

Community Fund of North Kootenay Lake Society

“CFNKLS” Grant Eligibility Policy

Purpose:

The purpose of this policy is to describe eligibility criteria for CFNKLS grant making. This policy guides all grant applications.

Policy:

As an arm of Osprey Community Foundation (a public foundation) CFNKLS is restricted by the *Income Tax Act* to making distributions only to organizations that are registered charities and other qualified donees. The following procedure ensures that all applications to CFNKLS and grants awarded by CFNKLS will be from registered charities and other qualified donees.

Organizations that are neither a registered charity nor other qualified donee may apply for a grant under the auspices of a registered charity or qualified donee. CRA has requested that the relationship between the registered charity or other qualified donee (Lead Partner) and the non-charitable organization (the agent) be formalized and documented before a grant can be awarded. (see “Agency Relationships” below.)

Definitions:

CRA	Canada Revenue Agency, (formerly Revenue Canada)
RC	“Registered Charity”
Qualified Donee	an organization that is allowed by Revenue Canada to issue official donation receipts for gifts given to them. This would include: Registered Charities Registered Canadian amateur athletic associations Housing corporations providing low cost housing (149 [1] [i]) Some specified universities outside Canada Some charitable organizations outside Canada Municipalities, provinces, etc.
Org	organization that is not a registered charity or other Qualified Donee; it could be a not-for-profit corporation or an association, club or group
CF	Community Foundation / Community Fund
BN#	Business Number issued by CRA (i.e. 12345 6789 RR0001)
Lead Partners	a registered charity or other qualified donee that is in a relationship with another organization who is acting as an agent of the registered charity or other qualified donee. There must be a minimum level of involvement as set out in the guidelines below to be acceptable.

Agency Relationships:

CRA has requested that the relationship between the RC or other qualified donee (Lead Partner) and the non-charitable organization (the agent) be formalized and documented before a grant can be awarded.

An organization that is not a RC or other qualified donee wishing to apply for funding from the CF may consider establishing a partnership or agency relationship with a RC or qualified donee who would receive the funds for the proposed project from CFNKLS.

- a. The relationship must be a formal arrangement and should be set out in writing between the Board of Directors of the RC or qualified donee and the agent organization.
- b. The terms of the agreement should include:
 - A full description of the project
 - Providing responsibility to RC or qualified donee for ensuring the project is completed by the agent as described
 - That the RC or qualified donee has responsibility for distribution of funds to the agent as work progresses
 - That the RC or qualified donee has responsibility/accountability to CFNKLS for performance of the agent.
- c. The relationship must be an appropriate link, not simply one of convenience.

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

GENERAL GUIDELINES – When Making Application to a Community Foundation

By acting as a lead partner for a project being carried out by another organization, the RC or other qualified donee 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 RC has obtained reasonable assurance before entering into agency agreements with individuals or other organizations that the agent is 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 or qualified donee formal purposes and constitute charitable activities that the RC and / or Qualified Donee carries on itself;
3. An adequate agreement is in place (CRA recommends a written agreement containing the minimum elements outlined below);

4. The RC or qualified donee provides periodic, specific instructions to the agent as and when appropriate;
5. The RC or qualified donee regularly monitors the progress of the project or program and can provide satisfactory evidence of this to CRA and;
6. Where appropriate the RC or qualified donee 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

Written agreements should typically include **at least** 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 qualified donee or on its behalf;
4. Provision for written progress reports from the recipient of the RC or qualified donee funds or other resources, or provision for the RC's or qualified donee's right to inspect the project on reasonably short notice, or both;
5. Provision that the RC or qualified donee will make payments by installments 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 or or qualified donee's discretion;
7. Provision for maintaining adequate records at the RC's or qualified donee's address in Canada;
8. In the case of agency agreements, provision for the RC's or qualified donee's funds and property to be segregated from those of the agent and for the agent to keep separate books and records; and
9. The signature of all parties, along with the date.

Please note that the CRA recommends that a RC or other qualified donee 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*.