

**Excerpt from *Guidance CG-013 – Fundraising by registered charities*  
Canada Revenue Agency**

**Maintaining a reserve fund policy and ensuring that fundraising is for an identified use or need**

162. A reserve fund policy may assist a charity when planning, explaining, and justifying its approach to fundraising to donors and to the CRA. It may help to ensure that a charity fundraises with an identifiable use or need, reducing the risk of failing to devote resources to charitable activities or engaging in fundraising that forms a collateral purpose. A transparent and publicly accessible policy may also help ensure that fundraising appeals are not misleading or deceptive by misrepresenting the charity's financial position and the extent or urgency of its need for funds.

163. The size of a justifiable reserve fund will depend on a charity's particular situation. For example, when establishing a reserve fund, the charity could show it has taken into account factors such as:

- its typical annual expenditures
- its size
- its long-term plans
- its donor base
- its projected revenue
- its current and projected economic conditions
- anticipated changes to the environment in which the charity operates
- contingencies
- known risks being faced

164. It is important that the policy be reviewed periodically to take into account the changing needs of the charity.

Source: <https://www.canada.ca/en/revenue-agency/services/charities-giving/charities/policies-guidance/fundraising-registered-charities-guidance.html#toc5>