



KEY GOVERNANCE AND ADMINISTRATION POLICIES

Template Guide for Canadian Community Foundations

2021

Acknowledgements

Key Governance and Administration Policies Template Guide for Canadian Community Foundations

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Community Foundations of Canada (CFC) is committed to sharing its resource material and learnings. Many of CFC's publications are available free-of-charge from its website. Other publications and materials can be purchased from CFC.

The material in CFC's guides is intended for its member community foundations. CFC members are encouraged to copy and adapt the material in this guide, as needed, for exclusive use within their foundations.

For all other organizations wishing to quote the material in this guide, references to or simple excerpts from this publication can be made with proper acknowledgement of CFC, the publication's full title and date of publication. Those wanting to adapt or use the material in this publication more substantially must contact CFC at +1.613.236.2664 or info@communityfoundations.ca.

Introduction

With the increasing complexity of regulations, demand for accountability, and sophistication of donors and gifting vehicles, community foundations must not only be professional in their approaches to all of their work but also ready and able to handle any situations that arise. In fact, many people would agree that the Board's most important responsibility is establishing policy. A policy can be a governing principle; a guideline for carrying out work; and a way for the Board to delegate authority. Policies let individuals make sound decisions while relieving the Board of Directors and the Executive Director and/or Chief Executive Officer (CEO) of involvement in routine decision making. Policies ensure that operations within your community foundation are administered consistently, within regulations and that donors and members of the public are treated fairly and uniformly.

As a result, Community Foundations of Canada (CFC) has developed this guide primarily for emerging and smaller community foundations. Policies with an asterisk * are required for membership in CFC.

Rather than providing one policy on each subject, policy guidelines have been developed in a format that asks questions about issues related to each policy subject. The purpose of this format is to provide each community foundation Board with key questions to be considered in developing policy that is consistent with their model of governance as community foundation. Included in the guide are sample policies.

You will see in the sample policies the frequency of reviewing and monitoring for each policy. It is recommended that once the policies are developed an annual time frame for policy review be implemented. Each year the Board would see what policies are due to be reviewed and delegate this responsibility to the appropriate committee which, after their review is complete, would bring forward to the Board any recommendations for changes. The Board agenda would then reflect which policies are to be reviewed at which meeting that year. Appendix A has a sample policy index noting the frequency of review, month and year of the last update and which committee is responsible for the review.

There is one key grants policy included in this policy guide as having this policy is one that is required in order to be a member of Community Foundations of Canada. [The Good Grant Making Guide](#), developed by CFC in partnership with Philanthropic Foundations of Canada is a great resource in developing granting programs. As a companion guide, CFC has a [Human Resources Guide: Policy and Procedure Handbook Template](#) which covers policies relating to employees and volunteers.

We have also aligned these policies with the relevant Imagine Canada Standards. The mission of the Standards Program is to build excellence within Canada's charities and nonprofits through common standards of practice and to strengthen confidence in the sector. Practices and processes relating to some of the Standards would also need to be developed if a community foundation is interested in being accredited through this program. However, a great first step would be to align a foundation's policies with the Standards. In Appendix B there is a detailed list of the Standards and after each policy, there is a numerical list of the applicable standard(s) relating to the policy. For further information go to the Imagine Canada Standards Program's website.

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These policies are designed to demonstrate an organization’s obligation to model high standards demonstrating leadership, direction and ensuring sound management.”

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*This policy is required for membership in CFC.

GOVERNANCE

1.01 Governance and Governance Assessment

This set of policies are designed to demonstrate a foundation's obligation to model high standards of accountability. For the purposes of these policies, governance shall be defined as "the act of governing, providing leadership, direct and ensuring sound management.

Things to consider:

A. **Board responsibilities and due diligence:** Will Board members be expected to carry out their general responsibilities and exercise due diligence in carrying out their responsibilities? Will responsibility for due diligence include the following:

- Ensure that practices and decisions are without suspicion and influence while avoiding any appearance of impropriety, which may raise concerns within the organization or external to the organization (see Conflict of Interest policy guideline 1.04)
- Be informed of incorporation articles, legislation, bylaws, mission, code of conduct, policies
- Be informed of Board activities and community and general trends in philanthropy
- Attendance at Board meetings and serving on a committee(s) and contributing to the work of the Board
- Exercise care, diligence, a skill that a prudent person would show in similar circumstances
- Offer personal perspectives on issues
- Voice, clearly and explicitly at the time a decision is being taken, any opposition to a decision being considered by the Board
- Maintain solidarity with fellow directors in support of a decision that has been made
- Ask the directors to review a decision where the Board acted without full information
- Work with staff on committees; respect the roles of Board and staff

Implementation

- How will the Board be informed of their responsibilities?
- Will Board members be provided with a Board manual? How will this manual be kept up to date?
- Will an orientation be provided for new and returning Board members to understand their responsibilities?

- B. **Governance:** What model of governance will the Board follow? How will this be determined? Will the Board discuss alternatives and then recommend a model that fits with their development.

CFC provides an overview of four governance models as follows:

- Policy Board: a traditional hierarchical model in which the Board delegates work to committees
- Policy/Governance Board: a model in which the Board works as a whole, focuses on policy development and operates with few if any, committees
- Administrative or Operational Board: a model in which the Board provides direction and develops policy and individual Board members also perform administrative functions and help with direct service
- A Collective: a model in which board and staff work together, sharing responsibility for policy, management and operational functions

Implementation

- How will the model of governance be communicated to others such as committee members or donors and in policies?

- C. **Governance Assessment:** Will the Board assess its effectiveness on a regular basis? If so, will this be an annual activity?

Implementation

- Will the outcome of the assessment be communicated to others such as committee members or donors?
- Will an action plan be developed to strengthen the Board's effectiveness? How will this be monitored?
- Will the following areas be considered as part of the assessment: Board orientation; planning the direction and priorities of the organization; financial viability; understanding of the roles of the Board and Executive Director/CEO; efficient use of organization's resources; Board credibility; Board commitment to mission and values; Board member compliance with bylaws, policies, code of conduct, conflict of interest; management in a crisis; management of Board meetings; soundness of decision making processes; the balance between stability and innovation; the working relationship between Board and Executive Director/CEO; and measurement of Executive Director/CEO's performance against objectives.

1.01 Governance and Governance Assessment (sample policy)

Directors act in the best interest of their foundation, exercising care, diligence and skill that a prudent person would show in similar circumstances

The three key duties of directors are:

- Duty of Skill or Competence
- Duty of Diligence
- Duty of Loyalty

Duty of Skill or Competence

- Ensuring Board member nomination, recruitment and orientation process in place
- Ensuring the effectiveness of Board, committees and management through an annual evaluation process
- Voicing, clearly, respectfully and explicitly at the time a decision is being taken, any opposition to a decision being considered by the Board
- Developing a process for succession planning of officers, directors and committee chairs

Duty of Diligence

- Being informed of incorporation articles, bylaws, mission, and strategic plan
- Ensuring that the bylaws include clauses that state no Board member receives compensation, that the Board meets a minimum of 3 times annually, that the Board has, at a minimum, 5 directors who must be at arm's length to each other and that no employee is a director of the foundation
- Being informed of Board activities, the community and general trends in philanthropy
- Attending Board meetings, serving on a committee(s) and contributing to the work of the Board
- Ensuring that proper minutes of meetings and policies are properly recorded and retained
- Ensuring that the financial affairs of the corporation are conducted in a responsible and transparent manner with due regard for their fiduciary responsibilities and public trusteeship
- Ensuring that there are terms of reference for the Board and officers
- Asking the directors to review a decision where the Board acted without full information
- Ensuring that the vision and mission statements are in place and reviewed for relevance every 5 years
- Developing, approving, monitoring and evaluating strategic plans in conjunction with the senior staff person
- Appointing and orientating the senior staff person, monitoring his/her performance against specified goals related to the strategic plan, and approving the senior staff person's remuneration.
- Ensuring that there is a job description or terms of reference for the senior staff person which includes compensation and benefits
- Evaluating management's effectiveness in implementing the strategic plan
- Working with staff, where appropriate, on committees and respecting the roles of Board and staff
- Ensuring that strategy is implemented for consulting and communicating with stakeholders

Duty of Loyalty

- Publicly demonstrating acceptance, respect and support for decisions legitimately taken in the transaction of the Board's and/or foundation's business
- Serving the overall best interest of the corporation rather than any particular constituency

Implementation:

Board members will be informed of their responsibilities during an orientation session conducted within 2 months of joining the Board. A Board manual will be prepared for all Board members and it is the responsibility of each Board member to keep their manual updated.

Governance

For foundations where Board members perform administrative functions, the following clause should be included in the policy: The Board uses an administrative or operational model where the Board provides direction and develops policy and individual Board members perform administrative functions and help with direct service. This governance model will be reviewed on an annual basis and/or upon hiring staff.

Implementation:

This model of governance will be communicated to all committee chairs and will be included in the foundation's promotional materials.

Governance Assessment

The Board will assess its effectiveness on an annual basis at the meeting immediately preceding the annual general meeting.

Implementation:

The following will be assessed: Board orientation, financial viability, understanding the Board's responsibilities, the effectiveness of planning direction and priorities of the foundation, management of Board meetings, Board commitment to foundation's mission and values, compliance with bylaws, and conflict of interest. An action plan will be developed to strengthen the Board's effectiveness. The Board will monitor the plan. It is the responsibility of the Board Chair to report at each Board meeting on the implementation of the plan.

Monitoring: This policy will be reviewed every two years

Board Acceptance: This policy was approved/reaffirmed at the _____ Board meeting.

Imagine Canada Standards that align with this policy (see appendix for details on each standard): A1, A2, A3, A4, A5, A9, A10, A20, A17, A18, A19, A20, A21, A22

GOVERNANCE

1.02 Role of Officers

This policy is designed to demonstrate an organization's obligation to model high standards of accountability. For the purposes of this policy, governance shall be defined as "the act of governing – providing leadership, direction and ensuring sound management."

Things to consider:

Board officers:

- Will officers of the Board be considered to be in the service of the Board?

Board chair:

- Is the role of the Chair to ensure the integrity of the Board's processes?
- Is the Chair the only Board member authorized to speak for the Board of the Foundation, unless this duty is specifically delegated to another Board member?
- Is the role of the Chair to preside as the 'manager' of the Board's activities, ensuring that the Board follows its own rules and those legitimately imposed upon it by statute or regulation?
- Since most of the work of the Board will be done during regularly scheduled Board meetings, is the Chair responsible for ensuring that the work is conducted efficiently and effectively?
- Does the Chair have authority to make decisions outside the bylaws or the parameters of policies created by resolution of the Board?
- Will the Chair ensure that the Board is properly informed about the operations of the foundation and has the information and opportunity necessary to come to decisions on matters within its purview?

Implementation:

- Will the Chair and the Executive Director or CEO set the agendas for meetings of the Board?
- Will the Chair plan the conduct and timing of Board meetings in conjunction with the Executive Director or CEO?
- Will the Chair be the Board's primary liaison with the Executive Director or CEO, who is responsible for the execution of Board policy and directives, and for determining the means, organizational structure and management processes necessary to achieve the Foundation's objectives?

Vice-Chair:

- In addition to assuming the duties of the Chair during his/her absence, will the Vice-Chair perform other duties prescribed from time to time by the Board?

Past-Chair:

- Will the Past Chair of the Board chair the Nominating Committee?
- In addition, may he/she be asked by the Board to assume other duties as the need arises?

Secretary of the Board:

- Is the position of Secretary fulfilled by a member of the Board? Or will the Executive Director or CEO perform the role of Secretary of the Board?

Treasurer of the Board:

- What is the role of the Treasurer? If the Foundation has a Finance Committee will the Treasurer be the Chair of Finance?

1.02 Role of Officers (sample policy)

Board Chair

The Board chair:

- Is the spokesperson for the foundation, consistent with Board policy and direction of the foundation
- Chairs all Board meetings
- Manages the activities of the Board and ensures that the Board follows the organization's policies and those imposed by statute or regulation
- Ensures that the Board meetings are conducted efficiently and effectively
- Ensures that the Board has the information and opportunity necessary to come to decisions on matters within its purview
- Sets the agenda in consultation with the staff and other Board members, where appropriate
- Establishes the schedule for meetings, one year in advance, at a regular location and time
- Ensures that items upon which discussion is deferred, are revisited within the appropriate time period
- Ensures that a volunteer recruitment and recognition program is developed and implemented

Vice Chair

The Vice Chair assumes the duties of the Chair during his/her absence and will perform other duties prescribed from time to time by the Board.

Past Chair

The Past Chair will chair the Nominating Committee and will perform other duties prescribed from time to time by the Board.

Secretary

The Secretary ensures that minutes of meetings of the Board and members are accurately kept and filed in accordance with statute or regulation and will perform other duties prescribed from time to time by the Board. The Secretary is also responsible for ensuring that changes in Board membership are reported to the provincial or territorial Office of the Public Guardian and Trustee, Industry Canada or comparable provincial, territorial or national office.

Treasurer

The Treasurer chairs the Finance Committee and is responsible for:

- Ensuring that the financial records are updated and maintained
- Ensuring the preparation of monthly financial statements
- Ensuring timely banking and payment of government remittances
- Ensuring the preparation and monitoring of the annual budget
- Ensuring the financial statements are monitored to budget and presented to the Board on a quarterly basis
- Ensuring the cash position in relation to its future obligations is reviewed at least twice a year and presented to the Board
- Ensuring that there is an annual financial review by an accounting professional of the foundation's financial statements, in accordance with an acceptable accounting framework as identified by Chartered Professional Accountants Canada (CPA Canada), within 120 days of the fiscal year-end
- Ensuring that foundation makes the following information available on its website:
 - their most recent three years of financial statements including notes as approved by the Board and the report of the independent licensed public accountant who conducted the audit or review engagement; and
 - the names of all Board members

In addition to the above, make the following information available on their website:

- their registration number (BN) assigned by the Canada Revenue Agency (CRA); and,
- the public portion of their most recent Registered Charity Information Return (form T3010) or RCAA Information Return (form T2052) as submitted to CRA or a direct link to it.
- Reviewing, approving and ensuring that the annual T3010 is submitted to the Charities Directorate of the Canada Revenue Agency within six months of the fiscal year-end
- Presenting the annual financial statements to the membership within 6 months of year-end and ensuring that the financial statements are publicly available
- Sitting as a member of the Investment Committee

Monitoring: This policy will be reviewed every two years.

Board Acceptance: This policy was approved/reaffirmed at the _____ Board meeting.

Imagine Canada Standards that align with this policy (see appendix for details): A17, A21, B1, B3, B4, B5, B6, B10, E1

GOVERNANCE

1.03 Financial Accountability

The purpose of this policy is to provide guidelines for the Foundation's financial accountability to its members, donors, volunteers, staff and the community as a whole.

Things to consider:

- Will the foundation's financial affairs be conducted in a responsible manner, consistent with the ethical obligations of stewardship and the legal requirements of provincial and federal regulators?
- Will all donations be used to support the foundation's objects, as registered with CRA?
- Will all restricted or designated donations be used for the purposes for which they are given?
- If an alternate use for a donation is necessary due to program or organizational changes, will the change be discussed with the donor or a donor's legal designate? If no agreement can be reached with the donor or donor's legal designate, will the unexpended part of the donation be returned to the donor? If the donor is deceased and the Foundation is unable to contact a legal designate, will the donation be used in a manner that is consistent as possible with the donor's original intent?
- Will annual financial reports be factual and accurate in all material respects? Will the annual report be prepared using generally accepted accounting principles and standards established by the Canadian Institute of Chartered Accountants, in all material respects?
- Will the annual report disclose:
 - The total amount of donations and expenses including salaries and overhead?
 - The total amount of donations that are receipted for income tax purposes (excluding bequests, endowed donations that cannot be expended and gifts from other charities)?
 - The total amount of expenditures on charitable activities? Will there be a policy statement established to guide what the total expenditures on charitable activities will include?
 - Identification of government grants and contributions separately from donations?
- Will the foundation meet or exceed CRA's requirement (aka Disbursement Quota) for expenditures on charitable activities? When this is not possible will any excess gained in previous years be used to meet this requirement? If this is not possible will the foundation apply to CRA to seek relief? (refer to CRA Charities Directorate for information on Disbursement Quota)

1.01 Financial Accountability (sample policy)

The foundation's financial affairs will be conducted in a responsible manner, consistent with the ethical obligations of stewardship and the legal requirements of provincial, territorial and federal regulators.

All donations will be used to support the charitable purposes of the foundation, as specified in the governing documents. All donations will be used for the purposes for which they were given. If an alternate use for a donation is necessary due to program or organizational change, this use will be discussed with the donor or the donor's legal designate. If no agreement can be reached with the donor or donor's legal designate, the unexpended part of the donation will be returned to the donor. If the donor is deceased and the foundation is unable to contact a legal designate, the donation will be used in a manner that is as consistent as possible with the donor's original intent.

The Foundation prepares and issues Official Income Tax receipts for monetary gifts and gifts-in-kind in compliance with all regulatory requirements.

The annual financial statements will be prepared and approved by the Board, within 6 months of the fiscal year-end, using generally accepted accounting principles and standards established by the Chartered Professional Accountants of Canada, in all material respects.

The foundation discloses on our website details of the purpose and amount of payments for products or services to Board members or companies in which a Board member is an owner, partner or senior manager.

The annual report will disclose the total amount of donations and expenses including salaries, overhead, fundraising costs and identification of government grants and contributions separately from donations.

The foundation will meet or exceed the Canada Revenue Agency's requirement to spend a minimum of 3.5% of the average value of the foundations' property each year on its own charitable activities or on gifts to qualified donees (for example, other registered charities). When this is not possible, any excess gained in previous years will be used to meet this requirement. If this is not possible, the foundation will apply to the Canada Revenue Agency to seek relief.

Monitoring: This policy will be reviewed every three years.

Board Acceptance: This policy was approved/reaffirmed at the _____ Board meeting.

Imagine Canada Standards that align with this policy (see appendix for details): B1, B3, B11, B12, B13

GOVERNANCE

1.04 Conflict of Interest

It is important that our practices and decisions are without suspicion or influence and avoid any appearance of impropriety, which may raise concerns within or outside the organization. The policy is designed to ensure an organization's reputation for integrity of decisions.

Things to consider:

Board members and committee volunteers

- How will the conflict be disclosed? Will you use an annual questionnaire to disclose relevant personal, financial and professional interests and affiliations including family relationships?
- Will a declaration of conflict of interest be a regular agenda item at the beginning of Committee and Board meetings? Will members be asked to verbally declare any and all conflicts?
- If the Board member or committee member is unsure, will they approach the Board/Committee Chair, Governance Committee or the Board as a whole to ask for clarification? Will the Board or Governance Committee determine if there is a conflict of interest – either perceived or real?
- What is the action that needs to follow the declaration? Does the Board member/Committee volunteer need to abstain from all discussion pertaining to the subject and abstain from voting, not attempt to influence and/or does the Board member need to leave the meeting during the discussion and voting? If the member does not leave the meeting, may the remaining Board members, by majority vote, ask the member to leave the meeting?
- What is the responsibility of other Board members and Committee members to raise concerns they may have regarding conflict of interest? In doing so, shall they first contact the Board member or Committee member and then the Chair to clarify the situation? Will the Board Chair or Committee Chair be required to report such concerns to the Board or the Committee?
- When the conflict is disclosed, will the same conflict be repeated at future meetings where the subject may arise?
- If a Board member or a Committee member is aware of a conflict and is not present at the meeting where the item was discussed, will they be able to declare the conflict at the next meeting?
- How will the minutes of meetings reflect these requirements including declarations and abstinence from voting?
- What is the relationship of the policy to the bylaw concerning conflict of interest?
- Will Board members and volunteers be prohibited from accepting personal gifts from current and prospective providers of services or goods and grantees with the exception of occasional hospitality or other benefits of nominal value?
- Will Board members and volunteers be prohibited from using privileged information gained in their role for personal or professional gain?

Implementation

- Will this policy form a part of the orientation of new Board members, and volunteers? Will Board members and volunteers be asked to sign a copy of this policy to indicate their acceptance of the policy?
- If a conflict arises related to a proposed business or financial transaction, will a disinterested person be appointed by the Board to investigate alternatives or more advantageous alternatives that will not present a conflict of interest?
- If a more advantageous alternative is not available, will the Board vote to proceed with the business or financial arrangement? How will this be noted in the minutes?
- Will there be corrective procedures? If so, what are they?

Staff (if applicable)

- How will the conflict be disclosed?
- Will staff be prohibited from accepting personal gifts from current and prospective providers of services or goods and grantees with the exception of occasional hospitality or other benefits of nominal value?
- Will staff be prohibited from using privileged information gained in their role for personal or professional gain?
- What is the action that needs to follow the declaration? Does the staff member need to abstain from all actions or discussions pertinent to the subject, not influencing the decision?
- How will the declaration be documented in writing?
- If an omission occurs, what action will be taken?
- Will the Board of Directors be informed of all declarations?

1.04 Conflict of Interest (sample policy)

PREAMBLE

It is important that our practices and decisions are without suspicion or influence and avoid any appearance of impropriety, which may raise concerns within or outside the organization. The policy is designed to ensure an organization's reputation for integrity of decisions. As a result, this policy addresses conflicts of interest, real or perceived. This policy will not address the issue of what constitutes an actual conflict of interest as a matter of law.

As a result, the policy is directed towards the sources of the most potential conflict. These include conflicts arising as a result of an affiliation with:

1. An organization that has, or is negotiating, a business relationship

- A conflict of interest arises in a situation in which:
 - The foundation has a business or financial dealings with a Board member, volunteer* or staff member individually or with a corporation, partnership or other business enterprises of which the Board member, volunteer or staff member, or a member of his/her family**, is an officer, director, partner or substantial stockholder, or
 - The primary purpose of a grant from the foundation to a qualified grantee is made to support a transaction with such a business enterprise.

2. An organization seeking funding or other support

- A conflict of interest arises in a situation in which the foundation is considering or makes a grant to a qualified donee of which the community foundation Board member, volunteer or staff member, or a member of his/her family, is an officer, director, trustee or employee of the applicant organization. This also includes situations where Board members, volunteers or staff members have an unofficial role with the applicant organization as a significant donor, volunteer, advocate or advisor

*Volunteer includes any person serving voluntarily on a committee with Board-delegated powers or in any other capacity that might give rise to a conflict of interest.

**Family includes spouse or partner, children, grandchildren, parents or grandparents, siblings (and their immediate families), as well as any member of the extended family living under the same roof.

Implementation:

This policy will be conveyed to staff and all new Board and committee members.

The first agenda item of Board and committee meetings will be a declaration of conflict of interest. Members, including staff, will be asked to verbally declare a conflict of interest and to identify which agenda items that are in conflict. The minutes of the meeting will reflect declared conflicts. If the member is unsure, he/she will ask for clarification and the chair will determine if there is a real or perceived conflict.

When there is a conflict, the member will refrain from all discussion pertaining to the subject and abstain from voting. When there is a conflict of interest for a member of the Grants Committee, the committee member will temporarily remove themselves from the committee for the round of grants being assessed.

It is the responsibility of Board and committee members to raise concerns they may have regarding conflict of interest with a member who is perceived to be in conflict. If there are still concerns, it is their responsibility to convey these concerns to the chair.

Board, volunteers and staff are prohibited from accepting personal gifts from current and prospective providers of services or goods and grantees with the exception of occasional hospitality or other benefits of a nominal value.

Board members, volunteers and staff are prohibited from using privileged information gained in their role for personal or professional gain.

Monitoring: This policy will be reviewed every three years.

Board Acceptance: This policy was approved/reaffirmed at the _____ Board meeting.

Imagine Canada Standards that align with this policy (see appendix for details): A12

GOVERNANCE

1.05 Confidentiality and Privacy

The policy is designed to demonstrate an organization's obligation to model high standards of accountability. Respect for confidentiality is the cornerstone of trust and confidence as well as a legislated obligation. Confidentiality means that Directors may not relate such matters to anyone including immediate family members. The duty of confidentiality continues indefinitely after a Director has left the Board.

Things to consider

- Will Board members be required at all times to respect the confidentiality of a donor's name, level of gift and personal circumstances that might identify a donor, if asked to do so by the donor or by a motion of the Board?
- Will Board members be required to hold in the strictest confidence all matters dealt with by the Board during in-camera meetings and matters related to personnel and property?
- Shall Board members agree to an oath of office and confidentiality upon joining the Board of Directors and will the oath of office include the following:

I will exercise powers of the office and fulfill responsibilities in good faith and in the best interests of the corporation; exercise these responsibilities with due diligence, care and skill in a prudent manner; respect and support the corporation's bylaws, policies, code of conduct and decisions of the Board and membership; keep confidential all information learned about donors, grantees, personnel, and any other matters specifically determined by board motion to be matters of confidence including matters dealt with during in-camera meetings of the Board; conduct self in spirit of collegiality and respect for the collective decisions of the Board and subordinate personal interests to the best interests of the corporation; immediately declare any personal conflict of interest that may come to my attention?

In addition, the oath may also include a statement that the Board member will resign the office of Board member if the oath of office is breached.

- Will the Foundation support the naming of a fund as Anonymous? In all other circumstances, will the personal and identifying circumstances of a donor remain confidential? Similarly, will the circumstances regarding grant distributions remain confidential?

Implementation

- Will the confidentiality statement be signed and dated by the Board member?

1.05 Confidentiality and Privacy (sample policy)

General

The foundation is committed to protecting the privacy of the information of its employees, members, customers and other stakeholders. We value the trust of those we deal with, and of the public, and recognize that maintaining this trust requires that we be transparent and accountable in how we treat the information that donors choose to share with us. During the course of our various projects and activities, we frequently gather and use personal information. Anyone from whom we collect such information should expect that it will be carefully protected and that any use of or other dealing with this information is subject to consent. This policy is posted on the foundation's website.

Definition of Personal Information:

Personal information is any information that can be used to distinguish, identify or contact a specific individual. This information can include an individual's opinions or beliefs, as well as facts about, or related to, the individual. Exceptions: business contact information and certain publicly available information, such as names, addresses, email addresses and telephone numbers as published in public directories, are not considered personal information. Where an individual uses his or her home contact information as business contact information as well, we consider that the contact information provided as business contact information.

Practices:

Personal information gathered by the foundation is kept in confidence. Our personnel are authorized to access personal information based only on their need to deal with the information for the reason(s) for which it was obtained. Safeguards are in place to ensure that the information is not disclosed or shared more widely than is necessary to achieve the purpose for which it was gathered. We also take measures to ensure the integrity of this information is maintained and to prevent it's being lost or destroyed. We collect, use and disclose personal information only for purposes that a reasonable person would consider appropriate in light of the circumstances. We routinely offer individuals we deal with the opportunity to opt not to have their information shared for purposes beyond those for which it was explicitly collected. We use password protocols and encryption software to protect personal and other information we receive when a product or service is requested and/or paid for online. Our software is routinely updated to maximize the protection of such information. A Board member or staff member has been designated to respond to questions, concerns or complaints relating to this policy.

Donors:

Board members and staff are required at all times to respect the confidentiality of a donor's name, level of gift and personal circumstances that might identify a donor if asked to do so by the donor or by a motion of the Board. Donor requests for confidentiality and anonymity will be strictly respected. Access to donor information will be restricted to only those who need it for the function of their duties. Paper records are kept locked and computer records are protected using password protocols. Donor lists are not shared with any other fundraising organizations. The Foundation does not use outside contract fundraisers

Grant Recipients

The Foundation grantmaking process requires charities and agencies to provide detailed project and organizational information. This may often be sensitive and will be treated in confidence.

Contracts/Grants

The Foundation as a necessity will contract with professional and business corporations and details of all such transactions will be treated with respect and discretion. Information relating to personnel, litigation and property contracts and resulting transactions will be kept confidential.

Meetings

The Board and all its committees act as a whole. Deliberations including the opinions of individual Board and Committee Members will be kept confidential. Third-party opinions with respect to contracts or grant applications will be kept confidential. Board members are required to hold in the strictest confidence all matters dealt with by the Board during in-camera meetings and matters relating to personnel and property.

Implementation:

The above constitutes the Statement of Confidentiality and Privacy. Each Board member and volunteer will sign and date this statement.

Monitoring: This policy will be reviewed every three years.

Board Acceptance: This policy was approved/reaffirmed at the _____ Board meeting.

Imagine Canada Standards that align with this policy (see appendix for details): A13, C3

GOVERNANCE

1.06 Risk Management

At a time when charitable organizations are being closely scrutinized by donors, government agencies and the public, community foundations have an opportunity and an obligation to model high standards of accountability. In addition, community foundations need to ensure that adequate financial resources are committed to carry out responsibilities.

The Board of Directors is responsible to ensure that bylaws are current; that governance practices are consistent with the bylaws; adequate insurance provisions are in place to protect the organization and board from potential liabilities; resources are sufficient to minimize risk to employees and volunteers; compliance with statutory and regulatory requirements; that policies are respected in actual practice; and adequate contingency plans are in place against reasonably anticipated crises.

The policy is also designed to demonstrate an organization's obligation to model high standards of accountability.

Things to consider

Bylaws

- How often will the Bylaws be reviewed? Are they current?

Implementation:

- Who will review the Bylaws?
- How will the Board of Directors be advised whether their governance practices are consistent with the bylaws?

Insurance

- What level of insurance and what types of insurance are considered to be adequate?

Implementation:

- Who will be responsible for recommending whether adequate insurance provisions are in place to protect the organization and the Board from potential liabilities?

Resources

- What is the level of resources considered to be sufficient to minimize risk to employees and volunteers?

Compliance with Statutory and Regulatory Requirements

- With what statutory and regulatory requirements must the corporation comply?

- A. For example, the provincial Office of the Public Guardian and Trustee or comparable provincial office requires:
- i. Copies of charter documents
 - ii. Head office address
 - iii. Address of each place of business
 - iv. All legal names
 - v. Names and addresses for service of all current directors and officers
- B. Charities Directorate, CRA
- i. Charitable information return within six months of year-end
 - ii. Copies of charter documents
 - iii. Copies of bylaws
 - iv. Head office address
 - v. Address of each place of business
 - vi. Names and addresses for service of all current Directors and Officers
- C. Are changes in corporate directors registered with the Ministry of Corporate Affairs as they occur? Is an annual return completed?
- Are changes in bylaws forwarded to the applicable Ministry and legal representation?
 - Has the community foundation maintained regulations established by CCRA? Some areas to review include guidelines for disbursement of funds and for charitable receipting.

Implementation

- How will the Board know if the requirements are followed? Who will report to the Board of Directors on compliance with these requirements? When will this occur?

Corporate Records

- Are the following corporate records/minute book maintained?
 - a. All charter documents including CRA registration confirmation
 - b. All bylaws
 - c. Register of addresses, dates of election, appointment/resignation
 - d. Directors and Officers
 - e. Member
 - f. Duplicate filed copies of all government filings
 - g. Contact list, including addresses for each director, officer, member and auditor
 - h. Copies of notice of meetings or waivers of notice
 - i. Minutes of Director and Members, organized in date order, including:
 - a. Tracking of application for membership of all members
 - b. Admission of all members
 - c. Resignation or removal of all members
 - d. Election, resignation and removal of all Directors and Officers
 - e. Consent to act as Directors
 - f. Appointment of the auditor
 - g. Approval of all corporate actions
 - h. Any other proceedings required by bylaws or corporate governance
 - j. Copies of financial statements
 - k. Duplicate banking documents
 - l. Charitable registration number
 - m. Copies of T3010
 - n. Duplicate copies of charitable tax receipts

Policies

- Are there policies developed and implemented for key areas of the corporation?
- Are policies respected in practice? Who will report to the Board on compliance?
- How often will the policies of the organization be reviewed? By whom? How will the Board know if this has occurred?

Contingency plans

- Is there an adequate contingency plan in place to protect against reasonably anticipated crises?

Implementation

- Are the computer files backed up regularly? If so, how often are the files to be backed up? Is the backup in a secure cloud, sent or taken off-site? If so, by whom?

1.06 Risk Management (sample policy)

PREAMBLE

Community foundations have an opportunity and an obligation to model high standards of accountability, at a time when charitable organizations are being closely scrutinized by donors, government agencies and the public. In addition, community foundations need to ensure that adequate financial resources are committed to carrying out responsibilities. The Board of Directors is responsible to ensure that bylaws are current, that governance practices are consistent with the bylaws, adequate insurance provisions are in place to protect the organization and Board from potential liabilities, resources are sufficient to minimize risk to employees and volunteers, compliance with a statutory and regulatory requirement, that policies are respected in actual practice; and adequate contingency plans are in place against reasonably anticipated crises.

Bylaws

The bylaws will be reviewed every 5 years or when there is a significant change in governance or the provincial, territorial or federal non-profit corporation legislation. The Governance Committee or an Ad Hoc Committee of the Board will review the bylaws.

Insurance

The Finance Committee annually will review the level and type of insurance and make recommendations to the Board whether adequate insurance provisions are in place to protect the organization and the Board from potential liabilities.

Corporate Records

The Secretary is responsible for ensuring that the corporate records are maintained and filed securely. This includes: all charter documents, bylaws, list of directors, officers and members, minutes of meetings of directors and members, copies of financial statements, banking documents, confirmation of charitable registration, copies of T3010 and duplicate copies of charitable tax receipts.

Backup of Computer Records

Offsite backup copies are to be kept of all computer records.

Fund Agreement/Deed of Gift

There will be two copies made of each fund agreement/deed of gift, one for the donor and one for the foundation. One copy of each fund agreement/deed of gift is to be e-filed off-site in a secure location.

Statutory Remittances and Filing of T3010

The Executive Director or Treasurer will confirm at each Board meeting that all statutory remittances are current. The Treasurer will confirm that the T3010 has been filed within 6 months of the fiscal year-end.

Monitoring: This policy will be reviewed every three years and receive an annual risk management report.

Board Acceptance: This policy was approved/reaffirmed at the _____ Board meeting.

GOVERNANCE

1.07 Code of Ethics

A code of ethics is important because it clearly lays out the rules for behavior and provides the groundwork for a preemptive warning. Regardless of size, businesses count on their management staff to set a standard of ethical conduct for other employees to follow.

1.07 Code of Ethics (sample policy)

PREAMBLE

As a matter of fundamental principle, the foundation requires the highest ethical standards because public trust in our performance is the bedrock of our legitimacy. Donors, volunteers and grant recipients trust the foundation to carry out our mission, to be good stewards of endowment funds, and to uphold rigorous standards of conduct.

The Foundation must earn this trust every day. It is therefore essential that the people involved with the Foundation, Board members, staff and volunteers demonstrate their ongoing commitment to the core values of integrity, honesty, impartiality, openness, respect, and responsibility.

Simple adherence to the law is not enough. The foundation will often need to go beyond legal requirements and make sure that our actions are transparent, open and responsive to public concerns.

Code of Ethics:

The Board of Directors promotes the highest standards of ethical behaviour. This Code of Ethics has been established to provide appropriate guidelines.

Integrity

Foundation members shall act with competence, honesty, integrity and fairness while carrying out their obligations for the foundation.

Role

The well-being of the people of our community will be the primary role of foundation members. In addition, the Board, staff and volunteers will act in the best interests of the foundation in fulfilling its mission.

Governance

The Board understands its role as the governing body of the foundation and accepts full responsibility for setting the vision, mission, strategic direction and foundation policies. The Board is also responsible for oversight of the finances and operations and for the actions and performance of the Executive Director. The directors will ensure that as a group they have or will acquire the relevant skills and experience along with securing the required resources to complete the foundation's mission.

Accountability and Transparency

In carrying out philanthropic activities, foundation directors, staff and volunteers act within the letter and the spirit of the law. The foundation embraces public interest, takes full responsibility for its actions, communicates truthfully, and ensures public records are easily available while maintaining appropriate privacy and confidentiality. The foundation will manage its resources carefully and frugally, actively avoiding excessive expense.

Diversity and Inclusiveness

The foundation seeks diversity and inclusiveness in order to reflect our community. The foundation strives to ensure that a full range of perspectives contributes to the common good of our local society. In conducting its business all members of the foundation will listen to and treat all others who come together under the auspices of the foundation with respect.

Conflict

The foundation seeks to involve Board members, staff and volunteers who are active in community life. It is very likely that on occasion conflicts of interest will arise. Everyone involved with the foundation will act conscientiously to ensure that all conflicts are declared, and appropriate actions are taken within the policies and guidelines established by the Board. The directors shall serve without remuneration for their services. No director shall directly or indirectly receive any profit from his or her position.

Monitoring: This policy will be reviewed every three years and receive an annual risk management report.

Board Acceptance: This policy was approved/reaffirmed at the _____ Board meeting.

Imagine Canada Standards that align with this policy (see appendix for details): A11

GOVERNANCE

1.08 Complaints

Feedback is essential to all organizations; not only because you can gather valuable customer insight, but because it allows you to identify product or service failures. There is no understating it; complaints handling is an invaluable opportunity for your organization to identify areas of improvement and protect your reputation in your community.

1.08 Complaints (sample policy)

PREAMBLE

The foundation is committed to its mission of making meaningful and lasting impacts in communities. We achieve our mission in a variety of ways, involving members of the community. Our work is based on our values; they are the essence of what we stand for/believe in/live by as an organization. Any actions we take are proportionate and reasonable. We behave in an open, honest and transparent way. We take account of and value the diversity inherent in our communities. We listen to the perspectives and needs of donors, agencies and communities, and respond in a way that is supportive and enabling. Although we hope that the service we provide to our stakeholders is well received, we acknowledge that there may be occasions when someone may object to how we conduct ourselves. Staff will view issues raised as an opportunity to receive information that may assist in the improvement of our services.

Definition:

A complaint is the expressed dissatisfaction regarding the service, actions, or lack of action by foundation personnel (staff or volunteer) acting on behalf of the foundation. Examples include but are not limited to the perception of:

- Failure to implement or follow through on a commitment;
- Failure to observe policy; or
- Unfair or discourteous actions/statements.

Policy Statement:

Complaints will be dealt with promptly by the appropriate level within the organization and be resolved as quickly as possible. The complaints review will be transparent, fair, impartial and respectful of all parties involved in keeping with the organization's core principles. Complainants will be advised promptly of the final decision.

Receiving a Complaint:

A complaint will be considered by the foundation when it is received verbally (phone or in-person) or in writing (mail, email). Complaints received in writing will be acknowledged within 2 business days. After acknowledging receipt of the complaint within 2 days, the response to a complaint should occur within a week from receipt of the complaint, with final review and response within 30 days of that date. In order to begin a review of the complaint, foundation staff will need the name and contact information of the complainant as well as a complete description of the facts and circumstances of the issue being raised and any suggested action or remedies to resolve the issue.

Under ideal circumstances, the complaint should be made directly to the foundation individual involved to try to quickly resolve the issue. If that individual is not known, or if the complainant does not feel comfortable directing the complaint to that individual, the complaint can be forwarded to (insert contact information) who will then determine the most appropriate staff member to handle the complaint. The complainant will be advised which staff member will respond and a timeline for action will be provided.

If the complaint relates to a volunteer committee member, the complaint will be referred to the staff liaison who provides direct support to that volunteer and copied to the chair of the Committee. If the complaint relates to a director on the Board of the foundation the complaint will be referred to the Executive Director/CEO and copied to the Board Chair. Confidentiality will be respected throughout the complaints process.

Resolving the Complaint:

Every effort will be made to resolve complaints quickly and to the satisfaction of both the complainant and the foundation. The staff member receiving the complaint may be able to resolve the complaint immediately; however, when a complaint cannot be easily resolved by the recipient of the staff member handling the complaint, it should be reviewed by the Executive Director/CEO. In situations where the complainant is not satisfied with the response or the proposed resolution from the Executive Director/CEO, the complaint will be forwarded to the Board of Directors for review and advice if warranted. If the complaint is related to the Executive Director/CEO, the stakeholder may direct the complaint to the Board Chair.

Reporting of Complaint:

Complaints will be documented and kept in a file separate from any file related to the stakeholder. The Executive Director/CEO will track and respond to trends identified through the complaint resolution process. The Executive Director/CEO will ensure that a quarterly review is done on any complaints received (including number and type) and an annual report, including number, type and disposition of complaints received will be made to the foundation's Board.

Monitoring: This policy will be reviewed every three years and receive an annual risk management report.

Board Acceptance: This policy was approved/reaffirmed at the _____ Board meeting.

Imagine Canada Standards that align with this policy: A18

GOVERNANCE

1.09 In-Camera Board of Directors Meeting

In camera meetings serve a legitimate purpose and are an important aspect of parliamentary procedure that protects the foundation, its economic interests, operations and the personal privacy of individuals by ensuring sensitive discussions are kept confidential. An in camera meeting is really about understanding sensitive situations.

1.09 In-Camera Board of Directors Meeting (sample policy)

PREAMBLE

At times Board needs to deliberate on sensitive matters related to the employment of the Executive Director/CEO (e.g. salary, evaluation, contract renewal); Board conduct; budgetary concerns; conflicts of interest; or, legal issues. In-camera is a private session at the Board meeting and can be held amongst Board members only or amongst the Board and its only employee, the Executive Director/CEO. Any other staff members are asked to leave. Board business shall not be conducted during an in-camera session. If any business is to be conducted or motions carried, the in-camera portion of the meeting shall end, and the secretary shall return to record any decision(s) for the minutes.

Typically, in-camera sessions will only last 10 to 19 minutes; however, if necessary, shall be limited to a maximum of 30 minutes per session without prior Chair of the Board (“Chair”) approval. Because of the nature of our organization, in-camera shall be vetted to the Chair or Chair designate prior to being placed on the Board agenda and held at a minimum, semi-annually. The in-camera session may be waived if no member identifies a need for the same.

The Chair must ensure the in-camera session remains focused on appropriate items and does not digress into areas that should be discussed in the presence of management. The Chair must exercise his/her authority to determine the appropriateness and relevance of issues raised in-camera, and provide opportunities for all Board members to contribute meaningfully to the discussion.

In-camera sessions challenge the Board to assess whether the matter at hand pertains to confidentiality and/or secrecy. While confidentiality is important to good Board governance, secrecy can, and will, undermine it.

Confidentiality prevents undue harm to the Foundation and its assets, including volunteers, Board members and staff, and must be reconciled with transparency and accountability; that is, stakeholders are allowed to know enough and can question the processes and outcomes. Confidentiality unequivocally requires but does not strain trust.

Secrecy attempts to protect someone or something from scrutiny. It attempts to prevent accountability and cannot be reconciled with transparency. Secrecy demands, then misuse trust.

Confidentiality around the Board table is secured by the annual review and execution if appropriate of the following:

- Declaration of Conflict of Interest;
- Code of Ethics and Confidentiality;
- Code of Conduct

In order to preserve trust amongst the Board and between the Board and its employee, the Executive Director/CEO, there must be a strict criterion regarding in-camera sessions.

Policy Statement: In-Camera Session

When the Board decides to move In Camera, a motion is made to do so. When the Board moves out of the In-Camera session, a motion is also made to do so. These motions are recorded in the regular Board meeting minutes.

In-Camera discussions are not recorded in the regular Board meeting minutes. Minutes for In-Camera meeting are filed.

If there is a decision made by the Board when In-Camera, that decision is brought back into the regular Board meeting for approval.

Matters that will generally be dealt with in an in-camera session of Board members only include, but are not limited to:

- Employment of the Executive Director/CEO – evaluation, contract negotiations, discipline
- Internal issues regarding Board conduct

Matters that will generally be dealt with in an in-camera session of the Board collaboratively with the CEO include, but are not limited to:

- Budgetary concerns
- Conflicts of interest
- Legal issues

Monitoring: This policy will be reviewed every three years.

Board Acceptance: This policy was approved/reaffirmed at the _____ Board meeting.

GOVERNANCE

1.10 Planning: Strategic, Operating and Planning Cycle

The policy is designed to demonstrate a Board's commitment to providing the vision for their community foundation is a key ingredient in organizational stewardship.

Good strategic planning results in better communication and better understanding of how various parts of an organization work together to build desired results.

As part of the process of strategic planning, the Board of Directors may desire to appoint a governance committee, under the direction of the Board, to provide information or direction on elements of planning. In other circumstances, such as the development of the operating plan, operating committees may be established by the Executive Director or CEO that may include staff and volunteers.

Operating committees are normally under the direction of the Executive Director or CEO.

Things to consider

Strategic Plan

- Will the Board, with the assistance of staff and others such as committee members and donors, establish the foundation's overall direction through the development and approval of a Strategic Plan?
- What is the period of time that the Strategic Plan will provide a blueprint for the foundation? Will it be 3-5 years?

Implementation

- Will the Strategic Plan include a review or development of a mission statement and vision statement or a values statement?
- Will the Strategic Plan be based on a scan of internal and external factors? What format will be used to assess the foundation's activities and how the role of the foundation is carried out in your community?
- Will the Strategic Plan identify the 'key areas' in which the Board wants to focus on the activities of the organization and general goals for each of these areas?

Annual Operating Plan

- Will an annual Operating Plan be developed based on the Strategic Plan?

Implementation

- Will the foundation's staff (or in circumstances where there is no staff, the Board) develop an annual operating plan and budget for the next 12 months based on the general blueprint contained in the Strategic Plan?
- Will the annual Operating Plan contain specific objectives, expected results, a timeframe for the objectives to be carried out and criteria for measuring the achievement of these results?
- Will the level of grant distribution for the next year also be included with the Operating Plan for the next year?
- Will the Operating Plan together with the budget be presented to the Board for review, amendment and approval? What will be the timeframe and process for the review, amendment and approval?

Planning Cycle

- Will the targets set in the Operating Plan also measure the progress in the Strategic Plan?

Implementation

- Will interim results be monitored quarterly?
- Will the third quarter produce projections for the following year and initiate the planning goals for the next year?
- Will planning for the next year be complete by the end of the fourth quarter?

1.10 Planning: Strategic, Operating and Planning Cycle (sample policy)

PREAMBLE

This policy demonstrates the organization's commitment to ensuring that the vision and mission of the foundation continue to guide the work of the organization and that the foundation continues to remain relevant and responsive to our community. The policy ensures the foundation undertakes strategic planning on a cyclical basis from which the annual operating plan is developed and monitored.

Policy:

The Board, in partnership with the Executive Director/CEO, are responsible for providing leadership in the development of the strategic plan every 5 years, unless circumstances change significantly that will impact the strategic plan. This will be done through the appointment of an Ad Hoc Strategic Planning Committee, which is chaired by a director. The Executive Director/CEO is a member of this committee.

The vision and mission statement will be reviewed at the end of the planning process and amended, if warranted, to ensure alignment with the strategic priorities and goals of the strategic plan.

The foundation's stakeholders will be consulted in the development of the plan through one or more of the following methods: one-on-one meetings, focus groups or surveys.

The strategic plan will identify key strategic priorities and goals for the 5-year period. Annually the board and staff will determine objectives, key lead (i.e. director or staff), resources required and frequency of reporting on progress.

The strategic plan will be completed at least 3 months prior to the start of the planning cycle.

The annual operating plan will be developed by the staff based on the annual objectives determined by the Board. The plan will also include key milestones to measure achievement, resources required (both human and financial) and frequency of reporting on progress to the board. This plan will be approved by the board at their meeting one month in advance of the implementation of the annual business plan. The annual budget will be presented and approved at the same meeting.

Monitoring: This policy will be reviewed every five years.

Board Acceptance: This policy was approved/reaffirmed at the _____ Board meeting.

Imagine Canada Standards that align with this policy (see appendix for details): A1, A2

GOVERNANCE

1.11 Board, Committee and Staff Relationship

Board-appointed committees provide the recognized avenues for ongoing work of the foundation, combining the expertise of the staff (as designated by the Executive Director or CEO) with the experience and judgment of Board members and selected members of the community.

Things to consider

Standing Committees:

- Which standing committees will the Board establish?
- Will the Chair of each Committee ordinarily be a Board member?
- Will he/she report to the Board on the results of the Committee's deliberations? Or will he/she make recommendations on behalf of the Committee to the Board?
- Will Committees develop their agendas based on their terms of reference?
- Will Committees exercise authority over staff?
- Will Committees normally not be involved in operational aspects of the foundation, except through the Executive Director?

Task Forces:

- Will the Board of Directors set up task forces? Will the task forces ordinarily be chaired by a Board member?
- Will task forces be focused on specific issues that require discussion and that ultimately will lead to recommendations for action to the Board?

Implementation:

- Will the Executive Director/CEO also set up task forces or advisory groups that do not report directly to the Board? Will these task forces provide either ongoing or specific advice and support to the operations of the foundation through the Executive Director/CEO and designated staff?

1.11 Board, Committee and Staff Relationship (sample policy)

PREAMBLE

The Board of Directors operates as a Policy and Governance Board. Most of the committees of the Board have an advisory and policy development role, except for the local Fund Development Committees, which are actively involved in promoting the Foundation in their local community.

The following guidelines are to be followed to ensure effective and efficient Board and committee meetings.

PRACTICE:

1. A Board member shall chair all committees of the Board. One member of the Board shall be a member of each of the community-based Fund Development Committees.
2. Reports and minutes of meetings shall be presented to the Board following each committee meeting.
3. The Standing Advisory Committees of the Board include: Nominating, Governance, Community Leadership, Finance, Investment, and Grant Making.
4. Committee members are appointed for a three-year term. The board approves all committee memberships. Membership can be renewed for additional three-year terms, in consultation with the board chair and the Executive Director, and may be extended based on the recommendation of the Committee Chair and Executive Director.
5. Committee members may be drawn from the Board of Directors or from those members of the general public with the skills necessary to perform the functions of the committee.
6. All committees are advisory committees to the Board of Directors.
7. Each committee shall review committee terms of reference annually and recommendations for changes shall be presented to the Board for approval.
8. Each committee will be evaluated on a bi-annual basis.
9. Every effort will be made to draw committee members from a number of municipalities in XXXX. A minimum of three municipalities in XXXXXX must be represented (either as a place of business or residence) in the total membership of each committee.
10. Each committee chair is to receive an orientation from the Board Chair and/or Executive Director/CEO as to their responsibilities with respect to the Executive Director/CEO Emergency Succession Plan.

Monitoring: This policy will be reviewed every five years.

Board Acceptance: This policy was approved/reaffirmed at the _____ Board meeting.

Imagine Canada Standards that align with this policy (see appendix for details): A17

GOVERNANCE

1.12 Scope of Executive Authority

The Executive Director or CEO is responsible, within the parameters established by the Board, for determining the methods by which the Board's directions and policies will be executed and the desired outcomes achieved.

The Executive Director or CEO is responsible to the Board as a whole rather than to individual members of the Board. The Executive Director or CEO shall implement policies as determined by the Board and consistent with any requirements of any legislation or regulations.

Things to consider:

- Will the Board delegate responsibility for the execution of Board policies to the Executive Director/CEO?
- Will all Board responsibilities delegated to staff be delegated through the Executive Director/CEO so that the authority and accountability of staff derive from the authority and accountability of the Executive Director/CEO?
- Will the Board of Directors as a group, rather than individual directors, officers or committees be responsible for providing direction to the Executive Director/CEO within the context of Board policies?

1.12 Scope of Executive Authority (draft policy)

PREAMBLE

The Board’s role is to set policy, and to question, scrutinize and monitor the management of the Foundation’s affairs. It is a role of governance as opposed to operational management. The Board’s primary responsibility is to build and ensure sound management of the Foundation. It oversees the Foundation’s management and ensures that the affairs of the Foundation are being conducted in a manner that achieves its goals, consistent with the Foundation’s mission.

PRACTICE:

Item/Function	Responsibility of	Scope of Authority
Executive Director Relations	Chair	Undertake Executive Director review Present Executive Director review findings, annual goals and compensation recommendations to the board
	Board	Hires and terminates Executive Director Approves Executive Director compensation
Annual Budget	Board	Approves budget and mid-year forecasts Approve revisions to budget for items external to annual operating/strategic plan
	Treasurer	Approves contractual obligations in excess of \$5,000
	Executive Director	Can reallocate budgeted revenue and expenses within parameters of annual strategic/operating plan
Strategic Plan	Board	Develops and monitors strategic plan Establishes annual goals
	Executive Director	Prepares annual operating plan and works with the board on the development of the strategic plan
Spokesperson	Chair	Governance or policy issues Major announcements with comments from Executive Director Can include Executive Director on policy
	Executive Director	On-going operational Media contact

Annual Audit	Board	Appoints auditor Approves financial statements and management letter Communicates any management concerns to the auditor
	Finance/Audit Committee	Reviews audit plans and scope of the audit Makes recommendations for strengthening internal controls Reviews report of management for consistency of disclosure
Policy Development	Board/Governance Committee	Develops, monitors and regularly reviews policy Conducts bylaw review Receives reports from Executive Director on policy compliance
Insurance	Board	Ensures organization is adequately insured
Evaluation	Executive Director	Conducts employee evaluation Undertakes regular program and service evaluation
	Board	Ensures programs and services are regularly monitored and evaluated Conducts and reviews annual board evaluation
Fund agreement/deed of gifts	Executive Director	Amends templates to reflect specific gift arrangements More complicated gift arrangements to be reviewed by legal counsel
	Signing Officers	Two to sign fund agreement/deed of gifts
	Signing Officers	Approves all fund agreement/deed of gifts between board meetings, subject to final board approval
	Board	Approves substantive changes to fund agreement/deed of gift standard clauses Approves all fund agreement/deed of gifts

Monitoring: This policy will be reviewed every five years.

Board Acceptance: This policy was approved/reaffirmed at the _____ Board meeting.

1.13 Board Appointment of ED/CEO

The recruitment, selection and appointment of a CEO are, along with performance monitoring, among the most important responsibilities of the Board. An appointment of a CEO should be made with the confidence of the Board.

Things to consider

New ED/CEO Search

- Will an existing committee of the Board undertake this process or will the Board appoint an Ad Hoc Committee?
- If an Ad Hoc Committee, which Director will be the chair?
- Will committee membership include individuals with executive search experience?
- What is the time frame for the search process?
- Will the Committee's environmental scan be done internally or externally and will this include a compensation scan?
- Who is authorized to conduct negotiations with the potential candidate?

CEO Renewal

- What are the timelines for this review?
- Will the Board be conducting a community and philanthropic scan for comparators?
- Will the Board Review be reviewing the current position description ensuring that it addresses the needs and strategic direction of the Foundation?
- Who is authorized to negotiate the CEO Renewal contract?

1.13 Board Appointment of ED/CEO (sample policy)

PREAMBLE

The recruitment, selection and appointment of a CEO are, along with performance monitoring, among the most important responsibilities of the Board. An appointment of a CEO should be made with the confidence of the Board.

POLICY:

CEO Appointment:

When a vacancy in the position of CEO is anticipated, the Board will determine the needs of the Foundation at that point in its evolution.

The Board will establish an ad-hoc committee consisting of the Board Chair, Vice Chair, and at least one other member of the Board. The committee is tasked to:

1. Establish timelines to determine successful appointment of the CEO.
2. Conduct a community and philanthropic scan.
3. Develop for the Board's review and approval a revised position description that addresses the needs and strategic direction of the Foundation.
4. Present recommendations to the Board.

The Board, with recommendations from the ad-hoc committee, will determine the search process.

The Chair and Vice-Chair of the Board will implement the Board's direction.

The selection of the final candidate shall be approved by the Board on a simple majority vote.

The Chair and Vice-Chair of the Board are authorized to negotiate the employment (or contractor for an interim position) contract to secure term, duties/responsibilities and remuneration. The employment contract is presented to the Board for final approval.

CEO Renewal:

The Board will establish an ad-hoc committee of the Board Chair, Vice Chair, and at least one other member of the Board. The committee is tasked to:

1. Establish timelines to determine successful renewal of the CEO.
2. Conduct a community and philanthropic scan for comparators.
3. Review current position description that addresses the needs and strategic direction of the Foundation.
4. Present recommendations to the Board.

The Chair and Vice-Chair of the Board are authorized to negotiate the employment (or contractor for an interim position) contract to secure term, duties/responsibilities and remuneration. The employment contract is presented to the Board for final approval.

The Committee shall report to the Board as and when required.

Monitoring: This policy will be reviewed prior to search for a new CEO/ED.

Board Acceptance: This policy was approved/reaffirmed at the _____ Board meeting.

GOVERNANCE

1.14 Volunteer Involvement

The success of the Foundation is dependent on the work of its volunteers, whether at a policy or direct service level. A respectful, meaningful working relationship between staff and volunteers is critical to that success. It is important for volunteers to be clear on their role and responsibilities and how these relate to the mission of the Foundation. These policies and procedures define the support and involvement of volunteers.

Things to consider

- Will the Foundation use volunteers, and if so, what experience, skills or qualifications is required?
- What role(s) will the volunteers take and what are the responsibilities of each role?
- Will the volunteers be mentored by a member of the current Foundation team?
- How will the volunteers be assigned to their roles and how do these roles relate to the Foundation mission??
- How will volunteers be recruited, screened, oriented and trained and by whom?
- Does each volunteer need to be approved by the Board?
- Who is responsible for supervising the volunteers?

Volunteers are subject to many of the Human Resource Policies as staff. CFC has a [Human Resource Guide: Policy and Procedure Template](#) to which Foundations should refer when drafting their relationship with their volunteers.

1.14 Volunteer Involvement (sample policy)

The organization has one or more clearly designated individuals (volunteer or paid staff) with appropriate experience, skills, or qualifications with responsibility for volunteer involvement. Each volunteer will receive timely mentorship from the appropriate member of the Community Foundation in accord with their task. The appropriate member of the Community Foundation would encompass either paid staff or existing volunteers for mentorship.

Volunteers will be assigned tasks consistent and with their abilities, knowledge and scope of training within the Foundation.

Volunteer assignments address the mission or purpose of the Foundation and involve volunteers in meaningful ways that reflect their abilities, needs, and backgrounds.

Volunteer recruitment incorporates internal and external strategies involving a diverse volunteer base.

The Foundation has an appropriate screening process for volunteers. The Board approves the appointment of each Board of Director and committee volunteer.

Each volunteer shall receive training and/or orientation if applicable, appropriate to the volunteer assignment and his/her individual needs.

Volunteers receive a level of supervision appropriate to the task and are given regular opportunities to offer and receive feedback.

The contributions of volunteers shall be acknowledged and recognized.

The impact and contributions of volunteers and the volunteer program shall be appropriately evaluated.

Volunteers are welcomed and treated as valued and integral members of the Foundation's human resources team.

Monitoring: This policy will be reviewed when the Human Resource Policies are reviewed.

Board Acceptance: This policy was approved/reaffirmed at the _____ Board meeting

1.15 Definition of Charitable Purpose

Canada Revenue Agency (CRA) requires a Foundation to indicate the amount of its annual disbursement it uses to provide charitable work (i.e. operational expenditures that are deemed essential to carrying out the charitable program). The purpose of this policy will be to define the types of charitable work that are deemed acceptable by CRA.

Things to consider

- It is important to ensure that whenever your charitable purposes are changed that they are reflected in this policy.
- How will the Foundation allocate operating expenditures to carrying out the Foundation’s charitable purposes?
- CRA is very particular about registered charities undertaking work that is not covered by the charities purposes. If the Foundation is considering amending its charitable purposes, refer to the CRA website for ‘charitable purposes and activities’ and consult with one of their advisors.

1.15 Definition of Charitable Purpose (sample policy)

The charitable purposes of the Foundation are to receive and maintain a fund or funds and to apply all or part of the principal and income therefore, by way of a formal grants program to qualified donees in the furtherance of the following charitable purposes beneficial to the community including:: (include list of charitable purposes approved by CRA in your charitable registration documents).

The objects of the Foundation shall be limited to carrying on purposes which entitle the Foundation to become and remain a “registered Canadian charitable organization or public foundation” as defined by the provisions of the Income Tax Act (Canada).

Each year, the Community Foundation will allocate salaries and benefits to its charitable, fundraising and management functions, based on job descriptions, and prorate the operating expenditures on either a direct or prorated basis based on the salary allocation. This information will be conveyed to the auditor.

Monitoring: This policy will be reviewed when there is a significant change in the Foundation’s operating expenditures or when the Foundation’s charitable purposes change.

Board Acceptance: This policy was approved/reaffirmed at the _____ Board meeting

1.16 Role of Committees

Determining the role of committees is critical to the success of the Foundation. For emerging foundations, committees may take on some operating functions until staff is hired. Boards can be either operational or governance or a combination of both. What is important is that as the Foundation grows, the Board moves to a true governance and policy development structure.

Things to consider:

- Which committees does the Board wish to create as standing committees (i.e. permanent)?
- What are the roles and responsibilities of each of the committees?
- Can task forces or ad hoc committees be established and, if so, under what circumstances?
- Does the ED/CEO have the authority to create advisory committees and/or task forces that report to her/him?
- Does the Board approve committee members?
- Can non-Board members serve on committees and task forces and are there restrictions or attributes of external members?
- What is the term of membership on committees?
- Can the term be renewed and, if so, for what period? Does the Board Chair, Committee Chair and ED/CEO need to be consulted when a term is renewed?
- How do committees evaluate their work and how frequently?
- Who provides the orientation for new committee Chairs and members?
- What is the protocol for recording minutes and committee reports and presentation at the Board?
- Do committee reports and minutes form part of the Consent Agenda (i.e. for review but not discussed unless requested by a Board member at the Board meeting)?
- What is the process for bringing committee recommendations forward to the Board?

1.16 Role of Committees (sample policy)

The Board of Directors (“Board”) operates as a Governance Board. The Board establishes committees to carry out specific tasks for the Foundation. The committees include:

- Governance Committee
- Investment Committee
- Finance or Audit Committee

Most of the committees have an advisory and policy development role.

The following guidelines are to be followed to ensure effective and efficient committees.

- All committees are advisory committees to the Board.
- The Standing Advisory Committees of the Board include: Governance, Investment, Finance or Audit

The Board may set up task forces or an ad-hoc committee. These task forces are focused on specific issues that require discussion and that ultimately will lead to recommendations for action to the Board at its regular meetings.

Committees under the direction of the Executive Director/CEO include: Fund Development, Granting, Vital Signs.

The Executive Director/CEO may also set up task forces, committees or advisory groups that do not report directly to the Board, but rather provide either ongoing or specific advice or support to the operations of the Foundation through the Executive Director/CEO and designated staff. The Executive Director/CEO will report on the usage and input of these task forces to the Board at its regular meetings.

The Board shall approve all committee memberships.

Committee members may be drawn from the Board and from those members of the general public with the skills necessary to perform the functions of the committee.

Committee members are appointed for a three-year term or such term as the Board determines.

Membership can be renewed for additional three-year terms, in consultation with the Board Chair and the Executive Director/CEO, and may be extended based on recommendation of the Committee Chair and Executive Director/CEO.

Committees shall self-evaluate their effectiveness, review committee terms of reference, and recommend changes to the Board for approval on an annual basis.

Committee chairs shall receive orientation from the Board chair and/or Executive Director/CEO.

Reports and minutes of meetings shall be presented to the Board in the consent agenda package following each committee meeting.

Monitoring: This policy will be reviewed every three years.

Board Acceptance: This policy was approved/reaffirmed at the _____ Board meeting

2.01 Investment Policy – Long Term

The goal of the investment policy is to outline the foundation's investment principles and provide guidelines to maximize return on investment in a prudent and diversified manner that will provide adequate income while ensuring requirements for distributions to qualified donees, administrative fees and the preservation of the value of capital over the long term are carried out. The investment policy shall also ensure that the foundation conforms to the requirements of applicable Federal and Provincial Statutes and Legislation and the Income Tax Act including the Trustee Act.

As such the foundation, in carrying out its duties and responsibilities, agrees to exercise such competence and skill as may be expected of careful and diligent investment managements.

Things to consider

When developing this policy there are five themes to consider:

1. Roles and responsibilities
2. Fund investment objective and total return expectations
3. Portfolio diversification and constraints
4. Administrative Matters
5. Monitoring and policy review

Roles and responsibilities: Board of Directors (emerging and small foundations)

- Will the Board of Directors develop, review and/or approve the Investment Policy?
- Will the Board of Directors appoint an Investment Committee?
- Will the Board of Directors monitor the results of the portfolio and ensure compliance with the Policy? If so, how often – quarterly, monthly, three times per year?
- Will the Board of Directors review and approve the recommendation for a search for an Investment Manager? If so, will the Board also approve the appointment of a new Investment Manager, as required?

Roles and responsibilities: Board of Directors (mid-sized and large foundations)

- Will the Board of Directors review and/or approve the Investment Policy?
- Will the Board of Directors appoint the Investment Committee?
- Will the Board of Directors monitor the results of the Fund and ensure compliance with the Policy? If so, how often – quarterly, monthly, three times per year, two times per year?
- Will the Board of Directors review and approve the recommendation for a search for an Investment Manager? If so, will the Board also approve the appointment of a new Investment Manager, as required?

Roles and responsibilities: Investment Committee (small and mid-sized foundations)

- Will the Investment Committee review the Investment Policy and recommend amendments to the Board of Directors?
- Will the Investment Committee authorize the Executive Director, or other individuals, to invest funds prior to an Investment Manager being required or secured? Will the Executive Director or other individual require prior approval to invest the Funds? If so, from whom?
- Will the Investment Committee search, select and/or make a recommendation to the Board regarding an Investment Manager(s)? Will the applicable investment fees, reports, required performance in managing funds and services offered to be outlined in the request for proposal? If not, how will this be carried out? Will the Investment Committee be responsible to ensure that a contract for Investment Management is completed?
- Will the Investment Committee monitor the investment results of the portfolio, according to the return objectives, as agreed to with the Investment Manager and in accordance with the Policy? How will the Investment Committee ensure that the Board fulfils its accountability role for monitoring the results of the Fund?
- Will the Investment Committee also monitor the performance of the Investment Manager according to established criteria?
- Will the Investment Committee approve investment recommendations made by the Investment Manager? If a majority of the Investment Committee is not available, is the chair of the committee or his/her delegate authorized to approve the recommendation of the Investment Manager?

Roles and responsibilities: Investment Committee (larger foundations)

- Will the Investment Committee review the Investment Policy and recommend amendments to the Policy to the Board of Directors?
- Will the Investment Committee search, select and/or make a recommendation to the Board regarding the number and type of Investment Manager(s) required? Will the applicable investment fees, reports, required performance in managing funds and services offered to be outlined in the request for proposal? If not, how will this be carried out?
- Will the Investment Committee monitor the investment results of the portfolio according to the return objectives as agreed to with the Investment Manager and in accordance with the Policy? How will the Investment Committee ensure that the Board fulfils its accountability role for monitoring the results of the Fund?
- Will the Committee also monitor the performance of the Investment Manager according to established criteria?
- Will the Committee also be responsible for identifying investment consultation required from time to time?

Roles and responsibilities: Investment Manager (small and mid-sized foundations)

- Will the Investment Manager be required to seek the approval of the Investment Committee or its delegate prior to making an investment decision? How will the Board of Directors be apprised of changes to its portfolio?
- Will the Investment Manager participate in the establishment and the review of the Investment Policy by the Investment Committee? If not, how will the Investment Manager provide input and remain fully aware of amendments to the Investment Policy?
- Will the Investment Manager be required to provide a review of the portfolio's performance as well as expectations on the economic and financial market outlook and related investment strategies? How often will this occur?

Roles and responsibilities: Investment Manager (larger foundations)

- Will the Investment Manager be required to invest assets of the portfolio according to applicable legislation and the investment guidelines defined by this policy?
- Will the Investment Manager participate in the establishment and the review of the Investment Policy by the Investment Committee? If not, how will the Investment Manager provide input and remain fully aware of amendments to the Investment Policy?
- Will the Investment Manager be required to provide a review of the portfolio performance as well as expectations on the economic and financial market outlook and related investment strategies? How often will this occur?
- Will the Investment Manager also be responsible for ensuring that the Investment Committee is knowledgeable about new asset classes or investment instruments and their impact on the portfolio's objectives?
- Will the Investment Manager be required to provide a letter of compliance detailing any guideline which has been breached and /or confirming compliance?

Roles and responsibilities: Custodian (larger foundations)

- Is the Custodian responsible for holding the assets of the portfolio in respect to any applicable legislation?
- Is the Custodian responsible for providing custodial reports including information on the interest and dividends earned and the various cash flow changes? If so, how often will the reports be required?

Fund Investment Objectives and Total Return Expectation

Overall Total Return Objective:

- What is the overall objective of investment?
- Is it to achieve a maximum rate of return consistent with prudent investments in order to meet the disbursement policy guidelines?
- Will this include the provision of income for distribution, while addressing the foundation's administrative fee and the preservation of capital?
- Will the long-term total return objective for this portfolio be set by the disbursement (spending) policy or is it to obtain a total return greater than the disbursement policy (such as 1% above the disbursement policy requirements after fees)?
- Is this return objective to be measured on a moving average basis? Will the term of the moving average be four years or five years?

Safety of Capital:

- Should the investments be conservative to reduce exposure to undue volatility and market risk?

Liquidity:

- Is it also important to ensure adequate liquidity to meet the periodic and projected spending needs of the foundation?

Long term capital growth:

- Is stability and maximization of current income consistent with the need and opportunity for long term capital growth?

Asset Classes Eligible for Investment

- Will the Fund be able to invest in all or any of the following defined classes of Canadian and non-Canadian entities, subject to any limitations of the Income tax Act (Canadian)?
- Will the asset classes include all or any of the following?
- **Canadian equities** - publicly traded common stocks, convertible preferred securities or other common share equivalent
- **Canadian Fixed Income** - bonds, debentures, notes or other debt instruments, including mortgage loans, asset-backed securities and mortgage-backed securities of governments or corporations; private placements, whether debt or equity, of governments or corporations
- **Money market** - guaranteed investment certificates, term deposits or similar financial instruments of insurance companies, trust companies, banks or other corporate issuers; cash or money market securities issued by governments or corporations
- **US and International Equities** - publicly traded common stocks, convertible debentures, preferred securities, convertible preferred securities or other common share equivalents
- **International Bonds** - bonds, debentures or other debt instruments of non-Canadian governments or corporations where debt is rated A or higher by Standard & Poors or Moody's or the equivalent rating
- Will derivatives be excluded for investment purposes?

Policy Asset Allocation

- Will policy asset allocations and asset class range for the portfolio, with a minimum and maximum percentage of a range based on market value, be established?
- For instance, will the asset class ranges include minimum and maximum percentages for cash and short term, Canadian fixed income, Canadian equities, US equities, non-North American equities?
- Will a preferred or policy percentage within the range also be established?

Portfolio Diversification and Constraints

Within each asset class will the Investment Manager be required to ensure an appropriate level of diversification given the following specific guidelines.

Cash and Short term

- Is there an 'R-1' minimum credit rating at the time of purchase for any single security?
- Will the maximum term to maturity for any single security be one year or less?
- Will the exposure to Corporate issues be limited and if so what is the percentage?

Canadian Fixed Income

- Is "A" the minimum average credit rating for holdings in the Fund?
- If the credit rating is less than "A" then should the percentage exposure be limited to a low percentage?
- Will there be maximum exposures established for other securities such as Canada, the provinces, corporations, municipalities, mortgages and Foreign-pays?
- Will there be a maximum limit to the exposure within an asset class of the Fund for any single corporate issuer?

Canadian Equities and Exchange Traded Funds

- Will there be a limit established for the maximum exposure within a particular industry?
- Will there be a maximum exposure established for investment in companies with lower levels of market capitalization? If so, what are the limits for market capitalization that would fit within this category?

US and International Equities and Exchange Traded Funds

- Will there be a limit established for the maximum exposure to international securities?
- Will there be a limit established for the maximum exposure within a particular industry?
- Will there be a maximum exposure established for investment in companies with lower levels of market capitalization? If so, what are the limits for market capitalization that would fit within this category?

Administrative Matters (small and mid-sized foundations)

Loans and Borrowings

- Will any part of the portfolio be loaned directly to any individual or company?

Conflict of Interest

- Will any member of the Board, staff or committee who becomes aware of any possible conflict of interest caused by an investment or proposed transaction be required to disclose this in accordance with the Conflict of Interest Policy of the Foundation?
- Will the Investment Manager be required to disclose any material interest in any investment or proposed transaction?
- Will the Investment Manager be required to comply with the Code of Ethics and Standards of Professional Conduct as adopted by the Association for Investment Management and Research (AIMR)? Will activities need to be conducted in accordance with the Chartered Financial Analyst code of ethics?

Valuation of Investments

- Will investments in publicly traded securities be valued at their closing market value? If so, will this be monthly, quarterly or some other time period?

Investment Approach

- Will the Investment Manager be required to submit a statement of broad investment philosophy and approach indicating the general direction in which the portfolio will be placed in various categories, themes of investment, and the areas in which particular emphasis be placed in adding value through active management? If there is a significant change in 'style' will this statement be required in writing?

Change within the Investment Firm

- Will the investment Manager be required to notify the Investment Committee promptly in writing of any significant changes in the policies, procedures, personnel, ownership or any similar areas within the investment firm?

Performance Expectations

- Will the Investment Manager be required to inform the Investment Committee if the manager at any time feels that the performance expectations cannot be met or that any guidelines contained herein restrict performance?

Policies

- Will the Investment Manager be required to comply with the policies and procedures for conflict of interest and professional standards?

Statements and Meetings

- Will the Investment Manager be required to provide performance and investment statements to the Investment Committee? To the Board?
- Will the Investment Manager be required to meet and report to the Investment Committee? Will this be quarterly, three times per year, or a minimum standard established such as twice per year? Will the Manager be required to report on performance and current and future investment outlook?

Administrative Matters (larger foundations)

Loans and Borrowings

- Will any part of the portfolio be loaned directly to any individual or company?
- Will the portfolio lend its securities through the Custodian, subject to applicable legislation and provided that a minimum collateral coverage of current market value of the loaned securities is maintained at all times in cash or high quality, liquid securities? Will the Investment Manager bear responsibility for securities lending activities or will this responsibility rest with the custodian?
- Will the Investment Manager be authorized to exercise and direct the voting rights acquired through the investments of the Fund subject to any exceptions provided in writing to the Investment Manager by the Investment Committee? Will the Investment Manager give instructions to the Custodian for executing the proxies?
- Will the exercise of voting rights acquired through the investments of the Fund be made at all times solely in the best interests of the Foundation?

Conflict of Interest

- Will any member of the Board, staff or Investment Committee benefit materially from knowledge of, participation in, or by virtue of, an investment decision or holding of the Fund? Will any member of the Board, staff or committee who becomes aware of any possible conflict of interest caused by an investment or proposed transaction be required to disclose this in accordance with the Conflict of Interest Policy of the Foundation?
- Will the Investment Manager be required to disclose any material interest in any investment or proposed transaction?
- Will the Investment Manager be required to comply with the Code of Ethics and Standards of Professional Conduct as adopted by the Association for Investment Management and Research (AIMR)? Will activities need to be conducted in accordance with the Chartered Financial Analyst code of ethics?

Valuation of Investments

- Will investments in publicly traded securities be valued at their closing market value? If so, will this be monthly, quarterly or some other time period?
- If the market valuation of an investment is not readily available, will an estimate of fair value be supplied by the Investment Manager to the Custodian? If so, how frequently? How will the fair value be established? Will it be determined by reference to the most recent independent expert appraisal or by other means such as risk-adjusted discounted cash flows or comparison with similar assets that are publicly traded?

Investment Approach

- Will the Investment Manager be required to submit a statement of broad investment philosophy and approach indicating the general direction in which the portfolio will be placed in various categories, themes of investment, and the areas in which particular emphasis be placed in adding value through active management? If there is a significant change in 'style' will this statement be required in writing?

Change within the Investment Firm

- Will the Investment Manager be required to notify the Investment Committee promptly in writing of any significant changes in the policies, procedures, personnel, ownership or any similar areas within the investment firm?

Performance Expectations

- Will the Investment Manager be required to inform the Investment Committee if the manager at any time feels that the performance expectations cannot be met or that any guidelines contained herein restrict performance?

Policies

- Will the Investment Manager be required to comply with the policies and procedures for conflict of interest and professional standards?

Statements and Meetings

- Will the Investment Manager be required to provide performance and investment statements to the Investment Committee? To the Board?
- Will the Investment Manager be required to meet and report to the Investment Committee? Will this be quarterly, three times per year, or a minimum standard established such as twice per year? Will the Manager be required to report on performance and current and future investment outlook?

Monitoring and Policy Review

Monitoring

- Who will review the assets and performance of the Fund? Will this responsibility be given to the Investment Committee and the Board of Directors or primarily the Investment Committee?
- Who will review the performance of the Investment Manager? Who will establish the criteria for this performance review?
- How often will this occur?
- Will the net cash flow also be reviewed?
- Will the Investment Manager also be required to provide a summary of the total trading activity with each brokerage institution with which the Manager executes securities transactions?
- Will the Investment Manager be required to provide the Investment Committee with a letter of compliance detailing and explaining any investment guidelines contained in the Investment Policy which has been breached and/or confirming compliance? When will this letter of compliance be required (i.e. three – four weeks after the end of a quarter)?
- Will benchmarks be established for evaluation of performance purposes? If so, who will establish the benchmarks and what are they? Will the benchmarks be different for different asset classes?

Policy Review

- How often will the policy be reviewed? Will the Investment Committee be responsible for this review?
- Will the revision dates be set out in the “box” at the beginning of the policy or will the revision dates be listed at the end of the policy?

Policy Approval:

- Does the foundation’s procedures or bylaws require that the Chair of the Board sign policies? If so, an area should be set up for this at the end of the policy.

2.01 Investment Policy – Long Term (sample policy – Group II Foundation that pools its investments with a Group III foundation)

PREAMBLE

The goal of the investment policy is to outline the foundation's investment principles and provide guidelines to maximize return on investment in a prudent and diversified manner that will provide adequate income while ensuring requirements for distributions to qualified donees, administrative fees and the preservation of the value of capital over the long term are carried out. The investment policy shall also ensure that the foundation conforms to the requirements of applicable Federal, Territorial and Provincial Statutes and Legislation including the Income Tax Act (Canada) and the Trustee Act.

Roles and Responsibilities

The Board of Directors is responsible for reviewing and approving the Investment Policy, for ensuring compliance with the policy and for monitoring the performance of the results on a quarterly basis.

The Board of Directors will appoint an Investment Committee to develop the Investment Policy Statement. The Investment Committee will be responsible for investing funds as per the Investment Policy, prior to an Investment Manager being engaged. The committee is responsible for reporting to the Board the performance of the investments on a quarterly basis, according to the return objectives in accordance with the policy. The Investment Committee is required to inform the Board if the committee at any time feels that the performance expectations cannot be met or that the investment guidelines in the Investment Policy restrict performance. No portion of the portfolio will be loaned directly to any individual.

The Investment Committee will recommend to the Board, when it is appropriate, to hire an Investment Manager. The Investment Committee is responsible for conducting a search for the Investment Manager, as required, and to forward recommendations to the Board. The search will be conducted through a Request for Proposal format. Proposals will include: understanding of the requirements of the Investment Manager, applicable investment fees, reports to be prepared, performance and experience in managing funds, broad investment approach and services to be offered. The Investment Manager is required to comply with the Code of Ethics and Standards of Professional Conduct as adopted by the CFA Institute.

The committee quarterly will monitor the performance of the Investment Manager according to established criteria in the Investment Policy Statement, agreed to jointly by the committee and the manager. The Investment Manager will participate in the establishment and the review of the Investment Policy Statement. The Investment Committee will approve investment recommendations made by the Investment Manager. If a majority of the committee is not available, the chair of the committee is authorized to approve the recommendation of the Investment Manager, within the guidelines of the Investment Policy Statement.

The Investment Manager is required to:

- Provide a review of the portfolio's performance as well as expectations on the economic and financial market outlook and related investment strategies on a quarterly basis to the Investment Committee, such report to be presented to the Board by the Chair of the committee.
- Notify the Investment Committee promptly in writing of any significant changes in the policies, procedures, personnel, ownership or any similar areas of the investment firms.
- Inform the Investment Committee if the Manager at any time feels that the performance expectations cannot be met or that any guidelines contained herein restrict performance.
- Disclose any material interest in any investment or the proposed transaction.
- Provide a letter of compliance, within 4 weeks at the end of each quarter, detailing and explaining any investment guidelines contained in the policy which have been breached and/or confirming compliance

The Investment Policy Statement will include the following:

- Overall total return objective, measured on a four-year moving average basis, to achieve a maximum rate of return consistent with prudent investments in order to meet the Spending and Capital Preservation Policy guidelines
- Provision of income for distribution while addressing the foundation's administrative fee and the preservation of capital
- Consideration of safety of capital, liquidity and long term capital growth
- Identification of eligible asset classes, asset allocation, and appropriate level of diversification
- Performance benchmarks in each asset class

Monitoring: This policy will be reviewed every three years or when there is a significant change in the capital of the portfolio.

Board Acceptance: This policy was approved/reaffirmed at the _____ Board meeting.

Imagine Canada Standards that align with this policy: B8

FINANCIAL MANAGEMENT

2.02 Investment Policy – Short Term and Securities

Things to consider

Short Term Endowment Investments

- Who will have the authority to invest endowed funds for a short time period prior to the funds being transferred to the Investment Manager? Will prior approval of the Investment Committee be required?
- Will these investments be limited to short-term redeemable investment certificates through the corporation's banking institution?
- Will there be a minimum set as the optimal amount for accumulation prior to funds being transferred to the Foundation's Investment Manager?

Operating and Flow-Through Funds

- Who will have the authority to invest operating and flow-through funds? Will prior approval of the Investment Committee be required?
- Will these investments be limited to redeemable investment certificates, government treasury bills or money market mutual funds through the corporation's banking institution?
- Will there be a requirement to maintain adequate cash in the corporation's current account to meet the current month's operating expenses or flow through disbursements?

Donations of Securities

- Will a form be required to confirm the donor's intent to transfer securities to the foundation through their brokerage house?
- How will the receipt of the securities be confirmed as having been received?
- Will donated securities generally be received by the foundation's brokerage house, and be sold upon receipt? Or will the foundation also receive the security certificates directly and then deposit them with their broker?
- Is there ever a time when securities might not be sold? If this is the case, will the Investment Committee make the determination of whether the securities will be sold or not?
- For receipting of securities, see Donation Recording and Receipting Policy Guideline 2.06.

2.02 Investment Policy – Short Term and Securities (sample policy)

The Treasurer will have the authority to invest operating and flow-through funds, in compliance with this policy. These investments are limited to redeemable investment certificates and money market mutual funds through the corporation's banking institution. There is a requirement to maintain adequate cash in the corporation's current accounts to meet the current month's operating expenses, granting or flow through disbursements.

Monitoring: This policy will be reviewed every three years or when this responsibility can be delegated to a staff member.

Board Acceptance: This policy was approved/reaffirmed at the _____ Board meeting.

Imagine Canada Standards that align with this policy: B8

FINANCIAL MANAGEMENT

2.03 Funds, Fund Types and Criteria for Naming

The foundation gives individual donors, family foundations, businesses and charitable organizations a number of ways to fulfill their philanthropic objectives while supporting the wellbeing of our community.

We believe that by strengthening the gifts, assets and capacity of individuals and groups, we strengthen our community. The foundation specializes in building endowment funds, where the capital is not encroached, and uses the funds' earnings to support the ever-changing needs and opportunities of our community.

The foundation has a number of types of funds available for our donors to consider. Many of them are open funds where gifts may be made by any interested contributor thereby allowing even modest contributions to be joined with others' gifts for maximum charitable benefit.

Donors may name the fund that they endow – for themselves, a family member, a company or a valued friend. Some funds have names that convey specific goals or purposes, or hold special meaning to the donor. The criteria for naming funds are identified below in each fund definition.

Things to consider

Funds – general guidelines

- Will donors determine if their fund is an open or closed fund?
- Will donors be advised as soon as the determination of distributable earnings has been made?
- Will all distributions from the distributable earnings be identified as having come from the fund?
- Will the administrative fee be determined by the Board of Directors annually? Or will the fee be determined in negotiation with the donor?
- Will a fund agreement/deed of the gift be required to establish all funds?
- Will a fund agreement/deed of the gift be reviewed by a task group of the Board prior to the agreement with a donor? Or is there some other process for reviewing the draft terms of the agreement?
- Will the Board constitute a resolution to confirm the terms of the fund agreement/deed of gift?
- Will the foundation provide donors with a financial report for their fund at least annually?

Unrestricted Community Fund

- Will the fund comprise of donations, large and small, from a variety of sources – individuals, corporations and foundations?
- Will a donation to this fund give the foundation the greatest flexibility?
- Will the earnings from this fund enable the Board of Directors to respond to current community needs through the provision of grants to charities?
- What is the minimum that is required to establish a Named Fund within the Community Fund?

Field of Interest Funds

- Will a Field of Interest Fund work much like the Community Fund, except that donors will identify an area of interest that they would like to target their support? Examples include the arts, heritage, environment, health, seniors, youth leadership, children, recreation, social services, relief of poverty, or education.
- Will the donor define the area of interest but empower the foundation's Grants Committee to select worthwhile projects to support?
- What will be the minimum donation for donors to establish a Field of Interest Fund?
- May named funds be added to an existing Field of Interest Fund with a minimum donation? What is the minimum?

Donor Advised Funds

- Will the establishment of a Donor Advised Fund enable a donor to have ongoing participation in the selection of charities that will benefit from their gift?
- Will donors be able to choose this type of fund instead of creating a family trust or private foundation?
- Will existing foundations be able to transfer their assets to the foundation to achieve higher returns and reduce administration while still remaining involved in allocating grants?
- Will donors be able to establish a Donor Advised Fund with a minimum donation?
- What will the minimum donation be?

Designated Funds

- By establishing a Designated Fund, will donors have the opportunity to specify which particular charities they would like to support in perpetuity? Will donors be able to make changes to the organizations they designate?
- If unexpectedly, an organization ceases to exist, will the foundation redirect the funds to a similar cause?
- Will donors be able to establish a Designated Fund with a minimum donation? What is the minimum? Is there a minimum per beneficiary?

Operating or Administrative Endowment Fund

- What is the purpose of this fund? Is it to offset the costs of operating the foundation?
- Will donors be able to establish a named fund within the Operating/Administrative Endowment Fund?
- If so, what is the minimum donation required to establish the fund?

Charitable Organization or Agency Endowment Funds

- Will this be a fund created and administered by the foundation on behalf of registered charities? This allows the charity freedom from investment responsibility and gives donors the confidence of knowing that a permanent foundation is in place to professionally administer the charity's endowment.
- Once established, will the charity encourage their donors to contribute to their endowment fund?
- What will the minimum donation be for charities to establish an Endowment Fund?

Scholarship or Student Award Funds

- Will a Scholarship or Student Award Fund be a fund created in the donor's name, or in honour of someone else, to support the educational costs of deserving students?
- Will the foundation work with the donor to develop eligibility requirements for the Fund, and help to set up mechanisms for annual distribution?

Emerging Funds

- By establishing an Emerging Fund, will donors be able to establish a fund in any of the above categories with an initial donation and a pledge to meet one of the minimum donation levels as described above within five years of the initial gift?
- Until such time as the pledge is fulfilled and the named fund is created, will the Emerging Fund be part of the Community Fund?

Flow-Through Funds

- Will this be a non-endowed fund whereby funds are received by the foundation and then provided to a designated charitable organization(s) on behalf of the donor(s) in accordance with regulations provided by CRA?
- Will an administrative fee be charged to the fund?

2.03 Funds, Fund Types and Criteria for Naming (sample policy)

PREAMBLE

The foundation gives individual donors, family foundations, businesses and charitable organizations a number of ways to fulfill their philanthropic objectives while supporting the well-being of our community.

We believe that by strengthening the gifts, assets and capacity of individuals and groups, we strengthen our community. The foundation specializes in building endowment funds, where the capital is not encroached and uses the funds' earnings to support the ever-changing needs and opportunities of our community.

The foundation has a number of types of funds available for donors. Many of them are open funds where gifts may be made by any interested contributor thereby allowing even modest contributions to be joined with others' gifts for maximum charitable benefit.

Donors may name the fund that they endow – for themselves, a family member, a company or a valued friend. Some funds have names that convey specific goals or purposes or hold special meaning to the donor. The criteria for naming and establishing funds are identified below in each fund definition.

Funds – General Guidelines

All funds are open funds, meaning that any donor can make a gift at any time once the fund is opened.

Donors creating named funds will be provided with an annual fund statement, reflecting additions to the funds, administrative and investment fees charged against the funds, grants from the fund and the determination of annual distributable earnings for the subsequent year. Annual distributions from the fund will be identified as having come from the fund unless the donor wishes the distribution to remain anonymous.

Fund agreement/deed of gifts will be required to establish all funds. The Board will approve templates for fund agreement/deed of gifts for each type of fund. The Board must approve any changes to the clauses of these templates. The Board will pass a resolution confirming the terms of each fund agreement/deed of gift. Fund agreement/deed of gifts can be amended during the lifetime of the donor.

The foundation encourages donors to seek independent advice if the proposed gift is a Planned Gift and/or the foundation has any reason to believe the proposed gift might significantly affect the donor's financial position, taxable income, or relationship with other family members.

Endowment Fund Definition

Endowment funds are defined as those funds created where the capital is held in perpetuity and the annual distributable earnings are allocated to qualified donees, as per the type of fund created below. With Board approval, donors can set up endowment funds where a portion or all of the capital is disbursed on a regular basis.

Community Fund

This fund will consist of donations, large and small, from a variety of sources – individuals, corporations and foundations. Donations to this fund give the foundation the greatest flexibility to respond to current community needs through the provision of grants to qualified donees. The minimum donation to establish a named fund within the Community Fund is \$5,000.

Field of Interest Funds

These funds work much like the Community Fund, except that donors will identify an area of interest that they would like to target their support (ex. heritage, children and youth, relief of poverty, education, etc.). The donor empowers the foundation's Grants Committee to select worthwhile projects to support. The minimum donation to establish a Field of Interest Fund is \$25,000. A Named Fund can be established within an existing Field of Interest Fund with a \$5,000 donation.

Donor Advised Funds

Donor advised funds enable a donor to have ongoing participation in the selection of qualified donees that will benefit from their gift. Donors can choose this type of fund instead of creating a family trust or private foundation. Existing foundations are able to transfer their assets to the foundation to achieve higher returns or reduce administrative costs while still remaining involved in allocating grants. A minimum donation of \$25,000 is required to open a donor advised fund.

Designated Funds

By establishing a designated fund, donors have the opportunity to specify which particular charity or charities they would like to support in perpetuity. If an organization ceases to exist, the donor has not named a successor beneficiary and the donor is deceased, the foundation will redirect the funds to a named fund within the Community Fund. Donors are able to establish a designated fund with a minimum donation per beneficiary of \$10,000.

Charitable Organization or Agency Endowment Funds

These funds can be created on behalf of qualified donees. The fund allows the charity freedom from investment responsibility and gives donors the confidence of knowing that a permanent foundation is in place to professionally administer the agency's endowment. Once established, the agency will encourage its donors to contribute to its endowment fund. Minimum donation to create this type of fund is \$10,000.

Student Award or Scholarship Funds

These Funds are created from the generosity of Donors to enable deserving students to continue their education. Student awards are made available to students who are registered in educational institutions. Donors may establish a Student Award or Scholarship Fund with a minimum donation of \$10,000.

Emerging Funds

By establishing an Emerging Fund, donors are able to open a fund in any of the above categories with an initial donation and a pledge to meet one of the minimum donation levels as described above within three years of the initial gift. Until such time as the pledge is fulfilled, no distribution will be made from the Emerging Fund, provided that the foundation is still able to fulfill its disbursement quota as determined in its annual T3010.

Operating Endowment Fund

The purpose of this fund is to offset the costs of operating the foundation. Donors are able to establish a Named Fund within this fund with a minimum donation of \$5,000.

Flow Through Funds

These are non-endowed funds whereby the funds are received by the foundation and then provided to a designated qualified donee on behalf of the donor(s). Flow through funds will only be available for donors who have established an endowment fund with the foundation. The Board will consider other instances to create flow through funds on a case-by-case basis where there is a demonstrated advantage to the long-term growth of the foundation.

Monitoring: This policy will be reviewed every three years.

Board Acceptance: This policy was approved/reaffirmed at the _____ Board meeting.

Imagine Canada Standards that align with this policy: C4, C12

FINANCIAL MANAGEMENT

2.04 Administrative Fee or Cost Recovery Fee

Operating expenses of the foundation are defined as the costs associated with human resources, finance management, and general operations.

The Foundation has a responsibility to steward the endowed and flow through funds created by gifts from numerous donors. A portion of earnings on these Funds is a source of income for granting and to recover operating expenses and can be referred to as the administrative fee or cost recovery fee.

Things to consider

- What will the fee be named and how will this be communicated?
- For the foundation's general, unrestricted and restricted endowed funds and all fund agreement/deed of gifts where the level of the administrative fee is not stated in the agreement, who will be responsible for recommending to the Board of Directors the level of the fee to be charged?
- When will the fee level be recommended to the Board of Directors? Will the fee be established at one level and remain at this level until changed by the Board of Directors? Will there be different fees established depending on the size of a fund?
- Will the fee be charged on the average value of a fund in a month, quarter or year? Or will the fee be charged on the value of the fund at the end or beginning of a fee period?
- Will a fee also be charged for flow-through funds? If so, what will the fee be? Is there any discretion for this charge?
- For debit or credit card payments, will there be a fee charged for gifts/payments received to reimburse the Foundation for costs associated with this method of payment?

2.04 Cost Recovery Fee (sample policy)

Cost recovery fees will be charged on all funds. This fee will be determined by the Finance Committee and presented to the Board for approval.

The provision of fees will be included in all fund agreement/deed of gifts. Donors will be informed annually of the fee.

The fee will be calculated based on the capital and undistributed earnings in each fund as of the beginning of the month.

Any extraordinary costs associated with creating a fund will be borne by the donor unless previously agreed to differently by the Board.

All transaction fees incurred for Credit Card or other electronically facilitated donations to Funds will be charged against the Fund as incurred.

Monitoring: This policy will be reviewed every three years.

Board Acceptance: This policy was approved/reaffirmed at the _____ Board meeting

FINANCIAL MANAGEMENT

2.05 Authorization

This policy is designed to provide accountability for the organization, the staff, donors and for the community while providing a framework of authority for the operations of the foundation. Typically, authorization by officers of the foundation will be required on documents such as charitable receipts, legal and fund agreement/deed of gifts, audited financial statements, banking documents, accounts payable cheques and purchase orders.

Things to consider

- How many signatures are required on banking documents? Which officers of the corporation and staff are authorized to sign banking documents? Do the authorizations remain in place for all values of banking documents or are there monetary thresholds for the value of banking documents and who is eligible to sign the documents?
- Is this in accordance with the bylaws of the corporation?
- Do the same officers and staff have the authority to sign legal and fund agreement/deed of gifts on behalf of the corporation?
- Do the same officers and staff have the authority to authorize a purchase? Are there monetary thresholds to this authority?
- Do the same officers and staff have the authority to sign a charitable receipt on behalf of the corporation? How many signatures are required on charitable receipts?
- Will copies of information required by the bank regarding authorization and changes in officers be kept on file?

2.06 Authorization (sample policy)

Two signatures will be required on all cheques and banking documents (note: make this provision confirm with your foundation's Bylaws). All invoices are reviewed by two signing officers prior to payment. The Board Chair (or Treasurer) must approve all non-budgeted invoices over \$1,000. The Secretary plus one other signing officer signs all legal documents (note: make this provision confirm with your foundation's Bylaws) once the Board approves these documents. The Executive Director/CEO plus one other signing officer signs all fund agreement/deed of gifts. All fund agreement/deed of gifts are approved by the Board. The Executive Director/CEO or Treasurer signs donation receipts.

Monitoring: This policy will be reviewed every three years or upon hiring an Executive Director.

Board Acceptance: This policy was approved/reaffirmed at the _____ Board meeting

FINANCIAL MANAGEMENT

2.06 Donation Recording and Receipting

Registered charities may choose to issue receipts according to certain criteria, or they may choose not to issue receipts at all.

Some registered charities set minimum donation thresholds for receipting. Others do not provide receipts during certain fundraising events.

Receipts for cash gifts must have the following:

- a statement that it is an official receipt for income tax purposes
- the name and address of the charity as on file with the Canada Revenue Agency (CRA)
- a unique serial number
- the registration number issued by the CRA
- the location where the receipt was issued (city, town, municipality)
- the date or year the gift was received
- the date the receipt was issued
- the full name, including middle initial, and address of the donor
- the amount of the gift
- the amount and description of any advantage received by the donor
- the eligible amount of the gift
- the signature of an individual authorized by the charity to acknowledge gifts
- the name and website address of the CRA

Things to consider

Recording of donations:

- Will computer-based records and paper records of all transactions be kept?
- Will the date the gift received and the date the gift deposited be recorded?
- How and where will the gift be recorded?
- In addition, are the charitable receipt number and the direction given by the donor for the gift being recorded? How will this be tracked?

Receipting donations:

- Will all gifts be receipted? Will you use a charitable receipt for some gifts and non-charitable receipts for other purposes? How and who will make this determination?
- Are numbers on your charitable receipts going to be maintained in sequential order no matter whether the gift is for the operating fund, the endowed fund or a flow-through fund? If not, what is the process that will be used for numbering?
- Will receipts be computer-generated or will they be preprinted and information added at the time of the actual receipt of the donation?
- What is the date that will appear on the receipt? Is it the same date that the funds were deposited into the foundation's bank account?
- What is the amount to be receipted? Have operating costs been considered if the donation is received by a charge card?
 - For securities, will a written statement be received from the brokerage house of the value of the securities? When will the securities be valued? Will all securities automatically be sold? If so will this be the amount that will be recorded for charitable receipting purposes? Or will the charitable receipt be issued for the earlier of either the trading price or the closing price on the day the Foundation's broker receives/books the shares/units, assuming liquidity?
 - For other items such as art, how will the amount for charitable receipting be determined? Will written documentation of the market value of the item be secured?
 - For other items such as charitable events, how will the value of charitable receipts be determined? Who will determine the amount to be receipted? The CRA website has detailed information on issuing receipts for fundraising special events.

2.06 Donation Recording and Receipting (sample policy)

Donation receipts will only be issued once the gift is the legal property of the foundation. The Treasurer or Executive Director/CEO signs donation receipts. Receipts will be issued within one month of receipt by the foundation.

Donation receipts will include the following information:

- Name and address of the donor
- Name and address of the foundation
- Date gift was received
- Foundation's charitable registration number
- Website address of the Canada Revenue Agency
- Amount of donation
- Description of donation if in-kind (i.e. non-cash)

If a donor wants to make a donation to a specific fund or to a specific general field of interest fund, there should be documentation that they are making a gift to that fund. This may simply be a note accompanying the gift that it is being made to a particular fund. You don't necessarily need (or want) a formal agreement with the donor or a formal donor designation. The reason is that the terms of that fund are not being set by the donor, they are set by the existing terms of the fund.

Donation receipts for gifts of securities are based on the value of the securities at the close of trading on the day in which the ownership is transferred from the donor to the foundation. Supporting documentation in writing must verify this valuation.

One copy of the donation receipt, filed in numerical order, will be held for seven years. This can be an electronic copy. One copy of the receipt for a gift to an established fund will be kept in the fund file.

Donation receipts for special events will be in accordance with regulations of the Charities Directorate of the Canada Revenue Agency.

Monitoring: This policy will be reviewed every three years.

Board Acceptance: This policy was approved/reaffirmed at the _____ Board meeting.

Imagine Canada Standards that align with this policy: C5

FINANCIAL MANAGEMENT

2.07 Expense Reimbursement

Things to consider

Authorization:

- Who will approve the reimbursement of expenses for Board and Committee members? Will this be an officer of the Board with signing authority other than the member requesting reimbursement?
- Who will approve the expenses of the Executive Director/CEO? Will this be an officer of the Board with signing authority other than the Executive Director/CEO?

Items to be reimbursed:

- Are there any limits established for reimbursements such as a mileage rate or a meal reimbursement rate while on foundation business? Who will decide these rates, i.e. the Board? Will the Treasurer recommend the rates to the Board? Will they be decided annually?

Implementation:

- Will paper receipts be required for all expenses excluding mileage claims for an item to be reimbursed? Will these receipts be attached to the request for reimbursement?
- How often will requests for reimbursement be scheduled, i.e. monthly, quarterly, as needed?
- Will a form be available for documenting the expenses and requesting a reimbursement?

2.07 Expense Reimbursement (sample policy)

Volunteers and staff will be reimbursed for expenses incurred in conducting the business of the foundation. The Treasurer or Executive Director, prior to the expense being incurred, must approve the request for reimbursement. For approved expenses, receipts must accompany requests for reimbursement. The expenses for the Executive Director/CEO are reviewed annually by the Treasurer.

Mileage will be reimbursed at the rate of \$0.40 per km. (or whichever rate the Board determines). This rate is reviewed annually and based on _____ (need to determine this – it could be based on the rate used by the United Way or the local municipality). Meal expenditures incurred on foundation business will be reimbursed, per person, based on the following schedule: breakfast \$12.00; lunch \$17.00; dinner \$30.00.

Monitoring: This policy will be reviewed every three years.

Board Acceptance: This policy was approved/reaffirmed at the _____ Board meeting.

Imagine Canada Standards that align with this policy: A5

FINANCIAL MANAGEMENT

2.08 Financial Operations

Things to consider

Accounts Payable

- Will two signatures be required on all cheques? Wherever possible, will the signatures be that of the Treasurer and Executive Director/CEO?
- Will accounts be paid on a specific date each month for the previous month's invoices?
- For those instances where a cheque is required before the specific date, will appropriate supporting documentation and rationale for preparation need to be presented with the cheque?

Payroll Cheques

- For control, will two signatures be required on cheques?
- Whenever possible should the signatures be that of the Treasurer and Executive Director/CEO?
- Will payroll cheques be produced once a month and post-dated to the appropriate pay period end date?

Monthly Accounting

- Will monthly or quarterly accounting be completed within five working days of receiving the bank statements?
- Will cheques, deposits and journal entries be posted to the General Ledger once a month upon receipt of the bank statements? Or will this be a quarterly activity?

Financial Statements

- Will year-to-date financial statements (unaudited) be presented to the Board on a monthly or quarterly basis?
- Will statements reflect year-to-date activity (actual to budget) to the period one month previous to the current month (or one-quarter previous to the current month?) Will major variances from the approved budget be explained?

Government Remittances

- Will a statement signed by the Executive Director/CEO or Treasurer be included on the monthly financial statements confirming that government payroll remittances for the previous month have been remitted?

Banking

- Will cheques be deposited to the foundation's account within five business days of receipt?
- On receipt, will all cheques be stamped "For Deposit Only to the Account of XXXXXX Foundation"?

Petty Cash

- Will receipts be required for all reimbursement of petty cash?
- Will petty cash reimbursement be made on a monthly basis?
- Will all receipts need to be itemized and allocated to the relevant general ledger account?
- Will all receipts need to be stamped with the date reimbursed?

Authorization Limit

- Will the Executive Director/CEO have the authorization to purchase or order items within the foundation's approved annual operational budget?
- Will there be a limit to the authorization, i.e. for any individual amount under \$1000?
- For amounts in excess of \$1000, will the approval of the Treasurer be required?

Year-End Audit

- Will the foundation's year-end be December 31st?
- Will all materials required for the year-end audit need to be completed by 45 days (or some other timeframe) following the year-end for presentation to the foundation's auditor?

Annual Meeting

- Will the audited financial statements be presented to the members as soon as possible following the annual audit? Will this occur at the annual general meeting of the members?
- At that time, will the auditors be appointed for the following year?

2.08 Financial Operations (sample policy)

PREAMBLE

It is the Board's responsibility to monitor the financial management of the XXXXX Community Foundation. The Board must exercise due diligence to protect the assets of the Foundation. These policies and practices have been developed given the current staffing level at the Foundation.

POLICY STATEMENT:

Signing Officers – The signing officers of the _____ Community Foundation are any two of the Executive Director/CEO, Board Chair, Board Vice-Chair, Secretary, Board Past-Chair and Treasurer.

Changing Signing Officers – When the Board authorizes a change in signing officers, the Board secretary prepares, signs and seals a copy of the motion authorizing the change. This copy is endorsed by two of the previous signing officers. A copy of the document is filed with the Foundation's financial institution(s).

Accounts Payable – Accounts will be paid within 30 days of the invoice date.

Payments – For consistency in information and control, two authorizations are required on payments.

Monthly Accounting – The monthly accounting will be completed by the end of the following month. Cheques, deposits and journal entries will be posted monthly to the General Ledger.

Quarterly Financial Statements – The most recent quarterly financial statements (unaudited) will be presented to the Board as part of the Consent Agenda at each meeting.

Government Remittances – A statement signed by the Executive Director will be included on the monthly financial statements confirming that government payroll remittances for the previous month have been remitted and that payroll is current. Remittances will be accrued to the appropriate month.

Banking – On receipt, all cheques will be stamped "For Deposit only to the Account of XXXX Community Foundation". Cheques will be deposited to the Foundation's account within 5 business days of receipt. Cheques scanned and deposited remotely will be held for 45 days and then shredded. Scanned copies of these cheques will be filed on the Foundation's server.

Petty Cash – Petty cash reimbursement will be made on a monthly basis. All receipts must be itemized and allocated to the relevant general ledger account. Receipts must be stamped with the date reimbursed.

Authorization Limit – The Executive Director/CEO has the authorization to purchase or order items within the Foundation's approved annual budget for any individual amount under \$10,000. Non-budgeted items in excess of \$5,000 must be submitted to the Board for approval.

Staff and Volunteer Travel Reimbursement – Travel will be reimbursed on a monthly basis upon submission of documentation outlining destination, kilometers traveled and reason for travel. The Executive Director/CEO will be responsible to annually review the mileage reimbursement and make recommendations to the board for any changes. Travel advances will be given with appropriate supporting documentation and must be approved by a signing officer. For attendance at conferences, a report to the Board must be prepared itemizing costs and rationale for attending conference as part of the annual budget process. Board approval must be given before incurring any conference expense.

Year-End Audit – The Foundation’s year-end is December 31st. All materials required for the year-end audit will be completed by the end of February for presentation to the Foundation’s auditor. Draft audited statements will be presented to the Finance or Audit Committee annually for review.

Donation Receipts – The Board will develop a policy regarding cash donations, securities, cheques and dating and timing of donations in kind. All restricted donations are to be so noted on the donation receipt. The deposit report should include the donation receipt number for each donation.

Budget – A budget should be prepared on an annual basis and approved by the board. The draft budget will be presented to the Board no later than the first board meeting of the fiscal year

Annual Meeting – Audited financial statements will be presented to the Members annually. At that time, auditors will be appointed for the following year.

Flow-through donations – All flow through donations are to be recorded on the fund income statement.

Grants – All grants made by the foundation are to be recorded on the endowment or flow-through fund expense statement. Grants for the following year which come from flow-through funds received in the current year are to be recorded as Grant Commitments and Deferred Revenue on the balance sheet.

Investment Income – Investment income includes all income from cash, interest, dividends, coupons, investments, realized and unrealized capital gains net of capital losses, personal property or real property.

Investment Fees – Investment fees will be recognized monthly on the endowment or flow-through fund expense statement and on the balance sheet.

Fund Balances – Endowment and Flow-through funds will be reconciled on a monthly basis.

Capital Items – Capital items valued at more than \$250 will be capitalized and depreciated on a declining balance method at rates designed to amortize the cost of fixed assets as follows: equipment and furnishings at 20%, computer equipment at 30%. Additions are depreciated until the month of disposition. Gains or losses on assets sold or otherwise disposed of are included in the statement of operations. Fixed assets are recorded at cost. Expenditures for maintenance and repairs are charged to operating expenses.

Funds available for grants – Adequate cash must be available in the foundation bank accounts to ensure that the grant commitments can be paid in a timely fashion.

Monthly Cheque Register: A report listing all cheques issued on each bank account will be prepared and vetted by a signing officer who is not the Executive Director/CEO. The Executive Director/CEO will provide the Finance Committee with assurance annually that this report is being produced and vetted as per the policy.

Endowment Bank Charges – Bank charges on the endowment fund will be shared by the pool of funds.

Reviewing Accumulated Operating Surplus – Upon confirmation of the audited annual operating surplus, the Finance Committee will review the current and future operating needs of the foundation, the balance of the accumulated operating surplus, consider whether an allocation from either surplus is transferred to the XXXXX Community Foundation Administrative Endowment Fund and, if warranted, make a recommendation to the board on the amount to be transferred.

Per Diem – When employees and volunteers are doing foundation business, the following per diem applies: Breakfast - \$12; Lunch - \$20; Dinner - \$30, and if gone the entire day, the daily per diem will be \$60.

Receipts (non-donation): The Foundation issues, by request, non-charitable receipts for revenue that does not meet the definition of a donation, whether in cash or in kind.

Insurance – The Executive Director/CEO will prepare a report for the board annually on the Foundation’s insurance coverage. The report will include information on substantive changes to the Foundation’s operations that could impact coverage. The Foundation will seek comparative quotes every five years.

Investment Acquisition Costs: When the Foundation acquires new investment assets, the acquisition costs are expensed in the year in which the asset is acquired.

Gifts in Kind: Gifts-in-kind are recognized when fair value can be reasonably be estimated, the materials are used in the normal course of operations and the organization would have purchased the materials or services if they had not been contributed.

Revenue Recognition: Contributions are recognized as revenue of the appropriate Fund as received, except for certain contributions that are held in trust for the Foundation. Flow-through donations are treated as deferred revenue until disbursed.

Monitoring: This policy will be reviewed annually during the meeting with the auditor.

Board Acceptance: This policy was approved/reaffirmed at the _____ Board meeting.

FINANCIAL MANAGEMENT

2.09 Spending and Capital Preservation Policy

This policy is designed to allow an outflow of grants (disbursements) while protecting the original principal and ensuring fund growth to sustain purchasing power with the rate of inflation.

As such, the Foundation's Disbursement Policy shall determine the amount of annual distributions from the permanent endowment funds in accordance with the regulations and guidelines of CRA. The distributions of for grants and administrative fees.

Things to consider:

- What is the annual distribution requirement – including CRA granting requirements and the contribution to the cost of the Foundation's operations ("administrative or cost recovery fee")?
- Will the annual distributions be based on the monthly, quarterly or annual weighted average capital fund balance? Or will the annual distributions be based on the closing fund balance in a month, quarter or year?
- Will there be an increase in the amount available for charitable grants relative to a decrease in the administrative or cost recovery fee for larger capital funds in excess of a certain threshold?
- When will the annual disbursement be reported and approved by the Board of Directors? By whom? Are two signatures required on documents to authorize the disbursement of grants?
- Will the funds remaining be added to the individual fund balance to protect against inflation and sustain capital over the long term?
- How and where will the annual inflation rate be recorded?

2.09 Spending and Capital Preservation (sample policy)

PREAMBLE

The foundation is the steward of endowed funds that were created by gifts from a number of donors. The earnings on the endowed funds are a source of income for the granting program and the administration of the foundation. As these funds are held in perpetuity, the Board of Directors recognizes that the capital in the funds should be protected against the effects of inflation to preserve, as much as possible, the purchasing power of the funds (i.e. maintain the value of the funds on an inflation-adjusted basis). The Board also recognizes that the earnings on the endowed funds fluctuate from year to year. In recognition of these fluctuations and the impact on the annual distribution, there is a need to maintain a reserve of undistributed earnings.

Annual Distributable Earnings means that portion of the earnings determined by the Board to be available or required by law for distribution in each year. Earnings are computed in accordance with the Income Tax Act (Canada) (see Addendum to this policy), as amended from time to time. The annual Administrative and Investment Fees shall be disbursed from the Annual Distributable Earnings of the Fund. As a general rule, foundations are required to disburse 3.5% of the average value of assets held during the previous 24 months.

Policy

Earnings and administrative fees will be allocated to each fund on a monthly basis, commencing in the month following that in which the donation is received. Earnings will be allocated on a prorated basis, based on the value of the fund in relation to the total value of all endowed funds.

The foundation's policy is to optimize the total return and maximize the distribution of endowed funds while at the same time ensuring the sensible protection of capital against the effect of inflation. This will be accomplished through preserving original capital, except in cases where the disbursement quota cannot be met through net interest and dividend income. (Note: Foundations may also add the following clause if included in their fund agreement/deed of gifts: In years where current or accumulated earnings are not sufficient, the distribution may be drawn from the Capital, as defined in the fund agreement/deed of gifts, in each fund.)

The Board will determine the annual disbursement based on the total annual earnings on the fund and the portions of which to be available to:

- Allocated to Annual Administrative and Investment Fees
- Allocated as the Annual Distributable Earnings
- Held in reserve as earnings for future distribution
- Reinvested back into the capital of each fund based on the balance at the beginning of the previous fiscal year.

The Finance Committee recommends the annual disbursement to the Board of Directors at its meeting immediately following the Annual General Meeting (another option could be upon the completion of the annual financial statements).

The disbursement will be based on the semi-annual weighted average of the capital fund balance and the four-year average return on the investments.

Monitoring: This policy will be reviewed every three years, when regulations change or when there is a significant change in the return on the foundation's investments.

Board Acceptance: This policy was approved/reaffirmed at the _____ Board meeting.

Addendum to Policy 2.10

Section 108(3) of the Income Tax Act essentially says the income of a trust is its income computed without reference to the provisions of the Income Tax Act. Income for purposes of the Income Tax Act includes taxable capital gains. Under trust law, all capital growth belongs to the capital beneficiary and is not considered income. In the foundation's case, given the nature of our fund agreement/deed of gifts, which are essentially a trust-like relationship, capital gains are treated as growth in capital and not as earnings.

Black's Law Dictionary defines income as "money or other form of payment that one receives usually or periodically from employment, business, investments, royalties, gifts and the like." Capital is defined as "money or assets invested, or available for investment, in a business; and the total assets of a business, especially those that help generate profits." Therefore the investment income that we earn in the form of dividends (see below for clarification), interest, partnership income would all be considered income. Capital gains reflect a growth in the original investment as opposed to income being disbursed. They are typically only generated when an asset is sold, instead of on an annual or periodic basis like income. Therefore, they are excluded from the legal definition of income.

Generally, dividends are considered a distribution of the share of earnings and therefore, treated as income. There are some exceptions if there is a distribution of capital on or prior to a wind-up. Some foundations have included the following statement in their fund agreement/deed of gifts: "in years where current or accumulated earnings are not sufficient, these amounts [the annual distributable earnings] may be drawn from the capital of the fund". This clause allows the foundation flexibility to access capital gains if the dividends and interest are not sufficient to cover the distributions set by the Board.

DONOR AND GIFT MANAGEMENT

3.01 Gift Acceptance

The purpose of this policy is to provide guidelines for the types of gifts (i.e. cash, publicly traded securities, private company shares, marketable property, etc.) and deferred (i.e. bequests, life insurance, residual interests, charitable remainder trusts, etc.) gifts that will be accepted by the Foundation.

The nature of a charitable gift is that a donor cannot expect material consideration (i.e. financial benefits or opportunities) to flow from a gift.

Things to consider

General Guidelines:

- Will all gifts be consistent with the overall mission and strategic intentions of the foundation?
- Is it also important that gifts do not compromise the foundation's integrity in the community?
- Will donors be encouraged to discuss a proposed gift with independent legal and/or tax advisors of the donor's choice so as to ensure that the donor receives a full and accurate explanation of all aspects of the proposed charitable gift?
- Will the Executive Director/CEO or another person (s) be authorized to negotiate gift agreements with prospective donors? Will the Board establish guidelines for gift agreements?
- Will outright gifts of cash, publicly-traded securities and life insurance require the approval of the Board of Directors? Or will such gifts be accepted without Board approval unless there are unusual restrictions or circumstances involved?
- Will gifts of real estate, tangible personal property and other property interests not readily negotiable or valued be accepted?
- Will the foundation act as a trustee of charitable remainder trusts or as executors for a donor's will?

Charitable Receipts:

- Will the foundation establish a general guideline that a charitable tax receipt will not be issued until the gift is legally the property of the foundation?
- **Gifts of securities** – Will the charitable receipt be issued for the earlier of either the trading price or the closing price on the day the foundation's broker receives/books the shares/units, assuming liquidity? If securities are to be held, will a written valuation signed and provided by the foundation's broker provide the value of the gift? Will a written direction by the donor be required to confirm the transfer of securities? May the securities be received by the foundation and/or the foundation's broker?
- **Gifts of cash** – Will the foundation issue a charitable receipt for the date the cash/cheque is deposited to the bank by the foundation office?

Gifts Not Accepted:

- Foundations are not permitted to offer charitable annuity products whether reinsured or reserve-based or any gift that creates a liability to the foundation. Will this be stated?
- Will the foundation also reserve the right to refuse a gift which in itself or its origin may be controversial?

Disposition of Gifts:

- Will all gifts of property including real estate be sold as soon as possible, except in the case of an express agreement with the donor?
- Will a written valuation signed and provided by a professional evaluator be required for charitable receipting purposes in cases where the property is not sold? Or will a charitable receipt be issued for the value received by the foundation on the date the cash/cheque is deposited to the foundation's bank?

Costs:

- Will the donor be required to pay all costs associated with making a gift including expenses related to appraisal fees, legal and accounting, transaction and bank charges?
- Will expenses incurred by the foundation in accepting a gift including legal fees, maintenance and disposition fees be charged against the fund once established?

Fund Agreement/Deed of Gifts:

- Will all gifts to the foundation's endowment fund require a written (signed and dated by the donor) donor direction that directs the foundation to hold their gift(s) for a period of not less than 10 years? Or are the gifts to be held 'in perpetuity'?
- Will the donor direction form be dated the same day as the gift is received by the foundation's bank?
- Will the donor direction form also record the fund within the endowed funds that the gift is to be directed to?
- Will the donor direction form include wording such that all gifts, now and in the future, are covered by the same direction unless the donor directs otherwise?

Guidelines for Specific Gifts

Cash:

- Will cash include domestic and foreign currency, cheques and credit card payments?

Publicly Traded Securities:

- Will the foundation's Investment Manager have a role in scrutinizing and accepting a gift of publicly traded securities?
- Will publicly traded securities be sold immediately upon receipt by the Investment Manager and converted to cash? Or will a decision to convert the securities to cash be made by the Chair of the Investment Committee or Board of Directors if they add value to the portfolio and fit with the Investment policy of the Foundation? If securities are received and sold, will the Investment Committee or Board be advised in a timely manner?

Gifts of property included real estate, art, jewelry, etc.

Description: Gifts of property or real estate may be made in various ways: outright, residual interest in it, or to fund a charitable remainder trust. Where real estate is transferred to a charitable remainder trust, additional requirements of the trustee also need to be met (see Charitable Remainder Trusts).

Guidelines:

- Will the donor be required to secure a qualified appraisal(s) of the property?
- If the foundation has reason to believe that this appraisal does not reflect the property's true value, will a charitable receipt will be issued for the appraisal value as estimated by the Foundation's appraiser (or present value of the residual interest computed on the appraised value in the case of residual interests gifts)?
- Will the foundation be responsible to determine if the donor has clear title to the property?
- Will the foundation also review other factors, including zoning restrictions, marketability, current use and cash flow, to ascertain that acceptance of the gift would be in the best interest of the foundation?
- If there is potential for a real estate property to contain toxic waste, will the donor be required to secure an environmental audit and also be required to provide the Board of Directors with the results of the audit?
- Will property containing waste be accepted prior to the removal of the waste or other remedies to assure that the foundation assumes no liability whatsoever in connection with such toxic waste?

Gifts of Bequests:

- Will donors who advise the foundation of a bequest be invited to provide information about their bequest and, if willing, to provide a copy to the foundation of that section of their will?
- If willing, will donors who advise the foundation of a future gift be provided with the opportunity to have their name listed in foundation communications?
- If the donor desires to direct the proceeds of their bequest, will a separate agreement be drawn up to indicate these directions?

Gift of Life Insurance:

- Will donors be provided various methods by which a life insurance policy may be contributed to the foundation? Will these methods include the following?
 - A life insurance policy of which the foundation is the owner and beneficiary
 - Assign irrevocably a paid-up policy
 - Assign irrevocably a life insurance policy on which premiums remain to be paid and a charitable tax receipt will be issued for the premium amounts
 - Name the Foundation as a primary or successor beneficiary of the proceeds?
- When ownership is irrevocably assigned to the foundation, will the donor be entitled to a gift receipt for the net cash surrender value (if any) or for any premiums subsequently paid?

Gift of Residual Value:

Description: Refers to an arrangement under which a property is deeded to the foundation, but the donor retains the use of the property, or income from the property, for life or a specified term of years.

- Will the donor (owner) be entitled to a charitable tax receipt for the present value of the residual interest?
- Will the donor be responsible for property taxes, insurance, utilities and maintenance after transferring title of the property, unless the foundation, upon approval of the Board of Directors, agrees to assume responsibility for any of these items? Will the Foundation require that the donor provide proof of payment of those expenses for which the donor is responsible?
- Will the foundation reserve the right to inspect the property from time to time to assure that its interest is properly safeguarded?

Charitable Remainder Trusts:

Description: This is a form of a residual interest gift. The donor transfers property to a trustee who holds and manages it. If the property is income-producing, net income after payment of all expenses will be paid to the donor and/or other named beneficiary. When the trust terminates, either at the death of the beneficiary(ies) or after a term of years, the trust remainder is distributed to the foundation. If the trust is irrevocable, the donor is entitled to a gift receipt for the present value of the residual trust.

- May the charitable remainder trust be funded with cash, securities, real estate or other property acceptable to the trustee and to the foundation?
- Will real and personal property be accepted for a trust only after a thorough review of cash flow, potential liabilities including toxic waste cleanup costs, and other factors necessary to assure that the gift would be in the best interest of the foundation?
- Will there be a minimum trust size established (i.e. \$50,000) and a minimum age requirement established (i.e. 50 years). Will the Board of Directors have the discretion to make an exception to these recommendations in special circumstances?
- Will the trust agreement be drafted or at least be required to be reviewed by the donor's lawyer to ensure that the gift is appropriate for the donor's situation?

3.01 Gift Acceptance (sample policy)

The purpose of this policy is to provide guidelines for the types of outright gifts (i.e. cash, publicly traded securities) and deferred gifts (i.e. bequests, life insurance) that will be accepted by the foundation.

Consistency with foundation mission: Gifts must be consistent with the overall mission and strategic intent of the foundation, all applicable statutory provisions, and must not compromise the foundation's integrity. The foundation may, in its discretion, refuse a gift on these grounds.

Clarity of intent: The foundation shall not solicit or accept a gift from a donor unless it is satisfied that the donor has a bona fide charitable intention and has an accurate understanding of the consequences of the donation, the work of the foundation, and the uses to which the gift will be put.

Seeking independent advice: Persons acting on behalf of the foundation shall encourage potential donors to consult independent legal and tax professionals to ensure that donors receive a full and accurate explanation of the nature and consequences of their gifts.

Undue influence: Persons acting on behalf of the foundation shall inform, serve, guide or otherwise assist donors who wish to support the foundation's activities, but never under any circumstances are they to pressure or unduly persuade.

Parameters of gifts: Foundation volunteers, friends and staff members are authorized to encourage donors to make gifts to the foundation within the parameters of the **Gift Acceptance Policy**.

Authority to negotiate: The Executive Director (or Board Chair, Treasurer, or senior Fund Development staff) is authorized to negotiate gift agreements with prospective donors and their professional advisors in accordance with the guidelines set for in this Policy.

Authority to accept: Outright gifts of cash, publicly-traded securities, and life insurance do not require approval by the Board of Directors unless there are unusual restrictions or circumstances involved.

Gifts Accepted: The foundation routinely accepts only property that is readily marketable at a reasonable cost. That refers to cash, cash equivalents (including deposit instruments of a government or financial institution in Canada), publicly traded securities, policies of life insurance, bequests or any other property that the Foundation has identified within its investment policies.

Acceptance of Other Forms of Property: The Foundation recognizes that donors will occasionally wish to give property that is not readily marketable, such as real estate, art, jewelry, private corporation shares or residuary interests in trusts. While the foundation is generally pleased to accept gifts, it has to be careful to evaluate whether there may be "hidden costs" in accepting such property. The Board will be consulted on all gifts of property prior to responding to donor. The Board may want to retain the advice of tax and/or legal professionals when considering these types of gifts.

Related Costs: Gift-related costs such as legal fees, appraisals, real estate commissions and taxes relating to acceptance, maintenance, management or re-sale of a gift of property will normally be the responsibility of the donor unless the foundation, upon prior agreement, agrees to assume responsibility for any portions of these items. There may be instances that the foundation will cover these costs. In these instances, Board approval is required.

Gifts Requiring Board Approval: The following gifts must be reviewed and approved by the Board of Directors: gifts of real or tangible property, gift of a charitable remainder trust and gifts of a residual interest. Before acceptance and approval, relevant information about the gift shall be ascertained, including a copy of any appraisal secured by the donor. The foundation reserves the right to obtain its own appraisal for gifts of real or tangible property or other property whose value is not readily ascertainable.

Gifts Not Accepted: The foundation cannot offer charitable annuities or any other gift creating a liability. It reserves the right to decline a gift based on:

- lack of congruency with the foundation's mission;
- the desire of the donor to exert unacceptable conditions or controls over the disbursement of the net income from the gift;
- cost of ownership implications related to administration time, management and marketability of the gift;
- unacceptable risks;
- gifts that are illegal; and,
- other factors agreed to by the Board of Directors

Disposition of Gift: The foundation does not make any representation that by accepting a gift it will retain the property or employ the donated property for the same purposes as the donor used it. For example, absent an agreement, if the foundation acquires a residence as a gift, it will not retain it as an office or retreat but will sell it and invest the proceeds in accordance with its investment policy.

Fund agreement/deed of gifts: The foundation works with donors to develop agreements with respect to the name, nature, limits and use of their gifts at the time a gift is made. Fund agreement/deed of gifts specify the type of fund created (permanent endowment, flow-through fund or non-permanent endowment). Fund agreement/deed of gifts will clearly identify that it is the responsibility of the Board of Directors to approve all disbursements of net income from endowed funds. These agreements will be developed where the donor is giving specific recommendations to the foundation as to the distribution of the earnings generated by their gift. All fund agreement/deed of gifts requiring execution by the foundation shall first be reviewed and approved as to form and content by the foundation's legal counsel. Where substantially the same agreement is used repeatedly, only the template needs to be approved. All fund agreement/deed of gifts must be reviewed and approved by the Board of Directors.

Charitable Tax Receipt: The foundation shall issue a charitable tax receipt within 30 days of receipt of the gift in alignment with the foundation's Donation Recording and Receipting Policy. For gifts of shares, a tax receipt shall be issued for the earlier of either the trading price or the closing price on the day the foundation's broker receives the shares, assuming liquidity.

Benefit to Donor: The legal nature of a charitable gift is that a donor cannot expect material consideration (i.e. financial benefits or opportunities) to flow from a gift.

Donor-Advised Funds: The Income Tax Act (Canada) imposes limits on a donor's capacity to impose restrictions on charitable gifts. A donor may, however, at the time the gift is made and even subsequently, by agreement with the foundation, place limits on the uses to which a gift may be put.

Further, the donor or the donor's designated representatives may advise the Board of the foundation on the application of the earnings of his or her gift and the Board shall generally consider and respect such advice. Beyond that, a donor cannot legally restrict the foundation.

Flow-Through Funds: The principal mission of the foundation is to raise, administer and distribute earnings from funds that are held on a permanent or endowed basis. As a service to donors, the Foundation is prepared to accept from time to time the receipt and disbursement of gifts that are not intended to be held as endowment funds. The foundation exercises broad discretion as to whether or not to accept such gifts and may charge an administrative or cost recovery fee.

Preservation of Donor's Intention: Where, by prior agreement, the Board agrees to receive the advice of donors on the distribution of grants, the foundation shall not seek to pass judgment on the value or merit of the donor's proposed application so long as the income is applied according to legal provisions to a charitable purpose. Should the foundation cease to exist or become incapable of administering a fund to fulfill a donor's purpose, the foundation shall employ its best possible efforts to ensure the continued application of the fund to the purpose originally contemplated by the donor.

Administration Policies: The Foundation adopts policies that regulate administrative charges on its endowment funds, manage the investment of the funds, determine the appropriate portion of funds to distribute for charitable granting purposes or retain as capital to protect against erosion by inflation. Except for more precise agreement with the donor overriding these general policies, the foundation shall apply its policies equitably to all funds under its control and may amend such policies from time to time.

Geographic Area of Focus: The primary, but not exclusive, focus of the foundation's activities is within the geographic area encompassed by the political boundaries of (insert name of the municipality, region, province), as at (insert date of incorporation). It may refer a donor to another community foundation or charitable organization if it perceives that the donor will be better served by such organizations.

Acting as a trustee: The Foundation will not perform the role of an estate trustee.

Definitions and gift guidelines:

A. Cash

Gifts of cash and cash equivalents.

B. Publicly traded securities

Gifts of marketable publicly traded securities shall be scrutinized and accepted by the foundation's investment manager. These securities shall be sold immediately upon receipt and converted to cash and processed based on the foundation's cash management policy.

C. Gifts of property including real estate, art, jewelry etc.

Gifts of property or real estate may be made in various ways: outright or residual interest in it.

Guidelines:

- Donors shall provide qualified appraisals of the proposed gifted property.
- The foundation will obtain its own independent appraisal. The foundation may, at its discretion, obtain a third independent appraisal, and, in such cases, issue a receipt based on the foundation's own appraisal.
- The foundation shall satisfy itself that the donor has clear title to the property.
- The foundation shall review all pertinent factors, including in the case of real property, zoning restrictions, marketability, prior land use, current use and cash flow, to ascertain that acceptance of the gift would be in the best interests of the foundation.
- If the real estate possibly contains toxic wastes, the donor shall secure an environmental audit and provide the results to the Board of Directors. No property containing toxic wastes shall be accepted prior to removal and/or indemnification of the Foundation against all present and future liabilities.

D. Bequests

A donor who advises the foundation, in confidence, of a proposed testamentary gift to the foundation, shall be asked to provide, if possible, a copy of that section of the Will naming the foundation. The donor may also wish to execute an agreement with the foundation directing the charitable use of the proposed testamentary gift. The foundation will not serve as executor of a donor's will.

E. Gifts of life insurance

There are various methods by which a life insurance policy may be contributed to the foundation. A donor may:

- Commence a life insurance policy of which the foundation is the owner and beneficiary.
- Assign irrevocably a paid-up policy to the foundation.
- Assign irrevocably a life insurance policy on which premiums remain to be paid and a charitable tax receipt shall be issued for premium amounts.
- Name the Foundation as a primary or successor beneficiary of the proceeds.
- When ownership is irrevocably assigned to the foundation, the donor is entitled to a gift receipt for the net cash surrender value (if any) and for any premiums subsequently paid.

F. Gift of a residual interest

This type of gift refers to an arrangement under which a property interest is conveyed to the foundation, but the donor retains the use of the property, or income from the property, for life or a specified term of years. For example, the donor might give a residual interest in a personal residence and continue living there or residual interest in a painting and continue to display it. The owner is entitled to a charitable tax receipt for the present value of the residual interest.

Guidelines

The donor shall continue to be responsible for real estate taxes, insurance, utilities and maintenance after transferring title to the property unless the foundation, upon prior approval of the Board of Directors, agrees to assume responsibility for any of these items. The foundation is entitled to require that the donor provide proof of payment of those expenses for which the donor is responsible. The foundation reserves the right to inspect the property from time to time to assure that its interest is properly safeguarded.

G. Non-designated gifts

From time to time the foundation receives donations that are not designated for a particular endowment fund. The following policy governs the handling of these types of donations.

Guidelines

These donations will be placed in the Community Fund.

Monitoring: This policy will be reviewed every 3 years, upon hiring staff or upon changes to the Income Tax Act.

Board Acceptance: This policy was approved/reaffirmed at the _____ Board meeting.

Imagine Canada Standards that align with this policy: C4, C5

DONOR AND GIFT MANAGEMENT

3.02 Donor Recognition and Stewardship

Things to consider:

- Will donor recognition opportunities be provided to match the desires of the donor and in a manner that acknowledges the collective generosity and importance of the donor?
- Will recognition opportunities depend on the size of a gift? Will this also apply to publications such as the annual report or newsletter? Will donors providing a gift of a certain size be listed in publications individually while gifts provided under a certain amount be consolidated with the total number of donors and total amount listed?
- Will the Foundation recognize that the donor may desire to remain anonymous?
- Will recognition opportunities be provided on the foundation's website? Will there be other opportunities for donor recognition such as a special community event or reception?

3.02 Donor Recognition and Stewardship (sample policy)

The foundation will publicly acknowledge all donations unless the donor wishes to remain anonymous. A thank you letter will accompany all receipts. Donors creating funds will also receive a thank-you call from a member of the Board of Directors.

Donors creating funds will receive copies of the foundation's annual report. The foundation does not publish the amount of the donation, except in circumstances approved in advance by the donor. Donors creating named funds will receive an annual fund statement, which will be hand-delivered, wherever possible, by a member of the Board of Directors.

The foundation honours donors' and prospective donors' requests to:

- limit the frequency of contact;
- not be contacted by telephone or other technology;
- receive printed material concerning the organization; and
- discontinue contact.

The foundation will not share or sell its donor list with other organizations. The privacy of donors will be respected. Donor records maintained by the foundation will be kept confidential to the extent possible.

Donors will have the right to see their donor record and to challenge its accuracy.

Monitoring: This policy will be reviewed every two years.

Board Acceptance: This policy was approved/reaffirmed at the _____ Board meeting.

Imagine Canada Standards that align with this policy: C1, C2

DONOR AND GIFT MANAGEMENT

3.03 Fundraising (sample policy)

All fundraising activities conducted by or on behalf of the foundation must:

- be truthful,
- accurately describe the organization's activities,
- disclose the organization's name,
- disclose the purpose for which funds are requested,
- disclose the organization's policy with respect to issuing Official Income Tax receipts including any policy on minimum amounts for which a receipt will be issued; and,
- disclose, upon request, whether the individual or entity seeking donations is a volunteer, an employee or a contracted third party.

The foundation does not make claims that cannot be upheld or are misleading. The foundation does not exploit our beneficiaries. We are sensitive in describing those we serve (whether using graphics, images or text) and fairly represent their needs and how these needs will be addressed.

Any fundraising materials distributed by or on behalf of the foundation must include our address or other contact information. Persons, whether the staff of the organization or of a third party consultant or contractor retained by the foundation, soliciting or managing solicitation of receipted donations to the foundation shall not be paid commissions, finder's fees or percentage compensation based on such contributions. The foundation does not participate in any face-to-face fundraising or formally enter into any cause-related marketing agreement with a third party.

Anyone seeking or receiving funds, on behalf of the foundation, whether a volunteer, employee or contracted third party must:

- act with fairness, integrity, and in accordance with all applicable laws;
- cease contacting a prospective donor who states that he/she does not wish to be contacted;
- disclose immediately to the organization any actual or apparent conflict of interest or loyalty; and,
- not accept donations for purposes that are inconsistent with the organization's mission.

The Board regularly reviews the cost-effectiveness of the organization's fundraising activities. No more will be spent on administration and fundraising than is required to ensure effective management and resource development.

Monitoring: This policy will be reviewed every three years.

Board Acceptance: This policy was approved/reaffirmed at the _____ Board meeting.

Imagine Canada Standards that align with this policy: B7, C6, C7, C8, C9, C10, C11, C12, C13 and C18

DONOR AND GIFT MANAGEMENT

3.04 Donor's Rights

Philanthropy is based on voluntary action for the common good and is a tradition of giving and sharing that is primary to the quality of life within the community. Philanthropy merits the respect and trust of the general public, and it is important Donors and prospective Donors have full confidence in the not-for-profit organizations and causes they support.

Things to consider:

- Will Donors be kept informed of the Foundation's mission and be assured as to how their donation will be used?
- Will the Foundation publish the names of Board members and their responsibilities?
- Will the Foundation provide copies of its most recent financial statements to donors?
- Will Donors be assured that their donation is handled in accordance with the Privacy Policy of the Foundation as well as the appropriate legislation?
- Will Donors be able to see and amend, for accuracy purposes, their donor records?
- Will Donors receive appropriate acknowledgement for their gift?
- Will Donors be assured that all relationships with individuals representing the Foundation will be professional in nature and whether those seeking donations are volunteers or employees?
- Will Donors have the opportunity to have their names removed from any mailing lists that the Foundation shares?
- Will Donors receive prompt replies to their inquiries or complaints?
- How soon after making the donation will the charitable donation receipt be issued to the Donor that complies with the provisions of the Income Tax Act both for monetary and in-kind gifts?
- Will Donors be able to access information contained in the public portion of the Foundation's most recent Charities Information Return (T3010)?
- Will Donors receive a copy of the Donor's Rights Policy?
- Will Donors be encouraged to seek independent advice to ensure they understand the impact of their gift on the Donor's financial position, taxable income or relationship with other family members?
- Will Donors be assured that the amount of their donation is not publicly disclosed without their consent?
- How will Donors be assured that the recognition mechanisms created due to their gift will not arbitrarily be changed or withdrawn?

3.04 Donor's Rights (sample policy)

The Community Foundation of Northwestern Alberta ("the Foundation") believes that all Donors have the following rights:

- To be informed of the Foundation's mission, of the way the Foundation intends to use donated resources, and of its capacity to use donations effectively for their intended purposes.
- To be informed of the identity of those serving on the Foundation's governing Board, and to expect the Board to exercise prudent judgment in its stewardship responsibilities.
- To have access to the Foundation's most recent financial statements and annual report.
- To be assured that gifts will be used for the purposes for which they were given.
- To be assured that information about donations is handled in accordance with the Privacy Policy of the Foundation and consistent with provincial and federal Privacy Legislation.
- To have the right to see their donor record and to challenge its accuracy.
- To receive appropriate acknowledgement and recognition as per Foundation policy, and, if requested by the donor, to remain anonymous.
- To expect that all relationships with individuals representing the Foundation will be professional in nature.
- To be informed whether those seeking donations are volunteers or employees of the Foundation.
- To have the opportunity for their names to be deleted from mailing lists that the Foundation may intend to share.
- To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.
- To receive an official receipt for income tax purposes within thirty (30) days for the amount of the donation and for non-monetary eligible gifts (or gifts-in-kind), to receive an official receipt that reflects the fair market value of the gift in accordance under the provisions of the Income Tax Act (Canada) or its successor.
- To receive, upon request, the Foundation's registration number as assigned by Canada Revenue Agency (CRA), any information contained in the public portion of the Foundation's most recent Foundation Information Return as submitted to CRA, and a copy of the Donors' Rights Policy.

- To be encouraged to seek independent advice from experts as deemed necessary by the donor to ensure they understand the consequences/impact of the proposed gift on the Donor's financial position, taxable income, or relationship with other family members.
- To receive a timely response from either a designated staff member or Foundation designate to a complaint about any matter that is addressed in this Donor's Rights Policy.
- A complainant who remains dissatisfied following identification of a complaint related to this Donor's Rights Policy shall be informed that he/she may appeal in writing to the Chair of the Board or designate, and shall be advised in writing of the disposition of the appeal.
- To be assured that the amount of their donation is not publicly disclosed without their consent.
- To be assured that recognition mechanisms created due to a gift shall not be arbitrarily changed or withdrawn. Unless otherwise negotiated at the time of the gift or changed through a joint agreement between the organization and the Donor or legal representative, the original form of the recognition mechanism will be maintained. If the mechanism cannot be physically retained, it will be changed to another consistent with the original agreement. If continuation of the recognition creates a reputational risk for the organization, it may be terminated or altered.

Monitoring: This policy will be reviewed every three years.

Board Acceptance: This policy was approved/reaffirmed at the _____ Board meeting.

GRANT MANAGEMENT

4.01 Granting

The purpose of this policy is to provide guidelines for the Foundation's granting programs.

Things to consider:

General Guidelines:

- Will a grants committee be developed to oversee the granting program? Or will some other mechanism, such as using the Board of Directors as a committee of the whole, be utilized to oversee the granting program?
- Who will determine the foundation's requirement for expenditures on charitable activities to meet CRA guidelines (see Spending and Capital Preservation Policy 2.01)? When will this information be available each year?
- Who will be charged with monitoring this expenditure level throughout the year to determine that the expenditure does not encroach on the capital of the funds?
- Will grants only be provided to qualified donees? Where a nonprofit organization is not registered with CRA as being charitable, will the foundation require written documentation that the organization will meet CRA guidelines for tests of control, etc., to permit a qualified donee to make an application for the grant?

Community Consultation:

- How will the foundation consult with the community to understand the community's needs? What additional information will be monitored?

As a companion guide, CFC has a GRANTMAKERS TOOLBOX: Grantmaking for the New Decade. The Grantmakers Toolbox is a collaborative initiative between Philanthropic Foundations Canada and Community Foundations of Canada. The purpose of the Toolbox is to pool our collective grantmaking knowledge and expertise to develop a practical resource for good practices for all Canadian grantmakers.

GENERAL

5.01 Special Leadership Initiatives

Community foundations have multiple roles and responsibilities – for fund development, grantmaking, and community leadership. To be effective in the interdependent areas, we need to assure that adequate financial resources are committed to carry out our responsibilities in each area. If community foundations concentrate on only one area, the potential to be philanthropic leaders in our communities may be diminished.

In order to assess existing and new opportunities to enhance the leadership role of a community foundation, it is important that there be clear criteria for taking on special initiatives.

Things to consider:

- Is the initiative consistent with the community foundation’s mission, vision and granting guidelines?
- Does the initiative enhance the community foundation’s other strategic goals?
- Have the human and financial resource implications been carefully examined?
- Has the organizational impact on the community foundation been assessed?
- If the initiative requires the use of discretionary funds, would such use have a detrimental effect on community fund granting?
- Have the potential risks been assessed, e.g. public relations, credibility?
- Will this project eventually be weaned from the foundation’s leadership, and if so, what is the plan?
- Has a provision been made for a stringent evaluation?
- How urgent is it?
- What is the potential timeline?

5.01 Special Leadership Initiatives (sample policy)

The community foundation has multiple roles and responsibilities – for fund development, grantmaking and community leadership. To be effective, we need to ensure that adequate financial and human resources are committed to carry out our responsibilities in each area. This policy recognizes the need to assess existing and new opportunities in our community with regard to foundation resources and strategic priorities. When the foundation is invited to participate in a community initiative, the Board of Directors must consider the following when making its decision:

- Is the initiative consistent with the foundation’s mission, vision and strategic priorities?
- Does this initiative advance an opportunity for fund development or granting?
- What is the impact on the foundation’s resources if the foundation participates in the initiative?
- If the initiative requires the use of discretionary (unrestricted) funds, would such use have a detrimental effect on the foundation’s discretionary grants programs?
- What are the potential risks and benefits (ex. public relations, credibility)?
- Will the initiative eventually be weaned from the foundation’s participation, and if so, what is the plan?
- How will the success of the initiative be evaluated?
- How urgent is the initiative and what is the timeline?

Monitoring: This policy will be reviewed every three years or when there is a significant change in the foundation’s unrestricted endowed and/or flow-through funds.

Board Acceptance: This policy was approved/reaffirmed at the _____ Board meeting.

GENERAL

5.02 Community Representation and Media Communications

The policy is designed to demonstrate an organization's obligation to model high standards of Accountability. The function of public relations is to assist the Foundation in achieving its goals and objectives through development and execution of programs designed to earn public understanding and support.

The Board is responsible to represent the organization positively to the community; fairly represent community perspectives to the organization; and to ensure community input to its planning.

Things to consider:

- Will the authority to speak on behalf of the Foundation rest with the Chair and/or Executive Director/ CEO?
- Will the Chair represent the Foundation on matters of Board policy? Will the Executive Director/CEO represent the Foundation on operational issues?
- Will either have the authority to represent the Foundation on matters related to community leadership; however, any major statements with regard to community leadership initiatives must be consistent with the general parameters of the Board?
- Can this authority be delegated by either the Chair or the Executive Director/CEO to others in the Foundation within their special fields of competence or knowledge?

5.02 Community Representation and Media Communications (sample policy)

The Board Chair is the official spokesperson on behalf of the Foundation on matters relating to policy and community leadership. The Executive Director is the official spokesperson on behalf of the Foundation on operational matters. Depending on the nature of the community leadership initiative, consideration will be given by the Chair and the Executive Director/CEO on delegating this responsibility, as long as any statements made are consistent with Foundation policy and practices.

Monitoring: This policy will be reviewed every three years.

Board Acceptance: This policy was approved/reaffirmed at the _____ Board meeting.

GENERAL

5.03 Electronic Communications Security (sample policy)

The Foundation is bound by the requirements of all relevant Provincial and Federal legislation, including but not limited to the Personal Information Protection and Electronic Documents Act, (“PIPEDA”), Canadian Anti-Spam Legislation (CASL) or such other legislation as may apply from time-to-time. The Foundation will comply with all associated Guidelines established by the Canada Revenue Agency (“CRA”) as amended and/or updated from time-to-time.

PIPEDA and CRA guidelines govern how the Foundation collects, uses and discloses personal information in the course of commercial business (which includes fundraising). This may include electronic newsletters, email communications, and other contact with Foundation stakeholders.

CASL guidelines govern how the Foundation communicates with stakeholders to ensure all communications and electronic documents are not perceived by recipients to be “spam”, defined as any electronic commercial message sent without the express consent of the recipient(s). The Foundation shall only collect, use or disclose Information in accordance with CASL, PIPEDA and any related CRA guidelines and with the express consent of the recipient. The Foundation shall immediately honor any request from a recipient to be removed from its circulation or mailing list.

Queries or Complaints

The Foundation will make readily available specific information about our policies and practices relating to the electronic communications and will respond to complaints and/or breaches as per all guidelines established in legislation.

Complaints relating to treatment of personal information or any related matter may be made by contacting the Foundation’s Chief Executive Officer (“CEO”) or designate. The CEO or designate will explain the Foundation’s procedure and inform the complainant about other complaint procedures available. The Foundation will investigate all complaints. If in the Board’s opinion an objection is justified, we will take all appropriate steps to repair the situation including changing our policies and practices if necessary.

Contact Information

Questions, concerns or complaints relating to this policy on the treatment of personal information should be directed to:

Chief Executive Officer

Telephone: xxx-xxx-xxxx

Facsimile: xxx-xxx-xxxx

Further information go to [Canada's Anti-Spam Legislation](#)

Monitoring: This policy will be reviewed every three years or when legislation changes.

Board Acceptance: This policy was approved/reaffirmed at the _____ Board meeting.

GENERAL

5.04 Record Retention

This policy provides for the systematic review, retention, and destruction of documents received or created by the Foundation in connection with the transactions of the Foundation's business. This policy covers all records and documents, regardless of physical or electronic form, contains guidelines for how long certain documents should be kept and clarifies how records should be destroyed. The policy is designed to ensure compliance with federal and provincial legislation, to eliminate accidental or innocent destruction of records and to facilitate the Foundation's operations by promoting efficiency and maximizing valuable storage space.

Things to consider:

Refer to CFC's document entitled "Good Records, Good Grantmaking, Good Donor Relations" (need link) which includes reference to current Canada Revenue Agency legislation as well as a detailed chart outlining the types of records that should be retained and related retention period.

5.04 Record Retention (sample policy)

The purpose of this policy is to ensure the records and documents of the Foundation are adequately protected and maintained and to ensure records that are no longer needed by or are of no value to the Foundation are discarded at the proper time. The CEO shall include the list of proposed dispositions in a report to the Board for review and approval prior to destruction.

This policy also provides clarification to employees so they understand their obligations in retaining electronic documentation which includes e-mail, web files, text files, sound and movie files, PDF documents, and all Microsoft Office or other word processing formatted files. The Foundation's record retention policies are based on a combination of legal requirements, Foundation by-laws, and the desire to keep records for historical purposes as determined by the Foundation.

Legal requirements:

The legal requirements on record retention are found in the Income Tax Act and Canada Revenue Agency ("CRA") applicable guidelines. Consideration should be given to the Personal Information Protection Electronic Documents Act ("PIPEDA"). PIPEDA enforces the appropriate collection of data from donors, stakeholders, employees, and volunteers to ensure only information required for their function is collected and held only as long as it is required and with the permission and knowledge of the individuals.

Monitoring: This policy will be reviewed every three years.

Board Acceptance: This policy was approved/reaffirmed at the _____ Board meeting.

GENERAL

5.05 Disaster Recovery

The Foundation must be prepared to respond to business interruptions of varying scales and to arrange for the continuation of operations as quickly as possible. Disaster recovery relates to any situation whereby business is restricted or interrupted for a period of time due to an unexpected event such as a natural disaster (flooding, fire, tornado, etc.) or other event that significantly impacts the Foundation or the community.

Things to consider:

- What critical business functions need to continue?
- Which key stakeholders need to be informed of the disruption and how?
- What needs to be put in place to protect the Foundation's assets and vital records in case of a disruption?
- What mechanism needs to be implemented to assure key stakeholders of the security of the Foundation assets?
- Will the Foundation seek a temporary location?
- What is a reasonable time frame to expect the Foundation to be 'open' for business?
- What risk mitigants need to be in place to protect and, if warranted, replace technology and records?
- What support will the Foundation make available to employees?
- What risk mitigants will be in place to ensure financial, investment, donor relations and grant making functions will be protected?
- Where will the Disaster Recovery Plan be stored and protected?

5.05 Disaster Recovery (sample policy)

The Board of Directors (the “Board”) is obligated to ensure a disaster preparedness plan is reviewed annually and meets the goals of this policy. In the case of a disaster, the Foundation must be able to:

- Continue critical business functions.
- Inform staff, volunteers, board members, key donors, vendors and the community at large of the disruption.
- Protect assets and vital records.
- Provide assurance to all stakeholders of the security of Foundation assets.

Disaster Preparedness Plan

In the case of a disaster, Board members shall make reasonable efforts to be available for emergency meetings, conference calls and approvals. In the event of a disaster, the Chief Executive Officer (“CEO”) will be responsible for leading the Foundation’s response, including but not limited to:

- Assist in the establishment of an alternate office site if required.
- Ensuring the Foundation’s office, and business functions, are returned to normal operations as quickly as possible
- Develop and implement a communications plan for the purpose of providing assurance to the Board, to Foundation stakeholders and to the larger community.
- Develop a plan and notify key stakeholders including board members, donors, grantees, suppliers and the media of the interruption to operations and strategies that will be taken to address the interruption.
- Recover computer and telephone technology (hardware and software). Copies of vital documents are backed up regularly and stored off-site. Forms and documents are listed on the Record Retention list.
- Coordinate paperwork required by insurers to initiate claims.
- Maintain daily cash funding for any essential business processes.
- Prepare and maintain a cumulative cost report for the event.
- Maintain payroll.
- Ensure easy access to necessary capital.
- Provide and encourage access to counseling for staff.
- Create, and annually review, two files with extra letterhead and envelopes, all relevant plans, instructions on how to access the website, email and phone message system, password list, and contact information for key stakeholders. One file shall be stored with the Chair of the Board and off-site where it may be accessed by the CEO.

Monitoring: This policy will be reviewed every three years or following a disaster.

Board Acceptance: This policy was approved/reaffirmed at the _____ Board meeting.

APPENDIX A

Excerpts from Sample Policy Index: reflecting the frequency of review and committee responsible

ABC Community Foundation					
Index of Policies					
Category	Policy	Last review	Frequency of review	Next review	Committee
Governance	1.1 Board of Directors' committees	Sep-18	every four years*	2022	Governance
	1.2 Conflict of interest	Feb-19	every four years*	2023	Governance
	1.3 Definition of charitable work for CRA purposes	Nov-19	every four years*	2023	Finance
	1.4 Privacy statement	Feb-19	every four years*	2023	Governance
	1.5 Role of Board and officers	Sep-18	every two years*	2022	Governance
	1.6 Scope of Authority	Nov-18	every four years*	2022	Governance
	1.7 Code of Ethics and Confidentiality	Nov-12	every four years*	2024	Governance
	1.8 Authority to approve fund agreements	Sep-18	every four years*	2022	Finance
	1.9 Social Media	Sep-18	semi-annually	2022	Governance
Finance	2.1 Administrative Fee	Nov-19	annually	2023	Finance
	2.2 Administered Fund	Apr-18	every four years*	2022	Finance
	2.3 Endowment Fund - Spending and Preservation of Capital	Nov-19	annually	2023	Finance
	2.4 Ethical Fundraising and Financial Accountability	Apr-19	every four years*	2023	Finance
	2.5 Finance	Apr-19	annually	2023	Finance
	2.6 Flow Through Funds	Apr-20	every four years*	2024	Finance
	2.7 Fund Types And Criteria For Naming	Sep-19	every four years*	2023	Finance
	2.8 Investment Policy (Tcf)	Jun-19	when TCF changes	as needed	Investment
	2.9 Short Term Investment	Apr-16	every four years*	2020	Finance
	2.10 Purchasing	Feb-19	every four years*	2023	Finance

APPENDIX B

Imagine Canada Standards

- A1 The organization has a mission statement that is approved and revisited by the Board at least every three years to assess its continuing relevance.
- A2 The Board is responsible for approving a strategic plan. The organization has a process to evaluate progress in achieving the plan's priorities.
- A3 The Board is accountable for the recruitment and orientation of the most senior staff person in the organization.
- A4 The most senior staff person reports to the Board of directors and has a written job description or terms of reference.
- A5 The total compensation package of the most senior staff person is approved by the Board or a Board committee and expenses are reviewed at least annually by a member of the Board.
- A7 The organization has a process to identify its major strategic and operational risks and a plan to minimize and mitigate these risks. The plan is reviewed annually by the Board.
- A8 The organization has a process to review its insurance coverage. A summary report is reviewed annually by the Board.
- A9 The Board or a Board committee oversees the organization's compliance with its own governing documents (e.g., letters patent, by-laws) and all applicable federal, provincial and municipal laws and regulations.
- A10 The organization identifies its stakeholders and ensures there is a strategy for regular and effective communication and consultation with them about the organization's achievements and work.
- A11 The organization has a code or codes of ethics/conduct that apply to Board, staff and volunteers
- A12 The organization has conflict of interest policies for Board, staff, and volunteers that provide for disclosure, review and decision on actual or perceived conflicts of interest.
- A13 The organization has a privacy policy that is posted in a readily accessible location on its website.
- A18 The organization has a complaints policy applicable to external stakeholders that is posted in a readily accessible location on its website. The organization responds promptly to complaints by external stakeholders. The Board receives a report on complaints annually.
- A20 The Board holds a sufficient number of meetings annually to ensure appropriate direction and oversight of the organization's activities. At minimum, the Board should hold two meetings per year at which the agenda is not restricted to a specific issue or issues (e.g., appointment of officers).
- A17 Written, Board approved, terms of reference are in place for the Board and Board chair.
- A18 The Board is comprised of no less than 3 (but preferably 5 or more) directors, a majority of whom must be at arm's length to each other, to the most senior staff person and/or other management staff. No employee may be a director.

- A19 No member of the Board is entitled to receive, either directly or indirectly, any salary, wages, fees, commissions or other amount for services rendered to the organization in their capacity as a director.
- A20 A process is in place to ensure orientation of new Board members. Board members must understand their legal and fiduciary responsibilities, exercise due diligence consistent with their duty of care, be familiar with the organization's activities and fully informed of the financial status of the organization.
- A21 Proper minutes of Board meetings and record of policies are kept.
- A22 The Board has a process to annually review plans for succession to the positions of Board chair and committee chairs.
- B1 Organizations must complete annual financial statements in accordance with an acceptable accounting framework as identified by Chartered Professional Accountants Canada (CPA Canada).
- B3 The organization's financial statements must be received and approved by the Board and released within 6 months of year end.
- B4 The Board has a process to ensure that an accurate Registered Charity Information Return (T3010) is filed with the Canada Revenue Agency (CRA) within six months of year-end, as required by law. The Board or a Board committee reviews and approves the Registered Charity Information Return (T3010) annually prior to its submission to the CRA.
- B5 The Board approves the annual budget and has a process to monitor the organization's performance in relation to the annual budget. The Board reviews the cash position of the organization in relation to its future obligations at least twice a year. The Board or a Board committee reviews actual revenues and expenses versus budget at least twice a year.
- B6 The Board or a Board committee receives from management, at least twice a year, assurance that all statutory remittances have been made.
- B8 Organizations with investable assets over \$100,000 must have an investment policy setting out asset allocation, procedures for investments, and asset protection issues.
- B10 The organization makes the following information available on its website:
- their most recent three years of financial statements including notes as approved by the board and the report of the independent licensed public accountant who conducted the audit or review engagement; and
 - the names of all board members.
 - their registration number (BN) assigned by the Canada Revenue Agency (CRA); and,
 - the public portion of their most recent Registered Charity Information Return (form T3010) or RCAA Information Return (form T2052) as submitted to CRA or a direct link to it.
- B11 The organization makes information on compensation accessible to its stakeholders to at least the same level as that required by CRA in the T3010.
- B12 The organization discloses on its website details of the purpose and amount of payments for products or services to Board members or companies in which a Board member is an owner, partner or senior manager.
- B13 The organization accurately discloses all costs associated with its fundraising activities.

- C1 The organization honours donors' and prospective donors' requests to:
- limit the frequency of contact;
 - not be contacted by telephone or other technology;
 - receive printed material concerning the organization; and
 - discontinue contact.
- C2 The organization does not sell its donor list. If it rents, exchanges or otherwise shares its donor list, it must abide by the [Canadian Marketing Association Code of Ethics and Standards of Practice](#) and honour donors' requests to be excluded from such lists.
- C3 Donors' requests to remain anonymous are honoured.
- C4 The organization encourages donors to seek independent advice if the proposed gift is a Planned Gift and/or the organization has any reason to believe the proposed gift might significantly affect the donor's financial position, taxable income, or relationship with other family members.
- C5 The organization prepares and issues Official Income Tax receipts for monetary gifts and gifts-in-kind in compliance with all regulatory requirements.
- C12 The organization has appropriate fundraising policies (e.g., a gift acceptance policy, a policy on the treatment of restricted or designated gifts, and naming and endowment policies). The relevance and appropriateness of these policies are reviewed every three years by the Board.