

SECTION 8

Funding

This Section describes the sources of funding available to Toronto drop-ins in a generic way and discusses some of the good practices to be followed to access ongoing funding:

- **8A SOURCES OF FUNDING FOR DROP-INS**
 - Government Grants
 - United Way
 - Other Charitable Organizations
 - Faith-Based Support
 - Fundraising
 - Agency Partnerships
 - Attachment
 - 8A.1 – List of Possible Funding Sources

- **8B ETHICAL CONSIDERATIONS**
 - Gaps in Funding
 - Funding with Strings Attached
 - Rights of Donors
 - Accountability
 - Attachments
 - Appendix 8B.1 – Sample Gift Acceptance Policy
 - Appendix 8B.2 – Sample Donor Privacy Policy

- **8C FUNDRAISING**
 - Approaches to Fundraising
 - Registered Charities and the Legal Aspects of Fundraising
 - Applications and Proposals
 - Attachments
 - Appendix 8C.1 – Analyzing the Effectiveness of Different Approaches to Fundraising
 - Appendix 8C.2 – A Guide to Issuing Charitable Tax Receipts
 - Appendix 8C.3 – Funding Proposal Guidelines

SUBSECTION 8A

Sources of Funding for Drop-Ins

Drop-ins, like all other organizations that are trying to meet the complex and diverse needs of people marginalized by poverty and homelessness, face an ongoing struggle to access funding. A July 2006 report by the Community Social Planning Council of Toronto and the Family Service Association describes the impact on these services of **chronic under-funding**, including deteriorating working conditions and the difficulties of providing quality service to program participants.¹

Workers may regularly face the threat of layoffs; one in five workers reports having more than one part-time job to make ends meet. Organizations committed to social justice find themselves unable to provide job security to their own staff.

Instead of regular sustaining funding from government, designed to ensure high quality community service and meet core expenses such as rent and administrative salaries, drop-ins often depend on time-limited program funding from a number of sources, often involving annual applications and uncertainty.

About 70 per cent of the funding for the non-profit sector comes from the government, but drop-ins must increasingly rely on charitable fundraising, involving many hours of precious staff time on tasks not related to direct service, client support, or day-to-day operations.

Toronto drop-ins currently access a wide range of sources for funding to operate their programs. Due to the changing nature of funding programs, information on specific funding programs is not included. Sources of information about available funding are identified in **Appendix 8A.1**.

Government Grants

Grants from the three orders of government are the most prevalent and consistent source of funding. Almost all drop-ins receive some portion of their funding from government. There are exceptions, however. At least one faith-based drop-in does not seek funding from the government, relying entirely on faith-based fundraising. Another faith-based organization has a policy that no more than 25% of its funding can be from the government, because it sees such funding as precarious and unreliable.

Municipal funding. The City of Toronto provides funding specifically for drop-ins, from the City's own budget. In some cases, drop-ins are housed in buildings owned by the City and charged only a nominal fee for their use; this is a significant contribution. In addition

¹ Community Social Planning Council of Toronto and Family Service Association of Toronto, *On the Front Lines of Toronto's Community Service Sector: Improving Working Conditions and Ensuring Quality Services*, a report of the On the Front Lines Project, Toronto, July 2006. Available at: www.fsatoronto.com/programs/social/FrontLinesCommunitySector2006.pdf.

to municipal grants, the City also administers funds provided by the provincial and federal levels of government. Grants from all levels of government are provided for specific needs, programs, and activities.² In 2006, some drop-in providers have accessed funds from the City of Toronto in the following areas:

- AIDS prevention
- Freedom from Violence
- Food Safety
- Drug prevention
- Homeless Initiatives
- Streets to Homes
- Housing help
- Mental Health
- Drop-in Hunger/Food
- Health and Safety

Provincial funding. Similarly, some drop-ins have accessed funding from the Province of Ontario for specific programs and activities and particular populations, from a number of government departments and agencies, including:

- Ontario AIDS Bureau
- Ministry of Health Mental Health
- Ministry of Health and Long Term Care (this Ministry funds a small number of drop-ins who serve an older population)
- Homeless Initiatives Fund (administered by the City)
- Ontario Women’s Directorate

Federal funding. Finally, federal government funds are accessed from two areas:

- Supporting Communities Partnership Initiative (SCPI) provides funds through the City to address homelessness
- Service Canada (formerly called HRDC) provides funding related to employment

Much of the funding from government programs tends to be short-term, project-related funding. The programs change from year to year. Drop-ins need to continually monitor the programs that are available to identify opportunities that may arise. The Toronto Drop-In Network can be a useful way of sharing information about emerging programs.

In recent years some government funders have adopted a policy that they will not fund new agencies, restricting funding to agencies that have already established a funding relationship with the government. The provincial government refers to these funded agencies as “transfer payment agencies.” This policy requires that agencies that are not currently receiving funding from a particular government source enter into partnership arrangements with a currently funded agency.

² See the City of Toronto’s Grants Directory for a complete listing:
www.toronto.ca/grants/grants_directory.htm.

United Way

The United Way is a significant source of funding for some drop-ins.³ There are two primary ways to access United Way funding:

1. **United Way member agencies** are agencies that have established a funding relationship with the United Way and receive funding every year based on an approved budget and priorities;
2. Non-member agencies can submit proposals to the United Way for **time-limited project funding**.

The United Way is often interested in assisting agencies to do **organizational capacity building**; one drop-in, for example, received funding to review and rewrite all of its policies.

Other Charitable Organizations

Some drop-ins have been successful in accessing funds from foundations and other funding bodies by demonstrating congruence between the activities of the drop-in and the priorities of the foundation. Examples of funds that have been accessed in this way include the Trillium Foundation, the Toronto Enterprise Fund, the Lesbian and Gay Community Appeal, the Wellesley Institute, and the Rotary Club.

Lists of grant-giving foundations and descriptions of their priorities are available from a number of sources; for example, Charity Village.⁴

Faith-Based Support

Several Toronto drop-ins are operated by faith-based organizations and receive financial support and volunteer support from the faith community. In one case, the drop-in is operated by an order of nuns who are supported by their congregation to be able to dedicate their time to the work of the order, including the drop-in, a visiting program, a therapeutic art studio, pastoral ministry, and spiritual outreach.

Fundraising

Regardless of other sources of funding that they access, many drop-ins have to carry out direct fundraising to support their work. Some have regular community fundraising events – for example, one drop-in has an annual barbeque and beer tent. Some larger organizations have a fundraising person or department that organizes various fundraising activities, either as part of a larger, organization-wide campaign or specifically for the drop-in itself.

Other drop-ins have sponsors that are prepared to raise funds on their behalf, organizing special events such as golf tournaments, dinners, and gala balls. Some drop-ins have established funding partnerships with business groups and companies that provide funds or goods for use or auction.⁵

³ Visit www.unitedwaytoronto.com/agency_support/grants_and_funding.html for further details.

⁴ Visit www.charityvillage.ca for further details.

⁵ See Subsection 8C for further discussion of fundraising.

Agency Partnerships

In addition to accessing funding resources, some drop-ins have entered into partnerships with agencies or businesses that **provide needed goods**. Several, for example, receive part or all of their food from the Daily Bread Food Bank or Second Harvest. However, relying on donations can have drawbacks in the drop-in's ability to plan meals and ensure a healthy, well-balanced diet for participants.

Other drop-ins have agreements with other agencies that **provide staff resources and specific programs** for the benefit of participants. In some cases this involves extending services currently provided in the community into the drop-in, while in other cases, funding has been provided specifically for the agency to offer the service to participants in the drop-in (see Subsection 7: Organizational Linkages and Partnerships for further discussion).

ATTACHMENT:

- **Appendix 8A.1 – List of Possible Funding Sources**

Appendix 8A.1 List of Possible Funding Sources

LIST OF POSSIBLE FUNDING SOURCES

1. City of Toronto Grants Directory

www.toronto.ca/grants/grants_directory.htm

2. Imagine Canada

www.imaginecanada.ca

From this site, you may also access the Canadian Directory to Foundations and Corporations, which connects you to thousands of detailed records on groups that support community service organizations:

www.imaginecanada.ca/page.asp?foundation_directory

3. Charity Village

www.charityvillage.ca

4. United Way of Greater Toronto

www.unitedwaytoronto.com/agency_support/grants_and_funding.html

SUBSECTION 8B

Ethical Considerations

Drop-ins need to be conscious of the ethical issues related to fundraising and applying for funding. On one hand there is the question of who the drop-in will accept money from, and on the other hand there are issues related to the activity of fundraising itself.

Gaps in Funding

Some drop-ins have policies that they **will not accept contributions from donors or corporations whose activities include practices which are inconsistent with the organizational mandate of the agency**. Examples of this include tobacco companies, pharmaceutical companies, and manufacturers of instruments of war. Some faith-based groups (including the United Church of Canada) are reluctant to accept donations from the Trillium Foundation because its revenues are derived from gambling.

While adopting such an ethical position is very important, it can also be very challenging and will force the drop-in to make some very hard decisions. Drop-ins are chronically under-funded and often must scramble to meet their basic operating costs. This raises the question for drop-in operators of the congruence of their commitment to social and economic justice and the impact of under-funding on the people that work in drop-ins. At the heart of the issue is the move away from core funding for organizations to project/program funding, as a recent report on funding of community services in Toronto explains:⁶

While core funding allows for organizational development, provides the basis for better salaries and benefits to staff, and better infrastructure for client services, project funding tends to be short-term and tied to delivery of a specific program, which may or may not meet the needs of the community. It usually requires extensive reporting to funders, which takes away time from other functions, like staff development and client service. It is destabilizing for both staff and clients.

Drop-ins need the flexibility to determine their priorities and direct their resources to the areas of need. This flexibility can be undermined if donors restrict the use of their gifts to specific areas or programs. While there may be a desire to refuse restricted gifts, most drop-ins will only do so if the restriction requires the funds to be used for a purpose which is not consistent with the policies and mandate of the drop-in. A sample Gift Acceptance Policy is attached as **Appendix 8B.1**.

Many drop-ins have identified the difficulty they encounter in getting money for programs that don't "count," such as music, art, or flower arranging, which can make a tremendous difference in the quality of life of people and help them to overcome social isolation, but which do not fit the framework of funders' programs.

⁶ Community Social Planning Council of Toronto and Family Service Association of Toronto, *On the Front Lines of Toronto's Community Service Sector: Improving Working Conditions and Ensuring Quality Services*, a report of the On the Front Lines Project, Toronto, July 2006, page 2. Available at: www.fsatoronto.com/programs/social/FrontLinesCommunitySector2006.pdf.

Funding with Strings Attached

Due to their heavy dependence on funding from government and foundations, **drop-ins are sometimes pressured to compromise their programs to fit the priorities of the funder.** In some cases this is the result of inadequate funding, meaning that the drop-in is unable to provide the level of service that is needed unless it complies. For example, a government program may be prepared to pay for computers to be used for job search or resume preparation, but not for use for typing tutorials or video games. For people who are very socially isolated, the computer room may be an excellent alternative to sitting alone in their room; however, the drop-in may be required to say that the computers are reserved for “more productive” pursuits.

In other cases, **the availability of funding for certain activities requires drop-ins to adopt approaches that are alien to their philosophy, or to avoid activities which they fear are alien to their funders’ philosophy.** Examples include an agency which accepted Ministry of Health funding for case management even though they do not support a medical interventionist model. Other agencies have stopped using words like “feminism” and “advocacy” in applications because they were afraid of alienating funders.

The mismatch between the needs of participants and the parameters of funding programs may lead drop-ins to ethical dilemmas. Should you be open and honest with funders about your priorities and risk losing your funding, or should you shift your programs to fit the funder’s priorities?

Rights of Donors

Imagine Canada has developed an **Ethical Fundraising and Financial Accountability Code**, which sets out the rights of donors, practices that will be followed (e.g. truthfulness, disclosure, respect for dignity of clients), practices that will not be used (e.g. commissions to fundraisers, selling donor lists) and provisions for financial accountability.⁷

One aspect of the rights of donors is their right to confidentiality, including the assurance that their personal information will only be used for purposes consistent with the gift. A sample donor privacy policy is attached as **Appendix 8B.2**.

Accountability

Major institutional funders such as government and charitable foundations will have rigorous reporting requirements involving establishing specific goals and deliverables and periodic reporting of achievements compared to these goals and deliverables. The periodic reports will also include financial accounting.

While other sources of funding, including charitable donors, will not necessarily have stringent reporting requirements, it is good practice to report periodically to all funders. While all reporting is time-consuming, assuring funders that their contributions are

⁷ The Code can be accessed at: www.imaginecanada.ca/Files/ethicalcode/ethical_code.pdf.

achieving the objectives for which they were provided is essential to future fundraising success.

Where the funder has a standard reporting format, it is good practice to look at the reporting requirements at the time you apply for funding. This will enable you to structure your funding proposal including goals and deliverables in such a way that achievements can be measured and reported. If your funder does not have a reporting requirement, look to the reporting requirements of other funders to develop your own template for reporting.

ATTACHMENTS:

- **Appendix 8B.1 – Sample Gift Acceptance Policy**
- **Appendix 8B.2 – Sample Donor Privacy Policy**

Appendix 8B.1 Sample Gift Acceptance Policy

Source: Adapted from documents collected from TDIN drop-ins during the Good Practices Toolkit consultations, May-July 2006.

SAMPLE GIFT ACCEPTANCE POLICY

Purpose

The Drop-in solicits current and deferred gifts from individuals, corporations and foundations to secure the continued and future operation of the organization.

- These policies and guidelines govern the acceptance of gifts by the organization and guide the fundraising activities of staff and volunteers.
- The intent is to reduce risk of liability against the Drop-in and its Board of Directors and to ensure consistency in the agency's approach to fund development.
- Critical issues associated with specific gifts are outlined and the agency will ensure that all gifts fit the needs, values and philosophy of the organization.
- The focus is on donors, ensuring that they understand clearly these policies and procedures that govern fund development in the agency.
- Policies and procedures outlined are guided by Imagine Canada's ethical guidelines and Canada Revenue Agency (CRA) stipulations.

Policy and Procedures

Use of Legal Counsel. The Drop-in shall seek the advice of legal counsel in matters relating to the acceptance of gifts, when appropriate. Review by counsel is recommended for:

- Suspected fraud or other illegal activity
- Contesting or renegeing of a donation/gift
- Significant conflict of interest
- At any other time deemed necessary

To avoid difficulties, donors will be encouraged to seek legal and/or tax counsel before making a planned gift (e.g. bequest).

Types of gifts. This policy does not cover donations of food, used items and tickets for recreational activities. The Drop-in accepts gifts of any amount in the form of cash, stock, personal property or other assets, including gifts through trusts and estates.

We solicit and receive gifts from multiple sources, including individuals, foundations, corporations, churches and faith groups, various levels of government, direct response campaigns and involvement in special events.

The Drop-in shall not be involved in any coercive actions.⁸

⁸ The Canada Revenue Agency's (CRA) definition of a charitable donation (CSP-V01) is as follows: "At law, a gift is a voluntary transfer of property without consideration. In order for a donation to qualify as a

Restrictions on Gifts. The Drop-in will accept unrestricted gifts and gifts for specific programs and services, provided that such gifts are consistent with the agency's stated mission.

The Drop-in has the right to not accept gifts that are deemed restrictive. Gifts that are too restrictive are those that are not consistent with our mission.

Sources of Donation. Decisions regarding who to solicit and/or accept gifts from will be made by staff in consultation with the Executive Director. The Executive Director or his/her designate is encouraged, where possible, to inform the Board of Directors about corporations and foundations it will be soliciting.

1. Corporate Donations

The Drop-in will not accept financial contributions (donations and sponsorships) directly from corporations whose operations include practices that the Drop-in Board of Directors deems, at our sole discretion, to undermine or offend the credibility or commitment to the mission of the Drop-in.

2. In-kind Donations

The Drop-in accepts donations of non-monetary items.

All in-kind donations will be recorded (contact information of donor, fair market value of donation, etc.).

Receipts for in-kind donations will be issued upon request, provided that the item is not a service, a gift certificate (as per CRA requirements), and has a fair market value. For items over \$1,000, an appraisal is required and will be kept on file.

The Drop-in reserves the right to refuse any in-kind gift, at its discretion, that appears to be inconsistent with its mission.

The Drop-in reserves the right to postpone the acceptance of a gift until it is deemed appropriate (e.g. through value or environmental assessments). In some cases it may be recommended that the donor sell the item and donate the proceeds of the sale to the Drop-in.

3. Events, Raffles and Auctions

The Drop-in shall follow all required administrative procedures relating to these fundraising activities as required by the City of Toronto and CRA. For raffles, the agency will adhere to all Lottery and Gaming Commission guidelines. For events, appropriate insurance and licences will be obtained.

gift, a donor must freely dispose of property. Any legal (e.g. contractual) obligation on a favour to make a donation would cause the donation to lose its status as a gift.”

Records will be kept of all ticket sales (where names and addresses need to be collected for receipting purposes or to facilitate draws). The Drop-in's privacy policy will be included, where required.

Fundraising events where alcohol is served are required to have liquor licenses and all appropriate rules and regulations will be followed.

4. Planned Giving Donations

The Drop-in accepts a variety of testamentary or bequest donations including residual value as defined by testator, percentage value, specific defined amount, personal property and securities.

The Drop-in will accept a donation of real estate. However, the agency reserves the right to have a full assessment of the property carried out (such as environmental, value, liens, and structural) before accepting the gift. It is expected that the donor will cover the expenses associated with the assessment.

In the case of a bequest involving life insurance or gift annuities, the agency shall request assistance from allied professionals in order to determine the best way to administer the gift.

In all instances, donors shall be advised to use professional advisors independent of the Drop-in. The Drop-in shall retain professional counsel when needed.

The Drop-in will not accept gifts from estates that are intended for other organizations. This is to avoid the risk of becoming a conduit for gifts to other registered charities or non-qualified recipients, a practice that contravenes CRA guidelines.

Appendix 8B.2 – Sample Donor Privacy Policy

Source: United Way of Calgary and Area, *Our Privacy Policy: A Commitment to Our Donors*, n.d. Available at:

www.calgaryunitedway.org/pdfs/Our%20Commitment%20to%20Protecting%20Your%20Privacy_Aug2004.pdf.

OUR PRIVACY POLICY: A COMMITMENT TO OUR DONORS

United Way of Calgary and Area is committed to protecting the privacy of its donors, volunteers, employees and other individuals. We value the trust of those we deal with and of the public and we recognize that maintaining this trust requires us to be transparent and accountable in maintaining the confidentiality of the personal information donors share with us.

United Way of Calgary and Area embraces the principles of the Canadian Standards Association Model Code for the Protection of Personal Information. We are committed to ensuring that all personal information is properly collected, used only for the purposes for which it is collected, and is disposed of in a safe and timely manner when no longer required.

United Way of Calgary and Area builds stronger communities by providing people a network of care when and where they need it. Through building partnerships and investing in proven strategies, United Way addresses immediate needs and finds long-term solutions to pressing social issues. As a non profit organization, we rely on the support of generous contributors, and achieve our fundraising objectives by engaging and understanding donors. We recognize that we deal with individuals and information about individuals and that it is essential that we protect the privacy of that information.

The Federal Personal Information Protection and Electronic Documents Act (PIPEDA) and the Province of Alberta's Personal Information Protection Act (PIPA) do not apply to most United Way activities; however United Way strives to embrace best practices. Therefore United Way is committed to follow the principles of the CSA Model Code for the Protection of Personal Information upon which PIPEDA/PIPA are based.

DEFINITIONS

Personal Information – Information that is recorded in any form, both fact and opinion and that can be used to distinguish, identify or contact a specific individual. It does not include business contact information and certain publicly available information such as names, addresses, and telephone numbers as published in telephone directories.

Donor – Any individual or organization that contributes funds to United Way of Calgary and Area.

Employee – Both paid and volunteer workers for United Way.

THE PRIVACY PRINCIPLES

An important aspect of fund raising is cultivating strong donor relationships and knowing the donors. Personal information is precious and we recognize that our donors trust us to treat their personal information appropriately. We are committed to protecting donor confidentiality. The following principles reflect our pledge to safeguard donors' personal information:

1. We are accountable for donors' personal information

We are responsible for all personal information in our possession. While senior management is ultimately accountable for the protection of personal information, United Way has appointed a designated privacy officer to monitor practices and procedures to ensure compliance with the principles set out in this policy.

We take every precaution to ensure the confidentiality of donors' personal information. The data that an individual or an employer provides is used to assist in our campaign, process and receipt donations, and respond to requests for information. All employees, agents and authorized service providers of United Way of Calgary and Area are required to protect the confidentiality of each individual donor's personal information.

Where we choose to have certain services, such as data processing, delivered by third party providers, we select the service providers very carefully. We take all reasonable precautions to ensure that the service provider protects personal information. These service providers enter into confidentiality agreements and do not keep any personal information on file.

2. We collect, use and disclose personal information only for certain purposes that we identify to donors

We collect, use or disclose personal information concerning our donors solely for the following purposes:

- Establish a relationship and to communicate
- Understand donors' identity and identify how we may improve our services to meet donors' preferences and expectations
- Reach our fundraising goals
- Process and receipt donations
- Provide donors with information about United Way
- Respond to donors' requests for information
- With donor's consent, publicly recognize individual donations
- Share donor information with another charity at the donor's request

We collect, use and disclose personal information concerning our employees and/or volunteers to:

- Recruit, train, recognize and retain highly qualified and motivated individuals
- Establish and maintain harmonious employer-employee relations
- Administer United Way policies and procedures
- Manage and promote the philanthropic activities of United Way
- Administer compensation and benefits

We obtain personal information about donors lawfully and fairly. Personal information collected will be limited to that required for the purposes identified by us.

United Way of Calgary and Area hosts a variety of special events designed to build public awareness and raise additional dollars. Some of these events require the gathering of personal information. We will inform donors of the purpose for which the information is being requested. We use this information only for the purposes related to this event and destroy it as soon as it is no longer required.

3. We will obtain donors' consent

We collect, use and disclose personal information only with donor permission.

The way we seek consent may vary depending on the sensitivity of the information and the reasonable expectations of the individual. Donor permission may be expressed in writing or it may be implied and may be given to us verbally or electronically.

A donor may withdraw their permission to collect, use and disclose their personal information at any time, subject to legal and contractual restrictions and reasonable notice. We will obtain individual donor consent before making information available to third parties.

Examples:

- **Designations** – when a portion of a donor's gift is directed to another charity, we will not provide the amount of the donation, the donor's name and the name of their employer to the recipient unless specifically requested by the donor.
- **Leadership Donors** – leadership donors may be publicly recognized by United Way.

Donors who prefer to remain anonymous should indicate this when making their pledge.

4. We keep donors' personal information accurate and up-to-date

We maintain appropriate procedures to ensure that personal information in our possession is accurate and up-to-date. Donors are entitled to seek a correction of their personal information if they believe that the information in our possession is not correct.

If a donor believes any of the information we have collected about them is incorrect or incomplete, the donor has the right to ask us to change it or delete it.

If a donor's personal information is inaccurate or incomplete, we will make the necessary changes.

5. We do not sell donors' personal information

We do not sell personal information to other organizations or individuals. We never share personal information with other non-profit organizations, without a donor's express consent for us to do so.

6. We will limit how long we keep information

We will keep donors' personal information only as long as it is necessary to satisfy the purposes for which it was obtained, or as required by law.

Personal information which has been used to make a decision about an individual will be retained long enough to allow the individual access to the information after the decision has been made. In the event of an access request or challenge, it will be held long enough to exhaust any recourse the individual may have under the law.

When we destroy personal information, we will use safeguards to prevent unauthorized parties from gaining access to that information during the process.

7. We safeguard donors' personal information

United Way of Calgary and Area will protect donors' personal information by safeguards that are appropriate to the sensitivity of that information.

Access to donors' personal information is restricted to United Way of Calgary and Area employees, volunteers, agents and authorized service providers who need it to do their jobs.

We maintain appropriate technical and organizational safeguards to protect donors' personal information against loss, theft, unauthorized access, disclosure, copying, use or modification.

We have developed security procedures to safeguard and protect personal information against loss, theft, unauthorized use or modification. We will maintain appropriate safeguards and security procedures that reflect the types of documents, including electronic or paper records, organizational measures including security clearances and limiting access on a "need-to-know" basis, and technological measures such as the use of passwords and encryption.

We collect only the domain name (e.g. Sympatico, Hotmail etc.) not the email address of visitors to our website. Donors on the site are linked to an industry standard secure payment service for credit card transactions. Our site uses "cookies" – small files containing information that track a visit to a website – in a session limited way. These temporary files follow the flow through the site to improve service to visitors. These files do not remain on a visitor's computer at the end of the visit, and cannot be used to obtain any personally identifiable details.

Computer browsers may be set to notify the visitor before receipt of a cookie, so the visitor may decide whether or not to accept it. The visitor can also set their browser to turn off cookies, but some areas of our site may not function properly.

UnitedWay@work, our online campaign tool, uses a secure server to allow donors to make donations or access their account information. The server encrypts personal information. For credit card transactions, United Way of Calgary and Area uses an

industry-standard secure service. More details about this program are found on the actual system.

8. We will be open about our privacy practices

In response to an inquiry, United Way of Calgary and Area will make readily available specific information about our policies and practices relating to the management of personal information.

9. We allow donors to access their personal information

Donors may ask whether we hold any personal information about them. Donors may ask to see that information as provided by law and to ensure that it is accurate.

Donors also have the right to know:

- How we collect personal information and
- How we use personal information.

Upon written request, we will inform a donor of the existence, use and disclosure of their personal information and we will provide access to that personal information. We will respond to donor requests within a reasonable time (generally within 30 days). We will assist in preparing a request. We may require a donor to provide sufficient information to permit us to provide an account.

While our response will typically be provided at no cost, depending on the nature of the request and the amount of information involved, we reserve the right to impose a cost. In this circumstance, we will inform the individual of the approximate cost to provide the response and request direction as to whether to proceed.

In certain situations, we may not be able to provide access to all the personal information we hold about an individual. Exceptions will be limited and specific as permitted or required by law. Where permitted, the reasons for denying access will be provided to the individual upon request.

10. Donors may register a complaint

Donors may register a privacy-related complaint by contacting United Way of Calgary and Area's Privacy Officer. We will explain our procedure and provide information about other complaint procedures available. We will investigate all complaints. If an objection is justified, we will take all appropriate steps to repair the situation, including changing our policies and practices if necessary. Personal information relating to volunteers, job applicants and employees are subject to similar protocols.

For More Information

For more information, please contact United Way's Privacy Officer at [Telephone Number] or by email at [Email Address].

SUBSECTION 8C

Fundraising Techniques

Like every non-profit organization, it is important for drop-ins to learn the techniques and skills of fundraising. Workshops are sometimes available from the United Way and other foundations. There are numerous books and articles on the subject.⁹ There are also a number of fundraising consultants that will help you to develop and launch a fundraising strategy.

The Canadian Centre for Philanthropy and the Coalition of National Voluntary Organizations recently combined to form an organization called Imagine Canada which serves as a fundraising resource for non-profit charitable organizations. Imagine Canada produces the **Canadian Directory to Foundations and Corporations**, which provides access to thousands of detailed records on foundations and corporations that support community service organizations. The Online Directory consists of both foundation information and corporate information.

While the directory is available on a subscription basis starting at \$275 per year, charities or non profit organizations with annual revenue under \$100,000 are eligible to use the Directory Starter Kit free of charge. The starter kit lets you receive up to five full foundation or corporate records, plus a complete guide to fundraising – *Building Foundation Partnerships*.

Approaches to Fundraising

Fundraising consultant Ken Wyman describes four different approaches to fundraising:¹⁰

1. **Institutional grantors**, including government, foundations, small and large businesses, service clubs and unions;
2. **Direct marketing**, including telemarketing, door-to-door and direct mail;
3. **Special events and product sales**, including golf tournaments, dinners and auctions; and
4. **Major individual donors.**

Wyman analyzes each approach according to seven measures to determine which approach is most effective within particular constraints of time and resources:

1. Speed of results
2. Return on investment per hour worked
3. Return on investment per dollar spent
4. Where to spend most of your effort
5. How to increase income
6. Hidden benefits
7. Hidden curses

⁹ See, for example, the list of resources available at: www.charityvillage.com/cv/research/rfundraising.asp.

¹⁰ Ken Wyman and Associates, *Fundraising Ideas That Work For Grassroots Groups*, Ottawa: Voluntary Action Program, Department of Canadian Heritage, 1995. Full text available for download at: www.canadianheritage.gc.ca/progs/pc-cp/pubs/e/pdfdocs/Fr4grass.pdf.

Wyman's analysis and helpful suggestions for making each approach to fundraising as effective as possible are attached in **Appendix 8C.1**.

Registered Charities and the Legal Aspects of Fundraising

Charitable organizations are required to comply with the rules and regulations established by the Government of Canada and administered by the Canada Revenue Agency (CRA). For detailed answers to a range of policy questions, visit the CRA website at: www.cra-arc.gc.ca/tax/charities/policy/policy-e.html. You may also call the CRA's Charities Client Assistance telephone line at: 1-800-267-2384.

To access advice on operating a charity and filing annual information returns in compliance with the Income Tax Act, visit the CRA's Charities Directorate at: www.cra-arc.gc.ca/tax/charities/menu-e.html.

If your drop-in is not officially a charity, but would like to register as one, the forms are available on the CRA website.¹¹

Tax receipts. If your drop-in is a registered charity, you may issue tax receipts for financial and in-kind donations.

As a general rule, the types of donations which may be granted a tax receipt in accordance with CRA stipulations are those wherein:¹²

- Some property, either in the form of cash or a gift-in-kind, is transferred by a donor to the registered charity;
- The property is given voluntarily. The donor must not be obliged to part with the property, for instance as the result of a larger contract or a court order; and
- The donor is transferring the property to the charity without expecting anything in return. No benefit of any kind may be provided to the donor or to anyone designated by the donor as a result of a gift.

This general rule is a good guide, but there are several exceptions and ambiguous cases. **Appendix 8C.2** provides a detailed list of particular types of donations and fundraising events that warrant and do not warrant the issuing of a tax receipt.

¹¹ Form T2050, *Application to Register a Charity Under the Income Tax Act*, is available at: www.cra-arc.gc.ca/E/pbg/tf/t2050/t2050-01e.pdf; last updated March 13, 2002. The guide to completing Form T2050, *Registering a Charity for Income Tax Purposes*, is available at: www.cra-arc.gc.ca/E/pub/tg/t4063/t4063-01e.pdf; last updated November 16, 2001.

¹² Craig Stevenson, "Issuing Tax Receipts," Charity Village feature article, n.d. Available at: www.charityvillage.com/CV/research/rfrm18.html.

Applications and Proposals

While every institutional funder will have their own unique process for applying for funding, often including a specific set of questions to be addressed, it is a good practice for drop-ins to develop generic material that can be included in funding applications, with modifications as needed to fit the specific funder. This will enable the drop-in to respond quickly when funding opportunities arise.

Some of the kinds of questions that can be anticipated in a funding application are illustrated in **Appendix 8C.3** Sample Funding Proposal.

ATTACHMENTS:

- **Appendix 8C.1 – Analyzing the Effectiveness of Different Approaches to Fundraising**
- **Appendix 8C.2 – A Guide to Issuing Charitable Tax Receipts**
- **Appendix 8C.3 – Funding Proposal Guidelines**

Appendix 8C.1 Analyzing the Effectiveness of Different Approaches to Fundraising

Source: Excerpted from Ken Wyman and Associates, *Fundraising Ideas That Work For Grassroots Groups*, Ottawa (ON): Voluntary Action Program, Department of Canadian Heritage, 1995, pages 32-35. Full text available for download at: www.canadianheritage.gc.ca/progs/pc-cp/pubs/e/pdfdocs/Fr4grass.pdf.

THE FOUR TYPES OF FUNDRAISING

No model is perfect and there are substantial differences between individual items in these four categories. But the similarities are enough to justify the grouping:

1. Institutional Grantors

This category includes:

- federal ministries
- provincial ministries
- municipal, regional and county, including boards of education, public health, parks and recreation
- small and large businesses
- foundations
- service clubs
- United Ways (as regular funders or for special grants)
- religious groups
- unions
- employee funds
- professional groups (such as Business Women's Association)
- other non-profits

These groups are rational and organized in the way they give away their money, and they expect you to be equally organized in the way you ask. Present briefs, plans, budgets and annual reports. Work with influential people to open doors.

The hardest part is deciding which grantors are best to apply to. It will take a few people a lot of hard, behind-the-scenes work, but if it pays off it can provide large sums of money.

Speed of results: Six months or more may elapse from initial contact to actual donation. This is a bureaucratic system.

Return On Investment (ROI) for dollars per hour worked: high. Not a lot of labour is required, but it must be of high quality. Staff usually write the grant proposals, though volunteers could do more.

ROI dollars per dollar spent: high. Little cash investment is required.

Spend 80% of the effort on: behind-the-scenes research. The hardest part is deciding which funders are most worth the effort, and what would excite them.

Increase income by: having volunteers with contacts inside funding groups. Friends, employees, club members and other personal connections lift you from the slush pile. Personal presentations by volunteers help, even if they have no contacts.

Hidden benefit: gain credibility. Other funders are impressed by groups that have already received grants.

Hidden curse: short-term grants are most common. Funding seldom lasts more than three to five years. Frequently, it is only enough for a few months to build a demonstration project. Rarely can you count on ongoing core funding.

2. Special Events and Product Sales

Special events and product sales include thousands of different ideas. They all boil down to “give donors something for their money.” There are more similarities than differences between selling tickets to events and selling cookbooks, buttons, calendars or chocolate bars.

Speed of results: at least three to six months of advance planning are required to have “an overnight success.” Results improve with each repetition. It is very similar to starting a business. Would you open a restaurant for one night? Jump into the show-biz world of concert promotion for one night? Profits can be slim.

ROI dollars per hour worked: low. This is labour-intensive. Many hours of volunteer time are needed. Too often staff find themselves drawn in as well.

ROI dollars per dollar: low to medium. Profits can be slim. Groups lose money, despite countless hours of hard work by many volunteers. Special events and product sales also tend to require a lot of money upfront. Events typically cost 50% of the money raised — unless the expenses are covered by sponsors and in-kind donations.

Increase income by: holding fantasy auctions, and by charging high prices for “Gold” and “Platinum” admission tickets. Some of your supporters may be prepared to spend far more than you would imagine, if you make it exciting.

Spend 80% of the effort on: ticket sales. It doesn’t matter how good the event is, if no one comes. Focus on events where you don’t have to put on a show (a “stay-at-home”) or someone else puts on the show (a preview).

Hidden benefit: Events can educate people, gain you publicity, and find you new supporters. In addition, people who are uncomfortable asking for donations often find it easier to sell something.

Hidden curse: The net returns after hard work can be very discouraging. Another problem is that donors in this setting often put on their “careful consumer” hats. If you asked for \$25 as an outright gift they might give it, but offer a dinner worth \$10 for \$15 and they may counter that they could get a hamburger for \$2.50.

3. Direct Marketing

Direct marketing includes:

- direct mail
- telephone campaigns (telemarketing)
- paid advertising
- free public service announcements (PSAs) in newspapers, magazines, radio, TV
- telethons and other television direct response
- door-to-door

All of these are ways to reach large numbers of people and ask for relatively small donations from each.

Speed of results: One to two years or more may be required to build up a significant donor base. Acquiring a donor list is the first step. After that you can build results from the house list of proven donors. Any mailing takes eight to ten weeks to get out, and another three months before all the income is in.’

ROI dollars per hour worked: high. A week’s work is enough to get a campaign rolling. Staff or consultants look after the mechanics. Volunteers can personalize letters to friends and handle receipts and thank-you letters.

ROI dollars per dollar: low at first, growing to medium. Direct marketing can be very expensive to start up, but can return larger sums of money year after year. Costs are always a significant proportion of income.

Increase income by: telephoning current and past donors. Reply rates can be five times better than mail, and average donations two or three times higher.

Spend 80% of the effort on: choosing the right lists. The right package going to the wrong person is a waste.

Hidden benefit: donors who will be “upgraded” to larger amounts in the future. Monthly donors, gift clubs, and major gifts come from people who start with a \$15 or \$25 donation.

Hidden curse: 25% of donors disappear because they move. To replace each one who lapses, you need to ask 50 to 100 new prospects.

4. Major Individual Donors

This category includes:

- one-on-one meetings with individuals
- planned giving — wills and bequests
- some small groups

This is possibly the most efficient way to raise money at low cost. It is also one of the scariest. People need training before they're sent out to do this. The old saying is "80% of your money should come from 20% of your donors." This is the way to get those important larger donations from special friends. The biggest gifts come from personal, face-to-face discussions, not through letters or phone calls.

Speed of results: very fast. Although careful preparation and research are advisable, the first requests can be done almost immediately.

ROI dollars per hour worked: very high. This is possibly the most efficient way to raise money at low cost. Little staff time is required.

ROI dollars per dollar: very high. Almost no expenditure is required. Printed material is not essential.

Increase income by: concentrating on people who know the work you do very well and could give large amounts. Old friends may surprise you with generous gifts if they are asked. New friends take longer to win over.

Spend 80% of the effort on: role-playing. Practice how you will talk with donors before going to them.

Hidden benefit: People you never imagined could give large gifts will overwhelm you with generosity. They will be very happy to finally have a chance to give more. Eventually they may leave large amounts in their wills.

Hidden curse: Untrained volunteers may not believe it works.

Appendix 8C.2 A Guide to Issuing Charitable Tax Receipts

Source: Craig Stevenson, “Issuing Tax Receipts,” n.d. Available at: www.charityvillage.com/CV/research/rfrm18.html. This table was developed by Stevenson based on the following Canada Revenue Agency (CRA) publications: Interpretation Bulletin IT-110R3 (Gifts and Official Donation Receipts); Interpretation Bulletin IT-297R2 (Gifts in Kind to Charity and Others); Tax Guide RC4108 (Registered Charities and the Income Tax Act – Draft); and Registered Charities Newsletter, Winter 1992-1993, No. 3.

ISSUING TAX RECEIPTS

Type of Event	What the Charity Receives	Receipt	Comments	Reference
Dinner	Price of admission	Yes	For the amount paid in excess of the value (not cost) of any food, entertainment and other services or consumable goods included in the price of admission.	IT-110R3, para. 5
Dinner coupled with an auction	Price of admission that includes dinner and auction	No		IT-110R3, para. 5
Dinner coupled with a lottery or draw	Price of admission that includes dinner and draw	No	Exception: Where the prizes or awards have only nominal value.	IT-110R3, para. 8
Concert or Show	Price of admission	Yes	For the amount paid in excess of the value (not cost) of any food, entertainment and other services or consumable goods included in the price of admission.	IT-110R3, para. 5
Concert or Show coupled with a lottery or draw	Price of admission that includes concert or show and draw	No	Exception: Where the prizes or awards have only nominal value.	IT-110R3, para. 8
Golf Tournament	Price of admission	Yes	For the amount paid in excess of the value (not cost) of any food, entertainment and other services or consumable goods included in the price of admission.	IT-110R3, para. 5

Type of Event	What the Charity Receives	Receipt	Comments	Reference
Golf tournament coupled with a lottery or draw	Price of admission that includes golf tournament and draw	No	Exception: Where the prizes or awards have only nominal value.	IT-110R3, para. 8
Auction	Price of admission	No		IT-110R3, para. 5
Any Event	Donated services	No	There is nothing to prohibit a charity from paying for services and later accepting the return of all or part of the payment provided it is returned voluntarily. However, since the donor must also account for the taxable income that would be realized as remuneration, there is no real tax benefit to the donor and one must question the donor's motives for requesting a receipt.	IT-110R3, para. 15(c)
Any Event	Low value items	No	Examples: Hobby crafts or home baking.	Newsletter No. 3
Any Event	Selling price of goods or services at fair market value	No		IT-110R3, para. 15(e)
Any Event	Selling price of goods or services in excess of fair market value	No	Exception: An official receipt may be issued if the goods or services have only nominal value.	IT-110R3, para. 15(e)
Any Event	Payments or gifts of merchandise or supplies from a business whereby the business receives a material advantage	No	A material advantage may include, but is not limited to, promotion or advertising in return for the gift.	RC4108 and Newsletter No. 3

Type of Event	What the Charity Receives	Receipt	Comments	Reference
Any Event	Business inventory	No	<p>Gifts of business inventory are allowable gifts in kind. However, if the business claims a deduction for the donation it must also claim the same amount as income. Since a donation receipt provides no real tax benefit to the business, one must question the donor's motives for requesting a receipt.</p> <p>For taxation purposes, the business automatically receives a deduction from income through its cost of goods sold.</p>	Newsletter No. 3
Any Event	Gifts in kind	Yes	<p>For purposes of issuing an official donation receipt, the fair market value of a gift in kind is determined as at the date of the donation.</p> <p>If the gift is likely to be valued at \$1,000 or less, the Charity may prefer to have one of its qualified staff or volunteer members evaluate the gift. For higher value items, an independent appraiser should be consulted.</p> <p><i>Caution:</i> Be wary of in-kind gifts that have been arbitrarily assigned a value of \$1,000. This is a common feature of art flip schemes, for example, whereby the “donor” purchases artwork in bulk quantities for under \$400 a piece and donates them individually with an appraised value of \$1,000 a piece.</p>	IT-297R2, para. 6 and Newsletter No. 3

Appendix 8C.3 Funding Proposal Guidelines

Note: This funding proposal is designed to illustrate the kind of questions that drop-ins can expect to be asked by major institutional funders such as foundations and governments.

FUNDING PROPOSAL

1. *Project Title/Organization Name*

If the drop-in is sponsored by an existing organization, be prepared to provide detailed information about the sponsoring organization. This may include:

- Brief history,
- Board of directors,
- Mission statement,
- Description of programs and activities,
- Major accomplishments,
- Budget for overall organization for current year,
- Most recent audited financial statements,
- Description of where the drop-in fits into the organizational structure and mission, and
- Charitable registration number, if applicable.

2. *Project Description/Background*

A. **Main purpose/goal of the project in one sentence**

This should describe the mission or mandate of the drop-in.

B. **Brief description of project**

Provide a brief background to the drop-in and to the specific aspect for which you are applying for funding. Why is the drop-in important and why is the specific project or need that you are applying for important?

3. *Funds Requested/Timelines*

- Prepare a budget and a work plan.
- Identify all sources of funding and all expenses.
- Be sure to define the extent of volunteer contributions.
- Show specifically how the funding will be used; funders don't like to see their money "thrown into the pot."

4. *Key Benchmarks of Success/Outcomes*

A. **Ultimate outcomes**

- What will be achieved in the long term because of the funding and the activities that it supports?
- Funders want to know that their support will make difference.

B. **Short-term indicators of success**

- How will you measure that you have made a difference?

- Be careful to avoid focusing on activities; focus instead on outcomes (i.e. it's not about how many people use the service, it's about what the service does for them).
- Funders want to see measurable achievements.

5. ***Sustainability of the project***

- Be prepared to say what will happen when the funding ends if the funding is only temporary.
- Describe how the work of the drop-in is sustained by organizational support, other donors and supporters.

6. ***Staffing***

Who will be responsible for the funded programs?

If staff are in place for the program, describe their skills and qualifications and their experience with this kind of program. If staff are not yet hired, describe the skills that will be required.

7. ***References***

Be prepared to include names of people in established organizations that can speak in support of your proposal, including the need for the project and your ability to carry it out. Speak to the references about your proposal and provide a copy to them.