigenous charities					
2003	77,270	34.48	4,049,516						
2004	78,027	34.39	4,364,573	2,795	25.55	1,991,232	2,038	24.53	2,712,531
2005	79,141	34.45	4,325,451	3,014	24.25	975,354	1,900	24.26	3,420,393
2006	80,246	34.39	4,569,274	2,931	25.01	1,575,438	1,826	25.96	3,329,239
2007	80,922	34.11	4,840,318	2,575	24.00	2,344,006	1,899	20.75	3,739,166
2008	81,255	34.46	5,063,209	2,444	21.28	893,758	2,111	17.34	328,849
2009	82,325	34.53	5,248,913	4,196	14.61	990,510	3,126	12.86	1,851,928
2010	82,814	34.57	5,590,420	2,806	18.25	3,082,266	2,317	17.00	27,525,570
2011	83,175	34.59	5,505,396	2,302	18.94	4,187,553	1,941	16.90	643,255
2012	83,663	34.76	5,671,052	2,375	18.48	615,875	1,887	17.59	2,683,511
2013	83,602	35.44	5,765,312	2,260	19.56	531,570	2,321	16.11	2,988,204
2014	83,762	34.86	5,905,062	1,893	19.28	1,849,121	1,733	20.43	2,620,445
2015	83,531	34.66	5,991,903	1,819	20.84	1,787,567	2,050	17.37	7,009,705
2016	83,385	35.23	6,135,618	2,105	18.62	395,050	2,251	20.70	16,615,210
2017	82,873	35.67	6,147,556	1,934	18.92	2,971,262	2,446	19.26	5,614,967

(Table 4 is continued on the next page.)

TABLE 4 Continued

Year	Total no.	Government funded (%)	Average government funding ($)	Entering charities	Government funded (%)	Average government funding ($)	Exiting charities	Government funded (%)	Average government funding ($)
				Indigenous-serving charities					
2003	707	56.72	1,561,657						
2004	724	54.28	1,732,516	53	47.17	1,117,636	36	52.78	375,422
2005	742	54.99	1,666,514	53	47.17	631,353	35	25.71	622,807
2006	759	54.94	1,762,565	45	48.89	1,180,830	28	39.29	423,168
2007	774	57.24	1,849,569	37	51.35	1,697,738	22	40.91	532,520
2008	771	56.29	2,049,996	28	32.26	4,281,492	31	25.00	377,764
2009	777	55.47	2,255,450	49	28.57	338,455	43	39.53	309,522
2010	776	54.90	2,462,494	26	40.74	522,807	27	34.62	340,507
2011	781	56.08	2,530,907	30	50.00	359,292	25	16.00	41,694
2012	786	56.49	2,496,473	31	45.16	305,951	26	38.46	383,942
2013	780	57.44	2,487,943	20	35.00	320,151	26	46.15	1,588,864
2014	775	56.90	2,552,205	21	33.33	2,210,607	26	50.00	296,410
2015	779	58.54	2,296,381	28	46.43	1,968,460	24	29.17	14,563,490
2016	764	57.59	2,378,687	20	25.00	3,435,745	35	31.43	6,363,893
2017	764	59.42	2,407,839	27	40.74	410,585	27	25.93	763,288

(Table 4 is continued on the next page.)

TABLE 4 Continued

Year	Total no.	Government funded (%)	Average government funding ($)	Entering charities	Government funded (%)	Average government funding ($)	Exiting charities	Government funded (%)	Average government funding ($)
				Off-reserve charities					
2003	409	69.44	1,560,528						
2004	416	69.23	1,682,175	29	62.07	1,289,097	22	63.64	361,034
2005	426	68.08	1,729,956	31	51.61	458,993	21	23.81	305,375
2006	437	67.51	1,824,027	30	53.33	1,605,347	19	52.63	464,107
2007	446	68.61	1,914,345	23	52.17	1,621,220	14	42.68	644,176
2008	437	71.17	2,072,979	11	54.55	4,985,502	20	35.00	486,073
2009	440	69.55	2,298,414	25	36.00	459,103	22	50.00	138,034
2010	432	70.14	2,490,010	9	44.44	400,402	17	58.82	372,800
2011	434	69.12	2,537,821	15	53.33	346,157	13	23.08	55,582
2012	440	71.14	2,484,874	20	60.00	322,874	14	57.14	445,416
2013	433	72.52	2,476,916	10	50.00	377,492	17	58.82	1,629,425
2014	435	70.80	2,524,482	16	25.00	1,269,591	14	57.14	135,706
2015	440	70.45	2,190,068	19	47.37	411,784	14	42.86	16,580,540[a]
2016	428	71.03	2,203,053	12	33.33	3,564,121	24	41.67	6,931,345
2017	430	71.16	2,225,654	18	38.89	543,594	16	12.50	269,136

(Table 4 is concluded on the next page.)

TABLE 4 Concluded

Year	Total no.	Government funded (%)	Average government funding ($)	Entering charities	Government funded (%)	Average government funding ($)	Exiting charities	Government funded (%)	Average government funding ($)
				On-reserve charities					
2003	298	39.26	1,564,398						
2004	308	34.09	1,870,594	24	29.17	676,738	14	35.71	415,709
2005	316	37.34	1,510,597	22	40.91	937,772	14	28.57	1,019,596
2006	322	37.89	1,613,946	15	40.00	48,785	9	11.11	13,781
2007	328	41.77	1,704,887	14	50.00	1,828,911	8	37.50	309,210
2008	334	36.83	1,991,884	17	5.88	57,429	11	27.27	125,043
2009	337	37.09	2,150,277	24	20.83	121,288	21	28.57	623,916
2010	344	35.76	2,394,709	17	29.41	620,731	10	10.00	17,572
2011	347	39.77	2,515,877	15	46.67	374,304	12	8.33	28
2012	346	37.86	2,524,187	11	18.18	204,414	12	16.67	138,045
2013	347	38.62	2,513,781	10	20.00	176,800	9	22.22	1,386,062
2014	340	39.12	2,616,404	5	60.00	3,465,295	12	41.67	553,538
2015	339	43.07	2,522,113	9	44.44	5,470,980	10	10.00	2,461,226
2016	336	40.48	2,771,280	8	12.50	2,922,241	11	9.09	689,372
2017	334	44.31	2,784,517	9	44.44	177,820	11	45.45	960,948

a In 2015, two large charities exited: one received government funding of $45 million and the other received $53 million in the last year of the charity's operation.

Source: Authors' calculations from data collected from Canada Revenue Agency form T3010, "Registered Charity Information Return," 2003-2017.

on-reserve sample, the smallest group in the analysis; in this case, 2007, 2014, 2015, and 2016 saw incoming charities with average government funding exceeding the average of the existing sample. Once again, these results hint at the potential role of such funding in promoting charities that serve Indigenous peoples.

REGRESSION ANALYSIS

Probit regressions also help to highlight the factors correlated with the government funding of charities. The econometric specification is derived from a latent model that takes the following form:

$$Y_{it}^{*} = \alpha + \beta Ind\_Status_{it} + X_{it}^{'}\gamma + \delta_{p} + \theta_{t} + \varepsilon_{it}. \quad (1)$$

$$Y_{it}^{*} = \kappa + \lambda On\_Reserve_{it} + X_{it}^{'}\chi + \tau_{p} + \pi_{t} + \nu_{it}. \quad (2)$$

$$Y_{it} = \begin{cases} 1 & if\ Y_{it}^{*} > 0 \\ 0 & if\ Y_{it}^{*} \leq 0 \end{cases},$$

$\varepsilon_{it} \sim N(0, 1)$ and $\nu_{it} \sim N(0, 1)$.

Y_{it}^{*} is the unobserved variable, whereas Y_{it} represents the observed data relative to government, federal, provincial, or municipal funding for each charity i in year t. When estimated as the marginal effect, β and λ are the coefficients of interest for the independent variables *Ind_Status* and *On_Reserve*. Both of these variables are binary in nature. The first one is run on the sample of all charities and represents charities serving Indigenous peoples; the second one is from the sample of Indigenous-serving charities, where we focus on whether the charity is located on a reserve. $X_{it}^{'}$ is a set of charities' characteristics: designation type, program type, size, and location (detailed below). In the two equations, δ_{p} and τ_{p} are provincial fixed effects, θ_{t} and π_{t} are year fixed effects, and ε_{it} and ν_{it} are the error terms, assumed to follow a normal distribution.

To examine whether federal funding is associated with the likelihood of receiving either provincial or municipal funding, bivariate probit models are estimated. This approach analyzes the joint probability of receiving two-way combinations of federal-provincial and federal-municipal funding, as a function of various charity-level characteristics.

The standard bivariate probit model estimates the following two joint outcomes:[20]

$$y_{1} = \begin{cases} 1 & if\ y_{1}^{*} > 0 \\ 0 & if\ y_{1}^{*} \leq 0 \end{cases},$$

$$y_{2} = \begin{cases} 1 & if\ y_{2}^{*} > 0 \\ 0 & if\ y_{2}^{*} \leq 0 \end{cases}.$$

20 See, for example, William H. Greene, *Econometric Analysis*, 7th ed. (Boston: Prentice Hall, 2012).

These outcomes are expressed by two unobserved latent variables, and the error terms are jointly normally distributed, each with a mean of zero and variance of one.

$$y_1^* = x_1'\beta + \varepsilon_1. \tag{3}$$

$$y_2^* = x_2'\beta + \varepsilon_2. \tag{4}$$

$$\begin{pmatrix}\varepsilon_1 \\ \varepsilon_2\end{pmatrix} \Big| x_1, x_2 \sim N\left[\begin{pmatrix}0 \\ 0\end{pmatrix}, \begin{pmatrix}1 & \rho \\ \rho & 1\end{pmatrix}\right].$$

To justify a bivariate probit model rather than two separate probit models, the correlation between the residuals of the two probits cannot be weak. In the analysis with the schedule 6 sample, the correlation across probits estimating different levels of funding is always statistically significant, satisfying this condition.

The analyses reveal correlations. Causal interpretations are hampered by concerns over endogeneity arising from at least two sources: (1) when establishing a charity, the founders chose to serve Indigenous peoples because of funding opportunities; or (2) an existing charity modified its programs to become Indigenous-serving in the pursuit of funds. The first possibility cannot be discerned from the data; however, some information can be gleaned for the second one. In our data set, 47 charities changed their programs to serve Indigenous peoples, and 40 charities chose to no longer serve them, suggesting that existing charities did not change programs to become Indigenous-serving in the pursuit of government funds.

Control variables help to identify factors associated with government funding; of particular note are charities' designation, program area, size, and location. Charitable bodies are designated as public foundations, private foundations, or registered charities, depending on their structure, source of funding, and how they operate. Registered charities fulfill their own charitable activities; public foundations share most of their revenues with other registered charities; and private foundations are a hybrid of the two. The CRA groups charitable programs into one of six broad classification areas: benefits to community, education, health, religious, welfare, and other. Charities that provide benefits-to-community programs include museums, galleries, concert halls, libraries, volunteer firefighter organizations, and agricultural societies. Education charities include universities and colleges, nursery programs, and language schools; providers of scholarships, bursaries, and awards; and employment preparation and training facilities. Health charities include hospitals and nursing homes; cancer foundations; organizations for the promotion and protection of health, including mental health; and Alzheimer societies. Bible schools, places of worship, ministries, seminaries, and other religious colleges fall under religious charities. Other charities include employees' charity trusts or Rotary clubs. Welfare charities include early learning, family, and senior care centres; and community services and support organizations such as retired citizens organizations, housing societies, and food banks.

Size is based on total revenues and is represented by eight dichotomous variables: revenues of less than $25,000; between $25,000 and less than $100,000; between $100,000 and less than $250,000; between $250,000 and less than $500,000; between $500,000 and less than $1 million; between $1 million and less than $5 million;

between $5 million and less than $10 million; and $10 million and over. We also code whether the charity is in a rural area (with the first digit of the postal code being zero)[21] or an urban setting. Spatial and time units are included as fixed effects. Provincial fixed effects control for all the characteristics of a province that do not change over time and are not directly observable. Year fixed effects control for factors that are year-specific, in the sense that they can fluctuate from year to year, but are common to all provinces for a given year. The error term captures unobserved factors. Standard errors are clustered at the charity level.

Table 5 reports the marginal effects for the probit models. The predicted probabilities of obtaining government, federal, provincial, or municipal funds generated by the model for the reference group are reported at the bottom of the table and provide a useful way of anchoring the estimated marginal effects. Unless otherwise stated, we discuss only statistically significant results.

Being an Indigenous-serving charity is consistently associated with receiving government funding relative to the non-Indigenous group. The fact that a charity belongs to the Indigenous-serving group increases the probability of receiving government funding by 7.1 percentage points (p.p.), which translates into a 25 percent increase in the predicted probability of funding (0.283) for the reference group. Columns 2 and 3 of table 5 reveal an increase in the predicted probability of 16 p.p. for federal funding and 3.3 p.p. for provincial funding, representing a 99 percent and an 18 percent increase, respectively, in their predicted probabilities. The estimated coefficient on "Indigenous charity" is not statistically significant in the estimates with municipal funding (column 4). The likelihood of obtaining municipal funding does not differ if the charity serves the Indigenous population, possibly because focusing on the larger charities included in schedule 6 eliminates the smaller charities typically targeted by local governments.

The program area in which the charity operates matters. In comparison with religious charities (the reference group), all other programs have a higher probability of getting financial support, regardless of the exact source of funding. Looking at all government funding (column 1) we see that benefits-to-community charities and welfare charities have the highest likelihood of being funded, followed by education, health, and "other." For the other types of funding, some small ranking differences occur, but the same pattern persists. To explore further the link between charity program area and being an Indigenous-serving charity, we ran the model with interactions between being an Indigenous-serving charity and program areas. These results are presented in table 6. We can see the overall importance of being a health charity and being Indigenous for funding, as well as welfare and Indigenous, relative to being an Indigenous charity providing religious services. For federal funding only, the

21 New Brunswick does not have any rural postal codes, since these have been phased out by Canada Post. Nunavut and the Northwest Territories share postal codes starting with the letter X. Yellowknife, the capital of the Northwest Territories, is considered to be an urban place, but the capital of Nunavut, Iqaluit, falls under a rural area. The charities in New Brunswick and Nunavut account for approximately 3 percent of the sample.

TABLE 5 Probit Model: Non-Indigenous Charities and Indigenous-Serving Charities

Dependent variable: government/federal/provincial/municipal funding

	Government funding	Federal funding	Provincial funding	Municipal funding
	(1)	(2)	(3)	(4)
Indigenous charity	0.071***	0.160***	0.033***	−0.011
	(0.013)	(0.010)	(0.013)	(0.008)
Program area				
Benefits to community	0.512***	0.201***	0.475***	0.294***
	(0.004)	(0.003)	(0.004)	(0.003)
Education	0.407***	0.157***	0.420***	0.237***
	(0.004)	(0.003)	(0.004)	(0.003)
Health	0.341***	0.066***	0.402***	0.169***
	(0.006)	(0.005)	(0.005)	(0.004)
Welfare	0.432***	0.130***	0.457***	0.234***
	(0.004)	(0.003)	(0.004)	(0.003)
Other	0.178***	0.051***	0.265***	0.118***
	(0.016)	(0.015)	(0.017)	(0.012)
Registered charity	0.444***	0.234***	0.409***	0.144***
	(0.007)	(0.006)	(0.007)	(0.004)
Private foundation	−0.225***	−0.133***	−0.167***	−0.144***
	(0.013)	(0.011)	(0.014)	(0.009)
Size				
$25,000 -< $100,000	0.302***	0.174***	0.248***	0.097***
	(0.003)	(0.003)	(0.004)	(0.002)
$100,000 -< $250,000	0.435***	0.254***	0.387***	0.148***
	(0.004)	(0.004)	(0.004)	(0.003)
$250,000 -< $500,000	0.501***	0.289***	0.453***	0.168***
	(0.004)	(0.004)	(0.005)	(0.003)
$500,000 -< $1 million	0.565***	0.318***	0.499***	0.178***
	(0.005)	(0.004)	(0.005)	(0.003)
$1 million -< $5 million	0.648***	0.340***	0.563***	0.187***
	(0.005)	(0.004)	(0.006)	(0.003)
$5 million -< $10 million	0.802***	0.385***	0.698***	0.194***
	(0.008)	(0.006)	(0.008)	(0.005)
$10 million and over	1.105***	0.515***	0.939***	0.213***
	(0.031)	(0.013)	(0.024)	(0.010)
Rural	0.119***	0.036***	0.061***	0.030***
	(0.003)	(0.003)	(0.003)	(0.002)
Province fixed effects	Yes	Yes	Yes	Yes
Year fixed effects	Yes	Yes	Yes	Yes
Observations	1,237,450	870,093	870,093	870,093
Number of charities	107,219	97,806	97,806	97,806
Predicted probability	0.283	0.162	0.188	0.0924

Notes: Data in columns 2 through 4 are from the schedule 6 sample. Schedule 6 applies to charities if "a) the charity's revenue exceeds $100,000; b) the amount of all property (for example, investments, rental properties) not used in charitable activities [is] more than $25,000; c) the charity [has] permission to accumulate funds during this fiscal period." See CRA form T3010, "Registered Charity Information Return," at 3, under section D. The coefficients represent the marginal effects (dy/dx). Robust standard errors in parentheses are clustered at the charity level. Significance: *** $p < 0.01$.

Source: Authors' calculations from data collected from Canada Revenue Agency form T3010, "Registered Charity Information Return," 2003-2017.

interactive terms for all areas (with religious as the reference group) are statistically significant. In addition to statistical significance, these estimated marginal effects are large relative to the predicted probability of funding. Notice, for instance, that for federal funding, the predicted probability of the reference charity receiving funds is 16.2 p.p., to which 31.7 p.p. are added if the charity is in health and Indigenous-serving, and 19.0 p.p. are added if the charity is in education and Indigenous-serving, both relative to the reference religious and Indigenous-serving group.

Irrespective of the specification, the size of the charity (measured by revenues) matters when it comes to predicting the likelihood of government support. With few exceptions, government funding monotonically increases with size.

The location of the charity affects the likelihood of receiving government funding. From both tables 5 and 6, we see that the estimated marginal effects on the rural dummy variable are always positive and statistically significant: charities in rural areas receive more public funds, ceteris paribus. The size of these effects is large relative to the estimated predicted probability of funding (shown at the bottom of the table). For instance, the predicted probability of the reference charity receiving any government funding is 0.283; if the charity is in a rural area, this number is increased by 11.9 p.p. or 42 percent. Another important location variable is whether the charity is located on or off reserve. To this end, we separate the Indigenous-serving sample into these two groups. Table 7 presents the probit results from that analysis.

Charities on reserve are 9.8 p.p. *less likely* to receive any government funding compared to those off reserve, representing a reduction of 17 percent in the predicted probability of funding. Looking across the three specifications by government funding level, we see that only provincial funding is statistically different across Indigenous-serving charities on and off reserves. The decrease in provincial funding to on-reserve charities relative to off-reserve charities is 16.6 p.p., representing a 34 percent reduction in the predicted probability of such funding. Once again, the program area of the charity matters in a manner comparable to the Indigenous-serving and non-Indigenous sample. Regarding the other covariates, government funding continues to be positively linked to the size of the charity and rural location for the Indigenous-serving only sample.

Finally, table 8 presents the estimated additional funding effects stemming from receiving federal funds. Columns 1 and 2 present the estimated effect of Indigenous-serving charities receiving provincial funding and municipal funding, contingent on receiving federal funding; columns 3 and 4 do likewise for the off- and on-reserve charities. The correlation between the residuals of the two possibilities is given by *rho* at the bottom of the table and is positive and statistically significant in all cases.

The first two columns of table 8 indicate that Indigenous-serving charities with federal funding are 5.7 p.p. more likely to receive provincial funding and 2.0 p.p. more likely to receive municipal funding relative to non-Indigenous serving charities with federal funding, amounting to increases of 41 percent and 24 percent, respectively, over the predicted probability of such funding for the reference non-Indigenous charity. There are at least two explanations for the apparent influence of federal funding on funding by the other government levels. It could arise from matching

TABLE 6 Probit Model with Interactions: Non-Indigenous Charities and Indigenous-Serving Charities

Dependent variable: government/federal/provincial/municipal funding	Government funding	Federal funding	Provincial funding	Municipal funding
	(1)	(2)	(3)	(4)
Indigenous charity	0.014	−0.001	0.021	0.071***
	(0.027)	(0.025)	(0.037)	(0.019)
Program area				
Benefits to community	0.511***	0.200***	0.475***	0.296***
	(0.004)	(0.003)	(0.004)	(0.003)
Education	0.406***	0.156***	0.420***	0.237***
	(0.004)	(0.003)	(0.004)	(0.003)
Health	0.339***	0.063***	0.402***	0.169***
	(0.006)	(0.005)	(0.005)	(0.004)
Welfare	0.431***	0.129***	0.457***	0.233***
	(0.004)	(0.003)	(0.004)	(0.003)
Other	0.177***	0.048***	0.268***	0.119***
	(0.016)	(0.015)	(0.017)	(0.012)
Ind*Benefits to community	0.034	0.169***	0.010	−0.141***
	(0.037)	(0.030)	(0.044)	(0.022)
Ind*Education	0.045	0.190***	−0.013	−0.102***
	(0.039)	(0.034)	(0.046)	(0.025)
Ind*Health	0.277***	0.317***	0.032	−0.009
	(0.083)	(0.052)	(0.066)	(0.034)
Ind*Welfare	0.101***	0.184***	0.033	−0.049**
	(0.036)	(0.031)	(0.042)	(0.022)
Ind*Other	0.072	0.274***	−0.215	−0.122*
	(0.120)	(0.089)	(0.157)	(0.074)
Registered charity	0.444***	0.234***	0.409***	0.144***
	(0.007)	(0.006)	(0.007)	(0.004)
Private foundation	−0.225***	−0.133***	−0.167***	−0.144***
	(0.013)	(0.011)	(0.014)	(0.009)
Size				
$25,000 -< $100,000	0.302***	0.174***	0.248***	0.097***
	(0.003)	(0.003)	(0.004)	(0.002)
$100,000 -< $250,000	0.435***	0.253***	0.387***	0.148***
	(0.004)	(0.004)	(0.004)	(0.003)
$250,000 -< $500,000	0.501***	0.288***	0.453***	0.169***
	(0.004)	(0.004)	(0.005)	(0.003)
$500,000 -< $1 million	0.565***	0.317***	0.499***	0.178***
	(0.005)	(0.004)	(0.005)	(0.003)
$1 million -< $5 million	0.648***	0.339***	0.563***	0.188***
	(0.005)	(0.004)	(0.006)	(0.003)
$5 million -< $10 million	0.802***	0.385***	0.698***	0.194***
	(0.008)	(0.006)	(0.008)	(0.005)
$10 million and over	1.105***	0.516***	0.940***	0.213***
	(0.031)	(0.013)	(0.024)	(0.009)
Rural	0.119***	0.036***	0.061***	0.030***
	(0.003)	(0.003)	(0.003)	(0.002)

(Table 6 is concluded on the next page.)

TABLE 6 Concluded

Dependent variable: government/federal/provincial/municipal funding				
	Government funding	Federal funding	Provincial funding	Municipal funding
	(1)	(2)	(3)	(4)
Province fixed effects	Yes	Yes	Yes	Yes
Year fixed effects	Yes	Yes	Yes	Yes
Observations	1,237,450	870,093	870,093	870,093
Number of charities	107,219	97,806	97,806	97,806
Predicted probability	0.283	0.162	0.188	0.0923

Notes: Data in columns 2 through 4 are from the schedule 6 sample. Schedule 6 applies to charities if "a) the charity's revenue exceeds $100,000; b) the amount of all property (for example, investments, rental properties) not used in charitable activities [is] more than $25,000; c) the charity [has] permission to accumulate funds during this fiscal period." See CRA form T3010, "Registered Charity Information Return," at 3, under section D. The coefficients represent the marginal effects (dy/dx). Robust standard errors in parentheses are clustered at the charity level. Significance: * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: Authors' calculations from data collected from Canada Revenue Agency form T3010, "Registered Charity Information Return," 2003-2017.

programs that require, say, a matched federal grant to be eligible for provincial (municipal) funds. It could also arise if federal funding signals that the charity is able to handle the requirements of government funding (perhaps in terms of administrative reporting or in terms of a level of service provided) and hence increases the likelihood of funding by the provincial and/or municipal governments.

The second two columns indicate the relative positions of Indigenous-serving charities on and off reserve, with the former having a reduced likelihood of obtaining provincial or municipal funding (contingent on federal funding) relative to the latter. For instance, table 8 reveals that an on-reserve charity has an 11.5 p.p. lower likelihood of receiving provincial funding given that it received federal funding, relative to its off-reserve counterpart. An on-reserve charity has a 4.1 p.p. lower likelihood of municipal funding given that it received federal funding, again relative to its off-reserve counterpart. The fact that Indigenous reserves receive a large portion of their funding from the federal government may help to explain why charities so located receive fewer federal funds relative to those outside the reserve boundaries.

Our results are robust to different specifications. For instance, we included in the main model nine categories of provincial spending: economic affairs; education; environmental protection; general public services; health; housing and community; public order and safety; recreation, culture, and religion; and social protection. The idea is that the amount of money spent by the province in sectors in which the charities operate could affect the probability of their receiving government grants. Owing to limited data, the time frame is restricted to 2008-2017. With slight changes in magnitude and in statistical significance relative to the main specification, we still found

TABLE 7 Probit Model: Indigenous-Serving Charities Off Reserve and On Reserve

Dependent variable: government/federal/provincial/municipal funding	Government funding	Federal funding	Provincial funding	Municipal funding
	(1)	(2)	(3)	(4)
Charity on reserve	−0.098**	−0.068	−0.166***	−0.051
	(0.042)	(0.049)	(0.050)	(0.033)
Program area				
Benefits to community	0.528***	0.451***	0.619***	0.218***
	(0.055)	(0.057)	(0.067)	(0.041)
Education	0.462***	0.480***	0.568***	0.219***
	(0.054)	(0.058)	(0.070)	(0.043)
Health	0.597***	0.448***	0.566***	0.239***
	(0.099)	(0.081)	(0.094)	(0.059)
Welfare	0.477***	0.334***	0.613***	0.260***
	(0.052)	(0.057)	(0.065)	(0.039)
Other	0.183	0.392***	0.039	−0.053
	(0.142)	(0.122)	(0.264)	(0.130)
Registered charity	0.523***	0.520***	0.493***	0.212***
	(0.119)	(0.168)	(0.191)	(0.081)
Private foundation	0.091	0.328	0.083	−0.067
	(0.171)	(0.229)	(0.241)	(0.146)
Size				
$25,000 -< $100,000	0.491***	0.494***	0.479***	0.219***
	(0.046)	(0.074)	(0.067)	(0.051)
$100,000 -< $250,000	0.679***	0.718***	0.645***	0.350***
	(0.049)	(0.074)	(0.067)	(0.048)
$250,000 -< $500,000	0.875***	0.828***	0.857***	0.379***
	(0.052)	(0.074)	(0.068)	(0.049)
$500,000 -< $1 million	1.094***	0.984***	1.007***	0.417***
	(0.053)	(0.073)	(0.069)	(0.047)
$1 million -< $5 million	1.154***	1.157***	1.045***	0.438***
	(0.052)	(0.072)	(0.066)	(0.045)
$5 million -< $10 million	1.169***	1.137***	1.108***	0.376***
	(0.076)	(0.087)	(0.085)	(0.059)
$10 million and over	0.000	0.000	0.000	0.000
	(.)	(.)	(.)	(.)
Rural	0.096**	0.036	0.010	−0.050*
	(0.042)	(0.045)	(0.046)	(0.030)
Province fixed effects	Yes	Yes	Yes	Yes
Year fixed effects	Yes	Yes	Yes	Yes
Observations	11,459	8,848	8,848	8,848
Number of charities	1,099	1,017	1,017	1,017
Predicted probability	0.589	0.478	0.487	0.203

Notes: Data in columns 2 through 4 are from the schedule 6 sample. Schedule 6 applies to charities if "a) the charity's revenue exceeds $100,000; b) the amount of all property (for example, investments, rental properties) not used in charitable activities [is] more than $25,000; c) the charity [has] permission to accumulate funds during this fiscal period." See CRA form T3010, "Registered Charity Information Return," at 3, under section D. The coefficients represent the marginal effects (dy/dx). Robust standard errors in parentheses are clustered at the charity level. Significance: * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: Authors' calculations from data collected from Canada Revenue Agency form T3010, "Registered Charity Information Return," 2003-2017.

TABLE 8 Bivariate Probit Model: Non-Indigenous Charities and Indigenous-Serving Charities/Indigenous-Serving Charities Off Reserve and On Reserve

	Full sample, schedule 6	Full sample, schedule 6	Indigenous sample, schedule 6	Indigenous sample, schedule 6
	Probability (Federal funding = 1, Provincial funding = 1)	Probability (Federal funding = 1, Municipal funding = 1)	Probability (Federal funding = 1, Provincial funding = 1)	Probability (Federal funding = 1, Municipal funding = 1)
	(1)	(2)	(3)	(4)
Indigenous charity	0.057***	0.020***		
	(0.005)	(0.003)		
Charity on reserve			−0.115***	−0.041*
			(0.034)	(0.022)
Program area				
Benefits to community	0.183***	0.120***	0.520***	0.208***
	(0.002)	(0.002)	(0.046)	(0.027)
Education	0.155***	0.095***	0.510***	0.213***
	(0.002)	(0.001)	(0.047)	(0.028)
Health	0.122***	0.062***	0.490***	0.221***
	(0.002)	(0.002)	(0.058)	(0.038)
Welfare	0.156***	0.091***	0.458***	0.208***
	(0.002)	(0.001)	(0.046)	(0.026)
Other	0.082***	0.043***	0.203	0.046
	(0.007)	(0.005)	(0.137)	(0.076)
Registered charity	0.176***	0.080***	0.487***	0.220***
	(0.003)	(0.002)	(0.152)	(0.051)
Private foundation	−0.085***	−0.065***	0.195	0.027
	(0.006)	(0.004)	(0.210)	(0.094)
Size				
$25,000-<$100,000	0.117***	0.056***	0.472***	0.221***
	(0.002)	(0.001)	(0.051)	(0.032)
$100,000-<$250,000	0.176***	0.083***	0.661***	0.336***
	(0.002)	(0.001)	(0.050)	(0.032)
$250,000-<$500,000	0.203***	0.094***	0.816***	0.374***
	(0.002)	(0.002)	(0.052)	(0.034)
$500,000-<$1 million	0.224***	0.102***	0.964***	0.427***
	(0.003)	(0.002)	(0.053)	(0.034)
$1 million-<$5 million	0.247***	0.108***	1.071***	0.473***
	(0.003)	(0.002)	(0.056)	(0.034)
$5 million-<$10 million	0.294***	0.117***	1.088***	0.435***
	(0.004)	(0.002)	(0.067)	(0.043)
$10 million and over	0.396***	0.143***	0.000	0.000
	(0.008)	(0.004)	(.)	(.)
Rural	0.027***	0.016***	0.022	−0.021
	(0.001)	(0.001)	(0.031)	(0.020)

(Table 8 is concluded on the next page.)

TABLE 8 Concluded

	Full sample, schedule 6	Full sample, schedule 6	Indigenous sample, schedule 6	Indigenous sample, schedule 6
	Probability (Federal funding = 1, Provincial funding = 1)	Probability (Federal funding = 1, Municipal funding = 1)	Probability (Federal funding = 1, Provincial funding = 1)	Probability (Federal funding = 1, Municipal funding = 1)
	(1)	(2)	(3)	(4)
Province fixed effects	Yes	Yes	Yes	Yes
Year fixed effects	Yes	Yes	Yes	Yes
Rho	0.446***	0.383***	0.263**	0.204***
	(0.005)	(0.005)	(0.050)	(0.044)
Observations	870,093	870,093	8,848	8,848
Number of charities	97,806	97,806	1,017	1,017
Predicted joint probability	0.138	0.085	0.410	0.204

Notes: Schedule 6 applies to charities if "a) the charity's revenue exceeds $100,000; b) the amount of all property (for example, investments, rental properties) not used in charitable activities [is] more than $25,000; c) the charity [has] permission to accumulate funds during this fiscal period." See CRA form T3010, "Registered Charity Information Return," at 3, under section D. The coefficients represent the marginal effects (dy/dx). Robust standard errors in parentheses are clustered at the charity level. Significance: * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: Authors' calculations from data collected from Canada Revenue Agency form T3010, "Registered Charity Information Return," 2003-2017.

that Indigenous-serving charities have a higher likelihood of receiving public funding, and that off-reserve charities have a higher likelihood relative to on-reserve charities.

We also explored whether the charity received public funding in the previous year as a control when looking at the likelihood of current-year funding, as highlighted in the public administration literature examining the size of the non-profit sector.[22] Indigenous-serving charities still have a higher likelihood of receiving government funding relative to non-Indigenous charities, but the effect is smaller when the lagged variable is included. In other words, having received funding in the previous period does help to explain part of current funding to Indigenous-serving charities: simply stated, funding is persistent. Similarly, charities on reserve continue to be more likely to receive provincial funding relative to their off-reserve counterparts even when lagged provincial funding is included. The sign of the effect of being "on reserve" is robust, but is now less precise than in the specification without the lagged funding variable.

Removing religious charities from the sample results in Indigenous-serving charities being slightly more likely to receive some form of government funding relative

22 Lu, supra note 5.

to non-Indigenous charities (with the estimated marginal effect of "Indigenous charity" increasing from 0.071 to 0.087), driven by an increase in the likelihood of federal funding (from an estimated coefficient of 0.16 to 0.217). Removing foundations from the sample had almost no effect: the estimated marginal effect of "Indigenous charity" was nudged from 0.071 to 0.072.

Finally, we ran the main model for each year separately, and on a collapsed sample of charities averaged over the 15-year sample period. In both cases, the main finding that government funding is more likely for Indigenous-serving charities relative to non-Indigenous charities holds. In the year-by-year regressions, the estimated marginal effect of being an Indigenous-serving charity on government funding was statistically significant every year: in 2003 and 2017, for example, the estimated marginal effects were 0.095 and 0.094. Federal funding was always statistically significant, provincial funding was usually statistically significant, and municipal funding was rarely statistically significant. Looking at the specification using averages over time by charity, government funding was always more likely for Indigenous-serving charities than for their non-Indigenous counterparts. In this case, we observe an increase in the estimated marginal effect of 0.059 or 12 percent for the reference charity, again driven largely by federal funding.

All of our robustness checks corroborate our conclusions: government funding is more likely if the charity is Indigenous-serving relative to all other charities, and charities off reserve are more likely to receive direct government funding relative to those on reserve.

CONCLUSIONS AND DISCUSSION

By analyzing the T3010 data of each registered charity from 2003 to 2017, we provide some insights into the factors that are correlated with receiving government funding. Four main factors stand out: the importance of being an Indigenous-serving charity, the location of the charity, the area of charitable activity, and the role of federal funding. Charities that serve Indigenous peoples are much more likely to receive some form of government funding relative to non-Indigenous charities, suggesting that governments use the charitable sector as a vehicle for providing services to vulnerable populations. This finding is also consistent with other motivations, such as the charitable sector being nimble and better able to provide culturally appropriate services. We do not know if the charities are funded because they are more cost-effective relative to other provision mechanisms. The fact that Indigenous-serving charities are more likely to be funded relative to all other charities possibly hints at the importance of these other mechanisms over cost-effectiveness: it would be hard to argue that Indigenous-serving charities per se are more cost-effective relative to other charities, ceteris paribus.

The finding that Indigenous charities located on a reserve are less likely to receive funding relative to their off-reserve counterparts is probably related to other direct government funding measures provided to reserves. Reserves receive funding directly from (mostly) the federal and provincial/territorial governments to support programs. Since the 1950s, for instance, the provinces have taken on more responsibility

for the delivery of health and educational services to Indigenous communities.[23] For on-reserve schools operated by First Nation bands, funding generally comes from the federal department of Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC) and ISC.[24] Out of the 46 currently federal supported programs by CIRNAC/ISC, eight relate to education.[25] Further access to funding for programs, services, and initiatives is granted by the CIRNAC/ISC and is open to communities, governments, and individuals, as well as Indigenous organizations. Health services are normally the responsibility of provincial and territorial governments; however, multiple levels of authority play a role in coordinating cross-jurisdictional service provision for Indigenous health services.[26] Similarly with respect to social services and housing, which are normally the responsibility of provinces and territories, CIRNAC/ISC serves as a focal point for providing these services for Indigenous communities.[27] Therefore, while the socioeconomic well-being of many reserves is poor, governments can directly "support" health, welfare, and educational programs through the myriad mechanisms available. This may result in a crowding-out of direct support to charities in these areas. It may also be the case that since there are more large charities off reserve than on reserve, these charities will have the resources to apply for and administer government grants. Indeed, this speaks to our robust finding that the size of the charity matters: larger organizations tend to attract government funds.

Our analysis underscores the importance of program area when it comes to receiving government funding. Charities that provide benefits to the community and those in welfare, education, and health have a much higher likelihood of receiving public funding relative to religious and "other" charities. Including variables that test the interaction between being an Indigenous-serving charity and each of the five non-religious areas of service brings home the point that there is a direct link between being an Indigenous-serving charity in one of the key program areas and receiving government funding.

The bivariate probit analysis points to a potential catalytic role for the federal government vis-à-vis other levels of government. Once a charity receives federal funds, other governments are more willing to step in as well. This finding is also consistent

23 Donna Feir and Robert L.A. Hancock, "Answering the Call: A Guide to Reconciliation for Quantitative Social Scientists" (2016) 42:3 *Canadian Public Policy* 350-65.

24 Jane Friesen and Brian Krauth, "Sorting, Peers, and Achievement of Aboriginal Students in British Columbia" (2010) 43:4 *Canadian Journal of Economics* 1273-1301.

25 Government of Canada, "Indigenous and Northern Affairs Canada" (www.sac-isc.gc.ca/eng/1100100033601/1521124611239).

26 National Collaborating Centre for Aboriginal Health, *Looking for Aboriginal Health in Legislation and Policies, 1970 to 2008: A Policy Synthesis Project* (Prince George, BC: NCCAH, 2011).

27 See Government of Canada, "Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC)" (www.canada.ca/en/crown-indigenous-relations-northern-affairs.html); and Government of Canada, "Indigenous Services Canada (ISC)" (www.canada.ca/en/indigenous-services-canada.html).

with the idea that federal funding attracts matching support from the provinces and municipalities (though we may, of course, be picking up express requirements that funds be matched across government levels).

The goal of this study was not to determine definitively why government funding differs across types of charities; rather, it was to discern and highlight the significant funding differences across Indigenous-serving and non-Indigenous charities, which are suggestive of a more active government role in the provision of charitable services to Indigenous individuals. Our analysis hints at the ability to target vulnerable individuals as a significant driver of government funding. The possibility that funding charities in general can be a cheaper way of providing services, especially to remote communities, has intuitive appeal and is supported by the fact that charities in rural areas are more likely to receive government funds. Future research with more and better data might investigate why the direct funding of charities is an appropriate mechanism for the delivery of some services over others.

Our work is limited by the available data. While we tried to ensure that our "Indigenous-serving" sample indeed captured those charities devoted to Indigenous services, it is possible that we missed a few. We look only at correlations and not causality; more and better data would help to improve the empirical analysis.