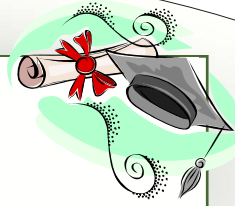


The Learning Curve

Official Newsletter
of the
Child Learning Fund of Canada



Volume 2, Issue 3

Giving with confidence

The Child Learning Fund of Canada is one of nearly 80,000 Canadian registered charities (the majority of which are religious organizations). To become a charity, there is a rigorous application process. To qualify for registration, organizations must be operated for a charitable purpose. In the case of CLFC: "The Advancement of Education - providing scholarships, bursaries, and prizes for scholastic achievement" (Canada Revenue Agency T4063, page 6). However, all organizations must also be able to meet a public benefit test by showing that:

- its activities and purposes provide a tangible benefit to the public;
- those people who are eligible for benefits are either the public as a whole, or a significant section of it, in that they are not a restricted

group or one where members share a private connection, such as social clubs or professional associations with specific membership; and

- the charity's activities must be legal and must not be contrary to public policy.

There are two types of charities: organizations who actively fulfill their mandates directly with the public (such as CLFC) and foundations (public or private)—organizations who fulfill their mandates by giving money to charitable organizations (such as the Ontario Trillium Foundation).

In more detail (and from CRA's definition) a registered charity is designated as a "charitable organization" if:

- a. it devotes its resources mainly to charitable activities carried on by itself;
- b. more than 50% of its

directors/trustees deal with each other and with each of the other directors/trustees at arm's length; and

- c. not more than 50% of the funds that the charity has received have come from one person or organization, or from a group of people or organizations that do not deal with each other at arm's length.

Accordingly, CLFC was incorporated and became a registered charitable organization by approving the following objects and showing CRA how those objects, or legal goals, would be fulfilled:

1. TO provide scholarships, bursaries and other financial assistance to enable Canadian students to enroll in tutorial programs for the study of Mathematics, Science and English.
2. TO work cooperatively with organizations and institutions that conduct

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Meet our staff! S. James Wegg, Managing Director, CLFC



Toronto native James Wegg has been active as a conductor, composer and writer since 1973. He studied clarinet at

the University of Ottawa (Mus. Bach. 1975) and obtained a Master of Fine Arts from Carnegie Mellon University in Pittsburgh (1980). He has won a number of awards for composition and conducting, including the 1982 Heinz Unger Conducting Competition. Through the Nepean Symphony Orchestra, which he founded in 1974, he conducted the world premières of more than 50 works.

In the 1990s Wegg re-focused his artistic muse from music direction to television production as both producer and writer. Simultaneously,

he led and assisted a number of cultural and social service agencies including an HIV/AIDS supportive housing provider and a museum dedicated to the display and preservation of fine craft. In recent years, he has been a fund development and organizational consultant to not-for-profit, charitable organizations including the Ontario Brain Injury Association, Ontario Neurotrauma Foundation, Canadian Evaluation Educational Fund and the York River School of the Arts. Well over \$5 million has been raised for a variety of causes and projects, but all have

come about through Wegg's mantra: "I won't raise a dime for you; I will *with* you."

Since 2001, he has expanded his writing interests and has published articles, short fiction, performing arts and film reviews, profiles and

commentaries in a variety of media outlets, magazines and books. Currently, Wegg is Managing Editor and Publisher of JWR (<http://www.jamesweggreview.org>), a regular contributor to Pulse Niagara, Echo and View (all members of Dynasty Publication Group), [Film Threat](#), [Rotten Tomatoes](#), and [Stage-Door](#) and [The Flying Inkpot](#). Wegg is a member of the Music Critics Association of North America, the Canadian Theatre Critics Association, the Online Film Critics Society and the Canadian Authors Association.



CLFC structure

The Child Learning Fund of Canada (CLFC) was incorporated as a federal not-for-profit organization by Industry Canada in February 2005. In October 2005, CLFC completed the registration as a charitable organization with the Canada Revenue Agency. July 2005 became the "effective" date for operation across Canada as a charity. The registration number is 862124187 RC0001.

Membership in CLFC is open to any person who supports the charity's objects and pays one of three membership category fees (Basic \$25; Enriched \$60; Sustaining \$100). Because enriched members are eligible for a number of tangible benefits including this newsletter and a 10% discount for certain courses offered by the Academy for Mathematics

and Science, **official charitable receipts cannot be issued**. This policy stems from CRA regulations and is in step with the legal definition of a gift: "cash or other tangible asset freely given without expectation of any gain." This is also why "Sustaining" members are only eligible for a \$40 tax receipt.

Members over the age of eighteen are also eligible to elect the CLFC's volunteer Board of Directors. The board sets policy and the staff carry out those directions and manage the administrative affairs of the organization. The monthly board meetings are usually held via teleconference in order to ensure national representation and reduce the need for the much more expensive "in person" meetings.

The board is advised by an Advisory Council regarding educational and scholarship eligibility issues and concerns. Members of the council offer advice and have no vote when the board approves such items as the annual budget or membership fees.

Similarly, staff assist both the board and council, but have no vote in the decisions of CLFC.

This structure is in accordance with current rules and regulations under which all charitable organizations must operate if they are to maintain their status. Once annually, CLFC provides a financial and program report to the Government of Canada demonstrating how its operations meet the required standards.

Giving with confidence, continued

research, provide facilities, course materials and tutors dedicated to the assistance and advancement of those students described in 1., above.

3. TO make available the most up-to-date teaching aids and equipment to those students described in 1., above and those institutions that offer subsidized tutorial services.
4. TO develop educational courses, services and programs not routinely provided by existing public educational systems.
5. TO evaluate both the effectiveness of the service providers and the educational programs.
6. TO solicit, receive and hold donations, gifts, devises and bequests in order to support and fund the objects of the organization.

If this seems like a lot of work to launch and maintain an organization that has already fulfilled part of its mandate (over \$20,000 in scholarships has been awarded to needy students to date; two dozen more applications are currently being reviewed), it should be. Unfortunately, a very few of Canada's charities play fast and loose with their privilege of issuing tax receipts for donations, or in the language of CRA "gifts." We all love giving and receiving gifts. When making a gift we're happy to receive a thank you or a hug in return. It should be the same when making a gift to an organization whose work we want to support. Our "return" for gifts or donations is a thank you and a tax receipt, which we can use to partially reduce the amount of tax we pay to the government. In that sense, when we make a charitable gift, the government, by foregoing tax revenue,

is "giving" along with us. Governments do this because they know (via the charity application process) that the money will be put to a purpose that will benefit all Canadians. Here's the formal description of a charitable gift (CRA Circular 4108, page 6):

A gift is defined as a voluntary transfer of property without valuable consideration. To qualify as a gift, all three of the following conditions must be met:



- *Some property, either in the form of cash or a gift-in-kind, is transferred by a donor to a registered charity. (A gift-in-kind involves property other than cash, such as equipment, shares, or land.)*
- *The property is given voluntarily. The donor must not be obliged to part with the property, for instance as the result of a larger contract or a court order.*
- *The donor is transferring the property to the charity without expecting anything in return. No benefit of any kind may be provided to the donor or to anyone designated by the donor as a result of a gift.*

The key concept is "without

valuable consideration." Imagine donors insisting to CLFC that they will make a donation as long as students they recommend automatically receive scholarships. That could never happen at CLFC for a number of reasons:

- A detailed scholarship application form is used (the latest version is available here: <http://www.childlearningfund.org>)
- Every application is evaluated "blind" (staff remove identifying information) by expert members of the volunteer CLFC Advisory Council
- The volunteer CLFC Board of Directors has the final approval of all scholarship awards
- CLFC members are ineligible to receive scholarships

Once more, this may seem like an overly cumbersome process, but the overriding goal is to give prospective donors and sponsors the confidence that their gifts or sponsorships will be put to good use in support of CLFC's mission.

"Charity tax dodge entangles parish" screams a recent headline in the *Toronto Star*. Canada's largest daily newspaper has a history of investigating and exposing various scams, often dreamed up by clever accountants, lawyers and willfully blind charities. In this instance, the "buy low, donate high" tax receipt-driven slight of hand saw 3,000 donors to the "All Saints Giving Trust" each give \$3,405 to buy medical equipment and then receive a tax receipt for \$20,650! How could that happen? The goods were "appraised" at a far higher value than their actual worth. Safe to say, few, if any, of the donors had

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We're also on the Web
www.childlearningfund.org

- enhancing educational opportunities and skills
in the fields of Mathematics, Science and English

Your input to future editions of *The Learning Curve* is most welcome. Whether from students, parents/guardians, teachers or donors, articles related to tutorials, charitable giving or letters to the editor will be considered for publication.

Submissions can be e-mailed to CLFC info@childlearningfund.org (please include your text in the body of the message).

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ever heard of the All Saints Greek Orthodox Church, but their financial advisors had.

Regrettably, when stories such as these make the news, the overwhelming majority of charities that operate legally and within their mandates are brushed with the same tar.

That is also why at CLFC, we have put in place a very detailed scholarship application process so that we can easily demonstrate how your support and trust is "front of mind." Ultimately, it is the backlog of worthy students who will benefit. We hope you will agree and consider making a gift today. Rest assured it will be put to good use.

2006-2007 Board of Directors

(volunteers, elected by members)

Janine Blair (North Vancouver, Secretary/Treasurer)

Kim Breithaupt (Calgary, President)

Sherrill Burns (Toronto, Vice-President)

Advisory Council

(advice only; no vote)

Karen Hilton (North Vancouver)

Cheryl Nicol (Oshawa)

Balti Sauer (Toronto)

Staff

(appointed by board)

James Wegg (Managing Director, St. Catharines)

Jen Norquay (Administrative support, St. Catharines)



**Supporting the fund
helps others learn**