
Annual Giving Program

Annual giving programs are those programs that are held annually to solicit yearly contributions which provide a primary source of “unrestricted” dollars needed to operate development functions.

Capital Campaign

Thomas E. Broce defined it as follows: “A capital campaign is a concentrated effort by an organization to raise a specified sum of money to meet a specified goal within a specified period of time.”⁵⁸ Because it is a one-time gift (often to fund a building program, etc.), it is separate from the annual giving program.⁵⁹

Development

Fundraising is the process of raising money in which a specific formula or series of steps are employed. Development, on the other hand, is the advancement of the whole institution through the marketing of the organization’s mission.⁶⁰

Development Office

This is an office composed of staff hired by an organization for the sole purpose of developing and organizing a fundraising campaign. These persons are employees of the organization, not independent consultants.

Endowment

Endowment programs involve the solicitation of money or other property for the permanent upkeep or benefit of an institution, organization, etc.⁶¹ These contributions are invested and only the interest earned on the money is spent.

Planned Giving

Planned giving is usually part of an endowment program (see defined above). It consists of gifts from people who want to provide for the library after they no longer need their money.⁶² Three features characterize most planned giving.

- It is a deferred gift. Planned giving involves a contribution that will not go the recipient organization for a period of time after the commitment is made.
- Such a gift comes from the donor’s capital holdings--real property, insurance, or securities--not from current income.
- Donors themselves gain, even as they help the receiving organization, often by a lifetime income above what they currently receive, as well as by tax benefits.

Because of the special characteristics, planned gifts are inextricably linked to estate planning. Planned gifts fall into the following categories: bequests, insurance, gifts of property or other assets (contributing gifts through trusts or other arrangements so that receipt of the gift is deferred to a future date while the donor and perhaps a beneficiary either have use of the property or receive its income), gifts of income (placing assets in trust for a period of years for the income benefit of the recipient organization, with the assets ultimately returning to the donor or a beneficiary).⁶³

Trusts

One type of trust allows the donor to make a large gift to the library and receive a sizable tax deduction. The gift is invested by the library. The donor receives the income from the trust until he or she dies, after which the charitable remainder goes to the library to use as it sees fit. A lawyer is necessary to help set up a trust.⁶⁴

Difference between Incorporation and Charitable Status

Incorporation is the process by which an organization becomes a separate legal entity known as a corporation. This formal organization as a corporate entity is specifically created to take advantage of the liability shield and immortality, among other things, of a limited company. In the case of libraries in Ontario, the “enabling by-law” passed by the municipality establishes a public library as a corporation under the Public Libraries Act. These library corporations are required to be managed by their Boards of Directors. They have legal status, but are not, at this point, a registered charity.

Charitable status and **registered charity** refer to an entity which has applied for and obtained a particular tax status from Revenue Canada. This concession is usually motivated by stated philanthropic purposes of the organization which are considered to be in the “Public Good of Canada” and is always conditional upon the organization’s submitting itself and its activities to government (Revenue Canada) scrutiny and receiving periodic approvals.

Charitable status confers on the organization the right to give official donation receipts and exempts it from paying income tax. An official donation receipt issued to a donor decreases the amount of taxable income the donor must pay and is, therefore, essential for raising funds from foundations or corporations.

It should be noted that libraries registered as charities in Ontario must also comply with the Ontario Charities Accounting Act.

Lobbying Restrictions on Charitable Organizations

Charitable status limits the organization in lobbying activities. Although the requirements have been relaxed somewhat, the organization may not expend more than 10% of its resources on lobbying activities and may only lobby positively for the organization’s ends. For lobbying guidelines, see Revenue Canada Information Circular 87-1.

Applying for Charitable Status

It usually takes from two to six months to receive registration as a charitable organization. Most frequently, the cause of delays in receiving registration is due to incomplete information.

Information about registration as a charity is available from:

Charities Division
Revenue Canada, Taxation
400 Cumberland Street
Ottawa, Ontario K1A 0L8

or call toll free 1-800-267-2384.

Revenue Canada also publishes a number of information bulletins to help the charitable organization to comply with rules and regulations. These are also available from the above office.⁶⁵

EndNotes

- ¹ Ursula Benoit, John Slater & Stan Skrzyszewski, "What Do Municipal Councillors Think About Their Public Libraries: A Report on Three Focus Group Sessions with Municipal Councillors held in conjunction with Ontario Public Library Week, 1992" (The Institute of Environmental Research, September 1992) 6.
- ² "The Fundraising Trap," editorial, *Library Journal* 15 June 1986, 4.
- ³ Benoit, Slater & Skrzyszewski 17.
- ⁴ Kenneth E. Dowlin, "Fund-Raising - The Public Library Experience," *Library Administration and Management* Spring 1989: 85.
- ⁵ Fisher Howe, *The Board member's Guide to Fund Raising: What Every Trustee Needs to Know About Raising Money* (San Francisco, Jossey-Bass Publishers, 1991)2.
- ⁶ Howe xvi.
- ⁷ Howe xviii - xix.
- ⁸ Howe 5.
- ⁹ Howe 12.
- ¹⁰ Howe 119-120.
- ¹¹ Robert F. Hartsook, "Why People Give and Why People Don't," *Beyond Car Washes and Bake Sales: Fund Raising For Public Libraries*, ed. Suzanne Walters (Denver, CO: Walters & Associates, 14 October 1992) 6.
- ¹² Howe 60 - 61.
- ¹³ Howe 61.
- ¹⁴ Howe 100.
- ¹⁵ James Swan, *Fundraising for the Small Public Library: A How-To-Do-It Manual for Librarians*, ed. Bill Katz (New York, Neal-Schuman Publishers, Inc., 1990)40-41.
- ¹⁶ Swan 58.
- ¹⁷ Howe 110
- ¹⁸ Jon Dellandrea, *Fundraising with Forethought: Development in the Not-For-Profit Sector* (Waterloo: Waterloo Arts Research Group, 1989) 78.
- ¹⁹ Howe 17.
- ²⁰ Howe 108 - 109.
- ²¹ Howe 17.
- ²² Carol A. Schreter and Steven W. Brummel, "What Foundations Call Funding Opportunities," *Fund Raising Management* July 1989: 82.

EndNotes

- ²³ Howe 17.
- ²⁴ Howe 13 - 14.
- ²⁵ Edward G. Coll, Jr., "What are the Values and Purposes of a Capital Campaign?", *The Successful Capital Campaign*. Rpt. in *Beyond Car Washes and Bake Sales: FundRaising for Public Libraries*, ed. Suzanne Walters (Denver, CO: Walters & Associates, 14 October 1992) 73
- ²⁶ Howe 13.
- ²⁷ Edward G. Coll, Jr. 73.
- ²⁸ James Gregory Lord, " A New Approach To The Case for Support: How It Can Become Your Most Potent Marketing Tool," *Philanthropy and Marketing: New Strategies for Fund Raising* (Cleveland, Third Sector Press, 1981). Rpt. in *Beyond Car Washes and Bake Sales: FundRaising for Public Libraries*, ed. Suzanne Walters (Denver, CO: Walters & Associates, 14 October 1992) 73.
- ²⁹ Howe 61.
- ³⁰ Lord.
- ³¹ Howe 14-15
- ³² David Heetland Six Essential Steps Of A Capital Campaign," *Fund Raising Management* September 1990: 34.
- ³³ Heetland 36.
- ³⁴ Heetland 34 - 35.
- ³⁵ Hartsook 11.
- ³⁶ Hartsook 10.
- ³⁷ Hartsook 79.
- ³⁸ Hartsook 11.
- ³⁹ C. Edward Wardle, "Nine Surefire Ways to Get the Big Gift," *Fund Raising Management* September 1990: 42-44.
- ⁴⁰ Hartsook 9.
- ⁴¹ Howe 83.
- ⁴² Swan 39.
- ⁴³ Howe 83.
- ⁴⁴ Howe 109.
- ⁴⁵ Howe 108.

EndNotes

- ⁴⁶ Judy Jones, "Making Direct Mail Go," *Fundraising Management* May 1988. Rpt. in *Beyond Car Washes and Bake Sales: FundRaising for Public Libraries*, ed. Suzanne Walters (Denver, CO: Walters & Associates, 14 October 1992) 86.
- ⁴⁷ Jones 86.
- ⁴⁸ Roland Kunihowm, "Direct Mail That Delivers," *Currents* January 1990. Rpt. in *Beyond Car Washes and Bake Sales: FundRaising for Public Libraries*, ed. Suzanne Walters (Denver, CO: Walters & Associates, 14 October 1992) 90.
- ⁴⁹ Jones 86.
- ⁵⁰ Kuniholm90.
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- ⁵² Kuniholm90.
- ⁵³ Jones 86.
- ⁵⁴ Kuniholm90.
- ⁵⁵ Jones 86.
- ⁵⁶ Kuniholm90.
- ⁵⁷ Richard Koonce, "Telemarketing/Direct Mail: A Powerful Synergy," *Fund Raising Management* September 1988. Rpt. in *Beyond Car Washes and Bake Sales: FundRaising for Public Libraries*, ed. Suzanne Walters (Denver, CO: Walters & Associates, 14 October 1992) 89.
- ⁵⁸ Heetland 32.
- ⁵⁹ Howe 56.
- ⁶⁰ Dellandrea47.
- ⁶¹ *New Webster's Dictionary and Thesaurus of the English Language* (New York: Lexicon Publications, Inc., 1991 Edition) 312.
- ⁶² Swan 45.
- ⁶³ Howe 65 - 66.
- ⁶⁴ Swan 117.
- ⁶⁵ Southern Ontario Library Service, *Difference between Incorporation and Charitable Status* (Hamilton: Southern Ontario Library Service, October 1993).