

Information Sheet for Applicants to Community Foundation

Regarding Charitable Status

SPONSOR / PARTNER RELATIONSHIPS

As a Public Foundation, the Kenora Lake of the Woods Community Foundation (KLWCF) is restricted by the Income Tax Act to make grants or distributions only to Registered Charities (RC). Canada Revenue Agency (CRA) has recently requested that the relationship between the charity (Sponsor) and the non-charitable organization (the Partner) must be formalized and documented before a grant can be awarded.

An organization that is not a Registered Charity wishing to apply for funding from the community foundation may consider the following:

1. Make 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' for the organization and the proposed project.
 - A. The relationship must be a formal arrangement set out in writing between the RC and the organization (Org).
 - B. The terms of the agreement should include:
 - i. a full description of the project
 - ii. providing the responsibility to RC for ensuring the project is completed by the Org.
 - iii. That RC has responsibility for distribution of funds to Org as work progresses
 - iv. That RC has responsibility/accountability to KLWCF for the performance of the Org.

The Sponsor and Partner relationship must be an appropriate link, not simply one of convenience. KLWCF's guidelines for a Registered Charity acting as a Sponsor are as set out below.

Obligations and Responsibilities of a Registered Charity Agreeing to Sponsor a Non-Profit Organization

GENERAL GUIDELINES – When making application to a Community Foundation

By acting as a Sponsor for a project being carried out by another non-profit organization that is not a registered Charity, the registered charity Sponsor 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:

- The Sponsor charity has obtained reasonable assurance before entering into a sponsor agreement that the Partner is able to deliver/ execute the outcomes of the sponsored project as required by the charity (by virtue of their reputation, expertise, years of experience, etc.);

- All expenditures will further the formal purposes of the Sponsor charity and constitute charitable activities that the Sponsor carries on itself;
- An adequate agreement is in place, specifically the Sponsor Agreement required by KLWCF has been duly signed by all parties and returned to KLWCF;
- The Sponsor provides periodic, specific instructions to the Partner if and when appropriate;
- The Sponsor monitors the progress of the project or program and can provide satisfactory evidence of this to and;
- Where appropriate, the Sponsor makes periodic payments based on 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

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.

For this reason, KLWCF requires a signed copy of its Sponsor Agreement be on file before it will release any grant funds.

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

Sponsor Agreement

We, the partners in the _____ project, agree to a shared vision, decision-making and accountability for this initiative. This project provides (provide a short project summary here):

1. Contact Information of Sponsor Registered Charity: _____
Organization Name: _____ Charitable Number: _____
Address: _____
Primary Organizational Contact: _____
Telephone: _____ Email: _____
2. Contact Information of Partner Non-Profit: _____
Organization Name: _____
Address: _____
Primary Organizational Contact: _____
Telephone: _____ Email: _____
3. Project Timelines
Project Start Date: _____ Project Completion Date: _____
4. Responsibilities
The Sponsor will (i.e. Sponsor the project, acting as financial administrator, etc.):
A. _____
B. _____
C. _____
The Partner will (i.e. hire project staff):
A. _____
B. _____
C. _____
5. Reporting requirements: The Partner will provide periodic project updates to the Sponsor in the format they mutually agree to.
6. Payment: The Sponsor will disburse the grant funds to the Partner on receipt of said funds from KIWCF.
7. Record keeping: The Partner must maintain separate and adequate financial records for the CRA.

Sponsor Organization: _____

Signature Title Date

I HAVE AUTHORITY TO BIND THE SPONSOR

Partner Organization: _____

Signature Title Date

I HAVE AUTHORITY TO BIND THE ORGANIZATION