

# Better Together

A Guide for Charity/Non-Charity Partnerships

**Using best practices for partnerships  
that benefit everyone.**



The development of this handbook was generously supported by the knowledge and experience of the following individuals. Their input and feedback have enriched this guide both in its content and format.

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The treatment of registered charities and their use of resources in relationship to non-qualified donees (as those terms are explored in this publication) is an ever present consideration for the Charities Directorate at Canada Revenue Agency. This publication is current in our understanding of the approach as at March 1, 2015.

But that approach might shift, for example as courts review the law. If that happens, we will attempt to keep this material updated. For that reason alone you should make a habit of checking our site for information about any revisions. And if you become aware of any relevant change in policy or administration at CRA that would greatly assist us, so please let us know.

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# CHAPTER 1

## Introduction

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. In this handbook, we refer to these organizations as charities.

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. In this handbook, these are referred to as non-charities.

Charities and non-charities will often partner to increase their impact in community. 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 accesses charitable funding, specific guidelines must be followed.

**This handbook seeks to explain these guidelines, provide insights from community experience and promote examples of good practice.** It strives to enhance the efficiency and effectiveness of the practice in compliance with CRA regulations so that charity and non-charity partnerships can be used to maximize community benefit.

**This handbook is not meant to be an authority or to take the place of legal advice.** It is meant to provide information and suggestions for good practice based on community experience. Readers are strongly advised to stay abreast of current CRA legal requirements and to obtain legal advice to guide their own practice.

**To find out more about current CRA guidelines,  
please read Guidance CG-004 using this link:**

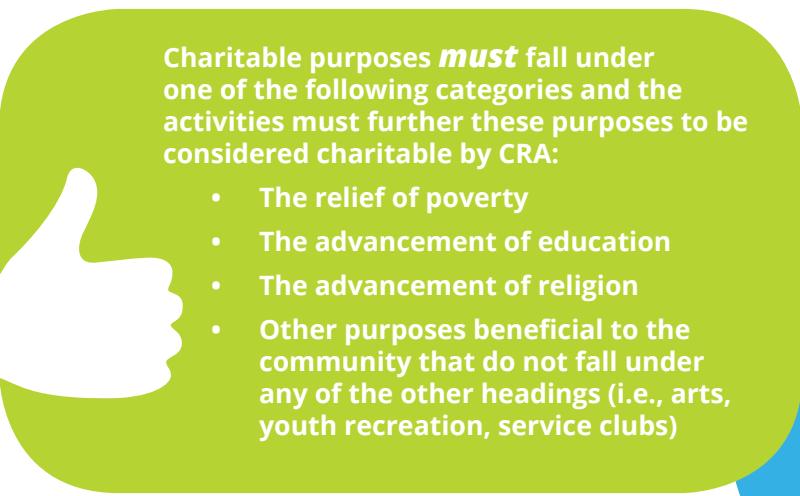
**<http://www.cra-arc.gc.ca/chrts-gvng/chrts/plcy/cgd/ntrmdry-eng.html>**

# Definitions

## What is a Charity?

An organization is considered a charity if it has been granted a charitable registration number by Canada Revenue Agency (CRA) based on its charitable mandate, objects and activities. There are three forms of registered charities: charitable organizations, public foundations and private foundations.

To qualify for or to maintain charitable registration under the Income Tax Act, a charity must be constituted and operated exclusively for charitable purposes and activities. This means that the funds received by a charity can only be used to support activities outlined in its charitable mandate. A charity can do this either through spending the funds directly on charitable activities or partnering with a non-charity to carry out the charitable activities.



**Charitable purposes *must* fall under one of the following categories and the activities must further these purposes to be considered charitable by CRA:**

- The relief of poverty
- The advancement of education
- The advancement of religion
- Other purposes beneficial to the community that do not fall under any of the other headings (i.e., arts, youth recreation, service clubs)



**Activities that are *not* charitable cannot be provided by charitable organizations or a charity and non-charity partnership. This includes activities for:**

- Personal benefit
- Private benevolence
- Political purposes
- Any action that is illegal or contrary to public policy

Charities are not allowed to transfer or to give funds to a non-charity outside of the relationships outlined in the **Table on page 6**.

## What is a Qualified Donee?

Charities are not the only group that can be granted charitable dollars. They are part of a larger group the CRA calls qualified donees.

### A qualified donee could be any one of the following:

- A registered Canadian charity;
- A registered Canadian amateur athletic association;
- A tax-exempt housing corporation resident in Canada that only provides low-cost housing for seniors;
- A municipality in Canada, or under proposed legislation, for gifts made after May 8, 2000, a municipal or public body performing a function of government in Canada;
- The United Nations and its related agencies;
- A prescribed university outside Canada;
- A charitable organization outside Canada to which the Government of Canada has made a donation in the tax year, or the previous tax year; and
- The Government of Canada, a province, or a territory

*(Canada Revenue Agency, 2009)*

## What is a Non-Qualified Donee?

A group that does not meet the criteria listed above is called a non-qualified donee. It cannot receive a grant of charitable dollars on its own. It must work with a qualified donee, of which a charity is one kind. That working arrangement must follow rules set out by CRA for how charities and non-charities need to work together when the charity is supplying resources.

## What Kinds of Partnerships are Possible?

The CRA has identified four kinds of charity and non-charity partnerships (Policy and Guidance CG-004: Using an Intermediary to Carry Out a Charity's Activities within Canada).

Type of CRA relationship	Description	Funding
<b>Agent relationship</b> 	When the charity uses an agent to carry out activities on the charity's behalf. Charities often use agents when they need staff or resources to provide activities in an area that they cannot reach geographically.	The activities of the agent may be funded or supported by the charity.
<b>Contractor relationship</b> 	When the charity hires an individual or organization as a contractor to provide specialized services that the charity does not have within its own organization.	The contractor is paid by the charity for completing specific deliverables.
<b>Joint venture relationship</b> 	When the charity partners with another organization (the joint venture participant) to provide charitable services. Each organization pools their resources and contributes services to accomplish a project as a joint venture. Although both organizations contribute resources, the sponsor maintains enough authority and responsibility to dictate and account for how the resources are used.	Each partner contributes resources. Decisions about how resources are used are made jointly.
<b>Co-operative venture relationship</b> 	When the charity works side by side with another organization (the co-operative participant) to complete a charitable activity. Although the organizations work co-operatively to accomplish the project, each organization maintains responsibility for their own part of the project. In this case, the charity does not direct or control the activities of the other organization. Instead, it must ensure that the other organization contributed what they committed towards the project to demonstrate the activities were carried out in the manner they were intended (co-operatively).	Each partner provides the resources needed for their activities. There is no sharing of resources.  <b>NOTE:</b> This relationship is not covered in this handbook because there is no transfer of charitable funding.

All four kinds of partnerships would benefit from the spirit of care and attention this handbook recommends. However, **the specifics described in this handbook are only relevant to three kinds of partnerships (agent, contractor and joint venture) because they involve the transfer of charitable dollars from a charity to a non-charity.** The transfer of funds is not a grant but an arrangement where the charity must retain control over how the money is spent to reflect the charity's charitable program.

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.

## The Importance of Terms

**Language to describe these partnerships is in flux. Common terms like charitable sponsorship, fiscal agency, conduit, flow through, and lending your charitable number are no longer advisable because they are now understood to misrepresent the nature of the arrangement.**

To comply with charitable tax law, a charity cannot act on behalf of (serve as the agent of) a non-charity. Only the non-charity can serve as an agent; it is the non-charity that acts on behalf of (serves as agent of) the charity. **The charity can only be the principal in the partnership – the entity that ultimately has direction and control over the project.** Similarly, the use of terms like flow through or conduit mistakenly imply that the funds are accepted by the charity and then simply turned over to the non-charity. This is in violation of CRA guidelines and jeopardizes charitable status.

The CRA does not use these common but misleading terms. In its important guidance document CG-004, the CRA describes the practice as **using an intermediary to carry out a charity's activities within Canada.** The CRA describes the partners as **non-qualified donee** or **intermediary** (the non-charity) and charity.

This handbook is testing out alternative language for the sake of clarity and simplicity. It calls the relationship a "partnership" and the players as "charity" and "non-charity." The hope is that organizations will be able to recognize which kind of group they are and better understand CRA regulations. It is important to recognize that in this situation the partnership is a very specific relationship set up and operated in accordance with CG-004.

# Benefits of Charity and Non-Charity Partnerships

Partnership is not the answer to every working arrangement, but may be an effective strategy for community benefit in some contexts, such as:

- **Grassroots community development projects**
- **Pilot projects and prototypes**
- **Emerging groups gaining experience**

## Benefits to the Community

- Access to innovative programming
- Enhanced service coordination through collaborations
- Opportunity for more people to participate in the charitable sector

## Benefits to Charities

- Enhanced capacity to fulfill charitable mandate
- New opportunity to practice community leadership
- New opportunity to provide mentorship, to share expertise and services
- Increased capacity to serve marginalized clients or to use emerging practices
- Additional learning and best practices through collaboration
- New opportunity to facilitate social innovation in the charitable sector
- Additional relationships and networks through the non-charity's networks

## Benefits to Non-Charities

- Access to charitable funding
- Access to administrative support (i.e., accounting, human resources, office services)
- Access to mentorship and expertise
- Exemption from income tax by falling under the tax exemption status of a charity
- Access to donations in support of the project if the charity is willing to provide tax receipts
- Ability to focus on work because some administrative tasks are done by the charity
- Opportunity to build credibility as an emergent group
- Additional relationships through the charity's network

## Benefits to Funders

- Opportunity to fund a wider range of initiatives focused on community benefit
- Opportunity to support new and innovative organizations or collaborations, or smaller community-based agencies
- High quality proposals, projects and evaluations
- Documented evidence of the parameters of charity and non-charity partnerships through increased development of partnership agreements

## Benefits to the Charitable Sector

- Support for an emergent group with innovative approaches and/or authentic connections to underserved communities
- Support for a collaboration that achieves what individual organizations cannot accomplish on their own
- Accelerated opportunities for innovation to solve unmet societal needs
- Minimization of unnecessary duplication of services
- More programs, perhaps at reduced administrative cost due to collaboration
- The ability to quickly respond to an immediate need through targeted projects without necessitating the development of a charity

# CHAPTER 2

## Choosing to Partner: Charities

Engaging in charity and non-charity partnerships requires the commitment of leadership, the participation of stakeholders and a significant investment of time and oversight. Charities and non-charities need to work collaboratively to accomplish cooperative goals within this practice. **Understanding the legal responsibilities and workload commitments** of the partnership will help charities decide if this is the right practice for their organization.

### Considerations for Charities

A charitable organization is accountable for ensuring that all funds received are used for charitable activities that are aligned with its charitable purpose. Failure to ensure this may result in sanctions or loss of charitable status. CRA requires that charities have direction and control over the activities of non-charity partners that utilize charitable funding. Charities may be required to attend extra board meetings, provide additional staff supervision, manage a number of bank accounts, and submit more financial and program reports.

Although partnering with non-charities carries certain risks, thoughtful provisions can minimize risk. Before partnering with non-charities, charities will want to establish that they have the appropriate policies in place as well as the capacity to provide the necessary supports.

The table below outlines key questions to consider before entering into a charity and non-charity partnership. “Yes” answers indicate areas of strength; “no” answers indicate an area where measures should be instituted before the charity enters into a partnership with a non-charity.

Are you considering partnering with a non-charity?		Yes/No
1	Will partnering with a non-charity enhance your ability to achieve your charitable mandate?	
2	Does your organization have policy and procedures in place regarding partnering with non-charities?	
3	Do you have the capacity to provide administrative support and oversight to the project of the group, to the level this particular partnership would require?	
4	Do you have the capacity to provide mentorship to the group, to the level this particular partnership would require?	
5	Do you have the time required to invest in and maintain an effective and trusting relationship with the non-charity?	
6	Would accessing funding for the partnership negatively affect any of your current funding contracts?	

### A Word on Policy

It is very important for a charity to have a policy in place that outlines how the charity will engage in partnerships with non-charities. Policies guide the charity's internal practices and determine the types of projects in which the charity will partner, as well as the roles and responsibilities the charity is willing to assume. See Appendix B for an example policy. Once a charity has a policy in place, it should develop companion procedures.

## Key Components of a Charity and Non-Charity Partnership Policy

- A statement describing how partnering with non-charities aligns with the charity's objectives
- An outline of the criteria and processes for approval of a non-charity partner
- An outline of the nature of the relationship and internal roles and responsibilities

## Choosing a Non-Charity Partner

Alignment, capacity, and the potential for a positive working relationship are the main factors for success. Charities should take time at the onset to carefully consider if the partnership is a good match and if there is sufficient capacity and resources on both sides to support the relationship.

In the table below, a positive answer to the first three questions is essential. If the answer to any of these first three questions is no, the charity likely should not proceed with the partnership. "No" to any of the other questions indicates a need for further conversation with the non-charity to resolve these matters.

<b>Selecting a Non-Charity Partner</b>		<b>Yes/No</b>
<b>1</b>	<b>Are the activities of the non-charity considered "charitable" under current CRA guidelines?</b>	
<b>2</b>	<b>Do the activities of the non-charity align with the mandate that you have registered with CRA?</b>	
<b>3</b>	<b>Will the activities of the group help you to achieve your charitable mandate?</b>	
<b>4</b>	Does the non-charity have the capacity, resources and ability to deliver the services and provide regular financial and activity reports for the proposed project?	
<b>5</b>	Does the non-charity have funding to support its work?	
<b>6</b>	Is the non-charity willing to work transparently with your organization and openly share information with you?	
<b>7</b>	Does the non-charity have a positive reputation for their work in the community?	
<b>8</b>	Is the non-charity incorporated? If <b>not</b> please note that the charity may have to be: <ul style="list-style-type: none"><li>• Willing to sign for leases</li><li>• Willing to provide insurance coverage</li></ul>	
<b>9</b>	Does the non-charity have a strong governance structure in place?	
<b>10</b>	Is your board aware of and in support of this partnership?	
<b>11</b>	Does the non-charity engage in political activities considered advocacy work? If so, can your charity support that work within the political activity guidelines of CRA?	
<b>12</b>	Has the non-charity provided you with a written proposal outlining the supports that they require? (Could include financial, human resources, space, insurance supports)	

## Responding to Requests to Partner

There may be instances when a funder asks a charity to partner with a non-charity. When this happens, charities may feel obliged to comply with the funder's request even if they have no prior knowledge or relationship with the group. It is important for the charity to remember that it will be the one to assume sole legal responsibility for the project, not the funder. Charities should use the same process in deciding to partner with a funder-recommended non-charity as they would for a non-charity of their own choosing. The non-charity and the proposed project need to be a good fit for the charity and the fulfillment of its mandate.

The same caution applies for those requests for partnership that come from the community. Grassroots groups may ask a charity to enter into a partnership with them. These groups may approach a charity they already work with and know, or ask a charity that is new to them. Either way, the checklist above can help the charity determine if the relationship holds promise.



**It is important for the charity to remember that it will be the one to assume sole legal responsibility for the project, not the funder.**

## Choosing to Partner: Non-charities

Non-charities looking for a charitable partner should determine if partnering with a charity is the right choice for their project. Partnering with charities offers advantages and disadvantages and should be entered into with due consideration and care.

Non-charities and charities need to work collaboratively to accomplish cooperative goals within this practice. Understanding the legal responsibilities and workload commitments of partnership will help non-charities decide if this is the right practice for them.

Partnering with a charity may make a non-charity's project eligible for charitable dollars. However, the project will also become subject to the constraints charitable dollars confer, such as rules about how much and what kinds of advocacy the dollars can support. It is also important to recognize that the charity may not assist with the search for funding for the project. While some charities may provide mentorship, it is unlikely a charity would take on a project that is not ready to be implemented and does not either have sufficient resources in hand or a likely source of funding.

When a non-charity partners with a charity, the project for which the charity provides resources becomes the work of the charity. This means that the charity must maintain direction and control over the project to ensure that the activities are in alignment with its charitable mandate. The non-charity and the charity can negotiate how much programmatic autonomy the non-charity can exercise but the ultimate responsibility – and risk – rests with the charity. The non-charity and the charity can also negotiate how much administrative support and mentoring the non-charity will receive from the charity, and how these costs will be covered.

Charities do not have to agree to requests to partner with non-charities or even to consider the request. Some charities are not willing to partner with non-charities and some have not considered it before and may want to take time to research the practice and establish new policies first. **The table on page 11 Selecting a Non-Charity Partner** outlines key considerations from the perspective of the charity. These requirements might seem unnecessarily harsh, but because of the requirements for registered charities under the Income Tax Act, charities must follow them.

## Choosing a Charity Partner

Alignment, capacity, and the potential for a positive working relationship are the main factors for success. Non-charities should take time at the onset to carefully consider if the partnership is a good match and if there is sufficient capacity and resources on both sides to support the relationship.

In the table below, a positive response to the first three questions is essential. If the answer to any of the first three questions is no, the non-charity likely should not proceed with the partnership. "No" to any of the other questions indicates a need for further conversation with the charity to resolve these matters.

<b>Choosing a charity for your project</b>		<b>Yes/No</b>
<b>1</b>	<b>Are your activities a good fit with the charity's mission?</b>	
<b>2</b>	<b>Are the administration costs reasonable for the support the charity is providing?</b>	
<b>3</b>	<b>Does the charity have the internal resources and administrative capacity to support the project?</b>	
<b>4</b>	Does the charity offer the level of support the project needs in: <ul style="list-style-type: none"><li>• Governance</li><li>• Programmatic oversight</li><li>• Financial oversight</li></ul>	
<b>5</b>	Does the charity offer the level of support the project needs in: <ul style="list-style-type: none"><li>• Training</li><li>• Human resources</li><li>• Administrative services</li><li>• Fund development support</li><li>• Office space</li><li>• Access to education</li><li>• Networking opportunities</li></ul>	
<b>6</b>	Does the charity have a good reputation for their work in the community?	
<b>7</b>	Is the charity recognized for its ability to work well with others?	
<b>8</b>	Does the charity have written policies and procedures for administration and risk management?	

# Models of Practice

Charity and non-charity partnerships may be practiced in a number of ways. These models of practice are not etched in stone and this guide presents just some of the more typical structures. As long as CRA guidelines are followed, a partnership as described here may be unique and customized to the project needs.

The examples that follow illustrate the different types of partnerships that can be developed. A defining factor of the partnership is the type of non-charity with which the charity chooses to partner. A charitable organization may partner with:

- 1) an organization with legal but not charitable status; or
- 2) an individual or group of citizens not legally incorporated.

## **Examples of individuals or informal groups of citizens that might come together to work with a charity include:**

*(In the chart, called Individual or Group of Citizens)*

- **People concerned about a particular issue**
- **Youth groups**
- **Older Adults**
- **Parent groups**



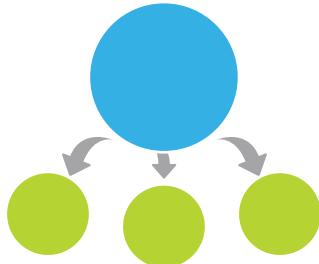
## **Examples of organizations with legal but not charitable status:**

*(In the chart, called Incorporated Non-Charity)*

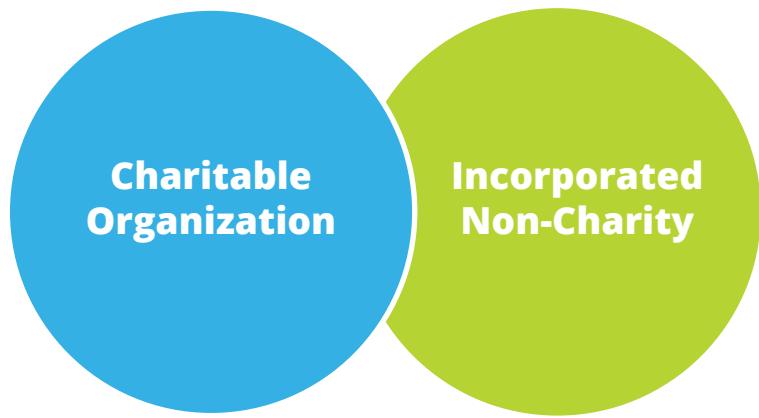
- **Independent for-profit or not-for-profit company or corporation**
- **Registered society without charitable status**
- **Part-nine corporation**



The table below provides three models of charity and non-charity partnerships.

<b>Partnering Organizations</b>	<b>What does this model of practice look like?</b>	<b>Examples</b>
<b>Charity</b>  <b>Incorporated Non-Charity</b>	A charity works in partnership with a non-charity that is an incorporated legal entity.	A local seniors charity partners with the community association that is registered as a not-for-profit to run an intergenerational collective kitchen. The community association runs the program, maintains financial records, employs and supervises staff and accepts liability for the project. The charity actively participates in planning and decision-making and receives regular updates from the community association.
<b>Charity</b>  <b>Individual or Group of Citizens</b>	A charity works with individuals or a group of citizens that do not have a legal entity.	An employment program for immigrant women is run by a group of local immigrant women. The local women become volunteers of the charity. They provide services to clients while the charity maintains financial records, employs and supervises staff and accepts liability for the project.
<b>Charity</b>  <b>More than 1 Non-charity</b>	Charity acts as a platform by partnering with a number of non-charities that share its charitable mandate	A charity whose mandate is youth leadership partners with multiple youth groups to provide activities and programs to engage youth. The charity actively participates in planning and decision-making and receives regular updates from each youth group. The youth groups receive access to space, mentorship and assistance.

## A Charity Partners with an Incorporated Non-Charity



In a partnership where the non-charity is a legally incorporated organization, the relationship may be one of agent, contractor or joint venture as outlined by CRA. In an agent relationship the non-charity carries out activities on behalf of the charity and the charity is involved in determining how the activities will be completed. In a contractor relationship, the non-charity is hired by the charity and therefore the charity is not involved in determining how the activity is carried out, only in ensuring that it is. In a joint venture, decisions are made collaboratively and resources are pooled.

### **The key features of partnerships between charities and legally incorporated non-charities are:**

- The activities of the non-charitable organization are closely aligned with the charity's mandate
- The non-charity may retain and use its administrative, financial and risk management systems
- As a legal entity, the non-charity may sign leases, provide insurance, human resources and employee benefits to its own employees thereby reducing the risk for the charity
- The charity may provide resources and administration support to the non-charity as needed
- The non-charity may receive mentorship to become its own charitable organization in the future
- The charity retains responsibility and ownership of the parts of the project funded with charitable funds
- Members of the charity may sit on the non-charity's governance structure to provide oversight to the parts of the project funded with charitable dollars
- Written legal agreements which outline the roles and responsibilities of each organization are developed and followed

### **Example of a partnership between a charity and a legally incorporated non-charity**

A charity provides supports to vulnerable youth through access to sports camps, music lessons and other positive recreation activities. It would like to expand its program to include summer day camps. It approaches a not-for-profit theatre company that has experience supporting vulnerable youth and both parties enter into a charity and non-charity partnership. The charitable organization applies for funding for the day camps and provides space for the summer programming in its own building. It retains direction and control of the project through monthly reports from the non-charity and participation on the governing board. The non-charity continues to manage its own staff, provides insurance for the program and works in partnership with the charity to make important decisions.

# A Charity Partners With An Individual or Group of Citizens

Charity and non-charity partnerships also allow charitable organizations to support work at the grassroots level with individuals and groups of citizens. In this type of partnership, the individual or group of citizens become volunteers, staff or a project of the charity. In terms of the CRA, these partnerships are most commonly an agent relationship in which the non-charity carries out activities on behalf of the charity.

## The key elements of charity and non-charity partnerships with a group of citizens are:

- Projects are typically small and have short time frames
- The charity retains all direction and control of the project
- The charity accepts full liability for the project
- The group of citizens become employees, contracted staff or volunteers of the charity
- An agreement is signed with the individual or group of citizens outlining the terms of the project and contract



## Example of a partnership between a charity and one person

A mother would like to start a summer playgroup for single mothers and their children in her neighbourhood. A local charitable organization whose mandate is to promote belonging and social capital within communities agrees to partner with her. The charity supports the citizen to access funding, a space for the playgroup, toys and food. The citizen works for the charity as volunteer and the charity oversees all aspects of the program until its completion.

## Example of a partnership between a charity and a group of people

An ethno-cultural group, which is not legally incorporated, wants to support refugee women to find employment. By providing the services itself, the ethno-cultural group hopes to address unique cultural barriers the women may experience in the job market. An immigrant-serving organization agrees to partner with the ethno-cultural group because the project serves its mandate to support vulnerable newcomers. The ethno-cultural group provides the services to the women and the immigrant-serving organization maintains the financial records, employs and supervises staff, and accepts liability for the project. The charity also agrees to provide long-term mentorship to the ethno-cultural group, with the goal that the group will eventually become a registered charity. The two organizations sign a written agreement that outlines the activities of the project, regular reporting requirements, timelines and performance benchmarks.

## A Charity Partners With More Than One Non-Charity



A charity may choose to partner with multiple non-charities in order to achieve its charitable mandate. The non-charities may be organizations or individuals and groups. The basic structure of the relationship will remain as outlined in the previous models however the charity will be required to establish systems to support multiple partnerships.

### The key features of partnerships with multiple parties are:

- The mandates of all partners are closely aligned (i.e., all mandates are focused on supporting vulnerable youth)
- Partners may operate independently outside of the project
- All non-charities receive similar supports from the charity
- All partners are involved in delivering some aspect of the charitable activities
- Partners share reporting and evaluation responsibilities
- The charity retains direction and control over the aspects of the project funded with charitable funds
- Written legal agreements which outline the roles and responsibilities of each organization are in place

### Example of a partnership between a charity and more than one non-charity

A community development charity is interested in early childhood development and believes that strong communities are an important part of healthy development. The charity partners with multiple community associations to develop child and family friendly programming that is provided at a local level. The charity uses the same partnership model with each community association, depending upon whether or not they are incorporated.

# Levels of Charity Support

Charities may offer a number of administrative supports through partnership with the intent to enhance the capacity and effectiveness of projects. Each partnership needs its own level of support and the partners should negotiate accordingly. The following table outlines the range of supports possible in charity and non-charity partnerships.

<b>Category</b>	<b>Supports</b>
<b>Financial services</b>	<ul style="list-style-type: none"><li>• Payroll</li><li>• Financial reporting and statements</li><li>• Audits</li><li>• Banking and funds management</li><li>• Payables/receivables</li><li>• Tax receipting</li><li>• Grant administration</li><li>• Insurance</li></ul>
<b>Human resources</b>	<ul style="list-style-type: none"><li>• Human resources policy</li><li>• Hiring and training of staff</li><li>• Staff supervision and coaching</li><li>• Benefits and pension plans</li><li>• Personnel records and documentation</li><li>• Workers compensation and unemployment insurance</li><li>• Grievance handling and mediation</li></ul>
<b>Management</b>	<ul style="list-style-type: none"><li>• Oversight of grant agreements and reporting</li><li>• Governance and advisory board oversight</li><li>• Policies and procedures</li><li>• Risk management</li></ul>
<b>Information systems</b>	<ul style="list-style-type: none"><li>• IT support</li><li>• Email</li><li>• Phones</li><li>• Website</li><li>• Databases</li></ul>
<b>Capacity building</b>	<ul style="list-style-type: none"><li>• Office space and supplies</li><li>• Mentorship</li><li>• Licensing</li><li>• Research</li><li>• Fund investment</li><li>• Access to legal counsel</li><li>• Networking opportunities</li><li>• Support for fundraising</li></ul>

# Establishing the Partnership

Establishing a charity and non-charity partnership should be done with care, patience and attention to detail. There are many aspects of the practice that have legal implications, such as policies and contracts, employment of staff, governance and financial oversight, accountability, advocacy and administrative support costs. Other aspects are about relationship. Experience shows that relationships built on trust, transparency and communication can overcome most challenges that may arise. The relationship is key but must be established in keeping with the legal obligations of the charity.

Taking the time to determine that the partnership is a good fit and outlining the roles and responsibilities of each partner at the beginning will help create a successful experience for everyone. It will also help to ensure the partnership adheres to CRA guidelines.

## **The steps to establishing a charity and non-charity partnership should include:**

1. Review the charity's partnership policy together (See page 10, 11 and Appendix A)
2. Assess to ensure the proposed activities align with the charitable mandate and identify potential challenges
3. Obtain board approval
4. Establish a partnership agreement that outlines roles and responsibilities (See page 21 and Appendix B)
5. Seek independent legal guidance before signing the partnership agreement
6. Establish the operational structure (See page 22)
7. Determine monitoring and reporting procedures (See page 22, 23)

**Establishing a charity and non-charity partnership should be done with care, patience and attention to detail.**



# Establish A Partnership Agreement

## Checklist for some key elements of charity and non-charity partnership agreements

- Names and addresses of all parties
- Duration of the agreement, specifying start and end dates of contract or project, including deadlines for completing components of the activities
- Detailed description of activities to be carried out by the non-charity, including the location and the manner in which the activities are to be carried out
- Purpose of activities and how they align with the charity's mandate
- Description of who will benefit from the activities
- Project budget, including payment schedules for the non-charity
- Description of outcomes and performance measures of the activities
- Details of how the charity will monitor the activities, including discontinuation of the activities in the case of poor performance or mismanagement of funds
- Statement establishing that the charity has decision-making authority over activities using charitable funds
- Statement that identifies the limits of the non-charity's authority
- Provision for maintaining adequate records at the charity's address on file with CRA
- Outline of operational processes including: financial, governance, administration, advocacy, and decision making
- The signature of all parties, along with the date

See Sample Agreement: Appendix B

# Establish The Operational Structure

Establishing an effective operational structure at the outset can set your partnership up for success and help you to avoid potential pitfalls.

**The following list represents the most critical factors that should be attended to when creating your operational structure:**

- Governance
- Direction and control
- Financial oversight
- Employment of staff
- Administrative support costs
- Advocacy
- Recognition

## Governance

In a charity and non-charity partnership, the charity's board is accountable for the activities of the non-charity that are related to the partnership. The charity will want to establish enough oversight to ensure that the activities are being carried out and the funds are being used in the manner that they were intended.

This oversight is also a condition of CRA guidelines. Participating in some thoughtful way in the non-charity's governance structure is an effective way to maintain oversight of the project. It also enhances collaboration between the groups and allows the charity to provide valuable mentorship to the non-charity.

Non-charities need to have some form of governance structure in place. If the non-charity is incorporated, its governance structure is determined by the regulations specific to its form of incorporation. Incorporated organizations typically have a board of directors, which they retain even if they have partnered with a charity. In the case of unincorporated organizations and grassroots groups, some of the options for governance structure are advisory councils, steering committees, and executive councils.

Although charities often participate in the governance bodies of their non-charity partners, non-charities do not participate in the charity's governance body. Staff may be placed on the non-charity's governing committee in a role such as treasurer and provide support for audits, expense and budget reports.

Participating in the non-charity's governance body also contributes to strong personal relationships between the partners. An additional option for oversight would be to have a staff member from the charity directly assigned to supervising the non-charity. Deciding on the best way to establish oversight is often based on the capacity of both the charity and the non-charity. For smaller grassroots groups, the charity may be more involved and provide a higher level of mentorship.

## Direction and Control

The charity needs to demonstrate that the non-charity is using the funds as intended for charitable activities that are aligned with the charitable mandate of the charity. The way that a charity accomplishes this is through practical direction and control of the activities. The charity must have decision-making authority over the activities, as if it were providing the activities itself. To do this the charity and the non-charity work together to identify a detailed description of the activities and how they will be monitored.

Maintaining direction and control does not mean that the charity has to oversee every decision of the project. Non-charities have expertise and knowledge crucial to the success of the project and should be given authority to make some of the important operational day-to-day decisions. Determining these areas of decision-making at the beginning will help to build a trusting and collaborative relationship for the partnership. The non-charity then reports regularly to the charity on any decisions made so the charity can continue to meet CRA regulations.

A charity needs to demonstrate two key aspects of the charity and non-charity partnership through documentation: 1) that the funds were used for the intended charitable activities, and 2) that an active relationship exists between the two organizations. Both of these features are important to show that the charity is not merely a “conduit” and transferring funds without oversight and involvement in the project.

**Non-charities should provide the charity with documentary evidence such as:**

- Copies of written agreements
- Progress reports
- Deeds
- Financial statements
- Invoices and original receipts
- Photos
- Minutes of meetings
- Telephone and email communications
- Any other material that reflects the charity's ongoing participation and how the charity's funds are being used

**In a charity and non-charity partnership, there are two types of related accountability: fiscal and legal liability. Charities need to know and understand both.**



**Fiscal responsibility** refers to the responsibility for charitable funds used by the non-charity for the activities of the project. The charity is ultimately accountable for ensuring the funds were used as intended. **Legal liability** refers to legal and insurance related consequences for the activities of the non-charity. Leases, insurance, legal liability, and compliance with CRA regulations are examples of legal responsibilities. And there is a legal responsibility for ensuring fiscal responsibility. That is why the two types of accountability are related.

Monitoring and reporting help a charity to make sure that the funds are being used for its charitable activities. In a charity and non-charity partnership the following may be used by the charity as forms of management oversight:

- Involvement in the governance process of the non-charity
- Supervision of project employees
- Written directions
- Review of governance/management minutes from the non-charitable group that outline key decisions
- On-site inspections

## **Financial Oversight**

Transparency between partners is essential so that both parties have a shared understanding of the financial processes required. The charity is accountable for the funds, outcomes, and reporting of the project. It must have a strong financial infrastructure in place to support the practice of charity and non-charity partnership.

### **This means:**

- Funds must be in a bank account
- Funds must be receipted
- There must be a record in the event of an audit by CRA
- Funds must be accounted for in the charity's financial statements
- The charity is responsible for recognizing the donors as it would its own.
- If the charity is issuing tax receipts for donations, that funding must show up as the charity's revenue, as opposed to funds held in trust

Clear accounting processes need to be set up so that the non-charity's funds can be easily tracked. These processes may be different for different sources of funds depending on the requirements of funders. For example, different bank accounts and separate audits may be required for government grants, donated funds, and other funders such as public foundations. It is critical to have a robust accounting system and a good accountant to keep all of these financial activities clear.

### **The following are recommended financial management processes:**

- For projects in which funds are being advanced by the charity to the non-charity, the non-charity should establish a separate bank account.
- Payments to the non-charity must be made in installments and should be based on regular reporting by the non-charity.
- Separate records should be maintained for the partnership.
- All funding applications and reports should be reviewed by the charity.
- There must be a process to verify that funds have been spent on the intended charitable activities (e.g. original receipts submitted).

**The charity is accountable for the funds, outcomes, and reporting of the project. It must have a strong financial infrastructure in place to support the practice of charity and non-charity partnership.**



## Employment of Staff

Members of the non-charity can either be employees or contractors of the charity. Increased direction and control is required if the charity employs the members of the non-charity. The advantages of employment for the non-charity may include benefits, staff training, and human resources support for hiring and supervision of staff. Although employment means extra work for charities in terms of supervision and the provision of benefits, it also provides charities with greater oversight through direction and control.

If the partnership requires staff, the staff may be employed by the charity or the non-charity. This depends on the capacity of the partners. If the non-charity has the capacity to hire staff and provide necessary supports, then they may hire and supervise staff. If they do not have the capacity then the staff may be employed by the charity. In terms of accountability, the charity is accountable for the outcomes of the project and is only directly accountable for staff supervision when needed.

Depending on the employment model chosen, the level of support and oversight will vary:

### If the charity employs staff of the non-charity

- Charity provides pay cheque, liability insurance, benefits and supervision

### If the non-charity employs its own staff

- Charity contracts with the non-charity to provide a service
- Non-charity provides pay cheque, liability insurance, benefits and supervision
- Charity provides strategic direction but not day-to-day management
- If consultants are used, the CRA rules around T4A are followed (i.e. requirement for SIN as T4A will be issued to fees over \$500)

## Administrative Support Costs

In a charity and non-charity partnership, it is common for the charity to retain funds for the administrative supports it provides. These funds can be used to cover costs such as: accounting, financial, IT support, human resources, telephone and email, office space, insurance and legal expenses for drafting contracts and agreements. The costs vary depending on the size of the project and the supports being offered.

It is especially important to use the correct terminology when discussing administration expenses for charity and non-charity partnerships. The term “fee” should not be used as it implies that the non-charity is paying the charity, which is inaccurate because the charitable funds belong to the charity. According to CRA guidelines, the correct terms to use are administration costs or administration expenses.

**Charities should consider what types of services they will provide to help them determine the rates for their administration costs. Services to consider include:**

- Administration services (accounting and finance)
- Human resources
- Office space and supplies
- Operational costs and resources
- Staffing support
- Technology
- Mentorship support
- Legal counsel

There are no CRA regulations regarding what is acceptable in terms of the cost of supports. There are a number of ways for charities to determine their rates. The amount should be enough to cover the charity's expenses but also be fair and reasonable for the non-charity.

### **Some of the approaches used by charities to determine administrative costs include:**

- Establish a flat rate (this would be captured in the charity's policy)
- Use the amount allowed for by the funder
- Set the administrative costs as a percentage of the total grant the non-charity is to receive

It is important to ensure that the administrative costs are aligned with the fair market value of the cost of the supports being provided by the charity to the program. The charity should not be benefitting from the partnership through an administrative cost that is higher than the fair market value of the services provided. Similarly, the administrative cost should not be less than the cost of services provided resulting in the charity incurring a loss from the partnership.

Rates can vary, from 2% to 20%, and anywhere in between. A transparent way to set the amount might be to consider the size of the project, the capacity of the non-charity, and the amount of administrative support services the charity will provide. Transparency about administrative costs is important in building trust between partners and also essential to ensuring that the costs incurred by both parties are reasonably met. It is a good idea to include reasonable costing in funding proposals and be prepared to justify the costs to funders.

## **Advocacy**

Political activities are often used to advocate for systems or policy change. Political activities are monitored by the CRA so it is important to pay attention to this when a charity decides to partner with a non-charity. Charities are limited in the types of activities and the amount of advocacy activities in which they can engage. By CRA standards, **a charity's involvement in political activities cannot exceed 10% of total resources**. When considering whether or not to partner with a non-charity it should consider whether the arrangement will involve political activities. The charity will want to ensure that the combined total of the charity's political activities carried out by the non-charity does not total more than 10%. The success of managing and monitoring advocacy work is largely influenced by the relationship between the charity and the non-charity.

### **Effective strategies to monitor advocacy activities are:**

- Regularly review the activities of the non-charity (meeting minutes)
- Disburse the funds in installments to ensure compliance
- Ensure that regular reports from non-charities include a category for political activities

### **Information on Advocacy Activities**

For more information about the types of advocacy activities that charities can engage in, please go to the following link:

Political Activities: CRA Policy Statement CPS-022

<http://www.cra-arc.gc.ca/chrts-gvng/chrts/plcy/cps/cps-022-eng.html>

## Recognition

Recognition is an important aspect of charity and non-charity partnerships. Non-charities, charities and donors all need to be acknowledged for their contributions to the partnership. How charitable activities are recognized also has implications under CRA guidelines. According to CRA regulations, the work must be recognized as the work of the charitable organization. However, the non-charity may be recognized as a partner or implementer.

### **Some helpful tips for providing recognition to all stakeholders while adhering to CRA guidelines include:**

- Recognition must be aligned with the nature of the partnership with a process for recognition captured within the charity and non-charity partnership agreement.
- It is best to discuss recognition early and develop key communication messages at the beginning of the relationship.
- Key messages need to be developed for staff, the public, funders, and donors.
- Donors must be aware that even though they are supporting a project of the non-charity, their donation is being made to and receipted by the charity.
- The charity provides the letter that accompanies the charitable tax receipts, but both parties may sign the letter for donors.



# CHAPTER 3

## Tips for Funders

Charity and non-charity partnerships enable funders to expand the impact of their funding within communities. Through such partnerships, funders can support new and innovative organizations as well as smaller agencies. The legal aspects of the practice also ensure a high level of accountability to funders. There are a number of ways that funders can support and enhance the use of charity and non-charity partnerships within the sector. **These include:**

- Develop internal policies and procedures for charity and non-charity partnerships
- When you receive applications from non-charities identifying a charity partner, confirm with the charity that it is in support of and aware of this partnership
- Understand the legal implications of charity and non-charity partnerships to educate and engage charities in the practice accordingly
- Assist charities to develop charity and non-charity partnership relationships that are compliant with CRA Income Tax Act
- Adjust funding restrictions to allow multiple applications from a single organization. This allows a charity to partner with a non-charity and also apply for funding for aspects of its work.

## FAQs: Frequently Asked Questions

### **Q: Does the charity really have complete direction and control of my project?**

**A:** Yes. In a charity and non-charity partnership, the non-charity's project - to the extent the charity provides funding - is considered an extension of the charity's own activities and technically becomes a legal entity of the charity. The charity is accountable and must maintain direction and control of the project to demonstrate to CRA that the funds are being used for the charitable purposes they were intended. Non-charities may retain day-to-day operational decision making for the project. Establishing roles and responsibilities at the beginning will help to create clarity for each partner in the relationship.



### **Q: How much should a charity charge for administrative support costs?**

**A:** There are no CRA regulations regarding rates. There are a number of ways for charities to determine their rates but it should be noted that the amount should be enough to cover the charity's expenses but also be an amount that is fair and reasonable for the non-charity. Typically, rates can vary between 2% and 20%. The rate should align with the fair market value of the supports that are being provided.

## **Q: What are the risks of losing my charitable status by partnering with a non-charity?**

### **A: Activities that may jeopardize a charity's status include:**

- Failure to complete a charitable tax return - Form T3010
- Engaging in a relationship where the charity does not have direction and control e.g. a flow-through relationship
- Being unable to demonstrate direction and control of the non-charity's activities through documentation
- Transferring funds to the non-charity as "grants" without "direction and control" conditions
- Marketing the non-charity's project as belonging solely to the non-charity
- Using the term "fiscal agent" to refer to the charity as this will raise the idea that the charity is not exercising the proper direction and control
- Not having a written agreement between the charity and non-charity
- Engaging in combined advocacy activities that are over 10% of the charity's activities
- Referring to the practice of charity and non-charity partnership as "lending" your charitable number
- Advancing funds to the non-charity in one lump sum

## **Q: Who owns the capital and property of the project?**

**A:** The charity retains ownership of all capital and property related to the project. This includes items such as computers as well as the "brand" of a project.

# Appendices

## Appendix A

### CHARITY AND NON-CHARITY PARTNERSHIP POLICY

#### Board Policy on Charity and Non Charity Partnerships

Purpose: To ensure that any partnerships entered into in which one partner is a non-charity are compliant with CRA guidelines and effective tools for achievement of our charitable mandate.

#### Policy/Guideline

##### **Before a charity non-charity partnership can be considered the following criteria must be met:**

- The work of the non-charity is considered charitable
- The work of the non-charity aligns with our charitable mandate
- The activities of the non-charity fall under our approved charitable activities

When entering into partnership agreements with non-charities, we must establish trust and familiarity with the partnering organization. Their leadership will meet with the management team to determine what the terms of the partnership are and will report jointly to the board for approval.

##### **All charity non-charity partnership must be approved at the board level. Board approval will be dependent upon:**

- clear outline of the activities of the non-charity
- agreement of services and supports provided by each partner
- agreed upon administrative costs aligned with the services provided
- an outline of the staffing/reporting structure
- an assessment of liability and insurance coverages in place
- a comprehensive risk/benefits analysis
- a written agreement outlining the terms of the partnership

##### **Partnerships will not be considered where there is:**

- a conflict of interest
- a risk to the reputation of our organization
- political activities outside of those accepted by CRA

Once approved the non charity will be required to report to the board on a quarterly basis. This report will include a financial report as well as a report on activities completed and outcomes achieved.

Funds will be dispersed to the non-charity on a quarterly basis. Receipts for funds spent will be required prior to the release of funds

All materials produced must acknowledge our organization as a partner either in text or through a logo.

##### **Partnerships will be terminated if the following occur:**

- a lack of financial accountability by the organization
- a lack of reporting and regular communication
- the use of funds for activities that are illegal or not considered charitable

# CHARITY AND NON-CHARITY PARTNERSHIP AGREEMENT

## Appendix B

### EXAMPLE ONLY FOR ILLUSTRATIVE PURPOSES

#### AGENCY AGREEMENT FOR CHARITABLE ACTIVITIES

**THIS AGREEMENT** made effective as of the date referred to below (the "Effective Date")

#### BETWEEN:

@@

(here called the "Charity")

-and-

@@

(here called the "Agent")

#### BACKGROUND

- A. The Charity is a registered charity under the *Income Tax Act* (Canada). Its charitable purposes are set out in Schedule "A"
- B. The Charity wishes to appoint the Agent to carry on certain of the Charity's charitable activities so as to further the charitable purposes of the Charity.

NOW THEREFORE in consideration of the mutual covenants and premises herein contained, the parties hereto agree as follows:

#### SECTION 1 – DEFINITIONS

- 1.1 "Agreement" means this agency agreement, including Schedules "A", "B" and "C" as those might be amended from time to time;
- 1.2 "Budget" means the approved budget associated with Schedule "B" and attached as Schedule "C"



- 1.3 "Effective Date" means the date on which the Agent signs the agreement;
- 1.4 "Charitable Funds" means the money under this Agreement provided by the Charity to the Agent for the purposes of carrying on the activities specified in Schedule "B".
- 1.5 "Specified Charitable Activities" means the activities described in Schedule "B".

#### **SECTION 2 - APPOINTMENT OF AGENT**

- 2.1 The Charity appoints the Agent to carry on the Specified Charitable Activities to further the Charity's charitable purposes in accordance with the terms, provisions and conditions of this Agreement.
- 2.2 The Agent will carry on its duties and obligations of this Agreement so as to strictly comply with the charitable nature of the purposes of the Charity.
- 2.3 The Agent does not have the authority to do any act on behalf of the Charity or to bind the Charity except as specifically authorized by the terms of this Agreement.
- 2.4 The Agent is not an employee, partner or joint venturer of the Charity and will not represent itself as such.
- 2.5 This Agreement constitutes the entire Agreement between the Charity and the Agent with respect to the carrying on by the Agent of the Specified Charitable Activities of the Charity and supersedes all prior oral and written communications not specifically referred to herein. This Agreement may be amended or modified only by means of a written agreement executed by authorized signatories of the Parties with the exception of Schedule "B" which can be amended from time to time by the dated signature of both the Charity and the Agent.

#### **SECTION 3 – TERM OF THE AGREEMENT**

- 3.1 The term of this agreement will start on the Effective Date and continue in effect until the deadline for completion of the Specified Charitable Activities or @@ or until terminated in accordance with section 9, whichever event first occurs.
- 3.2 As required and in consultation with the Agent, the Charity might revise Schedules "B" and "C" to reflect changes in the Charity's operations. It is

intended that Schedules "B" and "C" will contemplate a calendar year, both for Specified Charitable Activities and the Budget associated with those activities. Where at the end of any calendar year, Charitable Funds have been advanced to the Agent but have not been spent or committed, for Specified Charitable Activities of that calendar year, that money, at the Charity's sole option, shall be returned to the Charity or held by the Agent and treated as an advance in respect of Schedule "B" and "C" amended in respect of the next calendar year.

#### **SECTION 4 – CURRENCY**

- 4.1 All amounts payable under this Agreement will be in Canadian currency.

#### **SECTION 5 – TRANSFER OF CHARITABLE FUNDS**

- 5.1 The Agent will use any the Charity's money, entrusted to it, only to carry out the Specified Charitable Activities to advance the Charity's charitable purposes and in accordance with the Budget.
- 5.2 The Charity will transfer the Charitable Funds to the Agent by way of instalments based on whether the Charity is satisfied that the funds and resources provided in the previous instalment have been applied to the Specified Charitable Activities.
- 5.3 The Charity has the right to withdraw or withhold funds at its sole discretion. The Charity's intention is to exercise this right, on legal advice, where it is necessary to ensure that the Charity complies with the requirements of the Income Tax Act respecting the obligations of registered Canadian charities.

#### **SECTION 6 – ACCOUNTS AND RECORDS**

- 6.1 The Agent will keep:
  - 6.1.1 all funds and resources transferred by the Charity to the Agent separate from the Agent's own funds and resources;
  - 6.1.2 bookkeeping and accounting records of all funds received from the Charity and disbursed by the Agent segregated from the Agent's records.
  - 6.1.3 copies of all documents, including correspondence, related to the carrying on of the Specified Charitable Activities;

6.1.4 detailed expenditure statements together with copies of all vouchers.

6.2 The Agent will maintain the above-noted documentation for audit and verification in English and provide it to the Charity on its request.

#### **SECTION 7 – PROGRESS REPORTS AND INSPECTION**

7.1 The Agent will provide written interim progress reports to the Charity on request as well as a final report thirty days after the date for completion of the Specified Charitable Activities. All of these reports are to be in a form and contain any information that the Charity may stipulate and require.

7.2 The Charity has the right, on reasonable notice, which may be short, to inspect the work carried out on behalf of the Charity and records maintained by the Agent with respect to same.

#### **SECTION 8 – CONTACT INFORMATION**

8.1 The Charity's contact person for the purpose of this agreement is:

Name: @@  
Email: @@  
Fax: @@  
Tel: @@  
Mailing Address: @@

8.2 The Agent's contact person for the purpose of this agreement is:

Name: @@  
Email: @@  
Fax: @@  
Tel: @@  
Mailing Address: @@

8.3 Either party may change its contact person on notice to the other.

8.4 Any communication required under this Agreement ("Notice") will, unless otherwise specifically provided for in this Agreement, be given in writing in accordance with this section. A Notice may be:

(a) personally delivered;  
(b) sent by prepaid international courier;  
(c) sent by facsimile; or



(d) sent by email (where the recipient acknowledges by return email receipt)

to the Charity and the Agent to the attention of the respective contact persons identified in this Section.

8.5 Any notice sent by prepaid international courier will be deemed to have been received by the Party to whom it is addressed on the 10<sup>th</sup> mail delivery day following the day on which it was sent. Any Notice sent by facsimile after 4 p.m. local time of the Party to whom it was addressed shall be deemed to have been received by the party to whom it was addressed on the following day on which it was sent.

#### **SECTION 9 – TERMINATION**

9.1 Either party may terminate this Agreement without cause by giving ninety (90) days advance written notice to the other party.

9.2 The Charity may terminate this Agreement at any time upon notice to the Agent effective immediately in the event of a default by the Agent of any of the terms of this Agreement. Without limitation, the Charity may terminate this Agreement if there is a change in the control or management of the Agent that is unacceptable to the Charity or where the Agent through those acting on its behalf – employees or others - conducts itself in a manner that the Charity, acting reasonably, considers inconsistent with this Agreement.

9.3 Either party may terminate this Agreement without notice if performance of the Agreement is frustrated by a *force majeure* of a lasting nature.

9.4 In the event of any termination of this Agreement, the Agent will immediately stop carrying on the Specified Charitable Activities and acting for the Charity. The Agent will immediately refund to the Charity all money entrusted with the Agent and not spent in accordance with the Budget. The Agent will also report to the Charity concerning the status of any uncompleted Specified Charitable Activities and provide access to any records relating to these activities as may be required by the Charity.

#### **SECTION 10 – INDEMNIFICATION**

10.1 The Agent will indemnify the Charity against all actions, liability, proceedings, claims, demands, loss, costs, damages and expenses whatsoever which may be brought against or suffered by the Charity or which it may sustain, pay or incur as a result of or in connection with the

performance, purported performance or non-performance of this Agreement by the Agent.

#### **SECTION 11 – ASSIGNMENT**

- 11.1 Neither this agreement nor any or all rights, duties or obligations under this agreement may be assigned, charged, subcontracted or delegated by the Agent without the prior consent in writing of the Charity; provided that the Agent will be entitled to use its own employees and consultants for the purpose of carrying out the specified charitable activities.

#### **SECTION 12 – COMPLIANCE WITH LOCAL LAW**

- 12.1 The Agent represents and warrants that neither this agreement, the relationship created by it nor the performance of it is contrary to the current laws, rules or regulations of the local jurisdiction.
- 12.2 The Agent will comply with all laws and regulations in the local jurisdiction that apply to this agreement and all transactions and activities contemplated or to be performed under this agreement and will keep the Charity informed of any laws or regulations which may affect the Charitable Activities to assure the Charity will not breach any such laws or regulations through lack of awareness thereof.

#### **SECTION 13 – APPLICABLE LAW**

- 13.1 This Agreement will be interpreted in accordance with and governed by the law of the Province of Alberta and the Agent specifically attorns to the jurisdiction of the courts of the Province of Alberta.

#### **SECTION 14 - SEVERABILITY**

- 14.1 Any invalidity, in whole or in part, of any provision of this Agreement will not affect the validity of any other of its provisions.

**The Charity and the Agent have each signed this Agreement on the date below the signature of its respective duly authorized representative below.**

@@

Per: \_\_\_\_\_

  
RICHARDS HUNTER  
Barristers & Solicitors

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date of Signing: \_\_\_\_\_

Place of Signing: \_\_\_\_\_

@@

Per: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date of Signing: \_\_\_\_\_

Place of Signing: \_\_\_\_\_



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**SCHEDULE "A"**

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**CHARITABLE PURPOSES**



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**SCHEDULE "B"**

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**SPECIFIED CHARITABLE ACTIVITIES**



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**SCHEDULE "C"**

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**BUDGET**



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## References & Recommended Reading

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