



CHARITY AND NON-CHARITY PARTNERSHIP POLICY GUIDELINES – SHUSWAP COMMUNITY FOUNDATION (SCF)

In Canada, charitable organizations provide services that benefit the public and improve quality of life through activities related to education, religion, social issues, arts, and sports (Canada Revenue Agency, 2006). The defining characteristics of a charity are that its purpose is beneficial to the community and it is registered with the Canada Revenue Agency (CRA). When an organization receives charitable registration from the CRA, it is provided with a charitable number, which enables it to be tax exempt, apply for charitable funding and provide tax receipts.

There are many groups, individuals and organizations whose purpose is beneficial to the community but who are not registered as charities with CRA. These may include informal community groups, societies, not-for-profit organizations and businesses. For the purposes of this document, these groups will be collectively referred to as 'non-charities'.

Charities and non-charities often wish to partner in order to access SCF funding for mutually beneficial projects and programs. For example, a youth-serving charity may partner with a non-charity youth group to offer a summer camp program. The partnership enables the charity to reach more youth and allows the non-charity to provide activities that might not otherwise be available. If the partnership wishes to access SCF funding, specific guidelines must be followed.

It is important to emphasize that the partnership between charities and non-charities is a legal relationship. Under CRA guidelines, the charity must monitor, regulate and control the funds. **The charity must retain direction and control of the charitable funds and the activities of the non-charity must align with the charity's mandate** and contribute to the achievement of that mandate.

(Policy and Guidance CG-004: Using an Intermediary to Carry Out a Charity's Activities within Canada - <https://www.canada.ca/en/revenue-agency/services/charities-giving/charities/policies-guidance/using-intermediary-carry-a-charitys-activities-within-canada.html>).

Relationships

As a public foundation, SCF is restricted by the Income Tax Act to make grants or distributions only to those listed in Income Tax Act. CRA requests that any granting relationship between a Registered Charity (RC) and a non-charity organization be formalized and documented before a grant can be awarded.

A new organization or association that is not a registered charity, wishing to apply for funding from the community foundation may consider the following:

1. make formal application to CRA to become a registered charity, or
2. establish a partnership or agency relationship with a registered charity (RC) who would act as a 'sponsor' for the organization and the proposed project.
 - a. the relationship must be a formal arrangement set out in writing between the boards of directors of the RC and the non-charity.
 - b. the terms of the agreement should include:
3. a full description of the project
4. providing responsibility to RC for insuring the project is completed by the non-charity as described
5. that RC has responsibility for distribution of funds to the organization as work progresses
6. that RC has responsibility/accountability to SCF for performance of the organization
 - a. the relationship must be an appropriate link, not simply one of convenience.

Before a charity non-charity partnership can be considered for grant funding the following criteria must be met:

- The work of the non-charity is of direct benefit to the community
- The work of the non-charity aligns with the sponsor charity's mandate
- The activities of the non-charity fall under the approved charity's activities