

Memorandum of Understanding

Between:

The World Association for Christian Communication,

a not-for-profit corporation (438311-7) and an incorporated charitable organisation (number 83970 9524 RR0001) with its head office at 80 Hayden Street, Toronto, ON, M4Y 3G2, Canada, referred to in the Memorandum as **WACC Canada,**

And

The World Association for Christian Communication,

a UK Registered Charity (number 296073) and a Company registered in England and Wales (number 2082273) with its Registered Office at c/o Sedulo London Office, 605 Albert House, 256-260 Old Street, London, EC1V 9DD, referred to in this Memorandum as **WACC UK.**

Whereas WACC Canada and WACC UK share a common heritage, have the same Vision (“Communication for All”), and have adopted identical Mission Statements, and

Whereas WACC UK is the sole Member of WACC Canada,

1. It is mutually agreed that the two organizations will co-operate whenever appropriate to fulfil their mission and to work towards their common Vision. The two organisations commit to sharing information and resources in relation to their mission and work.
2. It is mutually agreed that the Board of WACC UK and the Board of WACC Canada will coordinate programmes and activities carried out by both organizations in the light of the current Strategic Plan.
3. It is mutually agreed that WACC UK and WACC Canada are separately accountable for the income they receive and for the expenditure they make subject to their country’s legal and fiscal frameworks.
4. It is mutually agreed that through co-operation it is possible to bring greater benefit to those for whom they work than might be achieved by each organisation operating independently.
5. It is mutually agreed that, given commonality of purpose, it is appropriate for either organisation with the approval of its Board of Directors and subject to regulations on charitable activities in the UK and Canada respectively, to transfer resources for activities carried out by the other organisation on behalf of the first.
6. It is mutually understood that any money that comes into WACC Canada becomes charitable funds in Canada and then must be either gifted to another registered charity (“qualified donee”) or used in WACC Canada’s own charitable activities. If a loan between the two organizations is envisaged, an express agreement must be drawn up that meets both UK Inland Revenue and Canada Revenue Agency requirements as well as any restrictions on the use of charitable property in either jurisdiction.

7. It is mutually understood that in general a payment by WACC UK for its charitable purposes is charitable expenditure by the charity. However, where the payment is to an overseas body an additional condition must be met in order for the payment to be charitable expenditure for UK tax purposes. *See note 1 below.*

8. It is mutually understood that in undertaking activities outside Canada, WACC Canada is required to maintain direction and control over its resources and over any intermediary's actions as they relate the activities of WACC Canada. *See note 2 below.*

9. It is mutually understood that the WACC name, logo and tagline is the exclusive property of WACC UK; WACC Canada uses the name, logo and tagline subject to licence from WACC UK.

10. Both organisations agree to refrain from any action that may be detrimental to the other and to be proactive in promoting the Vision and Mission of WACC.

Note 1: From HM Revenue & Customs: Guidance on non-charitable expenditure [updated 7 August 2025]

<https://www.gov.uk/government/publications/charities-detailed-guidance-notes/annex-ii-non-charitable-expenditure>

[9.2] A charitable payment made to a body outside the UK will only be charitable expenditure for UK tax purposes by the charity provided the charity can clearly demonstrate to the Commissioners for HMRC that it has taken steps that the Commissioners consider are reasonable in the circumstances to ensure that the payment is applied for charitable purposes. If that condition isn't met, the payment is treated as non-charitable expenditure by the charity for UK tax purposes.

[9.3] Applied for charitable purposes means applied for purposes which are regarded as charitable within Chapter 1 of the Charities Act 2011. The same definition of charitable purpose applies for all charities claiming UK tax reliefs. Payments to an overseas body and payments to a body outside the UK mean any monetary payment to anybody outside the UK, and include monetary payments sent outside the UK to charities, companies, agents, partners and individual persons outside the UK.

[9.4] Trustees are required to carry out appropriate research in relation to the overseas body, followed by monitoring and evaluation, and to avoid or minimise risk to the charity's finances to meet their legal duty as trustees. The charity trustees must be able to describe the steps they take, explain how those steps ensure charitable application of funds, demonstrate that those steps were reasonable and produce evidence that the steps were, in fact, taken.

It's not sufficient for the charity to simply establish that the overseas body is a charity under the domestic law of the host country. Nor is it enough to keep records of how things are spent. These are important but for overseas payments trustees must do more. The rest of this chapter deals with the situation where the charity makes a payment for which it must take steps to ensure that the payment is applied for charitable purposes.

[9.5] When considering whether the steps taken by the charity were 'reasonable in the circumstances', HMRC will have regard to:

- * the charity's knowledge of the overseas body
- * previous relations with the overseas body
- * previous history of the overseas body
- * the amounts given in both absolute and relative terms

- * the charity's observance of its own internal financial, management and decision making procedures, and whether or not these were adequate

[9.6] When reviewing payments made to overseas bodies HMRC will generally ask the charity trustees to provide information and supporting documentation about the:

- * person or persons to whom the payment was given
- * specific charitable purpose for which the payment was given, the reasons, and how the decision to provide the payment was arrived at
- * guarantees or assurances that have been obtained from the overseas body that the payment will be applied for the purpose for which it was given (such as a partnership or other written enforceable agreements), and what financial controls were in place, including sufficiently detailed financial records providing robust audit trails
- * steps the trustees took to ensure the payment will in fact be applied for charitable purposes (such as safeguards, monitoring and oversight)
- * follow-up action taken by the trustees to confirm that payments were applied properly

The Commissioners for HMRC must be satisfied that the steps taken by the trustees are reasonable in the circumstances. If HMRC Charities is not provided with sufficiently detailed evidence of the steps taken it may not be able to accept the expenditure as charitable expenditure. This may give rise to a liability to tax. The steps to be taken will depend upon the nature and circumstances of the expenditure, for example, whether the recipient body may pass on the funds to a connected person who may use the funds for non-charitable purposes.

Note 2: From the Canada Revenue Agency: Canadian registered charities carrying on activities outside Canada, Guidance, 8 July 2010 (Revised November 27, 2020 and December 19, 2023).

<https://www.canada.ca/en/revenue-agency/services/charities-giving/charities/policies-guidance/guidance-002-canadian-registered-charities-carrying-activities-outside-canada.html>

[7] To meet the own activities requirement, when a charity transfers resources to its intermediary, it must direct and control the use of those resources. This means the charity must make decisions and set parameters on significant issues related to the activity, on an ongoing basis, such as:

- how the activity will be carried on
- the overall goals of the activity
- the area or region where the activity is carried on
- who benefits from the activity
- what goods and services the charity's money will buy
- when the activity will begin and end

A charity can accept advice from its intermediaries, and does not have to make every decision involved in the carrying out of an activity. However, it must be able to intervene in any decision.

A charity can delegate the responsibility for day-to-day operational decisions to an intermediary, which is often in a better position to make this type of decision. For example, a charity might delegate the authority to:

- decide which local vendor to buy supplies from
- hire and manage staff
- locating potential beneficiaries for an activity
- maintaining buildings owned or operated for the charity's activities

[7.1] How should a charity direct and control the use of its resources?

Generally speaking, when a charity chooses the type and number of direction and control measures it will use, it should consider the nature of the activity, including:

- the amount of resources involved
- the complexity of the activity
- the location of the activity
- the type of resources being transferred
- any previous experience of the charity working with the intermediary
- the capacity and experience of the intermediary

While there may be other ways to show direction and control over the use of a charity's resources, the CRA recommends that charities use the following measures:

- create a written agreement, and implement its terms and
- communicate a clear, complete, and detailed description of the activity to the intermediary
- monitor and supervise the activity, including requiring regular reporting
- provide clear, complete, and detailed instructions to the intermediary on an ongoing basis
- make periodic transfers of resources to the intermediary, based on demonstrated performance
- arrange for the intermediary to either keep the charity's funds separate, or account for them separately in its books and records

A charity must record all steps taken to exercise direction and control as part of its books and records. This allows the CRA to verify that the charity's resources were used to carry on its own activities.

Approved by the Board of Directors of WACC UK at its meeting held on February 25, 2026 and signed on its behalf by the President of the Association and its General Secretary.

President

General Secretary

Approved by the Board of Directors of WACC Canada at its meeting held on **xxx** and signed on its behalf by the President of the Association and its General Secretary.

President

General Secretary