

Granting & Donating of Funds

Interim Policy – 2026



Note: This Interim Policy does not apply to branches closing prior to the decision regarding ACO's future organizational structure. The policy is also not intended to prevent the normal operation of branches who have established a Grant Program consistent with ACO's Grant Policy. Donating to qualified donees is not a normal practice of ACO branches and continues to be discouraged through the transition period.

Background:

The organizational structure and the costs associated with maintaining the existing structure have been under consideration for a number of years. In 2024 an initial proposal was deferred pending further consultation and exploration.

On October 18, 2025, the Board of Directors held a special meeting to consider a presentation by Capacity Canada and the Operations Working Group/Steering Committee on a path forward.

The following motion was passed by the Board of Directors:

"To further develop and follow a Transition Plan through 2026 that would be based on the Revised Branch Model while encouraging and supporting further exploration and piloting of the Affiliate and OHS inclusion approaches. Time would also be spent working to ease the cultural tensions that exist within the organization and increase volunteer support. A final report, laying out findings and recommendations, will be presented to the Board by spring 2026, after which implementation and application of the preferred approach would begin to be completed by the end of 2026."

Furthermore, on November 1, 2025, at its regularly scheduled meeting, the Board of Directors passed the following motion:

Be it moved that, effective immediately and continuing until the conclusion of the January 24, 2026, Board meeting, all Branches, including those with paid staff, shall suspend discretionary financial disbursements to external organizations with whom the branch does not have a previous approved financial relationship. This includes grants, donations, sponsorships, or other forms of monetary support initiated through new relationships or partnerships formed after November 1, 2025, unless explicitly authorized by the Board.

This measure is intended to mitigate CRA and reputational risk while governance, eligibility, and oversight structures are under review. Planned Branch events and initiatives already approved and budgeted for prior to this motion may proceed as scheduled, provided they do not involve new external financial commitments or newly established external relationships. Branches may continue to incur standard operational expenses necessary to deliver these events, including employee wages and related staffing costs.

And that the current structure will stay in place until the COO is no longer with ACO. In the absence of the COO this motion will apply and then this policy will apply. The COO will consider these proposals in a timely manner.

The decisions regarding future approval of the grants and donations were referred to the Transition Team and the Finance and Audit Committee for recommendations in anticipation of the January board meeting.

Issues:

Branches considering “affiliate” or NFP status as part of ACO’s future state may be considering ways to keep the revenue in ACO’s branch account in the community.

The Provincial operations have used the investment account to offset the financial costs of maintaining the organization in accordance with legislative requirements for all branches.

Inappropriate use of the funds by the branches places the entire organization including all branches at risk of CRA revoking our charitable status and affecting not only our ability to function but ACO’s provincial reputation as a 93-year-old organization.

Distribution of held funds without consideration of future expense implications places undue costs on the remaining branches, the provincial operations and negatively impacts future planning, operational and sustainability efforts.

Considerations:

Transition measures must:

- 1) Apply to all branches and the provincial operations
- 2) Be based on shared knowledge and expectations
- 3) Be fair and not penalize branches for having or not having bank balances
- 4) Any review or approval process must be responsive and timely
- 5) Respond to local plans and considerations
- 6) Be specific to the transition period January 2026 to 31 December 2026 or unless otherwise amended.

Potential Granting or Donee Options:

1) Grants to Non-Qualified Donees:

Non-qualified donees are individuals or NFP organizations that are not charitable organizations.

ACO’s Grant Policy applies and provides a guide to follow for grants for renovations of heritage properties. Documentation is extensive and follow-up is required. The policy was developed based on experience with Port Hope’s program and in consultation with CRA and legal counsel.

Effective 24 January 2026:

Only grants to non-qualified donees that are consistent with the existing grant policy will be entertained during the transition period.

For branches such as Port Hope with an established annual grant program designed specifically to adhere to the grant policy, confirmation that they will be administering the program in 2026 will suffice.

Other branches without an established program but intending to allocate funds for this purpose will submit their plan to do so by 01 March 2026 to the FAC for a response by 31 March 2026. The plan should include:

- local guidelines/priorities,
- time frame for applications, work to be performed and follow-up
- total amount of funds to be dedicated to this program

Note: if plans were to implement the program prior to April, the branch president should contact ACO's Chair to arrange for a FAC review as soon as possible.

2) Grants or donations to Qualified Donees:

Qualified donees are charitable organizations "whose purpose and articles of incorporation" align with those of ACO. This may include some foundations, historical societies, and other NFP organizations in the community.

Once the charitable status and eligibility of the organization is determined, the qualified donee must agree to only use the funds in a manner consistent with the aligned purpose, recognize ACO's contribution and confirm that they have done so. Normally CRA expects the project or work to be completed within the same calendar year and preferably within 3-6 months.

Effective 24 January 2026:

Donations to qualified donees during this interim period are discouraged. If a branch feels compelled to donate to a local qualified donee, a summary is to be submitted to the FAC for review and approval.

The summary is to include:

- name of the donee
- copy of the donee's articles of incorporation
- description of how the donation will be used in a manner that is consistent with ACO's articles of incorporation
- amount of donation
- when the work/activity will be completed
- confirmation that the branch will continue to operate and be able to meet their financial obligations.

Conclusion:

This interim policy is intended to balance the need to continue the business of ACO, while mitigating risk to the overall organization during the 2026 transition period. The interim policy will be reviewed and updated once the future state of the organization is determined or by 31 December 2026 whichever is later.

Approved by ACO Board of Directors 24 January 2026.