

## Qualified Donee Relationship Information Sheet

*For applicants of the Stratford Perth Community Foundation*

As a Public Foundation, the Community Foundation is restricted by the Income Tax Act to make grants or distributions only to Registered Charitable Organizations. Canada Revenue Agency (CRA) has recently requested that the relationship between the charity (Qualified Donee) and the non-charitable organization (Applicant) be formalized and documented before a grant may be awarded.

An organization that is not a Registered Charity wishing to apply for funding from the Stratford Perth Community Foundation may consider the following:

1. Make a 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 'sponsor' or 'Qualified Donee' for the organization and the proposed project.
  - The relationship must be a formal arrangement set out in writing between the Boards of Directors of the RC and the Applicant Organization.
  - The terms of the agreement should include:
    - i. a full description of the project;
    - ii. providing the responsibility to RC for insuring the project is completed by the Applicant Org;
    - iii. that RC has responsibility for distribution of funds to Applicant Org as work progresses
    - iv. that RC has responsibility/accountability to the Community Foundation for the performance of the Applicant Org.
  - The relationship must be an appropriate link, not simply one of convenience.

Guidelines for a Registered Charity acting as a principal or partner are attached on Schedule 1.

An example of a contract provided by CRA is attached as Schedule 2.

For further information on becoming a Registered Charity or on establishing an agency relationship, please contact:

Charities Directorate  
Canada Revenue Agency  
1-800-267-2384

## What is a Qualified Donee?

*Qualified Donee Agreement Forms are available on our website.*

A qualified donee is an organization that can issue official donation receipts for gifts it receives from individuals and/or corporations. It can also receive gifts from registered charities.

**A qualified donee can be:**

- a registered charity (including a registered national arts service organization);
- a registered Canadian amateur athletic association;
- a listed housing corporation resident in Canada constituted exclusively to provide low-cost housing for the aged;
- a listed Canadian municipality;
- a listed municipal or public body performing a function of government in Canada;
- a listed university outside Canada that is prescribed to be a university, the student body of which ordinarily includes students from Canada;
- a listed charitable organization outside Canada to which His Majesty in right of Canada has made a gift;
- His Majesty in right of Canada, a province, or a territory; and
- the United Nations and its agencies.

\*\* For more information please visit the link below.

<http://www.cra-arc.gc.ca/chrts-gvng/chrts/glssry-eng.html#qualdonee>

To search for a charity and/or qualified donee;

- Google “Charity Listing CRA”
- Or visit [https://apps.cra-arc.gc.ca/ebci/hacc/srch/pub/dsplyBscSrch?request\\_locale=en](https://apps.cra-arc.gc.ca/ebci/hacc/srch/pub/dsplyBscSrch?request_locale=en).

## SCHEDULE 1

### Obligations and Responsibilities of a Registered Charity Employing An Organization as its Applicant Organization

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#### **GENERAL GUIDELINES – When submitting an application to the Community Foundation**

By acting as a Qualified Donee (applicant) for a project being carried out by another organization, the Registered Charity (RC) is in effect taking on the project as part of its own operations. These arrangements can be an acceptable application of the charity's resources to its 'own' charitable activities providing:

1. The charity has obtained reasonable assurance before entering into agreements with individuals or other organizations that they are able to deliver the services required by the charity (by virtue of their reputation, expertise, years of experience, etc.);
2. All expenditures will further the RC formal purposes and constitute charitable activities that the RC carries on itself;
3. An adequate agreement is in place (CRA recommends a written agreement containing the minimum elements outlined below);
4. The RC provides periodic, specific instructions to individuals or organizations as and when appropriate;
5. The RC regularly monitors the progress of the project or program and can provide satisfactory evidence of this to CRA (see the next section on books and records) and;
6. Where appropriate, the RC makes periodic payments on the basis of this monitoring (as opposed to a single lump sum payment) and maintains the right to discontinue payments at any time if it is not satisfied.

#### **WRITTEN AGREEMENTS**

**Please note:** *The Income Tax Act* recommends that a Registered Charity enter into a written agreement with an organization acting as its agent. If a Canadian Charity operates without a written agreement in the suggested form, it will probably have serious difficulty establishing that a project is charitable and that it is carrying on its own activities. This could jeopardize the charity's registered status under the *Income Tax Act*.

Written agreements should include the following information:

1. Names and addresses of all parties;
2. The duration of the agreement or the deadline by which the project must be completed;
3. A description of the specific activities for which funds or other resources have been transferred, in sufficient detail to outline clearly the limits of the authority given to the recipient to act for the RC or on its behalf;
4. Provision for the written progress reports from the recipient of the RC funds or other resources, or provision for the RC's right to inspect the project on reasonably short notice, or both;
5. Provision that the RC will make payments by installment based on confirmation of reasonable progress and that the resources provided to date have been applied to the specific activities outlined in the agreement;
6. Provision for withdrawing or withholding funds or other resources at the RC's discretion;
7. Provision for maintaining adequate records at the RC's address in Canada;
8. The signature of all parties, along with the date.

**SAMPLE PARTNERSHIP AGREEMENT**

**SCHEDULE 2**

<b>APPLICANT CONTACT INFORMATION</b>	
Application Contact Name: Joe Smith Title: CEO	Full Legal Name of Applicant Organization: Urban Core Housing Project (UCHP)  Year Incorporated: 2011
Telephone: 905-555-1212 Email: j.smith@uchp.com Website: www.uchp.com	Applicant Organization Mailing Address:  122 Main Street, S Stratford, ON, N5A 2N0
<b>QUALIFIED DONEE CONTACT INFORMATION</b>	
Qualified Donee Contact Name: Suzanne Somers Title: Executive Director	Full Legal Name of Qualified Donee: Food-R-Us  Year Incorporated: 2010
Telephone: 905-555-1212 Email Address: 3scompany@food.com	Registered Charitable Number: BN88488 4325 RR0002  T3010 (most recent year filed): 2016
Webiste: www.fru.com	Mailing Address:  333 King Street, W Stratford, ON
<b>APPLICANT / QUALIFIED DONEE DETAILS</b>	
<b>Project/Program Name:</b> Food for All	
<b>How will the funding be disbursed from the Qualified Donee to the Applicant?</b> (Examples: disbursed as needed, one-time payment, the Qualified Donee will purchase items, etc.)  Food-R-Us will disburse program funds to UCHP on the first day of each month based on the confirmation of reasonable progress of program implementation.	
<b>Who will be responsible for tracking the grant? The Qualified Donee or Applicant?</b>  UCHP will be responsible for tracking funding spending and will provide updated monthly reports to Food-R-Us. Food-R-Us will maintain separate and adequate financial records for the Community Foundation and CRA at its Stratford location.	
<b>Who will be provide the final report, as outlined, to the Community Foundation?</b>  The UCHP will provide written progress reports to the CEO of the Food-R-Us Charity on progress, benchmarks reached, client information and expenditures incurred on a monthly basis. A more detailed final report with evaluation outcomes will be submitted on June 29, 2018.	

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Signing of this agreement by the appropriate signing authorities of the Qualified Donee and the Community Organization will signify agreement with the responsibilities of each party set out in the agreement. Please **return the original copy to the Foundation** and make duplicate copies of the agreement for your records.

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**Qualified Donee**

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Name – please print  
(Authorized Signing Officer)

Title

Signature

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**Community Organization**

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Name - please print  
(Authorized Signing Officer)

Title

Signature

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Date