

# Community Foundation of Nova Scotia

## Non-Qualified Grantee Disbursement Policy

*Original effective date: May 2023*

*Date of last review and Board approval: May 2023*

The Community Foundation of Nova Scotia (CFNS) is a public foundation established to improve the quality of life in Nova Scotia by distributing income generated from investing assets vested with the Foundation in the form of endowment funds, to eligible charities and non-profits, as directed by fundholders and our Board/granting committee. Legislation introduced with the passing of Bill C-19, *An Act to implement certain provisions of the budget tabled in Parliament on April 7, 2022 and other measures*, and resulting changes to the *Income Tax Act*, allows for funding to organizations without charitable status – those not registered with the Canada Revenue Agency (CRA). This change expands the scope of permissible qualifying disbursements for registered foundations like the Community Foundation of Nova Scotia.

### 1.0 Overview:

With the passing of Bill C-19, the Foundation is now permitted to disburse funds to a non-qualified donee as a grantee organization in furthering the Foundation’s charitable purposes, which are:

- The relief of poverty
- The advancement of education
- The advancement of social welfare and health
- The preservation and protection of the environment
- The advancement of the arts
- The remediation of delinquency and substance abuse
- The advancement of programs for the aged and disabled

### 2.0 Policy Objectives:

The *Non-Qualified Grantee Disbursement Policy* will be reviewed annually. The objectives of this policy:

- 2.1 To ensure the Foundation meets the qualifying disbursement regime set by Bill C-19 and is compliant with CRA requirements.

A charity can have its charitable status revoked should it accept a gift that is expressly or implicitly conditional on the charity making a gift to a non-qualified grantee.

- 2.2 To ensure any and all qualifying disbursements to a non-qualified grantee organization further one of the Foundation's charitable purposes.
- 2.3 To ensure the non-qualified grantee organization applies the disbursement to charitable activities that further a charitable purpose of the Foundation.
- 2.4 To ensure the Foundation maintains documentation sufficient to demonstrate the disbursement is applied by the non-qualified grantee organization for the purpose it was made, and exclusively in furtherance of the Foundation's charitable purposes.

### **3.0 Foundation Disbursement Requirements:**

As part of due diligence and accountability in meeting the above stated objectives, the Foundation shall:

- 3.1 Maintain documentation including, but not limited to, pre-grant screening, risk assessment and mitigation, grant activity and intended outcomes, budgets, and a written agreement detailing terms, including payment, use of funds, books and records, reporting requirements, monitoring and evaluation, acknowledgement, confidentiality, etc.

### **4.0 Non-Qualified Grantee Requirements:**

To meet the above stated objectives, the non-qualified grantee organization must meet all the following requirements:

- 4.1 Preference is for the organization to have been operational for a period of three years, but exceptions can be made in unique or emergency situations upon discussion and approval by the CFNS Board Chair and CEO.
- 4.2 Be registered in good standing as a non-profit with a provincial or federal agency. E.g., Registry of Joint Stock Companies, Canada Council for the Arts, etc.
- 4.3 Must demonstrate proper financial governance and some form of external financial reporting. E.g., Review Engagement or Notice to Reader.

4.4 Be in good standing in the community, substantiated by a Letter of Support.

5.0 **Non-Qualified Grantee Reporting Requirements:**

5.1 To meet CRA requirements for control and supervision and as part of monitoring, six months after initial funding has been issued, the Non-Qualified Grantee is to be open and available for a check-in call with - or visit from - Foundation representatives. This check-in is to include a review of budgets/funds tracking.

5.2 Within six months of program/funding completion, the Non-Qualified Grantee is to provide a written report aligned with the original grant application or pre-screening activity describing use of funds and program outcomes including a simple budget overview.