

CRA to Fund Compliance-Related Education and Training Initiatives

On February 18, 2009, the Minister of National Revenue invited charities and certain non-profit organizations to submit project proposals for funding consideration under the Canada Revenue Agency's Charities Partnership and Outreach Program (the "**Charitable Funding Program**").

The Charitable Funding Program will provide qualifying registered charities and non-profit organizations that serve the charitable sector with financial support to develop innovative education and training projects aimed at improving regulatory compliance in the charitable sector.

In 2009-2010, the Canada Revenue Agency (the "**CRA**") will distribute up to \$3 million to charities and other organizations that qualify for funding under the Charitable Funding Program. Funding of up to \$500,000 per qualifying project (only one-year projects will be considered for funding) will be made available to successful applicants. **However, eligible organizations must act fast as funding applications are required to be submitted to the CRA by March 27, 2009.**

Objectives and Funding Priorities of the Charitable Funding Program

The overall goal of the Charitable Funding Program is to enhance the ability of the charitable sector to comply with the provisions of the federal *Income Tax Act* (the "**Tax Act**"). Specifically, the primary objectives of the program are to:

- improve the ability of the charitable sector to develop and deliver sustainable compliance-based education and training programs;
- increase the capacity of the charitable sector to meet regulatory compliance requirements on a sustainable basis; and
- raise awareness within the charitable sector of the regulatory obligations imposed under the Tax Act.

The federal government has announced four priorities that will guide the allocation of the latest round of funding under the Charitable Funding Program (the "**Funding Priorities**"). Specifically, initiatives aimed at:

1. educating organizations seeking charitable registration about the requirements and obligations associated with becoming a registered charity under the Tax Act and the alternatives to registration;

2. educating registered charities about their obligations when making gifts to qualified donees;
3. conducting fact-finding research into the current practices utilized by the charitable sector to safeguard against abuse by terrorist organizations, and promoting awareness of educational best practices materials to enhance understanding of the challenges faced by charities in the post 9/11 environment; or
4. developing tools to assist small and rural charities locate and/or access local, regional, and/or provincial information/resources that assist charities in meeting their regulatory obligations under the Tax Act,

will be considered for funding.

Eligible Initiatives

Projects of all different sizes and breadth will be considered by the CRA for funding. However, the CRA has indicated that preference may be given to projects that are national in scope. The types of projects that may qualify for funding include:

- pilot projects;
- conferences, workshops, and training sessions;
- research or technical studies;
- projects aimed at the development and dissemination of information;
- web-based training and educational products;
- information services; and
- “train-the-trainer” projects.

To qualify for funding, a project must be linked to at least one of the primary objectives of the Charitable Funding Program and one of the Funding Priorities. Furthermore, funding will only be given to innovative projects that are not currently part of an organization’s activities.

Funding received by a qualified applicant may only be used for expenses directly related to an approved project. Examples of eligible expenses include:

- wages and employment-related costs for staff;
- fees for materials and professional services;
- project development costs;
- performance monitoring and evaluation costs;
- reporting costs;
- communication/promotion costs; and
- administrative costs of no more than 15% of the total project costs.

Application Details

In order to be eligible to obtain funding under the Charitable Funding Program, applicants are required to submit a specialized application for funding, along with other specified documentation. In completing an application, applicants are generally required to:

- a. demonstrate that the proposed project is innovative and meets one or more of the Funding Priorities;
- b. describe the project’s activities, objectives and reach;
- c. identify the process through which products or results will be disseminated;
- d. provide a detailed budget of estimated revenues and expenditures;
- e. provide a work plan outlining the schedule and sequence of the project’s activities; and
- f. explain the strategy for ensuring the financial viability and sustainability of the project in the post-funding period.

Applicants are also encouraged to submit logic models, which provide an illustration of the links between the activities, outputs and outcomes of the project.

Review and Approval Process

The CRA will initially conduct a screening process to determine which applications potentially qualify for funding under the Charitable Funding Program. Applications that satisfy the initial screening criteria will then be considered by an Application Review Committee, which includes representatives of the CRA and the charitable sector. All applications considered suitable for funding will then be forwarded to the CRA for approval.

Timeline and Application Deadline

The CRA will accept new funding applications through March 27, 2009. The application review and approval process is expected to last approximately six months from the close of the application period.

A Cautionary Note

The foregoing provides only an overview. Readers are cautioned against making any decisions based on this material alone. Rather, a qualified lawyer should be consulted.

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