



# Discover Fundraising Techniques

A Review of Fundraising Techniques and their Applicability in the Canadian Context



Unit 1B, Discover Fundraising Techniques. A Review of Fundraising Techniques and their Applicability in the Canadian Context.

## Income Tax Act

- Enforced by the Canada Revenue Agency
- Sets boundaries around fundraising activities
- Also keep in mind provincial legislation

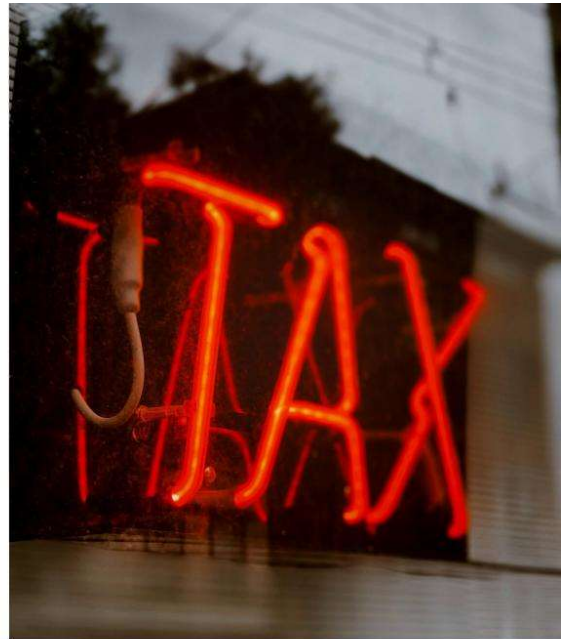


Photo by [Jon Tyson](#) on [Unsplash](#)



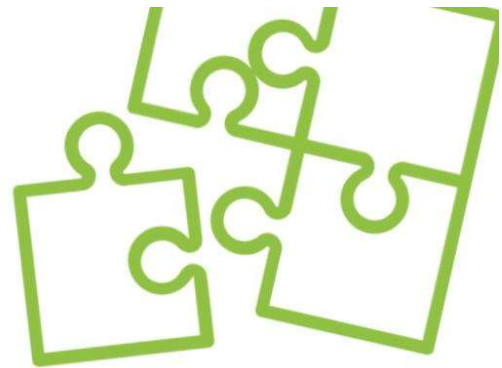
The Charities Directorate is the federal government body responsible for the regulation of charities in Canada and is part of the larger Canada Revenue Agency or the CRA. The CRA's mandate is to apply and enforce the Income Tax Act, legislation that provides for the registration of charities at federal level and outlines things like, the right to issue tax-deductible receipts for donations and exemptions from income taxes.

The Act also sets parameters around how charities can use their resources, including resources a charity allocates to fundraising. As a charity operating in Canada, it is important to know how to fundraise within the boundaries set by the Income Tax Act. It's also important to note that as per the Canadian Constitution, authority around the regulation of the day-to-day operations of registered charities falls to provincial governments, and so it's important to check relevant provincial legislation for your province in terms of its specific fundraising considerations.

It's important to note that even if your organization is NOT a registered charity with the CRA, the income tax act is still your best source of information and guidance on fundraising rules and regulations in Canada.

## General Guidelines

- Fundraising can't be a charity's primary activities
- **90% rule and the 4-part test**
  - *The 4-part test:*
    - Purpose of the activity
    - Nature of the activity
    - Audience for the activity
    - Remuneration associated with the activity
- 20% of total receipted income can be spent on non-charitable expenditures
- Fundraising can't be illegal; result in disproportionate private gain; result in harm



When considering different fundraising techniques, including those presented in the Change the Game Academy section, it is helpful to consider these general guidelines:

As an organization with charitable status under the CRA, fundraising can't be your primary activity. Fundraising and associated costs are not considered charitable expenditures, and therefore costs an organization incurs for fundraising activities needs to be reported as fundraising expenditures. Also known as the 90% rule, if 90% of resources are allocated to an activity that advances an objective other than fundraising, this would not be deemed a fundraising expenditure.

However, if the 90% rule is not met, the 4-part-test can guide organizations in determining how it can allocate costs between fundraising and other objectives of an activity.

The 4-part test states that if any of the following elements have a trait of fundraising, the charity may be required to report all costs associated with a given activity as fundraising costs; these four elements include the:

- Purpose of the activity
- Nature of the activity

- Audience for the activity
- Remuneration associated with the activity.

As an organization with charitable status, you can spend up to 20% of your total receipted income on non-charitable expenditures (that is activities that are not directly related to carrying out your charitable purpose), keeping in mind fundraising is only one of possible expenditures.

Finally, your fundraising activities cannot:

- Be illegal or contrary to public policy.
- Result in disproportionate private gain to individuals or corporations
- Be the main, prevailing purpose of your charity's operations, so an end in itself, rather than a means to support your organization's charitable work.
- Result in harm that outweighs public benefit of the charity's work.

**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