

Requirements for Charitable Organizations Who Solicit Donations for a Charitable Purpose

March 2004

The Charitable Fund-raising Act

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

Information that must be provided during a solicitation (Script)

Maintaining records of contributions

The *Charitable Fund-raising Act* (CFRA) and regulation lay out the rules that must be followed when charities ask Albertans for donations. Fund-raisers need to know about their legislated responsibilities.

Three key responsibilities are:

- disclosing information to donors;
- preparing financial statements; and
- keeping proper records.

Charities and fund-raising businesses can be fined if they are convicted of offences under the act.

The following information must be provided to each donor before accepting a donation:

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

If a fund-raising business is used to solicit donations, a potential donor must also be told:

- the operating name and full legal name of the fund-raising business, and
- how the remuneration of the fund-raising business is determined.

All new applicants will be required to submit a copy of the solicitation materials or canvassing scripts that will be used to solicit funds. It is a serious offence to make a false statement of fact or to misrepresent any fact or circumstance in a solicitation for a charitable donation.

Every charitable organization that makes solicitations must maintain complete and accurate financial records of its operations in Alberta for at least three years after the solicitations are made. This would include:

- original copies of financial statements;
- records regarding solicitations;
- records of the deposit bank account used by the fund-raising business and any payments from that account;

Preparing Financial Statements

- the names of the signing officers for the bank account;
- samples of the kinds of information given to potential donors, including any solicitation material and phone scripts;
- copies of the fund-raising agreements and any amendments; and
- copies of receipts for all monetary contributions.

A charitable organization must prepare and may be required to produce copies of its most recent audited financial statements if it has raised \$250,000 or more through solicitations, or a copy of its financial information return if it has raised less than \$250,000.

Copies of all solicitation materials, canvassing scripts and other solicitation documents may also be examined and reviewed.

The financial statements must identify all expenses incurred for the purpose of solicitation and include:

- information on the gross contributions received;
- a summary of dispositions of contributions (with a separate description of each disposition equal to or greater than 10% of the gross contributions received);
- the total amount paid as remuneration to employees of the charitable organization primarily responsible for fund-raising; and
- the amount of remuneration paid to the fund-raising business used, if applicable.

Section 39 of the CFRA, gives the department the authority to enter premises and to inspect, examine and copy books, records and other documents that are required to be kept under the act, to ensure conformance and compliance with the legislation.

Providing false information in a solicitation or failing to maintain complete and accurate records could result in cancellation or suspension of your registration and/or prosecution under the act.

For more information

The tipsheet "Information for Charities and Donors" contains information about registration, Standards of Practice, and general rules about solicitations.

The Alberta Government Services Web site www.gov.ab.ca/gs (then click on Charities) has forms and instructions for registering a charitable organization, links to the act and regulation, and the tipsheet "Information for Charities and Donors".

All other inquiries can be directed to:

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