

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

The *Charitable Fund-raising Act* lays out the rules that must be followed when charities ask Albertans for donations. These rules make sure that people who are asked to contribute to charities or for charitable causes:

- ◆ have enough information to decide whether or not to give, and
- ◆ are protected from fraudulent, misleading or confusing requests for contributions.

The Act also has licensing and reporting requirements for charities and includes eight Standards of Practice that all charitable organizations and fund-raising businesses must follow.

This tipsheet will cover:

- ◆ when the Act does and does not apply;
- ◆ when and how a charity must register;
- ◆ dealing with a fund-raising business;
- ◆ donor fund-raisers;
- ◆ record requirements;
- ◆ general rules;
- ◆ information for donors; and
- ◆ Standards of Practice.

### To whom does the Act apply?

The Act applies to any incorporated or unincorporated organization that is formed for a charitable purpose. It applies even if the organization is incorporated under the *Societies Act* or is registered with Canada Customs & Revenue Agency (formerly Revenue Canada). It also applies to any person asking for contributions to be used for a charitable purpose

or charitable organization, even if that person is not connected to any charitable organization. A *charitable purpose* includes any philanthropic, benevolent, educational, health, humane, recreational, religious, cultural or artistic purpose.

### The Act does not apply when:

- ◆ a charity asks for contributions from its members or their immediate families;
- ◆ a charity asks for goods (e.g. furniture for an office, not for resale) or services (e.g. volunteers) that it will use for its administration or other non-charitable purpose;
- ◆ a charity raises funds through an event that is authorized by the Alberta Gaming and Liquor Commission (such as a raffle, pull tickets, a bingo or a casino).

## Information for Charities

### Registration

A charitable organization must be registered if:

- ◆ it will use a fund-raising business, and/or
- ◆ it intends to raise more than \$25,000 in gross contributions in its financial year from solicitations (requests for contributions) to persons in Alberta.

If a charity has raised more than \$25,000 without intending to do so, it must register within 45 days after the contributions reach \$25,000.

See the Charitable Fund-raising Regulation for more information about calculating gross contributions.

## How to register

Application forms are available through all registry agents and must be submitted through them together with the fee. The fee for registration is \$60.00, plus the registry agent's service charge (a maximum of \$22.00 plus GST).

The application form must include the following information:

- ◆ the name, address, and business phone number of the organization;
- ◆ the incorporation number, if any;
- ◆ the name, community, and address of each Branch or Chapter, if any;
- ◆ the organization's objectives, or the purpose of the charitable fund-raising;
- ◆ the financial year of the organization;
- ◆ answers to questions relating to the suitability of a person to make solicitations or deal with contributions;
- ◆ the name, address, and title, of Officers and Directors of the organization; and
- ◆ dates of birth are also required for those persons with signing authority for the organization.

The completed application form must be signed by a person authorized to sign on behalf of the organization. It must also be sworn before a Commissioner for Oaths.

Registered charities must inform Alberta Government Services of any changes to this information within 30 days of the change. Send this information to Consumer Programs, Alberta Government Services, 3<sup>rd</sup> Floor, Commerce Place, 10155 - 102 Street, Edmonton, Alberta T5J 4L4.

Under certain conditions a charitable organization may be refused registration. An example is if a charitable organization or any of

its principals, directors or managers has, within the five years before the application is made, been convicted of an offence that indicates that he or she is unsuitable to deal with contributions or to ask for donations. Registration may also be refused if there are reasonable grounds to believe that the charity or any of its principals, directors or managers may not follow the *Charitable Fund-raising Act*, the Regulation and the Standards of Practice.

## Using a fund-raising business

A fund-raising business is one that is paid to ask for contributions on behalf of a charity, or that manages or is responsible for solicitations made by charities, or on their behalf. This includes contracted companies who conduct door-to-door fund-raisers or provide telemarketing services. Fund-raising businesses must be licensed and bonded. Check these are in place with the Consumer Services Branch before signing a contract with a fund-raising business. You may also want to check the business' reputation with other charities.

If a charity hires a fund-raising business to make requests for donations or manage fund-raising, there must be a written agreement. The agreement must include:

- ◆ all the terms and conditions both parties have agreed on, including the duties and responsibilities of both,
- ◆ the estimated amount of the contributions expected, and an estimate of the expenses and costs;
- ◆ the way contributions will be solicited;
- ◆ a description of any goods or services to be sold, and their specific price;
- ◆ the location of the bank account where contributions of money will be deposited;
- ◆ the charitable organization's business address and the name and phone number of the contact person;
- ◆ the fund-raising business' address and the name and phone number of the contact person.

The agreement must also establish how much the business will be paid. This must be:

1. a specific amount of money, or
2. a specified percentage of the gross contributions, or
3. a combination of 1 and 2.

## Donor fund-raisers

A donor fund-raiser is a business that sells goods or services and states that some, or all, of the price will be given to a charity or used for a charitable purpose. A donor fund-raiser can't do this without first getting written consent from any charity whose name, emblem, or printed matter is used. The Act says that a donor fund-raiser must donate the money as claimed, and account for it.

## Maintaining records of contributions

Every charitable organization and fund-raising business who makes solicitations must maintain the following records for at least three years:

- ◆ original copies of financial statements;
- ◆ records regarding solicitations;
- ◆ records of the deposit bank account used by the fund-raising business, if any, and payments from that account;
- ◆ the names of the signing officers for the bank account;
- ◆ samples of the kinds of information given to potential donors, including publications and phone scripts;
- ◆ copies of the fund-raising agreements and any amendments;
- ◆ copies of the cash receipts.

## Information for Donors

### Information on request

Any charity or fund-raising business asking for contributions must provide the following information **to anyone that requests it**.

## Specific rules

These rules apply only to solicitations made by fund-raising businesses, and/or charities that intend to receive more than \$25,000 in contributions during their financial year from persons in Alberta.

### Solicitations by phone

Anyone asking for contributions by phone may do so only between 8 a.m. and 9 p.m.

### Inform donor before accepting a contribution

The person making the request for contributions **must** give a potential donor the following information:

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

If the charity is using a fund-raising business, a potential donor must also be told

- ◆ the operating name and full legal name of the fund-raising business, and
- ◆ if the business is being paid a specific amount or a specified percentage of the contributions raised.

This information may be given orally or in writing, and the potential donor must be given enough time to review it.

- ◆ A copy of the most recent audited financial statement or financial information return that the charitable organization is required to prepare. The charity can charge a reasonable fee for photocopying and mailing these documents.

- ◆ Information about how and where the money will be spent.
- ◆ Information on the percentage of the gross contributions that is spent directly for charitable purposes (and not administration or other purposes).

## Receipts

Donors must receive receipts on request for all cash contributions.

## General rules

The Act includes some general rules that apply regardless of the amount being raised.

- ◆ Charities and fund-raising businesses must not imply that they are endorsed by the Government of Alberta because they are registered or licensed.
- ◆ Charities and fund-raising businesses must not claim that anyone sponsors or approves of their cause without the written consent of the parties involved.
- ◆ No one may ask for donations for any charitable purpose or charity, or use their emblem or printed matter, without their written consent.
- ◆ If someone asks for their name to be removed from a donor list, or that they stop receiving requests for donations, the charity and/or fund-raising business involved must use their best efforts to do so.
- ◆ Anyone who has made a contribution to a charity can apply to the Court of Queen's Bench for an order. The Court may require the charity to:
  - return the contribution, or amount equal to it;
  - use the money for the purpose for which it was donated;
  - make a public declaration about the use or misuse of contributions.

## Standards of Practice

The following standards of practice were developed in consultation with charities and fund-raising businesses. They came into effect April 1, 1999.

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

## For More Information

### Alberta Government Services

Consumer Services Branch  
Phone: Edmonton (780) 427-4088  
Toll-free in Alberta 1-877-427-4088

The *Charitable Fund-raising Act* and the *Charitable Fund-raising Regulation* are available through the Queen's Printer Bookstore or on its Web site at <http://www.qp.gov.ab.ca/index.cfm>

### Calgary

Phone (403) 297-6251  
Fax (403) 297-8450

### Edmonton

Phone (780) 427-4952  
Fax (780) 452-0668

Outside Edmonton and Calgary call toll-free 310-0000 and follow the instructions.

### Registry agents

For a registry agent nearest you, look under "Licence and Registry Services" in the Yellow Pages of the telephone directory, or go to the Alberta Government Services Web site at <http://governmentservices.gov.ab.ca/ra/ran.cfm>

### Registered charitable organizations and licensed fund-raising businesses

You can search registered charitable organizations and licensed fund-raising businesses through the Alberta Government Services Web site at <http://governmentservices.gov.ab.ca/> and clicking on Charities.

This information is also available by calling the Alberta Government Services numbers above.

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