

Accessing Funding from the Philanthropic Sector

By Kelly Rodgers¹ (June 19, 2013)

Many aboriginal communities and organizations may be eligible to apply for and receive grants from Foundations and yet are unaware of this fact. Assumptions have been made that since an aboriginal government is not a registered charity they do not qualify as a “qualified donee”. This was not the case in the past but the rules are changing effective January 1, 2014.

Why become a “Qualified Donee”?

To become a qualified donee you need to be registered with the Charities Directorate of CRA. An aboriginal government may want to consider registering in order to open potentially new areas of funding.

Foundations and charities (the philanthropic sector) are increasingly focussing on the aboriginal sector. At the recent Community Foundations of Canada annual conference aboriginal issues were a key agenda item. Foundations across Canada provide grants totaling hundreds of millions of dollars each year to support their missions. Grants may be given for purposes as diverse as environmental protection, literacy and education, job retraining, programs for at risk youth and seniors, social housing programs and health and well being. The list and purposes are as wide ranging as the foundations and each foundation will have a different mission.

Registering as a “qualified donee” is the first step in being able to apply for these grants.

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As a “qualified donee” you will also have the ability to issue tax receipts for donations. Many communities engage in a myriad of fundraising activities throughout the year with the funds raised supporting a diverse range of projects and events. Based on the requests I receive a few of the more common purposes include:

- Prizes, awards and gifts for graduating students,
- Support for an Elders retreat or program,
- Support for health care programs,
- Support for environmental protection,
- Support for youth recreation programs, and
- Cultural initiatives including language.

Businesses responding to these requests can make these donations as a business expense. Individuals responding to these requests do not have that option. If your government become registered as a “qualified donee” you will have the ability to issue donation receipts which will allow those making the gifts to obtain a tax credit when completing their tax returns.

Becoming a “Qualified Donee”

Effective January 1, 2014 an organization must be registered and listed on the CRA’s website to be considered a “qualified donee”. What many do not realize is that a municipal or public body performing a function of government in Canada is eligible to be registered as a “qualified donee” .

Many communities have received Advanced Rulings from CRA when entering into settlements with Canada, a province or industry. Having received a previous Advance Ruling is not sufficient to be registered as a “qualified donee” since, in most instances, these Advance Rulings are limited to the specific transaction being contemplated. However the type of documentation needed for registration as a “qualified donee” will be very similar².

Conclusion

It is worth considering whether you should register as a “qualified donee” if any of the following apply:

1. You are currently receiving funding from the philanthropic sector.
2. You want the option of applying for funding from the philanthropic sector in the future.
3. You want the ability to issue official tax receipts.

² Please see accompanying article by Mark Blumberg.