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COMMUNITY FOUNDATION CONFERENCE  
APRIL 24 • 26, 2026



# Granting to Non-Qualified Donees (NQDs)

## Stream

Saturday 25 April, 2 - 3:45 PM, Stevenson D



# Your Facilitators



**Chris Saunders**

Chair

Pinawa Foundation



**Sarah Trudeau**

Director, Network Initiatives  
Community Foundations of Canada



**Geneviève Vallerand**

Vice President  
Community Foundations of Canada



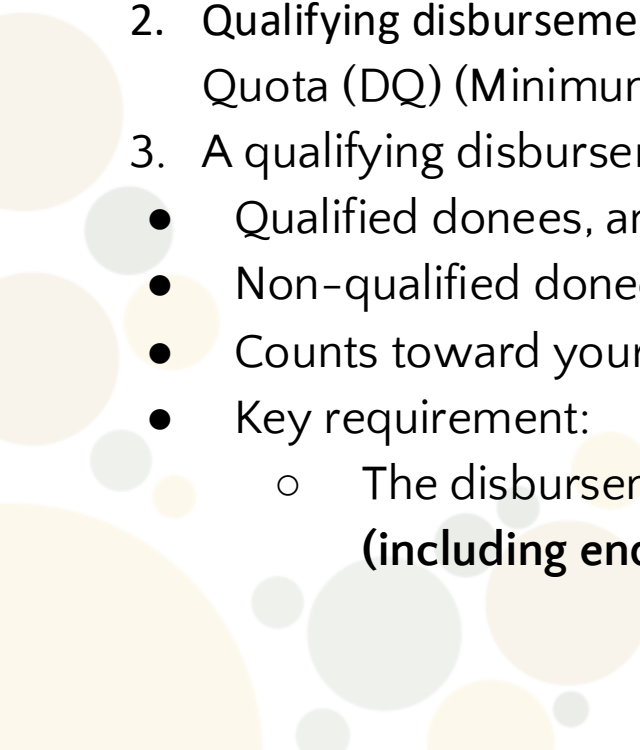
# Funding NQDs: Pulse Check

1. How many of you are currently thinking about directly funding non-qualified donees (NQDs)?
2. How many of you are in the process of updating your charitable purposes to enable funding to NQDs?
3. How many of you are already directly funding NQDs?
4. How many of you currently work with an intermediary (municipality or other) to fund NQDs?





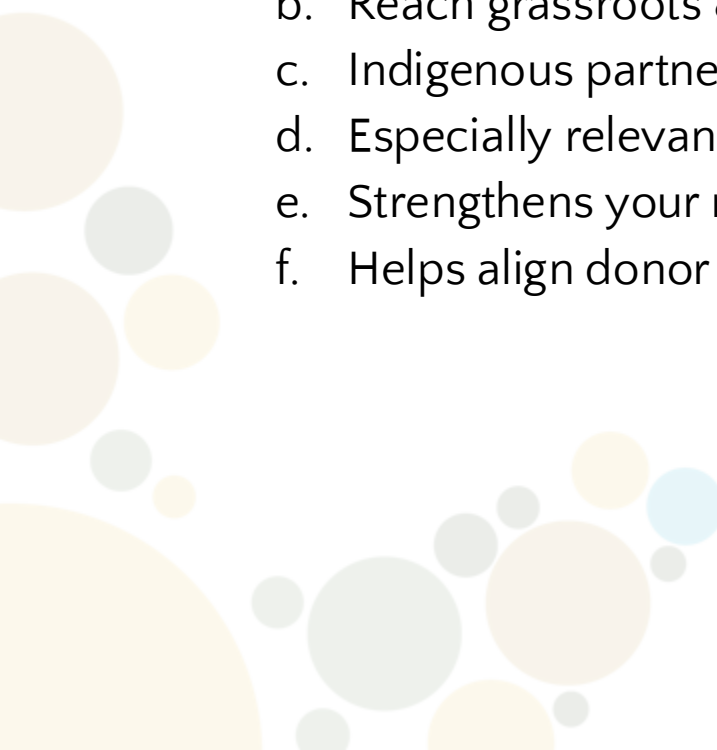
# Granting to NQDs: Why this matters and why now (1)

1. The ability for charities to grant directly to non-qualified donees (qualifying disbursements) was introduced through legislative changes in June 2022 to the Income Tax Act and clarified through CRA guidance released in December 2023.
  2. Qualifying disbursements are the core mechanism through which charities meet their Disbursement Quota (DQ) (Minimum annual spending: 3.5%–5% of investment assets)
  3. A qualifying disbursement is a transfer of resources to:
    - Qualified donees, and/or
    - Non-qualified donees (grantee organizations)
    - Counts toward your DQ requirement
    - Key requirement:
      - The disbursement must be made in furtherance of your foundation's **own charitable purposes (including endowed, flow through, contracting intermediaries)**
- 



## Granting to NQDs: Why this matters and why now (2)

4. Foundations also want to fund NQDs, as it:

- a. Enable more equitable grantmaking
  - b. Reach grassroots & underrepresented communities
  - c. Indigenous partnerships
  - d. Especially relevant in rural communities
  - e. Strengthens your role as a community convenor and catalyst
  - f. Helps align donor intent with community realities
- 



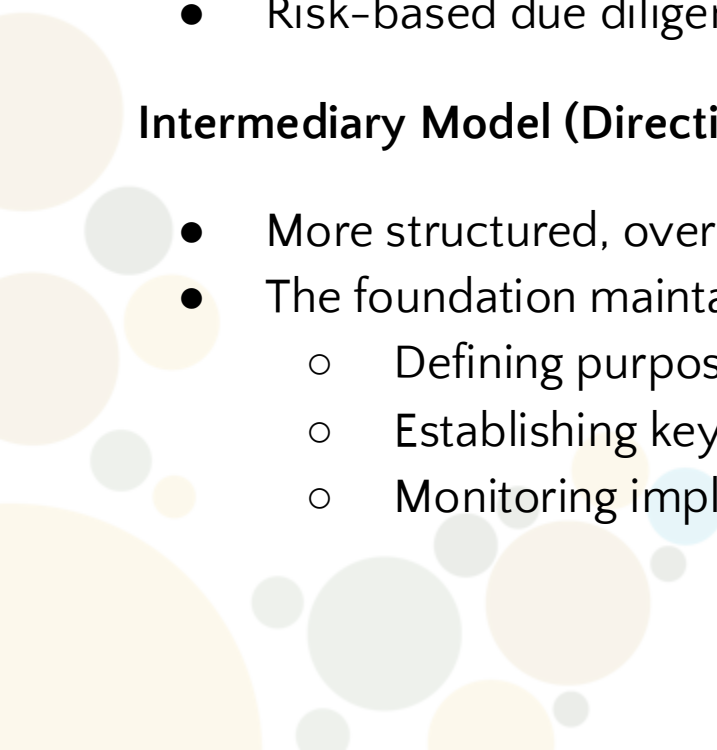
# 2 Ways of Supporting NQDs : New vs. “Old Regime”

## Flexible, grant-based model

- Furthering your charitable purposes
- Accountability for use of funds
- Risk-based due diligence and oversight

## Intermediary Model (Direction & Control)

- More structured, oversight-based approach
- The foundation maintains ongoing direction and control, including:
  - Defining purpose and intended outcomes
  - Establishing key parameters (activities, timelines, use of funds)
  - Monitoring implementation





# What we're hearing from the CF network

1. Strong interest and movement towards funding NQDs (many still reliant also on intermediary model)
2. CFs actively reviewing + exploring **updating charitable purposes to fund NQDs directly**
3. Ongoing need for:
  - a. Clarity
  - b. practical tools
  - c. confidence in compliance

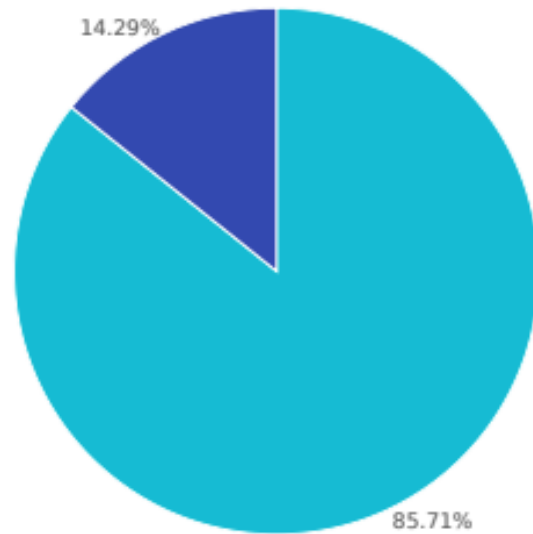




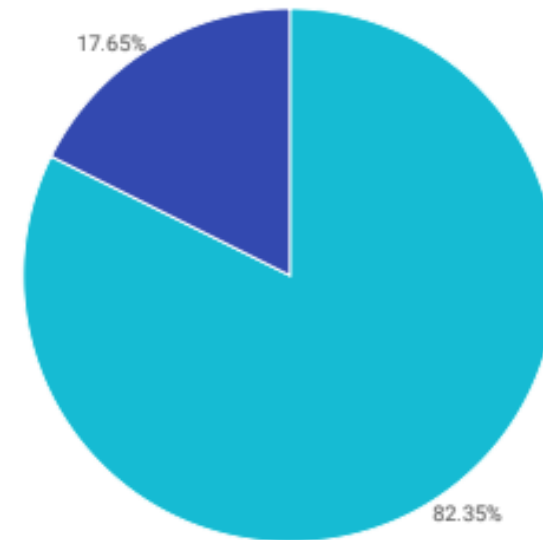
# National & Provincial Snapshot Indirect funding to NQDs via an Intermediary

Does your community foundation **indirectly** fund non-qualified donees that are in an intermediary relationship with a qualified donee?

National



Manitoba



● Yes

● No

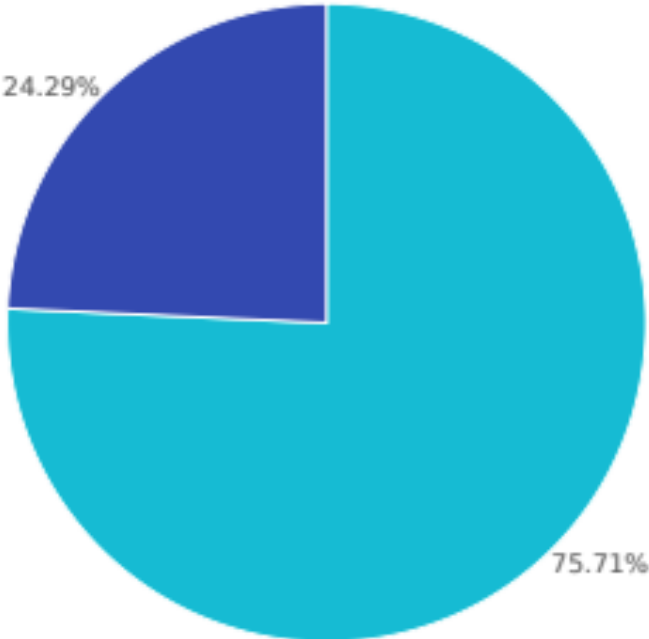


# National & Provincial Snapshot

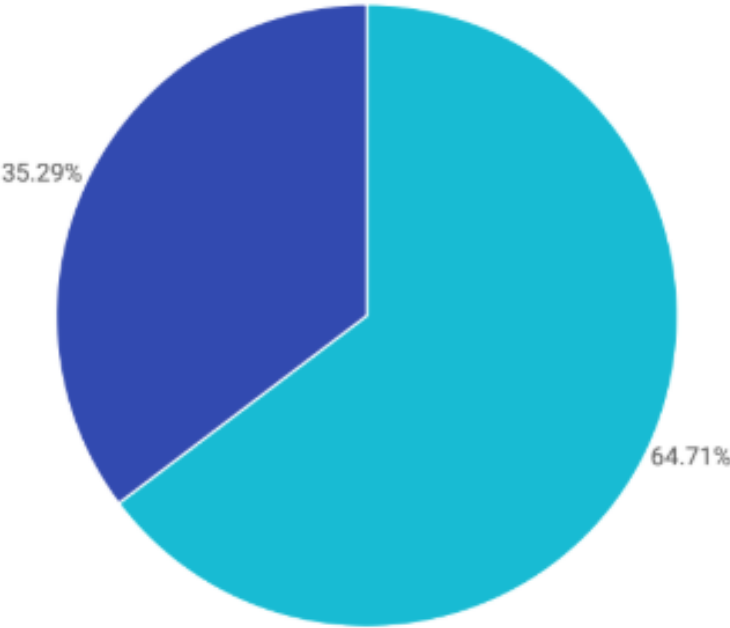
## Growing Interest in Direct Funding to NQDs

Is your community foundation considering or interested in **directly** granting to non-qualified donees?

National



Manitoba



● Yes      ● No

# National & Provincial Snapshot

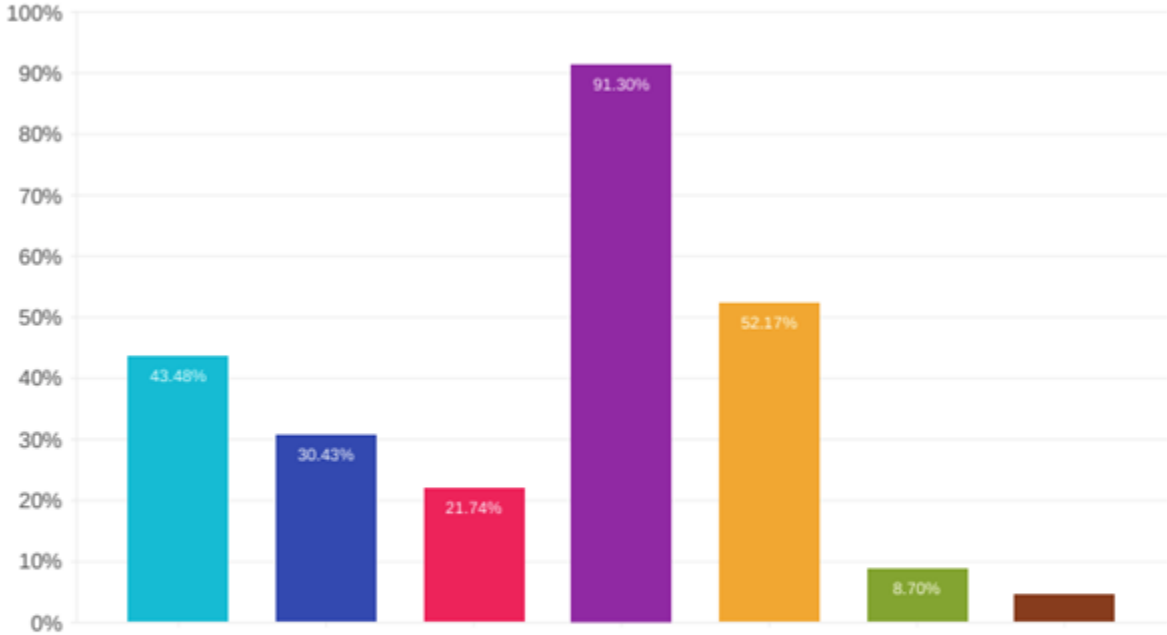
## Growing Interest in Direct Funding to NQDs



### Manitoba

What types of non-qualified donees has your community foundation funded, directly or indirectly?  
(Check all that apply)

Answered: 23 Skipped: 34



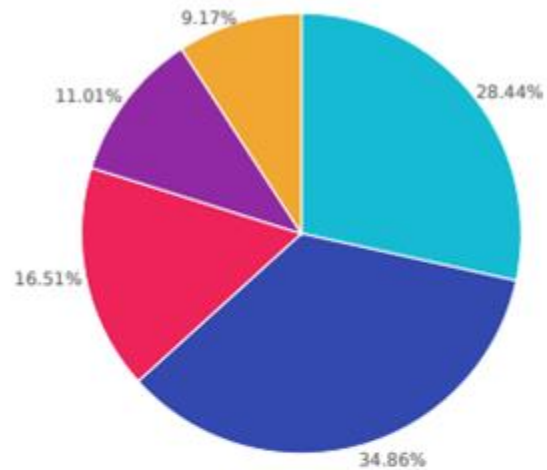
- Provincially or federally registered non-profit organizations
- Social enterprises
- Indigenous governing bodies not listed as qualified donees
- Unincorporated non-profits
- Grassroots groups or collectives
- Individuals
- Other (Please specify)



# National & Provincial Snapshot CFs Updating Charitable Purposes

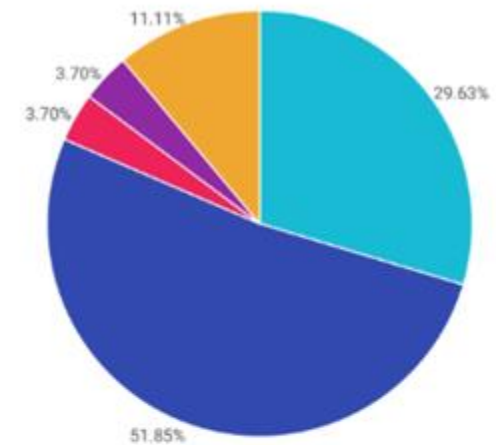
In the past 12 months, to what extent has your community foundation considered changing or changed its charitable purposes to grant directly to non-qualified donees?

### National



- Not at all
- Exploring and/or considering changing charitable purposes
- Taken some action towards changing charitable purposes (e.g. contacted the CRA)
- Changed our charitable purposes in the last 12 months
- Not applicable or don't know

### Manitoba



- Not at all
- Exploring and/or considering changing charitable purposes
- Taken some action towards changing charitable purposes (e.g. contacted the CRA)
- Changed our charitable purposes in the last 12 months
- Not applicable or don't know

# Direct Funding: What's Involved & Core CRA Requirements

- Must further the Foundation's charitable purpose (check your purposes and whether you may already have flexibility to support NQDs - if not, we have a template and a step by step memo for you!)
- Written agreement required
- Maintain accountability & regular reporting (assurance that funds are used solely for charitable purposes.)
- Keep proper documentation & records ("reasonable steps, not excessive control")
- Apply risk-based due diligence. Ensure funded activities comply with Canadian law and align with charitable standards
- Cannot act as a conduit. Maintain decision-making authority (no donor direction)
  - *A charity must not act as a mere conduit, or funnel, for resources to a "non-qualified donee" (e.g., a non-profit organization or foreign group) without exercising direct and ongoing control over how those resources are used. A charity cannot accept a gift from a donor who directs that it be granted to a non-qualified donee. (anti-directed giving rule). The charity must maintain authority over its resources and cannot allow a donor to dictate which specific non-qualified donee receives the funds.*

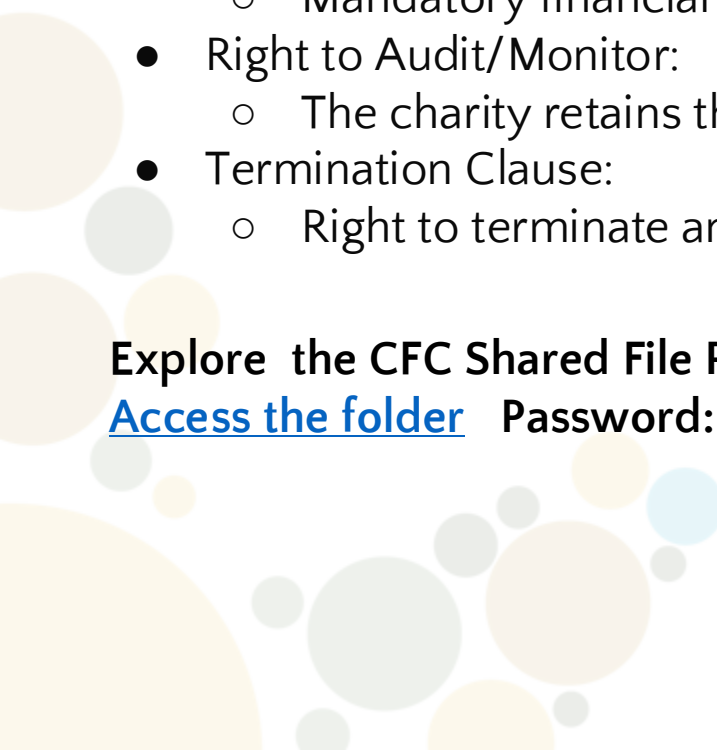


# Direct Funding: Your Grant Agreement Should Include:

- Grant Purpose:
  - Detailed description of the charitable project.
- Budget:
  - Detailed breakdown of how money will be spent.
- Reporting:
  - Mandatory financial and activity reports.
- Right to Audit/Monitor:
  - The charity retains the right to inspect records and supervise the activity.
- Termination Clause:
  - Right to terminate and recover funds if not used for intended purposes.

**Explore the CFC Shared File Platform for sample and resources:**

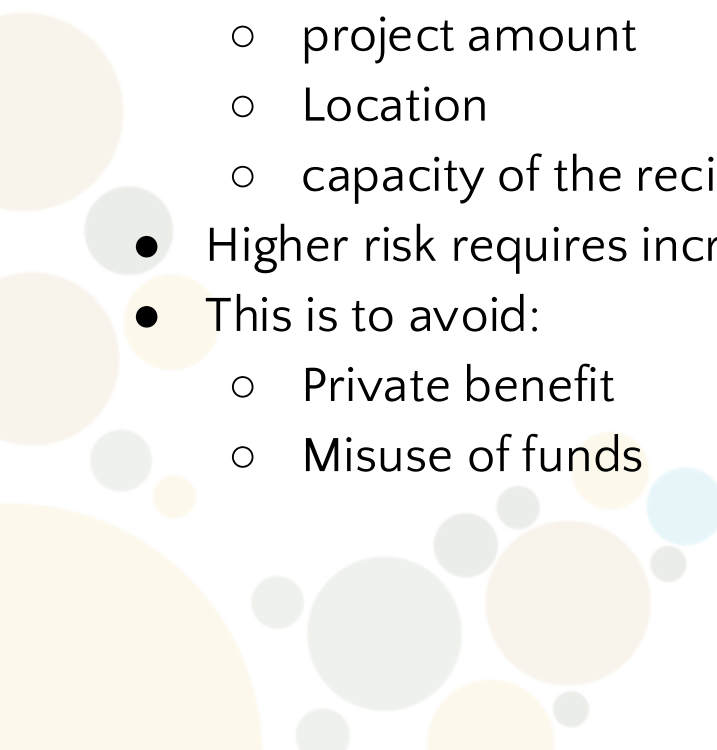
**[Access the folder](#) Password: cfcsharedfolder!1**





# Managing Risk & Staying Compliant

- CRA expects a “risk-based approach:”
  - Grantee Experience: Newly formed organizations are higher risk.
  - Grant Value determines the necessary level of diligence.
  - Low (up to \$5,000), Moderate (\$5,001–\$50,000), or High (over \$50,000)
  - *Purpose Alignment: The grant must directly align with the charity’s specific charitable purposes.*
- CRA expects interview and assessment of the NQD based on:
  - project amount
  - Location
  - capacity of the recipient
- Higher risk requires increased oversight of the project
- This is to avoid:
  - Private benefit
  - Misuse of funds





# Why Non-Qualified Donees Matter to Me

Chris Saunders



# Pinawa Foundation

- Completed process of updating our charitable purpose and statement of activities with CRA and the Manitoba Government's Company Office in January 2025.
- Before we started the process, we asked our board if we wanted the opportunity to grant to non-qualified donees.
  - had a process in place to grant through the local municipality.
  - not sure if this process will be available long-term (changes at council; government rule changes).
  - wanted to make sure as a small foundation that we had as much flexibility as possible to get funds to groups in need in our community.
- We have a briefing note available that describes the steps we followed.

# Step 1

- Board approved a plan to work with CRA to update our charitable purpose – Began with a call to CRA in the summer of 2023 (everyone learning as we went).
- Contact CRA's Charities Directorate – Client Service Section to have a program analyst assigned to your file (1-800-267-2384).

# Step 2

- Board approved a plan to work with CRA to update our charitable purpose – Began with a call to CRA in the summer of 2023 (everyone learning as we went).
- Contact CRA's Charities Directorate – Client Service Section to have a program analyst assigned to your file (1-800-267-2384).

# Step 3

- Rewrite our **Charitable Purpose**
- How - Looked at who we gave grants to over the past 15 years and listed them.
- Our charitable purpose expanded from 2 sentences to 2 pages.
- Our new charitable purpose is in the briefing note.

# Example

To provide public amenities within the Local Government District of Pinawa by establishing and maintaining:

- Children's playgrounds
- Recreational facilities such as the community centre, swimming pool, golf course and tennis/pickle ball courts.
- Walking, biking skiing and snowmobiling trails.
- Community parks and gardens.
- A library
- A heritage museum.

# Step 4

- Write our **Statement of Activities**
- We had to establish written procedures for our Foundation on how we:
  - Receive gift requests (to qualified donees) and grant requests (to grantee or non-qualified donees) – **in writing.**
  - What information has to be in the application – **description, budget, schedule.**
  - When a written agreement required – **qualified donee - > \$5,000; non-qualified donee – always**
  - What information is in the agreement – charitable purpose of project, roles and responsibilities, outcomes, budget, location of project, partners/contractors, public benefit, schedule, right to collect supporting documents for project; reporting requirements for project; right to terminate project and recoup funds.

# Step 4

- Additional **due diligence** steps to grant to Non-Qualified Donee (also called Grantee)
  - Establish how grant furthers the Pinawa Foundation's charitable purpose.
  - Access risk – make sure the CRA rules are not broken by the grant.
  - There is a detailed section on risk assessment in the briefing note.

# Final Steps

- Get your Board of Directors to approve your new charitable purpose and statement of activities.
- Submit them to CRA for approval.
- Submit in duplicate a completed Companies Office Filing Request – Articles of Amendment Form (plus \$60; a completed form is in the briefing note).
- Companies Office will send you a “Certificate of Amendment”.
- Upload Certificate and Articles of Amendment to your CRA account; notify your CRA contact to complete the update steps.



# CFC's Role: Advocacy and Practical Support

## Ongoing engagement with CRA and Finance Canada

- Finance Canada sets policy, CRA interprets and implements
- CFC maintains an active dialogue with both and engages for the network (eg. June 1, 2026 Virtual Roundtable with CFs)

## Creating pathways and tools for updating charitable purposes

- In 2025, developed a “CF purposes template” with CRA and Miller Thomson LLP input to support any CF interested in updating their purposes to fund to NQDs. We also negotiated an accelerated “approvals” process within the CRA. It was used successfully by ~20 community foundations in the past year
- **IMPORTANT UPDATE:** effective Jan 2026, the **CRA Charities Directorate will no longer provide pre-approval or automatic reviews of proposed changes to a charity's charitable purposes or activities.** **What this means:** You get updates certified (provincially or federally), submit to CRA. Faster timelines, less upfront uncertainty, still requires alignment and documentation

## Guidance, and peer learning

- Conversations like today! Inventory of grant agreement templates, questions and more.
- Supporting consistent interpretation and practical application across the network

# Additional Resources



- CRA Guidance: [Registered charities making grants to non-qualified donees](#)
- CFC Learning Institute
  - Supporting Non-Qualified Donees
  - Can a community foundation undertake charitable activities beyond grantmaking? [Resource](#)
  - Anti-directed giving rule and fund agreements - [fact sheet](#)
- [A Toolkit for Working with Non Qualified Donees](#) (McConnell Foundation, Fondation Lucie et André Chagnon, Inspirit, Laidlaw Foundation, May 2024)
- Join us June 1, [Virtual Roundtable with the CRA Charities Directorate and Finance Canada](#)
- CRA Charities Directorate Quarterly Newsletter: Sign up : <https://www.canada.ca/en/revenue-agency/news/e-services/canada-revenue-electronic-mailing-lists/electronic-mailing-list-charities-giving-whats-new.html>





# Upcoming Opportunities

## Upcoming Roundtable with Finance Canada

 June 1, 2026

### Focus:

- Funding NQDs
- Disbursement quota (DQ)
- Implementation questions and opportunities

### Why join:

- Share your experience
- Help shape future policy and practice
- Ensure MB CF perspectives are reflected



# Overall Reflections : Direct Funding to NQDs

- This is a meaningful but manageable process
- Requires time from:
  - Board and leadership
  - Staff or volunteers
- Involves:
  - Reviewing and potentially expanding or revising charitable purposes
  - Developing or documenting granting processes
  - Putting in place agreements and reporting practices
- Often includes:
  - Engagement with Corporations Certifications ; CRA
  - Iteration and refinement

What we're seeing across the network:

- Foundations are approaching this at different paces
- Many find the process valuable for clarifying their role and approach



# Questions?



# Shared reflections

What's one key takeaway or "AHA" that you want to remember?

What are you curious about now?

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## Individual Reflection

What tools & ideas can you take back to your community foundation board?

# Contact

Email Chris at [pinawafoundation@gmail.com](mailto:pinawafoundation@gmail.com)

Sarah: [strudeau@communityfoundations.ca](mailto:strudeau@communityfoundations.ca)

Gen: [gvallerand@communityfoundations.ca](mailto:gvallerand@communityfoundations.ca)



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