A Guide for Charity/Non-Charity Partnerships

Using best practices for partnerships that benefit everyone.
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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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