

Objective and Tasks

Central Bureau on Fundraising

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1. Objective

The Central Bureau on Fundraising ('Stichting Centraal Bureau Fondsenwerving') was created in 1925 as the Central Archives and Information Bureau relating to Public Assistance in the Netherlands ('Stichting Centraal Archief en Inlichtingenbureau inzake het Maatschappelijk Hulpbetoon voor Nederland').

The name and objective were amended several times in the course of time. The current name 'Central Bureau on Fundraising' ('Centraal Bureau Fondsenwerving') dates from 1989. In its articles, the CBF formulates its objective as follows:

"The aim of the foundation is to promote the responsible raising and disbursement of funds in the Netherlands, including moneys obtained from gaming license holders within the meaning of the Dutch Betting and Gaming Act, by and for charitable, cultural, scientific or other legal entities with public benefit goals, and to promote the responsible public information provision by these entities within that framework. This is done both in the interest of the public and that of the legal entities involved."

2. Tasks

In real terms, the CBF pursues the realisation of this objective through activities such as:

- Developing regulations for the reliable and responsible raising and application of funds and monitoring the compliance of individual companies with these rules, at their request.
- Independently identifying and documenting issues that may be socially significant in fundraising.
- Providing information and advice to the public, authorities and institutions.

These activities result in the following tasks:

- Performing assessments.
- Monitoring the responsible raising and application of funds.
- Providing public information and advice.

These last three tasks are described in more detail in sections 2.1 - 2.3.

2.1 Performing assessments

The majority of institutions assessed by the CBF are fundraising institutions. In addition, the CBF assesses organisations that are not fundraising institutions, but that obtain moneys from a gaming organization ('gaming beneficiaries').

The following institutions are eligible for a fundraising institution assessment:

'Foundations or associations incorporated under the laws of the Netherlands with full legal competence which, for the realisation of charitable, cultural, scientific or other public benefit goals, appeal to public generosity through fundraising. Fundraising means that the moneys raised in this manner have been donated voluntarily, do not constitute a (proportionate) consideration for goods supplied or services provided, and that no rights for care or help can be derived from them.'

The following institutions are eligible for a gaming beneficiary assessment:

'Foundations or associations incorporated under the laws of the Netherlands with full legal competence which, for the realisation of charitable, cultural, scientific or other

public benefit goals obtain moneys from a gaming license holder within the meaning of the Dutch Betting and Gaming Act and which are not also fundraising institutions. In this context, a gaming beneficiary which, through fundraising, appeals to public generosity is seen as a fundraising institution.'

The CBF's core task is performing assessments. The Dutch Accreditation Council ('Raad voor Accreditatie') granted the CBF the authority to award seals of approval. The aim of the assessments is to be able to establish whether an institution meets the criteria formulated by the CBF for the reliable and responsible raising and disbursement of funds. This is in the interest of both the institution involved and the public.

The criteria were developed by the Council of Experts ('College van Deskundigen'), the Seal of Approval Committee ('Commissie Keurmerk'), the Appeals Committee ('College van Beroep') and the CBF bureau; a process which was set in motion in the mid-Eighties and led to the current approach. It goes without saying that in a dynamic world changes will continue to take place and will manifest themselves in the rules of the CBF, e.g. the additional criteria for the seal of approval with regard to the monitoring of expenditure and the quality of disbursements. In addition, the target group has expanded: since the spring of 2003, besides fundraising institutions, gaming beneficiaries have also been eligible for assessment. The rules, and in particular the official accounting guideline ('Richtlijn Fondsenwervende Instellingen') and the CBF Seal Regulations ('Reglement CBF-Keur'), are discussed in more detail elsewhere in this brochure.

If the criteria are met, the CBF will conclude that it has no objection to the raising and disbursement of funds by the institution involved. It goes without saying that the execution of the fundraising and disbursements is the responsibility of the governing board of the institution itself. The CBF therefore does not take on any responsibility for the institution as a result of its assessments. Nor does the CBF make any value judgements as to whether or not a certain charity should receive support. That decision is and remains the exclusive domain of the donor.

The CBF has 3 types of assessment:

- CBF Seal
- Certificate of no Objection
- Assessment of institutions involved in apparel collections.

The first two types of assessment are described in more detail below. The assessment of institutions involved in apparel collections is not discussed in this brochure. This particular assessment is carried out once a year by the CBF and serves primarily as a guideline for municipal authorities when issuing permits for apparel collections. (Since November 2002, institutions involved in apparel collections can also apply for the CBF Seal themselves. Additional criteria for this were incorporated in the CBF Seal Regulations.)

From 1993 the CBF has been issuing certificates, the so-called 'Verklaringen van Steunwaardigheid' ('Worthy of Support' Certificates), that initially were intended primarily as a guideline for the municipalities when issuing collection permits. Gradually the Worthy of Support Certificate (now replaced by the 'Certificate of No Objection') was also used by institutions to communicate trustworthiness towards the general public. With that purpose, the Certificate became the forerunner of the CBF Seal which, after all, is intended to reach the public at large.

In 1995, the Dutch Accreditation Council granted the CBF the authority to award seals of approval, resulting in the CBF Seal. In 1996 the first 12 seals of approval were awarded. Institutions that have been involved in fundraising for more than three years can apply for a seal of approval. The CBF also uses the Certificate of No Objection assessment in respect of institutions with less than three years of activity and for small institutions with revenues from

fundraising that do not exceed € 120,000 per year. The criteria for the certificate are virtually identical to those for the seal of approval, but with regard to certain aspects this assessment is slightly less stringent.

Institutions that are awarded the CBF Seal can use the logo in all their communications: on their stationery, in brochures, periodicals, annual reports or TV commercials. The CBF makes various materials available for this purpose.



Logo CBF Seal

From November 2001, a separate logo is available for institutions that have been awarded a Certificate of No Objection, for use in all their communications.



Logo Certificate of no objection

In its publicity campaign the CBF focuses mainly on the CBF Seal logo, as this is the most important assessment type. The CBF sees to it that the logos are not used by institutions that are not or no longer authorized to do so.

2.1.1 Procedures and criteria for the CBF Seal

Institutions that have decided to apply for a seal of approval assessment will need to use the information found in the following two brochures, available from the CBF:

- the 'Reglement CBF-Keur' (CBF Seal Regulations – No English translation available) and
- the 'Richtlijn Fondsenwervende Instellingen' (official accounting guideline – No English translation available).

A detailed explanation of the CBF Seal Regulations can be found in a manual written specifically for this purpose. The CBF Seal Regulations, the manual 'Handleiding CBF-Keur', the checklist for a zero measurement ('0-meting') and several appendices can be downloaded from our website www.cbf.nl. (No English translations available.)

The CBF Seal Regulations specify what is required from the institution, what the seal of approval means and what test criteria are used with regard to the governing board, the policy, fundraising, expenditure and accounting. The brochure explains, among other things, what the procedure is and how the ultimate decision is made. The appendices to the Regulations include a checklist of the information the CBF requires and a list of questions.

The CBF Seal remains valid for three years. The cost of the assessment is a one-off fee of € 5,560, plus an annual contribution that is related to the revenues from the institution's own fundraising, and that ranges from € 425 to € 8,440 per year (fees for 2009). The fees are adjusted on a yearly basis, and are linked to the wage index figure 'CAO – lonen en contractuele arbeidsduur' (collective agreement - wages and contractual working hours).

During the three year period of validity, there will be annual interim monitoring, and if the institution wishes to renew its seal of approval at the end of the 3-year period a further assessment will be required.

Accounting methods play a key role in the assessment. In order to structure their accounting and reporting systems in line with the CBF's criteria, institutions will need to follow the official accounting guideline in the brochure 'Richtlijn Fondsenwervende Instellingen'. This guideline, which is incorporated in the document 'Richtlijnen Jaarverslaggeving van de Raad voor de Jaarverslaggeving' (Annual Reporting Guidelines from the Annual Reporting Board), aims to promote transparency in financial accounting. Certain formal requirements with regard to the balance sheet and the statement of revenue and expenditure are laid down in this document, which will help structure the accounts in such a way that they will provide answers to at least the following questions:

- What proportion of the donation is left over for the good cause?
- Is the money being spent?
- Is the money being spent on the actual cause?

The criteria the CBF uses for awarding the CBF Seal are incorporated in Appendix 1 (on page 10 ff.) to this brochure. They serve as a good starting point for those institutions that are considering applying for an assessment.

2.1.2 Procedures and criteria for the Certificate of No Objection

Institutions that have been involved in fundraising for less than three years and small institutions with revenues from fundraising that do not exceed € 120,000 per year can apply for an assessment to obtain the Certificate of no Objection.

Institutions that wish to apply for the Certificate of No Objection will need to use the same official accounting guideline as those applying for the Seal of Approval. This guideline is found in the brochure 'Richtlijn Fondsenwervende Instellingen'. The brochure is available from the CBF for those institutions which apply for the CBF Seal or the Certificate of No Objection (No English translation available). Appendix 2 (pages 19 and 20) to this brochure (Objective and Tasks) lists the criteria the CBF uses for the Certificate of No Objection. In addition, the following procedures apply:

1. Application forms can be downloaded from the website or requested either by phone or in writing.
2. The assessment fee is payable upon submission of the application with the required documentation.
3. The fee for the assessment is € 830. A reduced fee applies to institutions registered with the Chamber of Commerce for a period of less than 1 year. The assessment fee for these institutions is € 560.
4. The CBF will perform the assessment after receipt of the requested information and the assessment fee.
5. The CBF will draw up a draft report of factual findings, which will be presented to the institution, along with a request to respond to the report in writing within two months. If no response is received within that period, the procedure is closed.
6. Within two months of receiving a response in writing and of any further consultations with the institutions, the CBF will decide whether or not a Certificate of No Objection can be issued. The decision and the final assessment report will be forwarded to the applicant. In case of a positive decision, the Certificate of No Objection will be included with the report.
7. The Certificate of No Objection is valid for a period of 18 months.
8. The CBF is entitled to withdraw the Certificate of No Objection before its expiry if the fundraising institution ceases to meet the criteria.

9. An overview of all the Certificates of No Objection issued is incorporated in the CBF's informative journal called 'Mededelingen' (Announcements) and can also be found on the CBF's website.
10. No later than four months before the expiry of the Certificate's period of validity the CBF will notify the institution of the need for re-assessment. Re-assessment occurs according to the same procedure used for the initial assessment, with the proviso that the results of the previous assessment will be taken into account. If the result is positive, a new Certificate of No Objection is issued for a further period of 18 months. The fee for a re-assessment is € 420.

2.2 Monitoring the responsible raising and application of funds

It is important that fundraising is done responsibly. A donor or contributor trusts that his or her donation is used for the intended cause. The CBF promotes responsible fundraising, first and foremost through performing assessments, but also through its role in organized collections. Nearly all Dutch municipalities are affiliated with the CBF. They receive updates from the CBF on a regular basis and they contact the CBF when they require additional information. The CBF assessments are used by the municipalities as a guideline for issuing collection permits, as is the annual collections timetable, which lists all the national collection institutions.

In 1949, as a result of agreements between all of the municipalities and a number of funds operating on a national scale, a 'collections plan' was formulated. One aspect of this plan was that the CBF, at the suggestion of the 'Stichting Collecteplan', formulates an annual timetable, allocating a period to each of the nationally operating collection funds for their particular campaign. The gaps in the timetable are periods available to other, mostly local institutions. A key element with regard to the application of this timetable is the aspect of exclusivity. Upon request, the funds will be issued a permit granting exclusive collection rights in all of the municipalities in that particular period. Exceptions to the timetable are only possible by arrangement between the institutions involved and the municipality in question.

The CBF has initiated more pro-active investigation and information practices with regard to fundraising institutions without seals of approval if they give cause to negative publicity or otherwise lead to complaints from the general public.

2.3 Providing public information and advice

In addition to its indirect role vis-à-vis the public of assessing good causes, the CBF also has a direct responsibility of informing the public. It provides information and advice to companies, institutions, the government and the general public. These groups regularly ask questions and request information from the CBF. When providing information and advice, the CBF refrains from giving opinions as to whether or not legal entities with a political objective or legal entities supporting organizations with political objectives are worthy of support. In addition to the aforementioned groups, the CBF has observed increased interest on the part of students and researchers. The CBF also receives many questions, as well as complaints, from the public. The CBF's aim is to inform the public as best they can, and, in the case of a complaint, help the complainant and the accused find an amicable solution.

The CBF also uses the press to inform the public on a regular basis. The CBF is frequently contacted by the press with specific questions. If there is a good reason to do so the CBF will submit its own press release, for example after the publication of the Fundraising Report (see below) or after issuing new seals of approval.

The information issued by the CBF is made available to a large audience through its website: www.cbf.nl. In addition to providing general information about the CBF itself, the website also

provides lists of good causes that have been assessed by the CBF. The site is continually updated.

The CBF's Fundraising Report is published annually, and contains a wealth of financial information on fundraising for and by charity organizations. It is a unique source of information that is frequently consulted and quoted. The report is presented on a yearly basis to those involved and to the press.

The information journal 'Mededelingen' (Announcements) and two Digital Newsletters are published on a regular basis.

One newsletter is intended specifically for those institutions that have been assessed by the CBF. This newsletter is distributed by e-mail and contains specific information for those institutions with a CBF Seal or a Certificate of No Objection.

Besides this specific newsletter the public in general can subscribe to a general Digital Newsletter. By means of this newsletter subscribers are informed by the CBF about the developments and important events concerning fundraising in general and the CBF Seal in particular.

The newsletters only appear as and when required.

The Announcements are distributed twice a year to municipalities and other affiliated institutions. Besides general information, the information journal also announces the names of institutions that have recently been awarded the seal of approval. Once a year the information on collections in the various municipalities is published, as well as the information about institutions involved in apparel collections. This information can also be found on the CBF website.

Appendix 1

Criteria for the CBF Seal of Approval

This Appendix contains those articles from the CBF Seal Regulations that are relevant in the context of this brochure:

Article 3

Application conditions for the CBF Seal of Approval

- a. Eligible to apply for the CBF Seal are fundraising institutions that have been operating in the Netherlands as such for a minimum period of 3 years.
- b. In order to be eligible for the CBF Seal, the Applicant must meet the Seal of Approval criteria, bind itself vis-à-vis the CBF to these criteria by signing the Seal Agreement, and continue to comply with the other stipulations listed in the Seal Agreement.
- c. The fundraising institution must refrain from using a name or logo which, either in itself or in combination with the seal, could at first glance be taken by the public at large to be the name and/or logotype of any established institution.
- d. By submitting the request for CBF accreditation the Applicant accepts the procedure that applies to the assessment of the request, as set out in the Seal Regulations.

Article 4

CBF Seal Regulations

Paragraph 1 The governing board of the fundraising institution

Paragraph 1.A Management and Supervision

- a. The fundraising institution is obliged to observe the following general principle:
“Within the institution, a clear distinction should exist between the ‘supervisory’ role (adopting or approving plans and critically monitoring the organization and its results) and the ‘managerial’ role or the ‘executive’ role”
- b. The members of the governing board (and, if applicable, the supervisory body) endorse the above principle in a statement (Enclosure 12). The governing board (and, if applicable, the supervisory body) is obliged to draw up an accountability statement regarding the following issues and to include a summary of this statement in the annual report:
 - how the supervision of the managerial and/or supervisory responsibilities is organised within the institution and how it is implemented;
 - what the institution does to achieve the best possible composition of the governing board and, if applicable, the supervisory body;
 - how the institution assesses the performance of the board of directors, the governing board and the supervisory board, if applicable.

Paragraph 1.B The governing board

The governing board determines policy, establishes the financial guidelines and holds the final responsibility for the daily management. The governing board is to be arranged in a manner which warrants an independent performance of duties by the governing board and its individual members. The following provisions are to be observed in this respect.

- a. The governing board consists of at least five natural persons. In the case of a governing board with a supervisory body established in accordance with the articles of

association the governing board consists of at least one natural person. In the case of a supervisory body established in accordance with the articles and a governing board consisting of one natural person, the regulations under b, e and f of this paragraph do not apply. In that case, the provisions in paragraph 1.C, sub 1 Audit committee apply to the fundraising institution.

- b. Close family or other comparable relations between members of the governing board are not allowed.
- c. The members of the governing board resign periodically. Appointments and any re-appointments are tenable for a maximum period of five years. In the case of a supervisory body established in accordance with the articles of association whose director is employed by the legal entity this director may also be appointed for an indefinite period of time.
- d. The members of the governing board receive no remuneration as such, direct or indirect. A reasonable compensation for costs incurred by them on behalf of the institution and services rendered by them is not considered as remuneration and neither are attendance fees, provided they are not excessive. This does not prejudice the possibility of board members receiving remuneration in their capacity of employees if they are employed by an organization with a supervisory body. These compensations are shown and specified in the annual accounts.
- e. In order to make decisions more than half of the number of board members has to attend the meeting in person. Each board member has one vote.
- f. A board member is only authorized to represent the institution together with one or more other board members.
- g. The members of the governing board of the fundraising institution are not to be board member, founder, shareholder, supervisor or employee of an entity with which the fundraising institution structurally conducts legal acts which are valuable in money.
- h. No more than one third of the number of board members may be appointed (or nominated) by an entity, or an entity – directly or indirectly – connected to the first entity according to its articles of association, to which the fundraising institution donates all or part of the funds it has raised. No more than one third of the number of board members of the fundraising institution may be board members, founders, shareholders, supervisors or employees of the entities referred to in the preceding sentence. The board members mentioned here are - with the exception of representation by participation in acts of the governing board - not allowed to represent the fundraising institution.
- i. What is stated in subsections g and h does not apply:
 - a) if and so far as consolidation, regarding the fundraising institution and the entity mentioned above, as meant in the 'Richtlijn Fondsenwervende Instellingen' (official accounting guideline), takes place.
 - b) if the director has been appointed by or with the agreement of the fundraising institution's supervisory body established in accordance with the articles of association or - if the institution is an association - by or with the agreement of the general meeting as the director or supervisor of the receiving entity as referred to in subsection h of this paragraph. The stipulations in paragraph 1.E apply equally to legal acts with the receiving entity.
- j. The criteria mentioned above under subsections a through i are to be expressed in the articles of the fundraising institution.

Paragraph 1.C The supervisory body

If the articles of association provide for a separate supervisory body established in accordance with the articles of association the following provisions need to be observed:

- a. The supervisory body will monitor the governing board. The governing board governs the fundraising institution and has the final responsibility for the (daily) management

and the execution of its programmes and activities. There is a division of competences between the governing board and the supervisory body concerning the establishment of general policy and the financial guidelines.

- b. The supervisory body is to consist of at least three natural persons.
- c. Close family or comparable relations within the supervisory body and between members of the supervisory body and members of the governing board are not allowed.
- d. The members of the supervisory body resign periodically. Appointments and any re-appointments are tenable for a maximum period of five years.
- e. The members of the supervisory body receive no remuneration as such, direct or indirect. A reasonable compensation for costs incurred by them on behalf of the fundraising institution and services rendered by them (not in their capacity of supervisor) is not considered as remuneration and neither are attendance fees, provided they are not excessive. These compensations are shown and specified in the annual accounts.
- f. In order to make decisions more than half of the number of members of the supervisory body has to present at the meeting in person. Each member of the supervisory body has one vote.
- g. The members of the supervisory body of a fundraising institution are not allowed to be board member or employee of the fundraising institution. Furthermore members of the supervisory body of a fundraising institution are not allowed to be board member, founder, shareholder, supervisor or employee of an entity with which the fundraising institution structurally conducts legal acts which are valuable in money.
- h. No more than one third of the number of members of the supervisory body may be appointed (or nominated) by an entity, or an entity – directly or indirectly – connected to the first entity according to its articles of association, to which the fundraising institution donates all or part of the funds it has raised. No more than one third of the number of member of the fundraising institution's supervisory body may be board members, founders, shareholders, supervisors or employees of the entities referred to in the preceding sentence.
- i. Subsections g. and h. do not apply if and so far as consolidation, regarding the fundraising institution and the entity referred to, as meant in the 'Richtlijn Fondsenwervende Instellingen' (official accounting guideline), takes place.
- j. The supervisory body will monitor the general proceedings within the legal entity and the organization connected therewith and is also charged with the duties and powers as conferred to it in the articles, including the authority to suspend the institution's board members.
- k. If the fundraising institution is an association, the following decisions are made by the association's general meeting:
 - amendments to the articles;
 - the dissolution of the legal entity;
 - entering into a legal merger or division;
 - the appointment and dismissal of the legal entity's accountant;
 - approving the annual report and accounts.

If the fundraising institution is a foundation, these decisions are made by the supervisory body or by the governing board with the approval of the supervisory body.

- l. Subject to the approval by the supervisory body or the general meeting are decisions (by the governing board) on:
 - the multi-year policy plan and financial estimate;
 - the budget and annual plan;
 - the appointment and dismissal of members of the board of directors;
 - changing the legal entity's bank connections and granting moneys in loan, as well as drawing moneys in loan, not including withdrawals from credit facilities granted to the legal entity and approved by the supervisory board;
 - granting, changing or revoking a power of attorney;

- filing a petition for the liquidation of the legal entity or applying for suspension of payments of the legal entity;
 - entering into or breaking off any long-standing collaboration that is of major strategic importance; participating interest of considerable substance and/or of major strategic importance to the organization, or the termination thereof;
 - incurring considerable expenses that are not or not fully accounted for in the budget and that exceed an amount to be determined annually by the supervisory body;
 - all other management decisions that are clearly defined and communicated to the governing board in respect of which the supervisory body has decided that they are subject to the approval of the supervisory body.
- m. If the legal entity's articles of association provide for an authority as referred to under 1 and/or 2, these decisions are to be subjected to the approval of the supervisory body or the general meeting.
1. Decisions by the governing board with regard to entering into agreements for the acquisition, disposal or encumbrance of property subject to registration, limited, if so desired, to a certain amount to be determined by the organization or limited in another manner to be determined by the organization.
 2. Entering into agreements in which the legal entity binds itself as a surety or commits itself as a joint and several debtor, guarantees the performance of a third party or provides security for a debt of a third party.
- n. The criteria mentioned above under subsections a through m are to be expressed in the articles of the fundraising institution.

1.C sub 1 Audit committee

If the articles of association provide for the existence of a separate supervisory body established in accordance with the articles, these articles can stipulate that the fundraising institution has a governing board consisting of one natural person, provided that the provisions stated below that are to be expressed in the articles of the fundraising institution have also been observed.

- a. According to the articles of the fundraising institution, the legal entity has a financial audit committee as a permanent commission of the supervisory body, consisting (for the majority) of members of the supervisory body.
- b. Under the aegis of the supervisory body, the financial audit committee is charged with supervising the financial practices within the legal entity in general and also with the assessment of the functioning of the internal administrative organisation control, and more specifically the payment organization.
- c. The composition and working method of the audit committee is provided for in more detail in regulations to be adopted, amended and supplemented by the supervisory body.

Paragraph 1.D The board of directors

The following provisions apply both to the titular board of directors and to the board of directors under the articles of association. They relate to members of the board of directors under the articles of association in their capacity of employee of the institution. In addition the provisions in paragraph 1.B apply to these members in their capacity of director.

- a. The performance of (members of) the board of directors is assessed on an annual basis by the body which is responsible for their appointment, suspension and dismissal and/or which monitors their performance.
- b. The fundraising institution will render a public account of the remuneration of its director(s). The institution will also state the basis on which the remuneration is

- determined. The remuneration should be proportional to the size of the organization and the nature of the duties.
- c. If the board consists of more than one director, the duties, responsibilities and authorities of each member should be laid down as well as how the board functions as a team.
 - d. Each member of the board of directors will notify the body which is responsible for his appointment, dismissal and/or the body which monitors his performance in any other position. The member of the board of directors needs to obtain permission from this body before accepting or continuing any position, paid or unpaid, for which the workload is such that it may affect his performance for the organization or which is otherwise contrary to the interest of the organisation.
 - e. The criteria listed above under a to d must be incorporated in a set of board regulations, which are subject to adoption or approval by the body responsible for the appointment or dismissal of directors and/or for monitoring their performance.
 - f. The tasks listed under 1.C sub j, k and l, cannot be delegated to the board of directors if there is no general membership meeting or supervisory body and if these tasks are within the powers of the governing board.

Paragraph 1.E Conflict of interests

The governing board and, if applicable, the supervisory body, guards against a conflict of interests between the fundraising institution and members of its governing board and/or its employees and/or, if applicable, the members of the supervisory body, the members of an advisory body and the members of a scientific council. In this respect each board member, member of a supervisory body, member of an advisory body and member of a scientific council is to issue a statement as included in Appendix 12* and give it to the CBF (* not included in this text).

- a. A conflict of interests as meant in the opening of this paragraph occurs among other instances if legal acts, which are valuable in money, are performed between the fundraising institution and i) the persons mentioned in the opening of this paragraph; ii) persons who have a close family or other relation with the persons mentioned in the opening of this paragraph; iii) legal entities of which the persons mentioned above under i and ii are board member, supervisor or stockholder.
- b. In the event of a conflict of interests regarding a board member or supervisor, the member in question is to report this to the governing board or the supervisory body of which he or she is a member. Furthermore the member in question is to abstain from deliberations and decision-making in this matter. The presence of the member in question does not count when determining whether the quorum required for decision-making is met.
- c. If a conflict of interests arises between the fundraising institution and one or more of its board members, the institution can only be represented if and so far as the articles of the fundraising institution provide for this. The authority to represent the institution is not to be granted to those who are parties in the conflict of interests.
- d. If the fundraising institution has a supervisory body, the articles are to grant the authority to represent the institution to the supervisory body in the event of a conflict of interests between the institution and one or more of its board members. If a conflict of interests arises regarding forementioned body or one or more of its members, the first sentence of subsection c of this paragraph applies correspondingly. If the fundraising institution has the legal form of an association, the general meeting can appoint a representative at all times, in divergence of the contents of this subsection.
- e. The criteria mentioned above under the letters a through d are to be expressed in the articles of the fundraising institution.

Paragraph 2 Policy

- a. With respect to the continuity of the activities, the governing board is to draw up a multi-year policy plan for a period of at least three years with accompanying multi-year financial estimate. The multi-year policy plan contains measurable objectives. In order to draw up the multi-year policy plan a situation analysis is made. In this respect opportunities and threats, among other things, are considered. The evaluation reports on the implementation of the policy plans will also serve as a reference.
- b. The multi-year policy plan and the activities of the fundraising institution are to be in accordance with the objective stated in its articles.
- c. Before the end of the fiscal year the governing board, or the supervisory body, draws up an annual policy plan and budget for the following year, in which the multi-year policy plan will be translated into specific programmes and activities with measurable objectives. The following information should, in any case, be included in the budget and annual plan: the expected revenues, the planned expenditure of funds on the charity and on specific programmes and activities, the planned expenditure of funds on supporting functions, the envisaged results (or in case these cannot be predicted: the reasons for this), as well as how any reserves are to be used.
- d. The governing board, or the supervisory body, regularly and demonstrably inspects and evaluates the implementation of policy. Where necessary the implementation of policy is adjusted.
- e. The governing board, or the supervisory body, establishes that the fundraising institution is adequately organized and equipped to implement the policy.
- f. In the determination of the reserves and the investment strategy the starting points included in Appendix 13* of these Regulations are to be complied with (*not included in this text).

Paragraph 3 Fundraising, public information and communication

- a. The fundraising institution is to structure external communications in such a way that it offers a clear insight into the objectives of the organization and their realization and that the information is easily accessible. Furthermore the information from different perspectives (fundraising, public information and communication) is to be consistent.
- b. In fundraising and public information the identity, the objective, the programmes and the financial needs of the fundraising institution are to be clearly described.
- c. In the external communications mentioned above the fundraising institution is to refrain from deception and comparison with other fundraising institutions.
- d. The fundraising activities of the institution are directed at acquiring voluntary contributions and are not allowed to be intimidating. Furthermore, the methods used are also in line with what is considered appropriate in our society.
- e. In fundraising, the fundraising institution is to clearly and markedly offer the (intended) donor the opportunity to impose restrictions on the methods used to contact the donor.
- f. Information from the contributor files is not to be made available to third parties without permission from the contributors, except if requested by the competent authorities. The fundraising institution needs to keep a record of information which may reasonably be available on the identity of contributors.
- g. The fundraising institution is to see to a balanced division of the costs for fundraising and the costs for the realization of the objective. The costs for fundraising of the fundraising institution over a period of three consecutive years, expressed as a percentage of the revenues from its own fundraising in any one year, do not amount to an average of more than 25 % of the revenues from its own fundraising. The calculation of the percentage mentioned in the last sentence is applicable as from the third year of the existence of the fundraising institution.

- h. With regard to a fundraising institution which submits a request as meant in article 3 of these Regulations in the fourth financial year after its foundation, in contravention to what is stated under letter g. of this paragraph, the costs for fundraising in the third financial year after its foundation are not allowed to amount to more than 25 % of the revenues from its own fundraising. Furthermore the adopted budget for the financial year in which the request is made, should show that the costs for fundraising in that year will not amount to more than 25 % of the revenues from its own fundraising. If the CBF Seal is granted, the fundraising institution mentioned here is to comply with what is stated under i. below in the fifth financial year after its foundation and with what is stated under g. of this paragraph in the sixth financial year after its foundation.
- i. With regard to a fundraising institution which submits a request as meant in article 3 of these Regulations in the fifth financial year after its foundation, in contravention to what is stated under g. of this paragraph, the costs for fundraising expressed as a percentage of the revenues from its own fundraising in the third and fourth year of its existence are not to amount to more than an average of 25 % of the revenues from its own fundraising in those years. Furthermore the adopted budget for the financial year in which the request is made, should show that the costs for fundraising in that year will not amount to more than 25 % of the revenues from its own fundraising. If the CBF Seal is granted, the fundraising institution mentioned here is to comply with what is stated under g. of this paragraph in the sixth financial year after its foundation.

Paragraph 4 Expenditure of funds

- a. The institution is obliged to observe the following general principle:

“The institution should continually strive to achieve the best possible use of funds, in such a way that it works towards the realisation of its objective in an effective and efficient manner.”

- b. The members of the governing board (and, if applicable, the supervisory board) endorse the above principle in a statement (Enclosure 12). The governing board (and, if applicable, the supervisory body) is obliged to draw up an accountability statement regarding the following issues and to include a summary of this statement in the annual report:

- Stating objectives that provide direction, for all the relevant areas and levels;
- Monitoring and evaluating the implementation of activities and internal processes;
- Implementing changes based on these evaluations.

In addition to this principle, the following rules apply:

- c. The responsibilities regarding the expenditure of funds (including financing and the transfer of funds) are to be described clearly and clear criteria and procedures need to be followed, the compliance of which needs to be monitored.
- d. The expenditure of funds is to be in accordance with the budget. Expenditures which deviate from the budget are to be sanctioned by a board decision to that effect.
- e. Funds that have been given restrictions regarding their expenditure due to the nature of a project or due to third parties, are to be employed for the objective within a period of three years.
- f. The fundraising institution needs to keep a record of information which may reasonably be available on the identity, background and reliability of implementing organizations and (groups) of beneficiaries.
- g. The progress of expenditures for the objective is to be monitored and reported demonstrably.

- h. The expenditures for the objective are to be evaluated and reported demonstrably on project, programme and organizational level.
- i. The fundraising institution will set a standard with regard to management and administration costs and will describe this in the annual report. Any surplus after liquidation and settlement of the fundraising institution is to be spent in pursuance of its articles in accordance with its objective, or is to be transferred to another institution which is recognized by the Tax and Customs Administration of Oost-Brabant ('s-Hertogenbosch office) as an institution for the common good.

In the event of a legal merger or split-up of the fundraising institution it must be evident from its articles that the funds the fundraising institution gives in the merger or split-up as well as the profits emanating from them, can only be spent in deviation of the regulations applicable before the merger or split-up with permission from the court.

Paragraph 5 Accountability

Paragraph 5.1 Accounting and reporting

- a. The annual report is to be drawn up in accordance with the “Richtlijn Fondsenwervende Instellingen’ (official accounting guideline)”, taking into account that the elements policy, communication, safeguarding the quality of the organization and expenditure of funds in relation to the objectives are clearly expressed in the governing board’s report.
Any modifications in the ‘Richtlijn’ mentioned above have no legal effect on these CBF Regulations until after and so far as decided on to that effect by the governing board of the CBF after recommendation by the Board of Experts. Otherwise article 5 of these Regulations applies correspondingly.
- b. The annual accounts are to be accompanied by an approving auditor’s report.
- c. The annual report as described in the ‘Richtlijn Fondsenwervende Instellingen’ is public and is to be made available to interested persons within nine months after the end of the financial year, if so desired upon payment for the costs of reproduction.

Paragraph 5.2 Relationships with interested parties

- a. The institution is obliged to observe the following general principle:

“The institution strives to maintain the best possible relationships with interested parties, with specific attention to information provision and to accepting and handling wishes, questions and complaints.”
- b. The members of the governing board (and, if applicable, the supervisory board) endorse the above principle in a statement (Enclosure 12). The governing board (and, if applicable, the supervisory body) is obliged to draw up an accountability statement regarding the following issues and to include a summary of this statement in the annual report:
 - who the organization’s interested parties are;
 - the content and quality of the information to be supplied to the interested parties;
 - the way in which the information is provided;
 - how the communication is arranged, so that the information is relevant, clear and accessible to interested parties;
 - the way in which the institution deals with the ideas, comments, wishes and complaints of interested parties.

Paragraph 5.3 Complaints

- a. The fundraising institution is to have a procedure for the reception and consideration of complaints. The fundraising institution makes regulations pertaining to this available to every interested party on request. The complaints received and their consideration are to be recorded in a register.

Paragraph 6 Additional requirements regarding the collection of usable clothing

- a. The annual accounts are to include a survey movement of goods in accordance with “Appendix D* Model commentary on the result sales and/or used goods” (* not included in this text). (See Appendix 10 (not included in this text)).
- b. The accountant is to state explicitly that the survey movement of goods is reported correctly and comprehensively.
- c. If the collection of used clothing is contracted out, the contractee’s accountant is to declare that the statement of the number of kilogrammes collected, which has been certified by the accountant, has been verified and that in his judgement the movement of goods has been reported correctly and comprehensively (see Appendix 11 (not included in this text)).
- d. The progressive average net price realized per sold kilogram over the last three years is to constitute at least 25% of the progressive average market price per kilogram over the last three years. In order to determine the market price per kilogram the starting point is the average gross price realized per kilogram used clothing of the fundraising institutions which collect the used clothing themselves by means of a picking up and bringing in system. The annual CBF publication “Statements clothes collections” includes an overview of the gross price realized, the costs and the net price realized over the past five years.

Appendix 2

Criteria for the Certificate of No Objection:

Conditions for obtaining the Certificate:

In order to be eligible to apply for the Certificate of No Objection, the organization must meet the following conditions:

- a. Eligible to apply for the Certificate of no Objection are fundraising institutions that have been operational for less than three years and/or small institutions with revenues from their own fundraising that do not exceed € 120,000 per year.
- b. The fundraising institution must refrain from using a name or logo which, either in itself or in combination with the seal, could at first glance be taken by the public at large to be the name and/or logotype of any established institution.

1. Governing board

The governing board determines policy, establishes the financial guidelines and has the ultimate responsibility for the daily management. The governing board must be structured in a manner that guarantees the independent performance of duties by the governing board and its individual members. The following provisions must be observed in this context.

- a. The governing board consists of at least five natural persons who are not closely connected, either by family or other ties.
- b. In order to make decisions more than half of all board members have to be present at the meeting in person. Each board member has one vote.
- c. A board member is only authorized to represent the institution together with one or more other board members.
- d. The governing board guards against conflicts of interest between the fundraising institution and members of its governing board and/or its employees.
- e. The members of the governing board receive no remuneration as such, either directly or indirectly. A reasonable compensation for costs they incur on behalf of the institution and services they render is not considered remuneration. Such compensation is shown and specified in the annual accounts.
- f. The members of the governing board resign periodically. Appointments and any re-appointments are tenable for a maximum period of five years.

2. Policy

- a. The activities of the institutions must comply with the objective stated in its articles.
- b. Before the end of the financial year the governing board will draw up a budget for the following year. An expenditure plan must form part of the budget. As much as possible the budget must be structured in line with Appendices 2 and 3 of the 'Richtlijn Fondsenwervende Instellingen' (official accounting guideline).
- c. The governing board regularly and demonstrably inspects and evaluates the implementation of the policy and the realization of the objective.

3. Fundraising, public information and communication

- a. In fundraising, public information and communication the identity, objective, programmes and financial needs must be clearly described. The institution must be able to provide this information.
- b. The fundraising institution must refrain from deception and from comparison with other fundraising institutions.
- c. Fundraising activities must be directed at acquiring voluntary contributions and must not be intimidating.
- d. The fundraising institution must ensure a balanced division of the costs associated with fundraising and the costs for the realization of the objective. The fundraising costs over a period of three consecutive years must not exceed an average of 25 % of the revenues from the institution's own fundraising.

4. Expenditure

- a. The disbursement of funds must be in accordance with the budget. Expenditure that deviates from the budget must be sanctioned by a relevant board decision.
- b. The recipient of any contribution obligation is informed of this contribution in writing after the decision from the governing board on the matter.

5. Financial reporting

- a. As much as possible the annual report must be drawn up in line with the 'Richtlijn Fondsenwervende Instellingen (Official Accounting Guideline).
- b. The report must contain at least the following elements:
 - the name given in the articles, registered office and legal form;
 - a description of the objective;
 - the composition of the governing board and the management;
 - a report from the governing board, containing a well-substantiated description of the institution's main activities in the past financial year. As far as possible this report will be structured in the same way as the statement of revenue and expenditure;
 - the annual accounts, consisting of:
 - . the balance sheet, containing a comparison against the figures from the previous year;
 - . the statement of revenue and expenditure, drawn up in accordance with the Appendices 2 and 3 of the 'Richtlijn Fondsenwervende Instellingen' (Official Accounting Guideline);
 - . explanatory notes to the statement of revenue and expenditure and the balance sheet;
 - . an auditor's report;
 - the names and registered offices of any legal entities that form an economic entity with the institution.
- c. The annual report is a public document and must be made available within 9 months of the end of the financial year to any interested party, upon payment of the reproduction costs if the institution so desires.