



November 20, 2015

Mr. Kenneth Goodman
Public Guardian and Trustee
595 Bay Street, Suite 800
Toronto, On
M5G 2M6

Dear Mr. Goodman,

Thank you for providing the opportunity to comment on the proposed changes to regulation 4/01 under the Charities Accounting Act.

We agree that charitable corporations may on occasion want to engage with, and pay for, services from persons or corporations related to a director of a corporation. In particular we have heard of situations where the charity is facing a serious threat and needs significant legal or accounting help that could be most economically obtained and best secured through connections of one of the members of the Board of Directors.

On the other hand, we recognize the difficulties senior staff of charitable corporations have when directors want or expect the charity to use their services, purchase their goods, or use their facilities. It is very hard for staff to deal with inadequate services from corporations or persons linked to a member of the Board of Directors.

It is this balance that you are trying to achieve with the amendments to regulation 4/01 of the Charities Accounting Act.

We agree that a court order should continue to be required for:

- a. Remuneration or other direct or indirect payment for services provided by a director as an employee of the corporation
- b. Direct or indirect payment for providing fundraising services or selling goods for fundraising purposes.
- c. Direct or indirect payment made in connection to the purchase or sale of real property.

We agree that payments under this new section,

- a. Must be made with a view to the best interests of the corporation
- b. Must be in an amount that is reasonable for the corporation to pay for the goods, services or facilities that are provided.
- c. Not render the corporation insolvent
- d. Must not exceed the amount set out in the agreement
- e. The contract must fix a maximum amount that can be paid for the goods services or facilities.

We think that having every director sign in writing to a maximum amount is not practical. Often individual directors can be unavailable for periods of time. We think instead that a resolution of a two-thirds majority of the board of directors would be preferable. That resolution must identify

the best interest case for the agreement, address the cost of the option relative to market rates and fix a total amount for the contract and the duration of the contract.

By requiring this information in the resolution it will ensure the Board of Directors is informed and has considered the information and ensure that work that is provided at non-arms length does not become routine.

We agree with requiring five board members, consideration of guidance from Public Guardian and Trustee and with the required declaration of conflict and removal of the director from consideration of the agreement.

We particularly like the check that the payments be disclosed on financial statements and reported to the corporations' members at an annual meeting of members.

Thank you for allowing us to comment on this regulation.

Sincerely,

A handwritten signature in black ink, appearing to read "Cathy Taylor". The signature is fluid and cursive, with the first name "Cathy" being more prominent than the last name "Taylor".

Cathy Taylor
Executive Director
Ontario Nonprofit Network
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Who is ONN?

Organized in 2007 and incorporated as a nonprofit in 2014, the Ontario Nonprofit Network (ONN) is the convening network for the approximately 55,000 nonprofit and charitable organizations across Ontario. As a 7,000-strong provincial network, with a volunteer base of 300 sector leaders, ONN brings the diverse voices of the sector to government, funders and the business sector to create and influence systemic change. ONN activates its volunteer base and the network to develop and analyze policy, and work on strategic issues through its working groups, engagement of nonprofits and charities and government.