

What Qualifies to Start a Non Profit?

The Charities Directorate of the Canada Customs and Revenue Agency administers the *Income Tax Act* as it applies to registered charities. CCRA only grants charitable status to organizations where the (a) the applicant's purposes and activities fall within the legal concept of charity as recognized by the courts; and (b) the organization meets the other requirements of the *Income Tax Act*.

Please note that there are organizations in the community with worthwhile purposes that are not considered "charitable" by the courts. For example, organizations like non-profit social clubs and advocacy groups fall in this category. These groups do not qualify for registration.

What are charitable purposes?

The courts have identified four general categories of charitable purposes. For an organization to be registered, its purposes have to fall within one or more of the following categories:

- the relief of poverty;
- the advancement of education;
- the advancement of religion; or
- certain other purposes that benefit the community in a way the courts have said are charitable.

The application for registration you send to us should clearly show the way the organization will meet each of its charitable purposes. Thus, a purpose "to relieve poverty" is acceptable only if it is accompanied by a statement of activities indicating how the organization will accomplish this purpose. For example, the statement might say the organization will relieve poverty "by establishing a food bank, operated by volunteers, in rented premises on Maple Street. The food bank will receive gifts of food from retail stores and individual donors."

The Relief of Poverty

Organizations established for the relief of poverty include food banks, soup kitchens, as well as enterprises that supply low-cost rental housing, clothing, furniture, and appliances to the poor.

The Advancement of Education

The courts recognize a purpose or activity as advancing education in the charitable sense if it involves formal training of the mind or formal instruction, or if it prepares a person for a career, or if it improves a useful branch of human knowledge. Only providing information is not accepted by the courts as educational; training or instruction also have to be offered. The advancement of education includes:

- establishing and operating schools, colleges, universities, and other similar institutions;
- establishing academic chairs and lectureships;
- providing scholarships, bursaries, and prizes for scholastic achievement;



- undertaking research in a recognized field of knowledge (The research must be carried out for educational purposes and the results must be made available to the public.);
- advancing science and scientific institutions, including maintaining learned societies (Professional associations or other societies that primarily provide benefits to members are not considered charitable.); and
- providing and maintaining museums and public art galleries.

The courts have ruled that an activity which advances education should involve a full and fair presentation of the facts so people can draw their own conclusions. If an organization intends to influence the opinion or actions of the public toward one side of a controversial issue, it is not advancing education in the charitable sense. For this reason, an advocacy group would not qualify as a charity.

The Advancement of Religion

This category refers to promoting the spiritual teachings of a religious body, and maintaining the doctrines and spiritual observances on which those teachings are based. There has to be an element of theistic worship, which means the worship of a deity or deities in the spiritual sense. To foster a belief in proper morals or ethics alone is not enough to qualify as a charity under this category. A religious body is considered charitable when its activities serve religious purposes for the public good. The beliefs and practices cannot be what the courts consider subversive or immoral.

Other activities that advance religion include:

- organizing and providing religious instruction, and performing pastoral and missionary work;
- establishing and maintaining buildings for worship and other religious use.

Purposes Beneficial to the Community

This category includes various purposes that do not fall within the other categories, but which the courts have decided are charitable. However, not all purposes that benefit the public are charitable. For example, a property-owners' association or community association might not qualify. Organizations that normally qualify as charitable include those with the following purposes:

- providing immediate relief to victims of natural disasters or sudden catastrophes (e.g., floods, earthquakes, and tornadoes);
- relieving suffering or disability caused by old age, which includes providing facilities for the care, maintenance, and rehabilitation of the elderly;
- preventing and relieving sickness and disability, both physical and mental (e.g., services performed by hospitals, clinics, nursing and convalescent homes, the provision of home care services and the establishment of workshops or other centres for disabled people);
- providing rental housing and related facilities for people with special needs (e.g., homes for disabled people);
- preserving the environment;



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- protecting the welfare of children (e.g., societies for the prevention of child abuse);
- providing counselling services for people in distress;
- rehabilitating victims of substance abuse and preventing substance abuse;
- providing certain public amenities to benefit the community;
- establishing safety rescue operations or a volunteer fire department; and
- establishing humane societies, animal shelters, and similar institutions to prevent cruelty to animals.