

Press Release

NEW RULES ON CHARITY REGISTRATION, PUBLIC FUND-RAISING APPEALS AND LARGE CHARITIES

With effect from 1 May 2007, the Commissioner of Charities will be implementing new regulations governing charity registration, public fund-raising appeals and large charities.

Charity Registration

2. Following positive public feedback on proposals to tighten the registration of charities, the Commissioner of Charities will implement the new regulations specifying the conditions for registration of charities, with effect from 1 May 2007. Under the Charities (Registration) Regulations, charities will have to comply with the following conditions for charity registration:

- a. the purposes/objects of the institution must be exclusively charitable;
- b. the institution must have at least 3 trustees, of whom at least two must be Singapore citizens or permanent residents; and
- c. the purposes/objects of the institution must be beneficial wholly or substantially to the community in Singapore.

3. All charities registered before 1 May 2007 will be given one year, i.e. up to 30 April 2008, to comply with these conditions for registration. Please refer to Annex A for the conditions for registration, refusal of charity applications or removal from the charities register.

Public Fund-Raising Appeals

4. In line with the recommendations by the Inter-Ministry Committee on Regulation of Charities and IPCs, which the Government accepted in 2006, the Commissioner of Charities will also extend the following three sets of basic regulations on public fund-raising [that currently apply only to Institutions of a Public Character (IPCs)] to charities and any persons or organisations conducting public fund-raising appeals for charitable purposes:

- a. Disclosures during public fund-raising appeals;
- b. Use of donations; and
- c. Keeping of accounting record relating to the fund-raising.

These regulations will also take effect from 1 May 2007.

5. Besides the basic regulations which apply to all entities, charities and commercial fund-raisers will need to comply with additional regulations, as they conduct public fund-raising appeals more frequently. These additional regulations are as follows:

- a. For charities, their total expenses incurred on public fund-raising appeals in a financial year must not exceed 30% of total donations collected through the public appeals in that year. For each public fund-raising exercise which raises \$1 million or more, charities must disclose the total funds raised, fund-raising expenses incurred and planned use of funds raised.
- b. Where commercial fund-raisers are engaged in any public fund-raising appeals, all donations received must be made directly to the charities, individuals or organisations who engaged the commercial fund-raisers. Any payment to commercial fund-raisers must be made by the charities, individuals or organisations separately.

Please refer to Annex B for details on the basic and additional regulations.

Large Charities

6. In line with the recommendations by the Inter-Ministry Committee on Regulation of Charities and IPCs, large charities will have to comply with additional rules relating to charity trustees and auditors. Please refer to Annex C for regulations pertaining to large charities.

Conclusion

7. The new regulations can be found on the Charity Portal (www.charities.gov.sg). The office of the Commissioner of Charities and Sector Administrators will continue to support all charities through these changes so that they can meet the regulatory requirements and continue to deliver charitable programmes and services to the public.

8. Mr Low Puk Yeong, the Commissioner of Charities, said: "The new regulations are meant to create a more robust and transparent framework, so as to bring about greater accountability, and facilitate informed-giving. They are not meant to stifle the charity sector and deter charities from continuing in their charitable work. We hope that with a more robust framework, charities can take this opportunity to improve their standards of governance and management. They will then be able to restore donors' confidence, attract more volunteers and carry out their charitable work more effectively going forward."

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New Regulations on Charity Registration

1. Under the Charities (Registration) Regulations, charities will have to comply with the following conditions for charity registration:
 - a. the purposes/objects of the institution must be exclusively charitable;
 - b. the institution must have at least 3 trustees, of whom at least two must be Singapore citizens or permanent residents; and
 - c. the purposes/objects of the institution must be beneficial wholly or substantially to the community in Singapore
2. All charities registered before 1 May 2007 will be given one year, i.e. up to 30 April 2008, to comply with these conditions for registration.
3. All registered charities will also be subject to management audit and review.
4. The regulations also spell out other conditions and circumstances under which the Commissioner of Charities could refuse to register a charity, or to de-register a charity. They are as follows:
 - a) The Commissioner of Charities (COC) or Sector Administrator (SA) may refuse to register an institution as a charity if:
 - i) the institution fails to submit the information required for registration;
 - ii) the institution fails to meet the conditions for registration; or
 - iii) the registration of the institution as a charity will be contrary to the public interest.
 - b) The COC/SA may remove a charity from the register if:
 - i) the charity changes its purposes or trusts;
 - ii) the charity ceases to exist;
 - iii) the charity does not operate;
 - iv) the charity fails to meet the conditions for registration; or
 - v) it appears to the COC/SAs that the continued registration of the institution as a charity is contrary to the public interest.

New Regulations on Public Fund-Raising Appeals

1. The basic regulations which apply to all entities cover the disclosures during public fund-raising appeals, use of donations and keeping of accounting record relating to the fund-raising. Refer to the table below.

Summary Table

All entities conducting public fund-raising appeals are required to comply with the following three categories of basic regulations:	
	<p>a) Duty to Donors:</p> <ul style="list-style-type: none"> i) Any information provided to donors or to the general public is accurate and not misleading. ii) Disclose the name of their organisation, intended use of funds raised (includes the cause and/or beneficiaries) and whether any commercial fund-raiser has been engaged in soliciting the donation. iii) Information relating to donors is kept confidential. No information relating to a donor should be given to any other person without the consent of the donor. iv) Arrangement to solicit donations must have adequate control measures and safeguards to ensure proper accountability and to prevent any loss or theft of donations.
	<p>b) Use of Donations:</p> <ul style="list-style-type: none"> i) All donations have to be used according to donors' intentions. ii) If such intention is not specified, donation must be used according to the purpose communicated to the donor during solicitation. iii) If such intention is not specified and no purpose is communicated to the donor during solicitation, the donation should be used to fund the charity's activities. iv) If a donation cannot be used, the charity, individual or organisation must refund the donation or use the donation as may be approved by the Commissioner of Charities or Sector Administrators.
	<p>c) Maintenance of accounting records: They must maintain every accounting record for a minimum period of 5 years from the end of the financial year.</p>

2. Charities and commercial fund-raisers, however, will need to comply with additional regulations. They are as follows:

- a. **Charities** conducting public fund-raising appeals for charitable purposes have to comply with the following regulations:
 - i. **30/70 fund-raising rule:** Total expenses incurred on public fund-raising appeals in a financial year must not exceed 30% of total donations collected through the public appeals in that year. This regulation prohibits an excessive amount of donations being used for payments to commercial fund-raisers, fund-raising and/or administrative expenses. An approved auditor (if the charity's gross income or total expenditure exceeds \$250,000 in the current financial year or any of the last two financial years) has to certify whether the charity has met the 30/70 rule as part of their annual audit. For charity with gross income or total expenditure of \$250,000 or less in the current financial year or any of the last two financial years, an independent examiner can certify the charity's compliance with the 30/70 rule.
 - ii. **Disclosure of information after fund-raising:** For each public fund-raising exercise which raises \$1 million or more, charities must disclose the total funds raised, fund-raising expenses incurred and planned use of funds raised. The disclosure is to be done online (on the charity's website, the Sector Administrator's website or the Charity Portal) at the end of the financial year. This will ensure proper accountability for major fund-raising exercises. The information need not be audited separately from the consolidated financial statements for the year.
 - iii. **Disclosures in the statement of accounts:** Charities must disclose in their financial statements the consolidated amount of donations received from the public fund-raising appeals in the financial year.
- b. Where **commercial fund-raisers** are engaged in any public fund-raising appeals, all donations received must be made directly to the charities, individuals or organisations who engaged the commercial fund-raisers. Any payment to commercial fund-raisers must be made by the charities, individuals or organisations separately.

New Regulations Pertaining to Large Charities

Large charities, defined as those with total annual income of \$10 million or more for two consecutive years, will need to comply with the following regulations:

- a. **10 Charity Trustees:** large charities should have at least 10 charity trustees. This will ensure that they are not controlled by just a few individuals. The Commissioner of Charities will provide some flexibility by allowing the large charities to comply with the requirement over a period of 3 years.
- b. **Change of Auditors:** large charities are also required to seek approval from the Commissioner of Charities or their respective Sector Administrators for the appointment of external auditors and change their auditors at least once every 5 years, whether to another auditor from the same auditing firm or company or to another auditor from a different auditing firm or company. These will serve to ensure that a high professional standard is maintained.