



Charitable Fund-raising

This publication is intended to provide general information only and is not a substitute for legal advice.

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Do you ask Albertans to donate to fund-raising campaigns? Do you solicit contributions that will be used for a charitable purpose? If you do, you must follow the rules that are set out in Alberta's *Charitable Fund-raising Act and Regulation*. These rules exist to protect potential donors from false and misleading requests for donations. Rules also exist to ensure the public has sufficient information to make an informed decision when making contributions.

The law in Alberta requires many charitable organizations to be registered. This tipsheet tells you exactly who needs to be registered and how to apply. It also explains the rules and standards of practice that must be followed by anyone who asks for charitable donations – whether you are registered as a charitable organization or not.

You can view the *Charitable Fund-raising Act and Regulation* on the Service Alberta website www.governmentsservices.gov.ab.ca (click on the tab titled "Legislation"). If you wish to purchase copies, contact the Queen's Printer Bookstore at www.qp.gov.ab.ca or by phone (780) 427-4952. Call toll-free at 310-0000 and follow the instructions.

If you have questions about any of the information provided in this tipsheet contact Service Alberta Consumer Contact Centre toll-free 1-877-427-4088.

DEFINITIONS

Solicitation: a direct or indirect request for a contribution if it is either stated or implied that the contribution will be used for a charitable purpose.

Charitable purpose: any philanthropic, benevolent, educational, health, humane, religious, cultural, artistic, or recreational purpose.

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RULES FOR CHARITABLE ORGANIZATIONS AND FUND-RAISING BUSINESSES

- A charitable organization or fund-raising business must not imply that they are endorsed by the Government of Alberta.
- A charitable organization or fund-raising business must not claim that anyone sponsors or approves of their cause without the written consent of the parties involved.
- No one may ask for donations for any charitable purpose or charitable organization or use their emblem or printed matter, without their written consent.
- A charitable organization or fund-raising business must use their best efforts to remove a person's name from their donor list and stop sending requests for donations if asked to do so.
- A charitable organization or fund-raising business cannot say they are asking for contributions to be used for a specific charitable purpose if the contributions will not be used in that way.
- A charitable organization or fund-raising business cannot make false statements or misrepresent facts in their solicitations.
- Anyone who has made a contribution to a charitable organization can apply to the Court of Queen's Bench for an order. The Court may require the charity to
 - o return the contribution or amount equal to it
 - o use the money for the purpose for which it was donated
 - o make a public declaration about the use or misuse of contributions.

STANDARDS OF PRACTICE

The following standards of practice were developed in consultation with charities and fund-raising businesses and apply to all charitable organizations and fund-raising businesses:

1. Charitable organizations and fund-raising businesses must comply with all relevant municipal, provincial, and federal laws.
2. Charitable organizations and fund-raising businesses must advocate, within the organization, adherence to all applicable laws and Standards of Practice.
3. The principals, directors, managers and employees of charitable organizations and fund-raising businesses that must comply with these Standards must effectively disclose to their organization all conflicts of interest and all situations that might be perceived as a conflict of interest.
4. Charitable organizations and fund-raising businesses must give donors the opportunity to have their names removed from lists that are sold, rented, or exchanged with other organizations.
5. Charitable organizations and fund-raising businesses must not disclose any personal and confidential information about donors or prospective donors outside the work environment, and within the work environment only as appropriate.
6. Charitable organizations must, to the best of their ability, ensure that contributions are used in accordance with donors' intentions and obtain the explicit consent of a donor or the donor's representative before altering the conditions of a gift.
7. Charitable organizations must use accurate and consistent accounting methods that conform to the appropriate guidelines adopted by the Canadian Institute of Chartered Accountants (CICA).
8. Charitable organizations and fund-raising businesses must not take unfair advantage of a donor or prospective donor for their own advantage or benefit.

REGISTERING AS A CHARITABLE ORGANIZATION

You must register as a charitable organization in Alberta if

- you intend to raise more than \$25,000 in gross contributions from solicitations during your financial year; and/or
- you will use the services of a fund-raising business
- you have raised more than \$25,000 without intending to (in this case, you have 45 days after your contributions reach \$25,000 to apply for registration).

Some charitable organizations believe that if they are registered under another piece of legislation that they do not have to register under the *Charitable Fund-raising Act*. This is not true. The requirement to register in Alberta as a charitable organization applies to societies that are registered under the *Societies Act*, businesses including corporations and sole proprietorships, as well as charities that have registered with Canada Revenue Agency.

You do not have to register as a charitable organization in Alberta if

- you only ask your members and their immediate families for contributions
- you ask for goods (e.g. office furniture) or services that will be used for administration within your organization or for other non-charitable purposes
- you raise funds through an event that is authorized by the Alberta Gaming and Liquor Commission (e.g. a raffle, pull tickets, a bingo, or casino).

How to Register

You must complete an application form which you can pick up from any registry agent or download and print from the Service Alberta website. You must provide all the information asked for. Only a person who is authorized to sign on behalf of your organization can sign the completed application and it must be sworn before a Commissioner for Oaths. If you are a new applicant, you must include a copy of your solicitation materials and canvassing scripts. The registration fee is \$60 plus the registry agent's service charge (a maximum of \$22 plus GST). You must pay the fee and the service charge to the registry agent when you submit your completed application.

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Once your application is approved, Service Alberta will send you a Certificate of Registration. If Service Alberta proposes to refuse your registration, you will be notified and will have an opportunity to make representations before a decision is made. An application could be refused if the organization or any of its directors,

officers or managers was convicted five years prior to the application, of an offence that would be unsuitable for an organization or individual who will request or deal with donations. A registration could also be refused if there are reasonable grounds to believe that your charitable organization or any of its directors, officers or managers may not follow the *Charitable Fund-raising Act*, the Regulation or the Standards of Practice.

If any information you provide in your application changes at any time during your registration, you must notify Service Alberta. You have 30 days from the date of the change to inform Service Alberta of the change. Send your new information to Consumer Programs, Service Alberta, 3rd floor, Commerce Place, 10155-102 Street, Edmonton, Alberta T5J 4L4.

If any information you provide in your application changes at any time during your registration, you must notify Service Alberta.

USING A FUND-RAISING BUSINESS

Some charitable organizations hire a fund-raising business to conduct their solicitations or to manage their fund-raising activities. All fund-raising businesses must be licensed and provide security. You can check to be sure a fund-raising business is licensed by visiting the Service Alberta website www.governmentservices.gov.ab.ca (click "Charities"). You can check out the reputation of a fund-raising business by asking other charitable organizations who have hired the fund-raising business in the past.

If a fund-raising business will manage your fund-raising activities or ask donors for charitable contributions on your behalf, you must have a written agreement with the fund-raising business. The written agreement must include the following:

- the terms and conditions to which both parties have agreed
- the duties and responsibilities of both parties
- an estimate of the contributions you expect
- an estimate of the expenses and costs
- a description of how the charitable contributions will be solicited
- a description and specific price of any goods or services that will be sold
- the bank account where monetary contributions will be deposited
- the address, contact name and phone number for both the charitable organization and the fund-raising business
- the amount you will pay the fund-raising business for their services (e.g. a specific amount of money, a specified percentage of the gross contributions or a combination of these two payment approaches).

KEEPING RECORDS

Charitable organizations and fund-raising businesses that solicit donations for a charitable purpose must keep the following records for at least three years:

- original financial statements
- records of all solicitations
- records of the bank account (if any) used for deposits and any payments from that account
- names of the signing officers for the bank account
- samples of the information given to potential donors, including publications and phone scripts
- copies of the fund-raising agreement and any amendments
- copies of cash receipts.

Service Alberta may ask a charitable organization to provide its most recent audited financial statement if it has raised more than \$250,000 in gross contributions. If the organization raised less than \$250,000 Service Alberta may ask for the organization's financial information return.

Financial statements must itemize **all** of the following:

- all the expenses that were incurred to solicit contributions
- the gross contributions received (expenses incurred for the purposes of soliciting, and gross contributions received)
- a summary of disposition of contributions (with a separate description of each disposition equal to or greater than 10% of the gross contributions received)
- the total amount paid as remuneration to employees of the charitable organization primarily responsible for fund-raising
- the amount of remuneration paid to the fund-raising business used, if applicable.

Service Alberta may ask a charitable organization to provide its most recent audited financial statement if it has raised more than \$250,000 in gross contributions.

DONORS' RIGHTS

Information that must be provided to donors

A fund-raising business or a charitable organization that intends to receive more than \$25,000 in contributions during their financial year from Albertans is required by law to give you the following information verbally or in writing (and adequate time to review it) before it accepts a contribution:

- the name of the charitable organization for which the donation is being requested
- the cost of fund-raising and how much the organization expects to raise
- the charitable purpose that the contributions will be used for
- the corporate and business address of the charitable organization and the place of incorporation (if applicable)
- the name and phone number of a contact person employed by the charity whom the donor can call for further information.

If the charitable organization is using a fund-raising business, the organization must also tell you the operating name and full legal name of the fund-raising business as well as whether it is being paid a specific dollar amount or a specified percentage of the contributions raised.

Information that must be provided on request

Any charitable organization or fund-raising business that asks for contributions must provide the following information to anyone who requests it:

- a copy of the organization's most recent audited financial statement or financial information return (a reasonable fee may be charged for photocopying and postage)
- information about how and where the money will be spent
- the percentage of the gross contributions that is spent directly for charitable purposes (and not for administration or other purposes).

Receipts

Charitable organizations and fund-raising businesses must give you a receipt if you request one. If you make a monetary contribution, request a receipt.

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FOR MORE INFORMATION

Consumer Contact Centre

Edmonton: (780) 427-4088

Toll-free in Alberta: 1-877-427-4088

www.governmentsservices.gov.ab.ca

Queen's Printer Bookstore

Edmonton: (780) 427-4952

www.qp.gov.ab.ca

Canada Revenue

Canada Revenue Agency registers qualifying organizations as charities, gives technical advice on operating a charity, and handles audit and compliance activities.

Toll-free 1-800-267-2384

www.cra.gc.ca/charities

Alberta Gaming

The Alberta Gaming and Liquor Commission licenses and manages charitable gaming activities in Alberta (bingo, casino, raffle, and pull-ticket events).

St. Albert: (780) 447-8600

www.aglc.gov.ab.ca

A current version of this and other consumer tipsheets are available at the Service Alberta website www.governmentsservices.gov.ab.ca. Most public libraries have Internet access if you don't have access at home.

If you need more copies of this tipsheet, you have permission to photocopy.