Improved Annual Reporting by Not-for-Profit Organizations

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Preface

There is increasing interest in the external reporting of not-for-profit organizations. Improved Annual Reporting by Not-for-Profit Organizations is a publication from The Canadian Institute of Chartered Accountants (CICA). It was developed by a working group drawn from the not-for-profit sector that provided advice to CICA's Canadian Performance Reporting Board.

This guide is intended to assist senior management and boards of directors of not-for-profit organizations in preparing high quality annual reports that enhance the accountability of organizations and provide useful information to stakeholders. Smaller organizations with resource constraints may wish to consider implementing this guidance in stages over a period of years. While the guidance is targeted at small to mid-size not-for-profit organizations, it may also be useful for larger entities. Government organizations following not-for-profit GAAP, including those in the SUCH sector (schools, universities, colleges and hospitals), should consider the guidance in the Public Sector Accounting Board's standards of recommended practices.

CICA established the Canadian Performance Reporting Board (CPRB) to advance the relevance and quality of performance reporting by Canadian entities. In support of its mission, the CPRB oversees the development of guidance materials for preparers and thought-leadership documents that raise awareness about reporting issues.

The CPRB welcomes comments about this guidance. They should be addressed to:

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Introduction

This guide is designed to assist those staff and/or volunteers responsible for preparing and approving the annual report of a not-for-profit organization. It provides guiding principles of reporting, key elements that need to be addressed, and examples from organizations of different sizes.

Accountability and Transparency

There is increasing external pressure on not-for-profit organizations to demonstrate accountability and transparency. Stakeholders, including the general public, are taking more interest in the administration of organizations receiving what are viewed as "public funds" (whether donor dollars, tax benefits, or government grants). Questions are being asked about executive compensation, administrative costs and fundraising expenses. Donors, potential partners and other stakeholders are seeking more and more information in order to make informed decisions.

Annual reports can be part of an overall strategy to communicate with stakeholders and can help foster public trust and build community support. Effective annual reports can help build an organization's reputation, can make a case for support, and can be a key means of reaching new donors, partners, and volunteers.

Defining Reporting

The term "reporting" as used in this guide refers to the information that an organization makes publicly available regarding its activities and performance. The information is commonly contained in an annual report that covers the organization's fiscal year. There are many different stakeholders who may be interested in the information, including the organization's members, beneficiaries and donors.

Many not-for-profit organizations are already subject to reporting requirements such as the production of audited financial statements or mandatory reporting to funders. Registered charities must file a Registered Charity Information Return with the Canada Revenue Agency (CRA). These are essential obligations, and organizations should be familiar with the particular requirements that apply to them and ensure they are met. However, these types of reports are generally focused on meeting the information needs of only one particular stakeholder.

> ### Registered Charities
>
> Over half of the not-for-profit organizations in Canada are registered as charities for the purposes of the *Income Tax Act.* The Charities Directorate of the Canada Revenue Agency (www.cra.gc.ca/charities) is responsible for registering qualifying organizations as charities. Registered charities are subject to additional legal and reporting requirements, including the filing of a prescribed annual information return.

While some of the recommendations in this guide reference or incorporate elements of regulatory requirements, the focus is on the narrative reporting, voluntarily provided, which should supplement the required financial statements and other reports.

The Importance of Narrative Reporting

Financial information is one element of annual reporting. However, financial statements alone don't communicate all the information about an organization that its stakeholders seek, particularly in the not-for-profit sector. For many not-for-profit organizations, their financial statements capture little of the most important information about the organization's performance.

Examples of key elements that aren't captured in the financial statements are volunteer contributions and community impact. These elements are not easily explained in financial terms, but are fundamental to understanding organizational performance. This is why the annual report needs to contain more than just numbers; it must tell the organization's story. This is referred to as narrative reporting.

A narrative report (or story), which accompanies an organization's financial statements, is critical because in the absence of context and without other key information about the organization, stakeholders or members of the public will draw their own (potentially erroneous) conclusions based on the information that is available. The narrative accompaniment is an opportunity both to explain the financial information and to present key non-financial measures to demonstrate the organization's performance.

Financial Statements

An organization's financial statements generally include the statement of financial position, statement of operations, statement of changes in net assets and statement of cash flows. Notes to financial statements, and supporting schedules to which the financial statements are cross-referenced, are an integral part of such statements.

When financial statements are audited, they are accompanied by an auditor's report that describes the auditor's responsibilities and expresses an opinion by the auditor about whether the financial statements are prepared, in all material circumstances, in accordance with an acceptable accounting framework.

T3010 Registered Charities

The T3010 is an annual information return that registered charities are required to file with the CRA in order to maintain their status.

Registered charities must also provide financial statements as part of their filing requirements for the annual information return. CRA requirements for financial statements are at a minimum:

- A statement of assets and liabilities (balance sheet);
- A statement of revenue and expenditures (income statement), and
- any prepared notes

Telling the Story

The purpose of narrative reporting is to communicate the organization's story to its stake-holders, with a particular focus on a specific time period. The key message that needs to be conveyed is how the organization is delivering on its mission. This will involve:

- Setting out the organization's mission and its objectives, as well as the strategy for meeting those objectives and the activities undertaken in support of the strategy.
- Discussing how activities unfolded over the year, how they compared to expectations and how they compared to prior years. This should be done in a fair and balanced manner – openly reporting bad news as well as good.
- Discussing what the organization's future goals are and the strategy and expectations for the coming year.

Good reporting should draw the links between the financial data and other key information about the organization's accomplishments in order to give a clear and consistent picture of the organization's performance over the past year and its progress towards its goals. It can help stakeholders understand what the financial statements show and do not show, discuss important information that may not be fully reflected in the financial statements, and discuss important trends and risks affecting the organization.

Reporting Appropriate to the Organization

Whether small or large, all organizations can benefit from reporting on a regular and transpar-ent basis to stakeholders. Therefore the general principles of this guidance apply to virtually all organizations. However, just as not-for-profit organizations vary widely in terms of size, complexity and resources, the appropriate level of detail in reporting will also differ. Smaller organizations may find that shorter and simpler disclosures are sufficient to meet their needs and may be able to articulate in a few sentences or a paragraph what larger organizations need a page to do. Reporting should be appropriate to the organization in terms of depth and complexity and should not impose an undue administrative burden. As well, smaller organiza-tions may wish to consider implementing the guidance over a period of years.

Developing an annual report or revamping an existing one can seem like an overwhelming task or just one more thing that takes time away from focusing on the organization's mission. How-ever, effective reporting is key to maintaining healthy relations with stakeholders, attracting volunteers, partners and funders, and building and maintaining the trust of the community – all of which are critical to the organization's ability to deliver on its mission. As well, the process of writing and approving the annual report provides an opportunity for management and staff to review and reflect on the organization's accomplishments and challenges and should deepen board members' knowledge about the organization. Virtually all of the information necessary for the preparation of an annual report likely already exists and is in the possession of the organization. It is often simply a question of pulling it together, connecting the dots, highlighting the important elements, and making it appealing and accessible to readers.

Users of the Report/Stakeholders

Annual reports should be developed with the information needs of stakeholders firmly in mind and should provide practical, useful information that will guide stakeholders in their dealings with the organization, whether as funders, volunteers, partners, beneficiaries or as part of the wider community. There is no "one size fits all" rule for reporting; each organization must determine the most effective way of communicating the information its stakeholders want.

Identifying Stakeholders

The users of a not-for-profit organization's annual report will generally be its stakeholders, or a particular group of stakeholders. The types of stakeholder groups seeking information will vary for each organization, but may include:

- Members
- Donors and potential donors
- Funding agencies
- Users or beneficiaries of services
- Employees
- Volunteers
- Partners
- Creditors
- Corporate sponsors
- Media
- Community

The final stakeholder group (and therefore potential user of the annual report) that all organizations should be aware of is the general public, many of whom consider themselves to be indirect supporters through their taxes and who may also be potential donors or volunteers.

Determining Information Needs

After identifying the users of the annual report, the next step is to consider the users' information needs. Each organization will have to make a determination about who the primary users of its annual report are likely to be, and to what extent the information presented should be targeted to the needs of specific groups or should be more general.

The needs of users will depend in part on their level of familiarity with the organization, their relationship to the organization and the sector in which it operates, and what other means of communication (if any) they have with the organization.

In order for the annual report to be relevant and useful to users, it should communicate information that will help stakeholders in making decisions about their involvement with or contribution to the organization.

Questions Annual Reports Should Answer

Annual reports should answer some key stakeholder questions, including:

1. What is the purpose, mission and vision of the organization?
2. What is the strategy to achieve the purpose/mission/vision?
3. What were the goals for the year? How did actual performance compare with expectations?
4. What are the organization's risks and opportunities?
5. What were some of the financial and non-financial highlights during the year?
6. What were the organization's fundraising methods and outcomes?
7. What is the organization's plan moving forward? What does it expect to accomplish next year?
8. How is the organization structured and governed?

Guiding Principles of Reporting

While the information contained in an annual report, as well as its format and presentation, will differ from organization to organization, there are some key principles that apply to all reports.

1. **Focus on the mission** – clearly articulate the organization's mission and objectives and relate performance and financial results to progress towards achieving the mission
2. **Tell the story** – supplement, complement and integrate the information in the financial statements to tell the story of the organization in a meaningful way
3. **Have a strategic perspective** - focus on the organization's plan for achieving its mission and its outlook for the future and address risks that could affect that plan
4. **Account for stewardship** – report on management and use of resources with clear references to outcomes achieved
5. **Meet stakeholder needs** – information should be complete, understandable, accessible and relevant to the needs of stakeholders
6. **Be fair and balanced** – balance positive and negative information, take responsibility for shortfalls as well as successes, disclose risks and challenges as well as accomplishments.

Key Elements of Reporting

Organizational Purpose

Early in the report, background information should be presented to help the reader to understand the organization and the environment within which it operates. This is the setting for the organization's story. Readers may not be familiar with the organization or its particular circumstances.

Relevant information often includes some brief background on the organization and its activities, an explanation of the geographical area or population served, a description of the particular sector, and any significant implications of the regulatory framework the organization works within.

This information doesn't have to be comprehensive, but it should provide the reader with a general understanding of the way the organization works.

EXAMPLE:

The Lifesaving Society

Source: Lifesaving Society Ontario 2010 Annual Report at p. b-1.
www.lifesavingsociety.com/PDF/98OntarioReport2010_Web.pdf

The Lifesaving Society is a full-service provider of programs, products and services designed to prevent drowning. We save lives and prevent water-related injury through our training programs, Water Smart public education, drowning research, aquatic safety management and lifesaving sport.

We are a national volunteer organization and registered charity composed of ten provincial/territorial branches, tens of thousands of individual members, and over 4,000 affiliated swimming pools, waterfronts, schools and clubs.

The Lifesaving Society is a leader and partner in the delivery of water safety education throughout Canada and around the world. (The Society operates globally in over 40 countries.) We represent Canada in the Commonwealth Royal Life Saving Society and the International Life Saving Federation. The World Health Organization recognizes ILS as the world authority in the global effort to prevent drowning. The Lifesaving Society takes lead responsibility for drowning prevention in Canada.

We have been teaching swimming, water safety and water rescue in Canada since 1896.

Established in England (1891) as The Swimmers' Life Saving Society, we became The Royal Life Saving Society in 1904. Today, we are known as simply the Lifesaving Society.

...

Teaching Canadians to save themselves and rescue others
Annually, 800,000 Canadians participate in our swimming, lifesaving, lifeguard, first aid and leadership programs. Each year, we certify thousands of instructors who provide the leadership for our training programs. Over 30,000 Canadians earn our Bronze Medallion each year. As Canada's lifeguarding experts, we set the standard for lifeguard training and certify Canada's National Lifeguards.

Making Canadians Water Smart®
The Lifesaving Society focuses Water Smart® drowning prevention efforts on people most at risk – like men fishing in small boats – or on those who can make a significant difference, such as parents of young children. We deliver Water Smart® messages through our swim program, through the media and community action. Our Swim to Survive® Program provides the essential minimum skills required to survive an unexpected fall into deep water.

Drowning research
The Lifesaving Society conducts research into fatal and non-fatal drowning, aquatic

injury and rescue interventions. Ongoing research and analysis supports the Society's evidence-based water-rescue training and Water Smart® drowning prevention education.

Setting the standard

The Lifesaving Society establishes aquatic safety standards and consults on aquatic safety issues for the aquatic industry, governments and the judiciary. The Society offers a suite of services to help aquatic facility operators maintain and improve safe pool and waterfront operations. We perform aquatic safety audits and serve as experts in legal cases involving aquatic safety.

Lifesaving sport

The Lifesaving Society is the Canadian governing body for lifesaving sport – a sport recognized by the International Olympic Committee and the Commonwealth Games Federation. We organize annual championships for age-group, senior and masters athletes and coordinate Canada's National Lifesaving Team participation in international competition. The Society uses lifesaving sport to engage and inspire youth in our drowning prevention mission.

Mission/Vision

The organization's mission (or vision and mission) should be central to the annual report. After all, that's what the organization is all about, and readers of the report may not be familiar with the organization's mission. The aims of the organization should be clearly expressed so that the reader gets a clear sense of what success looks like for that particular organization.

EXAMPLE:
Source: CAWST 2011 Annual Report at p.b
www.cawst.org/en/about-us/governance-reports/annual-reports/211-cawst-annual-report-2011

Centre for Affordable Water and Sanitation Technology (CAWST)

Our vision is a world where people have the opportunity to succeed because their basic water and sanitation needs have been met.

EXAMPLE:

Active Healthy Kids Canada

Source: www.activehealthykids.ca/AboutUs.aspx

Vision: A nation of active, healthy kids.

EXAMPLE:

United Way of Halifax Region

Source: United Way of Halifax Region 2010 Annual Report at p. 20
www.unitedwayhalifax.ca/annual-reports/view-category.html

United Way brings people and organizations together to build vibrant neighbourhoods and strengthen our community.

EXAMPLE:

Shock Trauma Air Rescue Society (STARS)

Source: STARS report to the Community 2010 at p. 1
www.stars.ca/data/1/rec_docs/295_Stars_2010_AR_F1_web.pdf

STARS is dedicated to providing a safe, rapid, highly specialized emergency medical transport system for the critically ill and injured.

The mission can be referenced throughout the report, as the information presented relates back to the mission. The report should explain how the activities and programs over the past year moved the organization closer to delivering on the mission or achieving its vision. Reference to measurable results and outcomes can show how much progress was made over the course of the past year. The financial information should also be related back to the mission, as the report can explain how the organization's financial results and the stewardship of its resources support its ability to deliver on its mission.

Note:

This process of revisiting the mission statement may be an eye-opener for some organizations, who may find that there is a disconnect between the articulated mission and the organization's current programs and priorities. This may necessitate a review of overall strategy to determine whether the mission statement needs updating or whether programs have suffered from "mission drift" and need to be brought back in line. The organization's mission must also be consistent with its legal purposes and regulatory filings. Either way, it is important to remember that if the link between mission and activities isn't clear to those within the organization, it will be even less clear to those outside it!

Strategy

Once the mission has been clearly laid out, the next step is to articulate how the organization plans to achieve it. This is the organization's strategy, and it will have both shorter-term (over the next year or two) as well as longer-term components. It is helpful to set out the strategy early in the report to provide context for the user.

The organization's strategic plan should include milestones and the measures or markers used by management to determine whether progress is being made. These measures of progress on strategy may be financial or non-financial. Emphasis should be on outcomes, rather than outputs.

Strategy

An organization's "strategy" involves:

(1) the determination of long term goals and objectives which reflect

　(a) the relationship that the organization wishes to have with its different stakeholder groups and,

　(b) in particular, how the organization intends to address important stakeholder needs; and

(2) the identification of the scope of the activities or programs through which those goals and objectives are to be achieved.[1]

1　Lindsay, Hugh. 20 Questions Directors of Not-for-Profit Organizations Should ask about Strategy, Planning and Budgeting. CICA 2008, adapted from C. Bart, "Lasting Inspiration" CA Magazine May 2000

Outputs v. Outcomes

Outputs are the quantifiable services and products produced by the activities of staff and volunteers. Outputs can range from answering a phone call or issuing a cheque to performing a surgical procedure or holding an event.

Intermediate outcomes are the immediate benefits and changes resulting from the outputs. For example: number of satisfied users, number of jobs found, better decisions made.

Ultimate (or end) outcomes are final or long-term consequences.[1] For example, improved health could be measured in terms of a reduction in mortality rates due to XYZ disease, or safe streets as a reduction in the number of vehicular accidents involving alcohol or drugs.

1　Lindsay, Hugh. 20 Questions Directors of Not-for-Profit Organizations Should ask about Strategy, Planning and Budgeting. CICA 2008.

DeafBlind Ontario Services

Our Vision to 2014

We worked closely with clients, parents, guardians, stakeholders and staff to create the strategic plan that defines our vision to 2014.

Proud Past. Dynamic Future. signals that we will build on the solid foundation that has been created since 1989 as we continue to find new ways to support Ontarians who are deafblind, providing individuals choice and helping them engage their communities.

Four strategic principles will guide our way forward.

1. Alternative Delivery Models

Continue to be a leader in service delivery to individuals who are deafblind by exploring alternative models to ensure that individuals who are deafblind have choices.

We will continue to search for new and more effective ways to provide service and support to our clients. Our first step will be to evaluate the services we currently offer to measure their effectiveness and our efficiency in delivering them. We'll investigate innovative approaches to service delivery and consider new types of services that will benefit our clients. We'll explore partnerships to achieve economies of scale. Most importantly, though, DeafBlind Ontario Services will make certain that the high quality and integrity of services we provide is maintained.

2. Social Enterprise

Explore opportunities for social enterprise/proprietary initiatives.

Our organization, and therefore our clients, have always been very reliant on funding support from the provincial government. We plan to temper that dependence by investigating the potential to generate revenue from other activities to help us serve and support our clients. For example, there may be opportunities to market our highly-valued TOUCH™ training to others. The reputation of our REACH program is growing, creating opportunities to support individuals who are deafblind in settings outside of our residences.

3. Communications

Continue to build on the progress of the communication strategy.

The Communication Strategy we developed and implemented in response to our last strategic plan has clearly benefited our clients. We will expand our efforts to increase knowledge and understanding of deafblindness and raise the profile of DeafBlind Ontario Services among our key stakeholders and the general public. It is imperative that we purposefully engage clients, families, management, our staff and stakeholders through our various communication initiatives. An important objective of our strategy will be to educate clients, families and staff about the challenges of our diversifying population.

4. Advocacy

Continue to build on the progress of the advocacy strategy.

Our last strategic plan placed much greater emphasis on advocacy on behalf of our clients and their families. We plan to continue to maintain the critically-important relationships we have put in place with government and other agencies, and to create new ones. In particular, DeafBlind Ontario Services will continue to take a leadership role as the provincial government implements improvements to the Intervenor services system in Ontario.

YMCA Canada's Role

YMCA Canada is a federation of 45 YMCAs and 8 YMCA-YWCAs who work together to achieve common goals for improving the health of Canadians.

YMCA Canada has three primary roles:

- To foster the development of strong member Associations and encourage collaborative initiatives
- To protect and enhance the reputation of the YMCA, and
- To advocate on behalf of Associations regionally, nationally and internationally

To deliver on these commitments, YMCA Canada has adopted the following strategic initiatives for 2007-2011:

Association Support

YMCA Canada works to strengthen the capacity of each YMCA by:

- Monitoring and supporting Association performance
- Responding to requests for assistance
- Encouraging collaborative initiatives between Associations
- Developing best practices, programs and program standards, success measures and evaluation practices

Program Development

By coordinating the development and distribution of national program resources, we help Associations across the country enhance their program quality, reach out to more participants and realize their philanthropic goals. We also pilot innovative initiatives which allow Associations to test new models or reach new groups of people.

Leadership and Human Resources

YMCA Canada encourages leadership development across all our areas of focus - from child care and youth leadership programs to adult volunteers and staff. To foster these skills, we:

- Offer a Leadership and Management Development Program for Association staff
- Develop human resources and volunteer management tools for use across the country
- Grant 15 annual education awards/scholarships to YMCA staff and volunteers
- Recognize exemplary service and leadership by our staff and volunteers to the communities they serve through the YMCA Fellowship of Honour

Strategic Information Management

YMCA Canada continuously monitors the external and internal environment to collect key national data and identify issues relevant to our Associations. Through national research and surveys, we monitor Canadian social trends and work with lead Associations to deliver a national response to common local concerns.

Movement-Wide Communications and Networking

In addition to coordinating national meetings and events, YMCA Canada upholds the YMCA visual identity guidelines, develops key messages on matters of national YMCA interest and manages a national email and Intranet system to support nation-wide collaboration.

National Representation

In keeping with our charitable focus, YMCA Canada liaises with the federal government and national organizations to take action on issues that present opportunities or threats to member Associations. We also represent Associations on national coalitions and networks, such as the National Voluntary Organizations Coalition and the Canadian Council for International Cooperation.

International Representation

As part of our international strategy, YMCA Canada:

- Encourages partnerships between Canadian YMCAs and overseas YMCAs
- Promotes YMCA Peace Week, a program dedicated to teaching about social inclusion and the many dimensions of peace to children and youth, and recognizing local peace builders by awarding the YMCA Peace Medallion
- Represents YMCA Canada to the World Alliance of YMCAs, area YMCA organizations and other national movements
- Facilitates the participation of member Associations in world YMCA events

Effecting Lasting Change

By collaborating nationally and internationally, we believe we can do more than deliver exceptional community service that allows people - particularly children and youth - to reach their full potential. We believe we can also effect meaningful and lasting social change that addresses some of our world's most serious challenges. Together, we can create an environment that fosters peace by supporting the development of mutual caring, honesty and respect.

Goals and Performance

One of the key things that an annual report does is to report on the results of the past year. This is often the "feel-good" part of the report – the stories of successful programs delivered, fundraising events held, etc. This is a key part of the report and a powerful opportunity for the organization to tell its story, especially as it relates to achieving the mission.

Leading organizations can go beyond that and demonstrate real accountability by explaining performance with greater detail and context; for example, by explaining what the goals were for the past year, how those goals were related to the mission, and what progress was made in achieving them.

Reports should explain how the activities of the past year relate to the organization's strategy. Performance measures can be used to define and measure an organization's progress towards achieving its goals. To be truly effective, these measures should be set in advance and measureable. They can include both financial and non-financial measures.

Historical comparisons can be included where relevant as they provide a useful means of tracking the organization's progress. The means of tracking performance should be consistent from one year to the next, and any changes should be explained. Whatever measures the organization selects, the report should explain how the metrics were determined. As far as possible, measures should be comparable – within the organization year-to-year, and even with other similar organizations if possible.

Reports that demonstrate true accountability will be balanced and clearly address areas in which objectives were not achieved. They will also include a discussion of the factors both within and outside the control of the organization which affect the achievement of its goals. Taking ownership of outcomes, both positive and negative, is an important tool for accountability.

Engineers Without Borders
Engineers Without Borders Canada publishes an annual failure report, which is an excellent tool both for accountability and organizational learning.[1]

1   http://www.ewb.ca/en/whoweare/accountable/failure.html

Canadian Paraplegic Association of Ontario

Source: Canadian Paraplegic Association of Ontario
Annual Report 2008-2009 at p. 8 http://s.cpaont.org/files/CPA-
OntarioAnnualReport2008-09.pdf

2008/2009 Highlights
Reaching 100% of People with SCI

- Successfully reached 251 people with a new SCI to assist them on their journey to recovery
- Expanded Regional Services staff and offices in Waterloo-Wellington region, Peel-Dufferin region and Mississauga-Halton region, bringing the total number of coordinators to 21
- Responded to 2,411 information requests across the province
- Continued to partner with Hamilton Health Sciences through the SCI Pilot Demonstration Project to provide service to people with SCI
- Opened doors to the SCI Information Centre – a collaborative project with Toronto Rehabilitation Institute to showcase a provincially-focused, interactive resource centre (housed at Lyndhurst Centre) that will serve as a model for future rehabilitation centres across Ontario
- Continued discussions with First Nations communities to develop a strategy to support Aboriginals with SCI
- Led the development of regional SCI Solutions Alliances in collaboration with the Ontario Alliance, including Champlain region, Erie/St. Clair region and South-West region
- Chaired the Steering Committee for the Job Opportunity Information Network (JOIN Toronto), that includes 25 employment service providers for people with disabilities
- Expanded the Peer Support Programme to include 223 volunteers in seven regions to reach people who are newly injured and to others who have an SCI-related issue and need support
- Shared best practices and knowledge about disability issues with the Amerindian people of Guyana through a CPA National aid and development project
- Held the 4th annual Sex, Wheels and Relationships Forum in Toronto
- Achieved a 45% increase in CPA Ontario website traffic
- Provided financial assistance through CPA Ontario's Direct Aid Programme to 225 individuals (total amount granted: $81,902)
- Engaged 1,240 volunteers in 14,441 hours of service to help fulfill CPA Ontario's mission
- Supported 1,330 members through Membership Services

1. Number of People Impacted by CAWST Clients

As of June 2010, CAWST's clients impacted a total of 3.6 million people with better water and sanitation since its inception in 2001. This represents an increase of 515,000 people over the past year.

Most of the increase is attributable to the implementation of household water treatment (HWT) programs. In particular, there has been a notable increase in HWT implementation in institutions. More than 75,000 households and 3,000 institutions began using filtration to treat their own water between June 2009 and June 2010.
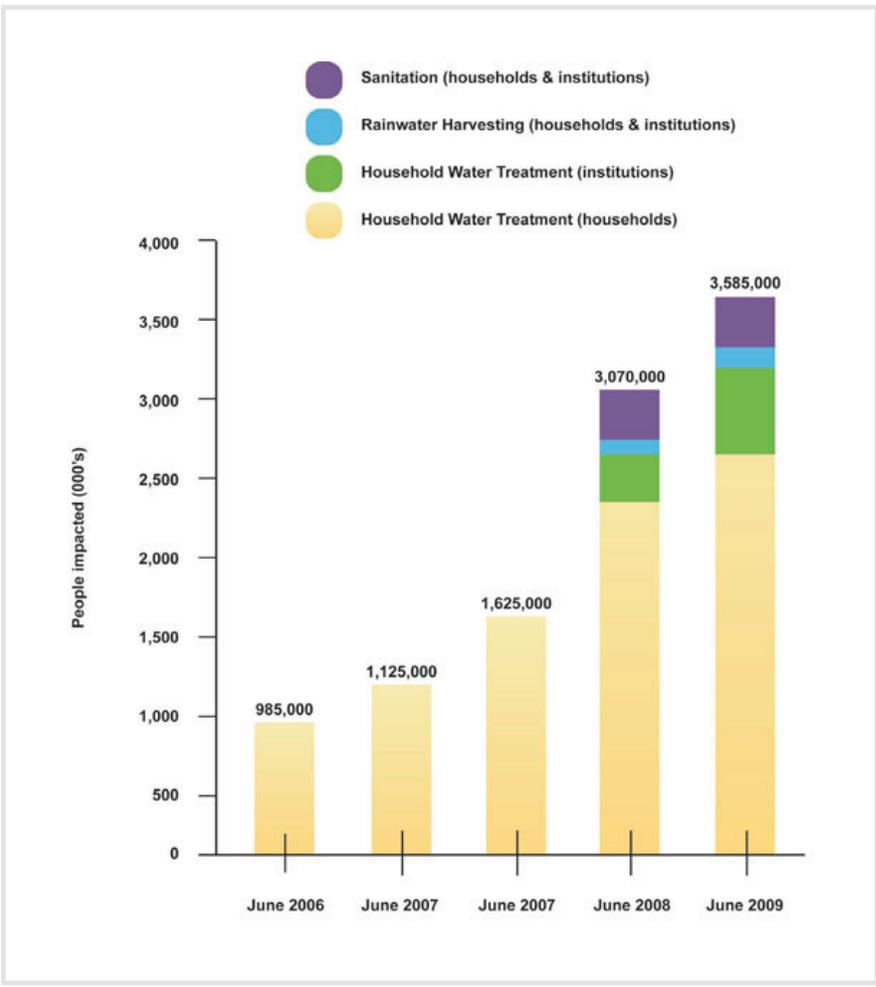
Risks and Opportunities

The identification and management of risk and uncertainty is a key part of good governance. It involves considering possibilities and probabilities regarding the organization's future and preparing to deal with them. Reporting on risks and challenges is important, but many organizations are uncomfortable doing it. However, effective reporting of risk and risk management can go a long way towards both managing expectations and building trust with stakeholders.

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Risk

A common definition of risk is anything that threatens the organization's ability to meet its objectives and deliver on its mission. However, viewed more conceptually, risk may simply refer to future uncertainty. This uncertainty can also have positive outcomes, which are opportunities.

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Stakeholders are interested in knowing about issues facing an organization which may affect its ability to execute its strategy and how those issues are being addressed. It is not necessary to disclose every potential risk the organization could face. Risks as well as opportunities should be prioritized and only the most important addressed in the report. Generally, these will be the kinds of topics that are discussed at the board level. They may relate to the organization's:

- strategy – the relevance of the organization's mission, in a changing environment, competition or potential partners, changes in demand for services, etc.
- finances – changes in donation levels, investment returns, potential revenue streams, etc.
- human resources – ability to recruit and retain staff and volunteers, organizational culture, etc.
- operations and program delivery – client/user satisfaction, impact on reputation, capacity constraints, etc.
- operating environment – includes safety and vulnerability to accidents, etc.
- changes in obligations under laws and regulations
- reputation with stakeholders and public interest in the organization

Effective risk disclosures will explain the nature of the risk, its likelihood of occurrence and the impact it would have on the organization. The key to discussing risk, and to making the disclosure useful to stakeholders, is also discussing the organization's approach to risk management and outlining the steps being taken to minimize or mitigate the risks mentioned. Good risk disclosures not only help stakeholders assess the organization's strength and sustainability, but can also help them to understand the organization's resilience and its ability to respond to risks.

EXAMPLE:

Kingston Literacy and Skills

Source: Kingston Literacy and Skills 2010 Annual Report at p. 6-7
www.klandskills.ca/pdf/AnnualReport2010.pdf

Despite our current fiscal strength, ongoing stable funding remains a primary area of long-term concern. The Board is aware of the potential impact on our long-standing programs if there are no increases in government operational funding for Literacy and Basic Skills once the two-year special field support funding ends. The challenge of securing and maintaining strong core funding, therefore, remains a priority. Since approximately 80% of KL&S funding is from government grants and contribution agreements, we are vulnerable to policy changes by governments and concerned that the large federal and provincial deficits may result in decreases in funding beginning in 2011. This would necessitate significant program cutbacks. It is essential that all who support the vision of KL&S speak out to prevent these potential reductions in support. Our Family Literacy programs, which are principally funded through targeted grants, are also vulnerable to economic downturns. As a result, our Reading and Parents Program (RAPP) was able to serve fewer high-priority groups over the past year.

2009-2010 Performance

Understanding and Managing Risk: A

Since establishing a Risk Management Committee in 2002, the Board has restructured all committee responsibilities to improve oversight and segment responsibilities. In 2005, the Risk Committee expanded to Risk and Audit. The Finance Committee retains oversight of monthly financial performance, budget development and capital expenditures, as well as the performance of the Investment and Pension Committees. The Risk and Audit Committee oversees the auditing of management and Finance Committee performance on behalf of the Board, approves the annual audit plan, and receives internal audit project reports, reporting results to the Board of Directors. The Committee also worked with the corporate external auditors KPMG.

In 2003, a risk protocol and training program was implemented to move risk awareness, assessment and management throughout the structure. In 2006, new key performance indicators were established for program departments to focus on areas of highest risk and to flag areas that need immediate attention. The Corporate Resources Departments and the Non-Profit Housing Corporation (NPHC) completed this exercise in 2010. Recently, the organization's Top 10 risks were reviewed and reordered by Senior Management, and reviewed by the Risk and Audit Committee. This will go to the Ontario March of Dimes Board for approval in 2010-2011.

Ontario March of Dimes recognizes the following key risks to its operations:

- Two thirds of the organization's funding comes from government and crown corporations, as transfer payments or as fees to purchase specific services. Ontario March of Dimes is vulnerable to changes in legislation, government funding priorities, budget and rate changes and possible re-tendering or termination of contracts;

- Half of the revenue received is designated for specific uses and no surplus funding can be retained;

- Ontario March of Dimes is vulnerable to environmental changes which affect the economy and donor priorities;

- A number of key services are dependent on discretionary dollars raised through fund development, business operations and proprietary services. These programs are at risk when budget targets are not achieved.

- The Government Relations and Advocacy Department, in conjunction with program directors, monitored government policy and identified both opportunities and risks while cultivating proactive relationships with government at senior levels.

- In 2007-2008, a part time Internal Audit consulting position was funded and filled by an individual with appropriate professional designation and experience. In 2009-2010, due to an extended vacancy, much of the activity was focused on implementation of recommendations from previously concluded projects related to payroll, vacation accrual and purchase-to-pay. An assessment protocol for facility security was completed and recommendations will be presented in 2010.

Risk & Opportunity Analysis

Overall, our sustainability as a "going concern" is not in question. The following risks regarding budgetary pressures merit specific mention.

Expense Risks

Annual market adjustment rate:

Expenditures, as described in our financial statements are likely to increase at the annual market adjustment rate.

Operating costs of new helicopters:

Aviation costs are a blend of ongoing scheduled and unscheduled maintenance. The initial start-up costs of the AW139 helicopters, on a one-time basis, are projected to occur in 2011 through 2013. We will likely be unable to reduce aviation costs further, given the age of the current fleet and the arrival of new helicopters requiring training for pilots and engineers, and maintenance equipment.

Revenue Risks

Agreements with provincial government:

A new agreement with Alberta Health Services was signed effective April 1, 2010. This agreement provides a baseline amount of partial funding for mission operations of $5.488 million per year. Additionally, Alberta Health Services has agreed to reimburse STARS for mission related fuel expenditures.

STARS is a charitable, not-for-profit entity that receives the majority of required funding from communities, individuals and industry.

We are optimistic that the collaborative model of partial funding from government and partial funding from the STARS Foundation will remain intact. With the additional commitments agreed upon in the Rural Red Patient Matters Affiliation Agreement, STARS will continue to monitor revenue and cost risks.

The combination of Alberta Health Services working in partnership with STARS and the community serves to strengthen the links in Alberta's health safety net for critical patient care.

THE STARS CENTRE and STARS Emergency Link Centre ("STARS ELC") costs are stable, and the centres are positioned to generate revenue. In 2010, STARS signed a new agreement with Medical Education Technologies, Inc. ("METI") to provide human patient simulation support in Canada and this activity continues as a growing revenue source.

The overall economic recovery has the potential to increase several of the major revenue streams important to the ongoing financial sustainability of STARS. Additionally, we have developed a number of new fundraising programs for 2011: Red Ring for Life, STARS CEO Survivor, and Fund a Flight which are projected to increase revenues well into the future. The economic growth in the province of Saskatchewan has resulted in significant start up fundraising for STARS of approximately $38.5 million.

The annual STARS Lottery provides significant revenue but could potentially experience difficulty selling out, reducing expected revenue in a difficult economic environment. However, the 2011 lottery sold out, as it has since inception 18 years ago. We believe this history of sell out is reflective of the strong support for the purpose and mission of the organization by individual supporters in the community. The risk of missed revenue from this funding initiative is felt to be low.

Other revenue sources such as site registration, corporate donations and event proceeds are projected to increase with the anticipated economic recovery. Actual donations and fundraising revenues increased by $1.7M in 2010 over 2009 levels highlighting recovering fundraising programs.

Capital procurement risk:

During 2010, STARS Aviation Canada Inc., a subsidiary of Shock Trauma Air Rescue Society, traded its AW139 helicopter to AgustaWestland for an AW139 capable of flight into known ice conditions. This will result in two identical AW139 aircraft with de-icing capabilities. The second aircraft is due to arrive in late 2012. STARS has entered into an

agreement with Air Concepts International Inc. and HeliMods Pty Ltd. for the delivery of two AW139 medical interiors. The Vision Critical Campaign raised the majority of the funds to meet the payment schedule for both helicopters. Additional fundraising is required to address the costs of the medical interiors, currency fluctuations and new aircraft pilot training, which has created the potential for approximately a $7 million shortfall by the end of 2012. We are developing mitigation strategies which include targeted fundraising for the medical interiors. Potential certification delays of the AW139 due to external factors will increase the time window to manage these costs, and we believe the liabilities can be managed without significant difficulty through fundraising and bridge financing.

There are a number of used BK117 helicopters available for purchase that are suitable for refurbishment to STARS specifications for the Saskatchewan bases. Plans include the purchase of a third AW139. Funding for the helicopters is being provided by corporate donors and the Government of Saskatchewan.

Workforce demographic risk:

The shortage of appropriately trained and qualified physicians, nurses and paramedics with critical care skills is growing nationwide. STARS is addressing the potential shortfall with educational programs, in particular the STARS Critical Care and Transport Medicine Academy. This innovative, multi-disciplinary education program provides us with the opportunity to enhance our unique critical care delivery model and to attract highly motivated medical crews. The STARS Critical Care and Transport Medicine Academy has completed pilot programs for medical personnel. The risk of STARS being unable to provide adequately trained numbers of professional medical personnel is well mitigated through this undertaking.

Regulatory Risk

Over the past two years, there have been significant changes in the governance structure of the health care system in Alberta. Of particular note, the urban and rural ground ambulance systems have been brought under the Alberta Health Services structure. This change is accompanied by new and revised legislation and regulations governing ground and air ambulance services.

The risk that new regulations may change dispatch functions, physician involvement or level of service provided to patients is low. The current direction supports an improved EMS system and is constantly evolving to meet the needs of the patient. We recognize the increased risk with greater patient volume for rural Red patient referrals covering Alberta and eastern British Columbia. Expansion of STARS services to Saskatchewan also presents new regulations, but capacity to provide this care exists without the need for significant expansion of STARS infrastructure.

Opportunities

The recent economic turbulence and health care restructuring also creates opportunities to enhance patient care delivery.

Currently, STARS provides communications and/or direct patient care for approximately 80 per cent of critically ill and injured rural patients in Alberta. Extending this capability to 100 per cent through a one-number system is an opportunity to improve outcomes and avoid downstream costs within the health care system.

As understanding and clarity in the health care community gains momentum around saving downstream health care costs through rapid sophisticated intervention, we have the opportunity to collaboratively study and realize those system savings. The new AW139 helicopters will enhance range of access. Future hoist capabilities will enhance the rescue function. It is anticipated that a collaborative service agreement with Alberta Emergency Management Agency signed in 2009 will provide the opportunity for further integration in the emergency preparedness and search and rescue mode.

The analysis and discussion presented here will be revisited and revised on a frequent basis as internal and external variables change.

Financial and Non-financial Highlights

As a best practice, annual reports should contain the complete financial statements including the notes to the financial statements. If audited statements exist, they must be readily available if they are not included in the report. When organizations choose to disclose summary financial information, it should relate back to and be consistent with the complete financial statements.

The critically important function of the narrative reporting is to integrate the financial information into the organization's story, and relate the financial data to the non-financial information. Narrative reporting presents an opportunity to capture important points not included in the financial statements and should also explain things that may not be clearly evident. The narrative should explain the "whys" and connect the dots, not just repeat the information contained in the financial statements.

The annual report should highlight and explain key financial information of interest to stakeholders. For many organizations, this will include administrative and fundraising costs, revenue streams, liquidity and cash flow, and resources (including funding sources, capital assets, reserves, etc.). Narrative reporting might also usefully include detail around cost allocations, ensuring stakeholders get an accurate picture of things like the difference between administrative, program and fundraising expenses. Major revenue sources can be mentioned and significant contributors highlighted. Unusual or significant events such as the purchase of a building or a major capital campaign should also be disclosed.

The information disclosed should be balanced and address both good and bad news. Reports may discuss or explain shortfalls or significant deviations from the organization's plan or budget for the year.

Organizations should be aware of commonly used metrics within the sector, such as ratios relating to fundraising costs and administrative expenses. Where these metrics are widely accepted, it may be appropriate to highlight them in the report for ease of comparison. Where the metrics don't present an accurate picture of the organization, the report affords an important opportunity to explain that, and perhaps introduce a more appropriate measure for the consideration of stakeholders.

The way in which financial information is presented is important. The use of tools such as charts, ratios and trends over time can make financial data more accessible and understandable to the organization's stakeholder community. Rather than attempting to discuss every line of the financial statements, organizations should focus on a few key issues which will be most useful to their stakeholders.

Another important element of narrative reporting is discussing information that is not captured by the financial statements. For many not-for-profit organizations, the financial data actually captures very little of what the organization is about. Important data, which is not captured by the financial statements, could include things like volunteer contributions, community impact, etc. Measurement of some of these elements may be difficult, but they are important parts of the organization's story, and it is worth investing some time in considering how to best measure and communicate this information.

Finally, it is important to check that the narrative information regarding the financial statements is consistent with the financial statements themselves, the notes to the financial statements, and information disclosed elsewhere. This can include reports to funders and regulatory filings, and is important because providing inconsistent information can hurt an organization's credibility with stakeholders and its reputation in the community. When audited financial statements are included in the annual report, the auditor should be informed of this and given the opportunity to review the annual report prior to its publication.

Lifesaving Society Ontario

Source: Lifesaving Society Ontario 2010 Annual Report at p. 4-5
www.lifesavingsociety.com/PDF/98OntarioReport2010_Web.pdf

Treasurer's Report

The summary financial information presented here is derived from the Royal Life Saving Society Canada, Ontario Branch, audited consolidated statements for the year ended December 31, 2010, which include the results of the Water Incident Research Alliance ("WIRA"). Detailed audited consolidated financial statements of the Royal Life Saving Society Canada, Ontario Branch are available upon request.

The Society enjoyed a net contribution of $834,000 compared with $643,000 last year.

Net revenues increased by 9% this year from the sale of programs and merchandise to $4.6 million from $4.2 million in the prior year. It is encouraging to note that this growth has been led by a 12% increase in Water Rescue and Leadership areas combined, driven by First Aid, Bronze Medallion, Bronze Cross, NLS and Instructor certification increases. More modest increases were experienced in the areas of Literature, Merchandise, Safety Management and Lifesaving Sport.

Literature increases are attributable to the new Swim for Life Award Guide and the new Ontario publication, Teaching Swim for Life.

Merchandise net revenue increases continue to be driven by the increase in the number of ACTAR units sold and the stronger Canadian dollar, which goes further when purchasing imported products. Safety Management revenue benefitted from increased consulting on aquatic safety issues for the aquatic industry. Other revenues increased as a result of the continued recovery of the stock market from its significant decline two years ago. This recovery has impacted revenues favourably and has restored confidence in the current portfolio.

Fundraising also had a terrific year. Fundraising revenue increased by 60% or $550,000 as a result of the recognition of grants received to fund the survival training program, Swim to Survive, which teaches the minimum skills needed to survive an unexpected fall into deep water. The ongoing support of the Ontario Ministry of Education, corporate and individual donors has been instrumental in our continued success of this drowning prevention program.

Total expenditures increased 15% to $6.0 million from $5.2 million in the prior year. As planned we saw significant increased investments in the Training Programs, Swim to Survive, Public Education and Safety Management areas. All areas are impacted by increased administrative expenses for software and hardware development and maintenance, respectively. We experienced moderate decreases in the areas of Member Services, Amortization and the National Levy. With our commitment to the development of revised national programs, use of social media, and to evidence-based research, we expect continued increases in expenditures in the coming year.

Looking ahead, there continue to be challenges for the Society. We must support the national program revisions through volunteer support and staff secondment. We continue to work on the development of a national drowning research database. As a provincial branch of the lifeguarding experts in Canada

we are committed to supporting successful Canadian participation in the World Conference on Drowning Prevention and Commonwealth Lifesaving Championships.

One of the biggest challenges we continue to face is which technologies we will harness and apply to improve our processes and our communication with members and the public, while balancing the investment, data integrity, data security and ongoing maintenance costs required. We have adopted a risk-based approach to the evaluation and integration of information and communication projects that has resulted in a priority listing. The list is long, to be sure, but we remain committed to executing on those projects that are relevant to our current and anticipated needs.

As a result of our strong financial performance this year we were able to replenish our capital fund investment by $200,000, which ensures we are well positioned to invest in research and systems in the coming years.

While these are significant challenges, we believe that they are manageable with continued prudent cost control and our continued success in developing new products and programs. As a result, I believe that overall, the Society is financially well positioned to continue its mission of drowning prevention in Ontario and drowning prevention research in Canada.

EXAMPLE:

Sick Kids Foundation

Source: Sick Kids Foundation Annual Report 2010-11 at p.18
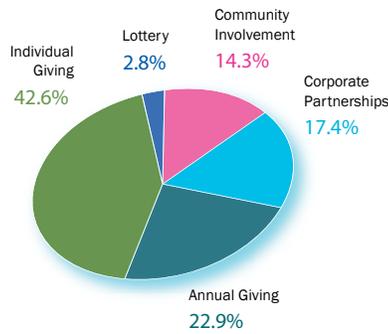www.sickkidsfoundation.com/togive/downloads/SKF_Annual_Report_1011.pdf

Facts, figures & financial highlights for year ended March 31, 2011

financial highlights for the year ended March 31, 2011

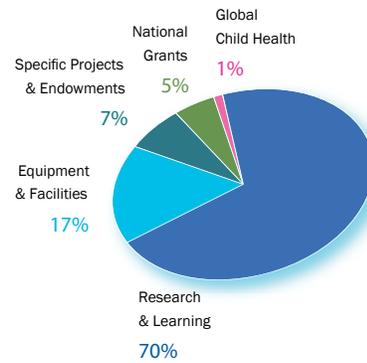|	
Total Assets	$734 million
Gross Fundraising Program Revenue & Net Lottery Revenue	$106.8 million
Total Grants & Charitable Activity	$61.9 million
Fundraising & Administrative Expenses	$28.4 million
Total Endowments	$610.8 million

Source of Revenue
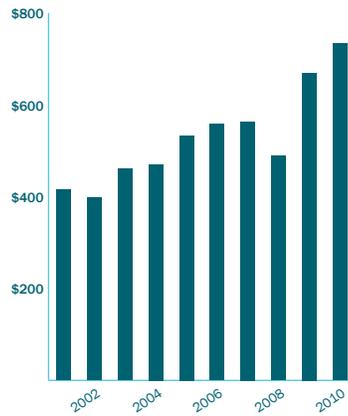
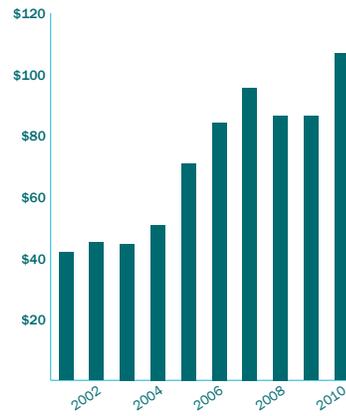Gross Fundraising Program Revenue & Net Lottery Revenue

Individual Giving 42.6%
Lottery 2.8%
Community Involvement 14.3%
Corporate Partnerships 17.4%
Annual Giving 22.9%

Investments in Child Health

Total Grants & Charitable Activity

Specific Projects & Endowments 7%
National Grants 5%
Global Child Health 1%
Equipment & Facilities 17%
Research & Learning 70%

10-Year Total Assets (In Millions)

Fundraising Revenues (In Millions)

To view the audited financial statements, please visit: www.sickkidsfoundation.com.

18   *SickKids Foundation Annual Report 2010-11*

EXAMPLE:

Sarnia-Lambton Rebound

Source: Sarnia-Lambton Rebound Annual Report 2010-11 at p. 20-22
www.reboundonline.com/Annual_Reports_files/2011%20Re-bound%20Annual%20Report%20FINAL.pdf

Outcome Measures 2010-11

Ongoing evaluation is an important element in measuring the effectiveness of our programs. Upon completion of each program, the young people report how the program has impacted their behaviours.

They indicate whether they have improved skills in key target areas such as communication, decision-making, and they must provide examples of positive behavioural change.

In addition, their parents or guardians complete a questionnaire about the young person and we ask the police to give us an overall statistic on the recurrence of adverse contact with the law.

Through outcome monitoring we have identified critical program elements to ensure client success.

This provides staff with an outline of program delivery to successfully duplicate and ensure program validity over the years and in different settings. This ensures that best practices are implemented.

Sarnia-Lambton Rebound's outcomes are higher than average for similar types of programming across the province. We are the only agency in our community providing this type of programming for this client group and as such we have established partnerships with other youth-serving organizations to ease accessibility.

In every case our outcome measures matched or surpassed our goals for the year.

STAGE Program Evaluation Results

Percentage of youth that report significant improvement in:
School attendance/grades 75%
Relationships with family members 81%
Decision making 83%
Communication 84%

Police Report: 86% of clients had no further contact with police

Life Choices Evaluation Results

Percentage of Youth that report significant improvement in:
School attendance/grades 79%
Decision making 75%
Relationships with family members 91%
Communication 86%

Percentage of Parents that report significant improvement in their child in:
Relationships with family members 72%
Communication 69.5%
Decision making 80%
Overall behaviour 76.5%

Police Report: 90% of all participating teens have had no adverse contact with the law in areas such as theft, assault, arson, weapons.

SAFE Choices Program Evaluation Results

Percentage of Youth that report significant improvement in:
Helpful information 95%
School attendance and grades 68%
Relationships with family members 73%
Making better choices 79%

Percentage of Parents that report significant improvement in their child in:
Decision making 79%
School attendance and grades 67%
Would recommend the program 100%
Overall behaviour 79%

Police Report: 90% of all participating youth have had no further contact with the police in areas such as substance use, theft, assault, arson or weapons.

Fundraising Methods and Outcomes

One particular area receiving a great deal of interest from stakeholders of not-for-profit orga-
nizations as well as from the public at large is fundraising methods and expenses. The annual
report is an excellent opportunity to inform stakeholders about an organization's fundraising
practices.

Organizations should be aware of widely-used measures (for example, the ratios set out in
the CRA's guidance *Fundraising by Registered Charities).* If the organization's performance
can be accurately evaluated using those measures, it can be highlighted in the report. If using
the common measures could lead to inaccurate perceptions of the organization's fundraising
practices, this is the perfect opportunity to explain why. Where the organization complies with
an external code such as Imagine Canada's Ethical Fundraising and Financial Accountability
Code, this is an excellent opportunity to highlight that fact.

EXAMPLE:

The Canadian Red Cross Society

Source: Canadian Red Cross Society Annual Report 2010-2011 at p. 32
www.redcross.ca/cmslib/general/crc_annual_report_2011.pdf

The Canadian Red Cross Society
COST OF FUNDRAISING
Five year Comparison (unaudited)
(in thousands of dollars)

	5 YR. TOTAL	2010-11	2009-10	2008-9	2007-08	2006-07
Fundraising Revenue	$ 166,451	$ 34,965	$ 32,783	$ 33,482	$ 32,762	$ 32,459
Bequest Revenue	31,890	5,449	6,056	7,963	5,669	6,753
Donations in Program Revenue	24,949	7,253	4,096	6,954	3,749	2,897
Deferred Revenue Donations	296,260	60,932	142,593	44,705	27,441	20,589
Total Revenue	519,550	108,599	185,528	93,104	69,621	62,698
Total Expense	101,861	26,113	22,970	17,434	17,642	17,702
Surplus	417,689	82,486	162,558	75,670	51,979	44,996
Cost of Total Fundraising	**19.6%**	**24.0%**	**12.4%**	**18.8%**	**25.3%**	**28.2%**
Lotteries and Gaming Revenue	$ 33,489	$ 6,055	$ 6,390	$ 6,712	$ 6,967	$ 7,365
Lotteries and Gaming Expenses	22,279	4,116	4,241	4,426	4,532	4,964
Cost of Fundraising excluding Lotteries and Gaming	**16.4%**	**21.5%**	**10.5%**	**15.1%**	**20.9%**	**23.0%**

*Source documents originated from Notes 7 and 10 of our annual financial statements. Notes and schedules to the
financial statements are available on the Red Cross website at www.redcross.ca.*

Heart and Stroke Foundation Of Ontario

Delivering results, the charitable way

At the Heart and Stroke Foundation of Ontario, we measure our success in a number of ways. Most importantly, we assess how effectively we deliver on our mission and our ability to make a distinctive impact relative to our resources. Although it is more difficult to measure performance in the social sector than in a business, we are rigorous in evaluating the indicators of success and then continually tracking our performance against them. While we continue to be transparent and efficient about our fundraising efforts in relation to our administrative and management costs, every year we ask ourselves if we have successfully delivered on our mission. In other words, have we been able to help Ontarians live longer, healthier lives through our research investment and results, our health promotion programs in communities, and our advocacy initiatives?

In 2010, the answer is a resounding "Yes!" For instance, now, healthcare providers will be able to target their prevention efforts to specific ethnic groups as a result of a Foundation-funded study of cardiovascular risks in 163,000 South Asians, people of African descent, Chinese and Caucasians. Now, 41% more Ontarians in 11 primary-care centres are keeping their blood pressure under control with support from the Heart&Stroke Hypertension Management program. Now, the Ontario government will continue to fund our Stroke Warning Signs public education campaign and may pass Bill 41, *The Defibrillator Access Act, 2010.*

We also monitor our success by more traditional measures of stewardship including our cost of fundraising and transparent disclo-

sure of how we spend donor dollars. These measures are balanced with our commitment to making the right decisions over the long-term, such as our willingness to operate lotteries. Over the past 14 years, lotteries have contributed $170 million, allowing us to invest in vital research, health education and community programs.

Earlier this year, the Canada Revenue Agency (CRA) established new guidance tools to help assess fundraising costs for charitable organizations and to make more information on staff salaries available to the public. Fundraising and administrative costs vary significantly between non-profits for many reasons. Excluding lotteries, our fundraising cost ratios are generally consistent with comparable Canadian non-profits. Although these ratios are higher than the CRA threshold identified as desirable, they reflect our commitment to deliver community-based programs and health education in spite of the fact that these are more costly than some other methods of fundraising.

While we are proud of our achievements, we remain strongly committed to working year-over-year to review programs, assess returns, evaluate costs, and find ways to make a positive difference for all Ontarians. We are also investing in new strategic fundraising revenue streams that have a lower cost of fundraising. We believe that our current fiscal year will show real progress in establishing a solid framework for future success.

To help explain the Foundation's efficiency and how your money allows us to deliver on our mission, we have provided answers to some of the questions that our supporters have asked over the past year.

Answering your questions

Why does the CRA assess fundraising efficiency?

Fundraising efficiency is one important way to assess the effectiveness of charitable organizations, and the CRA, which administers

the tax system, has the data and reporting systems to track this information. For charities, it is equally important to look at other factors such as amount of investment, public education and participation, research results and governance and transparency issues. At the end of the day, the most "efficient" charities are the ones that make significant progress toward achieving their mission, year after year. By this measure, the Heart and Stroke Foundation of Ontario is one of the most successful charities in Canada.

Why are the revenue numbers listed by the CRA different from the numbers in the Annual Report?

The Foundation's annual Audited Financial Statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP), and are audited by the firm PricewaterhouseCoopers LLP. The GAAP process reflects a complete financial picture for the organization that portrays and itemizes the components of total revenue and costs. The CRA's efficiency measures are based on fundraising revenue only and exclude other revenue such as investment income and government sponsored-projects.

How is the Foundation's fundraising efficiency different than other health charities?

One of the key differences between the Heart and Stroke Foundation and other charities is the number of fundraising channels we use to secure donations. For example, the Foundation holds many fundraising events in the community, including door-to-door canvassing and school programs such as Jump and Hoops for Heart, which account for the overwhelming majority of our donations, averaging about $30 each. These activities take more time and effort to organize and execute, but they also play a crucial role in delivering important health information to Canadians. Unfortunately, the CRA numbers do not allow us to properly account for activities like these.

When you adjust for these factors and rev-

enue generated through the lottery, fundraising efficiency numbers come in slightly above the CRA threshold, but they remain generally consistent with other large, Canadian multidimensional non-profits. However, fundraising efficiency is not the only measure of the effectiveness of a charity. Stewardship of donor investments for maximizing mission impact is even more important.

Why is lottery revenue different from charitable revenue and how does that affect the Foundation's figures as reported by the Canada Revenue Agency (CRA)?

CRA regulations do not allow a tax deduction for the purchase of a lottery ticket, which means the Foundation cannot issue tax receipts for revenue derived from the lottery. To maintain this distinction, lottery revenue is reported on a separate line to charitable revenue in our financial statements. For the Foundation and all other organizations in the marketplace, lottery costs are substantially higher due to spending on prizes and promotion to maximize these proceeds. This fact is not made readily apparent in CRA reporting, which may cause some readers to misinterpret a charity's fundraising costs for non-lottery related activities as appearing higher than they are. It should be noted that lottery revenue targets cannot be replaced by other fundraising methods.

How much of my dollar goes to research?

To get a fair picture of an organization's real fundraising efficiency, it is important to base calculations on total revenue. Fundraising revenues alone don't necessarily tell the whole story for an organization like the Heart and Stroke Foundation of Ontario, which raises money in a number of different ways. When you calculate ratios as compared to total revenue, excluding lottery, our fundraising cost is 40.6%, administration is 5.7%, meaning about 54 cents of every dollar raised goes toward mission.

Fundraising

Sarnia-Lambton Rebound relies on many different sources of funds to ensure the delivery of programs. It is important for our financial stability to have as many different sources of income as possible.

In this way we greatly reduce the risk of the reduction of service if we experience an unexpected loss of a particular revenue stream.

To this end, we build our fundraising plan around a wide variety of income sources. This past year 21% of our revenues came from a single source, which indicates a strong stability in our financial plans.

Rebound management sets a goal each year to ensure that a minimum of 75% of the next fiscal year's operating budget is already contracted with various bodies such as government, the United Way of Sarnia-Lambton, local school boards, and foundations. This past year, we achieved a 80% contracted revenue base which left us with 20% to raise through donations, special events, corporate gifts, client fees, bingos, and new foundation grants.

We were inspired by the generous donations of our community businesses, service groups and individuals who still found a way to contribute financially to youth in our community.

Rebound's fundraising initiatives in 2010 produced:

Type of Funds	Goal	Actual
General Donations	$45,000	$33,000
Hearts for Youth Gala	$36,000	$36,314
Masters Golf Raffle	$3,000	$2,094
Rack 'N Roll	$6,000	$7,004
Foundations	$75,000	$71,300

We budgeted to raise $683,696 and the actual total was $889,520.

We projected $683,802 in expenses and our actual was $857,055.

Again this past year Sarnia-Lambton Rebound was recognized by Charity Intelligence Canada (CI) for maximizing its donations. Also, for the fourth year in a row, the agency was chosen by CI as one of just nine recognized charities across Canada.

EXAMPLE:

United Way

Source: United Way Toronto 2010 Report to the Community at p. 40-41 www.unitedwaytoronto.com/downloads/aboutUs/AR2010/2010UWTannualReport.pdf

Financial Highlights

United Way's ability to invest in our community is strengthened by diversifying the source of funds. Individual, workplace, and corporate donors contribute to this financial health, as well as special events, grants, pro-bono support – from legal services to donated media advertising space. United Way's financial strength and efficiency are due also to extraordinary support from our donors and supporters. Some highlights from the past year:

United Way's Community Fund continues to be strong through generous donations and the recognition of United Way as the best place to invest in our communities. We raised a total of $113.2 million in our 2010 campaign, setting a new record for funds raised.

Thanks to the success of the 2010 campaign, the strengthening of the investment markets last year and prudent fiscal management, we were able to maintain our commitment to our community partners while keeping our operating spending to a minimum.

Our Cost Revenue Ratio continues to be low at 14.7%. We maintain a strong focus on operational efficiency and our diligence is reflected in the cost ratio.

We continue to manage pledge losses to ensure more dollars flow to the community. Pledge loss was contained at 1.55% of total campaign revenue. This figure is lower than the rate in 2009-2010.

Due to the success of our 2010 Campaign, our Unrestricted Net Assets increased to $48.6 million. Of this amount, we have commitments to invest $40 million back into the community in the next year.

Our endowment fund, The Tomorrow Fund™, has a net balance of $53,206,000 – thanks to the generosity and vision of donors who are investing in our city. The monies in The Tomorrow Fund™ are either externally or internally restricted for investment in the community. United Way Toronto continues to meet and exceed its CRA distribution quota.

2010-2011 results and recent trends:

	A	B	C
Fiscal Year	2010-2011	2009-2010	2008
Total gifts	$115,681,000	$140,829,000	$112,404,000
Total distributions and community programs	$99,817,000	$128,038,000	$101,386,000
Cost revenue ratio	14.7%	14.0%	14.7%
Pledge loss ratio	1.55%	1.62%	1.27%
Investment income/(losses)	$6,336,000	$7,223,000	$(8,376,000)

A. April 1, 2010 to March 31, 2011

B. January 1, 2009 to March 31, 2010

C. January 1, 2008 to December 31, 2008

* All figures for 2009–2010 represent a 15-month fiscal period. Total distributions and community programs decreased slightly in 2010–2011 due the end of key projects funded by one-time donor specified donations to United Way programs, agency projects and grant programs.

Outlook for the Future

Another important area which organizations may address is the outlook and future directions of the organization. Reporting on outlook can flow naturally from the discussion of performance, with consideration of the previous year's goals and the organization's success (or lack thereof) in achieving them on the establishment of goals for the coming year(s).

Goals should be linked to the organization's longer-term strategy for achieving its mission. The more detailed the discussion of future goals (such as aims, key objectives, supporting activities and key measures), the more useful the report will be as a tool for accountability.

Integrated into the discussion of future goals can be a discussion of factors (both internal and external), including risks, which may affect the organization's ability to meet those goals.

EXAMPLE:

Vita Community Living

Source: Vita Community Living 2009/10 Annual Report at p. 15
www.vitacls.org/vita/pdf/Vita_annual.pdf

Operational objectives 2010/11

1. Develop two sellable video resources and materials for member training.
2. Implement new recreational program at Maple Community Center.
3. Develop and implement two new evening social programs.
4. Achieve Accreditation.
5. Develop formal expansion proposal and budget for Mens Sana residential services.
6. Develop and implement two educational conferences.
7. Continue to advocate and mentor others to implement abuse prevention and reporting protocols.
8. To develop a succession plan which includes identifying internal candidates, training requirements and external search firms.

EXAMPLE:

Kingston Literacy and Skills

Source: Kingston Literacy and Skills 2010 Annual Report at p. 16 www.klandskills.ca/pdf/AnnualReport2010.pdf

Literacy and Basic Skills
Napanee Highlights

Now in its 14th year, KL&S Napanee continues to provide upgrading opportunities to more than 100 people in Napanee and surrounding rural areas.

As with North Kingston, to better serve the students and their strong interest in computer upgrading and online training, we expanded our computer lab to include five netbooks as well as upgraded all of our monitors.

To continue to provide programming that is meaningful to our students, we negotiated with our biggest community partner, Ontario Works (OW), to offer programs specific for OW participants (programs that OW would pay a fee for service). These programs included Attitude, Actions and Accountability (The 3 As), Training in Soft Skills (TISS) and the G1 driver's licence training course. TISS was originally funded by a grant from the Napanee District Community Foundation (NDCF), however OW recognized the value of this program and has agreed to pay for its continuation when the NDCF funds end.

Challenges

Marketing our programs and recruiting new students continues to be a challenge. Related to that, keeping up with how young people communicate and find information requires us to be aware of trends and best practices for reaching those who are connected in new ways.

Future Directions

Having received approval from the Office of Literacy and Essential Skills (OLES), KL&S Napanee will be developing training videos for small businesses which will focus on thinking skills, one of the nine essential skills required for employment.

Organizational Structure and Leadership

Stakeholders are interested in the structure and leadership of the organization – but not simply as a list of names. The most effective reports focus on how management and the organizational structure support the organization in achieving its mission. This allows stakeholders to assess the strengths of the organization's leadership and the mechanisms in place to ensure effective stewardship.

When reporting on organizational structure, leadership responsibilities and the organization's relationship to other organizations (chapters, subsidiaries, etc.) can be explained so that stakeholders can see where decision-making power and accountability lie.

The strengths of the management team can be highlighted and changes in the senior leadership of the organization can be included along with any major trends in staffing. Succession planning is an important issue in many organizations, which merits discussion.

Another key area of stakeholder interest in the current climate is that of executive compensation. Each organization will have to determine how much detail to include in their report regarding executive compensation, in the context of applicable legislation and regulation. However, all organizations should consider including a discussion of the organization's compensation practices and/or philosophy, in order to explain how the organization goes about determining the appropriate levels of pay. This discussion could include things like: benchmarking, use of experts, the philosophy behind compensation, the type of behaviour being encouraged, talent retention strategies, and means of mitigating any risks associated with executive compensation.

EXAMPLE:

Hospice King-Aurora

Source: Hospice King-Aurora Annual Report 2011 at p.6 www.hospicekingaurora.ca/pdfs/2011/Annual-Report-2011.pdf
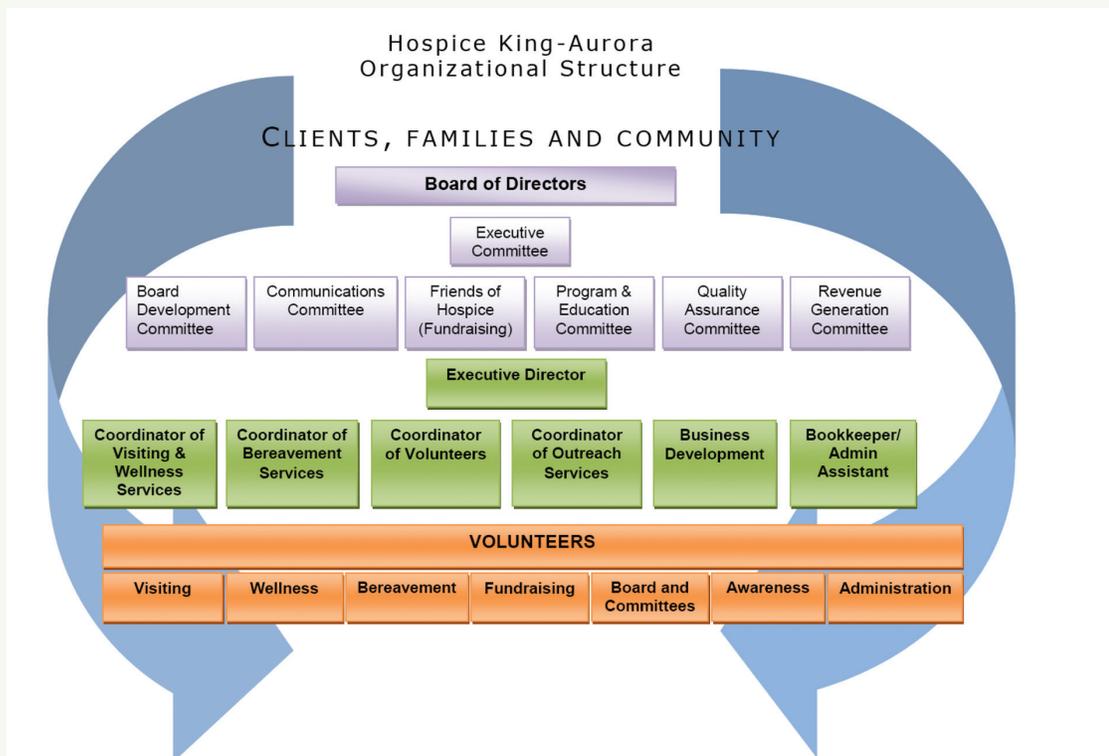
EXAMPLE:

World Vision

Source: World Vision 2010 Annual Report at p. 13
www.worldvision.ca/About-Us/financial-information/
Documents/WVC-AnnualReport-2011.pdf

Our Approach to Executive Compensation

All our staff, including our senior leaders, serve with World Vision because they are committed to the work we do and to our core values. They don't expect their pay to be comparable with positions they might otherwise hold in business or industry. There are intangible benefits to being part of a charitable organization like ours that seeks to make a difference in the world.

However, we do want to recruit and keep top-quality staff members so we can do the most effective work on behalf of children worldwide. Appropriate compensation is one part of attracting those people. As we set staff salaries, especially for our managers and leaders, we try hard to balance the need to attract and retain quality staff with our commitment to careful stewardship of donors' generous gifts and the expectations for the use of those funds.

We regularly review the compensation levels of our senior staff to ensure they are within reasonable rates for the level of skill, knowledge and experience required for the role. We have a comprehensive policy in place to help us determine appropriate and fair compensation levels for a not-for-profit environment, and this policy is overseen by our volunteer Board of Directors, none of whom are members of management.

World Vision Canada's overall policy is to match salaries for non-management positions to the average in our local market. For senior staff, we increasingly discount salaries below this market average. In recent years, salaries for director-level roles have been discounted by at least 10% when compared to market average for similar roles, while Vice-President positions have been discounted by at least 15%. Our president earns at least 25% below.

In our annual report to the Canada Revenue Agency, we publicly disclose information about executive compensation. In the interest of greater transparency to our donors, we have gone beyond our legal requirements by disclosing that our president earns the top annual salary of $184,000, plus a moderate vehicle allowance.

While World Vision Canada is committed to fair and reasonable compensation levels, our management and executive-level position roles are paid well below industry standards for roles that require the same skills, experience and education level. This is a result of World Vision Canada's desire to be good stewards with the funds entrusted to us by donors and to ensure as much money as possible go directly to programs to help children and families suffering from poverty and injustice. We feel this achieves our goal of providing fair pay to staff while at the same time, reflects our commitment to both serve and identify with the poor.

Our donors expect us to keep our administrative costs as low as possible, and World Vision is committed to doing that. In 2009, we are pleased to report that 81.2 per cent of all revenue was spent on programs that benefit children and families.

EXAMPLE:

STARS

Source: STARS 2010 Governance and Financial Report at p. 4
www.stars.ca/data/1/rec_docs/297_stars_2010_financials_F1_web.pdf

Executive Compensation

The Human Resources and Compensation Committee annually reviews senior management compensation. The remuneration for the Chief Executive Officer is regularly evaluated by the Human Resources and Compensation Committee utilizing periodic regular market assessments and various industry and professional benchmarks, including those for charitable and non-profit organizations, and by periodic independent consultation. The Committee's conclusions for compensation for the Chief Executive Officer are reviewed with the Boards of Directors and are recommended to the Boards of Directors for approval.

Governance

Discussion of the organization's board of directors can also help stakeholders assess the strength and sustainability of the organization. Boards, board structures and governance vary widely throughout the not-for-profit sector and disclosures can play a significant role in improving stakeholders' understanding of the organization.

Key elements which organizations address include:

- the board mandate or governance philosophy
- governance structure (including committees)
- list of board members
- efforts towards board improvement, such as director education and evaluation
- frequency of meetings and attendance of directors
- board composition issues such as the means of electing or appointing directors, diversity, community representation, etc.
- compliance with other external standards/best practices relating to governance.

EXAMPLE:

Hospice King-Aurora

Source: Hospice King-Aurora Annual Report 2011 at p.14-15
www.hospicekingaurora.ca/pdfs/2011/Annual-Report-2011.pdf

About our Board of Directors

GOVERNANCE

HKA's voluntary Board of Directors are stewards of HKA, ultimately responsible for governance, management and operations of the organization. Given the nature of our work, most Board members bring personal experience to the table, and are thus deeply committed to the aims and objectives of hospice. The mandatory responsibilities of the Board ensure the financial health of the organization, monitor adherence of approved policies, ensure risk is minimized and provide direction to the Executive Director. The Directors of the Board are accountable both to the members of HKA and to the community we serve. Activities, services and programs are generally carried out by staff and volunteers, while operational and administrative responsibility is delegated to the Executive Director, who is answerable and accountable to the Board.

The Board identifies and manages risk by maintaining and regularly reviewing an inventory of key legal and charitable documents, minimizing risk in employment and volunteer practices and insurance consideration, monitoring fundraising activity and being fiscally responsible in accordance with approved policies and procedures.

HKA's Standing Committees, each chaired by a Director, include Executive (Robert McGavin), Board Development (Robert McGavin), Communications (Sheila Darnowski), Quality Assurance (Margarete Carr), Communications (Lena Shura), Program & Education (Lynn McLarnon) and Friends of Hospice (Jane Evans and Carolyn Rabbior). 2009's ad-hoc Revenue Generation Committee (Stephen Forsey) continued to meet, but narrowed its focus in 2010/11 to acquiring expertise in Planned Giving, with the expectation of launching a formal program within the year. Each committee has formal terms of reference and updated annual work plan. Membership from volunteers and the community is encouraged.

A second ad-hoc Integration Committee (Terri MacLean and Julie Symmes) was formed after the Board's Strategic Visioning session in January of 2010 as a result of the identification of inter-hospice collaboration and integration as a strategic priority for the organization.

RECRUITMENT

HKA has a fair and equitable policy and process for recruitment to the Board of Directors, ensuring that our community is represented and that there is an appropriate balance in diversity and expertise of members. Candidates nominated for Board membership are interviewed by the Board Development Committee, which consists of at least two Directors and the Executive Director. Any candidate approved by the Board completes an orientation as per all HKA volunteers which includes police screening, reference checks, as well as familiarization with Board and organizational policies and procedures relevant to their role in HKA's governance; a detailed Board Manual is provided to each Director. All Board appointments are approved and ratified by membership at the Annual General Meeting.

The Board meets on a monthly basis with the exception of the summer months, and has a regular planning and review schedule which includes program, fundraising, policy, HR, communications, risk assessment and strategic planning reviews as well as an annual self-evaluation. Directors are encouraged to attend volunteer and professional education and community support events, ensuring that they remain independently informed as to the challenges and successes experienced by our volunteers and clients.

EXAMPLE:

STARS

Source: STARS 2010 Governance and Financial Report at p. 1-3 www.stars.ca/data/1/rec_docs/297_stars_2010_financials_F1_web.pdf

Statement of Governance Practices

STARS is committed to the principles of strong governance. It strives to lead in the area of voluntary and non-profit sector governance with a commitment to stewardship of the STARS organization through effective and best practices.

Effective governance requires sound, ethical and legal processes and direction consistent with the organization's vision and mission, and adequate controls to ensure appropriate oversight of the organization's resources. For non-profit, charitable organizations, this includes appropriate guidance and protection of the benefits and services provided to the community and sound stewardship of the resources, whether funding, volunteer time, financial or other expertise, or other skills committed to the organization.

The STARS and STARS Foundation Boards of Directors recognize their governance responsibilities to all stakeholders including our patients, provincial governments, health regions, emergency service providers, corporate and community donors, volunteers, employees and the general public.

STARS is committed to the ongoing evaluation and application of best practices in governance to promote a healthy, productive, transparent, accountable and effective organization. We regularly assess emerging best practices and annually review our governance and financial disclosure practices to ensure we meet or exceed the requirements for non-profit organizations.

Code of Conduct and Code of Ethics:

The STARS Code of Conduct and Code of Ethics is approved by the Boards of Directors of STARS and the STARS Foundation. An Accountability and Compliance Hot-line (commonly called a "whistleblower" line) is in place, and a Communications Policy provides guidance for external and internal communications. These policies and supporting information are found on STARS website at www.stars.ca. Employees are required to promptly report breaches of the Code of Conduct and Code of Ethics.

Our governance best practices include a separation of duties between the Boards and Management and between the Board Chairs and Chief Executive Officer, regularly scheduled in-camera sessions for our Board and Board Committee meetings, in-camera sessions with our auditor with Audit & Finance Committee members present only, and a formalized annual workplan calendar for Board and Board Committee meetings. Each of the Audit & Finance and Investment Committees of the Boards meet between four and six times yearly. The Boards carry out an annual review of the effectiveness of board governance practices, which includes overall board assessment and self-assessment. Director attendance at board and committee meetings is tracked and reviewed. Succession planning processes are in place for our Chief Executive Officer, Board Chairs and members of the Boards of Directors. The Boards annually review board terms and the skills, qualifications and characteristics required for future directors and a comprehensive orientation program is carried out for all new directors. Risk assessment is inherent and integrated into board strategic planning and management planning and execution practices.

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Boards of Directors – Volunteer Governance
As charitable and non-profit entities, STARS Society, STARS Foundation and STARS Canada have no shareholders and are each governed by volunteer boards of directors. STARS Aviation and STARS Education and Response Technologies Inc. are governed by shareholder resolutions of STARS Society. The members of the respective Boards and Board Standing Committees do not receive any remuneration, consideration, or fees for undertaking the responsibilities, risks and the significant time commitment involved in being a volunteer director.

A Governance and Nominating Standing Committee stewards the governance process and culture. Formalized "Guidelines for Governance" and Terms of Reference for the standing board committees are regularly reviewed and revised as required.

Mandate of the Boards of Directors
The fundamental responsibility of the Boards of Directors is to oversee the management of the organization, with a view to maximizing benefit and value to the community in carrying out the Vision, Mission and Strategic Objectives and to assure the ongoing continuity and strength of its programs. The Boards' responsibilities include, among others, the appointment of the Chief Executive Officer and other officers, review of senior management compensation, monitoring the performance of the Chief Executive Officer and reviewing and approving the strategic direction for the Organizations. The Boards have established administrative procedures which prescribe the rules governing the approval of transactions carried out in the course of the Organizations' operations, the delegation of authority and the execution of documents on behalf of the Organizations.

The Boards, including committees or an individual director, may engage an outside advisor at the expense of the Organizations to assist them in the execution of their directors' responsibilities. From time to time, the Organizations may use professional services from a business affiliated with a Director, recognizing the expertise the business brings to STARS. At this time, the engagement of such services has not affected the independence of any members of the Boards.

The Boards and the Standing Board Committees meet independently of management on a regular basis.

Board Responsibilities
Strategic Planning
STARS' Boards of Directors have the responsibility for setting and monitoring overall strategic direction with management. In assuming this responsibility, the Boards of Directors undertake an annual strategic planning session with the senior management

team to review and approve the direction of the Organizations. Senior management regularly prepares reports that are reviewed and discussed with the Boards. Strategic plans are reviewed and budgets are approved by the Boards prior to implementation. Key objectives of the strategy are incorporated into the annual budget processes.

Communications

STARS is committed to ongoing transparent communications with its stakeholders. Key communications issues are reported to the Boards of Directors. STARS issues regular newsletters and communicates ongoing and annual activities through the STARS Annual Report, STARS website and other electronic communication tools and through our medical and community outreach programs. Information is released to the public on a regular basis on issues of impact to our stakeholders.

Safety and Risk Management

The Boards work with management to ensure that a system is in place to identify the principal risks to the Organizations and that appropriate procedures are in place to monitor and mitigate the risks. STARS is committed to the health and safety of STARS personnel and volunteers, takes appropriate remedial and preventative actions as required, and supports wellness initiatives.

Succession Planning

The Boards ensure that a process is established that adequately provides for succession planning, both within the Boards, for the Chief Executive Officer and for senior members of management.

Composition of the Boards of Directors

The Board of STARS Society had 17 Directors as of December 31, 2010 and the Board of STARS Foundation had 12 Directors. As of December 31, 2010, the membership of the Foundation Board included an overlap of six members of the Society Board. The Chief Executive Officer is a Director and member of senior management and is an ex-officio member of all of the Boards' Joint Standing Committees.

As STARS currently provides services in Alberta and eastern British Columbia and will provide services commencing in 2012 in Saskatchewan, deliberation of Board composition takes into account required governance competencies and skill and specific expertise skill sets and also recognition of the geographic breadth of the services. STARS Aviation and STARS Education and Response Technologies Inc. each has a sole Director and each is governed by its sole shareholder, the STARS Society. STARS Education and Response Technologies Inc. is not active at this time.

A Board of three volunteer Directors governs STARS Canada, two Directors being independent and non-related and one Director being the Chief Executive Officer and related. STARS Canada is not active at this time.

EXAMPLE:

YMCA of Greater Toronto

Source: www.ymcagta.org/en/who-we-are/diversity/index.html

Diversity Statement

The YMCA of Greater Toronto values the insights and contributions of the many diverse populations and communities living within the Greater Toronto Area. We share in a vision of an inclusive, healthy and dynamic society in which every person, regardless of background, experience or circumstance is able to participate and benefit fully.

The YMCA of Greater Toronto strives to include meaningfully diversity of people, thought and experience throughout the Association. We seek to foster and sustain a respectful and welcoming environment for all community members, volunteers and staff.

In valuing diversity, we recognize as assets, people of different ages, classes, ethnicities, genders, images, mental abilities, opinions, physical abilities, races, religions, and sexual orientations. It is this commitment to fairness and excellence that compels us to identify and remove systemic barriers to programs and employment in the YMCA of Greater Toronto.

Our commitment to diversity and inclusivity is lived and requires us to be intentional in our planning, determined in our efforts, and attentive to any discrepancies between our vision and practice. We assume responsibility for strengthening our capacity to work with integrity across differences.

As we do this work, it is our aspiration that the YMCA of Greater Toronto will be known for practicing inclusion by valuing the diversity of all people within our Association and the communities we work with.

Definition of Diversity

Diversity exists when every individual and all communities are able to access, participate in and benefit fully from programs and employment at the YMCA of Greater Toronto. Diversity is valued when the diversity of people and communities are regarded as assets and their contribution to the social, political and cultural enrichment of the GTA and this Association is recognized.

Definition of Social Inclusion

Social Inclusion ensures that diverse communities share in power, give voice effectively to their issues, are involved in decision-making processes and have fair access to information, and services. Inclusion is also promoted by challenging specific forms of exclusion including systemic barriers.

Practical Questions

Who is Responsible for Reporting?

This will depend upon the size and type of organization. Large organizations may have both a dedicated staff person in charge of communications and/or public relations, as well as a communications committee of the board. In small organizations with few paid staff, the annual report may be prepared primarily by the Executive Director, a volunteer, or a board member or committee. Regardless of who drafts the report, it should be reviewed and approved by the Executive Director and the full board of directors. The schedule for preparing the report will need to take this into account.

How Do We Decide What to Report on Each Year?

In order to determine what key information will be most useful to stakeholders and will best serve to communicate the organization's story, it can be helpful to review:

Completeness of the Report

Does the report:

- Provide sufficient background information on the organization's purpose and its operations?
- Clearly explain the organization's mission?
- Set out the organization's strategy for delivering on its mission?
- Present measurable outcomes that demonstrate progress towards objectives?
- Explain the organization's outlook and goals for the future?
- Identify major risks to the organization's ability to achieve its objectives in the future along with measures undertaken to mitigate or manage the risk?
- Integrate financial and non-financial information?
- Highlight and explain key metrics of interest to the organization's stakeholders?
- Demonstrate how the leadership and governance of the organization supports its sustainability and ability to deliver on its mission?

- Financial statements – Identify key items and issues that are likely to be of interest to stakeholders or things that are not self-evident.
- Organizational objectives – Consider goals, objectives and challenges for the year.
- Board meetings – Review board agendas and minutes to identify relevant issues relating to strategy, risks, operations, etc.
- Media coverage – Review press releases and external media coverage to recap major events and publicity over the year.
- Other filings – Have a look at other filings including the Registered Charity Information Return or reports to funders to identify key financial data and performance indicators.
- External factors – Identify key sector developments that played a role in this year's results and which may affect next year's performance.
- Comparator disclosures – Review disclosures made by similar organizations for ideas regarding effective disclosure and means of ensuring comparability.
- Exemplary disclosures – Review the disclosures of leading organizations and the guidance issued by programs such as the Voluntary Sector Reporting Awards to identify best practices.

How Should the Report be Presented?

In terms of the structure and format of the report, the key is to make the information understandable and accessible. The structure and organization of the report plays a big role. It can be very helpful to begin the report with a table of contents or other clear explanation of its structure. Effective reports often contain an introductory section or executive summary that contains the overall message and a summary of key information. The use of colour, charts, tools, etc. can help break up large blocks of text and highlight key facts. As well, including feedback from users about programs and services helps to heighten readers' interest in the report.

The report should be written in plain language targeted to the organization's stakeholders, and should be understandable by somebody who is not familiar with the organization. This means avoiding the use of either business or sector-specific terminology or jargon. Language should be simple and the information presented should focus on what will be of importance to readers. Finally, the tone of the document is of critical importance and should reflect a fair

and balanced approach.

Each organization will need to determine the most appropriate way to disseminate the annual report. Many organizations print hard copies of their report, which are made available to members and other stakeholders at annual general meetings, major fundraising events, etc. An increasing number, however, are choosing to report electronically, and are making the report available on their websites. This may be done in addition to a hard copy report or instead.

Depending on the organization's stakeholders, additional means may be necessary in order to make the report accessible. The additional means of communication could include publication in different languages, Braille, or in another appropriate format.

When Should the Report be Issued?

While there are no legal or regulatory requirements regarding the timing of the report, it should be issued within a reasonable period of time following the finalization of the financial statements for the period in question. The longer the delay in releasing the report, the less valuable the information contained in it will be to the organization's stakeholders. Many organizations issue the report in time to make it available to members at the organization's annual general meeting, generally 90 days following the organization's fiscal year-end.

How Can We Continuously Improve Our Report?

In order to continuously improve reporting, feedback from stakeholders and others is important. Leading organizations will include information within the report itself as to how members and other stakeholders can submit feedback on the report.

Organizations with the budget to do so may use independent experts to review or improve their reporting. Reports can also be submitted to awards contests such as the Voluntary Sector Reporting Awards, which can result in valuable feedback from the judging panels.