



Fiscal Partnership Information Package

Information for organizations without registered charitable status

Waterloo Region Community Foundation (WRCF) is a Public Foundation. As such, the Canada Revenue Agency (CRA) permits WRCF to make grants and distributions only to organizations that are “[qualified donees](#)”, which includes registered Canadian charities. WRCF is not permitted to make grants to a Non-Profit Organization (NPO) that does not have a registered charitable status.

An NPO wishing to apply for funding from WRCF could establish a partnership relationship with a Charity that would receive the funds for the proposed project/initiative from WRCF. In order for WRCF to consider a request for funding from an organization, that is not a qualified donee, include a signed “**Fiscal Partnership Agreement**” between the Charity and NPO with the application, and make sure both parties agree to the terms outlined in the agreement.

Details of the obligations of both parties are provided on the CRA website here <https://www.canada.ca/en/revenue-agency/services/charities-giving/charities/policies-guidance/using-intermediary-carry-a-charitys-activities-within-canada.html> or call 1-800-267-2384.

We’ve also tried to summarize them below for you to make it easier for you to read, but please refer to CRA’s site for the official legal requirements.

- CRA states that the relationship between the Charity and the non-profit organization (NPO) must be formalized and documented before a grant can be awarded.
- Grants cannot be made to a NPO through an intermediary Charity if the Charity is simply acting as a flow-through mechanism for funds between WRCF and the intended grant recipient. However, according to CRA, there are steps that can be taken by the Charity to act as an intermediary for the NPO. The conditions include:
 - A Written Agreement is required between the Charity (in this case the intermediary organization to whom WRCF makes the grant) that clearly states out what the NPO is expected to do in return for the funds they will be receiving from the Charity.
 - The NPO must report to the Charity in enough detail that the Charity can show it is controlling the use of its funds and can account for them.
 - It is recommended that the Written Agreement between the intermediary organization (the organization that WRCF grants to) and the NPO include at least the following:
 - Names and addresses of all parties;
 - The duration of the Agreement or the deadline by which the Project must be completed;
 - A description of the specific activities for which the funds or other resources have been transferred;



- Provision for written progress reports submitted by the NPO to the Charity;
- Provision for the Charity to be able to inspect the Project on reasonable short notice;
- Provision for withdrawing or withholding funds or resources at the Charity's discretion;
- Provision that the registered Charity will make payments by installments (if required) based on confirmation of reasonable progress and that the resources provided to date have been applied to the specific activities outlined in the Agreement;
- Provision for the Charity's funds to be segregated from those of the NPO and for the NPO to keep separate books and records; and
- The signatures of all parties, along with the date.

Responsibilities and Obligations of a Registered Charitable Organization Employing a Non-Profit as its Agent

As mentioned earlier, there must be a clear link between the Charity and the NPO. By acting as a lead partner for a project or initiative being carried out by a NPO, the Charity is in effect taking on the project or initiative as part of its own operations. This arrangement can be an acceptable application of the Charity's own resources to its own charitable activities provided that:

1. The Charity has obtained reasonable assurances before entering into any agreement with the NPO that such NPO is able to deliver the services required to complete the project or initiative (by virtue of their reputation, expertise, years of experience, etc.);
2. All expenditures will further the Charity's formal purposes and constitute charitable activities that the Charity carries on itself;
3. A Written Agreement is in place outlining the duties and responsibilities of both the Charity and the NPO as it relates to the Project;
4. The Charity provides periodic, specific instructions to the NPO as and when appropriate;
5. The Charity regularly monitors the progress of the Project and can provide satisfactory evidence of this to CRA; and
6. Where appropriate, the Charity 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 with the NPO's performance.