

1. Role of the Board: Ensure Responsible Governance

The Board of Directors is the legal entity that has ultimate authority and accountability as the official governing body of a charity. They:

- Are accountable for competent, conscientious and effective management
- Must govern affairs within relevant legislation and regulations (therefore be aware of it).
- Ultimately have sign-off authority and responsibility

What does it matter? What is the Impact of Non-Compliance

- Public Embarrassment
- Loss of Organization's Reputation
- Hurts Credibility of the Voluntary Sector
- Range of Sanctions from CRA
- Financial penalties
- Removal of privileges until corrective action taken
- Revocation of Charitable Status
 - Unable to issue tax receipts for donations
 - Loss of status as a Qualified Donee
 - No longer tax exempt

2. Key Practices for Board Consideration

a. Ensure Charitable Activities match Charitable Purposes

An organization's Charitable Purposes would have been described in the objects when they applied for charitable status. There are four categories of approved Charitable Purposes:

1. Relief of Poverty
2. Advancement of Education
3. Advancement of Religion
4. Purposes beneficial to the community, in a way that the law regards as charitable

What about Non-Charitable Activities?

CRA provides guidelines to assist charities in devoting adequate resources to charitable activities.

1. Permitted Charitable Activities (connected to mandate of charity)
2. Permitted but restricted activities (Charities can direct some resources within limitations)
3. Prohibited Activities – (outside mandate)

b. A Complete T3010B Information Return includes:

- Registered Charity Information Return (T3010) which must include a Registered Charity Basic Information Sheet (BIS)
- Copy of the Charity's Financial Statements
- List of Directors/Trustees or Like Officials with all required information (T1235)
- Worksheet of other charities (Qualified Donees) to which you have given funds (T1236)

c. Directing Donations to Charitable Activities

d. Maintaining Acceptable Receipting Practices

See Treasurer's Chest Summary Sheet for more.

e. Adhering to Fundraising Guidelines

- Conducting activities directly related to fundraising – salaries, overhead, promotional materials, campaign supplies, office expenses
- Promoting charity to community
- Fees to consultants or agencies

f. Providing or Retaining Advice on Complex Issues such as:

- Capital gains, capital gains reduction etc.
- Disbursement Quota
- Enduring property (i.e. planned giving)
- Types of gifts (specific, exempted)
- Gifts in Kind
- Loan backs (reduction of Fair Market Value)
- Non-qualified investments and securities

3. Agenda Items

- Annual Review of activities related to charitable purposes (planning)
- Motion to Confirm that T3010B has been filed (at board and Annual General Meeting)
- Information/Training at Board meetings
- Presentation at Board Orientation Session
- Review/Develop Fundraising Policies