

Grant Committee Meeting Notes - May 15, 2024

1. Setting Grant Priorities:

The committee decided that the challenges identified in 2023 Community Assessment would be used to set our granting priorities and will be advertised as such. We also decided to hold information sessions for groups wishing to apply for grants so that we can discuss our priorities and guidelines with potential applicants. Kim will contact the Network of Non-Profit group to discuss priorities with them.

The challenges identified are:

- Alcohol & substance Abuse
- Poverty
- Crime & Safety
- Mental Illness
- Housing
- Transportation
- Racism
- Childcare

The committee decided against setting a limit amount for grants?

2. Review new granting rules:

The committee reviewed the new rules and Kim will make the necessary changes to our applications and agreements.

3. Review Grant Policy:

Changes were made to the Grant Policy and will be presented at the June meeting for approval.

4. Review Grant Scoring Matrix:

It was decided that the committee will use the matrix to score applications but asked to have a scoring of 10 instead of 5.

Changes to the Income Tax Act

A donor cannot choose a specific beneficiary for their gift or ask the qualified donee (CFPD) to give the gift to another non-qualified donee (an organization, individual or group that does not have charitable status). However, a donor can ask that their gift be used in a particular program of the qualified donee as long as there is no benefit to the donor or anyone not at arm's length to the donor. The qualified donee must be able to use the gift within the particular program as it sees fit. If the donor retains control, the donation is no longer considered a gift at law and a receipt cannot be issued.

The Income Tax Act provides that a charity could have its registration revoked if it accepts a gift from a donor that is expressly or implicitly conditional on the charity "gifting" it over to a specific recipient, other than a qualified donee. Footnote 26 This prohibition covers grants to grantees. The intent of this provision is to "prevent organizations from acting as conduits in the making of a directed gift" to a non-qualified donee. Footnote 27. This prevents situations such as where a charity, with donor knowledge, solely exists as a fundraising arm of an affiliate organization. In these circumstances, the charity would not be in a position to make decisions around the use of resources, or act independently of the affiliate.

Here is an example of an explicitly conditional gift:

A donor indicates that a gift must be used to grant money to a specific non-qualified donee, and if it is not used for that purpose, the funds must be returned to the donor. This could constitute a legally binding conditional gift, and if the charity accepted it, this could jeopardize its registration.

Here is an example of an implicitly conditional gift:

A charity includes the name of a non-qualified donee in its own name, purposes, or other formal documents, indicating this would be the sole recipient of any grants the charity makes. Any funds the charity receives from a donor could be implicitly conditional on the charity granting it over to the specified non-qualified donee and could jeopardize the charity's registration.

To avoid concerns about directed gifts, the charity should retain authority over the use of its resources, and clearly communicate this to the donors. For example, the charity could communicate that:

Donors can indicate their program preference for how a charity will apply their donation, but ultimate authority on the use of resources must rest with the charity.

If the charity does not use the donation the way the donors prefer, the charity will not return the donation to the donors.

For example, this message could be included on the donations page of the charity's website and in any of its fundraising communications.

Provided a charity can show it retains authority over the use of its resources, we will consider the charity to not be engaged in directed giving.

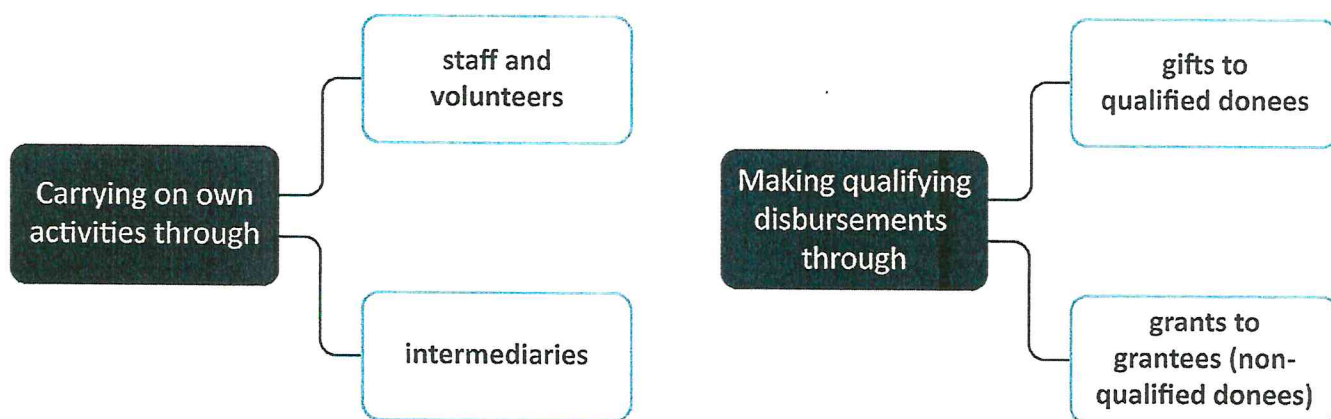
Alternatively, a charity could use the donation to carry on its own activities through an intermediary, provided the charity exercises direction and control over the use of its resources.

<https://www.canada.ca/en/revenue-agency/services/charities-giving/charities/policies-guidance/charities-making-grants-non-qualified-donees.html>

How can a charity operate?

The Income Tax Act allows a registered charity to operate in the following ways:

- carrying on its own charitable activities through:
 - its staff and volunteers
 - an intermediary, over which a charity must exercise direction and control
- making qualifying disbursements through:
 - gifts to qualified donees
 - **grants to grantees (non-qualified donees)**, where a charity must meet accountability requirements.



When a charity intends to collaborate with another organization, it should consider at the outset whether it will do this through a grant to a grantee, a gift to a qualified donee, or by carrying on its own activities through an intermediary. This decision rests with the charity. The charity can determine what is most appropriate in the circumstances, based on its own processes and the information and recommendations set out in the relevant guidance. The charity should clearly show which approach it has taken in its books and records.

This guidance focuses on our recommendations for making grants to grantees. For more details on how a charity can operate, including how granting differs from direction and control, see below.

**COMMUNITY FOUNDATION OF PORTAGE AND DISTRICT
GRANT SCORING MATRIX**

1 is weak, 10 is strong

Applicant	Application completed in full with supporting documents	1	2	3	4	5
	Project benefits the whole community	1	2	3	4	5
	Demonstrates a solution to a community problem or need	1	2	3	4	5
	Proves ability to carry out project to completion	1	2	3	4	5
	Project is sustainable long-term, without annual CACF funding	1	2	3	4	5
	Organization has a strong and committed board to carry out project	1	2	3	4	5
	Organization demonstrates fiscal responsibility, with clear budget	1	2	3	4	5
	Project does not duplicate services already offered in the area	1	2	3	4	5
	Does project address on or more CFPD's granting priorities	1	2	3	4	5
	Applicant is in good standing with CFPD (Previous final reports)	1	2	3	4	5

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