



Investment Operating Policy

United Way Halton & Hamilton

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1. ELIGIBILITY CRITERIA

- 1.1 For the purposes of this policy an agency is defined as an entity that is receiving funding from United Way Halton & Hamilton (UWHH) for an initiative(s), which may be scoped at a systems, organizational, program, service, and/or project level.
- 1.2 To be eligible to receive funding from United Way Halton & Hamilton, agencies must meet the following eligibility requirements:
- a. Be incorporated and registered as a charitable agency/organization with the Canada Revenue Agency and operating for a minimum of two years before applying.
 - b. Have a clearly stated purpose and function within the voluntary human and social service sector operating in Halton & Hamilton.
 - c. Demonstrate that there is a need for UWHH funding, that is not currently being addressed effectively and/or comprehensively by community or other initiatives.
 - d. Be governed by an active volunteer Board of Directors whose membership reflects the community it serves and is responsible for the agency's strategic plan and ensuring effective and efficient management of the agency's strategy, operations and budgets.
 - Board will have specific plans for both recruitment and rotation of its membership.
 - Membership of the Board will not include UWHH staff, nor persons appointed by or selected as official representatives from UWHH.
 - e. Effectively utilize volunteers in the delivery of initiatives where appropriate.
 - f. Effectively manage risk related to the use of volunteers at the agency, including carrying the appropriate level of insurance.
 - g. Have a realistic budget and produce annual audited financial statements.*

An agency incorporated in Ontario with an annual income of less than \$500,000 is exempt from providing annual audited financial statements. **It must however, produce annual financial statements that have been subjected to a Review Engagement.*

- h. Adhere to the Ontario Human Rights Code and not exclude anyone from service, accommodation or employment by reason of race, ancestry, place of origin, colour, ethnic origin, citizenship, creed, gender, sexual orientation, age, marital status, family status, or disability.
- i. Utilize outcome measurement/evaluation as part of the planning and management of its initiatives.
- j. Provide initiatives that align with UWHH's focus areas, and additional outcome priorities of specific grant streams when applicable.

1.3 United Way Halton & Hamilton will generally not support proposals seeking funding for the following*:

- a. Agencies without a registered charitable number, unless sponsored by another eligible registered charitable agency/organization. Agencies must inform UWHH if their registered charitable number is revoked for any reason.
- b. Deficit funding or debt reduction funding.
- c. Primary health care services.
- d. Mandated Government services or government-funded programs at educational institutions including school boards, schools, universities, parent-teacher associations, etc.
- e. Environmental, heritage, or arts agencies whose programming purpose and outcomes are explicitly environmental, heritage or arts focused and do not align with UWHH's charitable purposes.
- f. Faith based entities, political parties, or organizations that require adherence to or promotion of a religious faith or political affiliation as a condition of receiving supports or services.
- g. Cost for major capital equipment or expenses related to construction, development of facilities or purchase of furniture.

**The above restrictions only apply to grant streams under UWHH's Community Investment Fund; grants offered in partnership with other stakeholders may require different criteria.*

1.4 Compliance Action Plan

In order to receive funding from UWHH, an agency is required to participate in an evaluation that includes but is not limited to finances; governance; organizational alignment; legal compliance; delivery of relevant initiatives and outcomes. UWHH will place an agency on a Compliance Action Plan if the agency is experiencing challenges in one or more of these areas and/or any other issue that would reflect poorly on UWHH. The Compliance Action Plan is an opportunity for an agency to create a plan to address the areas of concern in order to meet funding requirements and performance expectations. Prolonged compliance challenges and insufficient progress in accomplishing a Compliance Action Plan may result in a reduction or termination of funding.

Moreover, in years when the community campaign falls short, lack of compliance may result in a further reduction of funding.

2. AGENCY INVESTMENT CYCLE

- 2.1** UWHH's Investment Framework involves multiple granting streams, which vary in length and timeframes.
- 2.2** Agencies applying for any grant stream will be notified of funding allocations in writing via an Investment Letter. Funding commitments are made in principle, and are subject to alterations due to changes in UWHH's revenues, adherence to funding conditions and satisfactory reports and documentation being submitted to UWHH.
- 2.3** Allocations are dependent on an agency's acknowledgement and compliance with UWHH's Funding Agreement, which includes specific funding dates and terms corresponding with the relevant granting stream, including specific reporting requirements.

3. OPERATING SURPLUS FOR UNITED WAY HALTON & HAMILTON SUPPORTED AGENCIES

Policy Principle:

UWHH recognizes that through effective management or windfall conditions, agencies may realize operating surpluses within initiatives funded by United Way Halton & Hamilton. Therefore:

- 3.1** UWHH donor dollars should only be used for the specific purposes outlined in the Funding Agreement between UWHH and the agency.
- 3.2** When an agency realizes a surplus for a UWHH-funded initiative that involves a multi-year funding agreement, the agency is expected to re-invest the surplus in the initiative in the next fiscal year. The reinvestment of the surplus will not affect subsequent allocations to the initiative.
- 3.3** Ongoing surpluses generated within UWHH-funded initiatives for more than two (2) consecutive years are to be examined to determine whether the level of funding from UWHH is still appropriate and may lead to allocation adjustments.
- 3.4** UWHH's surplus portion of an initiative jointly funded by UWHH and another funder(s) will be calculated based on the proportion of UWHH's allocation. In the event that another funder's contribution is restricted and therefore affects the *pro rata* contribution of the other funders, this should be noted in the agency's UWHH funding application.

4. **UNRESTRICTED RESERVES**

Policy Principle:

- a. Stability of agencies within the non-profit sector is beneficial for the sector and the community as a whole.
- b. Creating and maintaining an unrestricted* or undesignated reserve fund contributes to an agency's stability.
- c. Where a reserve already exists this policy encourages transparency.
- d. Agencies will not be penalized for NOT having an unrestricted reserve fund.

4.1 UWHH encourages agencies to create and maintain an unrestricted reserve fund (operating) and will not penalize an agency for creating a reasonable (up to three months) operating reserve fund.

4.2 UWHH's grants Community Investment Fund cannot be used for the purpose of creating or maintaining a reserve fund.

4.3 In the interest of fairness to other agencies and the community as a whole, if an agency has an unusually large unrestricted reserve (in excess of six months operating budget), UWHH may review the agency's financial situation to determine if an allocation adjustment is warranted.

**Unrestricted means externally restricted and not restricted by the Board of the Agency.*

5. **FUNDRAISING**

Policy Purpose

The purpose of the policy is to provide a fundraising framework for agencies that receive funding from UWHH (also referred to as Supplementary Fundraising). The goal is to avoid conflicts and duplication of fundraising efforts between UWHH and funded agencies

The policy is based on the following principles:

- a. Agencies should not force their staff, Board and/or other volunteers to donate to UWHH, but should encourage and actively promote participation in fundraising activities as outlined in the Funding Agreement.

- b. Individual donors, employee groups/funds, corporations and businesses that contribute to UWHH's fundraising campaign should be protected from additional requests for funding directly from agencies who are receiving funding from UWHH, particularly during the campaign period

5.1 Ethics

All fundraising activities whether conducted directly by the agency or through consultants must adhere to ethical fundraising methods/standards. We recommend agencies review the Ethical Fundraising and Financial Accountability Code of Imagine Canada. Also, The Charities Division of Revenue Canada provides information on registered charities.

5.2 Confidentiality

UWHH will treat as confidential, unless otherwise authorized, all information received from an agency in connection with a fundraising activity with the exception of providing the name, time and date of the activity and the name of the sponsoring agency.

5.3 United Way Halton & Hamilton Identification

Agencies receiving multi-year Community Investment Fund dollars should prominently display an identifying plaque or sign at or near the entrance of its premises with the United Way logo and/or the words "United Way Supported Agency", unless detrimental to the well-being of the Agency or its clients. In such cases, agency staff should contact United Way to report and discuss the specifics of their situation.

Agencies receiving multi-year Community Investment Fund dollars are required to use the UWHH logo (in accordance with Branding Guidelines) and/or the words "United Way Supported Agency" on all printed and web-based materials (including letterhead, agency newsletters, promotional folders, brochures and flyers, direct mail solicitation and promotional efforts, news releases, annual reports, income tax receipts, home page of the agency's website, and all print or broadcast media publicity).

All literature and other promotional materials produced by the agency will identify the agency as a UWHH supported agency.

Note: Use of UWHH's campaign materials, in part or in their entirety for the purpose of an agency's/organization's own fundraising campaign, is strictly prohibited.

5.4 Affiliated Organizations

Each agency must employ its best efforts in ensuring that fundraising activities conducted by its affiliated agencies, including provincial, national and foundation affiliates (involving solicitations in Halton and Greater Hamilton) are conducted in accordance with this policy.

6. PROMOTION OF DONOR DESIGNATIONS AND SELF-DESIGNATION

Policy Principle:

To protect the Community Investment Fund and ensure fundraised dollars are available to support the network of agencies and programs/services serving individuals in Halton and Hamilton.

- 6.1** Self-designation through donor choice by agency staff, Board members and/or other volunteers is not encouraged.
- 6.2** Agencies are expected to promote donations to UWHH and not to promote designations to specific agencies and programs.