

PREFACE

The charitable and not-for-profit sector has seen substantial changes over the last 20 years. The changes have not been just in the growth of the sector; changes have also occurred in the context in which the sector operates and in the sector's maturation.

Twenty years ago, the legal, accounting and management literature available to assist directors and officers of charitable and not-for-profit organizations was minimal. Most of the literature was either U.S. or British in nature. It did not reflect the Canadian legal context nor the Canadian culture and approaches. What assistance did exist was "tax" related. It did not help directors, officers and others to understand what the obligations were, how to comply with those obligations and how to govern the organizations. The Canadian Centre for Philanthropy (now Imagine Canada) was in its infancy, specialized journals such as *The Philanthropist* were just getting started, and there were few academic or practical courses to train staff at universities or community colleges.

The 1990s and early 21st century have witnessed a growth in all areas of the charitable and not-for-profit sector. There have been significant events that have focused attention on the sector — the Ontario Law Reform Commission report on charities, the Panel on Accountability and Governance in the Voluntary Sector ("Broadbent Report"), the Voluntary Sector Initiative between the Government of Canada and the sector — being three positive examples. There have also been some less positive examples arising from events with respect to grants and sponsorships, and incidents in the United States, Canada and elsewhere. All have pointed, in either a positive or negative manner, to the role of directors and officers in governance, to compliance by organizations with the law and public expectations, and to a greater level of sophistication and complexity.

The sector has grown in its roles, functions and activities as part of Canadian society. It has also grown in its complexity and sophistication, both in response to the needs of society and also in response to public expectations. That growth has a number of positive features, including an ability to meet better the needs of Canadians in an efficient and effective manner. It also means that the legal, accounting, and managerial environment is increasingly complex, "legalistic" and difficult to comprehend. And all of these changes have occurred while maintaining the basic "volunteer" nature of directors and officers.

Greater expertise is needed within the sector to assist directors and officers to do their jobs. This reality should not come as a surprise; society does not expect directors of business corporations to be experts in all areas of the operations. The law and public expectations are that directors and officers will have in place an appropriate governance structure, including compliance provisions, and that they will retain the professionals to implement this structure.

Why not the same for charities and not-for-profit organizations? Indeed, over the last 20 years, that is what has begun to happen. There has been a dramatic increase in the number of lawyers, accountants, managerial consultants, fundraising consultants and other professionals who have developed a specialty in this area, and in some cases, a practice that is exclusive to the sector. Indeed, in many cases, they have become “specialized” in certain parts of the sector (arts, sports, social services, and so forth) or topics, such as “governance”.

The literature has also grown in size and scope. It is reflective of the increasing complexity of the sector and the environment in which the sector operates. Less than 20 years ago, Butterworths Canada published the first edition of *The Law of Charitable and Non-Profit Organizations* and in 1999 the first edition of this *Handbook*. Since then, there have been two other editions of the original text and this *Handbook* is in its second edition. The *Handbook* series has also grown in size and is increasingly specialized — there are now *Handbooks* on management, bequest management, trade marks, human resources and more in the works.

The context has caused a number of changes for the second edition of the *Fundraising Handbook*. First, the *Handbook* focuses more on “accountability” and “compliance” and the role of the directors and officers. Some areas have been reduced in coverage (such as charity information return) and the greater emphasis has been placed on the concepts that directors and officers need to understand. For example, in Chapter 8, there is discussion on the concept of “split-receipting” but because of the inherent complexity that has been created (and uncertainty) that chapter also emphasizes the need for directors to make a decision on whether to participate in such approaches to fundraising. They should do so only with good legal and accounting advice in making that initial decision and thereafter in developing that part of the fundraising campaign.

The second change has been the participation of Cheryl Ewing. Ms. Ewing is the principal of Cheryl A. Ewing, Audience Development Consultants — an example of the greater specialization that has occurred

and is needed in the charitable and not-for-profit sector. She has contributed to the chapter on special events and earned income, changing both the content and tone.

Clearly, this *Handbook* and others in the series — which are endorsed by Imagine Canada — will change with the sector. The series is a work in progress. It must reflect what the directors, officers and managers of the organizations need and want so that charities and not-for-profit organizations can provide public benefits in an efficient and effective manner. We welcome your comments, therefore, on improving the individual *Handbooks* and suggestions for new titles.

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