

Imagine  Canada

# STANDARDS FOR CANADA'S CHARITIES & NONPROFITS

2011 Pilot Standards

Founding and presenting sponsor:

 THE  
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## Introduction

Imagine Canada's Standards Program offers a Canada-wide set of shared standards for charities and nonprofits designed to strengthen sector capacity in five fundamental areas:

- A. board governance
- B. financial accountability
- C. fundraising
- D. staff management
- E. volunteer involvement

These are foundational standards that are relevant for all charities and nonprofits. They do not include program or service standards that some organizations have already developed for their areas or work.

Any organization may use the standards presented in this document to improve and monitor its practices. Organizations wishing to demonstrate publicly they have successfully met the standards will have the opportunity to participate in a voluntary peer-review based accreditation process. The accreditation process will be piloted in 2011 and opened to all charities and public-benefit nonprofits in 2012. Visit our website for more information on the accreditation process: [www.imaginecanada.ca/standards\\_initiative](http://www.imaginecanada.ca/standards_initiative).

To make the Program as accessible as possible, there are three levels of Standards as outlined in the table below:

Standards Level	Size of Organization
<b>Level 1</b>	Organizations with less than 1 FTE employee
<b>Level 2</b>	Organizations with between 1 and 50 FTE employees and up to \$5 million in annual operating expenses
<b>Level 3</b>	Organizations with more than 50 FTE employees or over \$5 million in annual operating expenses

**Annual Operating Expenses:** Use your average operating expenses over the last 3 years. Charities should use the amount on line 5100 of their Registered Charity Information Returns (T3010).

**Employee:** All paid staff of the organization whether full-time, part-time, fixed-term contract, salaried or hourly.

**FTE:** Full-time equivalent. The definition of full-time employment can vary from one organization to another but is generally defined as between 35 and 40 hours of work per week, 52 weeks per year.

To be accredited through the Standards Program, organizations must submit a written application form and present evidence that they have met the required standards. The evidence includes written descriptions of processes, copies of policies and excerpts of board minutes among other items. For example, to demonstrate that an organization has a board-approved conflict of interest policy the applicant must submit the policy along with a copy of the board resolution and the date it was passed.

Completed applications and supporting materials will be evaluated by a third-party peer-review committee. Accreditation is for a five-year period. During this period, compliance will be monitored through onsite spot checks/audits of 3-5% of accredited organizations.

Before beginning the accreditation process, organizations must agree to the Program terms and conditions and pay an application fee. An annual licence fee is required to maintain accreditation and includes the use of the trustmark, ongoing staff support, resources and tools, and continuous learning and development opportunities.

## Section A: Board Governance Standards

	Level 1	Level 2	Level 3
1.	The board regularly assesses the organization's culture with the objective of ensuring alignment with the mission and values of the organization.		
2.	The organization has a mission statement that is approved and periodically revisited by the board to assess its continuing relevance.		
3.	Not applicable.	The board has written terms of reference outlining how it will review, approve, and monitor the mission/strategic direction, annual budget and key financial transactions, compensation practices and policies, and fiscal and governance policies.	
4.	The board ensures a strategic plan is in place.	The board is responsible for approving a strategic plan. A process is in place to evaluate progress in achieving the mission or vision of the organization.	
5.	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).		
6.	Not applicable.	The board is accountable for the recruitment and orientation of the most senior staff person in the organization. The recruitment process is fair and transparent, and managed in a professional manner by the board. The board is accountable to ensure that the most senior staff person receives the appropriate orientation required to assume his/her responsibilities.	
7.	Not applicable.	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.	
8.	Not applicable.	The most senior staff person reports to the board of directors, has a detailed job description or terms of reference, annual performance objectives and an annual performance review. The total compensation package is approved by the board of directors or a board committee and expenses are reviewed at least annually by a member(s) of the board.	
9.	Not applicable.	The board has a process to monitor the organization's performance in relation to its strategic objectives and annual budget.	
10.	The board reviews the organization's major strategic and operational risks and identifies minimization and mitigation strategies.	The organization has a process to identify its major strategic and operational risks and an adequate plan to minimize and mitigate these risks.	
11.	The board reviews the organization's insurance coverages annually.		
12.	Not applicable.	The board annually discusses the succession plan for the most senior staff position in the organization.	
13.	The board ensures the organization complies with its own governing documents and all applicable federal, provincial and municipal laws and regulations. Organizations conducting programs outside Canada will also abide by applicable laws, regulations and conventions in that jurisdiction, unless these are in conflict with laws in Canada.		
14.	Not applicable.	The organization has a board-approved code of ethics/conduct with which all of its directors, staff and volunteers are familiar and to which they adhere.	

## Section A: Board Governance Standards

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>15.</b>	The organization's financial statements are publicly available.	<p>The organization makes the following information available on its website or in other public documents:</p> <ul style="list-style-type: none"> <li>• their most recent three years of annual reports;</li> <li>• their most recent three years of financial statements including notes as approved by the board and the opinion of the independent licensed public accountant who conducted the audit or review engagement;</li> <li>• a copy of the organization's Investment Policy relating to its investable assets, if applicable, and</li> <li>• the names of all board members.</li> </ul> <p>In addition to the above, <b>charities</b> should make the following information available on their website or in other public documents:</p> <ul style="list-style-type: none"> <li>• their registration number (BN) assigned by the Canada Revenue Agency (CRA); and</li> <li>• all information contained in the public portion of their most recent Registered Charity Information Return (form T3010) as submitted to CRA.</li> </ul>	
<b>16.</b>	Not applicable.	The organization makes information on compensation accessible to its stakeholders to at least the same level as that required by CRA.	
<b>17.</b>	There is a board-approved conflict of interest policy that applies to board, staff, and volunteers and provides for disclosure, review and decision on actual or perceived conflicts of interest.		
<b>18.</b>	A board-approved complaints policy is posted in a readily accessible location on the organization's website. The organization responds promptly to complaints by stakeholders about any matter that is addressed in these Standards. The organization informs the board at least annually of the number, type and disposition of complaints received.		
<b>19.</b>	Not applicable.		The organization has established and implemented policies and procedures that enable individuals to come forward with information on illegal practices or violations of organizational policies. This "whistleblower" policy must specify that the organization will not retaliate against, and will protect the confidentiality of, individuals who make good-faith reports.
<b>20.</b>	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.	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 shall be a member of the board.	
<b>21.</b>	Proper minutes of board meetings and record of policies are kept.		
<b>22.</b>	The board has a process to annually review plans for succession to the positions of board chair and committee chairs.		
<b>23.</b>	Not applicable.		The board has a process to annually consider development opportunities for potential board chairs and committee chairs.

## Section A: Board Governance Standards

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>24.</b>	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. Paying board members, or their companies', reasonable compensation for services provided to the organization, other than in their capacity as a director, is permissible if a board-approved policy is in place to ensure all legal requirements and conflict of interest obligations are met.		
<b>25.</b>	New board members are briefed on their roles and the organization and all board members receive the training and on-going support needed to discharge their duties.		A formal 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.
<b>26.</b>	Not applicable.	The board reviews its own performance annually.	
<b>27.</b>	Not applicable.		The board reviews the performance of the board chair, committee chairs and individual directors annually.

## Section B: Financial Accountability Standards

	Level 1	Level 2	Level 3
1.	Organizations must complete annual financial statements in accordance with an acceptable accounting framework as identified by the Canadian Institute of Chartered Accountants (CICA).		
2.	Organizations with over \$1 million in annual revenue must have their financial statements audited by an independent licensed public accountant. Other organizations may have a review engagement unless required by their governing legislation to have an audit.		
3.	The organization's financial statements must be signed by two board members (e.g., board chair and chair of the audit committee) and released within 6 months of year end.		
4.	The organization makes the following information publicly available (e.g., on its website, in its annual report, in its financial statements) within 6 months of its year end: <ul style="list-style-type: none"> <li>• total fundraising revenues;</li> <li>• total fundraising expenses;</li> <li>• total expenditures on charitable activities/programming.</li> </ul>		
5.	<b>CHARITIES ONLY:</b> The board has a process to ensure timely and accurate submission of the organization's Registered Charity Information Return (T3010).		
6.	The organization has an annual operating budget approved by the board. The board or a board committee reviews actual revenues and expenses versus budget at least quarterly.		
7.	All statutory remittances are made.	The board or a board committee receives from management, at least quarterly, assurance that all statutory remittances have been made.	
8.	Organizations with investable assets over \$100,000 must have an investment policy setting out asset allocation, procedures for investments, and asset protection issues.		

## Section C: Fundraising Standards

	Level 1	Level 2	Level 3
<b>1.</b>	<b>CHARITIES ONLY:</b> All donations are used to support the charity's objects, as registered with CRA.		
<b>2.</b>	<p>All fundraising solicitations by or on behalf of the organization must:</p> <ul style="list-style-type: none"> <li>• be truthful,</li> <li>• accurately describe the organization's activities,</li> <li>• disclose the organization's name,</li> <li>• disclose the purpose for which funds are requested, and</li> <li>• disclose, upon request, whether the individual or entity soliciting donations is a volunteer, employee or contracted third party.</li> </ul> <p>Any written solicitations by or on behalf of the organization must include its address or other contact information.</p>		
<b>3.</b>	<p><b>CHARITIES ONLY:</b> The organization prepares and issues official Income Tax receipts for monetary gifts and gifts-in-kind pursuant to any policy established and published on minimum amounts to be receipted and in compliance with all regulatory requirements.</p> <p><b>ALL ORGANIZATIONS:</b> The organization acknowledges in writing contributions not entitled to be officially receipted, subject to any policy established and published on minimum amounts to be acknowledged.</p>		
<b>4.</b>	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.		
<b>5.</b>	<p>The organization honours donors' requests to remain anonymous in relation to:</p> <ul style="list-style-type: none"> <li>• being publicly identified as a supporter of the organization; and/or</li> <li>• having the amount of their contribution publicly disclosed.</li> </ul>		
<b>6.</b>	The organization respects the privacy of donors. Donor records maintained by the organization are kept confidential to the greatest extent possible. Donors have the right to see their own donor record and to challenge its accuracy.		
<b>7.</b>	The organization does not sell its donor list. If the organization rents, exchanges or otherwise shares its donor list, it must abide by the Canadian Marketing Association <i>Code of Ethics and Standards of Practice</i> and honour donors' requests to be excluded from such lists.		
<b>8.</b>	<p>The organization honours donors' and prospective donors' requests to:</p> <ul style="list-style-type: none"> <li>• limit the frequency of solicitations;</li> <li>• not be solicited by telephone or other technology;</li> <li>• receive printed material concerning the organization; and</li> <li>• discontinue solicitations where it is indicated they are unwanted or a nuisance.</li> </ul>		
<b>9.</b>	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 the donor's family 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.		
<b>10.</b>	The organization does not, directly or indirectly, pay finder's fees, commissions or percentage compensation based on contributions.		
<b>11.</b>	The organization has appropriate fundraising policies (i.e., 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 regularly by the board.	The organization has 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 regularly by the board.	
<b>12.</b>	The organization does not make claims that cannot be upheld or are misleading.		

## Section C: Fundraising Standards

	Level 1	Level 2	Level 3
<b>13.</b>	The organization does not exploit its beneficiaries. It is sensitive in describing those it serves (whether using graphics, images or text) and fairly represent their needs and how these needs will be addressed.		
<b>14.</b>	When the organization conducts online solicitations its practices should be consistent with or exceed the provisions of the <i>Canadian Code of Practice for Consumer Protection in Electronic Commerce</i> .		
<b>15.</b>	Organizations conducting face-to-face solicitations (e.g., door-to-door campaigns, street-side fundraising) must: <ul style="list-style-type: none"> <li>• provide verification of the affiliation of the person representing the organization; and,</li> <li>• secure and safeguard any confidential information, including credit card information, provided by donors.</li> </ul>		
<b>16.</b>	Paid fundraisers, whether staff or third parties, who solicit or receive funds on behalf of the organization must: <ul style="list-style-type: none"> <li>• adhere to provisions of these Standards relating to fundraising;</li> <li>• act with fairness, integrity, and in accordance with all applicable laws;</li> <li>• cease solicitation of a prospective donor who identifies the solicitation as harassment or undue pressure, or who states that he/she does not wish to be solicited;</li> <li>• disclose immediately to the organization any actual or apparent conflict of interest or loyalty; and</li> <li>• not accept donations for purposes that are inconsistent with the organization’s mission.</li> </ul>		
<b>17.</b>	Volunteers who solicit or receive funds on behalf of the organization must: <ul style="list-style-type: none"> <li>• act with fairness, integrity, and in accordance with all applicable laws;</li> <li>• cease solicitation of a prospective donor who identifies the solicitation as harassment or undue pressure, or who states that he/she does not wish to be solicited;</li> <li>• disclose immediately to the organization any actual or apparent conflict of interest or loyalty; and</li> <li>• not accept donations for purposes that are inconsistent with the organization’s mission.</li> </ul>		
<b>18.</b>	The organization accurately discloses all costs associated with its fundraising activities.	The organization provides, upon request, its best available information on gross revenue, net proceeds and costs of any fundraising activity (including the fundraising costs categorized as education and/or public awareness).	
<b>19.</b>	Organizations that undertake cause-related marketing in collaboration with a third party must disclose in all related materials how the organization benefits from the sale of products or services and the minimum or maximum amounts payable under the arrangement. If no minimum amount is payable, the organization should disclose this.		
<b>20.</b>	The board regularly reviews the cost-effectiveness of the organization’s fundraising programs. No more will be spent on administration and fundraising than is required to ensure effective management and resource development.		

## Section D: Staff Management Standards

	Level 1	Level 2	Level 3
1.	Not applicable.	HR management policies are formalized, documented and approved by the board or approval is designated to the most senior staff person.	
2.	Not applicable.	HR management policies comply with employment, workplace health and safety, and other related legislation as applicable in the jurisdiction in which the organization operates.	
3.	Not applicable.	HR management policies are reviewed on a regular basis and revised, if necessary.	
4.	Not applicable.	HR management policies are accessible to employees.	
5.	Not applicable.	An approved job description is completed for all positions.	
6.	Not applicable.	Recruitment is through an objective, consistent process that complies with human rights legislation.	
7.	Not applicable.	Criteria used to select the appropriate individual are established and documented.	
8.	Not applicable.	All individuals external to the organization who are offered a position are given a letter of employment that outlines the terms of employment.	
9.	Not applicable.	All new employees are oriented to the position and to the organization.	
10.	Not applicable.		Managers and supervisors with responsibility for managing the efforts of others are provided with appropriate learning opportunities to develop their supervisory skills.
11.	Not applicable.	All employees have a work plan or performance objectives that identify their tasks/activities and the expected results.	
12.	Not applicable.	The performance of each employee is assessed at least annually.	
13.	Not applicable.	The organization has methods to address employee performance issues or concerns.	
14.	Not applicable.	The organization has a process for regularly reviewing staffing needs.	
15.	The organization provides a safe work environment.		
16.	The organization ensures a work environment free of harassment.		
17.	Not applicable.	The organization promotes an inclusive workplace.	
18.	Not applicable.	The organization has an internal conflict resolution policy.	
19.	Not applicable.	The organization has a compensation structure that fairly evaluates and compensates the value of each position.	
20.	Not applicable.		Plans are in place to ensure programs and services are not unduly disrupted by temporary staff absences.
21.	Not applicable.		Critical positions in the organization are identified and succession plans are established to address any potential gaps.
22.	Not applicable.	All employees are provided with the training they need to perform their job.	
23.	Not applicable.	The development needs of all full-time employees are reviewed at least annually and plans are established to address any gaps.	
24.	Not applicable.	Resources are allocated for employee training and development.	

## Section E: Volunteer Involvement Standards

	Level 1	Level 2	Level 3
1.	The organization has policies and procedures in place that define and support the involvement of volunteers.		
2.	The organization has at least one individual who is responsible for volunteer involvement.	The organization has one or more clearly designated individuals (volunteer or paid staff) with appropriate experience, skills, or qualifications who is responsible for volunteer involvement.	
3.	Volunteer assignments address the mission or purpose of the organization and involve volunteers in meaningful ways that reflect their abilities, needs, and backgrounds.		
4.	Not applicable.	Volunteer recruitment incorporates internal and external strategies to reach out and involve a diverse volunteer base.	
5.	The organization has an appropriate screening process for volunteers.		
6.	Each volunteer is provided with an orientation to the organization, its policies and practices, and receives training appropriate to the volunteer assignment and his/her individual needs.		
7.	Volunteers receive a level of supervision appropriate to the task and are given regular opportunities to offer and receive feedback.		
8.	The contributions of volunteers are acknowledged and recognized.		
9.	Not applicable.	The impact and contributions of volunteers and the volunteer program are regularly evaluated.	
10.	Not applicable.	Volunteers are welcomed and treated as valued and integral members of the organization's human resources team.	

## ABOUT IMAGINE CANADA

Imagine Canada is a national charitable organization whose cause is Canada's charities and nonprofits. We strengthen the sector's collective voice, act as a forum and meeting place and create an enabling environment in which organizations contribute to building stronger communities.



### FOR MORE INFORMATION

visit our website: [www.imaginecanada.ca/standards\\_initiative](http://www.imaginecanada.ca/standards_initiative)

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