

Charity non-charity partnerships, diversity, and capacity building in Canada's voluntary sector
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Introduction: Within the voluntary sector there are two concerning trends the disproportionate representation of diversity in leadership of the sector as well as the need for capacity building amongst emergent groups working to achieve charitable outcomes. This brief outlines how charity/non-charity partnerships can be used to respond to these challenges and provides recommendations for the support of small and emerging charities.

Charity/non charity partnerships: Charity/non-charity partnerships are collaborations between organizations with charitable status and non-charities such as nonprofit organizations, unincorporated community groups, part nine corporations and societies. These partnerships bring together the experience, expertise and resources of each partner in an effort to provide innovative programming in response to emerging needs. While many resources are shared in these partnerships the defining feature is the charitable funding which in these partnerships is transferred from the charity to the non-charity to support partnership activities. This is essentially a transfer from a charity to a non-qualified donee and is governed by Canada Revenue Agency's Guidance CG-004 for charities partnering with intermediaries (CRA, 2011).

These partnerships emerged in response to challenges in the voluntary sector including reduced and programmatic funding, the desire to be more responsive than the lengthy Canada Revenue Agency charitable registration process allowed, the administrative burden on registered charities, and increased focus on participatory, community based programming (CRA, 2018; Eakin & Graham, 2009) Charity/non-charity partnerships support: fundraising activities for non-charities because the charity is able to apply for charitable funding and also provide tax receipts

for donations; advocacy for charities because non-charities are free to engage in all forms of advocacy; citizen engagement through active involvement of citizens as partners; responsiveness as programming can be quickly developed through partnership with an existing charity rather than creating a new body; and cost savings where shared services are offered (Main, 2014). Non-charities that engaged in these partnerships receive access to resources such as administrative services (payroll, finance and accounting, grant administration), insurance, staff benefits plans, space, and information technology as well as mentorship in the form of grant administration, fundraising, research and evaluation planning, and governance (Ramsundarsingh, 2010). These areas represent the areas that non-charities are most in need of support and capacity building as well as the ways that charity/non-charity partnerships can be used to meet this need.

The benefits of charity/non-charity partnerships are realized by all parties and positively impact society in general. For society these partnerships provide benefits including: increased representation of traditionally marginalized groups in the sector, more responsive timely and innovative programs, cost savings through shared services, and improved oversight for smaller organizations (Ramsundarsingh & Falkenberg, 2017). Lack of awareness, fear and uncertainty around the practice has led to a combination of non-compliant practice and unwillingness to engage in the practice (Ramsundarsingh, 2010). With clear guidance and resources in place to support compliant practice (e.g. <https://www.communityfoundations.ca/resources/better/>) effort should be made to increase awareness of and willingness to engage in charity/non-charity partnerships.

Recommendation 1: Recognize and support charity/non-charity partnerships, as a tool to increase participation of marginalized groups in charitable sector leadership and build the

capacity of smaller organizations (nonprofits & citizen led groups) in the sector. This would include promotion of the practice through education and awareness efforts as well as allowing for funding to charities to support capacity building efforts.

Direction and control: Under the current guidance for charity/non-charity partnerships the charity is required to maintain direction and control over the activities of the partnership (CRA, 2011). The requirement for direction and control does not align with the spirit of collaboration that the partnerships are created from. The requirement for direction and control establishes a hierarchy and introduces transactional interactions into an otherwise shared equal partnership. Consultations in the sector found that the requirements for direction and control are overly stringent and contribute to a power imbalance that does not accurately align with the intent of the partnerships (Ramsundarsingh & Falkenberg, 2017). The requirement for charities to maintain direction and control also places non-charities at risk of exploitation by charities (Ramsundarsingh & Falkenberg, 2017).

In order to protect against this CRA has updated the current guidelines to state “ the nature and the number of measures a charity adopts to direct and control the use of its resources should correspond to the circumstances of the activity” and “the facts of every situation will differ, and it is not possible to give precise guidelines to cover all situations in advance” (CRA, 2011). While this creates flexibility, it lacks clarity in terms of what is actually required for charities to prove direction and control.

Recommendation 2: Review guidelines for direction and control to increase specificity while decreasing the administrative burden and increasing protection against exploitation of non-charities. Specifically, minimize requirements for ongoing instruction.

Capacity building and compliance: Charity/non-charity partnerships provide much needed support to the sector in the area of capacity building and compliance. When you consider the pattern of applications for charitable status, and revocations it is apparent that while the Canada Revenue Agency focuses the majority of its resources on capacity to be compliance, the need in the sector is for capacity building in administration. In 2017-18 there were 3369 applications for charitable status of which 47% (1569) were approved, 19% (459) were abandoned or withdrawn (CRA, 2018). In addition there were 1562 almost exactly equal to the number of new charities, revocations 60% of which were voluntary, and 37% due to failure to file (CRA, 2018). Only 26 (1.6%) were revoked after an audit (CRA, 2018). The overwhelming amount of revocations due to lack of capacity compared to non-compliance supports the needs to dedicate resources to capacity building. My experience of traveling across the country interviewing charities and non-profits is that they want to be compliant the Canada Revenue Agency needs to support them in doing so.

Capacity building is commonly offered through funders in the areas of program design and evaluation; however, funders are not currently engaged in the area of building capacity of charities to operate in compliance with CRA guidelines. The gap has led to funders promoting actions that are not compliant placing charitable organizations at risk due to pressure to engage in non-compliant activities from their funders (Ramsundarsingh, 2010). It also represents a missed opportunity given the reach and influence of funders throughout the sector. Engaging

fundors as partners in capacity building, including compliance will extend the reach of the CRA allowing it to achieve greater impact without a significant investment of it's own limited resources. Increased investment and education about the scope of what charities can engage in in terms of capacity building will serve to strengthen smaller and emerging charities and non-charities while also enhancing their compliance with CRA guidelines.

Recommendation 3: Invest in capacity building for charities and non-charities through partnership and education of funders around compliance. Promote awareness amongst charities of the scope of capacity building allowed under current guidelines.

Diversity and Leadership: A significant benefit of charity/non-charity partnerships is that they support the participation and leadership of traditionally marginalized groups (youth, persons with disabilities, visible minorities, and Indigenous Peoples) in the sector. Despite the consistent evidence to support the need for representation of diversity within the leadership of the charitable sector, the extent to which this has been achieved, remains unknown. Diversity is not currently reported by charities or non-profits, leaving the assessment of diversity to small geographically limited studies. A 2012 study of diversity within the Greater Toronto Area's nonprofit sector found that of the 4,254 board positions included in the study on 15.6% were held by visible minorities despite that fact that at that time they made up 40% of the GTA's population (Fredette, 2012). Another study from Ontario found that not only was leadership and not reflective of the diversity of the population, organizational commitment to recruiting staff from diverse populations was lacking (The Mowat Centre, 2013). Of the 810 organization surveyed a small percentage were actively or pro-actively recruiting paid employees from the following

population groups: younger workers (39%), older workers (19%), Indigenous (23%), recent immigrants (29%), persons with disabilities (30%), and visible minorities (35%) (The Mowat Centre, 2013). These numbers drop significantly when asked about specific efforts to recruit individuals from diverse populations into management positions: younger workers (20%), older workers (15%), Indigenous (19%), recent immigrants (20%), persons with disabilities (19%), and visible minorities (26%) (The Mowat Centre, 2013). The study concluded “the not-for-profit sector in Ontario does not appear to be diverse in its leadership, or to have a strong commitment to diversity and inclusion at the organizational level” (The Mowat Centre, 2014). Similarly a national study found that women are strongly represented; however, visible minorities, remains low with representation of persons with disabilities and sexual and gender minorities even lower (Bradshaw & Fredette, 2012). Not only is diversity found lacking, the definition of diversity used in existing studies is not inclusive of sexual and gender minorities.

Diversity at both the board and management level contributes to improved performance of organizations on multiple levels. In universities increased diversity on boards has been associated with improved fundraising returns, increased student retention (Harris, 2014). In hospitals greater diversity in leadership is correlated with greater commitment to diversity initiatives particularly health equity in regards to socio-economic status, race, and gender (Herrin, Harris, Spatz, Cobbs-Lomax, Allen & Leon, 2018). A study on diversity of Ontario’s non-profit sector found that boards reported the following functional benefits of leadership diversity: new perspectives, increased knowledge of diversity, expanded opportunities for fundraising, connections to new service communities, innovation, and improved inclusivity (Fredette, 2012). The study also found that organizations were able to design and deliver more inclusive services based on an improved understanding of the needs of the community that they

served (Fredette, 2012). There is consensus within the literature that service user participation leads to more effective programming, increased service user participation, and reduced experiences of oppression (Beresford & Croft, 2004; Boylan & Lebracq, 2000; Davies, Gray & Webb, 2014; Ramsundarsingh & Shier, 2017). The importance of diversity in leadership of the sector is highlighted not only through the benefits but also through the negative effects of its absence.

Without diversity in leadership our sector lags in inclusion, responsiveness, and anti-oppressive practice. The preliminary results of a study of oppression experienced by service users of charitable organizations conducted in December 2018, found that 62.5% of service users self-identified as members of a social minority (immigrants, refugees, visible minority, youth, person with disability or member of an LGBTQ2S community) highlighting the diversity of service users served by the sector (Ramsundarsingh & Shier, n.d). The study asked service users to report their experiences of oppression (discrimination, violence, exploitation, marginalization, and powerlessness). A total of 352 service users participated of which, 243 (69%) reported experiences of oppression. In this group, 163 (67%) were members of social minorities and of those that identified as social minorities 75% experienced oppression compared to 59% for service users that do not identify as a social minority (Ramsundarsingh & Shier, n.d.). The rates of social minority groups experiencing oppression were very high: immigrants (76%), refugees (91%), visible minorities (76%), Indigenous Peoples (80%), individuals with disabilities (75%), LGBTQ2S (72%), and youth (63%) (Ramsundarsingh & Shier, n.d.). These very distressing results highlight the importance of increased participation and representation of members of social minorities in the leadership of the sector to increase effectiveness of service delivery,

develop culturally appropriate methods of service delivery and to address the rampant oppression of social minority groups by the organization that are designed to serve them.

Recommendation 4: Begin to track diversity representation of social minorities including immigrants, refugees, seniors, youth, LGBTQ2S communities, Indigenous Peoples, persons with disabilities, and visible minorities at the board of directors and senior management levels across both charities and nonprofits.

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