



Fundraising in Canada

Defining fundraising and the latest rules and regulations



“Discover Foundations”
Unit 1A: Introduction to Fundraising
Canadian Content Video 2: Fundraising in Canada

How is fundraising defined in Canada?

According to the CRA, “an activity, direct or indirect, that includes a solicitation of present or future donations for cash or gifts in kind from the general public”



The legal definition is still quite broad...



As per the Canadian Revenue Agency’s definition, fundraising is considered an activity, direct or indirect, that includes a solicitation of present or future donations for cash or gifts in kind from the general public. To break this down even further, direct activities include things like door-to-door canvassing, while indirect fundraising activities include things like doing prospect research or planning, that is meant to be supportive of an overall fundraising efforts.

Still, the legal definition of fundraising is quite broad, and the overarching legislation that informs fundraising, the Income Tax Act, also does not provide specific provisions that directly refer to fundraising. For instance, the Act doesn't list what fundraising activities a charity can use, when they can fundraise, or how much they can raise. However, there are provisions in the act that regulate and restrict how a charity can use its resources in general.

The next Unit, Unit 1B, will explore in more depth various fundraising techniques and their relevance and feasibility in the Canadian context.

The latest rules and regulations

- Flow of funds
- Disbursement quota



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Income Tax Act (R.S.C., 1985, c. 1 (5th Supp.))
Full Document: [HTML](#) (Accessibility Buttons available) | [XML](#) [12133 KB] | [PDF](#)
Act current to 2023-02-22 and last amended on 2023-01-01. [Previous Ver](#)
Notes :

- See coming into force provision and notes, where applicable.
- Shaded provisions are not in force. [Help](#)

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Screenshot from [Canada Justice Laws](#)



In Canada, the international cooperation sector has traditionally depended heavily on funding from the federal government and some provincial governments to support work both in Canada and globally. However, funds from Global Affairs Canada have become more difficult to access in recent decades, and many small and medium organizations have needed to think creatively about finding other sources of funding to support their work.

In addition, rules, and regulations regarding flows of funding from charities to non-Canadian organizations or “non-qualified donees,” have been evolving in recent years. For instance, amendments to the Income Tax Act proposed in Budget 2022 have recommended making it easier for Canadian organizations to fund the work of international partners. The impact of these changes is still being analyzed and understood, and we will share some thoughts from an interview with Mark Blumberg in a short video in Unit 1B.

In addition, the federal government recently increased the disbursement quota for organizations’ with investment assets valued at over \$1 million CAD. The disbursement quota is the amount of funds a charitable organization needs to spend to maintain its charitable status, on direct programming, and is calculated based on a certain % of the value of the organization’s overall investment assets (real estate, investment accounts, etc). For charities with assets valued at under \$1 million, the disbursement quota

remains 3.5%, however, for those with assets valued at over \$1 million, the disbursement quota has increased to 5%.

As a result, more funds are being made available through private foundations to charities and non-profit organizations. This aligns with a growing trend among large charitable foundations in Canada to plan to disburse all their remaining funds in a prescribed period of time, vastly exceeding the disbursement quota. One recent example of this trend is the announcement by the McConnell Foundation on February 15th, 2023, that they plan to shift their entire \$655 million endowment into either direct programming or impact investing over the next five years.

In light of these trends, we want to focus this training on non-government sources of funding that small and medium organizations in the sector may be able to access. Unit 1b will delve in more detail into a variety of non-government funding sources.

**This video is part of the
Building Equity: Resource
Mobilization for Impact
training series.**

The series is available online via the Spur Change Resource Library. Made possible in collaboration with JNC Consulting and Change the Game Academy.



Thank you