



NFP vs Char vs NPP

Disclaimer (The fine print): This informal summary is provided for the information of CDA Associations. It is intended as a general guide only and represents information collected collaboratively across CDA Associations. While we hope this guide will prove useful, we emphasize that it should not be regarded as complete or exhaustive, and we cannot guarantee its accuracy. We encourage associations to augment the general suggestions made here with professional advice where necessary, and we would request that any errors or omissions be advised to CDA Association Outreach (sean.mcgrath@cdainstitute.ca). With your assistance and participation, we will make this summary more complete, accurate, and useful over time.

Issue	NFP	Charitable Foundation	NPP (Non-Public Property)
Definition/Description	A club, society or association that is organized and operated solely and specifically for a social welfare, civic improvement, pleasure or recreation, or some other non-profit purpose. Can be incorporated or not, described as nonprofit if not incorporated or Not-for-Profit (NFP) if incorporated.	Must be registered in Canada, with a Charitable registration number. Must be organized for a defined purpose, & must have to do with one of more of several defined benefits ¹ Does not necessarily have to be incorporated, but will often choose to be for the sake of the legitimacy and limited liability conferred by incorporation.	Similar to a trust, with CDS acting like the trustee, serving & former CAF members being the named beneficiaries, & Base/Wing/Unit/Ship COs responsible for the Base/Wing/Unit/Ship Funds at their location. NPP organizations: <ul style="list-style-type: none"> • Fall under CF Central Fund and NPF, • Can have a serving CF member as organizational head, • Can use DND facilities and resources, & • Can deposit and manage funds through CF Central Fund. NPP organizations are different from NFP in that they do not have to go through Industry Canada, cannot advocate.
Governing Legislation	Canada Corporations Act (If incorporated)	If incorporated: CRA, Income Tax Act, Sec 149	DAOD 9003-1
Documentation Required	No registration required	Charitable corporation charter Charitable organization registration number	
Formal Corporate Status, incl: Articles of incorporation, Registered list of officers and directors, Bylaws, AGM, etc.	No (if not incorporated)	If not incorporated: No (Constitution required) If incorporated: Yes (At least 50% of directors must be independent)	No (Constitution required)
Limitation in disbursements	Yes (No part of the income may be made available for the personal benefit of proprietors, members, or shareholders)	Yes (Resources may not be dispersed except to a qualified donee (ie: One who can issue official donation receipts in its own right) or the dispersing organization can demonstrate that it has retained direction and control over the use of its resources)	
Tracking & Allocation of Expenses		Yes ²	
Record Keeping/ Reporting	Must maintain records and prepare financial statements each year. Corporations with >\$10,000/yr in income from donations and total assets >\$200,000 must complete Form T1044, Non-Profit Organization Information Return annually.	Must submit annual return of T3010, Registered Charity Information Return, incl. all schedules	
Annual Audit	No (Require a record review by a qualified accountant)	Yes (Require formal audit by auditor (Can be fairly expensive))	
Ability to Give Tax Receipts	No	Yes	Yes ³
Taxation	No annual tax returns	No annual tax returns (May have to pay tax on property income or capital gain)	No annual tax returns

Ability to collaborate with a mil NPF activity (eg: A Branch Fund)	No	No	Yes
Ability to use DND facilities and resources	No	No	Yes
GST/HST rebate	Partial (Can claim partial rebate on GST/HST paid if it receives significant government funding)	Partial (Can claim a partial rebate of GST/HST paid on eligible purchases, most supplies made by charities are tax exempt, calculate net tax using the "net tax calculation for charities")	
Ability to Lobby ⁴	Yes	Very Limited ⁵	No
Ability to Advocate	Yes	Can educate, can provide non-partisan research, cannot advocate	Can educate, can provide non-partisan research, cannot advocate
Ability to Educate	Yes	Yes	Yes

Footnotes:

1. Benefits, including:

- The advancement of education, with benefits being made available to a broad segment of the community; providing of scholarships, bursaries, and prizes; promoting serious research in a recognized field of knowledge*; and providing and maintaining museums and art galleries for the general public;
 - Other purposes beneficial to the community, including the relief of distress caused by natural disaster or sudden catastrophe; the prevention and relief of sickness and disability; provision of rental housing and related facilities for those in special need; promoting the social welfare of the family; and protecting the national heritage whether physical, environmental, or cultural.
- * The research must be carried out for educational purposes, and it should not include research undertaken to influence public opinion on a controversial issue (Note that the courts have ruled that education aimed primarily at influencing the opinion or actions of the public is not charitable). In addition, the results must be made available to the public.

2. Must maintain detailed meeting minutes, records, & books of account reflecting all expenditures:

- Must allocate all expenses between charitable, management & admin, fundraising, and political;
- Must spend at least 80% of receipted donations on charitable activities, and no more than 10% on permitted political activities; and
- In any given year, usually must expend an amount equal to at least 80% of donations received in the previous year.

3. NPP can issue tax receipts for donations to museums & similar activities. Cannot issue tax receipts for membership dues.

4. Lobbying is distinct from advocacy or education, and is described by the Lobbying Act (RSC 1985, c 44) as involving an individual who, **while acting for payment** on behalf of any person or organization, **undertakes to communicate with a public office holder** in order to arrange a meeting or to communicate regarding: 1) The development, introduction, or amendment of a legislative procedure; or 2) The awarding of a grant, contribution, financial benefit, or contract. The Lobbying Act does not forbid lobbying, but requires that lobbyists be registered with the Commissioner of Lobbying. The Lobbying Act does not restrict advocacy or educational activities.

5. Registered charities may engage, to a limited extent, in non-partisan political activities which help accomplish the charities purposes, like making informed representations to elected representatives or government to present a charity's views, or advertising and organizing public meetings to publicize or gain support for the charity's point of view on matters of public policy that relate to the charity's purpose (Rev Can Registered Charities Newsletter of Autumn '91).