

3.B-1998: Ethical Fundraising & Financial Accountability Code

1. Introduction

- 1.1 This *Ethical Fundraising & Financial Accountability Code* has been developed by the Canadian Centre for Philanthropy, in consultation with charity leaders throughout Canada. Its primary purpose is to assure donors of the integrity and accountability of charities that solicit and receive their financial support.

Charities that adopt this *Ethical Fundraising & Financial Accountability Code* commit to fundraising practices that respect donors' rights to truthful information and to privacy. They also commit to manage responsibly the funds that donors entrust to them, and to report their financial affairs accurately and completely.

Donors or prospective donors who have questions or concerns about fundraising activities should contact the charity on whose behalf the funds are being solicited.

Charities that adopt the *Ethical Fundraising & Financial Accountability Code* are committed to deal with such queries promptly and fairly. The Charities Division of the Canada Customs and Revenue Agency (CCRA) also provides information and receives complaints about registered charities at 1-800-267-2384.

This *Ethical Fundraising & Financial Accountability Code* complements the professional codes of ethics and standards of practice to which many fundraisers individually adhere (such as those of the Association of Fundraising Professionals, the Association for Healthcare Philanthropy, the Canadian Association of Gift Planners, and other national, provincial or sectoral organizations).

N.B.: There are some forms of revenue-raising for which official receipts are not issued for income tax purposes (for example, charitable gaming transactions, proceeds from product sales, affinity card or product fees, and fair market value charges for charitable benefits, tournaments, banquets, events or activities). These activities may be governed by specific legal requirements and/or involve additional ethical considerations that are not addressed in this *Ethical Fundraising & Financial Accountability Code*.

Approval Authority	Responsible Office	Effective Date	Date Last Revisited	Review Frequency
Board of Governors	External Relations			Every 5 years

In order to be recognized by the Canadian Centre for Philanthropy as having adopted this *Ethical Fundraising & Financial Accountability Code*, a charity's governing board must pass the following motion as a formal resolution:

- **"St. Mary's University** hereby adopts the Canadian Centre for Philanthropy's *Ethical Fundraising and Financial Accountability Code* as its policy. In so doing, members of the governing board commit to being responsible custodians of donated funds, to exercise due care concerning the governance of fundraising and financial reporting, and to ensure to the best of their ability that the organization adheres to the provisions of the *Code*. It is hereby confirmed that each member of the governing board has received a copy of the *Ethical Fundraising & Financial Accountability Code* and that a copy will also be provided to each person who is subsequently elected to the governing board."

2. Donors' Rights

- 2.1 All donors (individuals, corporations, and foundations) are entitled to receive an official receipt for income tax purposes for the amount of the donation. Donors of non-monetary eligible gifts (or gifts-in-kind) are entitled to receive an official receipt that reflects the fair market value of the gift. (Note: The term "Eligible gifts" is comprehensively defined by CCRA. A full definition can be found in CCRA's Interpretation Bulletin dealing with gifts and official donation receipts. ¹ Some common gifts, such as donations of volunteer time, services, food, etc. are not eligible to receive official tax receipts.) The charity's governing board may establish a minimum amount for the automatic issuance of receipts, in which case smaller donations will be receipted only upon request.
- 2.2 All fundraising solicitations by or on behalf of the charity will disclose the charity's name and the purpose for which funds are requested. Printed solicitations (however transmitted) will also include its address or other contact information.
- 2.3 Donors and prospective donors are entitled to the following, promptly upon request:
- The charity's most recent annual report and financial statements as approved by the governing board;
 - The charity's registration number (BN) as assigned by CCRA;

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- Any information contained in the public portion of the charity's most recent Charity Information Return (form T3010) as submitted to the CCRA;
 - A list of the names of the members of the charity's governing board; and,
 - A copy of this *Ethical Fundraising & Financial Accountability Code*.
- 2.4 Donors and prospective donors are entitled to know, upon request, whether an individual soliciting funds on behalf of the charity is a volunteer, an employee, or a hired solicitor.
- 2.5 Donors will be encouraged to seek independent advice if the charity has any reason to believe that a proposed gift might significantly affect the donor's financial position, taxable income, or relationship with other family members.
- 2.6 Donors' requests to remain anonymous will be respected.
- 2.7 The privacy of donors will be respected. Any donor records that are maintained by the charity will be kept confidential to the greatest extent possible. Donors have the right to see their own donor record, and to challenge its accuracy.
- 2.8 If the charity exchanges, rents, or otherwise shares its fundraising list with other organizations, a donor's request to be excluded from the list will be honoured.
- 2.9 Donors and prospective donors will be treated with respect. Every effort will be made to honour their requests to:
- Limit the frequency of solicitations;
 - Not be solicited by telephone or other technology;
 - Receive printed material concerning the charity.
- 2.10 The charity will respond promptly to a complaint by a donor or prospective donor about any matter that is addressed in this *Ethical Fundraising & Financial Accountability Code*. A designated staff member or volunteer will attempt to satisfy the complainant's concerns in the first instance. A complainant who remains dissatisfied will be informed that he/she may appeal in writing to the charity's governing board or its designate, and will be advised in writing of the disposition of the appeal. A complainant who is still dissatisfied will be informed that he/she may notify the Canadian Centre for Philanthropy in writing.

3. Fundraising Practices

3.1 Fundraising solicitations on behalf of the charity will:

- Be truthful;
- Accurately describe the charity's activities and the intended use of donated funds; and
- Respect the dignity and privacy of those who benefit from the charity's activities.

3.2 Volunteers, employees and hired solicitors who solicit or receive funds on behalf of the charity shall:

- Adhere to the provisions of this *Ethical Fundraising & Financial Accountability Code*;
- Act with fairness, integrity, and in accordance with all applicable laws;
- Adhere to the provisions of applicable professional codes of ethics, standards of practice, etc.;
- Cease solicitation of a prospective donor who identifies the solicitation as harassment or undue pressure;
- Disclose immediately to the charity any actual or apparent conflict of interest; and
- Not accept donations for purposes that are inconsistent with the charity's objects or mission.

3.3 Paid fundraisers, whether staff or consultants, will be compensated by a salary, retainer or fee, and will not be paid finders' fees, commissions or other payments based on either the number of gifts received or the value of funds raised. Compensation policies for fundraisers, including performance-based compensation practices (such as salary increases or bonuses) will be consistent with the charity's policies and practices that apply to non-fundraising personnel.

3.4 The charity will not sell its donor list. If applicable, any rental, exchange or other sharing of the charity's donor list will exclude the names of donors who have so requested (as provided in section A8, above). If a list of the charity's donors is exchanged, rented or otherwise shared with another organization, such sharing will be for a specified period of time and a specified purpose.

- 3.5 The charity's governing board will be informed at least annually of the number, type and disposition of complaints received from donors or prospective donors about matters that are addressed in this *Ethical Fundraising & Financial Accountability Code*.

4. Financial Accountability

- 4.1 The charity's financial affairs will be conducted in a responsible manner, consistent with the ethical obligations of stewardship and the legal requirements of provincial and federal regulators.
- 4.2 All donations will be used to support the charity's objects, as registered with CCRA.
- 4.3 All restricted or designated donations will be used for the purposes for which they are given. If necessary due to program or organizational changes, alternative uses will be discussed, where possible, with the donor or the donor's legal designate. If the donor is deceased or legally incompetent and the charity is unable to contract a legal designate, the donation will be used in a manner that is as consistent as possible with the donor's original intent.
- 4.4 Annual financial reports will:
- Be factual and accurate in all material respects;
 - Disclose:
 - The total amount of fundraising revenues (receipted and non-receipted)²;
 - The total amount of fundraising expenses (including salaries and overhead costs)³;
 - The total amount of donations that are receipted for income tax purposes (excluding bequests, endowed donations that cannot be expended for at least 10 years, and gifts from other charities)⁴;
 - The total amount of expenditures on charitable activities (including gifts to other charities)⁵;
 - Identify government grants and contributions separately from other donations; and
 - Be prepared in accordance with generally accepted accounting principles and standards established by the Canadian Institution of Chartered Accountants, in all material respects.

- 4.5 No more will be spent on administration and fundraising that is required to ensure effective management and resource development. In any event, the charity will meet or exceed CCRA's requirement for expenditures on charitable activities. (The *Income Tax Act* sets out a requirement that all registered charities spend 80% of their receipted donations from the previous taxation year – excluding bequests, endowed donations that cannot be expended for at least 10 years, and gifts from other charities – on charitable activities; in addition, charitable foundations are required to expend 4.5% of their assets in support of charitable programs.⁶)
- 4.6 The cost-effectiveness of the charity's fundraising program will be reviewed regularly by the governing board.

5. Footnotes

1. Currently, "Eligible Gifts" are defined in IT110R3 Gifts and Official Donation Receipts.
2. Total of amounts from lines 100, 102 and 113 of T3010 (CCRA's Registered Charity Information Return, 2001)
3. Amount from line 123 of T3010 (2001)
4. Amount from line 906 of T3010 (2001)
5. Total of amounts from lines 120 and 121 of T3010 (2001)
6. See Section 149.1 of the *Income Tax Act*.