

KIWANIS CLUB OF OTTAWA

# 1.1 Charitable Fundraising Strategy

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**2013-14 Business Year**

**Release 1.0**

This strategy provides the policy and processes to conduct KCO fundraising activities from public sources for approved charitable programs in accordance with applicable government policies and guidelines.

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# Identification

**Date of Issue:** October 15, 2013

**Outcome:** This strategy provides the policy and processes to conduct KCO fundraising activities from public sources for approved charitable programs in accordance with applicable government policies and guidelines.

**Application:** This document applies to all committees responsible for conducting fundraising activities in support of charitable community service programs.

**Supersession:** This document supersedes draft Charitable Fundraising Strategy version 1.3

**Approval Authority:** The Board of Directors authorize this strategy along with its associated policy and procedures.

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## Definitions

*The Strategic Management Committee* supports the Board of Directors with the provision of advice and secretariat services <sup>1</sup> that includes;

- Strategic planning,
- Ways and means,
- Grants and allocations,
- Policies and procedures,
- Communications,
- Marketing,
- Training,
- Special projects, and
- Internal audit.

*Alcohol and Gaming Commission of Ontario (AGCO)* administers and regulates charitable gaming in Ontario.

*Business Year* is the Club's annual operating period from October 1 to September 30 inclusive in accordance with Kiwanis International bylaws.

*Canada Revenue Agency (CRA)* administers tax laws for the Government of Canada and for most provinces and territories and oversees the registration of charities in Canada, and tax credit.

*Community Service Committees (CSCs)* deliver charitable programs for youth leadership and community involvement that align with KCO strategic outcomes.

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<sup>1</sup> The Strategic Management Committee does not have governance authority.

*Fundraising* means that, generally, CRA defines fundraising as any activity that includes a solicitation of present or future donations of cash or gifts in kind, or the sale of goods or services to raise funds, whether explicit or implied.

*Fundraising Committees* conduct the charitable fundraising activities to support the CSC programs.

*Governance terms are:*

- *Strategy* – a plan of action designed to achieve a vision;
  - *Policy* – a principle or rule to guide decisions and achieve strategic outcomes; and
  - *Procedure* – a set of actions or operations executed in the same manner to always obtain the same result under the same circumstances.
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## **Introduction**

### **Club History**

The Kiwanis Club of Ottawa (KCO), founded on December 22, 1917, became a chartered member Club of Kiwanis International on April 11, 1918. The KCO incorporated in Ontario on April 26, 1935 and operates as a non-profit organization under the Income Tax Act (Reference A). Subsequent to incorporation, the KCO established a separate Kiwanis Club of Ottawa Foundation, which became a Registered Charity under the Income Tax Act effective January 1, 1967 for the sole purpose of conducting charitable activities. As a Registered Charity, all foundation activities must be exclusively and legally charitable and benefit the public or a sufficient segment of the public.

### **Regulatory Implications**

The Charities Directorate of the Canada Revenue Agency is the primary regulator of registered Canadian charities under the Income Tax Act. The Foundation must also comply with the special provisions required for incorporated charities; honour applicable contractual requirements, such as those involving the Kiwanis Club of Ottawa Medical Foundation; and comply with all regulatory requirements applicable to the Club's various activities.

Canadian registered charities can carry out charitable activities by either gifting funds to qualified recipients or by carrying on its own activities through employees, volunteers or intermediaries. Canadian charities can conduct charitable activities in Canada and abroad although they cannot distribute funds to foreign charities without proper oversight by the Canadian charity.

The Income Tax Act relies on common law to define "charity" as described below in Reference B. Accordingly; charitable purposes that the Club could support must fall within four "heads" of charity:

- The Relief of Poverty;

- The Advancement of Education;
- The Advancement of Religion; and
- Other purposes beneficial to the community considered charitable at law.

The Alcohol and Gaming Commission of Ontario (AGCO) also denotes the same “heads” of charity for the expenditure of public funds the Club raises through Aktion Club and TV Bingo activities. However, the AGCO precludes distribution of those funds to charitable activities outside Ontario (References C and D below).

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## **Strategic Direction**

### **Mission and Vision**

The Kiwanis Club of Ottawa is a leading Ottawa-based service club whose mission is to address the need of the community and to improve the quality of life. The Club vision is to be the premier service club in the Ottawa area recognized for its leadership in the interests of children and youth. The Club will be known as a diverse group of people who are professional, leaders and champions in all ways. The Club will be active with initiatives that address community needs and will be engaging, exciting, rewarding and enjoyable for all its members.

### **Statement of Fundraising Strategy**

The original Kiwanis motto was “We build,” and in keeping with that motto, the KCO is most interested in funding innovative projects that help build a better community. The Club strives to be results-oriented and timely in the delivery services to the public. For those reasons, the KCO focuses on delivery goals that are SMART (Specific, Measurable, Achievable, Realistic and Time Bound) in a limited number of charitable areas within a defined period. Club Community Support Strategy and Policy documents (References G and H below) provide the details of approved activity.

To finance approved Community Support activities through its Charitable Foundation, the Club, therefore:

- seeks to raise funds through:
  - strategic sponsorships with like-minded organizations wherever practicable, and
  - gifted donations from interested persons;
- raises funds in a particular business year for disbursement of such funds in the ensuing business year (s);
- commits to support activities for which it has available funds and volunteer resources;
- accumulates funds for specific projects if necessary within regulatory limitations; and
- reserves the right to accept or reject fundraising requests.

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## Policy Direction

### Principles

Adhering to the CRA policy and guidance on fundraising (Reference E below), and the procedures contained in this document, the following principles apply to any activity that raises funds from public sources to support Club approved charitable programs.

#### *Overarching Principles*

1. The Club reserves the right to refuse any proposed gift subjected by a donor, directly or indirectly, to any material restriction or condition that would prevent the organization from freely and effectively employing the gift, or the income derived there from, in furtherance of its purposes.
2. Fundraising events sponsored by the Club should net, less expenses, at least 50% of gross income based on pre-approved budget predictions to the Club. For new initiatives that require time to mature, achieving this principle may occur over a specified time-frame.
3. Fundraising cannot result in an unacceptable or undue private benefit to a person or organization that is not a charitable beneficiary.
4. As part of expanding its base of support, the Club is willing to consider partnerships with and gifts from the corporate sector. The Club recognizes that corporations, as profit-centered organizations, have obligations to their shareholders, boards, and employees to be successful. The Club also recognizes that companies support the non-profit sector, not only out of a desire to be helpful, but also with a hope of a return or benefit to the companies. Given these realities along with the legal and ethical considerations, the Club is willing to negotiate partnerships and accept support from the corporate sector in ways that will benefit and recognize the supporting companies while enabling the Club to achieve its mission better without compromising its principles.
5. The Club will maintain complete control, consistent with any donor restrictions acceptable to the Club, of all funds provided by corporations, organizations, and individuals.
6. All fundraising requires prior approval by the Board of Directors through the annual planning and budget process. The fundraising plan must outline the proposed activity, its management, assessment of results, and the suggested reporting and monitoring procedures from the fund raising committee to the Board.

#### *The Club will:*

1. Use all donations solicited from the public to further the Club's charitable purposes;
2. Issue written business or charitable tax receipts for all donations;
3. Respect CRA fundraising guidance <http://www.cra-arc.gc.ca/chrts-gvng/chrts/plcy/cgd/fndrsng-eng.html>;

4. Deposit fundraising proceeds directly into bank accounts approved by the Board of Directors held in the name of the Club.
5. Honour all donor restrictions and detail those restrictions in a donor's gift or pledge commitment letter;
6. Review Non-cash gifts before acceptance;
7. Develop recognition of major corporate support in cooperation with the corporate donors; consistent with the level of support and the Club's mission and purposes; and approved in advance by the Board of Directors;
8. Seek to develop appropriate and meaningful recognition opportunities; and
9. Exercise transparency regarding its fundraising activities and will disclose the results of such activities to the public at least annually.

*The Club will not:*

1. Share any information supplied to the Club by donors to fulfill their donation for any reason unless permission is granted by the donor to share such information;
2. Compensate members for time involved in fundraising activities;
3. Accept any support that implies or requires product endorsement;
4. Be involved in fundraising activities that it considers deceptive; and
5. Promotionally recognize any corporation issued with a tax receipt for a charitable gift. *(CRA considers any recognition, beyond an alphabetical listing with other donors as a marketing benefit to the donating corporation. If a company chooses a non-charitable or business receipt, potential ramifications otherwise present concerning for the Club's charitable registrations are minimized as it relates to such recognition.)*

## **Policy Statement**

The Club will raise funds raised by public solicitation to meet established KCO Community Service program charitable objectives in an efficient and cost-effective manner in accordance with the regulatory References below.

## **Approved Fundraising Programs**

Table 1 below shows the current fundraising activity and key details.

<b>Activity</b>	<b>Corporate Sponsors/Partnerships</b>	<b>Volunteer Requirements</b>	<b>When</b>
Aktion Bingo	Southland Bingo	2 persons	Weekly
Bed Race			Annual - March
Fashion Show			Annual - May
Golf			Annual - July
Golf	Hilton Garden Charity		Annual - September
Shred-It	Shred-It	20 persons	Annual - October
TV Bingo	Rogers Television and Macs Milk	85 persons	Weekly

**Table 1- Current Fundraising Activity**

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## **Procedures**

### **Fundraising Approval Approach**

Existing fundraising activities require annual review to ensure they remain valid against the desired fundraising outcomes. In addition, there is a need to ensure existing activities represent best value for the efficient expenditure of funds raised by public solicitation to conduct fundraising, along with best use of volunteer resources.

All KCO fundraising and community support committees may bring forward ideas for new projects. When a new fundraising proposal arises, an evaluation is necessary to ensure the idea fits within the guidelines described below.

### **Evaluation Guidelines**

The Board of Directors will form of an ad hoc committee of affected standing committees to examine the opportunity and conduct an evaluation. To respond systematically to proposals, the ad hoc committee, as a minimum, will answer the following questions prior to seeking Board approval for a fundraising project:

- a. What are the demands on staff time?
- b. Are volunteers available to work on the event or program?
- c. What is the public relations value to the Club?
- d. Is this a one-time or recurring activity, and if recurring, at what frequency?
- e. What are the estimated fixed and/or recurring costs to produce the event or program?
- f. Is this event or program similar to others in the greater Ottawa area?
- g. How much is financially at risk?
- h. What are the profit expectations?
- i. Does the sponsor(s) expect a donation to another charitable organization in return for sponsorship?
- j. Has the detailed budget been prepared as part of the proposal?

### **Joint Venture Evaluation Guidelines**

In addition to the evaluation guidelines above, the Club, in pursuing a fundraising event where a partner or partners are involved, shall execute a Board approved agreement stipulating, as a minimum:

- a. Who is sponsoring the event?
- b. Who bears the liability for the event?
- c. Who is the beneficiary of the funds raised?

- d. What organization(s) is issuing tax receipts?
- e. Who is authorized to sign contracts with vendors and suppliers?
- f. Who is the official spokesperson for the event?
- g. Has the publicity using the Club’s name in connection with the event been cleared by all affected organizations?
- h. Who is authorized to release publicity material?
- i. Are there any restrictions regarding possible event sites, specific sponsors, and/or donor recognition?
- j. How and who will monitor the event activities and report to the KCO Board of Directors?
- k. How will the post-event evaluation be conducted?

### Implementation Guidelines

Subsequent to Board approval, the assigned fundraising committee implements the approved fundraising activity within the following guidelines:

1. Conduct the fundraising activity within the approved parameters;
2. Conduct all interaction with the approved sponsor organizations;
3. Coordinate fundraising goals with appropriate community services committee; and
4. Be the lead committee representing the club at cheque presentations.

### Planning and Budget Guidelines

Expected fundraising expenses form part of the Club’s annual budgeting process. Figure 1 below illustrates the recurring project approval approach for the fundraising and spending years.



**Figure 1 – Planning and Budgeting Approach**

## Annual Cycle Actions

Project planning is a “bottom up” process. Fundraising committees establish ideas for retaining, removing or creating programs consistent with known resources from all previous business year fundraising activities and projected human resource availability. Table 2 below describes the annual cycle actions.

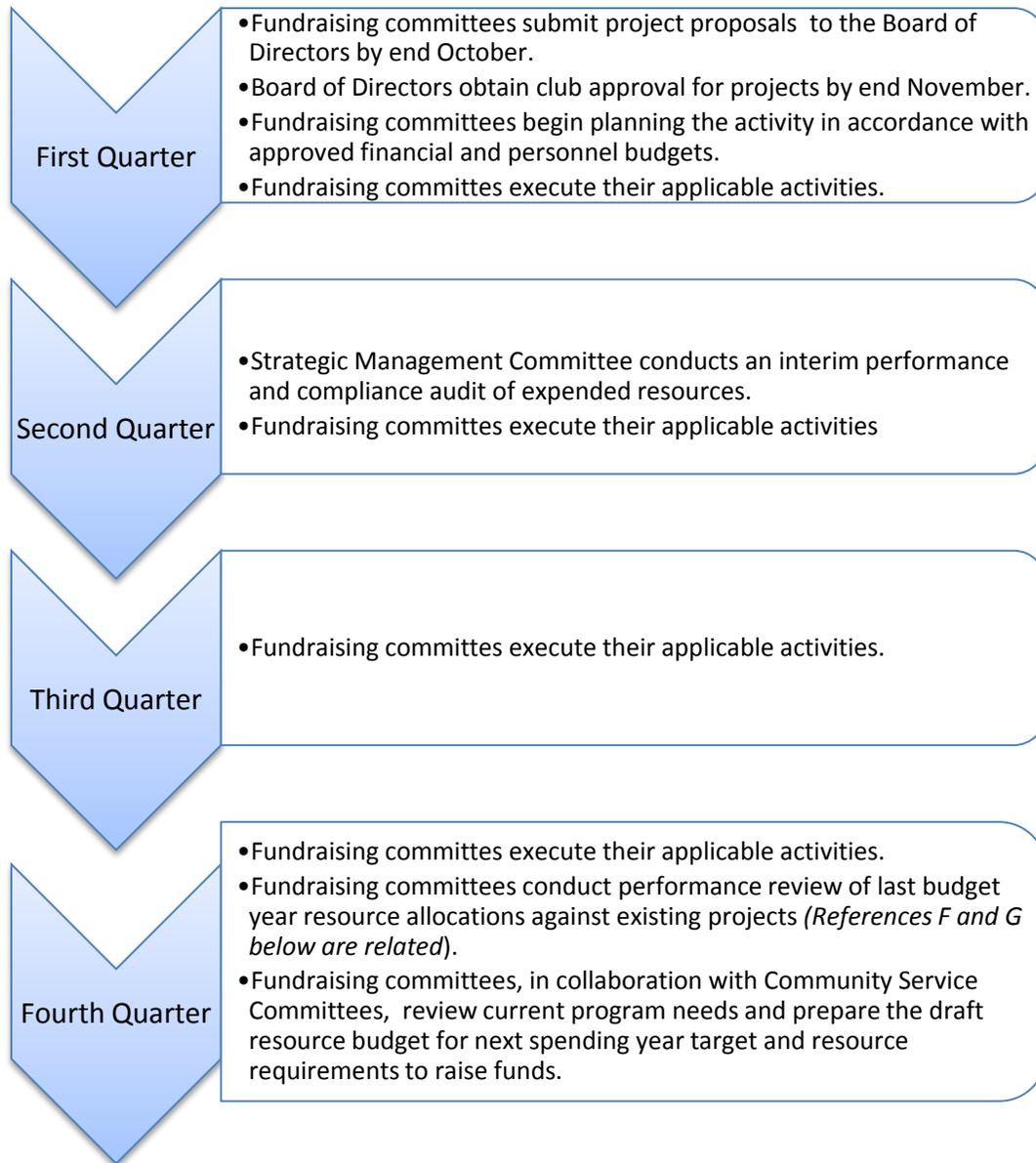


Table 2 - Annual Cycle Activity

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# Governance Approach

## Authority Table

Table 3 below identifies the designated governance groups and their assigned authority for implementing the policy and procedures.

<b>The</b>	<b>has/have the authority to...</b>
Board of Directors	Approve the strategy, policy and procedures.
Strategic Management Committee	Recommend fundraising activity for approval by KCO membership Administer the Charitable Fundraising strategy, policy and procedures through the Board of Directors.
Fundraising Committees	Request continuation of existing and addition of new fundraising activity within the parameters of this policy Consider fundraising requests from Community Service Committees or other club members within the parameters of approved budget allocations and the AGCO regulatory framework – Chapter 2. Disburse funds to approved suppliers and sponsors based on approved fundraising budget allocation. Request removal of a program activity when the activity is deemed invalid or ineffective Coordinate with the Membership Committee for the availability of volunteers to support projects

Table 3 - Authority Table

## Project Reporting

Fundraising chairpersons will report the status of their respective projects activities quarterly to the KCO membership through the Board of Directors.

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# References

## Source References

- A. IT 496R – Income Tax Act Non-Profit Organizations
- B. CPS-024 – Policy Statement, Guidelines for Registering a Charity
- C. AGCO – Lottery Licensing Policy Manual, Chapter 2, and Media Bingo Licence Terms and Conditions
- D. Ontario Not-for-profit Corporations Act

- E. CG-013 Fundraising by Registered Charities, April 20, 2012
- F. Kiwanis Club of Ottawa Bylaws

### **Related References**

- G. 1.4 – Community Support Strategy for 2013-14 business year, Release 1.0, 15 October 2013
- H. 1.5 – Community Service Financial Disbursement Policy for 2013-2014 business year, Release 1.0, 15 October 2013