

Policy Direction – Cost of Fundraising

Rationale and Relationship to Mission, Principles and Values

Since 1948, the MS Society of Canada has raised funds to provide services and to support research that has helped Canadians affected by multiple sclerosis. During this period, the MS Society has made strategic investments to develop fundraising programs in order to fund its mission.

The MS Society raises funds through a diverse portfolio of sources and campaigns, each with its own cost structure. It is understood and expected that some costs will be incurred to raise funds, yet the MS Society of Canada strives to keep these fundraising costs as low as possible through a number of approaches including:

- The internal goals of the MS Society to improve fundraising efficiency and to become a more efficient and transparent organization, as committed to in *Momentum 2015*, the MS Society's strategic plan;
- The requirements of external regulators, associations and sector standards;
- Thorough review and approval of annual budgets by volunteer finance committees and board of directors;
- MS Society donors and stakeholders, public perception and media scrutiny.

Policy Objective

The objectives of this policy are to ensure that:

- The consolidated cost of fundraising for the organization will be at or below 42% as committed to in *Momentum 2015*. National, divisions and chapters share responsibility for achieving this objective;
- Fundraising costs are closely and rigorously monitored and evaluated;
- Individual fundraising program costs at any level of the organization do not exceed 70% of funds raised over a sustained period of time.

Policy Application

This policy applies to all levels and locations of the MS Society including the national office, divisions, and chapters and units.

Authorization

This policy was approved by the national board of directors, November 23, 2011.

Policy Details

In recent years there has been increased public and government scrutiny of fundraising costs incurred by charities.

The Canada Revenue Agency (CRA) has developed guidance relating to the cost of fundraising for charitable organizations. In order to maintain charitable status in Canada, each charity must ensure that the majority (i.e. over 50 percent) of all expenditures support its charitable activities. This means that all consolidated administrative and fundraising costs of the organization must be less than 50 percent of total revenue.

Furthermore, the CRA requires that no individual fundraising program at any level of a charitable organization (e.g. Read-a-Thon or a golf tournament) operate with sustained fundraising costs at or over 70 percent of funds raised through that fundraising program.

In addition to these external drivers, in *Momentum 2015* the MS Society has committed to improving the financial efficiency of the organization and to increasing fundraising efficiency. Specifically, *Momentum 2015* mandates that the consolidated cost of fundraising at all levels of the MS Society strive to be at or below 42% on an annual basis.

Executive Champion

The MS Society of Canada's National Vice-President, Marketing and Development and National Vice-President, Shared Services are the executive champions for the cost of fundraising policy direction. The Executive Team¹ is authorized to develop detailed procedures for the application of the Cost of Fundraising Policy Direction. These initial procedures are to be developed no later than six months following the approval of the policy direction.

Monitoring and Compliance

The Cost of Fundraising Policy Direction takes effect immediately upon approval of the national board of directors. Locations that are not in compliance at this date must be in compliance at the latest by December 31, 2013. As an interim measure, locations not in compliance must work with the next level of the organization to create plans to reduce fundraising costs to a level that is in compliance with this policy. The appropriate division or national board will review the progress and provide direction and next steps. This may include the elimination of specific fundraising programs or events over a transition period.

The MS Society's Executive Champions are responsible for leading the monitoring of the application and compliance of this policy direction in conjunction with other members of the Executive Team. On a quarterly basis, the Executive Team must acknowledge compliance with this policy direction and its related procedures.

Related Policies, Legislation

This policy direction, along with other fundraising policy directions, forms the umbrella of policies under which fundraising activities, campaigns and events are conducted by the MS Society.

Third party activities are referenced specifically within the MS Society of Canada's Third Party Fundraising and Fundraising Partnerships Policy and are not subject to this policy.

Policy Review

This policy is to be reviewed five years following approval: November 23, 2011.

Definitions

Executive Team – The most senior level of staff leadership within the MS Society comprised of the president and chief executive officer, division presidents, national vice-presidents of talent, research, marketing and development, programs and services, government relations, information technology, shared services. One person may hold more than one position. The president & chief executive officer may alter the composition of the Executive Team as required from time-to-time.

Momentum 2015: MS Society of Canada's strategic plan was approved by the National Board of Directors in March, 2008 and revised September, 2009 and November, 2010.

Cost of Fundraising: Total direct fundraising costs plus total indirect fundraising costs divided by total gross revenue.
