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## **IMAGINE CANADA TO LAUNCH ITS STANDARDS PROGRAM IN 2011**

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*By Terrance S. Carter\**

### **A. INTRODUCTION**

By the end of 2011, Imagine Canada will be launching its Standards Program, which will provide a nationwide guideline to charities and nonprofit organizations in the areas of fundamental governance, paid-staff management, financial accountability, fundraising and volunteer involvement. Part of this Program is a voluntary accreditation program where organizations wishing to publically demonstrate their compliance with the Program's standards may do so through a third-party peer review system in place.

The goals and standards of this program are:

- ◆ To help charities and nonprofits improve their practices by providing educational tools and capacity-building initiatives;
- ◆ To foster public trust, promote confidence in the sector and protect both the credibility of the sector and the interests of the public;
- ◆ To create a community of practice in the charitable and nonprofit sector; and
- ◆ To unite the charitable and nonprofit section through shared standards that demonstrate good governance of the community organizations that the public entrusts Imagine Canada to lead.

The Standards Program will be piloted in 2011 with only the founding members of the program followed by a public launch with charities and public benefit nonprofits in 2012.

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## **B. HISTORY**

The Program is a partnership project between Imagine Canada, Volunteer Canada and the HR Council for the nonprofit sector. The idea of such a program came about in 2006 when the Accountability Reference Group (ARG), a creation of Imagine Canada began discussions on general standards of the charitable and nonprofit sector. Within the next year, a Standards Steering Committee was formed to formulate a plan for a national program. In July, 2009 the Steering Committee released *A Proposal to Implement Voluntary Standards of Excellence in Canada's Voluntary Sector*.

After receiving positive feedback from charitable and nonprofit organizations in March, 2010 Imagine Canada hosted a standards forum where it discussed its implementation plan to launch a national standards program. 51 of the 200 participating organizations became founding members of the Standards Program. Twenty-seven of the founding members combined with the Imagine Canada Board became what is known as the Standards Steering Committee.

## **C. PROGRAM OVERSIGHT**

The Program will be governed by the Standards Steering Committee in which an independent Standards Council will oversee the Program while the Imagine Canada Board will bear legal responsibility for actions of the Program.

The Standards Council's role is to oversee the entire Program. The Council's members are composed through a dual system of appointment by Imagine Canada's Board and election by the founding members. Its duties include, along with many other things, recommending Program policies and procedures to the Imagine Canada Board, approving the standards, and recommending participation fees.

The Board is composed of elected members of Imagine Canada for a three year renewable term. Responsibilities include, but are not limited to the following areas of oversight: Program policies and procedures, approval of participation fees, and the right to appoint three people to serve on the Standards Council.

The mandate of the Standards Council is to effectively oversee the Standard's Program under the supervision and authority of the Imagine Canada's Board of Directors, as well as to ensure the existence of an efficient process to create future Standards Councils.

## **D. ACCREDITATION PROCESS**

The accreditation process has three different stages. The first stage is the preparation stage which can take anywhere from 3-9 months depending on the size and sophistication of the organization. Individuals who wish to participate in the Program will be required to sign a participation agreement and pay the application fee. This participation agreement will allow Imagine Canada staff to gain access to the organization's information and assist it prepare its application for membership.

Once the application is submitted the review and approval process is initiated, it can take anywhere between 6-9 months for the Committee to make a decision. When the initial application is submitted, it will be reviewed by seven regional members of a national peer review committee. The Review Committee can make one of four decisions: accreditation, conditional accreditation (90% compliance), revise and resubmit, and non-accreditation.

If the organization is accredited, then the board of an organization is required to submit compliance documents to the Committee stating that it will stay in compliance with the standards during its accredited period. Each accredited period is five years, after which the organization is required to resubmit an application for renewal of its status. The compliance will be monitored through onsite spot checks/audits of 3-5% of organizations by peer reviewers and staff. If an organization is found to be in breach of any of the standards the organization will be investigated and provided with an opportunity to explain the breach and remedy the situation.

Application forms are specific to where one falls on the three levels of organizations and can be obtained by contacting Imagine Canada at: [standards@imaginecanada.ca](mailto:standards@imaginecanada.ca). The application deadline for the 2011 pilot program is September 30, 2011. In November, 2011 the Peer Review Committee will meet to make accreditation decisions. In upcoming years there will be two intake periods annually and applications will be reviewed within 4-6 weeks of each deadline.

Fees for the Program depend on the size of the organization applying. There are two types of fees involved: Application Fees and License Fees. Application fees are paid initially in year one during the preparation stage, and later upon renewal of the status. Licensing fees on the other hand are annual and initially paid at the review and approval stage. The fee amount for each type of fee depends on the size of the organization.

## **E. STANDARDS**

Standards are broken down into three levels and depending on where the organization falls on that scale it will be required to comply with its level's standards. Level 1 is for organizations with less than one full-time equivalent (FTE) employee. Level 2 is for organizations with between 1 and 50 FTE employees and up to \$5 million in annual operating expenses. Level 3 is for organizations with more than 50 FTE employees or over \$5 million in annual operating expenses. Annual operating expenses equals average operating expenses over the last three years. For Charities, it is the amount on line 5100 of their Registered Charity Information Returns (T3010).

Section A of the Standards focuses on Governance Standards. This section focuses on the organization's culture, objectives, mission and values. It focuses on whether boards have implemented a strategic operating plan, to ensure proper oversight of the organization's activities. There are 27 different sections however, a significant number of them do not apply to Level 1 organizations.

Section B of the Standards focuses on Financial Accountability Standards. This is a small yet very important section. This section applies to all Levels of organizations. This area concerns annual financial statements particularly in the areas of auditing financial statements, public availability of certain financial statements, and annual operating budgets. There is a standard applicable only to charities whereby the board of a charity must ensure that it has a process to ensure timely and accurate submission of the organization's Registered Charity Information Return (T3010).

Section C of the Standards focuses on Fundraising Standards. This section concerns fundraising policies, donations and gifts, and privacy of donors. There are a few standards applicable to charities only. For example, the charity must ensure that all donations are used to support the charity's objects, as registered with CRA. The other standard relating to charities concerns income tax receipts for gifts whereby for

charities an official income tax receipt must be prepared, whereas for nonprofit organizations it may acknowledge in writing that certain contributions are not entitled to be officially received.

Section D of the Standards focuses on Staff Management Standards. Except for ensuring that the organization provides a safe work environment and an environment free of harassment the rest of the 24 standards do not apply to Level 1 organizations. The rest of the standards concern management policies, internal conflict resolution policies and resource allocation for employee training and development.

The final section, E, is Volunteer Involvement Standards. It is a relatively small section compared to the other sections. However 7 out of 10 of the standards are applicable to all levels of organizations. The standards that concern all levels are: organization policy and procedures to support volunteer involvement. The ones that do not apply to Level 1 concern formal volunteer recruitment, and regular evaluation of impact and contribution of volunteers and the volunteer program itself.

Each level has its own set of expectations and procedures to follow and thus, it is imperative that organizations follow the standards for the level they belong to in order to ensure full compliance with the Accreditation Program.

## F. CONCLUSION

The introduction of the Standards Program will provide a significant opportunity for charities and nonprofits to create a national image of excellence. Whether an organization's board voluntarily participates in the Accreditation Program or simply incorporates the national standards into the governance of the organization, the existence of such a Program will help to ensure that charities and nonprofits are provided with guidelines in order to ensure the effective operation of the organization while staying within the parameters of high ethical standards and due diligence.