

# How has COVID affected funding of the Canadian charity sector? Part 1

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Yesterday I tweeted about a [US study on the effect on COVID on donations](#). The study noted that US charitable giving increased by 10.6 percent in 2020. It is based on “sample data from nearly twenty-five hundred nonprofits in AFP’s Growth in Giving Database”. Sample data from 2500 of 1.5 million charities is a very small sample size.

We expect to know more definitively what the impact of COVID was in 2020 in Canada at a later date when all registered charities have filed their T3010s. We expect that the final 2020 T3010s which will be due in June 2021 will be fully on the system by the beginning of 2022. So unfortunately with the lack of data in the charity sector, we will only know the impact of COVID on the sector about 2 years afterwards.

What can we do now? We recently received a disk from CRA with data for 2020 and 2019. We thought that the real impact of COVID was beginning to be felt around mid-March 2020. Therefore, a T3010 for March 31, 2020 is probably not going to reflect much of COVID. However, what if we took T3010 filings from August, September, October, November and December 2020 that had already been filed and inputted by CRA and compared to 2019 filings by the same organizations?

So we looked at approximately 1676 charities that filed their 2019 and 2020 T3010 forms with August to December year ends. A few obvious caveats. This represents 1676 of 86,000 charities. So this is sort of like the information coming into election reporting 10 minutes after the poll closes! It is quite tentative but we thought it is a beginning. Also, the impact of COVID in a December 2020 financial year-end may be greater than a August year-end and this is a mix of them all together.

1. Assets of the charities have increased by 3%
2. Receipts for donations increased by 4%
3. Non-receipted fundraising down by 36% – makes sense with lots of fundraising activities like gala dinners cancelled.
4. Sale of goods down by 7%
5. Total revenue from all sources combined down by 8% but expenses are down in many instances as well
6. Vehicle expenses down 30% -not surprising
7. Office supplies down only 3% – probably lots of savings in the office with no one there but lots of one-time expenditures to set up people at home with home offices which might be a one-time expense.

8. Occupancy costs – 0% change – probably will see this drop over the next few years as more switch to virtual or partially virtual but charities often have long-term leases and until they are up or subleased this will not change too much.
9. Compensation, which is a huge expenditure of charities, is only down 1%.
10. Total expenditures before gifts to QDs – down 4%
11. So total revenue is down 8% from 1.689 billion to 1.561 billion for this group of charities – however expenditures before gifts to QDs were down 4% \$1,453,635,018 to \$1,396,203,992.

This subset reflects far less than 1% of the revenue and expenditures of the charity sector so take it for what it is. In a couple of months, we will try to take another look when there is a larger sample size.

As public trust in charities declines and potentially governments cut back to respond to deficits in 2021 or 2022 the story might change significantly. That is a concern but we are still trying to work out what 2020 was like.

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