PARAGON PHILANTHROPY

Grantee Due Diligence and Sanctions Screening for Canadian Grantmakers

For registered charities making grants to non-qualified donees, Paragon's services are organized around the low, medium and high risk levels in CRA guidance CG-032. The grantmaker assigns the risk level and selects the services; Paragon delivers a written report for each grantee, documenting the review for the grantmaker's records. Screening covers Canada's sanctions and terrorist designations alongside the international lists. The same services are available to corporate giving programs, non-profit funders and other Canadian grantmakers outside the charity framework.

14 years
SERVING GLOBAL GRANTMAKERS

100+
COUNTRIES, INCLUDING HIGHER-RISK JURISDICTIONS

3,000+
VETTED NONPROFITS IN THE REGISTRY

GRANTS TO NON-QUALIFIED DONEES: MATCHING REVIEW TO CRA RISK LEVELS

CRA guidance CG-032 (December 2023) asks a charity to assess each grant as low, medium or high risk and to scale its accountability measures to match. The table below pairs Paragon services with each CRA risk level.

CRA RISK LEVEL

Low

CRA EXPECTS

"limited review, particularly where the charity has a pre-existing relationship with the grantee"

SIGNALS IN THE GUIDANCE

- Grantee with extensive, effective experience and a clear framework of responsibilities and reporting
- Stable country with strong infrastructure
- Up to $5,000; less than two years

CORE SERVICES

Anti-Terrorist Financing Screening (Tier 1). Details on the organization and its leadership, requested directly from the grantee and screened against sanctions and terrorism lists, including Canada's.

ADDITIONAL SERVICES

Nonprofit Validation and **Rapid Validation & Screening**, only where the grantmaker requires a no-contact initial review. Neither replaces Tier 1 or Tier 2.

CRA RISK LEVEL

Medium

CRA EXPECTS

"moderate review, such as independently researching the grantee"

SIGNALS IN THE GUIDANCE

- Grantee with some experience and some structure in place
- Somewhat stable region with basic infrastructure
- More than $5,000 and up to $50,000; two to five years

CORE SERVICES

Anti-Terrorist Financing Screening (Tier 1) as the base.

Higher-Risk Anti-Terrorist Financing Screening (Tier 2) is available where other signals, such as the country of operation, point to a higher risk level; whether to apply it is the grantmaker's decision.

ADDITIONAL SERVICES

Politically Exposed Person Screening, as a separate engagement alongside either Tier 1 or Tier 2 where leadership may have political exposure.

Nonprofit Validation and **Rapid Validation & Screening**, only where the grantmaker requires a no-contact initial review. Neither replaces Tier 1 or Tier 2.

CRA RISK LEVEL

High

CRA EXPECTS

"extensive review, such as requesting information from the grantee or an in-person visit"

SIGNALS IN THE GUIDANCE

- Newly established grantee or program with little or no structure
- Significantly unstable country or region, including violent conflict, lacking infrastructure
- More than $50,000; over five years, or no end date

CORE SERVICES

Higher-Risk Anti-Terrorist Financing Screening (Tier 2). Documents requested directly from the grantee, national sanctions lists for the country of registration, adverse media, the grantee's own partner and subgrantee policies, and bank-issued account documentation.

ADDITIONAL SERVICES

Integrity Review (Tier 3) and **Integrity Due Diligence (Tier 4)**, which may apply in especially high-risk situations.

Politically Exposed Person Screening, as a separate engagement alongside Tier 2 where leadership may have political exposure.

Financial Health & Controls Screen for financial indicators and controls.

Country Risk Report or **Foreign Country Requirements Review** for the operating environment.

Nonprofit Validation and **Rapid Validation & Screening**, only where the grantmaker requires a no-contact initial review. Neither replaces Tier 1 or Tier 2.

WHAT EACH SERVICE INCLUDES

For most grants, Canadian grantmakers will rely on Tier 1 or Tier 2, the two core screening services, in which Paragon works with each grantee directly. Escalation and supporting services, including no-contact reviews, are described under *Other services* on page 4.

Tier 1 · Anti-Terrorist Financing Screening

PARAGON CONTACTS THE GRANTEE DIRECTLY

- Information on the organization, leadership, governing body, founders, beneficial owners, controlling entities and individuals, and declared banks
- Every name screened, every potential match investigated and its resolution recorded
- U.S. and Canadian country-based sanctions programs flagged for countries of activity, with applicable OFAC general licenses noted

Tier 2 · Higher-Risk Anti-Terrorist Financing Screening

PARAGON CONTACTS THE GRANTEE DIRECTLY

- Everything in Tier 1
- National sanctions lists for the country of registration; coverage for a given country is available on request
- Adverse media for terrorism-related and financial-crime exposure
- Review of the grantee's partner, vendor and subgrantee policies
- Bank-issued account status documentation, where provided

Canadian sanctions

APPLIES TO TIER 1 AND TIER 2

For Canadian grantmakers, Canada's sanctions and terrorist lists are screened alongside the international lists, including individual listings under the Justice for Victims of Corrupt Foreign Officials Act. Each report also includes a Canadian sanctions section covering the grantee's country of primary registration and each reported country of activity. It identifies any country-based measures under the United Nations Act or the Special Economic Measures Act, and any measures under the Freezing Assets of Corrupt Foreign Officials Act (currently Tunisia and Ukraine), drawn from Global Affairs Canada's published list, with links to the regulations and permit or certificate information, and to Public Safety Canada's authorization regime for activities in areas controlled by a terrorist group.

Lists covered

APPLIES TO TIER 1 AND TIER 2

CANADIAN DESIGNATIONS

- Criminal Code listed terrorist entities
- Regulations Implementing the United Nations Resolutions on the Suppression of Terrorism listings
- Special Economic Measures Act sanctions
- Justice for Victims of Corrupt Foreign Officials Act listings
- Freezing Assets of Corrupt Foreign Officials Act listings (Tunisia and Ukraine)

INTERNATIONAL LISTS

- United Nations Security Council Consolidated List
- U.S. Treasury OFAC, including Sectoral Sanctions Identifications
- UK HM Treasury financial sanctions
- European Union sanctions
- U.S. Terrorist Exclusion List, FBI and INTERPOL

WHICH ACCOUNTABILITY MEASURES THIS COVERS

CG-032 lists six accountability tools. Paragon's services contribute to the first, research and review, through screening and due diligence on the grantee. The rest of research and review, such as the grantee's programs, history and capacity to carry out the activity, and the other five tools remain with the grantmaker.

PARAGON CONTRIBUTES	GRANTMAKER	GRANTMAKER	GRANTMAKER	GRANTMAKER	GRANTMAKER
Research and review of the grantee	**Description of the grant activity**	**Written agreement**	**Reporting plan**	**Transfer schedule**	**Separately tracked funds**

For grantmakers that re-grant program funds, including funds received from a government or institutional funder, the same screening record can also support obligations owed to their own funder, alongside CRA guidance.

OTHER SERVICES

Tier 3 and Tier 4 build on Tier 1 and Tier 2 in higher-risk situations. The other services listed, including Politically Exposed Person Screening, can be added on an ad hoc basis.

Tier 3 · Integrity Review

AVAILABLE ON REQUEST

For concerns about corruption, fraud, political exposure, governance gaps or material vendors

- Adds PEP and reputational adverse media screening across the organization, leadership, banks and vendors, and reviews governance, procurement and conflict-of-interest policies

Tier 4 · Integrity Due Diligence

AVAILABLE ON REQUEST

For a red flag that needs further documentation, such as conflicting records or allegations of corruption or terrorist financing

- Adds corroboration through official records, ownership mapping, and litigation and regulatory searches

Politically Exposed Person Screening

AS A STANDALONE SERVICE

- Identifies senior officials, political leaders, state enterprise executives and their close associates among the grantee's leadership
- Special-interest categories including corruption, financial crime, organized crime, terrorism and trafficking
- Each result reviewed by an analyst before it is reported

Financial Health & Controls Screen

DOCUMENT-BASED

- Checklist review of three years of financial statements, audit findings, internal controls, reserves and funding concentration
- Flags indicators for follow-up; not a financial opinion

NO-CONTACT SERVICES

No direct engagement with the grantee

Nonprofit Validation and Rapid Validation & Screening

NO-CONTACT ALTERNATIVE

- Nonprofit Validation: legal registration, entity type, current standing and stated public benefit purpose
- Rapid Validation & Screening adds sanctions, PEP and adverse media screening and a Low, Moderate or High risk rating, within three to five business days

SCOPE OF PARAGON'S ROLE

WHAT'S COVERED	Paragon's work covers risk-based due diligence and screening: anti-terrorist financing, sanctions, politically exposed persons, adverse media and financial health. It does not include Canadian tax compliance.
GRANTMAKER'S ROLE	Risk levels, and how this work fits a grantmaker's obligations under CRA guidance and any funding agreement, remain with the grantmaker and its counsel. The pairings above show which services can support each level; they are not a determination of what any grant requires.
LIMITS OF SCREENING	Screening surfaces facts and flags risks. It does not certify compliance or guarantee the absence of risk.
FEES	Paragon charges flat fees, quoted and invoiced in U.S. dollars, with no subscription fees.

Data handling. Paragon Philanthropy Inc. is the data controller for information collected from grantees. Personal information an organization provides is shared only with the grantmaking client that requested the review, with the organization's consent for that purpose. It is held on secure servers, processed only by GDPR-compliant processors under written data processing agreements, and retained as long as needed to complete the service and support the client's regulatory requirements. Paragon is GDPR compliant. Privacy policy: paragonphilanthropy.com/privacy-policy.

Disclaimer. *This overview is general information about Paragon's services and does not constitute legal, tax or accounting advice. Its descriptions of CRA guidance and Canadian sanctions reflect publicly available Government of Canada sources as of September 2026 and may change. Each grantmaker remains responsible for its own obligations under the Income Tax Act, CRA guidance, Canadian sanctions laws and any funding agreement, and should consult qualified Canadian counsel. Paragon's services do not determine or certify compliance with any of these.*