HOW TO BE A STAR IN YOUR NONPROFIT UNIVERSE

Compliance Basics for NL Nonprofits

contents

templates

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foreword

We encourage citizen engagement, the integration of social and economic development and leadership in shaping public policy.

CSC NL is a resource centre that:

- Convenes and connects people
- Provides training opportunities
- Fosters volunteerism and leadership
- Maintains an online directory of organizations
- Delivers innovative programs
- Researches and shares information

The Community Sector Council Newfoundland and Labrador is pleased to release this guidebook to assist nonprofit leaders both paid and unpaid in managing compliance obligations. It presents an overview of significant requirements and provides guidance for good practice.

It is part of a larger project, *Tapping the Untapped Potential*, designed to support the sector's labour force for economic and social growth. Contact us if you have suggestions for other guidebooks which might be helpful to your organization.

Many thanks to Jane Severs the author of this Compliance Guide, to the Government of Newfoundland and Labrador for financial support, to colleagues who have offered insights and especially to the thousands of volunteers and employees who every day make life better throughout the province.

Penelope M. Rowe CM
CEO
Community Sector Council Newfoundland and Labrador

preface

There are lots of great reasons to accept a leadership role with a nonprofit.

Getting into trouble isn't one of them.

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Jane Severs is a Consulting Heritage Planner based on the Avalon's Southern Shore. She is currently Vice Chair of the Colony of Avalon Foundation and NL Governor/Vice Chair of the National Trust for Canada.

True story. A couple of years ago, I was invited to an emergency meeting. A nonprofit had received a letter from the Canada Revenue Agency demanding immediate payment of tens of thousands of dollars of unremitted HST.

Wait ... it gets worse.

The nonprofit couldn't pay that bill because the HST money was gone. No one had stolen anything and there was absolutely no intentional wrong doing. However, the money that should have been paid to the CRA was used to cover operating expenses.

So there we were - invited community supporters, board directors, and management - squeezed around a table, trying to come up with a solution. Three responses emerged. The first was denial. There must have been a mistake. They were a tiny nonprofit. None of these rules applied .... right? This was followed by finger pointing. The board was convinced that HST remittance was management's responsibility, and vice versa. And the third was avoidance. Surely the Canada Revenue Agency had bigger fish to fry. Maybe, if the organization ignored the notice, it would all just go away. Besides, what's the worst the CRA could do?

My nonprofit work has never been part of an evil master plan. I didn't accept my current board position and think "How can I run this organization into the ground?" I don't spend my days dreaming up ways to be deliberately negligent. And I'm willing to bet you're the same.

Yet, despite our best intentions, too many nonprofits and their leaders do land themselves in trouble. Most of these cases involve minor mix-ups and solutions are found.

a generous supporter stepped forward with a donation that covered the entire amount owed! Problem solved? Not quite.

The HST scare quite literally scared a lot of people. The Executive Director resigned shortly after the emergency meeting. Most of the board followed. The organization was saved, but several years later, it's still rebuilding.
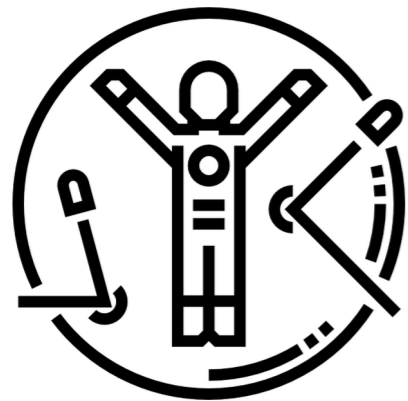
Compliance is not about punishing organizations for mistakes. It's about <u>us</u> implementing practices and policies that prevent our organizations from making mistakes in the first place.

But even small stumbles have costs. They waste valuable time and energy, stress folks out, and may damage an organization's reputation with funders and supporters.

Which brings us back to our nonprofit with the HST problem. It was decided that a public appeal for donations was their only option and (miraculously!)

The moral of this story? It's always better to prevent a problem, than to solve one, and that's where compliance comes in. *Compliance* is the process of making sure your organization follows all applicable laws, regulations, standards, agreements and policies. Compliance is not about punishing organizations for mistakes. It's about

implementing practices and policies that prevent our organizations from making mistakes in the first place.

Compliance is good. Compliance is fun! Ok, that last bit is a slight exaggeration, but compliance will make you a star in your nonprofit universe. It will increase your organization's effectiveness and efficiency, improve relations between board and management, make you more attractive to funders and donors, and let everyone sleep a little easier. And who doesn't want that!
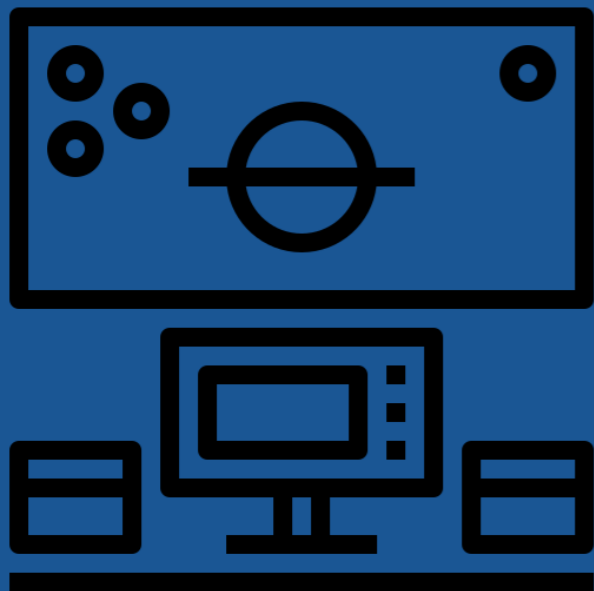
Compliance: Ensuring your organization follows all applicable laws, regulations, standards, agreements and policies.

1.

introduction:
about this handbook

If you hold a leadership position with a NL nonprofit, this handbook is for you.

That includes both paid management and all board directors, regardless of the size of your organization. If you're a nonprofit board member with, or are employed by, a tiny organization and think compliance isn't your concern, it's time for some tough love:

- **Compliance is never optional.** No one is going to look the other way simply because you do "good work" or hand out a get-out-of-jail-free card because you're a volunteer-led organization with no professional staff.

- **Ignorance is never an excuse.** You can't defend your organization's actions or omissions by arguing you didn't know they were illegal.... even if you honestly did not realize you were breaking the law.

- **The board of directors of an incorporated nonprofit organization is legally responsible for the actions of the organization, including those of its employees and volunteers.** If that has you freaking out a little, we understand. Take a deep breath and keep reading.

- **It is extremely rare in Canada for a volunteer board to be sued**, and rarer still that it's found to be legally liable, but it <u>is</u> possible.

We're not going to lie. Implementing a culture of compliance within your organization will take some time and effort, but it's not the terrifying, time-sucking, black hole you might imagine. Plus, we're here to help! This guide is designed to walk you through the process step-by-step, including:

- Identifying and locating compliance-related documents

- Understanding your organization's operating context

- Compiling your organization's Compliance Manual

- Creating and maintaining a Compliance Calendar

PLUS we've included tips, tricks, tools and links to help make sure you're covered if/when problems arise.

Heads Up

Ready to take your first steps towards compliance? Great! But before we get started, a quick heads-up. Nonprofit compliance is VAST. There are regulations and legislation that apply to all NL nonprofits, but there are also compliance issues that are sector specific, or depend on your organization's legal tax status, or on the type of activities you engage in, or the people you serve. Plus, legislation and its legal interpretation are constantly evolving.

The process we've outlined in this handbook is an introduction. It's designed to give you the confidence and tools needed to achieve <u>basic</u> compliance. If your organization has never seriously discussed compliance before, creating a compliance manual and organizational calendar are amazing accomplishments. But it's important to realize that they are a beginning, not a final destination.

If that sounds overwhelming, relax. Compliance is empowering, and kind of addictive. We guarantee that once you've mastered the basics, you'll <u>want</u> to go further. Don't believe us? Just give it a try.
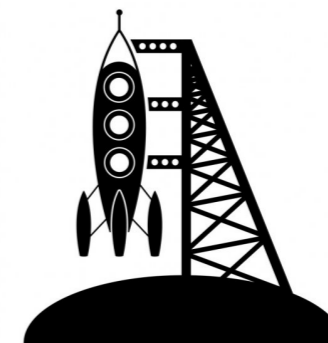
2.

creating a compliance manual

Q & A

What the heck is a Compliance Manual?

A Compliance Manual is a designated place to assemble and store copies of your nonprofit's essential documents (Don't worry. We'll explain what "essential documents" are in a bit).

Why do you need one?

It's your launch pad to compliance. **Your nonprofit operates within a system of rules and regulations that governs what you can do and how you must do it.** This includes:

- Federal and provincial laws

- Internal policies and procedures

- Contracts and agreements between your organization and another party (e.g. a funder, sponsor, contractor, or employee)

The first step in the compliance process is mapping that system and determining which rules, regulations and obligations apply to your organization. And that information is contained in the documents you'll file in your Compliance Manual.

Who should create it?

The short answer is whoever volunteers (or is voluntold) to do it. If your organization has an Executive Director, your board may ask them to compile the manual. HOWEVER, there's real value in having management and the board collaborate on this work.

Hard copy or digital?

Ultimately that's your choice, but consider creating and maintaining BOTH printed and digital versions of your compliance manual. Keeping all your files in one format can be risky. Plus, sometimes it's convenient to have an actual, physical document to reference.

There's real value in having management and board members collaborate on this work.

All members of your organization's leadership team (paid and unpaid) need to understand why you've created the manual and what it contains. An orientation session for board members, once the manual is complete, is an important part of ensuring everyone's understanding. Having one or two board members who have invested their own time and energy in the creation of the manual will go a long way in keeping the rest of the board interested and engaged.

Where should we store it?

Anywhere that's secure. If you create a hard copy, make sure it always returns to the same spot after use. Storing a second copy off-site, in case of disaster, is a really (REALLY!) good idea. If you go digital, consider storing a copy on the cloud. Make sure more than one person in your organization knows where all copies of your compliance manual are stored, and has the tools (e.g. passwords and/or keys) to access them.

What do we need to get started?

- Access to your organization's files
- Essential Info sheet (see templates section)
- Key Contacts sheet (see templates section)
- Compliance Calendar (see templates section)

If you are creating a hard copy:

- A big, fat binder (preferably hot pink or day-glow-orange, or any colour that won't easily get lost on your bookshelf)

- Tab dividers and labels

If you are backing up to the cloud:

- Adequate security like two-factor authentication for logins (check out pages 9-10 of this handbook for tips on passwords)

- Anywhere-access (for staff and board members who are working from home)
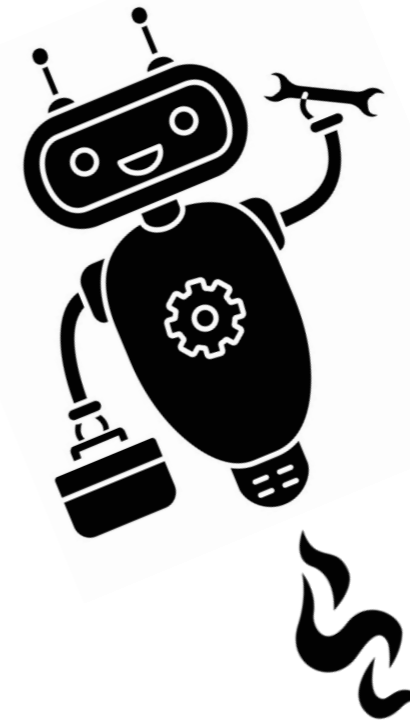
NOTE: Terms that are **highlighted and underlined** are defined in the glossary section of this document. There, you'll also find handy tips and links to additional information and resources. If you are reading the PDF version of this document, clicking on the link will take you to the glossary section.

Let's Get Organized

Label tab dividers/computer folders with the following numbers and titles:

1. Compliance Calendar
2. Essential Info
3. Key Contacts
4. Organizational Chart
5. Articles of Incorporation
6. Bylaws
7. Policies and Practices
8. Minutes of Board & Committee Meetings
9. Minutes of Annual General Meeting
10. Financial Affairs
11. Contracts
12. Funding Agreements
13. Rental & Lease Agreements
14. Insurance

If you are creating a hard copy, develop a Table of Contents listing the tab numbers and their titles. Put your Table of Contents in the very front of your binder.

Step 2   Essential Information

Create an Essential Info sheet for your organization. Start from scratch, or use the template provided. The end goal is one or two pages that includes all the bits and bobs and various numbers you'll need to complete government returns, funding applications, final reports, etc. Examples include:

- **Legal name**
- Address of your organization's **Registered Office**
- **Company Number**
- **Business Number (BN)**
- **Charitable Number (for registered charities)**
- **HST number**

Fill out at much as you can. Need help? Just click on the **highlighted** terms for definitions and other handy info.

Step 3   Key Contacts

Create a list of your organization's key contacts. Start from scratch, or use our template. Make sure your list includes contact information for the following:

- Executive Director/Senior Staff
- Current board members, including:
  - Date of election
  - **Term reappointments**
  - **Board Officers**
  - **Signing authority**
  - Date of any resignations
- Lawyer
- **Auditor**
- Bank Manager
- Insurance Agent(s)
- Emergency Services

Additional suggestions include:

- MHA's Constituency Office
- MP's Constituency Office
- Town Office
- Funder representatives

When completed, place a copy of your Key Contacts sheet behind Tab 3 and/or in the corresponding folder.

Step 4 Organizational Chart

An organizational chart is a visual description of the chain of command within your organization (i.e. who reports to who about what). Think you're too small to worry about an org chart? Think again. The biggest threat to compliance is the phrase "I thought that was your job". Place a copy of your **organizational chart** behind Tab 4 and/or in the corresponding folder.
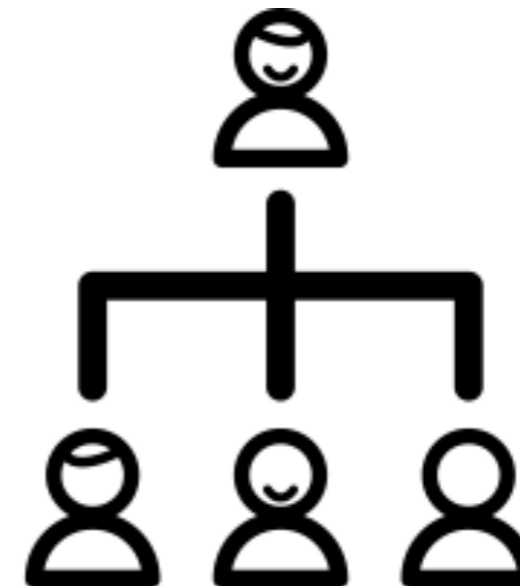
cover your butt
PASSWORDS

If you're like most people, there's a very good chance you have a list of user IDs and passwords to various accounts "hidden" somewhere in your office. Maybe you have a special notebook, or a file on your computer's desktop cryptically labeled *passwords*. This information (which likely includes log-in info for social media accounts, funding portals, online databases and platforms, government accounts, etc.) is absolutely essential to the day-to-day running of your organization, but who should have access to it and how should it be stored? Should it be included in the "essential info" pages of your compliance manual? And what's it got to do with compliance?

Password protected accounts often contain **personal information** belonging to employees, clients, members, donors, and/or customers. Canada's *Personal Information Protection and Electronic Documents Act* (**PIPEDA**), identifies clear obligations for organizations that collect, use or disclose personal information in the course of commercial activities. This includes secure storage of information and notification of individuals when a breach of their information occurs. Failure to comply can result in a whopping fine.

PIPEDA does not classify collecting membership fees, compiling a list of members' names and addresses, mailing out newsletters, or fundraising as "commercial activities". That means some nonprofit organizations are exempt from the legislation. However, just because you can opt out, doesn't mean you should.

Let's face it. Privacy is a HUGE issue. Everyone expects organizations to protect the personal information that's shared with them. Nonprofits rely on the trust and confidence of our communities and supporters. That trust can quickly disappear when we fail to protect the personal information entrusted to us.

Which brings us back to passwords. If there's limited access to your manual, it's securely stored when not in use, and passwords are promptly changed when anyone with access leaves your organization, the risk of including passwords in your "essential info" is fairly low. In fact, the biggest threat to the security of your digital information comes not from someone at your organization, but from some hacker bot or digital vandal operating halfway around the world!

Do the passwords to your organization's online accounts include any of the following?

• The first/last name/nickname of a loved one
• The name of a pet
• A street/city/location of significance
• A birthday or special date
• A password incorporating the website name
• Any combination of the above...

If so, it's time to beef up your digital security and replace them. Make sure your new passwords are:

• Not reused elsewhere
• At least 12 characters long
• A mix of upper and lower case letters, numbers, and special characters

Worried about forgetting anything more complicated than 12345? Find helpful tips for creating (and remembering) secure passwords at **https://www.mcafee.com/blogs/enterprise/cloud-security/how-to-create-a-strong-password-you-actually-remember/**.

Better yet, use a password manager (e.g. LastPass, KeePass, Passpack) that will generate, retrieve, and keep track of super-long, crazy-random passwords across countless accounts.

Step 5   Articles of Incorporation

If your organization is incorporated, place a copy of your **Articles of Incorporation** behind Tab 5 and/or in the corresponding folder.

Step 6   Bylaws

If your organization is incorporated, place a copy of your **bylaws** behind Tab 6 and/or in the corresponding folder. Changes to bylaws (called amendments) are pretty common, especially if an organization has been operating for a while. Make sure the document you put in your binder is up-to-date and includes all amendments. In NL, bylaws and amendments do <u>not</u> have to be filed with a government or regulating body. Which means if your document is undated, you'll need to do your own sleuthing to determine whether it includes all changes to date. Check the minutes of previous AGMs for any motions to amend the bylaws, and ask board members, or your organization's lawyer. Include copies of all approved amendments you find behind Tab 6 and/or in the corresponding folder.

Step 7   Policies & Procedures

Policies and procedures are internal rules created by an organization and formally approved by management and/or the board of directors. **Policy** explains the "why" behind an action. Common examples include conflict of interest, human resources, procurement and volunteer recruitment. **Procedures** explain the "how." They provide step-by-step instructions for specific routine tasks. They may even include a checklist or steps to follow.

Some policies and procedures are required by legislation. Most are created as a way of reducing risk and ensuring consistency in decision-making. Either way, when a policy or procedure is formally approved, it becomes part of your organization's internal rules. Ignore them at your peril!

Put a copy of each of your policies and procedures behind Tab 7 and/or in the corresponding folder. If they won't all fit, create a separate Policy and Procedures Binder and put a list of the policies and procedures behind Tab 7 and/or in the corresponding folder.

Step 8 Minutes of Board Meetings

NL's Corporations Act requires all provincially incorporated nonprofits to prepare and maintain an "adequate" set of minutes of board meetings and board committee meetings. The Act doesn't define "adequate set". However, the Canada Revenue Agency (CRA) clearly states that all registered charities must maintain a copy of all board meeting and committee minutes for as long as the charity is registered and for a minimum of two years after the charity's registration is revoked. We recommend that all nonprofits do the same. Both The Act and the CRA require minutes to be stored at the **registered office** of your organization. These documents must "at reasonable times, be open to inspection by the directors".

Place board meeting and committee minutes from the last two years behind Tab 8 and/or in the corresponding folder. Include copies of agendas, reports and additional information that were presented at those meetings.

Update the minutes in your binder after each board meeting. Remove the oldest set of minutes and replace with those approved at your last board meeting. Remember to also include a copy of your most recently approved board minutes in the complete set of your organization's minutes.

Step 9 AGM Minutes

The NL Corporations Act requires all incorporated nonprofits to hold an **annual general meeting** (AGM). Put a copy of the minutes of your organization's last two AGM's behind Tab 9 and/or in the corresponding folder.
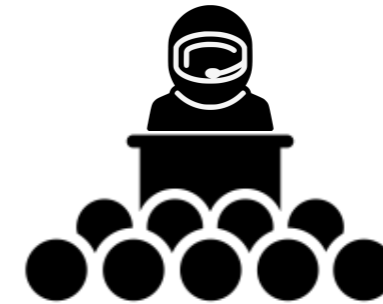
Step 10 Financial Records

Place at least two years' worth of your organization's financial records behind Tab 10 and/or in the corresponding folder. These should include:

- **Banking resolution**
- **Annual budget**

- Loan agreement(s)
- Annual CRA return
- Annual or quarterly HST return(s)
- **Audited Financial Statements**
- Monthly or quarterly financial statements provided to board members (e.g. balance sheet, income statement and cash flow statement).

Remember to update these documents after each AGM.

Step 11   Contracts

Place a copy of your organization's current contracts, including appendices, behind Tab 11 and/or in the corresponding folder. Examples might include:

- Contract with an external consultant
- **Memorandum of Understanding** (MOU)
- Sponsorship contract
- **Pro bono agreement**
- Sample employment contract
- Sample volunteer agreement

Step 12   Funding Agreements

Funding and grant agreements outline obligations that your organization is legally required to fulfill. Place either a copy of each of your organization's current funding agreements plus the corresponding proposal and/or application, or a summary sheet for each agreement, behind Tab 12 and/or in the corresponding folder.

If you are creating summary sheets, be sure to include:

- Name and contact information of funder(s)
- Reason for funding/scope of work
- Important deadlines
- Required reports with due dates
- Location of full proposal and/or application

Be sure to include both operating and project funding from government and nongovernment (e.g. private foundations) sources.

Step 13   Rental & Lease Agreements

Place copies of your organization's current rental and/or lease agreements behind Tab 13 and/or the corresponding folder. Be sure to include agreements for the rent/lease of:

- Work space
- Storage space
- Equipment
- Vehicles

Step 14   Insurance

Place a copy of your insurance policy(s) behind Tab 14 and/or in the corresponding folder. Be sure to include any of the following held by your organization:

- Renter's insurance
- Property insurance
- Event insurance
- Business disruption
- Auto insurance
- General Liability
- Directors and Officers Liability
- Professional Liability
- Liquor Liability

Way too much paperwork to fit in the binder? Create a summary sheet for each policy that includes:

- Type of policy
- Insurance company
- Policy number
- Expiry date
- Limits on coverage
- Name of Insurance agent and contact info
- Location of full policy agreement

Place a copy of your summary sheets behind Tab 14 and/or in the corresponding folder.

Step 15   Congratulations!

You did it! You've organized your organization's key documents. That's one giant leap towards compliance! Take a minute to bask in the glory of your accomplishment. Then, buckle up for stage 2.

3.

creating a compliance calendar

Q & A

What is a Compliance Calendar?

Federal, provincial, (and sometimes even local) governments and agencies impose a variety of filing requirements on nonprofits. A compliance calendar is a simple tool that will help your organization keep track of what is due, to whom, and when. Importantly, it also identifies the individuals within your organization who are responsible for preparing, approving and submitting the filings.

Why does my organization need one?

Missing deadlines can have serious consequences including:

- Financial penalties (which can be considerable!)

- Loss of nonprofit/charitable status

- Loss of eligibility for grant programs, including operating grants

- Damage to your organization's reputation

- Loss of donor/supporter confidence

On a more positive note, a compliance calendar can help ensure your organization's board fulfills its fiduciary duty. Nonprofit directors have a legal obligation to exercise due diligence in overseeing the operations of the organization and ensuring compliance. Yet, all too often, boards simply assume things are being taken care of (like our organization with the HST problem). Creating a calendar that clearly identifies your organization's commitments, the dates they are due, and the individual(s) who are responsible for each item, and checking that calendar regularly, increases transparency and shares responsibility.

What should we include?

Any commitments imposed on your organization by:

- Legislation and regulations
- External contracts or agreements

Don't worry. We'll walk you through this step by step. The key point to remember is that this is a compliance calendar, and it should only include dates directly related to compliance issues. Keep dates of meetings, activities and special events somewhere else.

Can I do this digitally?

Absolutely, as long as it can be easily shared among management and your board. Digital options range from simple online calendar apps to compliance-specific software programs and cloud-based platforms. If you've created a physical Compliance Manual, be sure to include an up-to-date hard copy of your compliance calendar for easy reference.

Serve on a board? Never assume things are being taken care of.

What should we do with it?

Bring a copy to board meetings and set aside a few minutes to consult your calendar. Confirm that recent deadlines have been met, and that everyone who needs to know, is aware of upcoming, significant dates.

Compiling Your Calendar

Start with your own blank calendar or use our template in appendix C.

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I. Fiscal Year End

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Let's begin by adding the date of your **fiscal year end**. The most commonly used dates are March 31 or December 31, but nonprofits are legally able to set any date as their year end.

Since a number of annual deadlines are based on the date of your fiscal year end, it's important you get it right. If you're not sure of this date, check previous years' financial statements, tax filings, or ask your organization's **auditor**.

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II. Recurring Deadlines

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Next, let's add the dates of your organization's recurring deadlines:

- **Annual General Meeting (AGM)** - If this is your very first AGM, it must take place no later than 18 months after your organization is incorporated. If this isn't your first rodeo, check to see if a fixed date for your AGM is identified in your bylaws and add that date to your calendar. If your bylaws are not specific, your AGM must take place no later than 15 months after the date of your previous AGM (although, within 12 months makes things a whole lot less confusing when you're reporting on annual activities and finances). Check your files for last year's AGM minutes. They should record the date of that meeting. Then, count ahead 15 months from that date and mark it as the deadline for holding your next AGM. Replace it with the actual date, once it's been scheduled.

- **Notice of AGM** - You must notify members of the date, time and place of your AGM. Members must receive this information no less than 21 days and no more than 50 days before the meeting. Check your bylaws to see if they are more specific. If not, count back 21 days from the date of your next AGM and mark it as the deadline for notifying members. If you advertise your AGM publicly, make sure the publication date is on or before the 21-day deadline.

- **Year-End Financial Statements** - The board of directors is ultimately responsible for your organization's assets and financial affairs. Financial statements are the primary means of communicating information about your organization's financial position and financial results of its operations. You'll also need them to prepare your CRA annual return(s), and to apply for funding. **Count forward six months from your fiscal year end and mark that date as the deadline for completing your financial statements.**

- **CRA Annual Returns** - Your organization is required to file an annual return(s) with the Canada Revenue Agency. Tax filing requirements vary based on the type of organization, the value of your assets, and other factors. Here are the basics:

  - **T2 Corporate Return** - Incorporated nonprofits that are not registered charities must file a T2 Corporate Income Tax Return. This is due within six months of your fiscal year end. **Count ahead six months from your organization's year end and mark that date as the deadline for your CRA annual return.** Head's up. If you file late, the CRA charges penalties based on the amount of tax you owe. In most cases, this doesn't apply to nonprofits, but the CRA also

charges a 10% penalty for unreported income, and this rule may apply to nonprofits. If CRA owes your organization a tax refund, there is no penalty for filing late, but you must file within three years to claim your refund.

- **T3010 (Registered Charity Information Return)** - If your organization is a **registered charity**, you must file a T3010 within six months of your fiscal year end. **If this applies to you, count ahead six months from your year end and mark it as the deadline for your CRA annual return.**

- **T1044** - If any of the following applies to your organization, you will also be required to submit a T1044 along with your annual return:

  - It received dividends, interest, rentals, or royalties exceeding $10K during the year.

  - It owns more than $200K in assets.

  - It was required to submit Form T1044 the previous tax year.

If your organization ticks any of these boxes, add a note that a T1044 is due next to the deadline for your annual return. Ask your auditor if these criteria apply to your organization.

- **T3** - If your nonprofit has dining, recreational or sports facilities that are owned by a trust, you will also need to file a T3 (Trust Income Tax and Information Return). In these cases, a trust must own the organization's property, and the trust must file this return. If there are any capital gains on these properties, CRA may assess income tax. This is one of the rare cases where Canadian nonprofits need to pay income tax. If this applies to you, chances are your annual returns are prepared by an external auditor, who should be aware of this requirement ... but it never hurts to ask.

- **GST/HST Return(s)** - If your organization collects GST/HST through the sale of taxable goods and/or services, you must submit either an annual or quarterly return to CRA. You must also pay any amount owing. **Add these due dates to your compliance calendar.** For detailed GST/HST information for nonprofits see https://www.canada.ca/content/dam/cra-arc/formspubs/pub/rc4081/rc4081-18e.pdf.

- **Annual Return, NL Registry of Companies** - The NL Corporations Act requires all incorporated nonprofits operating in Newfoundland and Labrador to file an Annual Return. It's a simple form that confirms the public information on file about your organization is correct, or notifies the provincial registry of any changes. For example, any changes in the membership of your board must be included with your Annual Return. The completed return must be received on or before the first day of the anniversary month of your organization's registration. **Each year, the provincial registry generates the annual return form and sends it to the mailing address listed on your profile. The due date is clearly marked on that form. Add that date to your compliance calendar.**

  If you can't find a copy of a previous year's return in your files, you can search for your organization's entry, which includes your date of incorporation, at https://cado.eservices.gov.nl.ca/CADOInternet/Company/CompanyNameNumberSearch.aspx.. Double check to ensure the **registered office** on file is correct. Also check your status. If it's "active", that means your filings are up to date. Hooray!

If your status is "not in good standing" or "inactive", contact Service NL right away to determine next steps. Do not ignore this. "Not in good standing" or "inactive" status will impact your eligibility for most granting programs, and is a first step to losing incorporated status.

- **Insurance Renewals -** Review each of your organization's insurance policies. **Add their renewal dates to your compliance calendar.**

- **Annual Employer Statements, WorkplaceNL** - If your organization has employees in NL, it must register with WorkplaceNL and pay assessments based on their earnings. This includes full-time, part-time, and casual employees. **Your annual employer statements are due the last day of February each year. Mark this date on your compliance calendar.** Remember to file on or before the deadline to avoid a late reporting penalty and be considered for a PRIME refund. See additional details at https://workplacenl.ca/employers/.

- **Payroll Deductions** - If your organization has paid employees, you are responsible for submitting Employment Insurance (EI), Canada Pension Plan (CPP) and income tax payroll deductions to the

Canada Revenue Agency, along with employer contributions. The deadlines for these payments to CRA depend on the amount you have to remit. For more information on this topic than you will ever want to know, see https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/payroll/calculating-deductions.html. As a board member, it is your responsibility to ensure these payments are made on time. Talk to whomever completes your payroll. They should be able to tell you when these payments are due. **Add those dates to your compliance calendar.**

- **Benefit Plans** - If your organization offers health and/or pension benefits to its employees, payroll deductions and/or employer contributions must be submitted to your contracted suppliers. **Add these due dates to your compliance calendar.**

- **Leases & Rentals -** Add key rental and/or lease dates to your calendar (e.g. the end date of a lease agreement or renegotiation date for a rental contract).

- **Annual Review** - If your Executive Director has an employment contract that includes an annual performance review, add the relevant date(s) to your compliance calendar.

- **Review of Corporate Documents** - If your board has established a schedule for reviewing/revising key documents, including bylaws and policies, add relevant dates to your calendar.

III. One-Time-Only Dates

- **Contractual Obligations** - Look through each of your current contracts. This may include the contract for your operating grant(s), project funding, and/or service contracts. **Make note of what you are required to submit and when. Add this information to your compliance calendar.**
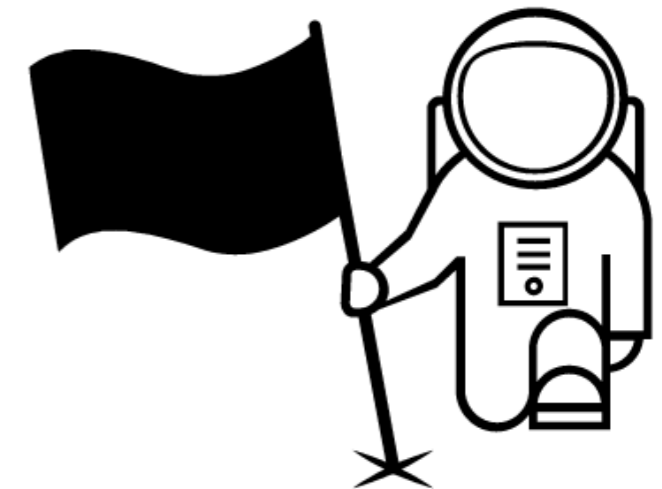
Congratulations! You've done it!

Put a copy of your completed compliance calendar in the very front of your organization's compliance manual. Make sure it's reviewed regularly by adding "review compliance calendar" to your board's meeting agenda at an interval that makes sense for your organization (e.g. quarterly or annually).

Glossary

Annual Budget: An overview of how an organization is planning to spend its money over the next 12 months. Creating the annual budget is initially staff's responsibility, but board members (usually those on the "finance committee") often review the proposed budget and the full board adopts the budget at a full board meeting. The approved budget then serves as a guide for financial activity in the months ahead. **For help creating your next annual budget see https://www.wallacefoundation.org/knowledge-center/resources-for-financial-management/pages/all-resources.aspx?k=SFMWFResourceTopicOWSCHCS:%22Budgeting%22**.

Annual General Meeting (AGM): A yearly meeting of an incorporated organization's membership. This is when the legislated business of an organization <u>must</u> take place, including the election of board members, naming an auditor, and ratifying, or rejecting, changes/additions to bylaws. An AGM is also an opportunity for a board to share the news, challenges and successes of the organization and hear from its membership. Some organizations identify a fixed date for their AGM in their bylaws (check your bylaws to see if this is the case with your organization).

Otherwise, legislation requires the AGM must be held no later than 15 months after your organization's previous AGM. Legislation requires you to notify members of the time and date of the AGM at least 21 days in advance. **For some great guidance on planning your next AGM, see https://www.saskculture.ca/programs/organizational-support/organizational-resources?resource=1&subresource=13**.

Articles of Incorporation: One of your organization's guiding documents (along with your bylaws and policies). This is a legal document filed with either Service NL's Registry of Companies (for provincially incorporated nonprofits) or Corporations Canada (for federally incorporated nonprofits). It lists the legal name of your organization, its purpose, founding directors, your physical address, the main agent representing the organization, and other key information about the purpose of your organization.

Audited Financial Statements: Year-end financial statements that have been audited by an independent certified public accountant in accordance with generally accepted auditing standards.

Auditor: The individual or firm that prepares your organization's year-end financial statements. An auditor is appointed each year at your organization's annual general meeting (AGM). Their name/firm's name will be recorded in the AGM minutes.

Banking Resolution: Drafted and adopted by the Board of Directors to define the relationship, responsibilities and privileges of the board with respect to the organization's banking needs. This may be a stand-alone document, or it may be included in the minutes of a board meeting. This document normally specifies who may sign cheques, borrow money or make banking decisions. This information is provided to the bank and then held internally within the organization. If you can't find a copy of this information in your organization's files, contact your bank manager to confirm signing authority.

Board Officers: Chair (or President), Vice Chair (Vice President), Secretary and Treasurer. Officer roles and terms should be defined in your organization's bylaws or by board policy. **See http://communitysector.nl.ca/board-development/job-descriptions-board-members.**

Business Number (BN): A unique, nine-digit number assigned to your organization by the Canada Revenue Agency (CRA) when you incorporate and/or set up a CRA program account. You'll need it when you're dealing with the federal government (e.g. paying taxes or making deductions from employees' pay checks) or applying to federal funding programs. Your business number will be on any correspondence from CRA to your organization. **If you're still stuck, you can contact CRA directly and retrieve the number. They will ask questions to verify your identity and the identity of your organization. Make sure they know you already have a business number, and you are not calling for a new one.**

Bylaws: Required by law and one of your organization's guiding documents (along with your Articles of Incorporation and policies). Created by the board when an organization is established, bylaws supplement rules already set out in legislation, and define how your organization is governed. If you have questions like how many directors should sit on your board, how are they elected or appointed, their term lengths, removal procedures, members' rights and procedures for votes, date of your AGM, conflict of interest guidelines, etc. you should find answers in your bylaws. This document is not filed publicly, but it does add transparency and accountability to the actions taken by the officers and board of directors. Your bylaws should be regularly reviewed, and updated and amended as your organization evolves and grows.

Charity Registration Number/Charitable Number:
A 15-digit account number assigned to a charity by the Canada Revenue Agency when it is registered. A complete charity registration number has three parts: the BN (first nine digits), the program identifier (two letters), and the reference number (four digits). The registered charity program identifier is RR. When dealing with CRA's Charities Directorate always use the 15-digit number. **Can't find your registered charity's number? Contact the Charities Directorate at https://www.canada.ca/en/revenue-agency/services/charities-giving/charities/contact-charities-directorate.html.**

Company Number: Organizations that incorporate under NL legislation are assigned a company number. It's included in your organization's listing on NL's Registry of Companies. **You can search the registry online at https://cado.eservices.gov.nl.ca/CADOInternet/Company/CompanyMain.aspx.** NOTE: This is NOT the same as your CRA Business Number.

Fiduciary Duties: The legal obligations board members have towards a nonprofit corporation. The most fundamental of these is the duty to act in the best interests of the organization they serve at all times.

Fiscal Year (FY): A 12-month period used for financial reporting and budgeting. An organization's fiscal year may follow the calendar year (January 1 - December 31) or it may straddle two calendar years (e.g. April 1, 2020 - March 31, 2021).

Fiscal Year End: The last day of your fiscal year.

GST/HST Number: A 15-digit account number assigned by the Canada Revenue Agency. A GST/HST number has three parts: your business number or BN (first nine digits), the GST/HST identifier (RT), and the reference number (four digits). You'll need to register for a GST/HST number if your organization's total annual sales of taxable goods and services exceeds $50,000. If your organization charges GST/HST, your GST/HST number must appear on all invoices. **For additional info see https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/rc4081/gst-hst-information-non-profit-organizations.html.**

Legal Name: An organization's name as it appears on the certificate of incorporation or the organization's application for charitable status, unless a request was later submitted to have the name officially changed. Your legal name may or may not be the same as your operating name.

Memorandum of Understanding (MOU): An agreement between two or more parties to form an alliance or partnership, and to work together towards a goal.

Minutes: The official and legal record of a meeting of the Board of Directors, including business transacted and motions adopted by the board and committees. **Check out https://boardable.com/blog/board-meeting-minutes/ for tips on taking great minutes and a free board minute template.**

Operating Name: The name you use in your day-to-day activities and to advertise your organization. Sometimes, an organization's operating name is a shortened version of its legal name.

Organizational Chart: A visual description of the chain of command within your organization (i.e. who reports to who about what). **Check out https://**

www.wholewhale.com/tips/nonprofit-org-chart-set-simple-organization-chart-nonprofit/ **for tips, tools and templates that will guide you through the process of creating an organizational chart for your nonprofit. Remember to include both paid staff and volunteers.**

Personal Information: Any factual or subjective information, recorded or not, about an identifiable individual. Examples include: age, name, ID numbers, income, ethnic origin, or blood type; opinions, evaluations, comments, social status, or disciplinary actions; and employee files, credit records, loan records, or medical records.

PIPEDA: The Personal Information Protection and Electronic Documents Act. **For additional information see https://www.priv.gc.ca/en/privacy-topics/privacy-laws-in-canada/the-personal-information-protection-and-electronic-documents-act-pipeda/r_o_p/02_05_d_19/**.

Pro Bono Agreement: A written agreement between your organization and an external party who is providing a professional service(s) for free.

Policy: A set of written guidelines that outline an organization's plan for tackling an issue (i.e. what is to be done and why). Examples of common policies include volunteer recruitment, conflict of interest, human resources, and procurement.

Procedure: Step-by-step instructions for specific routine tasks. Procedures have a beginning and an end, may include a checklist or steps to follow, and should be strictly followed to achieve the desired outcome. Examples include emergency procedures or how to inventory supplies and goods.

Registered Charity: An organization, public foundation, or private foundation recognized and registered as a charity by the Canada Revenue Agency. Once designated, a registered charity is issued a Charity Registration Number (sometimes called a charitable number). It is exempt from paying income tax, and can issue tax receipts for donations it receives. In return, it must abide by specific rules set out in the *Income Tax Act*.

Registered Office: The official address of an incorporated nonprofit or registered charity where legal documents must be delivered to the organization,

and where corporate documents are stored and available for inspection. This address cannot be a P.O. box. It must be a physical location where someone (referred to as the registered agent) is present to receive documents during normal business hours. Your registered office may be your organization's main office, or the office of your organization's lawyer, or the home/workplace of a board member or staff person. **The address of your registered office is included in your organization's listing on NL's Registry of Companies. You can search the registry online at https://cado.eservices.gov.nl.ca/CADOInternet/Company/CompanyMain.aspx. If the address on file with Companies and Deeds Online (CADO) is not the one you wish to use, download and submit a Notice of Change of Registered Office (Form 3) from https://www.gov.nl.ca/dgsnl/forms/files/.**

Signing Authority: Who has written authorization to sign legal and financial documents on behalf of an organization. **Signing authority is normally included in an incorporated nonprofit's bylaws. Your bank will also have this information on file.**

Term: The length of time a director is elected to serve on a board. **The NL Corporations Act states that the maximum length of a single term is three years.** For Federally incorporated nonprofits, the maximum length is four years. Directors of both provincially and federally incorporated nonprofits can be re-elected and serve multiple terms (see *Term Limit* below).

Term Limit: A bylaw that defines the maximum length of time a director may serve on a board (e.g. a maximum of two consecutive three-year terms). Nonprofit corporations are not legally required to adopt term limits. It's up to each organization to decide whether or not to include term limits in their bylaws, and there are pros and cons to either decision. **Explore both sides at https://www.boardeffect.com/blog/best-practices-nonprofit-board-term-limits/**.

Term Reappointment: Board members who are serving for a second or subsequent term. If your bylaws limit the maximum length of time directors can serve on your board, you'll need to keep track of reappointments.

templates

- **essential info**
- **key contacts**
- **compliance calendar**

essential info

legal name

business name

address of registered office

company number

business number

charitable number (if you are a registered charity)

HST number

other:

key contacts

board members

NAME & CONTACT INFO	POSITION	DATE OF ELECTION	TERM	NOTES

key contacts

senior staff

NAME	POSITION	CONTACT INFO

key contacts (cont.)

emergency services

auditor

lawyer

Insurance agent(s)

bank manager

others

Compliance Calendar

COMPLIANCE ITEM	DATE DUE												ASSIGNED TO
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	
Fiscal Year End													

Community Sector Council
Newfoundland and Labrador

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WORKING TOGETHER

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