

**Does Foundation Giving Stimulate or Suppress Private Giving? Evidence from a Panel  
of Canadian Charities**

ONLINE APPENDIX

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Figure1. Snapshot of the Qualified Donee Worksheet

**Qualified donees worksheet / Amounts provided to other organizations**

Registered charities can make gifts to qualified donees. Enter the required information for each gift made to a qualified donee or other organization. See the reverse for information on filling out this form.

Total number of qualified donees/other organizations:

Name of organization:		Associated charity: <input type="checkbox"/> Yes <input type="checkbox"/> No	
BN/Registration number:	City and Prov/Terr:		
RR			
Amount of gifts-in-kind	\$	Total amount of gifts	\$
Was any part of the gift intended for political activities? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, enter amount \$			
Name of organization:		Associated charity: <input type="checkbox"/> Yes <input type="checkbox"/> No	
BN/Registration number:	City and Prov/Terr:		
RR			
Amount of gifts-in-kind	\$	Total amount of gifts	\$
Was any part of the gift intended for political activities? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, enter amount \$			

Source: Canada Revenue Agency.

Table 1. Summary Statistics of the Social Welfare and Community (SWC) Charities

	All SWC charities (N=20,150)		Matched SWC charities (N=5,688)		Non-matched SWC charities (N=14,462)	
(\$2001, thousands)	Mean	Std. Dev	Mean	Std. Dev	Mean	Std. Dev
Tax-receipted gifts	40.1	1,168.6	108.6	2,079.2	10.2	265.7
Aggregate private donations	58.4	1,191.6	145.0	2,118.9	20.6	272.3
Gifts from other charities	18.5	229.5	49.2	408.1	5.1	48.5
Total revenue	664.8	4,284.8	1,301.9	7,120.7	386.5	1,993.5
Total assets	664.1	3,603.4	1,172.3	5,541.0	442.0	2,254.3

Notes: Aggregate private donations are the sum of tax-receipted gifts and revenues from fundraising.

Table 2. Summary of Instrumental Variables

Study	Endogenous Regressor	Instruments
Payne (1998)	Government grants in estimating their effect on private donations to arts and social service organizations.	Government transfer payments to individuals and non-profit organizations.
Khanna and Sandler (2000)	Government grants in estimating their effect on voluntary contributions in the UK.	Annual measures of government's total grants and deficit spending.
Payne (2001)	Government grants on private donations to research and non-research universities.	Number of published articles and citations to articles, average funding outside of region and number of general members on appropriations.
Andreoni and Payne (2003)	Government grants in estimating their effect on private donations to social service organizations in the US.	Federal and state government transfers to non-profits and political measures (party affiliations), total research funding to universities.
Gruber and Hungerman (2007)	Government relief spending in evaluating its effect on member benevolent spending in the US.	Tenure of a state's congressional representative; measure representing state debt limitations.
Andreoni and Payne (2011a)	Governments grants in evaluating their effect on private giving to social welfare and community charities in Canada.	Tenure of federal parliament members linked to the provincial party in power; available government funding in a province.
Andreoni and Payne (2011b)	Government grants in estimating their effect on private donations to social service organizations in the US.	Instruments are associated with the tenure of Congressional representatives.
Huetel (2014)	Government grants in estimating their effect on private donations to social service charities in the US.	State-year-level measure of government transfers to individuals from Supplemental Security Income program.
Boberg-Fazlic and Sharp (2015)	Public provision of welfare on charitable activity in England.	Distance from the county to London.

Table 3. Results from the OLS Regressions

	Effect of foundation giving on:	
	Private tax-receipts gifts	Aggregate private donations
Gifts from other charities (Robust standard errors)	<b>3.451</b> (1.871)	<b>3.574</b> (1.793)
R-squared	0.447	0.470
Number of Char. Orgs.	5,688	5,688
Observations	61,187	61,187

Notes: Coefficients that are significant at the 5% level are in bold. All specifications include year effects, the charity time trend, charity fixed effects and the following covariates: total population; family income; family income squared; share of owned occupied dwellings; the share of the population: less than 19 years of age, between 55 and 64, 65 years

and older, with post-secondary education and those who are immigrants; the share of liberal party seats; the share of new democratic party seats; and parties other than conservatives.

Table 4. LIML Regression Results with All Coefficients

	Effect of Foundation Giving on:	
	Private tax-receipted gifts	Aggregate private donations
Gifts from other charities	<b>2.250</b> (0.861)	<b>3.142</b> (1.040)
% less than 19 years old	7.839 (6.956)	10.52 (7.422)
% between 55-64 years old	6.491 (7.072)	12.70 (9.767)
% 65 years and older	6.299 (4.492)	6.926 (4.499)
Total population	814.1 (1,212)	1,251 (1,424)
% with post-secondary diploma	4.721 (3.840)	5.321 (4.370)
% immigrants	0.759 (1.929)	0.791 (2.277)
% of owned occupied dwellings	-81.89 (1,457)	-368.0 (1,959)
Family income	-2.306 (2.345)	-3.060 (3.043)
Family income squared	3.026 (4.084)	4.658 (5.548)
% of liberal party seats	337.2 (237.6)	429.7 (247.9)
% of new democratic party seats	-81.06 (199.6)	0.469 (254.7)
% of parties other than conservatives	<i>1,213</i> (627.8)	<b>1,504</b> (641.5)
Over-identification test of instruments:		
Chi-square statistic	1.318	2.375
(p-value)	(0.251)	(0.123)
Fixed Effects	Yes	Yes
Year Effects	Yes	Yes
Number of Char. Orgs.	5,688	5,688
Observations	61,187	61,187
R-squared	0.393	0.463

*Notes:* Coefficients that are significant at the 5% level are in bold, at 10% level are in italics. All specifications include year effects, the charity time trend, charity fixed effects and the following covariates: total population; family income; family income squared; share of owned occupied dwellings; the share of the population: less than 19 years of age, between 55 and 64, 65 years and older, with post-secondary education and those who are immigrants; the share of liberal party seats; the share of new democratic party seats; and parties other than conservatives.

## Additional Robustness Checks

### *Geographic Exclusions*

This sensitivity check acknowledges provincial and territorial differences in charitable giving. I exclude 1,658 charitable organizations located in Quebec – a province with the majority of French Canadians and a provincial government that in the past pursued a referendum to separate from Canada. Quebecers tend to donate less than other Canadians and tax credits for donations do not serve as a motivational factor for them compared to individuals in other provinces. The implication may be that charities in Quebec operate under a different scheme from other Canadian charities. I also exclude 6 charitable organizations that operate in the Yukon and Northwest Territories. The remote locations of these charities may suggest limited access to a pool of foundation funding, or simply, charities in the territories may engage in different operational tactics from the rest of Canada. The results presented in Table 5 are not sensitive to these restrictions, and I continue to observe that an additional dollar of foundation grants increases aggregate private donations by three dollars, on average.

Table 5. Robustness of the Results: Geographic Exclusions

	<b>Aggregate Private Donations</b>	
Restriction	Exclude 1,658 charities in Quebec	Exclude 6 charities in Yukon and North West Territories
	(1)	(2)
<b>Gifts from other charities</b> (Robust standard errors)	<b>3.460</b> (1.298)	<b>3.162</b> (1.034)
F-statistic on instruments (p-value)	7.56 (0.0005)	9.61 (0.0001)
Over-identification test of instruments: Chi-square statistic (p-value)	1.15 (0.283)	2.14 (0.143)
Number of charitable organizations	4,030	5,682
Number of observations	43,223	61,119

*Notes:* Coefficients that are significant at the 5% level or less are in bold. All specifications include year effects, charity time trend, charity fixed effects and the following covariates: total population; family income; family income squared; share of owned occupied dwellings; the share of the population: less than 19 years of age, between 55 and

64, 65 years and older, with post-secondary education and those who are immigrants; the share of liberal party seats; the share of new democratic party seats; and parties other than conservatives.

### *Non-linear Instruments and Sample Restrictions*

In the remaining two robustness checks, I test the sensitivity of my results by using a non-linear variation of instruments and further restricting the sample (Table 7). For the non-linear instruments, I express them in square roots and continue to find a positive and significant relationship between foundation giving and aggregate private donations, as shown in column (1). The over-identification test of the instruments is also satisfied. In the final robustness check, I exclude 1,056 charitable organizations that always report receiving zero *gifts from other charities*. Although foundations report having transferred gifts to these charities at least once over the sample period, suppose that these records were made in error. The findings presented in column (2) suggest that foundation grants crowd-in private donations by slightly over three dollars.

Table 7. Robustness of the Results: Non-Linear Instruments and Sample Restrictions

	<b>Aggregate Private Donations</b>	
Restriction	Non-linear instruments (expressed in square-roots)	Exclude 1,056 charities that always report zero gifts from other charities
	(1)	(2)
<b>Gifts from other charities</b> (Robust standard errors)	<b>3.265</b> (1.054)	<b>3.264</b> (1.060)
F-statistic on instruments (p-value)	9.78 (0.0001)	9.08 (0.0001)
Over-identification test of instruments:		
Chi-square statistic (p-value)	1.61 (0.204)	2.22 (0.136)
Number of charitable organizations	5,688	4,632
Number of observations	61,187	50,179

*Notes:* Coefficients that are significant at the 5% level are in bold. All specifications include year effects, the charity time trend, charity fixed effects and the following covariates: total population; family income; family income squared; share of owned occupied dwellings; the share of the population: less than 19 years of age, between 55 and 64, 65 years and older, with post-secondary education and those who are immigrants; the share of liberal party seats; the share of new democratic party seats; and parties other than conservatives.