

## ETHICAL FUNDRAISING AND FINANCIAL ACCOUNTABILITY

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### PURPOSE

To ensure that Ray of Hope maintains high standards of integrity and stewardship in both its active fundraising and related communication activities and its acceptance of donations

### DEFINITION OF TERMS

**“Restricted Gift”** is defined as a gift that has a specific purpose specified by the donor and agreed to by Ray of Hope upon acceptance.

**“Gifts in Kind”** are goods defined as any gift that is not cash or cheques, including securities and/or services. Examples of such services include consulting services and/or advertising. Gifts-in-kind services are free services needed to further the goals of the organization.

**“Legacy Gifts”** are bequests, life insurance designations, or other gifts that take effect on or after the donor’s death are considered “Legacy Gifts”. Like any other gift, Legacy Gifts are governed by this policy.

**“Finder’s Fee”** is a fee paid by a business to a person or organization for bringing to its attention financial investors or buyers or sellers whose relationship with the business will materially benefit it.

**“Special Events”** are defined as activities the organization plans and conducts in order to raise funds.

### POLICY

Ray of Hope is a registered charity and, therefore, a trustee of charitable dollars. This policy recognizes the critical importance of ethical conduct in fundraising activities in order to safeguard the status of the organization as a registered charity.

In addition, this policy sets out guidelines for due diligence in accepting, receipting, documenting and reconciling donations received by Ray of Hope.

Adherence to this policy is paramount to ensure that the organization stands up to scrutiny by all its stakeholders and the public.

As per the regular review of policies and procedures, the organization will make every possible effort to ensure that this policy is current, relevant and used consistently to achieve the above objective

### PROCEDURES

- Ray of Hope generally accepts charitable gifts in the form of cash, cheques, credit card, gifts-in-kind of goods and services, or deferred gifts which include will bequests, transfer of stock, life insurance policies, gift annuities and charitable remainder trusts;
- Ownership of all gifts resides with Ray of Hope whether they benefit the organization in general, or some purpose specified by the donor and agreed to by Ray of Hope;
- Ray of Hope prefers to receive unrestricted donations to pursue its greatest needs, but may accept restricted donations after a careful process of due diligence to ensure that such specific purposes are complementary to the overall long-term goals of the organization;
- Ray of Hope may elect to accept or decline any unrestricted or restricted gift;
- Ray of Hope will operate within the Donor Bill of Rights adopted by the Canadian Association of Fundraising Professionals.

- The **Donor Bill of Rights** reads as follows:
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- To be informed of the organization's mission, of the way the organization intends to use donated resources, and its capacity to use donations effectively for their intended purpose.
- To be informed of the identity of those serving on the organization's governing board, and to expect the board to exercise prudent judgement in its stewardship responsibilities.
- To have access to the organization's most recent audited financial statement.
- To be assured their gifts will be used for the purposes for which they were given.
- To receive appropriate acknowledgement and recognition.
- To be assured that information about their donations is handled with respect and confidentiality to the extent provided by law.
- To expect that all relationships with individuals representing the organization will be professional in nature.
- To be informed whether those seeking donations are volunteers, employees of the organization, or hired solicitors.
- To have the opportunity for their names to be deleted from mailing lists.
- To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.
- To be assured that all online transactions and contributions occur through a safe, private and secure system that protects the donor's personal information.
- To be clearly informed if a contribution goes directly to Ray of Hope or is held by, or transferred through, a third party.
- To have access to the organization's privacy policy.
- In addition to the Donor Bill of Rights, Ray of Hope will honour a donor's request to:
  - Remain anonymous;
  - No longer be contacted by Ray of Hope in any form; and
  - Indicate their preferred method and frequency of contact from Ray of Hope

### Restricted Gifts

- If the nature of the restricted gift involves a long-term strategic association, a formal partnership agreement will be developed and signed to define the alliance;
  - Documentation and financial accounting must be maintained to ensure easy verification of the use of restricted funds;
  - In the case of restricted donations that result in the creation of new initiatives, the organization must approve the designated donation based on the following:
    - Any new donor wishing to donate funds with external restrictions or for a specific purpose must outline the purpose and intent of their gift in writing;
    - Such gifts may not be contradictory to Ray of Hope's mission and goals;
    - Donations will not be accepted for projects or purposes outside of the Ray of Hope's objectives;
    - The donor's business and/or personal activities must be perceived to be socially responsible and not contradictory to the mission of Ray of Hope; The gift may not result in unplanned higher operational costs or financial burden in order to actually administer/liquidate the gift;
    - The gift may not be restricted to the benefit of an individual or group of specific persons we support;
    - The gift must be reviewed by the CEO who will make a recommendation to the Board to determine whether to accept the restricted donation; and
    - If the donation is rejected, the CEO will inform the donor immediately and will maintain a file of the decision including the due diligence process to support the decision.
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Spending of funds is confined to Ray of Hope's approved programs and projects. Each contribution directed toward an approved program or project will be used as restricted with the understanding that when the need for such a program or project has been met or cannot be completed for any reason as determined by Ray of Hope, the remaining restricted contributions will be used where most needed.

### **Sponsorships**

- When the benefits and recognition offered by Ray of Hope to a donor are considered to be material based on the guidelines of the CRA, Ray of Hope and the contributor should enter into a formal Letter of Agreement with regard to benefits and recognition, and the contribution should be classified as a sponsorship;

### **Gifts-in-Kind**

- Gift-in-kind, some services cannot be receipted by Ray of Hope as they do not represent a transfer of property;
- Where suppliers donate back cheques related to payment for services provided, they are issued a receipt for the full amount of the cash donation;
- Ray of Hope may decline acceptance of any gift-in-kind goods or services based on the following:
  - The gift may not result in unplanned higher operational costs or financial burden in order to store/liquidate;
  - The gift must be an item that can be used within a reasonable period of time by either Ray of Hope;
  - The donor's business and/or personal activities must be perceived to be socially responsible and not contradictory to the mission of Ray of Hope;
  - The organization has the freedom to make decisions regarding upgrading, maintenance and ultimate disposal of the gift; and
- Other gifts-in-kind may be tax receipted only where Ray of Hope is able to substantiate the value of the gift. For example; used items without certified appraisal will not be given a receipt.

### **Official Tax Receipts**

- Ray of Hope will issue official tax receipts fulfilling all of the requirements of the CRA;
- Tax receipts will not be issued for amounts less than \$10.00;
- Each individual donation is to be entered into the database and receipted through the same system;
- Ray of Hope is responsible for guarding against the unauthorized use of official receipts, therefore access to the database will be limited and password protected; and
- Donations will be processed, received, and signed by the CEO or their designate.

### **Refund Policy**

- Should a donor wish to discuss a refund of their donation they will be asked to contact the Director of Fundraising.
  - As per Canada Revenue Agency, in most cases, a registered charity cannot return a donor's gift;
  - According to law, a gift transfers ownership (i.e. money or other gifted property) from the donor to the charity. Once the transfer is made, the charity is obliged to use the gift in carrying out its charitable purposes; and
  - On occasion, a charity may be obliged, by law, to return gifts to donors. This can happen, for instance, when a charity asks the public to contribute to a special project and unforeseen circumstances make it impossible to carry out the project.
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## Donor Recognition

- All donors will receive timely and appropriate recognition for their gift;
- This recognition may include but is not limited to: letters, telephone call, listing in publication, token gift, certificate, and formal recognition events.
- The Board of Directors, the Chief Development Officer and the CEO are responsible for establishing and maintaining an ongoing recognition program; and
- All recognition will be equitable in nature based on the amount of the gift.

## **FUNDRAISING PROCEDURES:**

### Ethical Guidelines

#### **Ray of Hope will:**

- Disclose the organization's name and include an address or other contact information;
- Accurately describe the organization's activities and achievements;
- Sensitively and fairly represent the people served by the organization, their needs and how these needs will be addressed;
- Disclose the purpose for which funds are requested;
- Disclose its Canada Revenue Agency (CRA) charitable registration number;
- Disclose the organization's policy with respect to issuing Official Income Tax receipts; and
- Disclose all costs associated with fundraising activities.

#### **Ray of Hope will not:**

- Endorse any products and/or services of donors or sponsors;
- Accept donations in cash or kind from companies that create products that cause harm to others, as determined by the Board of Directors;
- Use any unethical or unlawful techniques to solicit funds or sell products and services.
- Take donations if they are deemed to have originated from unethical or unlawful activities as determined by the Board of Directors;
- Engage in any activities that involve discriminatory practices against any individual or group based on gender, sexual orientation, religious or political affiliation, citizenship, age, race or ethnicity, record of offences, disability, income or family status;
- Bestow valuable consideration or other privileges on a donor who could have the ability to exercise, directly or indirectly, control or significant influence over the organization;
- Pay fundraisers "a finder's fee", commission or percentage compensation based on contributions.
- Provide benefit of any kind to the donor, or to anyone designated by the donor, except where the benefit is of nominal value (the lesser of \$50 or 10%);
- Engage outside professional fundraisers if fees are a significant portion of the anticipated funds raised as determined by the Board of Directors.

### Roles and Responsibilities

- A fundraising strategy is developed by the Board of Directors in collaboration with the Ray of Hope Director of Fundraising and the CEO;
  - The fundraising strategy is aligned with the directions set out in the Ray of Hope Strategic Plan including the annual budget;
  - On an annual basis, the Director of Fundraising and the CEO, in collaboration with the Board of Directors Finance and Audit Review Committee, will review the fundraising strategy to ensure that it continues to meet the needs of the community and organization as a whole;
  - The Board of Directors Finance and Audit Review Committee, after reviewing the fundraising strategy, will make recommendations to the Board of Directors, seek their approval and continue to lead the implementation of fundraising for the organization.
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## Collection, Use and Release of Donor List

Ray of Hope does not sell or rent the personal information of our donors as per our Privacy Policy.

## Events

- The following will be considered when planning special events:
- The cost to raise a dollar should be no more than 30% and ideally significantly lower. Rare exceptions may be given if the event is deemed to have significant public relations benefit;
- The amount of staff time invested in the event versus the overall anticipated revenue will be considered;
- All required licenses/permits and insurance will be obtained;
- Formal written agreements will be obtained if the event is run in conjunction with another organization;
- Third party events may be planned and conducted by an outside organization, company or group of individuals, and all or a portion of the funds raised are donated to Ray of Hope. Ray of Hope staff and volunteers may assist in planning and executing these events and at least one individual from Ray of Hope will attend, if possible, to represent the organization;
- Third party events are encouraged, and the revenue accepted as long as the events and the donor's business and/or personal activities are perceived to be socially responsible and not contradictory to the mission of Ray of Hope; and

## Legacy Gifts

- The CEO, to the extent possible, attempt to ensure that any planned Legacy Gift complies with the terms of this policy;
- If the CEO becomes aware of a planned Legacy Gift that does not comply with this policy, he/she should attempt to work with the donor to restructure the terms of the gift so that it does comply;
- In the event that a Legacy Gift does not comply with the policy and this is not discovered or remedied until after the donor's death, the CEO shall attempt to work with the donor's legal representatives to restructure the gift, although this may not be possible in all circumstances; and
- As with any other gift, Ray of Hope may elect to accept or reject any Legacy Gift.

## DONATIONS

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### PURPOSE

To establish a process to manage donations in compliance with the Canada Revenue Agency (CRA), the Canadian Council of Christian Charities (CCCC) and internal audit procedures

### POLICY

As a registered charitable organization, Ray of Hope receives donations from individuals, businesses, community groups, foundations, and corporations. Donations are accepted by cash, cheque, credit card and online programs. All cash, cheques and face to face credit card transactions are recorded according to the procedure. All donations are entered into the Ray of Hope donor database. Receipts for donations are generated for donors from this database. Online transactions are processed through [www.rayofhope.net](http://www.rayofhope.net) and an official receipt is sent from Ray of Hope.

The external auditor annually audits donation revenue.

### PROCEDURE

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## CASH HANDLING

1. Cash related transactions shall be fully documented so that an undisputable audit trail exists. Cash related transactions shall be recorded promptly during each step of the cash handling function.
2. Cash is pre-counted, and envelopes are marked with the number of each type of bill/coin (i.e. (\$5 x 2 = \$10 + \$10 x 3 = \$30) = \$40. This sum/total is then verified using Excel. Cash is sorted into piles by bill/coin.
3. Cash is processed in Virtuous and credited to the appropriate project (i.e. CS-Admin, CS-CC, etc.) and if applicable, marked with appropriate campaign.
4. Batch Report is exported from Virtuous and formatted for the CFO
5. Bank deposit slip is filled out with the correct number of bills and coins from pre-count, and placed in the safe for deposit by the end of the week.

## CHEQUE HANDLING

1. Each cheque is verified to ensure they are correctly filled out, with the appropriate date for deposit.
2. Cheques are kept with their envelope or campaign slip to ensure we know who sent in the donation.
  - a. Cheques are processed in Virtuous and credited to the appropriate project and if applicable, marked to appropriate campaign.
  - b. Batch Report is exported from Virtuous and formatted for CFO; cheques and cheque stubs are photocopied for report.

From batch report, a deposit slip is formatted and two copies are printed, one for the deposit slip going to the bank and one for the deposit slip kept in Ray of Hope logs.  
Or cheques are processed through the Royal Bank of Canada scanner
  - c. Back of cheques are stamped for deposit to Ray of Hope.
  - d. Bank deposit slip is filled out and placed in the safe for deposit by the end of the week.

## Receipt of Donations

1. Controls for the receipt of donations are reviewed during the annual audit process; and
2. These controls must be reviewed, improved, and followed on an ongoing basis.

## Recording donations

3. A separate computerized database system is kept recording all donor information and to issue receipts; and
4. Receipts are directly tied to deposits and reconciled to deposits annually.

## Preparation of Charitable Receipts

5. Charitable receipts are prepared by the Fundraising Associate and typically issued in February of the following calendar year.
  6. Online donations receive their official receipt electronically;
  7. The CEO signs all charitable tax receipts.
  8. Tax receipts are not issued for amounts less than \$10.
  9. Duplicate receipts can be generated by the database if requested by the donor; and
  10. All regulations set out by Canada Revenue Agency (CRA) and CCCC must be followed.
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