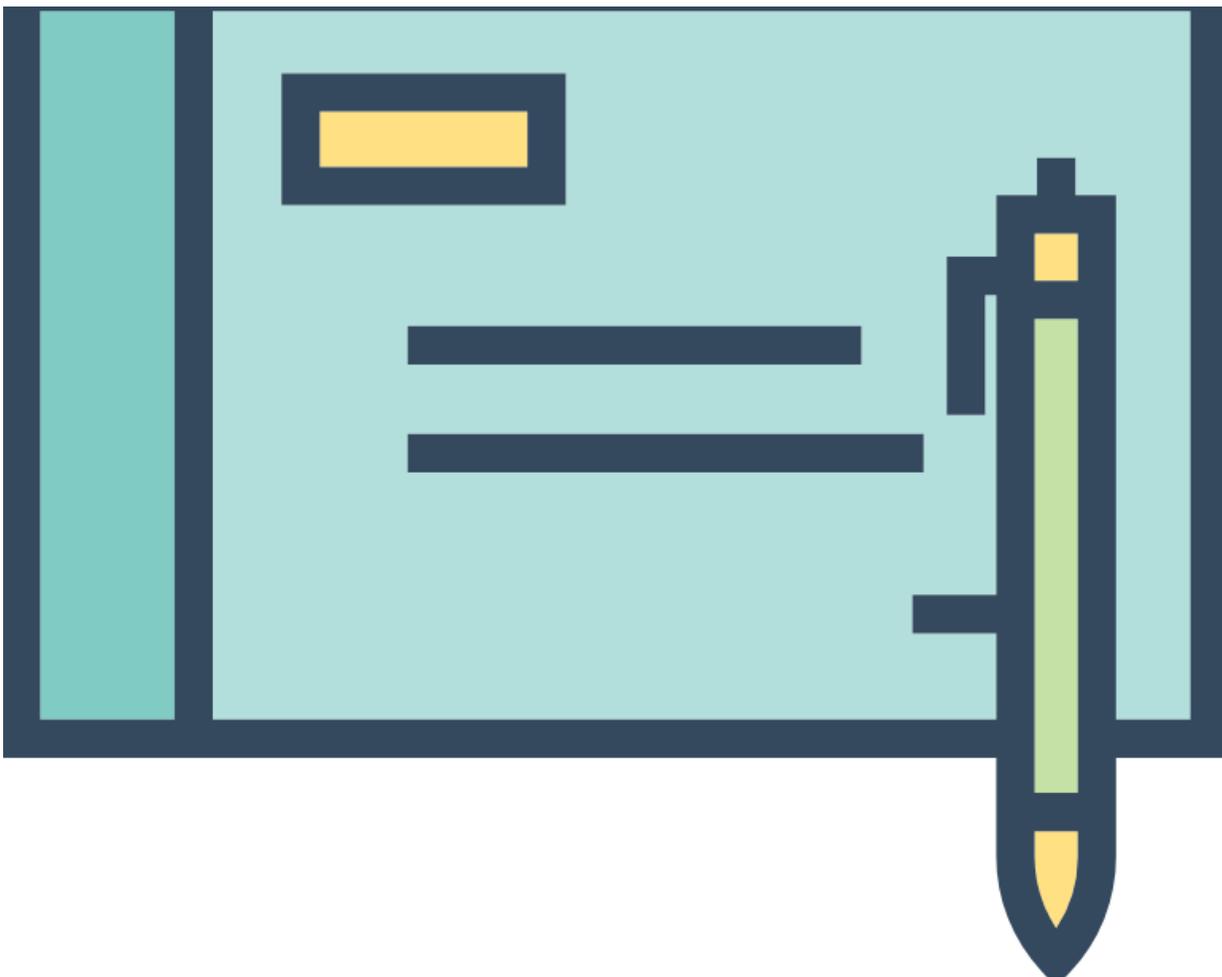




INTER-CHARITY DONATIONS IN CANADA



Mark S. Bonham
M.Sc.(Econ), B.Comm

Executive Director
mbonham@theveritasfoundation.com



EXECUTIVE SUMMARY

Donations made by one registered Charity Organization to another are common in Canada's Charitable Sector. Although such donations do not give way to a charitable tax receipt because both the donor and the recipient are tax-exempt organizations, the incremental revenue to the receiving Charity can be quite material to delivering their mission statement.

Inter-Charity activity gives rise to important considerations for the donor and recipient. Both parties to the transaction must ensure the activity aligns with their Organization's missions and mandates.

In this report, we fully examine why Inter-Charity activity occurs, what issues need to be considered, the costs and benefits of such activity, its magnitude and range of use, and the oversight provided by the sector's regulator, the Canada Revenue Agency (CRA).

We provide analytical insights through the following studies:

- The Total Value of Inter-Charity Donations for each of the five years from 2016 to 2020.
- The number of Charity Organizations which reported receiving Inter-Charity Donations in each of the five years from 2016 to 2020.
- The percentage of Charity Organizations which reported receiving Inter-Charity Donations for each of the five years from 2016 to 2020.
- The value of Inter-Charity Donations relative to Total Revenue of all Charity Organizations for each of the five years from 2016 to 2020.
- The value of Inter-Charity Donations relative to Total Revenue for only those Charity Organizations reporting such donations for each of the five years from 2016 to 2020.
- The value of Inter-Charity Donations relative to Total Tax Receipted Donations of all Charity Organizations for each of the five years from 2016 to 2020.
- The value of Inter-Charity Donations relative to Total Tax Receipted Donations for only those Charity Organizations reporting such donations for each of the five years from 2016 to 2020.
- The number of Charity Organizations reporting Inter-Charity Donations by size of Charity and Foundation for 2020.
- The value of Inter-Charity Donations by size of Charity Organization for 2020.
- The average and median value of Inter-Charity Donations received by Charity Organizations for 2020 compared to 2016.
- Total Inter-Charity Donations by Category Charity Organization reported in 2020.
- The percentage of Charity Organizations in each Category which report receiving Inter-Charity Donations in 2020.
- Inter-Charity Donations as a Percentage of Total Revenues for each Category in 2020.

Principle conclusions of the Report

- Canadian Charitable Organizations have used Inter-Charity Donations for several reasons: to channel funds to organizations with great expertise or efficiency in confronting specific community issues; for sharing of services, equipment, or facilities; to manage fundraising between two related charitable organizations; to improve the quality of delivery of goods and services; to confront a disaster or crisis as a group; or in a joint venture relationship.
- The total value of Inter-Fund Charity donations grew 37.5 per cent or 6.6 per cent annually between 2016 and 2020.
- Over one third of all Charitable Organizations report receiving Inter-Fund Charity donations in 2020.

- However, this activity represented less than 3 per cent of overall revenues for the Charitable and Philanthropic sector over our study period. When refining the analysis to only those Charitable Organizations reporting such funding, we find that the contribution increases to 4.0 per cent.
- The total value of Inter-Charity Donations to the total value of Tax-Receipted Donations for the Charitable and Philanthropic sector reveals that this activity has grown to be equivalent to 75 per cent in contribution to total revenues for Charitable Organizations.
- Refining the analysis to include only those Charitable Organizations which report receiving Inter-Charity Donations, this source of donations represents approximately 1.7 times the amount of Tax-Receipted Donations.
- 72 per cent of all Charitable Organizations reporting Inter-Charity Donations are small. Large organizations represent the substantial portion of the value of Inter-Charity Donations at 93 per cent.
- The average value of Inter-Charity Donations in 2020 of \$448 thousand is considerably greater than the median value of only \$23 thousand, representing the disparity between large and small Charities. The average value grew by 42 per cent over the five-year period between 2016 and 2017 whereas the median value grew at half that rate, or 21 per cent.
- Core Healthcare is the largest Category of Charity using Inter-Charity Donations. However, it is the smaller Categories of Charities that report a large participation of Charities in this funding activity. For example, more than 44 per cent of all Human Rights Charities report receiving Inter-Charity Donations.

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Our Vision

We will participate in a thriving Canadian philanthropic sector where the most impactful charities with the highest governance standards are celebrated and supported by donor capital.

Our Mission

The Veritas Foundation aims to be Canada's authoritative source for participating in the country's charitable sector and evaluating its effectiveness and impact.



The Veritas Foundation
TD West Tower
100 Wellington Street West Suite 3110, PO Box 80
Toronto, Ontario, Canada M5K 1E7

416.866.8783 1-866-860-8783
www.theveritasfoundation.com
info@theveritasfoundation.com