



PRIVATE FOUNDATIONS IN CANADA



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EXECUTIVE SUMMARY

Private Foundations are one of three Designations assigned to Charitable Organizations by the sector's regulator, the Canada Revenue Agency (CRA).

This report provides extensive disclosure on the operations of Private Foundations in Canada. It provides information on their number, assets, tax-receipted donations, and grants over the most recent five-year period. The analysis is then shown by province/territory, and charity category.

The report reveals the payout ratio in each of the last five years.

A comparison is made with Donor Advised Funds as an alternative charitable structure for donors.

An appendix lists the top private foundations in Canada by Total Assets and Grants and reveals the payout ratio for each organization.

Principle conclusions of the Report

- Most Private Foundations are set up by individuals, families, or corporate entities to operate their charitable giving programs.
- The Private Foundation can be set up to simply give only to other registered donees, or it can be set up to carry on its own activities and fund non-qualified donees.
- Fundraising can come from both the founders and other unrelated donors. Funds are often contributed to Private Foundations based on their need or the tax strategies of their founders. Private Foundations are strictly prohibited from carrying on any business-related activities other than investing in Limited Partnerships.
- A Private Foundation must file an annual Form T3010 and its extensive appendices. There is no anonymity associated with operating a Private Foundation.
- Private Foundations are a relatively small component of Canada's Charity Sector. As of 2023, they represented the second smallest of the three Designations at 11 percent of Total Charities.
- The growth in the number of Private Foundations in Canada since 2022 has been fairly steady and consistent.
- The growth in the number of Private Foundations over the five-year period of 2018 to 2023 at 14.1 percent has far exceeded that of the other two designations and the Charity Sector in total.
- The growth rate of Total Revenues of 191 percent over the five-year period of 2018 to 2023 has far exceeded that of Total Assets (92 percent), Tax Receipted Donations (36 percent), and Grants (65 percent). We provide an explanation for this result.
- The concentration of Private Foundations within Canada reveals that the Top 50 organizations represent 1 percent of the number, 73 percent of Total Assets, but only 49 percent of Total Grants in 2023.

- The Payout Ratio (Grants as a percentage of average assets during the year) has fluctuated over time. At 4.3 percent in 2023, it remains below the peak level of 4.59 percent achieved in 2021.
- The province of Ontario accounts for the largest number of Private Foundations and represents almost half at 49 percent .
- All regions in Canada have a smaller share of Private Foundations than Total Charitable Organizations, except for British Columbia and Ontario.
- The majority of the number of Private Foundations are classified purely as Foundations by the CRA at 74 percent.
- When reviewing the Total Assets of Private Charities by Category we find that those operating to Relieve Poverty represent the largest allocation at 56 percent. We explain this anomaly.
- We discuss the similarities and differences between Donor Advised Funds and Private Foundations.
- The simplicity of DAFs has led to their increased popularity in recent years relative to Private Foundations. To prove the point, we present comparative statistics on Total Asset Growth, DAF Share of Total Grants, the Disbursement Ratio, and DAF Share of Total Contributions..

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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.



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