



## DISCUSSION PAPER

# T3010 Challenges for Research

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## **ABSTRACT**

In preparation for a May 2014 T3010 Users Research Day, the objective of the discussion paper is to review the content of the T3010 and to present some challenges in redesigning the T3010. The paper will contribute to the discussion between academics, government representatives (CRA, Finance Canada, Statistics Canada), practitioners and professionals.

## **RÉSUMÉ**

Le document de travail s'insère dans le cadre d'une journée de recherche orientée vers la reformulation du formulaire T3010 qui aura lieu en mai 2014. L'objectif est de réviser le contenu de la T3010, de souligner les défis dans la reformulation de la T3010. Le document contribuera à la discussion entre les universitaires, des représentants gouvernementaux (ARC, Finances Canada, Statistiques Canada), praticiens et professionnels.

## **INTRODUCTION**

Charities are an important part of the nonprofit sector. "There are more than 85,000 registered charities in Canada" (Auditor General of Canada, 2010, p.1). Charities are treated as a special group of taxpayers by the Canadian tax authorities and tax laws. The T3010 (Registered Charity Information Return) is the main tool used by the Canada Revenue Agency (CRA) to verify that an organization meets its charity tax requirements. It is also used by the public, the media (Donovan, 2010) and researchers as a source of information. There is a need to increase the level of knowledge in the sector, including charities activities (Dreessen, 2000).

Since 2011, members of the T3010 data users group have regular discussion by teleconference on different issues and interests associated with the use of T3010 data. The interests of the members of the T3010 data users group are wide ranging in terms of applicability, but are also focused on a) having access to a common data set that would provide a basis for comparative research; b) identifying the incidence of errors and oversights which could be addressed, either by CRA or researchers; c) identifying gaps in T3010 data which prevents research from taking place; and d) engaging in mutual and collaborative research.

A number of reasons may explain and/or justify changes (Internal Revenue Service, 2008). Many groups have expressed concerns and have asked for changes to the T3010 (Blumberg, 2012b; Canadian Bar Association, 2006, 2011, 2014). Over the years, the T3010 has evolved (see Appendix A for a brief history). Following the Federal 2014 budget, CRA received some funds to redesign the T3010 as part of the modernization of its information technology systems to support electronic service options for charities (see Appendix B and Appendix C).

The Internal Revenue Service (IRS) in the United States of America (US) has a similar form for tax-exempt organizations (Form 990 series). A major revision of Form 990 was done in 2009 after the previous major revision 1979 (BoardSource, 2009). The revision and the US experience may benefit the Canadian revision. The revision takes place also in the context of the civic movement about open data (Noveck and Goroff, 2013). In many countries like Canada and the US, many stakeholders (charities, lawyers, accountants, academics, researchers) push for changes for more or less information disclosure.

There is limited numbers of research by academics at universities to help tax policy (Ernewein and Horsman, 2013). Therefore, members of the T3010 Users Group organized the T3010 Users Research Day on May 26, 2014. The objective of the event is to offer an opportunity to discuss different issues and challenges regarding the data collected and improvement of research using the Registered Charity Information Returns (T3010) filed by charities with the Canada Revenue Agency (CRA). This one day think tank will be attended by academics, government representatives (CRA, Finance Canada, Statistics Canada), practitioners and professionals.

The objective of the discussion paper is to review the content of the T3010 and to present some challenges in redesigning the T3010. Another discussion paper (Brouard, 2014b) presents more specific suggestions in redesigning the T3010. The methodology used is essentially a non-exhaustive literature review of published papers and reports. The paper will serve as a basis to help researchers and to provide a framework for the discussion. The discussion will help in generating a list of priorities of the different issues.

The paper is organized as follows. First, there is a description of charities and their tax implications. Second, obligations and forms for charities are described. Third, forms 990 in the US are presented. Fourth, various research using the T3010 are listed. Fifth, principles and attributes for changes are presented. Sixth, issues and challenges under various themes are discussed. Seventh, questions for discussion are summarized.

## CHARITIES

### Definition and Characteristics of Charities

The *Income Tax Act* (ITA) does not provide a very comprehensive description of a charity. Charity “means a charitable organization or charitable foundation” (ITA 149.1(1)). Essentially, charitable organizations are active charities and charitable foundations are funding organizations. Three types of registered charities exist in Canada: charitable organization, public foundation, private foundation (ITA 248(1)).

Canada Revenue Agency defines a couple of objects of charitable purposes based on the UK 1891 court case *Pensel* adopted in Canada in 1999 by the Supreme Court of Canada in *Vancouver Society* court case. The courts have consistently reinforced the four categories of objects/purposes of a charity: relief of poverty, advancement of education, advancement of religion and any other purpose beneficial to the community not falling under the other three purposes (Bourgeois, 2002). (see Table 1).

Table 1 - Canada Revenue Agency classification of charitable purposes

- |   |  |
|---|--|
| <ul style="list-style-type: none"><li>• Fall within one or more of four broad categories (also called ‘heads’) of charitable purposes (also called ‘objects’)</li></ul> | <ul style="list-style-type: none"><li>- relief of poverty</li><li>- advancement of education</li><li>- advancement of religion</li><li>- certain other purposes beneficial to the community in a way the law regards as charitable</li></ul> |
| <ul style="list-style-type: none"><li>• Deliver a public benefit</li></ul>  |  |

Source: CRA (2012, par.12)

Examples of registered charity include:

- relief of poverty  
(food banks, soup kitchens, low-cost housing)
- advancement of education  
(colleges, universities, research centers)
- advancement of religion  
(churches, missionary organization)
- purposes beneficial to the community  
(animal shelters, libraries, volunteer fire departments)

Innes and Boyle (2006) summarize three main elements require to qualify as a charitable organization. First, “all of the resources of the organization are devoted to the charitable activities that it carries on itself” (p.8). Second, “no part of the income of the organization may be payable to or otherwise available for the personal benefit of any proprietor, member, shareholder, trustee or settler of the organization” (p.9). Third, “a charitable organization must meet an arm’s length and absence of control test with respect to major donors” (p.9).

Charitable foundations are subdivided into public foundation and private foundation.

- public foundation  
Public foundation means a foundation where more than 50% of its board operating at arm’s length and no *de facto* or *de jure* control by a person who has donated more than 50% of its capital (major donor) (Innes and Boyle, 2006; ITA 149.1(1)).
- private foundation  
“Private foundation means a charitable foundation that is not a public foundation” (ITA 149.1(1)).

As funding organizations, charitable foundation doesn’t need to carry the charitable activities themselves. “Charitable foundation means a corporation or trust that is constituted and operated exclusively for charitable purposes, no part of the income of which is payable to, or is otherwise available for, the personal benefit of any proprietor, member, shareholder, trustee or settler thereof, and that is not a charitable organization” (ITA 149.1(1)).

The first benefit of being a registered charity is a complete income tax exemption (ITA 149(1)(f)). A second advantage, a major financial incentive, is the possibility to provide receipts to donors allowing individuals to claim tax credit for charitable donations (ITA 118.1) and allowing corporations to claim deductions in their taxable income calculations (ITA 110.1).

### **Tax Implications for Charities**

An organization, who qualified as a section 149.1(1) entity, will be able to have a complete income tax exemption under ITA Part I. Other potential preferential tax treatment for charities are related, for examples, to retail sales tax, goods and services tax, property tax and land transfer tax.

Many benefits arise from being a registered charity (Bourgeois, 2002). The first benefit of being a registered charity is a complete income tax exemption (ITA 149(1)(f)). A second advantage, a major financial incentive, is the possibility to provide receipts to donors allowing individuals to claim tax credit for charitable donations (ITA 118.1; 118.1(3.1)) and allowing corporations to claim deductions in their taxable income calculations (ITA 110.1). A third advantage is the credibility added, even if the registration is not a certification by CRA.

An organization, who qualify as a ITA section 149(1)(f) entity, will qualify for a complete income tax exemption under ITA Part I and other tax (Parts I.3, IV, IV.1, VI, VI.1) (ITA 181.1(3)(c) and 227(14)). Returns will need to be filed (see Table 2). The consequence for registered charities of a default in following CRA rules is the possibility of revocation of their registration and losing the income tax privileges.

Table 2 - Registered Charity Returns and Filing Period

	<u>Registered charity</u>	<u>Filing Period</u>
Returns	must file a T3010 Registered Charity Information Return (ITA 149.1(14)) (9 pages in T3010 (13) version)  don't need to file a T2 Corporate Income Tax Return (ITA 150(1.1))	within 6 months after the end of taxation year

In recent years, charities have seen multiple versions of the T3010. Table 3 present the list of Canada Revenue Agency T3010 Information Return versions in recent years (2000-2014).

Table 3 - List of T3010 Information Return versions during 2000-2014 period

	<u>T3010A</u> (02)	<u>T3010A</u> (03)	<u>T3010A</u> (05)	<u>T3010B</u> (09)	<u>T3010-1</u>	<u>T3010</u> (13)	<u>T3010</u> (14)
For taxation years	2000	2003	2005	2009	2011	2013	2014
»»»»»»»»»»	2001	2004	2006	2010	2012		
			2007				
			2008				

## **OBLIGATIONS AND FORMS FOR CHARITIES**

Many obligations may occur in the life of a registered charity, such as registration, re-designation, revocation, re-registration or annulment and many forms and guides are available to report them, including the T3010.

The main obligations of a registered charity are to:

- devote its resources (funds, personnel, and property) to its charitable purposes and activities
- control and direct the use of all its resources (funds, personnel, and property)
- maintain its status as a legal entity
- keep adequate books and records
- meet its annual spending requirements (disbursement quota)
- make sure that official donation receipts are complete and accurate when issued
- file its annual form T3010, within six months of its fiscal period-end

### **Application by Charities for Registration**

To qualify for registration as a charity, an organization must:

- be resident of Canada
- be established and operated for charitable purposes
- devote its resources (funds, personnel, and property) to charitable activities

Governing documents must be provided by a charity, as a corporation, a trust or unincorporated association, for registration (Bourgeois, 2002, p.319-320)

- organization's name
- organization's objects or purposes
- description of activities
- organization's structure (directors, officers, trustees)
- process for the replacement of directors and officers
- rules governing the administration of the funds
- clause stating that it will carry out its purpose without gain for its members and any profits or other accretions shall be used solely to promote its objects
- effective date of the document
- signatures of at least three persons

Forms: T2050 - Application to Register a Charity under the Income Tax Act  
T1189 - Application to Register a Canadian Amateur Athletic Association under the Income Tax Act

Guides: T4063 - Guide Registering a Charity for Income Tax Purposes

### **Change to Designation**

Charities that give more than half their income to other charities are designated as foundations. A charitable organization that makes substantial gifts to another charity can avoid being re-designated, if it is 'associated' with the other charity (ITA 149.1(7)).

Two scenarios:

- Charities where the relationship, is that of a national, provincial, or regional body (principal charity) to registered charities that are chapters, branches, sections, parishes, congregations, or divisions of the principal charity
- Two individual registered charities share the same charitable aim or activity
  - The relationship between the charities is ongoing
  - The relationship between the charities is temporary and based on a joint project

Form: T3011 - Registered Charities Application for Designation as Associated Charities

Charities could ask to change their designation.

Form: T2095 - Registered Charities Application for Re-Designation

### **Revocation, Re-registration or Annulment**

Registered charities could face many revocation of their registration.

- voluntary revocation  
(The charity asks to have its registration revoked.)
- revocation for failure to file  
(The charity's registration is revoked because it did not file its T3010 return on time.)
- revocation for cause  
(The charity's registration is revoked because it did not comply with the requirements of registration.)

Form: T2046 - Tax Return Where Registration of a Charity is Revoked

Organizations that have had their charitable registration revoked for less than four years can apply to be re-registered. Organizations that have had their charitable registration revoked for more than four years cannot be re-registered. Instead their applications will be treated as new applications.

Form: T2050 - Application to Register a Charity under the Income Tax Act

## T3010 Challenges for Research

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An annulment is when registration as a charity is cancelled as though it never existed. Registration may be annulled for the following reasons:

- registration was granted in error
- The organization no longer qualifies as a registered charity because of a change in the law.

### T3010 Form

Every registered charity shall file a T3010 (Registered Charity Information Return) for each taxation year (ITA 149.1(14)).

The T3010 information for all charities is publicly available on the CRA website:  
[www.cra-arc.gc.ca/ebsci/haip/srch/advancedsearch-eng.action](http://www.cra-arc.gc.ca/ebsci/haip/srch/advancedsearch-eng.action)

Table 4 present the content of Canada Revenue Agency T3010 Information Return for the 2013 version.

Table 4 - Canada Revenue Agency T3010 content

<u>Section</u>	<u>Description</u>	<u>Additional form</u>
Section A	Identification	Schedule 1 Foundations
Section B	Directors/trustees and like officials	T1235 Directors/Trustees Worksheet
Section C	Programs and general information	T1236 Qualified Donees Schedule 2 Activities outside Canada Schedule 3 Compensation Schedule 4 Confidential data Schedule 5 Non cash gifts Schedule 7 Political activities
Section D	Financial information	Schedule 6 Detailed Financial Information
Section E	Certification	
Section F	Confidential data	
Schedule 1	Foundations	T2081 Excess Corporate Holdings Worksheet
Schedule 2	Activities outside Canada	
Schedule 3	Compensation	
Schedule 4	Confidential data	
Schedule 5	Non cash gifts	
Schedule 6	Detailed Financial Information	
Schedule 7	Political activities	

Source: CRA T3010 (2013)

- Forms: TF725 - Registered Charity Basic Information Sheet  
T3010 - Registered Charity Information Return  
T1235 - Directors/Trustees and Like Officials Worksheet  
RC232-WS - Director/Officer Worksheet and Ontario Corporations Information Act Annual Return  
T1236 - Qualified Donees Worksheet / Amounts Provided to Other Organizations  
T2081 - Excess Corporate Holdings Worksheet  
T1240 - Registered Charity Adjustment Request
- Guides: T4033 - Guide Completing the Registered Charity Information Return

### **Other Related Forms**

Other nonprofit sector organizations and CRA information returns that may be related to charities.

- Registered Canadian Amateur Athletic Associations (RCAAA) (T2052)
- Registered National Arts Service Organizations (RNASO)
- Registered political party or Registered Association (T2092)
- Candidate at an Election (T2093)
- Nonprofit organizations (NPO) (T1044)
- Labour organizations (ITA 149.01 – Bill 377)

## FORMS 990 IN THE UNITED STATES

The Internal Revenue Service (IRS) is the United States of America (US) tax collection agency and is responsible for administering and enforcing the *Internal Revenue Code*.

Forms 990 (Return of Organization Exempt from Income Tax) are used by tax-exempt organizations, non-exempt charitable trusts, and political organizations to provide the IRS with the information required by the US Tax Code. Various forms are part of the 990 series: Form 990, Form 990-EZ, Form 990-PF, Form 990-N, Form 990-T. The Form 990 existed since 1941 and the first version included three yes/no questions, an income statement and a balance sheet (General Accounting Office, 2002).

Form 990 (12 pages) is the general form for tax-exempt organizations. Form 990 must be used to file a group return.

Form 990-EZ (4 pages) is the short form. It can be filed by organizations with gross receipts of less than \$200,000 and total assets of less than \$500,000 at the end of their taxation year. It cannot be filed by a private foundation.

Form 990-PF (13 pages) (Return of Private Foundation) is the form to be filed by a private foundation and non-exempt charitable trusts.

Form 990-N (e-Postcard) is used by small tax-exempt organizations whose annual gross receipts (i.e. the total amounts the organization received from all sources during the annual accounting period without subtracting any costs or expenses) are normally \$50,000 or less. Form 990-N is required to be electronically submitted by organizations, unless they choose to file a complete Form 990 or Form 990-EZ instead. It is not possible for private foundations, political organizations, organizations that are included in a group return and churches to use Form 990-N.

Form 990-T (4 pages) (Exempt Organization Business Income Tax Return) is the form to be filed to report unrelated business income tax liability.

Table 5 present the content of the Form 990 for the 2013 version and Table 6 present the content of the Form 990-EZ.

As part of the Form 990 series, a number of schedules may need to be reported as well (see Table 7).

Table 5 – United States - Internal Revenue Service Form 990 content

<u>Section</u>	<u>Description</u>	<u>Examples of information</u>
	Identification	
Part I	Summary	Activities & Governance Revenue Expenses Net Assets or Fund Balances
Part II	Signature Block and Paid Preparer	
Part III	Statement of Program Service Accomplishments	
Part IV	Checklist of Required Schedules (38 questions)	Schedule A-O
Part V	Statement Regarding Other IRS Filings and Tax Compliance	Finance-related requirements
Part VI	Governance, Management, and Disclosure	Governing Body and Management Policies Disclosure
Part VII	Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors	Compensation
Part VIII	Statement of Revenue (11 categories)	Total revenue Related or exempt function revenue Unrelated business revenue Revenue excluded from tax
Part IX	Statement of Functional Expenses (26 categories)	Total Expenses Program service expenses Managements and general expenses Fundraising expenses
Part X	Balance Sheet (Beginning of year & End of year)	Assets Liabilities Net Assets or Fund Balances
Part XI	Reconciliation of Net Assets	Revenue Expenses
Part XII	Financial Statements and Reporting	

Source: IRS. Form 990 (2013) [www.irs.gov/pub/irs-pdf/f990.pdf](http://www.irs.gov/pub/irs-pdf/f990.pdf)

Table 6 – United States - Internal Revenue Service Form 990-EZ content

<u>Section</u>	<u>Description</u>	<u>Examples of information</u>
	Identification	
Part I	Revenue, Expenses and Changes in Net Assets or Fund Balances	Revenue Expenses Net Assets
Part II	Balance Sheet (Beginning of year & End of year) (6 questions)	Assets Liabilities Net Assets or Fund Balances
Part III	Statement of Program Service Accomplishments	
Part IV	List of Officers, Directors, Trustees, Key Employees	
Part V	Other Information (15 questions)	Schedule A, B, C, E, G, L, N, O
Part VI	Section 501(c)(3) organizations only	Compensation
	Signature Block and Paid Preparer	

Source: IRS. Form 990-EZ (2013) [www.irs.gov/pub/irs-pdf/f990ez.pdf](http://www.irs.gov/pub/irs-pdf/f990ez.pdf)

Table 7 – United States - Internal Revenue Service Form 990 Schedules list

<u>Schedule</u>	<u>Description</u>	<u>990</u>	<u>990-EZ</u>	<u>990-PF</u>
Schedule A	Public Charity Status and Public Support	x	x	
Schedule B	Schedule of Contributors	x	x	x
Schedule C	Political Campaign and Lobbying Activities	x	x	
Schedule D	Supplemental Financial Statement	x		
Schedule E	Schools	x	x	
Schedule F	Statement of Activities Outside the United States	x		
Schedule G	Supplemental Information Regarding Fundraising or Gaming Activities	x	x	
Schedule H	Hospitals	x		
Schedule I	Grants and Other Assistance to Organizations, Governments and Individuals in the U.S.	x		
Schedule J	Compensation Information	x		
Schedule K	Supplemental Information on Tax Exempt Bonds	x		
Schedule L	Transactions With Interested Persons	x	x	
Schedule M	Noncash Contributions	x		
Schedule N	Liquidation, Termination, Dissolution, or Significant Disposition of Assets	x	x	
Schedule O	Supplemental Information to Form 990	x	x	
Schedule R	Related Organizations and Unrelated Partnerships	x		

Source: IRS. Schedules for Form 990 (2013) [www.irs.gov/uac/Form-990-Schedules](http://www.irs.gov/uac/Form-990-Schedules)

## RESEARCH AROUND THE T3010 DATA

Over the years, Canadian researchers have used the T3010 data. The researchers belong to academia, research centers, charitable organizations, practitioners, professionals, and public sector. Table 8 provides some examples of research using the T3010 data or around the T3010 over the years.

Due to CRA increase interest in recent years, there is an assumption that the numerous benefits of the research using T3010 data are known.

Table 8 - Examples of research using the T3010 data

Authors	Title	Topics
Smith (1992)	Canada's Charitable Economy	Portrait
Campbell (1994)	The First General Map of Canada's Third Sector	Portrait
Sharpe (1994)	A Portrait of Canada's Charities	Portrait
Day and Devlin (1997)	The Canadian Nonprofit Sector	Portrait
Hall and Macpherson (1997)	A Provincial Portrait of Canada's Charities	Portrait
Revenue Canada (1999)	Analysis of Returns of Registered Charities – 1995 Filing Period	Portrait
Embuldeniya, Lasby and McKeown (2002)	An Analysis of Canadian Philanthropic Support for International Development and Relief	International development
Barr, McKeown, Davidman, McIver and Lasby (2004)	The Rural Charitable Sector Research Initiative – A Portrait of the Nonprofit and Voluntary Sector in Rural Ontario	Portrait
Gumulka, Hay and Lasby (2006)	Building Blocks for Strong Communities – A Profile of Small- and Medium-Sized Organizations in Canada	Portrait
Seel and Spyker (2007)	Overview Report of Small and Rural Charities in Canada	Portrait
Spyker (2009)	Are Registered Charities doing too much? - The effect of program activity drift on Canadian registered charities performance metrics	Program activity
Ayer, Hall and Vodarek (2009)	Perspectives on Fundraising – What Charities report to the Canada Revenue Agency	Fundraising
Elson and Spyker (2010)	Failure to Thrive: Characteristics of Canadian Charities that Voluntarily De-register	De-registration

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Andreoni and Payne (2011)	Is Crowding Out Due Entirely Fundraising? Evidence from a Panel of Charities	Crowding out effect
Lasby (2011)	What T3010 Data Tell Us About Charity Financing	Financing
Spyker (2011)	There is no Accounting for Landscape: Capturing the Demographics of Canadian Registered Charities (2000-2008)	Portrait
Kryvoruchko (2012)	Does foundation giving stimulate or suppress private giving? Evidence from Canadian Charities	Foundation
Brouard and Neilson (2012)	Development of a Social Enterprises database: Challenges in Integrating T3010 data	Database development
Brouard, Neilson and Armenakyan (2012)	Small Charities: An Analysis of Change in Fundraising Activities	Fundraising methods
Neilson, Brouard and Armenakyan (2012)	Fundraising Methods: Past, Present, Future	Fundraising methods
Payne (2012)	Changing Landscapes for Charities in Canada: Where Should we go?	Giving
Spyker and Deol (2013)	T3010 Errors and Inaccuracies and the Impact of Program Offerings on Reporting Inaccuracies for Canadian Registered Charities	Programs
Blumberg (2013a)	Snapshot of the Canadian Charity Sector 2011	Portrait
Blumberg (2013b)	Snapshot of the Canadian Charity Sector 2010	Portrait
Blumberg (2013c)	Snapshot of the Ontario Charity Sector 2011	Portrait
Whittaker (2013)	Disclosure of Performance Measures in the Annual Reports of Non-profit Organizations	Performance
Audet, Paquette and Bergeron (2013)	Religious nongovernmental organizations and Canadian international aid, 2001-2010: a preliminary study	International aid funding
Vander Zaag (2013)	Canadian faith-based development NGOs and CIDA funding	International aid funding
Gras, Mendoza-Abarca (2014)	Ricky business? The survival implications of exploiting commercial opportunities by nonprofits	Funding and performance

In Canada, two university research centers have set up and manage databases which include T3010 data and a private firm collects data using available technology and open data opportunities.

Founded in 2002, the Public Economics Data Analysis Laboratory (PEDAL) is located at McMaster University, Department of Economics. The PEDAL is “a medium security facility that specializes in transforming and analyzing administrative data collected for purposes other than research”. The Director is Professor Abigail Payne.

Created in 2008, the SCSE-CSES SE database is located at Carleton University, Sprott School of Business, Sprott Centre for Social Enterprises / Centre Sprott pour les entreprises sociales. T3010 information on charities between 2000 and 2009 are included in the database (Brouard and Neilson, 2012). The Director is Professor François Brouard.

AJAH is private firm offering services to identify funding opportunities using the AJAH database and “use data to help non-profit organizations, funders, policy makers and researchers answer questions and make decision”. Their main product is FundtrackerPro, a research database on funders of the Canadian non-profit sector. The Chief Executive Officer is Michael Lenczner.

## PRINCIPLES AND ATTRIBUTES FOR CHANGES

A number of tax policy principles and attributes should guide the redesign exercise of the T3010. However, there is a need for balancing the different stakeholder's needs and those principles and attributes.

### Principles

The IRS used three principles: transparency, compliance and simplification (BoardSource, 2009; Internal Revenue Service, 2007, 2008b) and some of them were shared by Canadian committees (Voluntary Sector Initiative – JRT, 2003).

#### *Transparency*

“Enhancing transparency means providing the IRS and its stakeholders with a realistic picture of the organization and its operations, along with the basis for comparing the organization to similar organizations” (Internal Revenue Service, 2007, p.2). Researchers are part of the stakeholders with specific needs.

#### *Compliance*

“Promoting compliance means the form must accurately reflect the organization's operations and use of assets, so the IRS may efficiently assess the risk of noncompliance” (Internal Revenue Service, 2007, p.2).

Examples of non-compliance issues in Canada and UK are: filing deficiency (inaccurate, late, missing), non-charitable activities, books and records inadequate, inaccurate tax receipts, remuneration of directors, governance issues (Laing, Skelton and Torrance, 2002)

#### *Simplification*

“Minimizing the burden on filing organizations means asking questions in a manner that makes it relatively easy to fill out the form, and that do not impose unwarranted additional recordkeeping or information gathering burdens to obtain and substantiate the reported information” (Internal Revenue Service, 2007, p.2).

### **Attributes**

Noveck and Goroff (2013) suggest attributes for a US Form 990 data platform, which could be useful for T3010 redesign exercise.

- Accountable
- Adaptable
- Current
- Efficient
- Generative
- Harmless
- Official
- Ready
- Sustainable
- Trustworthy

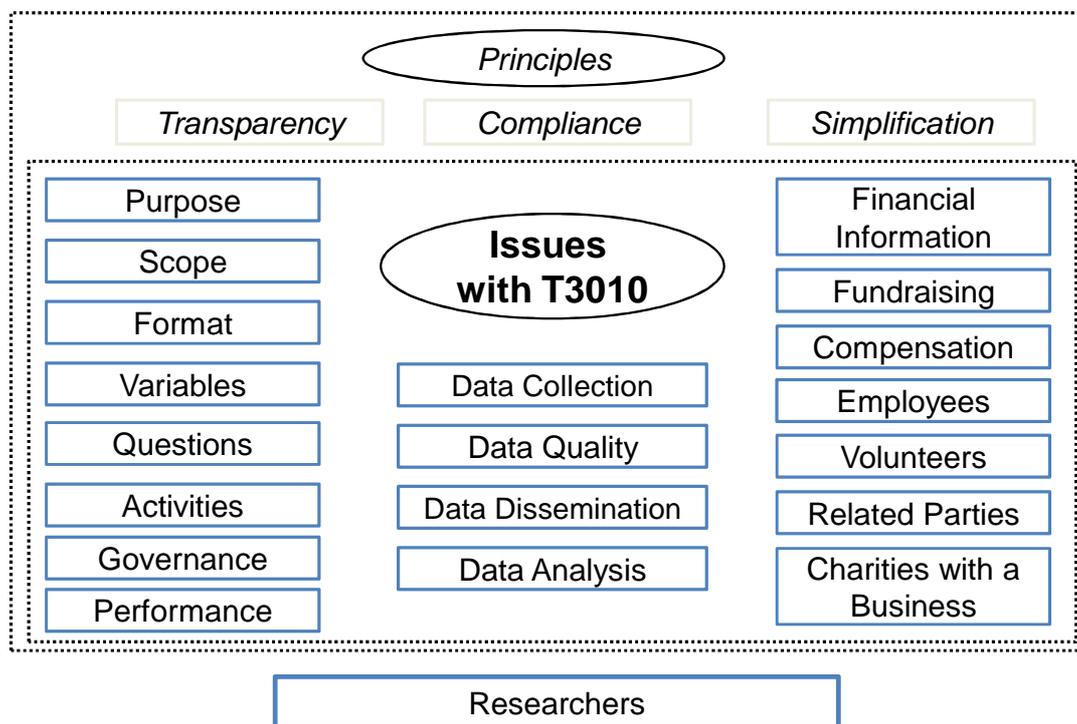
Some additional general tax policy objectives could be added.

- Equity / Fairness
- Neutrality
- Simplicity / Administrability
- Adequacy
- Efficiency
- Stability / Certainty
- Balance between sectors
- Flexibility / Social and economic goals
- International competitiveness

## ISSUES AND CHALLENGES

Many issues and challenges could be mentioned regarding T3010 data. A number of individuals or organizations have presented their suggestions for changes. Of particular interest is the recent revision of the US Form 990 (BoardSource, 2009; Internal Revenue Source, 2008). Figure A provides a framework to organized challenges for redesigning the T3010.

**Figure A – T3010 Challenges for Redesign**



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### Purpose

What is the purpose of the T3010 form? It could be: an accountability tool for the public, donors, funders, grant-makers, watchdog agencies, regulators, the media, policy-makers, researchers (Gordon, Khumawala, Kraut and Meade, 2007; Internal Revenue Service (2007), a key transparency tool (Internal Revenue Service, 2007), a governance and management tool (Donors Forum of Chicago, nd). The form may be used as a public relations tool by some charities (Donors Forum of Chicago, nd) and as a source for assessing performance.

Who should have access to the T3010 information? Issues are related to the nature and accessibility of information (open vs public vs confidential) (Canadian Bar Association, 2011; Noveck and Goroff, 2013).

The Canadian Bar Association (2006, 2011, 2014) express concerns about the dual purpose of the T3010 ("information return and public information return" - ITA 149.1(14)) and ask for clarification of the distinction between public information and private / confidential information, which may raise confidentiality issues.

The challenges are related to accessibility, confidentiality, analysis of potential consequences of information provided.

### **Scope**

Which organizations should submit a T3010? It could be: all charities or only larger charities? Issues are similar to census style collection of all organizations.

Should all organizations submit the same form (T3010) or different forms? Issues involved the existence of different information returns (ITA 149(12), 149.1(14), 149.01) which bring challenges in comparability between the various organizations in the nonprofit sector, such as Registered Charity (T3010), Registered Canadian Amateur Athletic Associations (RCAAA) (T2052), Registered National Arts Service Organizations (RNASO), Registered political party or Registered Association (T2092), Nonprofit organizations (NPO) (T1044) and Labour organizations (ITA 149.01 – Bill 377).

### **Format: Length, Versions and Structure**

What should be the format of T3010 form regarding length? Issues are related to ideal length (number of pages), space issues for each questions and various content, possibility of attachments, such as financial statements, annual reports.

What should be the format of T3010 form regarding versions? Issues are the number of versions (one general vs multiple specialized form; simple form vs general).

How user friendly the T3010 form need to be? Issues are related to complexities of completion (Association of Fundraising Professionals, 2005). The Canadian Bar Association (2014) have expressed a need for highlighting that not all parts and schedules need to be filled.

What should be the structure of T3010? Issues are related to the number of sections / parts and schedules, the logical sequence of questions, in presentation or not of examples in the form as explanations.

The challenges for CRA are on the management of various forms and for organizations the understanding and complexities of completion.

## **Variables**

What should be the chosen variables of T3010? Issues are the wide diversity of interesting variables to satisfy the different needs or various stakeholders, the need to distinguish confidential and public information, the need to include various demographics variables.

How should the variables of interest be defined? Issues are confusing in definition of variables (for example, fundraising expenses (CSCNL, 2011)), current information about objects provided by CRA (Canadian Bar Association, 2011) and consistency of terminology used (Canadian Bar Association, 2011, 2014). The challenges are to balance the various demands keeping in mind the simplification principle and to define them appropriately to improve understanding and facilitate interpretation.

Data is interesting to look at by individual organization but more difficult for large scale analysis, for example sector-wide trends (Grauer, 2013)

## **Questions**

Which questions should be included in the T3010? For the Internal Revenue Service (2008c, p.2), the most common complaints regarding the Form 990 include: “the questions and answers often are unclear”, “some questions are not applicable to all organizations required to file the form”, “many of the questions and parts are not arranged in a logical sequence”, “the form fails to provide a complete picture of the reporting organization”. The challenges are to find a balance between asking no questions or very few or a large quantity to serve many purposes and pleased all the stakeholders.

The Canadian Bar Association (2011, 2014) express some concerns about the legal basis for some questions, found unclear many of the questions and consider that many of the questions are asked for information that is unnecessary or potentially misleading.

What type of information should be privileged in the T3010? A number of types of information are available, such as yes/no, numerical, alphanumeric for description, list of options provided. Issues are that the type of variables will have an impact on the type of statistical analysis possible.

The challenges are to find a balance between completeness and simplification and usability for analysis.

## **Data Collection**

How the data collection should be done? Issues include the choices between paper vs electronic version (E-filing), use of software or not (ex: FaciliT3010 by Imagine Canada, Canadian Council of Christian Charities), use of bar code technology for summary, use of attachments, such as financial statements, annual reports, use of PDF file.

How timely is the data collection? The data provided is self-reported. For example, a big proportion of charities (around 38% in 2008) did not file their T3010 on time (Auditor General of Canada, 2010). Information may be late, incomplete and inaccurate (Grauer, 2013).

Which coding scheme should be used in the T3010? Issues are related to the code numbers used to describe each variable, for example the change of codes over time, the use of the same code for different variables over time (ex: code 1800), the collection of information using codes for detailed information and summary, use of other category with the same code (ex: code 4920).

What is the process in collecting information by CRA? Issues are related to the process used by CRA to collect data, updates provided by the organization, request for additional information, updates provided following a request by CRA. The Canadian Bar Association (2014) discussed the consequences in the failure to complete correctly and risk of penalties.

The challenges are related with the quality of data, having internal controls by using technology, the choice of Interface, the provider of data.

## **Data Quality**

What measures are employed to assure data quality of T3010 data? Issues of reliability of the T3010 data are at the center of data quality (Brouard and Neilson, 2012). Previous research has identified various types of errors found in T3010 data. For example, Ayer, Hall and Vodarek (2009) noted errors in arithmetic such as addition errors when calculating Assets, Liabilities, Revenues and Expenditures, along with the failure to include a breakdown of expenditures. Both Ayer et al. (2009) and Sharpe (2001) noted reliability issues including incomplete, insufficient or missing information including financial figures, financial figures which were obviously too low, logical inconsistencies in the information provided, and what Sharpe (2001, p. 58) termed the 'three-zeroes problem', that is, "a charity with revenues in the millions of dollars appeared in the data file to have revenues in the thousands; similarly, a figure that ought to be in thousands of dollars appeared only as dollars."

What is the process in validating information by CRA? Issues are related to the level of verification by CRA before releasing T3010 data, data clean-up by CRA

before release and after release, examination of outliers by CRA, treatment of missing data and no-answers responses, secrecy and uncertainty of audit process (Harvie, 2002).

Using electronic filing, software and internal control to eliminate errors may reduce the challenges associated with data quality.

### **Data Dissemination**

Which information should be available beside the T3010? Issues are related to TF725, application information, subsequent changes in T3010 and dates of changes, revocation information, annulment information, file for each organization with changes and correspondence.

What is the process in disseminating T3010 information by CRA? Issues are related to the reporting period (calendar year, mention if more than one in the same year), standard format and timeline for dissemination to researchers, uniformity of information release, timeline of release (release per quarter, per year), subsequent updates and dates of updates (late filing, changes in T3010) by charity, any differences between data released and posted on CRA website.

How the public and researchers may access the T3010 data? Options could be website, summary prepared by CRA, getting copies of a CD of all T3010 information, special website for researchers.

What is the support provided by CRA in disseminating T3010 data? Issues are related to explanations of data for researchers, technical issues, interpretation issues, research guide (ex: list of variables, operational definition, purposes).

The challenges are related to the quality of information and timeliness (lag time in dissemination). E-filing electronic filing could reduce the time lag of dissemination and availability of data (Grauer, 2013).

### **Data Analysis**

What are the problems associated with data analysis? Issues are related to variable definition, data collection, coding, data validation.

What are the needs for data analysis? The answer will depend on each researcher and their research questions. Demographic variables may be useful to classify charities and analyze by variables, for examples: designation, activities (CRA (see Appendices D and E), ICNPO (see Appendix F), NTEE (see Appendix G)), geographical information, object of charity, religious vs secular, first nations group. The challenges involved the easiness to compare data over time by providing unique and specific variables instead of aggregated information.

### **Financial Information**

How reliable are the financial information in the T3010? Issues are related to reliability of financial information. Discrepancies exist between US Form 990 and the audited financial statements (Fischer, Gordon and Kraut, 2002; Gordon, Khumawala, Kraut and Meade, 2007). Balance sheet information tends to be more reliable than income statement elements (Fischer, Gordon and Kraut, 2002). For the authors, one source of discrepancies could be related to IRS instructions compare to generally accepted accounting principles (GAAP). Among the discrepancies, Gordon, Khumawala, Kraut and Meade (2007) noted: revenues and expense recognition, reporting of gains and losses on investments and portfolio holdings, functional expenses, disclosure of program services.

What is the accounting basis of the financial information in the T3010? Issues are related to the accrual/cash basis, the type of accounting entity for financial reporting and generally accepted accounting principles (GAAP) used each year and the different choices, such as IFRS (Part I), Not-for-profit organizations (NPO) (Part III).

Which financial information should be provided in the T3010? Issues are related to Financial information, such as Statement of operations (revenues, expenses), Statement of financial position (assets, liabilities, net assets / funds (unrestricted, restricted – temporarily, restricted - permanently, invested in capital assets), access to full financial statements with accountant's comments and annual reports, non cash gifts types and value.

What is the level of details of financial information? Issues are related to the level of details needed, financial information summary for smaller charities vs more detailed information, types of expenses (functional, grouping in 5000 series – fundraising, charitable, administrative), definitions,

The challenges are to find information to be able to do financial analysis of charities and to be able to compare all charities, with more details for larger charities.

### **Fundraising**

Which information should be included in the T3010 about fundraising? Issues are related to fundraising methods and activities, definitions (Neilson, Brouard and Armenakyan, 2012), use of external fundraisers, methods of payment to fundraisers, revenues collected per fundraising methods or activities, costs per fundraising methods or activities, performance achieved against fundraising objectives (Blumberg, 2012b).

These issues bring resources needed to collect the information, confidentiality and complexity challenges.

### **Compensation and Employees**

Which information should be included in the T3010 about compensation? Issues are related to compensation information for officers, directors, trustees, key employees, highest compensated employees, independent contractors, the appropriate level of disclosure (ex: \$100,000 like in the US Form 990 or Ontario Public Sector Salary Disclosure Act), process for determining compensation (Blumberg, 2012b).

Which information should be included in the T3010 about employees? Issues are related to the number of employees (full-time, part-time), total salaries.

The compensation issues bring confidentiality challenges.

### **Volunteers**

Which information should be included in the T3010 about volunteers? Issues are related to use of volunteers: numbers, role and contribution of volunteers (activities, contribution in number of hours, estimated monetary value of voluntary contribution) (Blumberg, 2012b).

This rise challenges about resources needed to collect the information and quantification of the values.

### **Related Parties**

Which information should be included in the T3010 about related parties? Issues are identification of related parties, transaction with related parties, gifts received from other qualified donees, associated charities designation, relationships between the charity and all related parties (including subsidiaries), family and business relationship of officers, directors /trustees, key employees, names and coordinates of all relevant organizations / persons (bankers, solicitors, auditor, investment advisors), risks of conflicts of interest (Blumberg, 2012b; BoardSource, 2009).

This rise challenges about ethics and confidentiality.

### **Charities with a Business**

Which information should be included in the T3010 about social enterprise? Issues are around business activities (related business rules), social enterprise activities, social finance activities.

The challenges are to have information to analyze activities in business.

## **Governance**

Which information should be included in the T3010 about governance structure? Issues are related to governance activities, such as legal structure, corporate structure (ex: subsidiaries), organization structure (organizational chart), governing documents (constitution, by-laws), structure, size, composition, independence of governing board, Public benefit statement (UK), decision-making process, explanations about risks exposition, internal governance mechanisms (Blumberg, 2012b).

Which information should be included in the T3010 about governance information? Issues are related to governance indicators, such as numbers of administrators, numbers of independent administrators, compensation of directors, audit committee, family related, review and approval of T3010 by Board of Directors, material diversion of the organization assets, information on donor advised funds, where donors have the right to provide advice on the distribution or investment of amounts in such funds, Board renewal (number of new Board members to Board of Directors), sharing of information governing documents (constitution, by-laws), minutes of Board of Directors meetings (Blumberg, 2012b).

Which information should be included in the T3010 about governance and operations policies? Issues are related to explanations on operating policies and practices of a wider network (umbrella organization), reserves policy statement or reason why no policy in place, need to disclose conflicts of interest policy, policies available on website, requirement by employees to disclose potential interest that could lead to a conflict, whistleblower policy, treatment of archives, document retention and destruction policy, including electronic documents, level of reserves and why they are held, methods of recruitment for directors/trustees, ways of appointment of directors/trustees, training of directors/trustees (Blumberg, 2012b).

The challenges are to provide questions about governance issues that may give a global picture of the organizations and theirs practices.

## **Performance**

Which information should be included in the T3010 about performance? Issues turned around assessment of the various dimension of an organization performance (financial, social, environmental).

The challenges are the needs to provide a complete picture of the organization and its performance and achievement.

## **Activities**

What should be the activities in the T3010? Issues are related to description of activities, multiple activities, classification of activities (CRA (see Appendix D), ICNPO (see Appendix E), NTEE (see Appendix F)), structure or unstructured variables.

Which information should be included in the T3010 about political activities? Issues are description of activities, range and types of activities, resources involved, methods, amount spent on political activities, amount received from outside Canada.

Which information should be included in the T3010 about foreign activities? Issues are around activities outside Canada, such as description of activities, range and types of activities, resources involved, methods, international transactions, amount spent on foreign activities, contractual agreement, description of projects, countries involved.

Which information should be included in the T3010 about advocacy? Issues are description of activities, range and types of activities, resources involved, methods. Harvie (2002) mention need for more research on advocacy.

This rise challenges about definitions of activities, sensitive nature of information, data analysis of narrative and unstructured information.

### QUESTIONS FOR DISCUSSION

Following the issues and challenges identified, a number of questions could be raised. Here is a summary of them:

- What is the purpose of the T3010 form?
- Who should have access to the T3010 information?
- Which organizations should submit a T3010?
- Should all organizations submit the same form (T3010) or different forms?
- What should be the format of T3010 form regarding length?
- What should be the format of T3010 form regarding versions?
- How user friendly the T3010 form need to be?
- What should be the structure of T3010?
- What should be the chosen variables of T3010?
- How should the variables of interest be defined?
- Which questions should be included in the T3010?
- What type of information should be privileged in the T3010?
- How the data collection should be done?
- How timely is the data collection?
- Which coding scheme should be used in the T3010?
- What is the process in collecting information by CRA?
- What measures are employed to assure data quality of T3010 data?
- What is the process in validating information by CRA?
- Which information should be available beside the T3010?
- What is the process in disseminating T3010 information by CRA?
- How the public and researchers may access the T3010 data?
- What is the support provided by CRA in disseminating T3010 data?
- What are the problems associated with data analysis?
- What are the needs for data analysis?
- How reliable are the financial information in the T3010?
- What is the accounting basis of the financial information in the T3010?
- Which financial information should be provided in the T3010?
- What is the level of details of financial information?
- Which information should be included in the T3010 about fundraising?
- Which information should be included in the T3010 about compensation?
- Which information should be included in the T3010 about employees?
- Which information should be included in the T3010 about volunteers?
- Which information should be included in the T3010 about related parties?
- Which information should be included in the T3010 about social enterprise?
- Which information should be included in the T3010 about governance structure?
- Which information should be included in the T3010 about governance information?

- Which information should be included in the T3010 about governance and operations policies?
- Which information should be included in the T3010 about performance?
- What should be the activities in the T3010?
- Which information should be included in the T3010 about political activities?
- Which information should be included in the T3010 about foreign activities?
- Which information should be included in the T3010 about advocacy?

### **CONCLUSION**

In preparation of the T3010 Users Research Day on May 26, 2014 held at Carleton University, some challenges in redesigning the T3010 are presented. The redesign exercise will allow for improvement of research using the Registered Charity Information Returns (T3010) filed by charities with the Canada Revenue Agency (CRA). The research day will allowed participants such as academics, government representatives (CRA, Finance Canada, Statistics Canada), practitioners and professionals, to discuss the challenges. The discussion will offer an opportunity to set priorities about the various issues.

Another discussion paper (Brouard, 2014b) presents some more specific suggestions in redesigning the T3010.

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**APPENDIX A**  
**A Brief History of the T3010**

(prepared by Canada Revenue Agency Charities Directorate - May 6, 2014)

**January 1, 1967:**

The federal government creates Revenue Canada's Charity Section. Charities are required to register with Revenue Canada to issue tax receipts. Once registered, charities become responsible for filing an information return consisting of annual statements containing information on receipting, disbursements, assets, liabilities and a confidential Information return. The information on this return is not made public.

**June 23, 1975:**

The Department of Finance releases a discussion paper entitled *The Tax Treatment of Charities* that proposes all annual information returns filed by charities be made available to the public in order to promote confidence in the charitable sector. The *Income Tax Act* is amended to require charities to provide a publicly available information return and a separate confidential return.

**1977:**

The charities public information return takes a formal shape, becoming the predecessor to the current T3010. The revised form asks:

- The name, occupation, and address of each executive or directing officer and the name of the priest or minister in charge;
- The charity's purpose and its activities;
- Financial information, including sources of income, amounts expended in charitable activity, gross administrative expenses including salaries; and
- The amount for which income tax receipts were issued, the amount for which no receipts were issued, and a breakdown of assets and liabilities if the organization had over \$100,000 in assets.

**1985:**

The charities public information return and confidential information return are combined into a single form, with the confidential information contained in a specific section. A companion booklet is also created to provide detailed information and explanations. However, many charities find the return too complicated, leaving vast areas of the form blank or incorrectly filled out.

**January 24, 1990:**

The Administration of the Charities Tax Incentive (ACTI) conducts a review to ensure that the administration of tax law does not place undue burden on individual charities. The review recommends sweeping overhauls to the information materials provided, and recommends the use of plain and clear language.

**1991-1996:**

The ACTI review continues stakeholder consultations with charities and Revenue Canada. Ultimately, their consultations yield conflicting recommendations, finding that the competing interests (the public, the regulator, charities, researchers) for the public information return are not easily reconciled.

**1995:**

The Voluntary Sector Roundtable, a group of national organizations and coalitions representative of Canada's charities and voluntary sector, forms to strengthen the dialogue between the sector and the federal government.

The Charities Division, while developing the new T3010 return, collaborates with other Revenue Canada divisions to use business numbers as identifiers in a mainframe computer system. This period begins a back-and-forth relationship that persists today, where changes to the T3010 require changes to the computer system, and changes in the computer system require changes to the T3010.

**February 18, 1997:**

The new T3010 Information Return is released. However, its implementation results in substantial processing delays, as the computer systems are not fully ready.

**1999:**

The government launches the Joint Regulatory Table (JRT) to improve and strengthen the long-standing relationship between the federal government and the voluntary sector. The partnership focuses on three main areas:

- Building a new relationship;
- Strengthening capacity; and
- Improving the regulatory framework.

The JRT report entitled *Revised Registered Charity Information Return* proposes a shortened version of the information return. The CRA responded by creating the T3010A. The T3010A reduces the length of the return from 13 pages to four core pages plus schedules.

The JRT releases a subsequent report recommending a shortened T3010 form be made available for charities with revenues under \$100,000.

**June 2000:**

The government launches the Voluntary Sector Initiative (VSI), a five-year initiative between the federal government and voluntary sector in response to the JRT report entitled *Working Together: A Government of Canada/Voluntary Sector Joint Initiative: Report of the Joint Tables*.

**April 2001:**

The Canada Revenue Agency (CRA) launches Future Directions (FD) to identify elements essential to good performance in customs and revenue administration. One working group is tasked to address the particular concerns of charitable organizations. The FD Charities Working Group provides assistance to the ongoing VSI T3010 simplification project.

**May 2003:**

The JRT issues a final report, *Strengthening Canada's Charitable Sector: Regulatory Reform*. The report offers 75 recommendations on how to improve the regulation of charities. The CRA announces a five-year action plan to improve the regulation of charities, commencing work on 69 of the recommendations.

**March 2004:**

The government commits \$12 million annually to allow the CRA to initiate a series of reform measures.

**2007-2008:**

The CRA launches the Small and Rural Charities Initiative to better understand the unique service needs and compliance challenges of small and rural charities.

**January 1, 2009:**

The CRA introduces the T3010B. The T3010B is the culmination of the work begun under the VSI simplification project and completed by the Regulatory Reform Implementation Secretariat. It introduces Section D (reduced financial information for small charities) and Schedule 6 (detailed financial information for large charities).

**2009:**

The CRA introduces 2D bar code technology that allows certified tax preparation software to provide 2D bar codes of the T3010. Bar codes contained identification and financial data necessary to process the T3010 quickly without re-keying the information.

**2014:**

The Budget provides funding to the CRA to enable organizations to apply for charitable registration and file their annual T3010 information returns electronically.

**APPENDIX B**  
**Federal Budget 2014 - Investing in Communities – Charities**

On February 11, 2014, the Minister of Finance presented the federal budget, which proposed a number of measures related to charities. One of these measures included funding for the Canada Revenue Agency (CRA) to modernize its information technology systems so it can support new electronic service options for charities. The budget also includes several measures related to gifts.

As outlined in the budget, the Government has made several changes over the years to reduce red tape and lighten the administrative burden on charities. The recommendation to continue to look for ways to reduce the administrative burden was highlighted most recently in the 2013 House of Commons *Report of the Standing Committee on Finance*.

The CRA will develop a more flexible system for capturing and displaying data from Form T3010, *Registered Charity Information Return*. With a new system in place, the CRA will be able to offer charities an online filing and applying option. Electronic filing will reduce administrative burden and improve the quality of data that is captured and displayed on the CRA website. The CRA will be engaging with the sector and others as it moves forward with its development work.

Concerning new measures related to gifts, Budget 2014 indicated that the CRA would be provided with authority to refuse to register or to revoke a charity or Canadian amateur athletic association that has accepted a gift from a foreign state, as defined in the *State Immunity Act*, that is listed as a supporter of terrorism. The CRA will carefully consider the facts of each case and exercise this discretionary authority fairly and judiciously. Charities will have no additional reporting requirements as a result of this measure.

For gifts of ecologically sensitive land made after February 10, 2014, the budget includes a proposal to extend the carry-forward period from five years to 10.

For gifts made by will, the budget proposes to change the rules for 2016 and later years for charitable donations made when a taxpayer dies after 2015. Donations made by will and donations of a direct distribution of proceeds from a registered retirement savings plan, registered retirement income fund, tax-free savings account, or life insurance policy as a result of a beneficiary designation (designation donations) will no longer be deemed to be made by an individual immediately before the individual's death. Instead, these donations will be deemed to have been made by the estate when the property is transferred to a qualified donee. The estate will then have the flexibility of allocating the donation to the tax year of the estate in which the donation is made, to a previous tax year of the estate, or to the last or next-to-last tax year of the individual.

For gifts of certified cultural property, the budget proposes to remove an exception. Currently, when a donor acquires property as part of a tax shelter gifting arrangement, the fair market value of the property is considered to be either the actual fair market value or the cost to the donor, whichever is less. An exception exists for donations of certified cultural property where the fair market value of the donated property is instead determined by the Canadian Cultural Property Export Review Board. For donations of certified cultural property made after February 10, 2014, the budget proposes that this exception no longer apply when the property was acquired through a tax shelter gifting arrangement.

Cathy Hawara  
Director General, Charities Directorate

Source: CRA (2014-02-17) <http://www.cra-arc.gc.ca/chrts-gvng/chrts/bdgt/2014/dgmsg-eng.html>

**APPENDIX C**  
**Investing in Information Technology (IT) for Charities**

*IT Modernization for Charities*

To reduce the administrative burden on charities, the budget proposes funding to allow the CRA to modernize its IT systems so that it can provide new electronic service options for charities. These services will allow charities to devote more time and resources to their charitable programs. The redesign will also allow the CRA to operate more efficiently and to meet the information needs of the charitable sector and the public.

*Public Awareness - Giving Trends and Characteristics in Canada*

The budget also supports the CRA's plans to provide improved access, through its website, to data on charitable giving trends and characteristics in Canada.

How will the administrative burden on charities be reduced?  
How much will the Government of Canada invest in the IT modernization?  
What are the reasons for this IT modernization initiative?  
How will public awareness of the charitable sector be enhanced?  
What are the reasons to enhance public awareness of the charitable sector?  
Where can I get more information about the IT Modernization for Charities and the Public Awareness initiatives?

Source: CRA (2014-01-14) <http://www.cra-arc.gc.ca/gncy/bdgt/2014/qa08-eng.html>

**APPENDIX D**

**Canada Revenue Agency – Program Areas and Field Codes for Charities**

Group A	<b>SOCIAL SERVICES IN CANADA</b>	Group C	<b>EDUCATION AND RESEARCH</b>
A1	Housing (seniors, low-income persons, and those with disabilities)	C1	Scholarships, bursaries, awards
A2	Food or clothing banks, soup kitchens, hostels	C2	Support of schools and education (for example, parent-teacher groups)
A3	Employment preparation and training	C3	Universities and colleges
A4	Legal assistance and services	C4	Public schools and boards
A5	Other services for low-income persons	C5	Independent schools and boards
A6	Senior's services	C6	Nursery programs / schools
A7	Services for the physically or mentally challenged	C7	Vocational and technical training (not delivered by universities / colleges/ schools)
A8	Children and youth services/housing	C8	Literacy programs
A9	Services for Aboriginal people	C9	Cultural programs, including heritage languages
A10	Emergency shelter	C10	Public education, other study programs
A11	Family and crisis counselling, financial counseling	C11	Research (scientific, social science, medical, environmental, etc.)
A12	Immigrant aid	C12	Learned societies (for example, Royal Astronomical Society of Canada)
A13	Rehabilitation of offenders	C13	Youth groups (for example, Girl Guides, cadets, 4-H clubs, etc.)
A14	Disaster relief		
Group B	<b>INTERNATIONAL</b>	Group D	<b>CULTURE AND ARTS</b>
B1	Social services (any listed under A1-A13 above)	D1	Museums, galleries, concert, halls, etc.
B2	Infrastructure development	D2	Festivals, performing groups, musical ensembles
B3	Agriculture programs	D3	Arts schools, grants and awards for artists
B4	Medical services	D4	Cultural centres and associations
B5	Literacy/ education/ training programs	D5	Historical sites, heritage societies
B6	Disaster / war relief		

## T3010 Challenges for Research

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Group E	RELIGION	Group H	OTHER COMMUNITY BENEFITS
E1	Places of worship, congregations, parishes, dioceses, fabriques, etc.	H1	Agricultural and horticulture societies
E2	Missionary organizations, evangelism	H2	Welfare of domestic animals
E3	Religious publishing and broadcasting	H3	Parks, botanical gardens, zoos, aquariums, etc.
E4	Seminaries and other religious colleges	H4	Community recreation facilities, trails, etc.
E5	Social outreach, religious fellowship, and auxiliary organizations	H5	Community halls
Group F	HEALTH	H6	Libraries
F1	Hospitals	H7	Cemeteries
F2	Nursing homes	H8	Summer camps
F3	Clinics	H9	Day care/ after-school care
F4	Services for the sick	H10	Crime prevention, public safety, preservation of law and order
F5	Mental-health services and support groups	H11	Ambulance, fire, rescue, and other emergency services
F6	Addiction services and support groups	H12	Human rights
F7	Other mutual-support groups (for example, cancer patients)	H13	Mediation services
F8	Promotion and protection of health, including first-aid and information services	H14	Consumer protection
F9	Specialized health organizations, focusing on specific diseases/ conditions	H15	Support and services for charitable sector
Group G	ENVIRONMENT	Group I	OTHER
G1	Nature, habitat conservation groups	I1	(Write a description, if this category applies)
G2	Preservation of species, wildlife protection		Funding qualified donees
G3	General environmental protection, recycling services		

Source: CRA [www.cra-arc.gc.ca/chrts/prtng/rten/flcdcd-eng.html](http://www.cra-arc.gc.ca/chrts/prtng/rten/flcdcd-eng.html)

**APPENDIX E**  
**Canada Revenue Agency – Category Codes for Charities**

<u>Code</u>	<u>Type</u>	<u>Category description</u>
01	Welfare	Organizations providing care other than treatment
02	Welfare	Disaster funds
03	Welfare	(Welfare) Charitable corporations
05	Welfare	(Welfare) Charitable trusts
09	Welfare	Welfare organizations (not else classified)
10	Health	Hospitals
11	Health	(Health) Services other than hospitals
13	Health	(Health) Charitable corporations
15	Health	(Health) Charitable trusts
19	Health	Health organizations (not else classified)
20	Education	Teaching institutions or Institutions of learning
21	Education	Support of schools and education
22	Education	Cultural activities and promotion of the arts
23	Education	(Education) Charitable corporations
25	Education	(Education) Charitable trusts
29	Education	Education organizations (not else classified)
30	Religion	Anglican parishes
31	Religion	Baptist congregations
32	Religion	Lutheran congregations
33	Religion	Baha' is religious groups
34	Religion	Mennonite congregations
35	Religion	Buddhist religious groups
36	Religion	Pentecostal assemblies of Canada
37	Religion	Presbyterian congregations
38	Religion	Roman Catholic parishes and chapels
39	Religion	Other denominations' congregations or parishes (not else classified)
40	Religion	Salvation Army temples
41	Religion	Seventh Day Adventist congregations
42	Religion	Synagogues
43	Religion	(Religion) Charitable organizations
44	Religion	United Church congregations
45	Religion	(Religion) Charitable trusts
46	Religion	Convents and monasteries
47	Religion	Missionary organizations and propagation of gospel
48	Religion	Hindu religious groups
60	Religion	Islamic religious groups
61	Religion	Jehovah's witnesses congregations
62	Religion	Sikh religious groups
49	Religion	Religious organizations (not else classified)
50	Benefits to Community	Libraries, museums and other repositories
51	Benefits to Community	Military units
52	Benefits to Community	Preservation of sites, beauty and historical
53	Benefits to Community	(Community) Charitable corporations
54	Benefits to Community	Protection of animals

## T3010 Challenges for Research

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<u>Code</u>	<u>Type</u>	<u>Category description</u>
55	Benefits to Community	(Community) Charitable trusts (other than service clubs and fraternal societies projects)
56	Benefits to Community	Recreation, playgrounds and vacation camps
57	Benefits to Community	Temperance associations
59	Benefits to Community	Community organizations (not else classified)
63	Other	Service clubs and fraternal societies' charitable corporations
65	Other	Clubs and fraternal societies' projects
75	Other	Employees' Charity trusts
80	Other	Registered Canadian Amateur Athletic Association (RCAAA)
81	Other	Registered National Arts Services Organization (RNASO)
83	Other	Corporation funding Registered Canadian Amateur Athletic Association
85	Other	Trust funding Registered Canadian Amateur Athletic Association
99	Other	Miscellaneous charitable organizations (not else classified)

Source: Blumberg (2012a); CharityCAN (2014); Spyker (2011).

**APPENDIX F**  
**International Classification of Nonprofit Organizations (ICNPO) Groups**

Group 1	CULTURE AND RECREATION	Group 6	DEVELOPMENT AND HOUSING
1100	Culture and arts	6100	Economic, social and community development
1200	Sports	6200	Housing
1300	Other recreation and social clubs	6300	Employment and training
Group 2	EDUCATION AND RESEARCH	Group 7	LAW, ADVOCACY AND POLITICS
2100	Primary and Secondary education	7100	Civic and advocacy organizations
2200	Higher education	7200	Law and legal services
2300	Other education	7300	Political organizations
2400	Research	Group 8	PHILANTHROPIC INTERMEDIARIES AND VOLUNTARISM PROMOTION
Group 3	HEALTH		
3100	Hospitals and rehabilitation		
3200	Nursing homes		
3300	Mental health and crisis intervention		
3400	Other health services	Group 9	INTERNATIONAL
Group 4	SOCIAL SERVICES	Group 10	RELIGION
4100	Social services		
4200	Emergency and relief		
4300	Income support and maintenance	Group 11	BUSINESS AND PROFESSIONAL ASSOCIATIONS, UNIONS
Group 5	ENVIRONMENT		
5100	Environment		
5200	Animal protection	Group 12	(NOT ELSEWHERE CLASSIFIED)

Source: Salamon, Anheier, List, Toepler, Sokolowski, and Associates (1999, p.468)

**APPENDIX G**  
**National Taxonomy of Exempt Entities (NTEE)**  
**Core Codes Classification System**

<p>Group A    ARTS, CULTURE &amp; HUMANITIES</p> <p>    A20    Arts &amp; Culture</p> <p>    A30    Media &amp; Communications</p> <p>    A40    Visual Arts</p> <p>    A50    Museums</p> <p>    A60    Performing Arts</p> <p>    A70    Humanities</p> <p>    A80    Historical Organizations</p> <p>    A90    Arts Services</p> <p>    A99    Arts, Culture &amp; Humanities NEC</p> <p>Group C    ENVIRONMENT</p> <p>    C20    Pollution Abatement &amp; Control</p> <p>    C30    Natural Resources Conservation &amp; Protection</p> <p>    C40    Botanical, Horticultural &amp; Landscape Services</p> <p>    C50    Environmental Beautification</p> <p>    C60    Environmental Education</p> <p>    C99    Environment NEC</p> <p>Group E    HEALTH CARE</p> <p>    E20    Hospitals</p> <p>    E30    Ambulatory &amp; Primary Health Care</p> <p>    E40    Reproductive Health Care</p> <p>    E50    Rehabilitative Care</p> <p>    E60    Health Support</p> <p>    E70    Public Health</p> <p>    E80    Health (General &amp; Financing)</p> <p>    E90    Nursing</p> <p>    E99    Health Care NEC</p>	<p>Group B    EDUCATION</p> <p>    B20    Elementary &amp; Secondary Schools</p> <p>    B30    Vocational &amp; Technical Schools</p> <p>    B40    Higher education</p> <p>    B50    Graduate &amp; Professional Schools</p> <p>    B60    Adult Education</p> <p>    B70    Libraries</p> <p>    B80    Student Services</p> <p>    B90    Educational Services</p> <p>    B99    Education NEC</p> <p>Group D    ANIMAL-RELATED</p> <p>    D20    Animal Protection &amp; Welfare</p> <p>    D30    Wildlife Preservation &amp; Protection</p> <p>    D40    Veterinary Services</p> <p>    D50    Zoos &amp; Aquariums</p> <p>    D60    Animal Services NEC</p> <p>    D99    Animal- Related NEC</p> <p>Group F    MENTAL HEALTH &amp; CRISIS INTERVENTION</p> <p>    F20    Substantive Abuse Dependency, Prevention &amp; Treatment</p> <p>    F30    Mental Health Treatment</p> <p>    F40    Hot Lines &amp; Crisis Intervention</p> <p>    F50    Addictive Disorders NEC</p> <p>    F60    Counseling</p> <p>    F70    Mental Health Disorders</p> <p>    F80    Mental Health Associations</p> <p>    F99    Mental Health &amp; Crisis Intervention NEC</p>
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## T3010 Challenges for Research

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Group G	DISEASES, DISORDERS & MEDICAL DISCIPLINES	Group H	MEDICAL RESEARCH
G20	Birth Defects & Genetic Diseases	H20	Birth Defects & Genetic Diseases Research
G30	Cancer	H30	Cancer Research
G40	Diseases of Specific Organs	H40	Diseases of Specific Organs Research
G50	Nerve, Muscle & Bone Diseases	H50	Nerve, Muscle & Bone Diseases Research
G60	Allergy-Related Diseases	H60	Allergy-Related Diseases Research
G70	Digestive Diseases & Disorders	H70	Digestive Diseases & Disorders Research
G80	Specifically Named Diseases	H80	Specifically Named Diseases Research
G90	Medical Disciplines	H90	Medical Disciplines Research
G99	Diseases, Disorders & Medical Disciplines NEC	H99	Medical Research NEC
Group I	CRIME & LEGAL-RELATED	Group J	EMPLOYMENT
I20	Crime Prevention	J20	Employment Preparation & Procurement
I30	Correctional Facilities	J30	Vocational Rehabilitation
I40	Rehabilitation Services for Offenders	J40	Labor Unions
I50	Administration of Justice	J99	Employment NEC
I60	Law Enforcement		
I70	Protection Against Abuse		
I80	Legal Services		
I99	Crime & Legal-Related NEC		
Group K	FOOD, AGRICULTURE & NUTRITION	Group L	HOUSING & SHELTER
K20	Agricultural Programs	L20	Housing Development, Construction & Management
K30	Food Programs	L30	Housing Search Assistance
K40	Nutrition	L40	Temporary Housing
K50	Home Economics	L50	Homeowners & Tenants Associations
K99	Food, Agriculture & Nutrition NEC	L80	Housing Support
		L99	Housing & Shelter NEC

T3010 Challenges for Research

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Group M	PUBLIC SAFETY, DISASTER PREPAREDNESS & RELIEF	Group N	RECREATION & SPORTS
M20	Disaster Preparedness & Relief Services	N20	Camps
M40	Safety Education	N30	Physical Fitness & Community Recreational Facilities
M60	Public Safety Benevolent Associations	N40	Sports Associations & Training Facilities
M99	Public Safety, Disaster Preparedness & Relief NEC	N50	Recreational Clubs
		N60	Amateur Sports
		N70	Amateur Sports Competitions
		N80	Professional Athletic Leagues
		N99	Recreation & Sports NEC
Group O	YOUTH DEVELOPMENT	Group P	HUMAN SERVICES
O20	Youth Centers & Clubs	P20	Human Services
O30	Adult & Child Matching Programs	P30	Children & Youth Services
O40	Scouting Organizations	P40	Family Services
O50	Youth Development Programs	P50	Personal Social Services
O99	Youth Development NEC	P60	Emergency Assistance
		P70	Residential Care & Adult Day Programs
		P80	Centers to Support the Independence of Specific Populations
		P99	Human Services NEC
Group Q	INTERNATIONAL, FOREIGN AFFAIRS & NATIONAL SECURITY	Group R	CIVIL RIGHTS, SOCIAL ACTION & ADVOCACY
Q20	Promotion of International Understanding	R20	Civil Rights
Q30	International Development	R30	Intergroup & Race Relations
Q40	International Peace & Security	R40	Voter Education & Registration
Q50	International Affairs, Foreign Policy & Globalization	R60	Civil Liberties
Q70	International Human Rights	R99	Civil Rights, Social Action & Advocacy NEC
Q99	International, Foreign Affairs & National Security NEC		

## T3010 Challenges for Research

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Group S	COMMUNITY IMPROVEMENT & CAPACITY BUILDING	Group T	PHILANTHROPY, VOLUNTARISM & GRANTMAKING FOUNDATIONS
S20	Community & Neighborhood Development	T20	Private Grantmaking Foundations
S30	Economic Development	T30	Public Foundations
S40	Business & Industry	T40	Voluntarism Promotion
S50	Nonprofit Management	T50	Philanthropy, Charity & Voluntarism Promotion
S80	Community Service Clubs	T70	Federated Giving Programs
S99	Community Improvement & Capacity Building NEC	T90	Named Trusts NEC
		T99	Philanthropy, Voluntarism & Grantmaking Foundations NEC
Group U	SCIENCE & TECHNOLOGY	Group V	SOCIAL SCIENCE
U20	General Science	V20	Social Science
U30	Physical & Earth Sciences	V30	Interdisciplinary Research
U40	Engineering & Technology	V99	Social Science NEC
U50	Biological & Life Sciences		
U99	Science & Technology NEC		
Group W	PUBLIC & SOCIETAL BENEFIT	Group X	RELIGION-RELATED
W20	Government & Public Administration	X20	Christianity
W30	Military & Veterans' Organizations	X30	Judaism
W40	Public Transportation System	X40	Islam
W50	Telecommunications	X50	Buddhism
W60	Financial Institutions	X70	Hinduism
W70	Leadership Development	X80	Religious Media & Communications
W80	Public Utilities	X90	Interfaith Coalitions
W90	Consumer Protection	X99	Religion-Related NEC
W99	Public & Societal Benefit NEC		
Group Y	MUTUAL & MEMBERSHIP BENEFIT	Group Z	UNKNOWN
Y20	Insurance Providers		
Y30	Pension & Retirement Funds		
Y40	Fraternal Societies		
Y50	Cemeteries		
Y99	Mutual & Membership Benefit NEC		

NEC = Not Elsewhere Classified

Source: National Center for Charitable Statistics (2005)