

**Report to / Rapport au:**

**Ottawa Public Library Board  
Conseil d'administration de la Bibliothèque publique d'Ottawa**

**February 9, 2021 / 9 février 2021**

**Submitted by / Soumis par:**

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**File Number: OPLB-2021-0104**

**SUBJECT: Fundraising Policy Framework**

**OBJET : Cadre stratégique de financement**

**REPORT RECOMMENDATIONS**

**That, at its meeting of February 9, 2021, the Ottawa Public Library Board:**

- 1. Receive and table the OPL Fundraising Policy Framework.**

**That, at its meeting of March 9, 2021, the Ottawa Public Library Board:**

- 2. Approve the policy framework as further described in this report; and**
- 3. In alignment with the policy framework:**
  - a. Approve Board Policy 002 - OPLB Delegation of Authority to provide the CEO with approval authority for donations acquired through fundraising, as further described in this report (Document 1);**

- b. Approve Board Policy 008 – OPLB Donations and Fundraising, to support OPL’s ability to solicit, accept and process donations through fundraising, as further described in this report (Document 2);**
- c. Approve Board Policy 010- CEO Reporting and Board Monitoring to include the additional requirement for the CEO to report out annually on fundraising and donations (Document 4); and,**
- d. Approve Board Policy 022 – Sponsorship and Advertising (Document 5).**

### **RECOMMANDATIONS DU RAPPORT**

**Que lors de sa réunion du 9 février 2021, le Conseil d’administration (C.A.) de la Bibliothèque publique d’Ottawa (BPO):**

- 1. Reçoive et dépose le Cadre stratégique de financement de la BPO.**

**Que lors de sa réunion du 9 mars 2021:**

- 2. Approuve ce cadre, tel que décrit dans le présent rapport;**
- 3. Approuve, conformément à ce cadre:**
  - a) la politique sur la délégation de pouvoirs (002) pour conférer à la directrice générale le pouvoir d’approuver les dons recueillis lors des activités de financement, comme il est expliqué dans le présent rapport (document 1);**
  - b) la politique sur les dons et les collectes de fonds (008) pour que la BPO puisse solliciter des dons, en accepter et traiter ceux recueillis lors des activités de financement, comme il est expliqué dans le présent rapport (document 2);**
  - c) la politique sur la reddition de comptes de la DG et la surveillance du C.A. (010) pour y inclure l’obligation pour la directrice générale de présenter un rapport annuel sur les activités de financement et les dons (document 4);**

**d) la politique sur les commandites et la publicité (022) (document 5).**

**BACKGROUND**

As per the *Public Libraries Act, RSO 1990, c.P.44* (“the Act”), the Ottawa Public Library (OPL) Board retains accountability for the full range of decisions affecting the organization. The Board has decided, however, to use a model of governance that focuses trustee attention on setting strategic direction and objectives, making decisions on major projects, and monitoring performance.

As noted in Board Policy OPLB-002 Delegation of Authority (“the DOA”), the Board retains authority to approve frameworks for advocacy, fundraising, and major sponsorships, and delegates to the CEO authority for their implementation and management, noting that implementation must be in keeping with the overall principles of the DOA.

1. On December 11, 2018, the Board approved a revised Rules of Procedure By-law, and Policy Framework (Report # OPLB-2018-1201), as part of the end of term governance review. As noted in the report to the Board: “*One policy (#008 - OPLB Donations, Fundraising, and Sponsorship, “the Fundraising Policy”)* was not reviewed and has been placed “on hold” for future review as part of the OPL’s fundraising strategy.”
2. At the same meeting, the Board received the Fundraising Feasibility Study (# OPLB-2018-1202) and approved proceeding with the development and implementation of a detailed Fundraising Strategy. The report defined a Fundraising Framework to develop the strategy, including three components:
3. The planning phase (anticipated timeline from Q4 2018 – Q3 2019), including reviewing the Fundraising policy and developing a strategy with specific tactics such as an investment in communication and marketing plans, and recognition and naming opportunities;
4. The implementation phase (Q4 2019 – Q3 2023); and,
5. The evaluation phase (2024).
6. Also, as part of the Fundraising Feasibility Study, the Board approved creating two staff positions and striking a Board Ad hoc Committee on Fundraising (“the Ad hoc Committee”), represented by Trustees Brockington and Slack. Lastly, the Board further noted that an opportunity existed to raise interest in fundraising for OPL, including for potential naming recognition, with the recent approval of a new Joint Facility with Library and Archives Canada (LAC).

Subsequently, at its June 2019 meeting, the OPL Board approved the 2020 – 2023 Strategic Plan for OPL (Report # OPLB-2019-0601), which included a Strategic Statement, Directions, and Priorities. Direction #3 is to “Promote the Value of OPL,” and includes a priority to “develop and implement a fundraising plan.”

In establishing the fundraising strategy, staff identified that rather than simply revising the Fundraising Policy, there was a need to develop a complete fundraising policy framework to adequately support fundraising efforts.

The purpose of this report is to report back to the Board on the commitment to review the above-mentioned policy, as well as to seek Board approval of the Fundraising Policy Framework and subsequent policy changes. The Policy Framework is designed to set the foundation for how fundraising activities are planned and managed, including receiving, approving, and recognizing donations, and reporting back to the Board on funds received.

## **DISCUSSION**

As a public library is constituted according to the *Act*, OPL is considered a charitable organization as per the Canadian Revenue Agency (CRA) and therefore may raise funds. OPL has raised funds over the years through in-person donations at branches, and in recent years via a “donate” button on the OPL website. In addition, OPL cardholders are given the option of receiving fundraising-related information upon registration. Over the last decade, OPL has raised approximately \$350K through this method; this has been accomplished with minimal administrative work and no formalized proactive effort on the part of the organization.

OPL also receives considerable funds from its largest advocate, the Friends of the Ottawa Public Library Association (FOPLA). For many years, FOPLA has been the primary source of additional non-governmental funds for OPL, raising more than \$4 million since 2003, and most recently, in 2020, making a record donation of \$410K to OPL.

**Recommendations 1 and 2: That, at its meeting of February 9, 2021, the Ottawa Public Library Board (1) Receive and table the OPL Fundraising Policy Framework, and that, at its meeting of March 9, 2021, the Ottawa Public Library Board (2) Approve the policy framework as further described in this report.**

A fundraising framework sets the foundation for the planning and management of overall fundraising activities. This framework provides the roadmap for what is needed to develop and implement a formal fundraising program at OPL, including links to other documents and strategies, including policies and supporting tools to assist with implementation. This framework also helps clarify the respective responsibilities of the Board and the organization.

Prior to developing the Framework, staff reviewed existing related policies, and developed new required policies, necessary to support fundraising at OPL. Staff also conducted an environmental scan of relevant CRA guidelines and relevant organizational policies, such as the City's policies related to fundraising. This scan identified common components, best practices and high-level concerns, as well as governance requirements.

Initial observations determined the following:

- A requirement to differentiate “fundraising and donations” from “sponsorship and advertising,” and to separate OPL’s policy accordingly;
- The need to establish authority for the approval and receipt of donations and major gifts within the DOA;
- The importance of reporting on annual fundraising achievements as a governance best practice;
- A requirement for due diligence, oversight, and administrative controls related to accepting donations and major gifts, including developing procedures for donor management and processing donations; and,
- No need to recommend changes to the existing Board Policy OPLB 13, Commemorative Naming.

The journey to cultivate and manage potential donors or prospects is centered on four main stages: identification and research; cultivation and solicitation; stewardship; and reporting out. All four stages of the fundraising journey were reviewed with a view as to what policies existed or needed to be developed, along with any requirements for supporting tools.

Based on this, the Fundraising Policy Framework includes three revised Board-level policies, and one new Board-level policy.

1. OPLB Policy 002 – the DOA
2. OPLB Policy 008 – the Fundraising Policy

3. OPLB Policy 010 – CEO Reporting and Board Monitoring
4. 022-OPLB: Sponsorship and Advertising (new)

**Recommendation 3a: Approve revisions to Board Policy 002 - OPLB Delegation of Authority to provide the CEO with approval authority for donations acquired through fundraising, as further described in this report;**

The DOA is a Board approved policy that documents and outlines the powers, duties and functions retained by the Board, and those delegated to the CEO. The DOA was approved by the Board in July 2013 as part of an overarching governance review (“Board Delegation of Authority Policy,” OPLB-2013-0075). The original version and subsequent revisions have not addressed fundraising conducted by OPL, or directly accepting major gifts. Item 14 of the current version of the DOA grants authority to the CEO to *“approve fundraising activities performed by third parties for the library’s purposes and to coordinate issuance of donation receipts with the City of Ottawa’s finance department.”* Item 22 grants authority to the CEO to *“implement and manage the strategic frameworks for key services, advocacy and fundraising.”* Unfortunately, these statements do not provide the necessary support for the type and breadth of potential fundraising activities envisioned when staff recommended that OPL adopt a fundraising function in 2018.

To assist in determining the appropriate division of authority, staff referred to the donor process from the initial stages of cultivation to the final stages of gift acceptance.

According to existing DOA authority, approving donations and major gifts would require a board report each time a gift was received that exceeds the current parameters of the CEO’s authority. However, fundraising best practices as outlined by the Association of Fundraising Professionals (AFP) include a commitment to donor confidentiality. Aligning with these best practices would not be possible under the current DOA authorities, as it would not guarantee anonymity to those who are considering giving a significant gift. While in-camera reports could provide some anonymity, criteria for closed meetings outlined in Sections 18.1 and 18.2 of the *OPL Rules of Procedure By-Law* do not include consideration of major gifts or donations.

To address these challenges, staff recommend that the DOA be updated to provide the CEO with authority to approve all gifts and donations. This enables OPL to undertake fundraising initiatives in good faith, respecting donor confidentiality, empowering staff to make timely decisions based on best practices such as the *AFP Code of Ethical*

*Standards and the Donor Bill of Rights*, particularly Section VI of the latter, which states that all donors have the right “to be assured that information about their donation is handled with respect and with confidentiality to the extent provided by law”.<sup>1</sup> This recommendation is also aligned with the general principles of the Board’s governance model and the DOA whereby the Board has oversight of strategic direction and monitoring performance and delegates the implementation and management of initiatives to the CEO.

While this recommendation will grant delegated authority to the CEO, staff recognize that mechanisms must be put in place in order to mitigate risk and ensure oversight. Specifically, staff recommend that the Ad hoc Committee on Fundraising act as the oversight body, in terms of reviewing and advising regarding prospective donors, donations and fundraising decision-making prior to CEO approval. Further, staff recommend that the Board be provided with, at a minimum, an annual report on fundraising results. A subsequent section in this report pertaining to amendments to OPLB Policy 010 – CEO Reporting and Board Monitoring provides further details.

In summary, staff recommend the addition of the following to the DOA, under the “Purchasing and Finance” section: “Approve charitable donations through fundraising to OPL,” and that this authority be delegated to the CEO. See attached Document 1 for the revised DOA.

**Recommendation 3b: Approve the adoption of Board Policy 008 – OPLB Donations and Fundraising, to support OPL’s ability to solicit, accept and process donations through fundraising, as further described in this report.**

As mentioned above, in reviewing the current Fundraising Policy, it was clear that changes are required in order to support fundraising at OPL.

The most significant change to the policy involves differentiating fundraising and donations from sponsorship and advertising. This change is necessary to align with definitions from the Government of Canada. The government indicates that “sponsorship occurs when a business makes a donation toward the cost of a charity’s activity or event and, in return, the charity advertises or promotes the business’s brand, products or services.”<sup>2</sup> As it can be difficult to calculate the value of a sponsorship,

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<sup>1</sup> The Association of Fundraising Professionals (AFP). “Donor Bill of Rights.” <https://afpglobal.org/donor-bill-rights>

<sup>2</sup> “Sponsorship.” Government of Canada. <https://www.canada.ca/en/revenue-agency/services/charities-giving/charities/operating-a-registered-charity/receiving-gifts/sponsorship.html>

sponsorships are not generally eligible for an official donation receipt. Sponsorships are generally a form of advertisement and should be considered separately from fundraising activities and policies.

Based on this information, staff recommend removing the section entitled “Donations or Fundraising Involving Naming Rights” from the current Fundraising Policy, and removing sponsorship and advertising from the current Fundraising Policy entirely. Please see recommendation 3d for further details.

The revised Fundraising Policy (Document 2) has been further developed to include guidelines for due diligence in accepting, reporting, receipting, documenting, and reconciling donations received by OPL. Adherence to this policy is paramount to ensure that OPL manages fundraising activities respecting applicable policies and guidelines.

Revisions include:

- A definition of fundraising and donations activities as they relate to OPL;
- A statement regarding donor rights;
- Ethical guidelines;
- Internal approval process; and
- Management, recognition and allocation of donations.

The policy further establishes the parameters by which donations can be considered, approved and recognized in accordance with industry best practices. While the proposed revisions will ensure the policy’s language encompasses all fundraising, the focus remains on major fundraising activities.

Note that staff already have in place the administrative processes required to support fundraising activities outlined in the Fundraising Policy; these include various templates and forms that will be reviewed by the Ad hoc Committee. Also note that OPL will work with Library and Archives Canada (LAC), as required, to ensure that protocols and administrative processes are developed jointly, or that existing processes are aligned, when conducting fundraising activities related to the OPL-LAC Joint Facility.

As a result of the above revisions to the Fundraising Policy, staff recommend the name of this policy be amended to 008 – OPLB Fundraising and Donations. Please see Document 2 for the revised policy and Document 3 for a copy of the original policy for reference.

**Recommendation 3c: Approve revisions to Board Policy 010- CEO Reporting and Board Monitoring to include the additional requirement for the CEO to report out annually on fundraising and donations.**

As per OPLB Policy 010, CEO Reporting and Board Monitoring, the CEO shall report to the Board annually on decisions listed in the Delegation of Authority policy. The CEO Reporting and Board Monitoring Policy also includes a table that outlines regular reports that the CEO shall provide to the Board, along with the frequency of reporting (at each meeting, or on a quarterly, semi-annually, annually, or as required / scheduled basis). In addition to this, it is also best practice for the Board to receive reports on key subjects as necessary, so that they may effectively execute their responsibility under OPLB Policy 001, Roles and Responsibilities of the Board and Trustees.

It is recommended that the table within the CEO Reporting and Board Monitoring Policy be amended to include a regular reporting requirement for fundraising activities. Staff recommend that, at a minimum, an annual report be provided to the Board noting the amount of funds received, by type of donation (including annual gifts, major gifts, and legacy or memorial gifts, for example). This requirement, coupled with the additional oversight provided through the Ad hoc Committee (as discussed under recommendation 3 above), should allay any potential concerns among trustees with respect to the addition of delegated authority to the CEO.

Please see Document 4 for a revised version of the CEO Reporting and Board Monitoring Policy.

**Recommendation 3d: Approve the new Board Policy 022 – Sponsorship and Advertising.**

As noted above in recommendation 3b, sponsorship is commonly a form of advertisement, and should be considered separately from fundraising activities and policies.

The current Fundraising Policy includes a section entitled “Donations or Fundraising Involving Naming Rights.” Naming a space in honour of a donor (philanthropic naming) is part of a broader donor recognition program and is not considered sponsorship; as such, philanthropic naming continues to be covered under the revised Fundraising Policy. Selling naming rights, however, is considered sponsorship, and is included in the new Sponsorship and Advertising Policy.

At present, this policy is simply comprised of the relevant sections from the current Fundraising Policy. As part of the work of the Governance Ad hoc Committee in the next two years, this policy will be reviewed and revised. Please see Document 5 for a copy of the proposed new Sponsorship and Advertising Policy.

## **Summary**

In summary, staff recommend that the Board:

1. Receive and table the OPL Fundraising Policy Framework at its meeting of February 9, 2021;
2. Approve the policy framework at its meeting of March 9, 2021; and,
3. In alignment with the policy framework:
  - a. Approve Board Policy 002 - OPLB Delegation of Authority to provide the CEO with approval authority for donations acquired through fundraising, as further described in this report (Document 1);
  - b. Approve Board Policy 008 – OPLB Donations and Fundraising, to support OPL’s ability to solicit, accept and process donations through fundraising, as further described in this report (Document 2). Note that this policy replaces the current Fundraising Policy, included for reference as Document 3;
  - c. Approve Board Policy 010- CEO Reporting and Board Monitoring to include the additional requirement for the CEO to report out annually on fundraising and donations (Document 4); and,
  - d. Approve the new Board Policy 022 – Sponsorship and Advertising (Document 5).

These changes will clarify the delegation of authority required for approval of fundraising activities, provide the policy support and necessary oversight for fundraising and donations, and separate out policy regarding non-fundraising activities such as sponsorship and advertising.

## **CONSULTATION**

OPL Senior Management Team, the Board Ad hoc Committee on Fundraising, the City of Ottawa Recreation, Culture, and Facility Services, and the City of Ottawa Legal Department. Further consultation was held with the Vancouver Public Library, Calgary Public Library, Toronto Public Library and Halifax Public Library.

The proposed policy edits are consistent with fundraising best practices established by AFP.

### **LEGAL IMPLICATIONS**

The report and attached documents were reviewed by Legal and there are no legal impediments to implementing the recommendations in this report.

### **RISK MANAGEMENT IMPLICATIONS**

If the Board decides not to approve the recommendations contained in this report, fundraising activities will occur without clear delegation of authority, consistent and up-to-date policy supports, or the required oversight. Activities will also not be aligned with industry best practices.

### **FINANCIAL IMPLICATIONS**

There are no financial implications associated with this report.

### **ACCESSIBILITY IMPACTS**

There are no accessibility impacts in this report.

### **TECHNOLOGY IMPLICATIONS**

There are no technology implications in this report.

### **BOARD PRIORITIES**

The recommendations in this report align with OPL's Strategic Direction to Promote the Value of OPL, and specifically the priority to "Develop and implement a fundraising plan."

### **SUPPORTING DOCUMENTATION**

Document 1 002-OPLB: Delegation of Authority (Revised)

Document 2 008-OPLB: Fundraising & Donations (Revised)

Document 3 008-OPLB: Donations, Fundraising, and Sponsorship (Original)

Document 4 010-OPLB: CEO Reporting and Board Monitoring (Revised)

Document 5 022-OPLB: Sponsorship and Advertising (New)

## **DISPOSITION**

Upon approval of this report:

1. The Manager, Major Gifts & Partnerships will implement the Fundraising Policy Framework;
2. The Manager, Board & Strategic Services will update the relevant Board policies, as indicated in the supporting documents, and ensure copies are provided to Trustees;
3. The Manager, Major Gifts & Partnerships will amend the Terms of Reference for the Ad hoc Committee to include new duties as reflected in the revised Board policies;
4. The Manager, Major Gifts and Partnerships will work with the Ad hoc Committee to ensure appropriate procedures and forms to support the revised Fundraising Policy are in place; and,
5. The Manager, Board & Strategic Services will work with the Governance Ad hoc Committee to review and revise the Sponsorship and Advertising Policy.