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## **CANADIANS' OPINIONS ABOUT CHARITIES**

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### **A. INTRODUCTION**

For a third time since the year 2000, the Edmonton-based Muttart Foundation<sup>1</sup> (the "Foundation") commissioned Ipsos Reid<sup>2</sup> to conduct a survey ("Ipsos Reid Survey") of the opinions of Canadians concerning charities. The survey, "Talking About Charities 2006: Tracking Canadians' Opinions About Charities and the Issues Affecting Them"<sup>3</sup>, which polled 3,864 adult Canadians in mid-2006, was released in September 2006. The study also examines whether public opinion of charities differs by province and "socio-demographic variables such as gender, age, education, household income and religious attendance."<sup>4</sup>

As well, in May 2005, as part of the federal government's Charities Regulation Reform Initiative, the Canada Revenue Agency ("CRA") conducted a baseline survey of 1,533 adult Canadians about charities and the regulation of charities. Through this survey, "Thinking About Charities: Baseline Public Awareness Survey"<sup>5</sup> ("CRA Survey"), CRA hoped to determine what information the public needs about charities and relay to them how they can obtain it, and to raise awareness of and confidence in CRA's regulation of charities.

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<sup>1</sup> The Muttart Foundation, online: <http://www.muttart.org/>.

<sup>2</sup> Ipsos Canada, Ipsos Reid Market Research, online: <http://www.ipsos.ca/reid/>.

<sup>3</sup> Ipsos Reid, "Talking About Charities: Tracking Canadians' Opinions About Charities and the Issues Affecting Them" (September 2006) Prepared for the Muttart Foundation, Edmonton, Alberta. This survey can be downloaded from the Foundation's website at: <http://www.muttart.org/surveys.htm>.

<sup>4</sup> *Ibid.* at 1-2.

<sup>5</sup> Richard W. Jenkins, Ph.D., Vice President and Corporate Director, Public Opinion Research, TNS Canadian Facts, "Thinking About Charities: Baseline Public Awareness Survey", Final Report, Presented to Canada Revenue Agency, 2005.

This Charity Law Bulletin (“Bulletin”) highlights the key findings of the Ipsos Reid Survey, and where applicable, contrasts the results with those of the CRA Survey.

## B. KEY FINDINGS

The key findings of the Ipsos Reid Survey were broken down into six main categories:

- ◆ Familiarity with and perceived importance of charities;
- ◆ Trust in charities and their leaders;
- ◆ Views on fundraising;
- ◆ Opinions on information provided by charities;
- ◆ Views on monitoring of charities; and
- ◆ Advocacy activities of charities.

Each of these categories is summarized separately below.

### 1. Familiarity With and Perceived Importance of Charities

#### a) Familiarity with Charities

Since Ipsos Reid first conducted the poll with regard to charities in the year 2000, Canadians’ familiarity with charities has climbed steadily. By this year’s survey, 16% of Canadians considered themselves very familiar with charities, their work and their role in society, 64% regarded themselves as somewhat familiar, 16% were not very familiar, and just 3% were not at all familiar with charities.

The level of familiarity with charities was quite uniform according to gender and from province to province, rising as education level and age increased. “Frequency of attending religious services is also directly linked to familiarity with charities. Canadians who attend religious services at least once a month are more likely than those who infrequently or never attend religious services to be familiar with the work of charities (87% vs. 76% vs. 70%).”<sup>6</sup> Canadians who made a charitable donation in 2005 were considerably more familiar with the work of charities than those who did not make a donation (83% vs. 63%).

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<sup>6</sup> *Supra* note 3 at 12.

The CRA Survey revealed that 74% of Canadians believe that charities have an important function in society, but only 41% say they are somewhat familiar or very familiar with the work which charities do.<sup>7</sup> “44% have a low level of familiarity and 14% are not at all familiar”<sup>8</sup> with charities.

b) Perceived Importance of Charities

The Ipsos Reid survey found that most Canadians think that charities play a vital role in fulfilling the needs of Canadians. Findings showed that:

- “Nine in ten Canadians (93%) agree that charities are important to Canadians, with half (51%) strongly agreeing.
- Almost as many agree that charities improve our quality of life (86%).
- Almost 8 in 10 Canadians (76%) agree that charities understand the needs of Canadians better than the government does; and related,
- Seven in ten (70%) feel charities do a better job understanding and meeting the needs of Canadians than the Canadian government does.”<sup>9</sup>

The Ipsos Reid Survey results were mixed as to whether people thought that “charities should be *expected* to deliver programs and services the government stops funding” [emphasis in original].<sup>10</sup> 19% of Canadians surveyed strongly agreed with this statement, 57% somewhat agreed, while 19% strongly disagreed. By province, Quebecers were mostly likely to strongly agree with this statement, while Albertans and British Columbians were the least likely to agree. Canadians with more education and a higher household income were less likely to agree that charities do a better job as compared to the government when it comes to understanding and meeting the needs of Canadians.

The CRA Survey results demonstrated quite a high level of agreement among Canadians concerning the importance charities play in society, with 40% responding that charities are very important, and 34% saying that they are somewhat important. Women were somewhat more likely to place

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<sup>7</sup> *Supra* note 5 at 3.

<sup>8</sup> *Supra* note 5 at 9.

<sup>9</sup> *Supra* note 3 at 13.

<sup>10</sup> *Ibid.*

importance on the role of charities as compared to men, while level of education and income did not impact the view of the importance of charities.<sup>11</sup>

## 2. Trust in Charities and Their Leaders

Trust in leaders of charities has dipped only slightly since the 2000 and 2004 Ipsos Reid polls were conducted. In this year's survey, 22% of Canadians trusted leaders of charities a lot, while 55% trusted them somewhat for a total of 77%. When comparing some trust or a lot of trust in leaders of charities with leaders in ten other professions, Canadians ranked the leaders of charities third. "Only nurses (96%) and medical doctors (93%) are trusted more than leaders of charities."<sup>12</sup> This was followed by business leaders (70%), government employees (68%), religious leaders (65%), journalists and reporters (63%), lawyers (59%), union leaders (50%), provincial politicians (37%) and federal politicians (34%).<sup>13</sup>

The level of trust that Canadians have in charities varied greatly depending on the type of charity mentioned. Trust in ten categories was surveyed, with the percentage in brackets representing those who declared a lot of trust or some trust:

- Hospitals – 89%;
- Charities that focus on children and children's activities – 85%;
- Charities that focus on health prevention and health research – 84%;
- Charities that focus on education – 77%;
- Charities that focus on social services – 74%;
- Charities that focus on the protection of animals – 73%;
- Charities that focus on protecting the environment – 73%;
- Churches – 67%;
- Charities that focus on the arts – 61%; and
- Charities that focus on international development – 57%.<sup>14</sup>

The results of the CRA Survey showed that nearly half (47%) of Canadians believe that "there is a problem with fraudulent charities."<sup>15</sup> In that regard, the surveyors noted that "there is a potential need

<sup>11</sup> *Supra* note 5 at 11.

<sup>12</sup> *Supra* note 3 at 16.

<sup>13</sup> *Supra* note 3 at 15-16.

<sup>14</sup> *Supra* note 3 at 18.

<sup>15</sup> *Supra* note 5 at 4.

to provide more information to help Canadians identify legitimate charities and therefore be more confident that their donation is going where they want.”<sup>16</sup>

### 3. Views on Fundraising

Nearly all Canadians (94%) surveyed by Ipsos Reid agreed or strongly agreed that it takes a great deal of effort for charities to fundraise, with 79% surveyed agreeing or strongly agreeing that “charities are generally honest about the way they use donations.”<sup>17</sup> A large proportion (87%) of those surveyed agreed or strongly agreed that charities should give more consideration to the way in which they raise money. As in the 2000 and the 2004 surveys, the results of this survey showed that a majority of Canadians (73%) agree or strongly agree that “too many charities are trying to get donations for the same cause.”<sup>18</sup> 64% of Canadians thought that charities do not have enough funding to meet their aims, with a scant 7% believing that charities have too much money. Newfoundlanders (74%), Nova Scotians (73%) and New Brunswickers (72%) were the Canadians most likely to agree that charities do not have enough money.

While a majority of Canadians surveyed found it acceptable that a reasonable part of their donation will be applied to a charity’s operating costs, many more agreed that charities should focus more attention on how they fund their programs. Regardless of province or demographic group, nearly all of those surveyed (94%) agreed or strongly agreed that “charities should be required to disclose how donors’ contributions are spent.”<sup>19</sup>

As they did in the 2004 Ipsos Reid Survey, Canadians voiced strong views opposing the practice of some charities in hiring professional fundraisers who, in payment for their services, retain a percentage of the money they raise. On one end of the spectrum, 30% of those surveyed believed that the hiring of professional fundraisers to be very unacceptable, while on the other end, 5% said they found it very acceptable. Older Canadians were more likely to be opposed to the practice, as were those who donated money to charity in 2005 as compared to those who did not. Among those who found it

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<sup>16</sup> *Ibid.*

<sup>17</sup> *Supra* note 3 at 19.

<sup>18</sup> *Ibid.*

<sup>19</sup> *Supra* note 3 at 25.

somewhat acceptable or very acceptable, 59% felt “that professional fundraisers should receive no more than 10% of the money they raise as payment for their services.”<sup>20</sup>

As for regulation of the amount of money spent on fundraising, 53% agreed with the view that “[t]here should be a legal limit set on the amount of money charities can spend on fundraising,” while 47% agreed with the view that “[c]harities should decide for themselves how much money is reasonable to spend on fundraising.”<sup>21</sup> Younger Canadians, especially those with at least a university degree, were less likely to favour legal limits being set on how much charities can spend on fundraising.

There is also a correlation between the level of trust Canadians have in charities and their propensity to agree that a legal limit on the amount of money charities spend on fundraising should be set. Half (50%) of Canadians who have a lot or some trust in charities agree that there should be a legal limit set on the amount of money charities can spend on fundraising, compared to two-thirds (65%) of those who trust charities only a little or not at all.<sup>22</sup>

As long as the financial proceeds of a charity’s business activities go toward their cause, 85% of Canadians supported this method of raising money. Only 4% of those surveyed strongly disagreed “that running a business is a good way for charities to raise money.”<sup>23</sup> However, many of those surveyed (72%) expressed concern that if a charity runs a business, it runs the risk of money being diverted away from its core cause of helping Canadians. As for paying tax on profits earned through a business, 71% of Canadians surveyed felt that “[c]harities shouldn’t have to pay tax on earnings from a business, if it is used to support their cause,”<sup>24</sup> while 28% felt that charities running a business should have to pay tax just like any other business.

#### 4. Opinions on Information Provided by Charities

As in the 2004 Ipsos Reid Survey results, Canadians surveyed in 2006 felt strongly about the importance of charities providing information to the public. They ranked the following kinds of information as very important or somewhat important:

- Information on how charities use donations – 98%

<sup>20</sup> *Supra* note 3 at 27.

<sup>21</sup> *Supra* note 3 at 30-31.

<sup>22</sup> *Supra* note 3 at 32.

<sup>23</sup> *Supra* note 3 at 33.

<sup>24</sup> *Supra* note 3 at 35.

- Information about the programs and services the charities deliver – 98%
- Information about charities’ fundraising costs – 96%
- Information about the impact of charities’ work on Canadians – 95%<sup>25</sup>

Yet in their evaluation of how charities fare in relation to providing this important information, only a quarter to half of Canadians ranked charities as doing an “excellent” or “good” job:

- Information on how charities use donations – 31%
- Information about the programs and services the charities deliver – 51%
- Information about charities’ fundraising costs – 27%
- Information about the impact of charities’ work on Canadians – 38%<sup>26</sup>

When Canadians research charities to which they may wish to donate, 58% are very likely or somewhat likely to look for information on a charity’s website, 50% will research a website of someone who regulates a charity, 46% will call the charity directly for more information and 44% will review a charity’s financial statements.

The results of the CRA Survey revealed that Canadians are cautious about making a donation to a charity if they feel they do not have enough information. 55% of those surveyed said that they made a decision to not donate to a charity because they did not have adequate knowledge of the charity. In order to gather the information required, 57% said that they would contact the charity or search their website, 21% would ask friends of family about the charity, and about 33% would contact a federal or provincial government department.<sup>27</sup> The surveyors concluded that “there is significant value in providing and promoting a website that effectively contributes to what Canadians understand about registered charities.”<sup>28</sup>

## 5. Views on Monitoring of Charities

As indicated above, Canadians have strong views about the importance of charities’ fundraising practices and spending habits being monitored. Yet, their awareness of which organization is

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<sup>25</sup> *Supra* note 3 at 37.

<sup>26</sup> *Supra* note 3 at 38.

<sup>27</sup> *Supra* note 5 at 4.

<sup>28</sup> *Supra* note 5 at 6. Canada Revenue Agency’s website is: <http://www.cra-arc.gc.ca/> and the Charities Directorate section is found at: <http://www.cra-arc.gc.ca/tax/charities/>.

responsible for regulating charities was very low. 78% of those surveyed either did not know the name or had no opinion. Of those who did respond, 7% mentioned the federal or provincial government, 5% said Canada Revenue Agency/Charities Directorate, 2% named specific charities, and 1% specified Consumer and Corporate Affairs “as the organization responsible for monitoring charities’ activities.”<sup>29</sup>

Nearly two-thirds (65%) of Canadians thought that an independent organization should monitor the activities of charities, 21% felt that a government agency should oversee charities, 13% believed that this is the responsibility of the board of directors, and just 1% thought that no organization or agency should oversee charities. Those who expressed more trust in charities thought that the board of directors and the government should monitor charities, while those who indicated less trust in charities less were more inclined to favour an independent agency as the overseer of charities.

The CRA Survey revealed that:

There is quite a significant gap in the public’s knowledge when it comes to the regulation of charities. Forty-one per cent of Canadians think there is not an organization or organizations responsible for monitoring charities. Less than one in three (29%) think there is an organization(s) and, notably, only 27 per cent of those people were actually able to name an organization. Six per cent of those who think there is an organization responsible for monitoring charities identifies the CRA (5%) or the Charities Directorate (1%). The provincial government is mentioned by five per cent. This translates into two per cent of all Canadians being able to identify the CRA as having responsibility for monitoring charities.<sup>30</sup>

The findings of the CRA Survey demonstrated that only 16% of Canadians polled believe that they have all of the information they require in order to understand how charities are regulated.<sup>31</sup> 62% of those polled responded that the federal government should be responsible for providing information to the public about charities, and 58% thought the same duty applied to the provincial government.<sup>32</sup>

## 6. Advocacy Activities of Charities

The Ipsos Reid Survey revealed that many Canadians value the advocacy activities of charities, with 63% agreeing with the statement that “[t]he opinions that charities express on issues of public concern have value because they represent a public interest perspective.” Canadians in the Maritimes and

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<sup>29</sup> *Supra* note 3 at 42.

<sup>30</sup> *Supra* note 5 at 3.

<sup>31</sup> *Supra* note 5 at 4.

<sup>32</sup> *Supra* note 5 at 5.



Quebec were more likely to express this opinion, as were women as compared to men. As well, younger Canadians, and those who attended religious services, were more likely to express this opinion. Just over one-third (35%) agreed with the statement that “[t]he opinions that charities express on issues of public concern do not have value because they only represent the perspective of a particular interest group.”<sup>33</sup>

Support of Canadians toward advocacy activities varied depending on the method used. Meeting with government officials was deemed most acceptable, followed by speaking out on issues such as the environment, poverty or healthcare. This was followed by placing advertisements in the media, followed by letter writing campaigns. Support for legal street protests or demonstrations grew from 47% of Canadians finding this acceptable in 2004 to 62% in 2006. Far fewer (28%) Canadians would support charities which block roadways or commit other non-violent acts in order to advocate on behalf of their cause. Many Canadians favour less rigid advocacy laws, with 73% agreeing “that the laws should be changed to permit charities to advocate more freely for the causes in which they are involved, with 3 in 10 (32%) strongly agreeing.”<sup>34</sup> Support for changing advocacy laws decreases with age, educational level and household income. As well, fewer men as compared to women favour changing the laws.

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<sup>33</sup> *Supra* note 3 at 45.

<sup>34</sup> *Supra* note 3 at 49.

## C. CONCLUSION

The recent Ipsos Reid and CRA surveys both demonstrated that Canadians far and wide value the contributions that charities make to society. Generally-speaking, Canadians have a high level of trust in the leaders of charities and how the donations they make are used for charitable projects. Both surveys revealed, however, that the information provided by and about charities is often insufficient. This is connected, for example, with the requirement for more information on how a charity's work impacts Canadians, as well as a vague level of familiarity among Canadians with the role that CRA's Charities Directorate plays in regulating charities. With the unflagging growth of the internet in Canadian society, it is clear that both charities and CRA have a duty to provide the public with comprehensive information on their respective websites. By equipping Canadians with clear facts and figures connected with the work of a charitable organization, the likelihood of an individual confidently making a donation to that cause will rise significantly.