



## **Gifts by Canadian Charities to Donor Advised Funds in 2019**

By Mark Blumberg and Henri Pasha (April 30, 2022)

In this article we will look at gifts from Canadian registered charities to Canadian charities that are donor advised funds.

We recently reviewed the T3010 information for 2019. The database was prepared by the Charities Directorate of CRA in May 2021 and covers almost 84,000 charities (which is over 98% of Canadian registered charities) and their 2019 T3010 returns.

We specifically looked at gifts over \$30,000 and for purposes of this article which were made to Canadian donor advised funds. Large amounts of funds are contributed to donor advised funds from corporations and individuals. These contributions are not included in this article – only gifts from registered charities to donor advised funds.

There is no standard definition of which registered charities are donor advised funds or DAFs. Some registered charities may have donor advised fund, but CRA does not currently ask on the T3010 whether a group has DAFs. Some registered charities advertise this service while others don't publicly discuss it. So, this list may not be comprehensive.

Some divide the DAF sector into “community foundations” versus “financial services DAFs” controlled by financial services companies or banks. I have not found that distinction to be too helpful. There are great DAFs run by investment firms or banks as well as not great ones. The same can be said for community foundations - some are well run and others not so much. Some charities are almost all DAF, while others do lots of programming or grantmaking and the DAFs are a small part of the charity.

DAFs have been controversial in some circles because they have grown tremendously in assets both in the US and in Canada and some worry that although they may bring more funds into the “charitable sector” they are holding back funds from operating charities. There are also concerns that some private foundations provide grants to DAFs, and while this satisfies the private foundation's DQ requirement, almost none of those funds go to operating charities.

Clearly this is not something that most private foundations do, just a small number but it does call into question whether there should be greater regulation of DAFs in Canada. Because of the limited transparency of some DAFs you don't know whether a large grant from a private foundation went into the DAF and did not move, or was all granted out to charities within weeks.

There are also concerns that some DAFs are not that transparent and some individuals or foundations can use them to secretly support certain causes. I only know of one DAF in Canada that gives a detailed breakdown of almost every fund and how much was granted out of that fund. If all DAFs maintained this level of transparency there would be less concerns about transparency.

Some DAFs would argue that they have discussions with donors, encourage giving and are bringing in funds that would not otherwise come into the charity sector, if the DAFs were not operating. Also, DAFs can be very helpful in a number of circumstances such as a person selling a business who has philanthropic interests, having a large amount of taxes that would need to be paid, making a large contribution to a DAF when they have not thought about exactly which charities they wish to give funds to or over which time horizon.

The disbursement quota for DAFs is 3.5% of the total value of their assets used for charitable and admin purposes. Most DAFs, because they have donor advised funds, but also flow through funds are granting around 20-30% of their assets. This is much higher than some private foundations who are giving at 3.5% or even far less.

However, in theory, with some DAFs some individual funds could be spending nothing and that would not be contrary to the DQ rules as they are not calculated fund by fund but instead on the assets and distribution of the entire charity.

Recent proposed changes relating to the disbursement quota ([discussed here](#)) will affect DAFs, but only in the same way as other charities. The final legislation for the DQ changes has not been released yet and there yet may still be further regulation of DAFs in the future if the Department of Finance has more concerns.

For investment assets over \$1m the rate will increase from 3.5% to 5% in 2023. This will not be an issue for many DAFs as they are spending far more than that percentage. In the Federal Budget 2022, it did not seem to indicate that there will be additional regulation of DAFs.

Please review my caveats at the end about the reliability and usage of T3010 information. Here are some of the larger contributions from charities to DAFs we saw in 2019:

#	Donor Charity	Recipient Charity	Recipient City	Total amount of gifts	Amount of gifts in kind
1.	THE VOORTMAN FOUNDATION	TD Private Giving Foundation		\$21,744,000.00	
2.	THE HORNE FAMILY CHARITABLE FOUNDATION	AQUEDUCT FOUNDATION	VANCOUVER	\$19,265,935.00	
3.	THE HORNE FAMILY CHARITABLE FOUNDATION	THE CALGARY FOUNDATION	CALGARY	\$19,235,935.00	
4.	Jarislowsky Fraser Partners Foundation / Fondation des associés de Jarislowsky Fraser	Aqueduct Foundation	Vancouver	\$16,400,000.00	\$14,462,710.00
5.	EDMONTON GALLERIA FOUNDATION	Edmonton Community Foundation	Edmonton	\$3,000,000.00	
6.	N. MURRAY EDWARDS CHARITABLE FOUNDATION	AQUEDUCT FOUNDATION	VANCOUVER	\$2,500,000.00	
7.	CONAM CHARITABLE FOUNDATION	CHARITABLE GIFT FUNDS CANADA FOUNDATION	KINGSTON	\$2,033,004.00	
8.	The Waverley House Foundation	COMMUNITY FOUNDATION OF OTTAWA	OTTAWA	\$2,030,000.00	
9.	THE SISTERS OF SAINT ANN	Victoria Foundation		\$2,000,000.00	
10.	ABUNDANCE CANADA	The Great Commission Foundation	Abbotsford	\$996,150.00	
11.	AQUEDUCT FOUNDATION	Charitable Gifts Funds Canada Foundation		\$500,375.00	
12.	ST ALBERT COMMUNITY FOUNDATION	Edmonton Community Foundation - Various Funds	Edmonton	\$81,829.00	

13.	SHAANTI INTERNATIONAL MUSEUM OF COSTUMES AND DOLLS	Amherstburg Community Foundation	Amherstburg	\$75,001.00	
14.	THE ANGEL GABRIEL FOUNDATION	Guelph Community Foundation	Guelph	\$45,000.00	

## Limitations and Caveats

There are a number of cautions in dealing with the information from the T3010. You can access the CRA Charities Listing database directly on the CRA website at:

<https://www.canada.ca/en/revenue-agency/services/charities-giving/list-charities/list-charities-other-qualified-doneses.html>. As well, Blumbergs also maintains Canada's largest charity

information portal at [www.CharityData.ca](http://www.CharityData.ca) with up to 17 years information on every Canadian registered charity. The portal is free and the aim is to increase transparency in the Canadian charity sector. With CRA removing recently over 10 years' worth of information from the Charities Listing, [www.CharityData.ca](http://www.CharityData.ca) has far more years available

- 1) The data in this note is based on the 2019 T3010 Registered Charity Information Return filings. Although all charities are supposed to file their T3010 within 6 months of their fiscal year end, some charities file late or do not file at all and then will lose their charitable status. Depending on the data set from CRA, not every charity may have filed their T3010 or been inputted yet.
- 2) Registered charities complete the T3010 and one person signs the form. The T3010 information is not independently verified by CRA when it is posted on the CRA site or placed in the CRA database.
- 3) Although an important legal document, the T3010 is often completed by volunteers or others who may have little understanding of the nuances of the *Income Tax Act* (Canada), limited language skills, may not have easy access to the correct information or are in a hurry to file the form to avoid deregistration. In the case of larger institutions, it is typically accountants or finance staff who prepare the T3010. One would expect greater accuracy with the larger institutions. However, as they also tend to be more complicated and involve bigger numbers, the likelihood of a significant inaccuracy in their T3010 filings is great.
- 4) The T3010s are filed with CRA and in many cases needs to be coded by hand at CRA which can also introduce mistakes. Only a small number of T3010s have 2D bar code technology which can eliminate most processing errors on CRA's part. Canadian charities can as of June 2019 electronically file the T3010 which will hopefully reduce errors and speed up the process for T3010 data becoming available.
- 5) In some cases, those completing the T3010 for a charity are deliberately deceptive when completing the T3010. For example, an organization knows that it has substantial fundraising or political expenses but chooses to put them under charitable activities. Or an organization claims pharmaceuticals that it can purchase for \$50,000 are really worth \$50 million.

6) Don't rely on any of this information without checking with the charity and appropriate due diligence as required.

7) The T3010 is a tax form which is supposed to be completed according to guidance provided by the CRA in [Guide Completing the Registered Charity Information Return \(T-4033\)](#) and also various other CRA guidances and policies. The information inputted may not conform to Generally Accepted Accounting Principles (GAAP) and often the numbers will not match what is in a financial statement. You can obtain copies of financial statements, whether audited or not, on any registered charity by requesting the financial statements from CRA. These financial statements are filed with CRA but not placed on the CRA website and they can sometimes add further information.

8) Some questions on the T3010 are more prone to error than others. Some questions are complicated, while others are quite straightforward. Some matters are easily quantifiable, like value of official donation receipts, while others require allocation and other subjective measurements. Some questions, like revenue, are answered by almost every charity and if a charity makes a mistake, the likelihood is that such a mistake will not have much impact on the bigger picture. On the other hand, some numbers like political expenditures (which are now no longer being asked about) were often incorrectly completed and even one or two charities by mistakenly inserting large numbers in this category can distort the picture. With the 2012 numbers, the top 6 organizations listing political expenditures appear to be all mistakes. This seems to have inflated the numbers by about 1000%. You can see my article [“Did the University of Windsor spend \\$285 million on political activities in 2012”](#). For the 2013 political numbers were \$171 million on the T3010. If one reviews the actual organizations, the number is probably about \$26 million. For 2017 the number is 28 million. For 2018 the number is 30 million.

9) The T3010 asks certain questions. Many [important questions](#) are not asked on the T3010. Relying on the T3010 to make decisions on whether a charity is efficient or worthwhile to support is prone to failure. We have established a website at [www.smartgiving.ca](http://www.smartgiving.ca) which discusses in detail questions donors may want to ask before donating to charity.

**This analysis was prepared as part of the Sean Blumberg Transparency Project.**

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