



CANADIAN
UNITARIAN
COUNCIL

CONSEIL
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DU CANADA

REVIEWING AND UPDATING CHARITABLE PURPOSES

This document aims to support your congregation when your charitable purposes need to be updated or changed, or when you are submitting a new application for registration as a Canadian charity. Please note this is provided for information only and should not in any way be construed as legal advice, or as replacement for Canada Revenue Agency guidance.

1. Background: Registration as a charity

An organization is designated as Canadian charity under the Income Tax Act by Canada Revenue Agency when it is:

- constituted for purposes (sometimes referred to as "objects") that are exclusively charitable and define the scope of activities that can be engaged in by the organization; and
- subject to limited exceptions, devotes its resources to charitable activities that further those purposes

If the organization's purposes are not exclusively charitable, it is not eligible for registration as charity.

2. Requirements for registration as a charity:

Must be exclusively charitable in law, under one or more of the following categories:

- A. relief of poverty
- B. advancement of education
- C. advancement of religion
- D. other purposes beneficial to the community, as determined by the courts, but not falling under any of the above

a) Advancing religion in the charitable sense means:

- i. manifesting, promoting, sustaining, or increasing belief in a religion's three key attributes, which are:
 - i. faith in a higher unseen power such as a God, Supreme Being, or Entity;
 - ii. Worship or reverence;
 - iii. a particular and comprehensive system of doctrines and observances

3. What are charitable purposes?

- a. Clear statement about the reason for the group's existence
- b. Contained in organization's governing documents - letters patent, articles of incorporation, trust, or constitution
- c. Usually requires one or more paragraphs called object clauses or purpose statements



4. What needs to be included in a statement of charitable purposes?

- a. Identify 3 elements either expressly or implicitly:
 - i. The charitable purpose category – eg. to advance religion
 - ii. The means of providing the charitable benefit – by conducting religious services and programs that advance the principles of Unitarian Universalism; and
 - iii. the eligible beneficiary group – to ensure the charitable benefit is provided to the public or a sufficient section of the public, eg ‘the community’ or ‘for the poor’

5. Drafting charitable purposes:

- a. Is an exercise in precision
- b. Should not be too broad and vague
- c. Allows for both charitable and non-charitable activities and/or the delivery of unacceptable benefits to private individuals
- d. Should not be too narrow
- e. Not to be restrictive in carrying out its mandate

Drafting charitable purposes examples: too broad and vague

Too broad and vague	Acceptable
Relieving poverty through charitable means	Relieving poverty by operating a food bank for the poor
Providing scholarships	Advancing education by providing scholarships based on academic achievement to university students
Advancing religion in third world countries	Advancing Unitarian Universalism to adherents of the faith nationally and globally by establishing and maintaining a school of religious instruction for children, youths, and adults
Building strong communities through social enterprise	Improving socio-economic conditions in Ontario by operating social businesses for people with disabilities
Empowering youth to achieve their maximum potential	Addressing youth unemployment by providing employment-related skills programs, conferences, and workshops to unemployed youth



Drafting charitable purposes examples: Too narrow

Too narrow	Better
Relieving poverty by operating a food bank for the poor	Relieving poverty by advancing educational, employment and nutritional programs for the poor, unemployed and under-employed
Advancing education by providing scholarships based on academic achievement to university students	Increasing access to education by providing scholarships based on academic achievement and low family income levels to high school, university and adult students
Advancing Unitarian Universalism to adherents of the faith nationally and globally by establishing and maintaining a school of religious instruction for children, youths, and adults	Advancing Unitarian Universalism to adherents of the faith nationally and globally by establishing and maintaining a school of religious instruction and providing religious resources for children, youths, and adults
Improving socio-economic conditions in Ontario by operating social businesses for people with disabilities	Building strong communities through social enterprise and equitable access to education for youth, adults and people with disabilities
Addressing youth unemployment by providing employment-related skills programs, conferences, and workshops to unemployed youth	Addressing youth poverty and unemployment by providing equitable access to education, and employment-related skills programs, conferences, and workshops to unemployed and poor youth

6. Additional considerations when drafting charitable purposes:

- a. Activities that further unstated purposes
- b. If an organization’s activities further an unstated charitable purpose, the organization may amend its governing document so that its activities support a stated charitable purpose, eg:
 - i. Relieve poverty by operating hospital for the poor
 - ii. Unstated purpose: provision of health care to the public
- c. Provincial and Territorial Requirements
- d. Check your provincial requirements regulating charities
- e. If accepted by province, not necessarily accepted by CRA under Income Tax Act

7. An example: the CUC’s statement of charitable purposes:

The Statement of Purpose of the Corporation is to promote Unitarian Universalism, Unitarianism and Universalism, in Canada and internationally, by:



- Affirming and promoting the principles, practices, and traditions of the Unitarian Universalist, Unitarian and Universalist faiths;
- Supporting the development and growth of Unitarian Universalist, Unitarian and Universalist religious communities;
- Nurturing, supporting and enhancing religious communities and other groups to work together on mutual concerns for the benefit of the community; and
- Providing basic necessities of life, including food, clean water, clothing, medical and dental care and supplies, shelter, and education, tuition and school supplies to those in need.

8. When should charitable purposes be updated?

- a. More than 10 years old
- b. Stated purposes have changed or evolved
- c. Congregation is pursuing additional or new activities

9. Planning for update of charitable purposes:

- a. Consult [Canada Revenue Agency website](#) for guidance
- b. Who's going to do this?
- c. How are they going to do it?
- d. What's the timeframe?
- e. Board motion is needed
- f. Review your current purposes
- g. Are the purposes exclusively charitable?
- h. Do they meet the charity test?
- i. Do they meet the religious charity test?
- j. What changes/additions need to be made?
- k. Not too broad
- l. Not too vague
- m. Not too narrow
- n. Draft, draft, draft!
- o. Test with a focus group, then refine & rewrite
- p. Keep board informed
- q. Board approval needed
- r. Congregational approval at Annual or Special meeting
- s. Send to CRA and provincial authority for approval and registration
- t. Store/file securely with other governing documents

10. Sources used:

- Canada Revenue Agency: i) [Charitable purposes](#); ii) [Model purposes](#) iii) [How to Draft Purposes for Charitable Registration](#)
- [Canadian Council of Christian Charities](#) – Charities Handbook
- Imagine Canada – [Charity Tax Tools](#)
- [Carter's Charity Law](#) and [Blumberg Segal LLP](#)