



CORPORATE DONATIONS POLICY

1. INTRODUCTION

This document is intended to assist Ontario credit unions in establishing an organizational policy for charitable funding in support of the communities it serves. A corporate policy may draw from the credit union's mission statement or from the Co-operative Principles which have been developed by the World Council of Credit Unions and adopted by Central 1. The Charitable Foundation recommends that the policy be adopted by the credit union senior management, Board of Directors and staff and that they support community activities on behalf of the credit union.

1.1. *Sample Corporate Donation Policy for Charitable Funding*

"XYZ" credit union actively encourages individual and social development by supporting efforts to improve personal well being, realize human potential and uphold principles of social justice in the community for which we live and work."

"The rationale and inspiration for the involvement of XYZ Credit Union in making charitable donations is driven by our Mission and Guiding Principles as follows:

- We are committed to playing an active role, in co-operation with other community minded organizations and individuals, in furthering the wellbeing of our community.
- As part of this broad commitment, we seek, through the personal involvement of board members, management and staff, to support or initiate projects designed to benefit the community."

1.2. *Another example:*

"The Credit Union has an active concern for human welfare, both in the local communities in which we operate, across Canada and around the world."

"The XYZ Community Investment Programs exceeds the "Caring Company" standard set by the "Imagine Campaign" for corporate giving. The purpose of our Community Investment Program is to support our corporate objectives and represent our corporate values publicly while addressing critical needs in (insert a location). XYZ Credit Union encourages and supports

volunteering in the community by staff and elected representatives."

"By improving over time, the health and vitality of the local market area as a good place to live, learn, work, play, etc, the credit union will benefit through market growth, employee recruitment and retention, etc."

2. GENERAL CONSIDERATIONS

In developing your donation policy, the following questions may assist in outlining the organization's commitment and control of donation funds for the purposes of community support:

- Who in the credit union considers and approves donation requests?
 - Board, members, CEO, a committee of employees/members, the Marketing Manager, or a combination of the above.
- How are these donations reported?
- Are there restrictions on approval limits?
- Does the credit union prefer certain types of charitable organizations over others?
 - e.g. local charitable initiatives rather than national organizations
- Does the credit union restrict donating to political or religious causes?
- If the credit union funds bursaries and/or scholarships annually, is there a policy statement to support this?
- Should marketing opportunities be considered when donating to an organization?
 - e.g. you could be promoted as the gold sponsor for a fund raising event through your donations
- Should the credit union apportion its funds by percentage for various communities or categories of interests?
 - e.g. welfare, citizenship, cultural, etc.
- Should the credit union have a policy on multi-year commitments to funding a charity?
 - is this properly reported to the Board

3. CORPORATE DONATION POLICY FUNDING

In considering a corporate donations policy the credit union must make a strong financial commitment and establish an appropriate funding formula. This will ensure consistency each year and that there will be dedicated funds available to support ongoing programs as required.

Opinions vary on the right approach and many vary in how much is right for their size and style of operation. The "Imagine Campaign" recommends that a corporation set aside at least 1% of before tax net income for charitable purposes but an increasing number of leading credit unions are pushing this limit to 3, 4 and even 5%.

Other methods of allocation could involve utilizing a set dollars per million of assets which would provide a very consistent value each year. The downside to using this method is that in a year of declining earnings, you have obligated yourself to the donation regardless of the bottom line. Ultimately, you must devise a formula that is suitable to your organization.

3.1. Sample Funding Formula

The Foundation recommends establishing categories of donations with targets to properly allocate funds across a large segment of corporate donations such as the following:

<u>Category</u>	<u>Budget Allocation</u>
Health/Welfare/Social Agencies	10%-15%
Education/Cultural/Citizenship	30%-40%
Sports/Athletics & Recreation	15%-20%
Miscellaneous Contingency	5%-10%
% of donation \$ within your community	up to 85%
Ontario Credit Union Charitable Foundation	15%
Total	100%

3.2. Administrative Procedures

Once you have established your organization's funding formula it is important to establish the administrative process and procedures. The following is an example of a credit union's general policy that provides the CEO with established limits of authority:

"All requests for donations to be forwarded to the CEO or delegate. Branch Managers make recommendations on donation requests from their local areas. The CEO is authorized to disburse donations under \$5,000 at their discretion, provided the requests fall within general policy guidelines. All requests over \$5,000 must be reviewed with the Board Executive Committee. Requests over \$7,500 require Board approval. All administration will be the responsibility of the CEO or delegate including forwarding of receipts or acknowledgements to the finance department."

4. ONTARIO CREDIT UNION CHARITABLE FOUNDATION

The Ontario Credit Union Charitable Foundation provides funding for numerous Credit Union community projects throughout Ontario every year by matching the dollars that Credit Unions donate to qualifying projects. In order to expand this Foundation program provincially and to develop major Ontario Credit Union charitable initiatives as well as funding ongoing development of co-operatives and credit unions throughout the developing world, your regular financial support is critical.

4.1. The Foundation's Mission and Values

The Foundation's Mission is to be the charitable foundation of choice to champion community development in partnership with Ontario credit unions. We value:

- Opportunities to encourage cooperation and volunteerism in achieving the Foundation's objectives;
- Operating with empathy, ethics, integrity, transparency and accountability;
- Promoting and being driven by our concern for communities both at home and internationally in order to transform lives; and
- Developing our young leaders.

We ask and encourage your organization to seriously consider a Foundation donation through our annual assessment program as part of your ongoing policy of community support.

4.2. Contribute to the Foundation

Currently many credit unions, chapters and associations host annual golf tournaments, silent auctions, a Co-op Week event, bake and craft sales and donate the net proceeds to the Foundation. In addition, we receive direct donations as part of their annual community giving.

5. SUMMARY

We hope that the information in this document will assist in creating your corporate policy.

If you require additional information about this document or the Foundation, please contact the Foundation's Executive Director,

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