

# GOOD GOVERNANCE

## A Guide for Directors of Canadian Foundations

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## Disclaimer

This guide has been prepared as an introduction to the topic of foundation governance. It is not legal advice and must not be relied upon as advice. Statements and material are not always comprehensive, complete or up to date.



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# TABLE OF CONTENTS

<b>1. INTRODUCTION</b>	<b>1</b>
1.1 Purpose of the Guide	
1.2 Governance: A Definition	
<b>2. UNDERSTANDING THE LEGAL FRAMEWORK</b>	<b>3</b>
2.1 Federal and Provincial Statutes: Duties of Directors	
2.2 Federal and Provincial Regulatory Bodies	
<b>3. CREATING YOUR FOUNDATION AS A CHARITY</b>	<b>9</b>
3.1 Public and Private Foundations	
3.2 Charitable Purposes	
<b>4. RESPONSIBILITIES OF DIRECTORS</b>	<b>15</b>
4.1 The Standard of Care	
4.2 Specific Responsibilities of Directors	
4.3 Foundation Boards and Ineligible Individuals	
<b>5. THE GOVERNANCE FRAMEWORK</b>	<b>19</b>
5.1 Roles of the Foundation Board	
5.2 Establishing a Governance Framework	
5.3 Sharing Information about the Framework	
5.4 Governance of Investment	
5.5 Governance of Administration and Grantmaking	
<b>6. RED FLAGS: WHAT TO WATCH FOR</b>	<b>27</b>
6.1 Policy Mistakes	
6.2 Process Mistakes	
<b>7. THE EFFECTIVE FOUNDATION DIRECTOR</b>	<b>35</b>
7.1 Managing Time Demands	
7.2 Managing Conflicts	
7.3 Managing Family Dynamics	
7.4 Managing the Transition	
<b>8. CONCLUSION</b>	<b>39</b>
<b>RESOURCES</b>	<b>43</b>



# INTRODUCTION 1

## 1.1 Purpose Of The Guide

The goal of this guide is to describe the core governance roles and responsibilities of directors of Canadian charitable foundations. The audience for this guide is primarily the trustees or directors of charitable foundations. We refer throughout the guide to foundations as a general term for private and public foundations as well as charitable organizations that are grantmakers.

We have written the guide in a “plain language” form. Our purpose is to provide both practical information and resources for further study and self-assessment. While the content has been prepared with the assistance of lawyers, it is not intended to replace professional advice on specific issues of fiduciary responsibility, and is not a legal document in that sense. Rather, it is intended to be a guide to the responsibilities of governance, not just from a legal perspective but in the context of an organization with a public benefit purpose.

Being the trustee or director of a foundation is a calling not only to legal and fiduciary responsibility but also to the fulfillment of the charitable vision and/or goals of the organization. Directors commit themselves to pursuing the best interests of the organization and of its beneficiaries *to the best of their ability*. Charitable foundations in Canada are expected to work for the public benefit. The founding donors of registered charities receive a tax credit for their donation from the federal treasury when they establish a charitable foundation because they are expected to act for the public good. The directors are the stewards of the foundation’s charitable purpose and performance, as well as of its financial and legal obligations.

The guide provides a broad governance framework that can guide the board members in defining and fulfilling their roles. To help board members think through their roles further, the guide offers a section on red flags that directors need to watch for. The guide includes a section on the particular role of a director in a family foundation. Finally, the guide offers an annotated list of resources.

## 1.2 Governance: A Definition

The term “governance” as it is used in this guide is the “framework of rules, relationships, systems and processes within and by which authority is exercised and controlled”.<sup>1</sup> In a charitable foundation, governance is the system of stewardship of the assets and purposes of the foundation for public benefit. More specifically, governance includes stewardship of the foundation’s:

- mission
- financial assets
- risks
- human resources (particularly leadership) and
- impact

Foundation directors have a twofold responsibility: to ensure that an organization complies with its legal and regulatory requirements; and to ensure that it is working to achieve its charitable purpose. “Nonprofit and private sector experts suggest that effective governance requires an appropriate balance around compliance and performance.”<sup>2</sup> It is important to keep this balance in mind as you read through the rest of this guide

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<sup>1</sup> Cited in “Governance: The Need To Know” by David Ward, Australian Philanthropy, Winter 2009, Issue 73, p.6. We have modeled this guide after a similar handbook prepared for the members of Philanthropy Australia, and we are grateful for the inspiration provided by the author of that guide, David Ward. We have also benefited, as our colleagues in other jurisdictions have done, from the work of the U.S. Council on Foundations and its guide to *Stewardship Principles and Practices for Independent and Family Foundations*.

<sup>2</sup> Trower, Cathy. *Govern More, Manage Less: Harnessing the Power of Your Non-profit Board*, 2nd edition, Board Source, 2010, p.3.

# **UNDERSTANDING THE LEGAL FRAMEWORK 2**

## 2.1 Federal and Provincial Statutes: Duties of Directors

To meet their governance obligations, directors, trustees and like officials<sup>3</sup> must be familiar with the legal framework within which their foundation operates. The legal framework imposes various requirements on a foundation, and its directors.

### **The first question to ask: am I a director of an incorporated organization or not?**

In Canada, foundations can choose to be constituted either as an unincorporated trust or as a corporation. As corporations they can be constituted under a federal statute or under the laws of any of the thirteen provincial or territorial jurisdictions. As trusts they would typically be organized and governed by provincial or territorial statute and common law.

Across Canadian jurisdictions, there are various statutory models. Some have detailed incorporation requirements and others allow a lot of freedom. In some jurisdictions, regulatory authorities have discretion to deny corporate registration, while in others an entity must be registered if it meets all the regulatory prerequisites.

Foundations established as trusts have slightly different legal responsibilities than foundations set up as corporations. Similarly, where the foundation is a corporation, reporting and accountability provisions vary from jurisdiction to jurisdiction.

### **The second question to ask: am I a director of a registered charity?**

Foundations that have a charitable purpose must also become a registered charity in order to be tax exempt and to issue donation receipts. As registered charities, they are governed by the relevant provisions of the federal *Income Tax Act (ITA)*. Once a foundation is registered, it retains possession of its assets only so long as it continues to remain registered.

### **The third question to ask: what are my legal duties?**

Whatever the choice of legal regime under which a foundation is set up and operated, in most cases the responsibilities of its directors are remarkably similar.

The core requirement imposed on directors by statutes is to take sufficient care in exercising their responsibilities. What this means in practice is an effort to oversee the foundation's operations with reasonable care, and more specifically to act diligently, competently and avoid self-dealing and other conflicts of interest. In certain cases, or with respect to certain assets, additional prudence is required and the degree of engaged, competent and loyal conduct required is more onerous. The duties of directors are described in more detail in Section 4.

In addition to the corporate and tax statutes, directors need to be aware of other statutes to ensure governance responsibilities are adequately fulfilled. Privacy, employment and fundraising legislation, for example, are the types of legislation that could affect charitable foundations. Compliance with this legislation is usually an operational matter for the charity, but members of the governing body should be aware that such obligations exist. The foundation's governing body should regularly review the laws potentially affecting the organization. A list of applicable statutes can be found in the Resources Annex at the end of this guide.

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<sup>3</sup> The text will use "directors" to refer to "directors, trustees and like officials".



## 2.2 Federal and Provincial Regulatory Bodies

### a) Corporations and Trusts

Industry Canada is the federal agency responsible for not-for-profit corporations constituted federally under the Canada *Not-for-profit Corporations Act* (2009). Industry Canada determines eligibility for incorporation, monitors adherence to the legislation under which the corporation is constituted and processes annual filings.

If provincially incorporated, foundations are supervised under the applicable provincial statutes. Provincial or territorial agencies, usually part of business or consumer services branches of government, perform similar functions to Industry Canada for corporations constituted in their jurisdictions.

For a list of federal and provincial agencies who register non-profit corporations, see the Resources section.

If a foundation is a trust rather than a corporation, its operation is governed by the provisions of the trust document under which it was created and by common law or statutory requirements related to the treatment of trust assets. The law imposes distinctive obligations on trustees. These obligations may apply even where a person dealing with trust assets is unaware he or she is acting as a trustee. In cases where a corporation holds trust assets, corporate directors may also be subject to these rules.

In all provinces (except Quebec), the Attorneys General (AG) have a supervisory or *parens patriae* authority to intervene where charitable assets are at risk, being misused or cannot be applied to the purpose for which they were designated. In Ontario, this jurisdiction over charitable trusts and property has been delegated by statute to the Office of the Public Guardian and Trustee. Outside Ontario, provincial *parens patriae* authority is typically administered by the AG's office and ultimately through the courts on a case-by-case basis, rather than through a specific regulatory agency.

Incorporated foundations have an annual filing requirement. Depending on their location and jurisdiction they will face a range of reporting rules and obligations related to membership, finances, governance and operational matters. The choice of jurisdiction (federal or provincial) is determined by factors including the intended geographic focus of the foundation's work and whether the legislation imposes mandatory requirements or allows wide latitude in corporate processes.<sup>4</sup>

Entities with offices or substantial operations in multiple jurisdictions are generally required to file an extra-provincial registration in any other jurisdiction where they have a significant presence. Foundations granting across provinces or nationally might choose federal registration. Most provinces and territories do not require registration or annual filings of charitable private foundations if they grant or occasionally operate in the jurisdiction, while based in another jurisdiction. Private foundations that carry out direct activities in another jurisdiction are likely, however, to be required to register in that jurisdiction.

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<sup>4</sup> Legal obligations may arise from the subject matter of an organization's work, rather than the jurisdiction of its incorporation. So, for example, provincial incorporation does not exempt a foundation from the *federal Lobbying Act*, if (within its permitted political activities) it exceeds the threshold for lobbyist registration.

Finally, depending on the type and scope of activities undertaken by the foundation, it may be subject to additional federal, provincial or territorial regulatory oversight. For example, when foundations (or grant making entities) become registered under the *ITA* they are designated as private foundations, public foundations, or charitable organizations with slightly different regulations. Regulatory oversight can include agencies administering laws related to fundraising in the province, charitable gaming, or privacy of personal information.

## **b) Charities**

The Charities Directorate of the Canada Revenue Agency (CRA) administers the federal regulation of charities registered under the *ITA*. Registration as a foundation or charitable organization exempts these organizations from tax on their income, allows them to issue tax receipts for donations, and also qualifies them to receive gifts from other registered charities. The CRA's mandate includes determining eligibility for registration, monitoring compliance with the *ITA* requirements of registered charities and processing and publication of annual filings. The Charities Directorate requires copies of all governing documents for incorporated foundations. This includes incorporation documents and by-laws for corporations; for trusts the trust deed. Whenever changes are made to the incorporating documents, trust deeds or by-laws, these should be provided to the Directorate.

Separate registration for charities, based either on their purposes or activities, is also required in some provincial jurisdictions. Revenu Québec administers a registration process similar to CRA, which qualifies organizations as charities under that province's tax code. In Manitoba and Alberta, registration is tied to engaging in fundraising, and is not mandatory for organizations that do not solicit public funds.

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# **CREATING YOUR OWN FOUNDATION AS A CHARITY 3**

## 3.1 Public and Private Foundations

### Am I governing a public or a private foundation?

As a director of a charitable foundation, it is important for you to know whether you are governing a public or a private foundation. The *Income Tax Act* divides registered charities into three categories: private foundations, public foundations and charitable organizations. The designation of a charity depends on its board structure and its mode of operation.

Whether a foundation is public or private largely depends on who controls it through its board of directors. In a situation where the foundation board is controlled (more than 50% of the members) by a group of non-arm's length individuals, it would be deemed to be a private foundation. Non-arm's length parties have family, business or contractual connections that may lead them to act in concert rather than independently.

To determine whether a foundation is public or private, the CRA uses a two-pronged test that requires an assessment of both the contributions to, and control of, the foundation. If a donor who has contributed more than 50% of a foundation's funding (first prong – the “contributions test”), has either direct or indirect control over the foundation's operations (second prong – the “control test”), the foundation will be deemed a private foundation.<sup>5</sup>

### There are two other differences between a private and public foundation:

- a public foundation must grant at least 50% of its income to qualified donees. No such constraint is imposed on a private foundation undertaking its own activities (unless it is found in the foundation's objects or by-laws). In fact, a private foundation can devote 100% of its resources to those activities. That said, in our experience, most private foundations choose to support charitable work indirectly through grants or gifts to charities.
- While a private foundation is not permitted to carry on any business activity, a public foundation can carry on a “related business.” A related business is considered to be either an activity that is run substantially all by volunteers (i.e. more than 90%) or a business that is linked and subordinate to the foundation's charitable purposes.

## 3.2 Charitable Purposes

It is important for directors to understand the concept of “purposes” or “objects”. The litmus test for evaluating organizational performance and for assessing whether directors have satisfactorily discharged their responsibilities is whether an entity's purposes have been furthered. Charities are subject to a legal obligation to devote their resources exclusively to charitable purposes. Generally, government or the courts determine whether something is a charity based on what it is created to do (i.e., its purposes or objectives), and on its activities. Subject to some exceptions, a charity's activities are acceptable so long as they contribute to furthering the charity's purposes. The *ITA* provides that “charitable purposes” include the disbursement of funds to qualified donees.

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<sup>5</sup> For a description of public and private foundations, see Types of Registered Charities, Canada Revenue Agency, [www.cra-arc.gc.ca/chrts-gvng/chrts/pplyng/tred-eng.html](http://www.cra-arc.gc.ca/chrts-gvng/chrts/pplyng/tred-eng.html)

Certain purposes have been considered by the courts to be charitable under common law. They fall into four broad categories:

- advancement of religion
- alleviation of poverty
- advancement of education
- other purposes beneficial to the community in a way the law regards as charitable

The fourth category is made up of purposes that the courts have found to exhibit demonstrable public benefit and to be analogous to purposes previously determined to be charitable, for example cultural institutions such as museums and charities devoted to environmental conservation.

Unlike most business corporations, which can pursue profit in any way they like (so long as it is not illegal), charities must continue to work toward achieving the purposes for which they were established, or they risk losing their registered charitable status.

## Comparison of Registered Charities

	Private Foundation	Public Foundation	Charitable Organization
<b>Relationship between directors and control by donors</b>	Not required to have more than 50% of directors/trustees at arm's length	More than 50% of directors/ trustees must deal with each of the other directors at arm's length	More than 50% of directors/ trustees must deal with each of the other directors at arm's length
<b>Disbursement Quota</b>	Where assets not directly used for charitable purposes or administration exceed \$25,000, at least 3.5% of such assets must be disbursed annually	Where assets not directly used for charitable purposes or administration exceed \$25,000, at least 3.5% of such assets must be disbursed annually	Where assets not directly used for charitable purposes or administration exceed \$100,000, at least 3.5% of such assets must be disbursed annually
<b>Business Activities</b>	No business activity permitted	May carry on a related business	May carry on a related business
<b>Granting Activities</b>	May carry on their own charitable activities, or make grants to qualified donees	Must give more than 50% of their income annually to qualified donees	Primarily carry on their own charitable activities. May grant to qualified donees but may not disburse more than 50% of their income annually to qualified donees
<b>Organizational Form</b>	Must be organized as either a corporation or a trust	Must be organized as either a corporation or a trust	Must be organized as a corporation, charitable trust, or under a constitution
<b>Borrowing Activities</b>	Cannot incur debts other than debts for current operating expenses, purchase and sale of investments, or administration of charitable activities	Cannot incur debts other than debts for current operating expenses, purchase and sale of investments, or administration of charitable activities	Do not have the restrictions applicable to foundations
<b>Control of Other Corporations</b>	Cannot acquire control of any corporation	Cannot acquire control of any corporation	No restriction

Source: Revised from Teresa Man and Terrance Carter, Carter & Associates, [www.carters.ca](http://www.carters.ca).



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# **RESPONSIBILITIES OF DIRECTORS 4**

## 4. RESPONSIBILITIES OF DIRECTORS

Directors of charities have specific “fiduciary” obligations. Because they are responsible for holding and dealing with assets that are not their own, directors are required by law to conduct themselves with a certain standard of care in directing and overseeing the foundation. Although the titles of those serving on governing bodies vary from organization to organization, the fiduciary duties of these individuals are usually quite similar.

It should be noted that generally, the law considers corporations, and—to a somewhat lesser extent—trusts, to have a distinct legal capacity from their members, directors, settlors, trustees or beneficiaries. So, for most routine actions or day-to-day activities taken on the entity’s behalf, directors or other officials serving on governing bodies are not personally responsible.<sup>6</sup>

### 4.1 The Standard of Care

The legislation or common law under which the foundation was established or operates generally determines the standard of care that applies to particular actions of directors.

The **three standards of care** that apply in various circumstances:

- The *subjective* standard of care requires reasonable conduct taking into account the qualifications of the person taking the decision or action.
- The *objective* standard of care requires reasonable conduct of the person taking the decision or action.
- The *trustee* standard of care requires prudent conduct by the person taking the decision or action in accordance with what the conduct would have been had the assets been the person’s own.

The law imposes a somewhat higher standard of care on trustees than on corporate directors, particularly in regard to rules about investment decisions and situations where there are potential conflicts of interest. In some instances, this higher standard of care may apply even though the trust assets are held by a corporation and the responsible individuals are acting as directors of the corporation.

In practice, there is imprecise or limited guidance available on the distinctions between these different standards and on when they may be applicable. Under the Canada *Not-for-profit Corporations Act* (CNCA), for corporate purposes the standard of care is objective. Any director of a foundation that is federally incorporated should pay attention to the provisions of this Act. They should also be mindful that the legislation governing charitable property in the province in which they operate may impose the higher trustee standard because they are controlling charitable property. The CNCA spells out the common law objective duty and also provides a due diligence defense that allows a director to avoid personal liability arising out of his or her duties as a director if he or she has acted in good faith and/or relied on professional advice even if a mistaken decision is made. But it is not clear this would prevent directors being held to a higher standard under provincial law. It is advisable that directors always exercise caution and carefully manage risk in fulfilling their responsibilities.

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6 There can be exceptions to this, such as when a director contracts on behalf of a corporation that has yet to be constituted or without proper authorization. Another exception may be where an employee engages in a tortious act (a civil wrong) and the directors were aware of the risk of such an act and did nothing to manage against the risk of the act being committed.

## 4.2 Specific Responsibilities of Directors

Directors must always act in the best interest of their foundation. The following describes the ways in which the directors should do this.

### **Duty of Skill or Competence**

In carrying out their functions, directors must use an appropriate degree of skill or competence. The requisite skill or competence is defined more precisely by the standard of care. As noted previously, there are variations on the strictness of the standard, with the reasonableness of a director's actions sometimes assessed against what a similarly qualified director would have done, sometimes against what a director regardless of qualifications would have done, and sometimes against what a director would have done had he or she been dealing prudently with his or her own assets. The statutory and common law framework and the nature of the asset being dealt with are the factors considered to determine the appropriate standard. As a general rule, the courts do not hold directors liable where there is a mere error in business judgment or where they have entrusted certain business matters to the officers of the corporation and there are no grounds for suspicion that the officers did not warrant that trust.

### **Duty of Diligence**

Directors must act with diligence, and take decisions or actions that are well-informed and adequately considered. Each member of the governing body has an obligation to devote the time and effort to understand his or her responsibilities, to gain a good grasp of the matters that arise in the governance of the foundation, and to contribute to the work of the governing body. Beyond attendance at meetings, this usually also means sufficient preparation to deal with matters considered by the governing body, keeping informed of issues addressed when one is absent from meetings, and tasks such as committee assignments. Governing bodies should convene frequently enough so that matters can be dealt with in a timely manner and fully deliberated.

### **Duty of Loyalty**

Directors should act honestly and in good faith, and always take decisions or actions based on the best interests of the foundation. They cannot delegate their responsibility for governance as directors to others (although they may and in many cases do delegate the day-to-day operational functions to staff or volunteers). They must avoid acting in their own interest, in the interest of any party to which they have a contractual or familial connection or in the interest of any other organization with which they have an affiliation. Directors have a responsibility to treat the deliberations of the governing body and, where appropriate, the affairs of the foundation, in confidence.

### **Trust Considerations**

The fiduciary responsibilities of directors of charities may be considered to be stricter than those for directors of non-charitable entities. This is generally because the assets of the charity are considered to be held by the charity (whether established as a trust or corporation) in trust for public benefit (consistent with the charitable purposes). Directors of charities need to be mindful of this higher standard and should understand the duties imposed on them by the legislation they are established under and any other legislation which may apply (for example the Trustee Act in the province may deem the directors of a charity to be holding the assets as trustees).

If the charity is established as a trust, the trustees should be sure they understand their powers and responsibilities as established under the trust and the applicable trust legislation to ensure they meet the standard established. Subject matter such as the requirements for investment of trust assets or conflict of interest rules may be different for trust assets.

## 4.3 Foundation Boards and Ineligible Individuals

“**Ineligible individuals**” are individuals who, according to CRA:

- have been convicted of a relevant criminal offence or a relevant offence( related to financial dishonesty or relevant to the organization’s operations);
- have been connected to an organization that had its registered status revoked for a serious breach; or
- were promoters of a tax shelter, and participating in that tax shelter caused the revocation of an organization’s registered status.

According to federal provisions that came into effect on January 1, 2012, if these individuals are on the board of a charity or control or manage it in any way, this **may** lead to a decision by CRA to revoke or deny the registration of the charity.

On August 27, 2014, the Canada Revenue Agency released a [policy guidance paper](#) (CG-024) to provide definitions and to clarify processes.

The guidance makes clear that CRA’s decision to revoke a registration for this reason is not an automatic but a discretionary decision and the CRA will consider situations on a case-by-case basis. While these provisions would not affect a large number of individuals or charities, it may be of concern for persons who served as directors or trustees of a charity that had its registration revoked for a **serious breach**, for example any revocation resulting from an audit by CRA, such as issuing false receipts or participating in abusive tax shelter schemes.

Importantly, the guidance makes clear that a serious breach does not include revocation for failure to file an annual information return, or revocation due to a lapse in governing documents. A director, trustee, officer, or like official, or a person who controlled or managed a registered organization whose registration was revoked on those grounds will generally not be considered an ineligible individual unless the lapse is repeated.

The guidance also makes clear that the provisions do not require organizations to run background checks on their directors or employees, although it may be prudent in some circumstances for organizations to do so. The guidance offers some useful information tools including a self-assessment questionnaire to help people decide if they are ineligible individuals, as well as questions and answers and a checklist for charities regarding ineligible individuals.

Finally CRA provides its own description of what it considers to be good governance practices for directors of registered charities for charities:

“By exercising due diligence, organizations can identify potential risks and help to minimize exposure by eliminating the most obvious risks. Due diligence can be demonstrated by showing that directors, trustees, officers, or like officials:

- exercise continued vigilance over the organization’s affairs;
- are familiar with all activities;
- are aware of possible risk areas in the day-to-day work and programs of the organization and its donors, agents, and affiliated organizations;
- develop and implement practices and policies to protect the organization’s interests; and
- supervise staff to make sure that they meet the organization’s policy requirements.”

# THE GOVERNANCE FRAMEWORK 5

## 5.1 Roles of the Foundation Board

The directors of a charitable foundation, just as in any non-profit organization, are responsible collectively for ensuring that competent leadership is in place, that financial and legal responsibilities are carried out effectively and assets are protected, and that risks are identified and managed adequately. In addition, registered charitable foundation directors have a very important role in ensuring that the charitable purposes of the organization are well defined and that the foundation focuses exclusively on carrying them out.

**Three core areas of governance<sup>7</sup> for charitable grantmaking foundations are:**

**Investment:** the investment of assets to protect their real value and to generate a flow of income over time

**Administration:** the management of the foundation so that it is in compliance with its legal and regulatory requirements

**Grantmaking:** the distribution of foundation income to qualified donees according to donor wishes and in compliance with all legal requirements concerning grantmaking.

In these areas, directors of grantmaking foundations *must* be familiar with all legal governance obligations and must keep up to date with any changes in law or regulation.

In practice, directors should also undertake further activities that are important to the effectiveness and impact of a foundation. These include:

- defining and revising vision and mission
- developing a strategic plan
- evaluating the performance of executive leaders
- accounting to grantees, and other members of the public
- evaluating board effectiveness

In addition, those foundations that carry out their own direct charitable activities will have to be familiar with the regulatory obligations that relate to those activities. Resources on the broader governance responsibilities of effective foundation boards are listed in the Resources section at the end of the guide.

## 5.2 Establishing a Governance Framework

The most important element of a governance framework is the **organizing or constituting document** of a foundation. This can be the articles of incorporation of an incorporated foundation or a trust document for a foundation set up as a trust. A second important element of the framework for incorporated foundations is the set of by-laws that lay out the governance rules of the organization. Basic organizational **by-laws** are fairly standard and are drafted by legal advisors routinely when foundations are incorporated. They specify such things as the conditions of membership of the organization, boards of directors and members meetings (including quorum requirements), and duties of officers, among other things.

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<sup>7</sup> *Trustee Handbook: Roles and Duties of Trustees of Charitable Trusts and Foundations in Australia*, by David Ward, Philanthropy Australia, 2013, p.12 2nd edition



The governance framework of a trust, on the other hand, is established by the provisions of the trust document, together with the common law and statutory or regulatory requirements of the applicable jurisdiction. The courts have broad powers to supervise the proper use of charitable assets held in trust (whether held by a corporation or a trust). They can also re-direct the assets when they can no longer be put to their original intended use. It usually falls to the Attorney General of the particular jurisdiction to initiate an action or application dealing with charitable property.<sup>8</sup>

As part of its governance framework, a foundation can choose to have a **statement of mission** or purpose that is more specific or written in language that is meaningful to the donor and directors. As a registered charity, a foundation must have stated **charitable objects** or purposes that are approved by the CRA and that frame its activities (in other words, its activities must be demonstrably in support of its stated purposes).

A foundation board may also adopt some **written policies** to guide its directors and staff. More and more frequently now, charitable organizations are adopting (and making public) specific policies with respect to confidentiality, conflict of interest and ethical conduct. Other governance policies include a statement about the role of the board, mandates for any board committees, qualifications of directors, and board self-evaluation.

Finally, governance frameworks include **sets of practices** that are followed by directors and staff. Some of these practices relate to ensuring that the foundation is complying with all legal requirements. The board can ensure that the foundation is in compliance by directly participating in activities (such as investment reviews), or by broad delegation of responsibility to staff or volunteers with policy parameters to guide or direct organization conduct.

Checklists are a useful way of ensuring that a board is aware of and following through on its responsibilities. (See Resources section.) It is also good practice for directors to perform an annual self-assessment or evaluation of the board's activities to confirm that the foundation is meeting all legal requirements.

## Foundation Governance Framework

- Constituting Documents
- By-laws
- Statement of Mission
- Charitable Objects
- Written Policies (conflict of interest, confidentiality etc.)
- Practices (planning, budgeting, evaluation etc.)

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8 Ontario is the only jurisdiction that currently has a regulatory body specifically mandated for this purpose.

## 5.3 Sharing Information about the Framework

Public expectations of transparency and disclosure are increasing in contemporary Canadian society. A foundation's willingness to disclose the names of directors and staff, and other information such as foundation policies and processes is helpful to beneficiaries and fulfills a charitable foundation's moral obligation to act openly and for the public benefit. It also helps to reduce pressure on regulators to require additional mandated legal disclosure, although there is a trend in this direction. Information required and publicly reported by the CRA has expanded in recent years, for example, to include names of directors, and compensation ranges of senior staff.

Some foundations produce an annual report highlighting major programs or activities, and outcomes. Increasingly, foundations are creating web sites as a way of making themselves more transparent and accessible. As part of an annual report or on its site, a foundation could outline granting criteria, application processes and evaluation reports. Policies dealing with conflicts of interest, and management of personal information could also be included. The extent of this type of disclosure will depend on the preferences of foundation donors and directors and on the expectations of beneficiaries.

It is a good practice for boards to prepare a manual for their donors and directors that is kept up to date and that includes all the key documents relevant to the governance framework.

## 5.4 Governance of Investment

A well-articulated governance system for managing investments is essential to charitable foundations. This system should include:

- a clearly defined investment policy with specific objectives aligned to charitable mission and purpose
- linkage between investment policy and spending policy (the budget and grantmaking fund requirements of the foundation)
- an investment strategy that matches risk tolerance and asset allocation to a foundation's time horizon and charitable goals
- a well-informed and expert investment committee that either carries out the investment strategy or works with outside managers<sup>9</sup>

There are many good resources on the governance of investments available to foundations and we list some of them in the Resources section of the guide.

### **A Note on the Excess Business Holdings Rules**

Directors of private foundations need to be aware of the complex rules set out in the *ITA* regarding corporate holdings by private foundations and related parties. These were introduced in 2007. The holdings must be reported on the annual reporting form to CRA. Divestiture requirements are specified if foundation holdings exceed certain limits. Foundations are subject to financial penalties and other sanctions, including revocation of their registration, for reporting failures or for not meeting divestment requirements.

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<sup>9</sup> *Strong Foundations* by Janet Rabovsky, [www.BenefitsCanada.com](http://www.BenefitsCanada.com), August 2009.

Informed and full disclosure by directors as non arm's-length parties, and assistance in identifying shares held by relatives or business associates who may also be non-arm's length is crucial for the foundation to be in compliance with this aspect of the *ITA* requirements governing private foundations.

## **5.5 Governance of Administration and Grantmaking**

The directors and trustees bear ultimate responsibility for the actions of the foundation, as well as for their own actions. Even if operational details or routine administration is delegated to staff, the members of the board are responsible for ensuring compliance through good internal policies and practices. Much of the work of governance around administration and grantmaking consists of establishing and checking on such policies and practices. In the next section, we identify and expand on the most important policies and processes, through the device of identifying what could happen when they are not in place.

## Checklist for Director/Trustee Manual

A foundation's board director manual is a helpful reference document. It can include the following:

- Governing documents (such as certificate of incorporation, letters patent, memorandum or articles of association),
- Notification of CRA registration
- Most recent T3010 report to CRA
- A summary of the legal structure of the foundation
- By-laws of the foundation
- Ethical code
- Mission statement
- Strategic plan
- A copy of all foundation policies:
  - Conflict of interest policy
  - Board Code of Conduct policy
  - Confidentiality policy
  - Investment policy
  - Granting policy
  - Employment policy
- Minutes of most recent Board and AGM meetings
- A list of directors/trustees and terms (including declared conflict of interest)
- Board mandate (roles & responsibilities)
- Sub-committee terms of reference
- Financial/budget information
- A copy of this guide

The dossier should be reviewed regularly to ensure all documents remain current. There should also be an orientation program for new directors to ensure they are fully aware of their legal responsibilities and the operational procedures of the foundation.

## NOTES

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# **RED FLAGS: WHAT TO WATCH FOR 6**

## 6. RED FLAGS: WHAT TO WATCH FOR

Governance mistakes among foundation directors in Canada are uncommon. Those that occur often stem from lack of knowledge of legal requirements, rather than deliberate wrongdoing. The most common governance mistakes can be easily corrected with the help of professional advisers (lawyers, accountants, auditors).

This guide offers a list of ten common governance mistakes, loosely divided between policy and process. It is not an exhaustive list and other mistakes are possible. But these can be the ones that generate “red flags” to regulators and to the public.

### Top 10 Red Flags

#### Policy:

- Not understanding the legal framework
- Self-dealing and conflict of interest
- Not managing risk
- Not being a prudent investor
- inappropriately compensating board members

#### Process:

- Not making enough disbursements
- Making grants to non-qualified donees
- Failing to file required reports
- Not holding formal meetings or keeping adequate records
- Carrying on a business or in the case of public foundations an unrelated business

### 6.1 Policy Mistakes

#### a) Not Understanding the Legal Framework

All directors should be familiar with the basic legal framework (as described in Sections 2 and 3 of this guide) of their foundation. This means that each director should be familiar with the constituting documents such as articles of incorporation or letters patent, trust document, by-laws, charitable objects and any others (such as a statement of donor intent). Failure to become familiar with these basic rules is at the root of many later governance failures. To remedy this, as we have suggested in Section 5.3, it is very helpful to create a director’s manual that describes the legal framework. This is a document that directors should review as often as necessary and at least annually.



## **b) Self-dealing and Conflict of Interest**

Directors who self-deal or who have conflicts of interest are of major interest to regulators and to the public, in a negative sense. Self-dealing behaviour is enough to cause a foundation to lose its status as a charity and to be sanctioned monetarily, as well as to provoke public criticism.

The *ITA* penalizes undue benefits which may be received by donors or persons related to the donors. In the private foundation world, the donors and the directors and even staff may very well be the same people or at least be related. Family members and others who are related to donors in a non-arm's length relationship should not enter into transactions with the foundation as they may be deemed to be receiving an undue benefit.

Examples of the kinds of transactions that could give rise to an undue benefit include:

- sale, exchange or lease of property loans
- extensions of credit
- furnishing goods and services to a director
- investments in a director's companies

If there is any question concerning transactions between directors and the foundation, it is very important to obtain legal advice and to be well aware of both federal and applicable provincial statutes.

Directors should also be especially scrupulous to avoid conflict of interest. Examples where a conflict of interest may be apparent include:

- a director entering into a paid contract for services with the foundation of which he/she is a director
- a director being involved in a decision to grant to an organization of which he or she is also a director

To avoid such mistakes, it is good practice for each director to review and agree to a conflict of interest policy.

## **c) Not Managing Risk**

Every foundation faces certain risks, both internal and external, to the fulfillment of its mission and its operations. Examples include: failures or absence of leadership, financial market volatility, misjudged investment strategies, fraud or misbehaviour by grantees, over-commitment of funds, etc. Directors are responsible for being vigilant in noticing and acting on possible risks. Directors can show that they are being good governors by acting reasonably and in the best interests of the foundation, and making careful and well-informed decisions. The courts will not usually second guess operational decisions that turn out to be wrong but were duly considered at the time they were made.

It is a good practice for directors as a group to review key risks on an annual basis. Doing so allows directors to note the impact of changes in the external environment (e.g., implementation of a new government policy) or internal matters (e.g., succession planning). The Resources section includes reference to a legal risk management checklist.

#### **d) Not Being a Prudent Investor**

This mistake is a subset of the mistake of not managing risk. It is an area that is specifically singled out by provincial statutes since provinces have oversight of charitable investment policies and activities. The provincial Trustee Acts spell out expectations of the “prudent investor.”

The key as far as regulators are concerned is for the foundation and its directors to demonstrate prudence in investing assets across the portfolio. It is not prudent to leave assets idle; so it is not a good idea simply to avoid investing; but it is equally not prudent to invest in too many overly risky assets. The regulators like neither speculation nor excessive conservatism. Balance is important.

Many questions face today’s foundation directors in the area of investment governance. For example, to what extent must directors ensure that a well-defined mission and intent guide their investment decisions? Should directors consider the impact of extra-financial factors on investment return? Is mission-driven investment now part of a foundation’s obligation to manage charitable intent, in a balanced portfolio approach? As mentioned in Section 5.4, a good governance system for investment management is an essential element in avoiding mistakes in this area.

#### **e) Compensating Directors**

The CRA’s view is that directors should not be compensated for acting as directors of charitable foundations but this is a provincial matter. In Ontario, a director cannot be paid under any circumstances unless permitted by court order. In other provinces, regulation is silent on compensation but typically, service as charity director is considered to be voluntary. However, reimbursement for expenses is commonly allowed. And foundations can compensate individuals who serve on advisory committees. Family members can be hired as paid staff at fair market rates, which should reflect value for money, and take into account the expertise of the individual and the circumstances of the organization. But it is not possible to hire family members if they are also serving as a director.

Where a director does receive some fee, it must not be excessive. CRA looks for a record of paying reasonable and comparable fees. The appropriateness of the payments can be challenged in court, so it is important for boards to check for benchmarks and comparable compensation practices. There is greater flexibility in the compensation of trustees if the trust document specifically permits it.

## **6.2 Process Mistakes**

#### **a) Not Making Enough Disbursements**

All charitable foundations are required by the *Income Tax Act* to disburse annually an amount equal to 3.5% of their invested assets (or property of the charity not used directly in charitable activities or in administration). This amount can be calculated on a 24 month rolling average of the value of the assets. This is a fundamental requirement and it would be a basic mistake of governance for foundation directors not to assure themselves that the foundation has met its annual disbursement quota.

It should be noted that the disbursement quota can be met either by making grants to qualified donees or by funding a foundation’s own charitable activities if allowed by the foundation’s charitable objects. As noted in Section 3, private foundations can devote all of their income to their own charitable activities, while public foundations cannot disburse more than 50% of revenue on their own charitable activities.

## **b) Making Grants to Non-qualified Donees**

Foundations cannot grant to what the *ITA* calls “non-qualified donees”, that is organizations that are not charities. Directors can consult the listing of charities maintained by the CRA. This is noted in Section 3. Penalties for making grants to unqualified donees can be severe: up to 105% of the amount gifted or possibly revocation of status. It is not permissible to make a grant to a charity as a way of getting that grant to a non-qualified donee, although it is possible to enter into a written agreement with a non-charity or individual to carry out work on behalf of the foundation, if its charitable objects are specific enough. It is not permissible to make a grant that supports partisan political activities. It is definitely permissible (within the limits set out in the *ITA*) to engage in or fund so-called “political” activities that involve informing or enlisting support of policy makers or the public to review or change a law or decision of government. Directors should check the foundation’s reports at least annually to ensure that these rules are followed.

## **Qualified Donees**

- Registered charities (including a registered national arts service organization)
- Registered Canadian amateur athletic associations
- Registered national arts service organizations
- Listed housing corporations in Canada set up exclusively to provide low-cost housing for the aged
- Listed Canadian municipalities
- Listed municipal or public bodies performing a function of government in Canada
- Listed universities outside Canada that are prescribed to be a university with a student body that ordinarily includes students from Canada
- Listed charitable organizations outside Canada to which Her Majesty in right of Canada has made a gift
- Her Majesty in right of Canada, or a province or a territory, and
- The United Nations and its agencies

Source: Canada Revenue Agency, <http://www.cra-arc.gc.ca/chrts-gvng/chrts/plcy/cgdglfddns-eng.html>

Directors of foundations should make sure that the organization is maintaining what the CRA calls sufficient direction and control over the use of charitable assets. Agents or intermediaries of foundations must document and formally report on their activities on behalf of a foundation, and the foundation must be able to demonstrate that it retained direction and control over use of its resources or assets if they are disbursed on activities inside or outside Canada. For foundations working overseas, this might entail regular and careful documentation of activity in remote locations, which may be logistically challenging. However, a registered charity that fails to adequately document the use of its resources for charitable ends does risk revocation of its registration or other penalties under the *ITA*

### **c) Failing to File Required Reports**

All jurisdictions require that foundations, if constituted as corporations, file an annual report with the appropriate provincial or federal registrar. Many statutes provide for monetary or other penalties against corporate directors or like officials, if the reporting requirement is not met. The *ITA* also requires that all registered charities file an annual report (T3010 series) within six months of their fiscal year-end that details governance, purposes, programs and activities, finances, as well as other information (such as gifts to qualified donees and methods of fundraising). Portions of this report are publicly available once filed.

Timeliness is important and penalties for late or non-filing are severe, including monetary penalties and revocation of status by CRA.

In addition to the T3010 form, registered charities are required to submit financial statements to the CRA, although there is no *ITA* requirement that these be audited professionally and no specified form they must take. CRA does not require but believes that it would be useful to have an independent audit by a qualified practitioner where revenues exceed \$250,000 per year or assets exceed \$1,000,000.

Directors do need to check the relevant federal and provincial incorporation statutes to see if they specify the preparation of financial statements, whether they must be audited and who is qualified to audit them. These statutes also generally indicate whether such statements need to be disclosed publicly or are to be made available only to members of the corporation. In some cases, certain levels of financial disclosure are mandated as part of the registration requirements associated with fundraising legislation or other statutes.

### **d) Keeping Inadequate Records**

Foundations, like all registered charities, have a statutory obligation under the *ITA* to maintain adequate books and records. These books and records must be sufficient to:

- verify receipted donations and other revenues
- verify exclusive use of resources on charitable work
- verify that the purposes and activities of the foundation continue to be charitable

Basically, the books and records must be complete enough so that CRA can be satisfied that the foundation continues to meet all the requirements of being a registered charity. As well, the charity's records serve as a cross-check against claims for donation tax credits filed by individual taxpayers.

Key books and records include, but are not limited to: copies of official donation receipts; minutes of director/trustee meetings; minutes of member meetings; the entity's governing documents and by-laws; copies of 10-year gift agreements; general ledgers and other financial records, as well as year-end statements and other financial summary materials; contracting and personnel documentation; source deductions and taxes payable; correspondence; publicity brochures; and any other documents that provide details about a charity's activities including agreements for activities outside Canada.

CRA guidance indicates that books and records must be kept in Canada and CRA prefers that such records be kept in either English or French. Generally, it is not necessary to translate receipts until CRA requests proof of a particular transaction during an audit.

Books and records must be retained in accordance with the time periods provided for in the *ITA*. These periods vary based on the nature of the book or record, but frequently the expectation is that the document be retained for six years. Reference should be made to CRA guidance in this area before destroying past documents. Charities are subject to revocation and other penalties if they fail to retain adequate records.

Separate from *ITA* books and records requirements, corporate legislation under which private foundations are constituted as corporations may specify what books and records must be kept by the corporation. Where the foundation is constituted as a trust, it may also be subject to common law or statutory rules mandating the keeping of books and records.

#### **e) Carrying on a Business**

Directors of private foundations should be aware that these foundations are prohibited by the *ITA* from carrying on any business. Directors of public foundations and charities should know that these are permitted to run or to own a related business, as long as it is linked and subordinate to mission or largely (at least 90%) run by volunteers. The CRA has published guidelines<sup>10</sup> that distinguish between business activities and charitable activities and between permissible and impermissible business activities.

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<sup>10</sup> What is a related business? CPS-019, Canada Revenue Agency [www.cra-arc.gc.ca/chrts-gvng/chrts/play/cps/cps-019-eng.html](http://www.cra-arc.gc.ca/chrts-gvng/chrts/play/cps/cps-019-eng.html)

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# **THE EFFECTIVE FOUNDATION DIRECTOR 7**

## 7. THE EFFECTIVE FOUNDATION DIRECTOR

Taking on the role of director in a charitable foundation can be challenging, especially if it is a new role. Learning about the legal responsibilities of a director of a charity is the first step in becoming more effective as a director. Here are some other useful steps to take on the road to good governance. Some of this advice is drawn from the National Center for Family Philanthropy and we acknowledge their expertise.

### 7.1 Managing Time Demands

If you are considering taking on a position as a foundation director, inform yourself about the demands on your time. Most foundation boards meet at least twice and many meet four to five times a year. The meetings themselves can take up to a day or longer, especially if site visits to grantees are involved. In advance of the meeting, directors must review the board materials and grant proposals. Some boards have committees that meet separately from the board itself. As well, it is usually very helpful for directors to spend some time at conferences on philanthropy and attending other professional development seminars and workshops to enhance their skills as a director. So it is important to consider the time dimension of the role, and decide whether you can devote the necessary hours to it. You should also inform yourself about the expectations of the board with respect to length of term to be served. Some boards have a specified length of term (usually three years) that is renewable at least once. While it is a voluntary position and certainly not necessary to renew one's service, a director should consider for how long he or she is able to serve and to fully commit to the responsibility.

### 7.2 Managing Conflicts

If you are active in the community, you may also sit on the boards of other charitable organizations. If you are also a director of a charitable foundation and the organization for whom you also serve as director approaches the foundation for a grant, it is most fair and responsible for you to excuse yourself from any grant decision to avoid a conflict of interest. This does not mean that you cannot provide information in support of the organization without participating directly in the decision-making. Many foundations have a written conflict of interest policy. If not, it is a good practice to adopt one. The policy can be more or less restrictive in terms of the involvement of a conflicted director. A template for a conflict of interest policy can be found in the Resources section of this Guide.

### 7.3 Managing Family Dynamics

Many private foundations in Canada are family foundations. That is, they are established by a family and governed by the members of that family, whether single or multi-generational. The challenges of being a family foundation board member can be minimal or substantial, depending on family relationships and cultures. It is useful for family foundation trustees and directors to try to separate family feelings and histories from the roles and responsibilities of a foundation director. One way of doing so is to commit to a statement before joining the board that would signify a pledge to act in the best interests of the foundation and its charitable purposes without allowing family memories, biases or preconceptions to affect one's judgment as a director. Another option is for the board of directors to adopt a written statement of the roles and responsibilities of each director in a way that clearly sets the purposes and interests of the foundation above any individual family interests. A model statement of Director Responsibilities can be found in the Resource Section.



Some family foundations consider the alternative of setting aside a sum for discretionary grants, to be controlled by each individual director up to a certain amount. This is a way to engage individual family philanthropic interests through the family foundation without losing a central purpose or set of philanthropic goals for the foundation itself.

## 7.4 Managing the Transition

For many foundation directors who are new to the work of the foundation, having a mentor or guide on the board is very helpful. That mentor as a more experience director can provide you with background on the issues, can answer questions and share perspective on previous decisions taken. But if a mentor is not available, it is also possible to learn about being an effective director through courses, workshops and readings available through associations and networks such as Philanthropic Foundations Canada and others. A commitment to continuous learning as a director is the best strategy for effectiveness in the long run.

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# CONCLUSION

## 8. CONCLUSION

This guide has been developed with the purpose of demystifying the task of governance for foundation directors. A central message of the guide is that directors should inform themselves as well as they can about the applicable laws, regulations and expectations that shape their conduct and that of the organizations that they govern.

We hope that as you come to the end of this guide you have a clearer idea of what constitutes good practice in foundation governance today. To summarize, we provide the following checklist of Good Governance Practices that directors should consider as a way of ensuring that they are governing well and effectively.

### Good Governance Practices for Foundation Directors

- Perform an annual self-assessment or evaluation of the board's activities to ensure that the foundation meets all legal requirements.
- Maintain an up to date dossier for directors that includes all key documents relevant to the governance framework.
- Commit to transparency by making public the foundation's granting objectives, criteria, and application processes.
- Have a written conflict of interest policy to which each director signifies his or her adherence annually or at a minimum when he or she is first elected.
- Review major risks to the foundation on an annual basis and evaluate risk management and mitigation strategies
- Provide continuing opportunities for learning about the role of the director

We close with a word of advice for directors from Richard Bridge, a Canadian charity lawyer:

*“Act honestly, in good faith, and in the best interests of the organization, avoid personal interests that conflict with the organization's interests, and apply your best judgment to each decision.”<sup>11</sup>*

If you act accordingly, as a director, you can be sure that you will indeed be practicing good foundation governance in the public interest.

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<sup>11</sup> Richard Bridge [www.lawyerforcharities.ca](http://www.lawyerforcharities.ca)

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# Resources

If you are looking for more resources on the roles and responsibilities of a foundation director, there are many options out there, although relatively few that are specifically for a Canadian audience. We have put together a Resource Map for you to help you find the resources that are most useful to your needs. This map is divided into resources on boards, family dynamics, foundation management and general philanthropy. We have also provided links to resources and organizations that might provide you with helpful information beyond this guide.

Many of the resources listed in this section are downloadable or can be purchased online or directly from the organizations listed. Simply refer to the links provided for more information.

## 1.0 RESOURCE MAP

### 2. RESOURCES

- 2.1 Books and Guides
- 2.2 Organizations
- 2.3 Online Tools
- 2.4 Conflict of Interest Policy
- 2.5 Trustee Roles & Responsibilities

### 3. TAX AND LEGAL

- 3.1 Federal and Provincial Statutes
- 3.2 Federal Incorporation
- 3.3 Provincial Incorporation
- 3.4 Charitable Registration and Compliance
- 3.5 Provincial Charity Regulation
- 3.6 Canadian Public Legal Education Organizations

## 1. Resource Map

	GOVERNANCE	OPERATIONS AND GRANTMAKING
BOOKS AND ARTICLES	<ul style="list-style-type: none"> <li>• Governing for Results—A Director’s Guide to Good Governance</li> <li>• National Study of Board Governance Practices in the Non-Profit and Voluntary Sector in Canada</li> <li>• BoardSource Handbooks</li> <li>• Trustee Handbook: Roles and duties of trustees of charitable trusts and foundations in Australia</li> <li>• Imagine Canada Standards Handbook</li> <li>• The Legal Duties of Directors of Charities and Not-for-Profits</li> </ul>	<ul style="list-style-type: none"> <li>• Good Grantmaking: A PFC Guide for Canadian Foundations</li> <li>• PFC Foundation Salary and Benefits Report</li> <li>• Principles Workbook: Steering Your Board Toward Good Governance and Ethical Practices</li> </ul>
ORGANIZATIONS	<ul style="list-style-type: none"> <li>• Philanthropic Foundations Canada (PFC)</li> <li>• Imagine Canada</li> <li>• Council on Foundations</li> <li>• Board Source</li> </ul>	<ul style="list-style-type: none"> <li>• Philanthropic Foundations Canada</li> </ul>
ONLINE TOOLS	<ul style="list-style-type: none"> <li>• Pursuit of Excellence: A Family Foundation Board Self-Assessment Tool</li> <li>• Imagine Canada Board Governance Tools</li> <li>• Boards and Governance, Council on Foundations</li> <li>• The Governance Coach</li> <li>• Board Development Workbooks</li> </ul>	<ul style="list-style-type: none"> <li>• CICA Not-For-Profit Directors Series</li> </ul>



FINANCE AND INVESTMENT	FAMILY DYNAMICS
<ul style="list-style-type: none"> <li>• Strong Foundations: Strategies to Help Endowments and Foundations Achieve Excellence in Investment and Spending Governance</li> <li>• The Roles and Responsibilities of Investment Committees of Not-for-Profit Organizations</li> </ul>	<ul style="list-style-type: none"> <li>• Discretionary Grants: Encouraging Participation... or Dividing Families?</li> <li>• Managing Conflicts and Family Dynamics in your Family's Philanthropy</li> <li>• #NextGenDonors Report: Respecting Legacy Revolutionizing Philanthropy</li> </ul>
	<ul style="list-style-type: none"> <li>• National Center for Family Philanthropy (NCFP)</li> <li>• Exponent Philanthropy</li> <li>• 21/64 Business Families Foundation</li> </ul>

## 2. RESOURCES

### 2.1 Books and Articles

#### Governance:

**Governing for Results – A Director’s Guide to Good Governance**, by Mel Gill, Synergy Associates, Trafford Publishing 2005.

[www.synergyassociates.ca](http://www.synergyassociates.ca)

A user-friendly guide that adds perspective to the debate about governance models and offers guidance to board members with respect to board structure, responsibilities, governance practices and problems that commonly afflict boards.

**National Study of Board Governance Practices in the Non-Profit and Voluntary Sector in Canada** by Strategic Leverage Partners in partnership with the Centre for Voluntary Sector Research and Development (CVSRD), 2006.

[www.strategicleveragepartners.com](http://www.strategicleveragepartners.com)

This is the first national study of board governance practices in the Canadian non-profit and voluntary sector. The study identifies the key issues facing nonprofit boards and provides an inventory of proven successful practices that can be shared by organizations across the sector.

**Trustee Handbook: Roles and duties of trustees of charitable trusts and foundations in Australia, 2nd edition, May 2013** by David Ward,

Philanthropy Australia Inc, Available free from Philanthropy Australia at

<http://www.philanthropy.org.au/tools-resources/publicationtrustee-handbook-roles-and-duties-of-trustees-of-charitable-trusts-and-foun/>

**Imagine Canada Standards Handbook**, Imagine Canada, 2012. Imagine Canada’s Standards Program offers a Canada-wide set of shared standards for charities and nonprofits. See Section A for 24 standards of Board Governance. Available free from

[http://www.imaginecanada.ca/sites/default/files/www/en/standards/standards\\_program\\_handbook\\_may\\_2012.pdf](http://www.imaginecanada.ca/sites/default/files/www/en/standards/standards_program_handbook_may_2012.pdf)

**The Legal Duties of Directors of Charities and Not-for-Profits,**

[www.carters.ca/pub/article/charity/govset/A-duties.pdf](http://www.carters.ca/pub/article/charity/govset/A-duties.pdf)

By Terrance Carter and Jacqueline Demczur, October 2012.

**A series of handbooks available to purchase from the American organization BoardSource**

[www.boardsource.org](http://www.boardsource.org)

**Govern More, Manage Less: Harnessing the Power of Your Non-profit Board**, by Cathy Trower, second edition, Boardsource Governance Series, 2010.

**The Handbook of Nonprofit Governance**, BoardSource, 2010. A comprehensive guide that explores the principles and practices followed by effective nonprofit boards.

**Board Fundamentals: Understanding Roles in Nonprofit Governance**, by Lakey Berit, second edition, 2010, Boardsource A description of the nonprofit sector, a discussion of the concept of governance, an in-depth look at the key governance roles and responsibilities of the board and the individuals involved in organizational governance, and suggestions on how the board can most effectively carry out its responsibilities.

**Boardroom Chemistry: Getting Your Board To Govern as a Team**, BoardSource 2010 Twenty four tools designed to help your board function more effectively by focusing on Board composition (and the role played by board size and diversity); Board structure (such as term limits and how structure can enhance or inhibit teambuilding); Ways to engage detached board members; Decision-making and other meeting practices; and listening skills and use them to resolve conflicts

## Operations and Grantmaking:

**Good Grantmaking: A Guide for Canadian Foundations**, by Patrick Johnston, Philanthropic Foundations Canada, 2012. This guide, written by an experienced grantmaker, is full of stories and practical examples from Canadian foundations of all sizes. It is designed to help you to: better understand the key steps in the grantmaking cycle; assess and develop your own grantmaking practices; and optimize the quality of your relationships with grantees and the effectiveness of your grants management. Available free to download from

<http://pfc.ca/publications/>.

**2014 Foundation Salary and Benefits Report**, Philanthropic Foundations Canada, 2014. A compensation and benefits survey report available exclusively to PFC and CFC members.

**Principles for Good Governance: A Guide for Charities and Foundations** by The Panel on the Nonprofit Sector, and the Principles Workbook: Steering Your Board Toward Good Governance and Ethical Practices (2009). An American guide and workbook for board members and staff leaders of charitable organizations as they work to improve their own operations

<http://www.nonprofitpanel.org/Report/principles/index.html#principles>

## Finance and Investment:

**Strong Foundations: Strategies to Help Endowments and Foundations Achieve Excellence in Investment and Spending Governance**, Janet Rabovsky , August 2009,

<http://www.benefitscanada.com/investments/emerging-global-markets/strong-foundations-9822>.

**The Roles and Responsibilities' of Investment Committees of Not-for-Profit Organizations**, by Joshua Mintz, July 2009

<http://www.macfound.org/press/commentary/mintz-roles-responsibilities-investment-committees/>

## Family Dynamics:

**Discretionary Grants: Encouraging Participation... or Dividing Families?** This Passages issue paper by the National Center for Family Philanthropy looks at the common reasons that families use or opt not to use discretionary grants, and the typical process that is used to make these types of grants. Also learn how different approaches to discretionary grants can support or hinder the work of the foundation. Available to purchase from

[https://www.ncfp.org/export/sites/ncfp/downloads/NCFP\\_Books.pdf](https://www.ncfp.org/export/sites/ncfp/downloads/NCFP_Books.pdf).

**Managing Conflicts and Family Dynamics in your Family's Philanthropy**, National Center for Family Philanthropy. This Passages issue paper defines conflict in family philanthropy and describes how conflicts typically surface in families that give; offers advice and guidance from experts on how to manage these conflicts; shares stories of families who have experienced conflict and describes how they have addressed this conflict; and suggests resources for further reading and skill building in this area. Available to purchase from

[https://www.ncfp.org/export/sites/ncfp/downloads/NCFP\\_Books.pdf](https://www.ncfp.org/export/sites/ncfp/downloads/NCFP_Books.pdf).

**#NextGenDonors Report: Respecting Legacy, Revolutionizing Philanthropy**, July 2013 This research, a collaboration of 21/64 and the Johnson Center for Family Philanthropy, is the first major effort to understand what we can expect from the rising generations of high-capacity donors who promise to have an outsized impact on growing challenges in our world, affecting everything about 21st century philanthropy. Available free to download from

[www.nextgendonors.org](http://www.nextgendonors.org).

## 2.2 Organizations

Philanthropic Foundations Canada (PFC), <http://pfc.ca/>.

Imagine Canada, <http://www.imaginecanada.ca/>.

Council on Foundations, <http://www.cof.org/>.

Board Source, <https://www.boardsource.org/eweb/>.

Philanthropy Australia, <http://www.philanthropy.org.au/>.

National Center for Family Philanthropy (NCFP), <http://www.ncfp.org/>.

Exponent Philanthropy, <http://www.exponentphilanthropy.org/>.

21/64 Next Generation, <http://2164.net>.

Business Families Foundation, [www.businessfamilies.org](http://www.businessfamilies.org).

## 2.3 Online Tools

**Pursuit of Excellence: A Family Foundation Board Self-Assessment Tool**, National Center for Family Philanthropy. This tool is designed to help family foundations boards through a powerful self-assessment process to quickly pinpoint areas of shared interest for the group. It was developed for boards and CEOs seeking to understand their strengths and discover opportunities for improvement. Unlike other board self-assessment tools, it focuses on the family-specific aspects of governing and managing a foundation. Available for purchase from

<https://www.ncfp.org/resource/board-assessment/>.

### **Imagine Canada Board Governance Tools and Resources**

<http://sectorsource.ca/managing-organization/board-governance>

### **The Governance Coach**

[www.governancecoach.com](http://www.governancecoach.com)

A site dedicated to boards of all types of organizations, providing resources for the policy governance model (the Carver model).

**Board Development Program Workbooks**, developed by the Muttart Foundation and the Alberta Department of Culture and Tourism,

<http://www.culture.alberta.ca/community-and-voluntary-services/programs-and-services/board-development/resources/workbooks/>

Topics include Developing Job Descriptions for the Board, Drafting and Revising Bylaws, Recruiting and Developing Effective Board Members, Hiring and Performance Appraisal of the Executive Director, and Financial Responsibilities.

### **Boards and Governance, Council on Foundations,**

<http://www.cof.org/resources/board-governance> .

**Canadian Institute of Chartered Accountants Not-For-Profit Directors Series** available at

<http://www.cica.ca/focus-on-practice-areas/governance-strategy-and-risk/not-for-profit-director-series/index.aspx> .

Among the useful titles are:

- 20 Questions Directors of Not-for-Profit Organizations Should Ask about Board Recruitment, Development and Assessment
- 20 Questions Directors of Not-for-Profit Organizations Should Ask about Fiduciary Duty
- 20 Questions Directors of Not-for-Profit Organizations Should Ask about Governance
- 20 Questions Directors of Not-for-Profit Organizations Should Ask about Risk
- 20 Questions Directors of Not-for-Profit Organizations Should Ask about Strategy and Planning

Also available from the CICA series are **NFP Director Alerts and NFP Briefings**

## 2.4 Conflict of Interest Policy

This is a model conflict of interest policy that could be adopted by any board.

### A. Introduction

This policy applies to all members of the board of directors, other individuals serving on committees of the board and staff. All individuals covered by this policy agree that they will not participate in any PFC decision that materially benefits them, a member of their immediate family, or any organization with which the individual has a formal relationship.

### B. Definitions

1. For the purposes of this policy a conflict of interest exists when a reasonable observer would believe that a person's loyalty to another organization or interest, including his or her self-interest, may influence the exercise of his or her objective judgment or compromise his or her loyalty to Philanthropic Foundations Canada. Such conflicts may take the general forms outlined below:
  - a. where a person involved in a decision (or someone related to that person) has a material interest in the outcome of the decision (conflict of interest);
  - b. where a reasonable person could believe that a decision-maker's actions are influenced by things other than the merits of the issue on which a decision is required (perceived conflict of interest);
  - c. where a person owes a loyalty to two or more parties and cannot reconcile those loyalties by identifying and serving the common interests of the separate parties (conflict of loyalty).

### C. Members and Directors

1. By law, a Director is required to disclose any conflict of interest. The onus for such disclosure is on the Director. A Director should also disclose any perceived conflict of interest as well as any conflict of loyalty. Such a disclosure shall be noted in the minutes of the meeting at which the disclosure is made.
2. A Director who has a conflict of interest, perceived conflict of interest and/or conflict of loyalty in connection with any matter before the Board shall not take part in any discussion or vote related to that matter. The Director should preferably leave the meeting during the time the matter is under discussion, and the minutes shall record the Director's departure and return.
3. If a Director is uncertain as to whether he or she has a conflict of interest, perceived conflict of interest and/or conflict of loyalty, he or she shall in the first instance seek the counsel of a member of the Executive Committee. If the matter is not resolved through this course of action, the Executive Committee may, at its discretion, request that the Board of Directors rule on the matter. The Director, or Directors considered to be in a potential conflict of interest position shall leave the meeting during the time the matter is under discussion, and the minutes shall record the Director or Directors' departure and return.
4. Nothing in PFC's incorporating documents or in its bylaws prevents the awarding of a contract to a Member or Director. However, the Board of Directors has a fiduciary responsibility to ensure that any such contract is reasonable under the circumstances and would withstand outside scrutiny.
5. Directors shall not knowingly accept any gifts or loans from any source from which PFC purchases goods or services where those purchases require the approval of the board or the committee upon which the individual sits.

**D. Staff**

1. Staff members have a heightened possibility of a conflict of interest or perceived conflict of interest and/or loyalty because of the nature of their work for the association. They must be cognizant of how their actions will be seen by the Board of Directors and other applicants.
2. The President shall disclose to the Chair any situation in which s/he has a conflict of interest or perceived conflict of interest and/or loyalty and shall act in accordance with the Chair's instructions in dealing with the issue.
3. Any other staff member shall disclose to the President any situation in which s/he has a conflict of interest or perceived conflict of interest and/or loyalty and shall act in accordance with the President's instructions in dealing with the issue.
4. A staff member shall, in any report, disclose any conflict of interest or perceived conflict of interest and/or loyalty.

**E. Nepotism**

1. No person who is related to a Director or staff member shall be appointed to staff, awarded a contract or hired on a casual basis without the prior specific authority of the Board of Directors. This authority may not be exercised by the Executive Committee on behalf of the Board.

**F. Commitment**

1. The Chair shall circulate a copy of this policy to each Director and ask that the person acknowledge having reviewed it and commit to complying with it. The President shall do the same with staff. The documents signifying such review and commitment will be retained on file.

*I have read the above statement regarding conflict of interest and agree to abide by it to the best of my ability.*

---

Signed

---

Date

## 2.5 Director/Trustee Roles and Responsibilities: Description

### Roles

**1. To establish and oversee:**

- a. Organizational policies
- b. Systems for financial accountability
- c. Personnel policies (if necessary)

**2. To establish goals and priorities by**

- a. Creating a mission statement
- b. Participating in a strategic planning process
- c. Overseeing implementation of the strategic plan (goals)

**3. To oversee the acquisition and allocation of funds by:**

- a. Defining investment goals and strategies
- b. Monitoring the management of investments
- c. Approving the grantmaking strategy and disbursement targets

**4. To assess on a regular basis:**

- a. The organization's effectiveness in pursuing its mission and goals
- b. The effectiveness of the allocation of resources
- c. The effectiveness of directors/trustees and the Board overall
- d. The performance of the Executive Director (if pertinent)

### Responsibilities

- 1. A Board member has the fiduciary duty to act honestly, in good faith and in the best interests of the Foundation.
- 2. A Board member is knowledgeable and supportive of the mission and values of the Foundation, together with its strategic priorities and policy positions.
- 3. A Board member makes best efforts to attend all meetings, and participates in Board committees, if possible. The director should come to meetings well prepared, having reviewed materials beforehand. Full participation is expected and members should voice concerns and ask questions, while respecting differing opinions. Directors will treat others in a straightforward, polite manner.
- 4. A Board member is mindful that final decisions are made by the Board as a whole and once made, must be respected by all.
- 5. The Board focuses on policy decisions. An individual Board member does not become involved directly in specific management issues. Board members may not exercise individual authority over the organization



or staff members, or speak on behalf of the organization with the public or the media, except as explicitly set forth in board policies, or as authorized by the board.

6. A Board member avoids potential conflicts of interest, whether personal or business related. H/she will sign a Conflict of Interest Policy upon election to the Board. Directors must not receive any compensation, gift or personal benefit as a member of the Board of Directors.
7. Individuals appointed to the board shall represent the interests of the Foundation, superseding any personal interest.
8. Directors agree to make best efforts to avoid or correct conduct that could bring the Foundation's name into disrepute.

## 3. TAX AND LEGAL

### 3.1 Federal and Provincial Statutes

#### Federal Statutes

- *Income Tax Act* (Canada)
- *Not-for-Profit Corporations Act*
- Other statutes as applicable

<b>Alberta</b>	<i>Companies Act</i> <i>Societies Act</i> <i>Trustee Act</i>
<b>British Columbia</b>	<i>Society Act</i> <i>Trustee Act</i>
<b>Manitoba</b>	<i>Corporations Act</i> <i>The Trustee Act</i>
<b>New Brunswick</b>	<i>Corporations Act</i> <i>The Trustee Act</i>
<b>Nova Scotia</b>	<i>Companies Act</i> <i>Corporations Registration Act</i> <i>Societies Act</i> <i>Trustee Act</i>
<b>Newfoundland &amp; Labrador</b>	<i>Corporations Act</i> <i>The Trustee Act</i>
<b>Northwest Territories/ Nunavut/Yukon</b>	<i>Business Corporations Act</i> <i>Societies Act</i> <i>Trustee Act</i>
<b>Ontario</b>	<i>Charities Accounting Act</i> <i>Charitable Gifts Act</i> <i>Not-for-Profit Corporations Act</i> <i>Trustee Act</i>
<b>Prince Edward Island</b>	<i>Charities Act</i> <i>Companies Act</i> <i>Trustee Act</i>
<b>Québec</b>	<i>Companies Act</i> <i>Loi sur la publicité légale des entreprises individuelles, d'associations et des personnes morales</i>
<b>Saskatchewan</b>	<i>The Business Corporations Act</i> <i>The Non-profit Corporations Act</i> <i>The Trustee Act</i>

## 3.2 Federal Incorporation

### Industry Canada

Industry Canada is the agency responsible for federal not-for-profit corporations. It determines eligibility for incorporation, monitors adherence to the legislation under which the corporation is constituted and processes annual filings. A foundation is incorporated federally in accordance with the terms of the Canada Corporations Act. Incorporation “provides limited liability for the members and is often the legal structure required by governments for an organization to be eligible for funding or to carry out certain activities.”

For full information on the requirements and processes for creating and maintaining a not-for-profit corporation, visit the Corporations Canada website:

[http://www.ic.gc.ca/eic/site/cd-dgc.nsf/eng/h\\_cs03925.html](http://www.ic.gc.ca/eic/site/cd-dgc.nsf/eng/h_cs03925.html).

## 3.3 Provincial Incorporation

### List of Provincial Corporate Registrars Information on Incorporation

<b>Alberta</b>	Service Alberta <a href="http://servicealberta.gov.ab.ca/674.cfm">http://servicealberta.gov.ab.ca/674.cfm</a>
<b>British Columbia</b>	BC Registry Services <a href="http://www.bcregistryservices.gov.bc.ca/">www.bcregistryservices.gov.bc.ca/</a>
<b>Manitoba</b>	Companies Office, Ministry of Family Services and Consumer Affairs <a href="http://companiesoffice.gov.mb.ca/index.html">http://companiesoffice.gov.mb.ca/index.html</a>
<b>New Brunswick</b>	Service New Brunswick <a href="http://www.snb.ca/e/0001e.asp">http://www.snb.ca/e/0001e.asp</a>
<b>Newfoundland &amp; Labrador</b>	Registrar of Companies <a href="http://www.gov.nl.ca/business/index.html">http://www.gov.nl.ca/business/index.html</a>
<b>Nova Scotia</b>	Registry of Joint Stock Companies <a href="http://www.gov.ns.ca/snsmr/paal/rjs/paal268.asp">www.gov.ns.ca/snsmr/paal/rjs/paal268.asp</a>
<b>Northwest Territories</b>	Corporate Registries <a href="http://www.justice.gov.nt.ca/CorporateRegistry/index.shtml">www.justice.gov.nt.ca/CorporateRegistry/index.shtml</a>
<b>Nunavut Territory</b>	Legal Registries Division <a href="http://www.nunavutlegalregistries.ca">www.nunavutlegalregistries.ca</a>
<b>Ontario</b>	Ministry of the Attorney General <a href="http://www.attorneygeneral.jus.gov.on.ca/english/family/pgt/charbullet/bullet2.asp">www.attorneygeneral.jus.gov.on.ca/english/family/pgt/charbullet/bullet2.asp</a>

## List of Provincial Corporate Registrars Information on Incorporation

Prince Edward Island	Office of Attorney General <a href="http://www.gov.pe.ca/corporations/index.php">www.gov.pe.ca/corporations/index.php</a>
Québec	Registraire des entreprises <a href="http://www.registreentreprises.gouv.qc.ca/fr/formulaires/in-520.aspx">www.registreentreprises.gouv.qc.ca/fr/formulaires/in-520.aspx</a>
Saskatchewan	Ministry of Justice and Attorney General, Corporations <a href="https://www.isc.ca/CorporateRegistry">https://www.isc.ca/CorporateRegistry</a>
Yukon	Registrar of Companies <a href="http://www.community.gov.yk.ca/corp/inc.html">www.community.gov.yk.ca/corp/inc.html</a>

## 3.4 Charitable Registration and Compliance

### Canada Revenue Agency: Charities and Giving

[www.cra-arc.gc.ca/chrts-gvng](http://www.cra-arc.gc.ca/chrts-gvng)

The Canada Revenue Agency Charities Directorate (CRA) administers the law related to charities registered under the *Income Tax Act*. CRA registers and monitors charities, educates them and facilitates compliance with the law. On the site, you can access: policy statements and technical information; brochures and guides; forms; the list of registered charities; definition of political activities and more.

Some key information on the Charities Directorate site:

- The public part of any registered charity's annual information return (T3010).
- Charities-related forms and publications (such as fillable forms; publications listed by topics such as: Becoming a Registered Charity, Operating Day-to-Day, Revoking Registered Status, and more).
- Check Lists, a Toolbox for Directors, webinars and information sessions.
- What's New, a section that keeps charities up-to-date on resources, information and policy issues of interest to charities.
- Charities Connection: CRA News, Information, and Events Specific to Registered
- Charities, an electronic newsletter posted up to ten times a year on the CRA site.
- In addition to the *Income Tax Act*, charities must also be compliant with provincial or territorial requirements. **The Charities and Giving** site provides links to all relevant provincial and territorial agencies at <http://www.cra-arc.gc.ca/chrts-gvng/menu-eng.html>.

# Basic Guidelines for Maintaining Charitable Registration

- Engage only in allowable activities
- Keep adequate books and records
- Issue complete and accurate donation receipts
- Meet annual spending requirement (Disbursement Quota)
- File annual T3010 information return
- Maintain the charity's status as a legal entity
- Inform the Charities Directorate of any changes to the charity's mode of operation or legal structure

Source: Canada Revenue Agency

## Charities Tax Tools and Sites

The CRA Charities Directorate has supported the development of many educational tools and resources for registered charities. The following is a list of some of the sites and materials that have been created in the 2008-2010 period.

**Charity Tax Tools, Imagine Canada,** <http://charitytax.imaginecanada.ca/>

This site contains information on the basic legal requirements for all Canadian charities that are registered with CRA and entitled to issue tax receipts for charitable donations. It provides examples and links to additional information for those who wish to know more.

**Charity Law Information Program (CLIP)** [www.capacitybuilders.ca](http://www.capacitybuilders.ca)

CLIP is a project of Capacity Builders. Its goal is to help Canadian charities become more aware of their legal obligations under the *Income Tax Act*. Charity lawyer Mark Blumberg is the lead trainer and with other experts he provides plain-language guidance and materials. CLIP offers workshops and webinars on a Canadian charity's legal compliance requirements and how to strengthen its governance, ethical standards and financial controls. Resources and presentations from these webinars, including a presentation on Governance 101 for Canadian Charities and many useful checklists can be found on the site.

**Office in a Box,** [www.charitycentral.ca/site/office](http://www.charitycentral.ca/site/office)

A free downloadable tool offered by Charity Central, a project of the Legal Resource Centre of Alberta, designed to help Canada's registered charities understand their responsibilities under the Income Tax Act. Office in a Box includes many resources such as place for key legal documents including certificate of incorporation, by-laws, and policies; other important documents and information that should be centrally located for quick and easy access; and a collection of saveable templates.

**Legal Risk Management Checklist for Charities,** [www.carters.ca/pub/checklst/charity.pdf](http://www.carters.ca/pub/checklst/charity.pdf)

Carters Professional Corporation, October 2012. 2.5 Provincial Charity Regulation

## 3.5 Provincial Charity Regulation

In **Ontario**, the Office of the Public Guardian and Trustee has jurisdiction over charitable trusts. The Charities Accounting Act, Ontario has scope to impose various regulatory measures, including requiring the filing of returns, in that province.

Revenu **Québec** administers a charity registration process similar to CRA for charities registered and operating in Quebec.

In **Prince Edward Island, Manitoba and Alberta**, registration is tied to engaging in fundraising, and is not mandatory for organizations that do not solicit public funds.

## 3.6 Canadian Public Legal Education Organizations

In many provinces, there are public legal education organizations providing basic information on laws and regulations relating to charitable organizations. The following is a list of some organizations and links.

<b>Alberta</b>	Public Legal Education Network of Alberta (PLENA) <a href="http://www.lawcentralalberta.ca/help/ple.aspx">www.lawcentralalberta.ca/help/ple.aspx</a> Legal Resource Centre of Alberta <a href="http://www.legalresourcecentre.ca/">www.legalresourcecentre.ca/</a>
<b>British Columbia</b>	Law Courts Education Society of British Columbia <a href="http://www.lawcourtsed.ca">www.lawcourtsed.ca</a> Legal Services Society of British Columbia <a href="http://www.lss.bc.ca">www.lss.bc.ca</a> People's Law School <a href="http://www.publiclegaled.bc.ca">www.publiclegaled.bc.ca</a>
<b>Manitoba</b>	Community Legal Education Association <a href="http://www.communitylegal.mb.ca">www.communitylegal.mb.ca</a>
<b>Newfoundland &amp; Labrador</b>	Public Legal Information Association of Newfoundland <a href="http://www.publiclegalinfo.com">www.publiclegalinfo.com</a>
<b>Northwest Territories/ Nunavut/Yukon</b>	Yukon Public Legal Education Association <a href="http://www.yplea.com">www.yplea.com</a>
<b>Nova Scotia</b>	Legal Information Society <a href="http://www.legalinfo.org">www.legalinfo.org</a>

<b>Ontario</b>	<p>Community Legal Education Ontario  <a href="http://www.cleo.on.ca">www.cleo.on.ca</a></p> <p>Ontario Justice Education Network  <a href="http://www.ojen.ca">www.ojen.ca</a></p>
<b>Prince Edward Island</b>	<p>Community Legal Information Association of Prince Edward Island  <a href="http://www.cliapei.ca">www.cliapei.ca</a></p>
<b>Québec</b>	<p>Educaloi (Barreau du Québec)  <a href="http://www.educaloi.qc.ca/en">http://www.educaloi.qc.ca/en</a></p> <p>SOQUIJ: Société québécoise d'information juridique  <a href="http://soquij.qc.ca">http://soquij.qc.ca</a></p>
<b>Saskatchewan</b>	<p>Public Legal Education  <a href="http://www.plea.org">www.plea.org</a></p>

## NOTES

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## **ABOUT PHILANTHROPIC FOUNDATIONS CANADA**

PFC is a national member association of Canadian grantmakers, including private and public foundations, charities and corporations.

PFC promotes the growth and development of effective and responsible foundations and organized philanthropy in Canada through provision of membership services, resources and advocacy.



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