

REVIEWING AND UPDATING CHARITABLE PURPOSES

Canadian Unitarian Council

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Disclaimer

The information in this presentation does not constitute formal or legal advice, and is provided as information only.

Always refer to the Canada Revenue Agency website for guidance and policies, and consult a charity law firm if necessary.

Registration as a Charity

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

1. relief of poverty
2. advancement of education
3. advancement of religion
4. certain other purposes that benefit the community in a way the courts have said is charitable

Public benefits test

- To be registered as a charity, your congregation's purposes and activities must also meet a public benefit test.
- To qualify under this test, your congregation must show that:
 - its purposes and activities provide a measurable benefit to the public
 - the people who are eligible for benefits are either the public as a whole, or a significant section of it (the beneficiaries cannot be a restricted group or one where members share a private connection - this includes social clubs and professional associations)
- If your organization wants to limit its beneficiaries unreasonably, or offer an unreasonable benefit to a group or individual, it will not qualify for registration.

Registration as a Religious Charity

Advancing religion in the charitable sense means:

- There must be an element of theistic worship, which means the worship of a deity or deities in the spiritual sense. To advance religion in the charitable sense means to preach and advance the spiritual teachings of a religious faith, and to maintain the doctrines and spiritual observances on which those teachings are based, such as:
 - establishing and maintaining buildings for religious worship and other religious use
 - organizing and providing religious instruction
 - carrying out pastoral and missionary work

What are Charitable Purposes?

- Clear statement about the reason for the group's existence
- Contained in organization's governing documents - letters patent, articles of incorporation, trust, or constitution
- Usually requires one or more paragraphs called object clauses or purpose statements
- Must be exclusively charitable, ie of benefit to the community

What needs to be included?

Identify 3 elements either expressly or implicitly:

- the charitable purpose category – to advance religion
- the means of providing the charitable benefit – by conducting religious services and programs that advance the principles of Unitarian Universalism; and
- 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’

Describing your activities

- CRA requires a detailed description of programs as they relate to each of the charity's purposes
- Cannot simply express goals
- Must give detailed and real plans for current and proposed activities, and show that they further charitable purposes
- Must provide enough information and show that it devotes all of its resources to activities that further charitable purposes
- Required for updating charitable purposes as well as new charity applications or application after revocation of charitable status

Describing charitable activities

- What you want to achieve
- How you're doing it – detailed plans
- Who the beneficiaries are and how they are selected
- Any fees charged
- Frequency and length of the activity
- Involvement of employees and volunteers
- How you maintain direction and control over activities and resources
- Other logistics (transportation, facilities, etc.)

Describing your activities

AND

- activity start date
- details of intermediaries and other partnerships
- location(s) of activity
- anticipated expenditures for this activity
- purpose the activity supports

Drafting Charitable Purposes

- An exercise in precision (and frustration!)
- Should not be too broad and vague
 - Eg: allows for both charitable and non-charitable activities and/or the delivery of unacceptable benefits to private individuals
- Should not be too narrow
 - Not to be restrictive in carrying out its mandate

Examples of religious charitable purposes

- To advance religion by teaching the religious tenets, doctrines, and observances associated with Unitarian Universalism, and Unitarianism and Universalism.
- To advance religion by preaching the teachings, and religious tenets, doctrines and observances, associated with Unitarian Universalism, and Unitarianism and Universalism.
- To advance religion by establishing and maintaining a house of worship with services conducted (or held) in accordance with the tenets and doctrines of Unitarian Universalism, and Unitarianism and Universalism.
- To advance religion by establishing and maintaining a religious school of instruction on the subject of Unitarian Universalism, and Unitarianism and Universalism for [specify children, youths, and/or adults].
- To advance religion by establishing a facility to be used for religious programs, workshops, music, and Unitarian Universalism, and Unitarianism and Universalism studies.

Example of activity description

Purpose: To advance religion by establishing and maintaining a house of worship with services conducted in accordance with the tenets and doctrines of Unitarian Universalism, and Unitarianism and Universalism.

- The Newfoundland Unitarians (NU) are focused on providing worship services that further the principles and teachings of Unitarian Universalism.
- The NU will hold worship services every Sunday morning between September to June that will include sermons, music and content that reflect the beliefs of Unitarian Universalists.
- The worship services will be held at the charity's address and are open to everyone in the community at no charge.
- In addition, the NU will hold religious exploration programs, open to the public, that emphasize equity and justice in our community. These programs will be held on Sunday afternoons between September to June, and are free of charge.

Drafting: too broad & 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: 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

Drafting: too narrow

Too narrow	Better
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

Carrying On Activities Through an Intermediary

- A charity can also carry on its activities through an intermediary. An intermediary is an individual or organization that is a non-qualified donee, that is separate from the charity. The charity works through it to carry on the charity's own activities.
- When a charity works through an intermediary the charity must direct and control* the activities conducted on its behalf and the use of its resources. For example, a charity might do one of the following:
 - hire a company or private contractor
 - enter into an agreement with a non-profit organization to have the organization deliver specific charitable programs for the charity
 - pool its resources with another organization to complete a project

*Direction and control not necessary if intermediary is a charity

Additional Considerations

- Activities that further unstated purposes
 - 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
- Relieve poverty by operating hospital for the poor
 - Unstated purpose: provision of health care to the public

Additional Considerations

- Provincial and Territorial Requirements
- Check your provincial requirements regulating charities
- If accepted by province, not necessarily accepted by CRA under Income Tax Act
- Ensure these are sent to and accepted by CRA and Corporations Canada

Canadian Unitarian Council's 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.

When should Purposes be updated?

- More than 10 years old
- Stated purposes have changed or evolved
- New activities not covered under purposes

Updating Purposes

- Who's going to do this?
- How are they going to do it?
- What's the timeframe?
- Board motion needed
- Review your purposes
- Are the purposes exclusively charitable?
- Do they meet the public benefits test?
- Do they meet the religious charity test?
- What provincial requirements are there?

Updating Purposes

- What changes/additions need to be made?
- Not too broad
- Not too vague
- Not too narrow
- Draft, draft, draft!
- Keep your board informed
- Consult CRA to make sure your draft meets CRA requirements

Updating Purposes

- Refine, rewrite
- Board approval
- Congregational approval at Annual or Special meeting
- Send to CRA, Corporations Canada and provincial authority for approval and registration
- Store/file securely with other governing documents

Sources

- Canada Revenue Agency:
 - Charitable purposes & activities: <https://www.canada.ca/en/revenue-agency/services/charities-giving/charities/applying-registration/charitable-purposes-activities.html>
 - Describing your activities: <https://www.canada.ca/en/revenue-agency/services/charities-giving/charities/registering-charitable-qualified-donee-status/apply-become-registered-charity/apply/describing-your-activities.html>
 - How to Draft Purposes for Charitable Registration - <https://www.canada.ca/en/revenue-agency/services/charities-giving/charities/policies-guidance/guidance-019-draft-purposes-charitable-registration.html>
 - Carrying on Activities Through an Intermediary: <https://www.canada.ca/en/revenue-agency/services/charities-giving/charities/policies-guidance/using-intermediary-carry-a-charitys-activities-within-canada.html#toc7>
- Imagine Canada – [Charity Tax Tools](#)
- Carter’s Charity Law - <http://www.charitylaw.ca/>
- Blumberg Segal LLP - <http://www.blumbergs.ca/non-profits-and-charities>



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