

To: Advisory Committee on the Charitable Sector  
From: The Technology and Data Working Group (TDWG)  
Tanya Rumble – Chair, Jean-Marc Mangin, Kevin McCort, Blaine Langdon, Robert Delaney  
RE: Draft Recommendations from 2023 deliberations  
Date: 06 October 2023 (revised on January 23, 2024)

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In keeping with its mandate to focus on issues related to technology and data and how these subjects impact the work of the charitable and non-profit sector, the TDWG seeks to ensure the regulatory environment supports the important work that charities do and addresses some of the data deficit that hinders its work (and analysis by all levels of governments). As we undertook research, and consultation and began forming recommendations throughout 2023 our colleagues in government were actively listening to the challenges related to technology and data. As a result, several policy changes were implemented by the CRA Charities Directorate in late 2023 and early 2024 that were informed by discussions by the Advisory Committee on the Charitable Sector and the charitable sector writ large. We applaud the government’s responsiveness to the trust reporting requirements for charities, the clarification of the calculation of the disbursement quota (DQ) and other changes made to the T3010 to ensure ease and consistency of reporting on important data from the charitable sector.

The WG recommends the ACCS focus on data-related issues that arise from recent legislative changes on granting to non-qualified donees (non-QDs) and the 2023 changes to the disbursement quota (DQ). Recommendations from the ACCS to the Minister of National Revenue are intended to ensure that Government and the sector have sufficient data on hand to assess the impact of these important changes when the mandated five-year review of the DQ (2028) is undertaken.

Much of the public discourse around the above changes arose from a desire to increase overall funding to the sector and reduce barriers to funding populations and communities that were created by the ‘own activities/direction and control’ regime. The WG observed that based on how data was collected prior to the relevant legislative changes, the sector would find it difficult, if not impossible, to determine if the changes addressed the public sentiment that drove the amendments in the first place.

In order to ensure the CRA and the sector have data sufficient to assess the impact of the above public policy changes, the TDWG recommends:

1. Disbursement Quota

The ACCS recommends that the Minister of National Revenue direct the CRA to create a transparent and publicly available tracking tool using data collected in the T3010, that identifies the specific disbursement quota amount and enables comparison to the actual amount disbursed for each registered charity.

- a. Upon completion of the T3010, each charity would be informed regarding compliance and obligations for their particular disbursement quota.
- b. To better inform the public, we recommend adding DQ reporting features to the “quick-view” section on the Charities and Giving website.

- c. An aggregated annual report (segmented by charity type, e.g., private foundation, public foundation, operating charity) created using this data will provide valuable data when assessing individual and sector compliance with the DQ.

## 2. Granting to non-Qualified Donees

The ACCS recommends that the Minister of National Revenue direct the CRA to create a transparent and publicly available tracking tool that demonstrates the percentage of funds each registered charity has granted to Non-Qualified Donees/Other Qualified Donees (NQD/OQD) on an annual basis.

- a. As all grants/funding from charities to other entities above \$5,000 is reported by category, this enables the data to be calculated by organization, and subsequently aggregated across all charities, and tracked over time.
- b. This feature can also be built from the data now tracked in the “quick-view” section of the Charities Directorate website.

One further issue identified by the TDWG relates to the challenges and opportunities of fillable text boxes on the T1441, the newly released form that tracks the recipient and the purpose of all funding from charities to NQD/OQDs. Specifically, the form (attached here for ease of reference) only requires that charities complete text boxes that indicate the name of grantee, the purpose of the grant, the amount of cash and non-cash disbursements, and if outside Canada, the country where the activities were carried on. In the absence of a taxonomy to capture data on the T1441, we recommend the CRA look closely at using generative AI / large language models to help analyze the data. We also recommend that CRA (or, preferably, in collaboration with credible partners such as Carleton University Charity Insights Canada Project and Imagine Canada) begin analyzing data from the T1441 as soon as it is available to determine what is possible to extract from the data collected.

The TDWG also recommends that the ACCS focus on tracking data related to NQD/OQDs based on what is available within the T3010 data universe, as opposed to seeking information from the data collected on the T1044 (also attached here for ease of reference), given the size and complexity of the non-profit sector in Canada (e.g., this includes airports, golf clubs etc., and covers over 900,000 entities and nearly \$1 trillion in economic activity annually).

## 3. Recommendations Related to the T3010

Both of the above sections are highly dependent on the information gathered through the T3010 and its appendices, specifically the quality and accuracy of data provided by charities. To support the above points, the TDWG recommends:

- a. Recognizing that the quality of current data provided by charities on their T3010s needs to be improved, we recommend further training for the sector on completion of the T3010 to ensure accuracy, consistency, and data quality.
- b. All efforts to migrate charities to electronic filing (with automatic calculation and error detection) are to be encouraged, including rejecting outdated forms and those filled incorrectly.
- c. We know charities often struggle with the My Business Account (MyBA) services of CRA. For businesses, it is straightforward to authorize a representative who can access the on-line

account as the business owner is easily identifiable. However, for charitable organizations, the equivalent is a director, trustee or an executive. As these individuals change more frequently than a business owner, CRA needs a more nimble process to change the authorized representative than is currently in place. This will reduce barriers charities have in accessing their on-line account, many of whom continue to file their T3010 manually.

- d. CRA is encouraged to invite external partner input on methods and resources to help aggregate and publish data for the sector. This includes building relationships with other entities engaged in improving the quality and quantity of data related to the charitable sector (e.g., Statistics Canada, Federal Nonprofit Data Coalition, Carleton Charity Insights Canada Project etc.