

# SELKIRK & DISTRICT COMMUNITY FOUNDATION INC.

## **Gift Acceptance Policy**

The purpose of this policy is to provide guidelines for the types of outright (cash, publicly traded securities, marketable property) and deferred (bequest, life insurance policies and proceeds, residual interests and charitable remainder trusts) gifts that will be accepted by the Foundation.

The nature of a charitable gift is that a donor cannot expect material consideration (financial benefits or opportunities) to flow from a gift.

### **General Guidelines:**

- All gifts will be consistent with the overall mission and strategic intents of the Foundation.
- It is important that gifts do not compromise the Foundation's integrity in the community.
- Donors will be encouraged to discuss a proposed gift with independent legal and/or tax advisors of the donor's choice so as to ensure that the donor receives a full and accurate explanation of all aspects of the proposed charitable gift.
- The Treasurer and Executive Director are authorized to negotiate gift agreements with prospective donors. The Board of Directors will approve all gift agreements before they are signed on behalf of the Foundation.
- The outright gifts of cash, publicly traded securities and life insurance will be accepted without Board approval unless there are unusual restrictions or circumstances involved.
- Gifts of real estate, tangible personal property and other property interests not readily negotiable or valued may be accepted after consideration of any restrictions and the circumstances involved.
- The Foundation will consider acting as a trustee of charitable remainder trusts or as executors for a donor's will after seeking advice from independent legal and/or tax advisors for each request.

### **Charitable Receipts**

- The Foundation will not issue a charitable tax receipt until the gift is legally the property of the Foundation.
- The Foundation will issue a charitable tax receipt for the gift of securities based upon the net proceeds received on the sale of the securities. Securities received as a gift will not be held by the Foundation. Written direction by the donor is required to confirm the transfer of the securities and the securities may only be received by the Foundation's broker.
- For gifts of cash the Foundation will issue a charitable receipt for the date the cash/cheque is received by the Foundation. Gifts of cash received shortly after December 31<sup>st</sup> will be considered to have been received on the date of the postmark.

## Gift Acceptance Policy

### **Gifts Not Accepted**

Foundations are not permitted to offer charitable annuity products whether reinsured or reserve based or any gift that creates a liability to the foundation.

The Foundation also reserves the right to refuse a gift which in itself or its origin may be controversial. Final decision with this right of refusal is with the Board of Directors.

### **Disposition of Gifts**

All gifts of property including real estate will be sold as soon as possible, except in case of an express agreement with the donor.

A written valuation signed and provided by a professional evaluator will be required for charitable receipting purposes in cases where the property is not sold.

### **Costs**

The donor will be required to pay all costs associated with making a gift including expenses related to appraisal fees, legal and accounting, transaction and bank charges.

Expenses incurred by the Foundation in accepting a gift including legal fees, maintenance and disposition fees will be charged against the fund once established.

### **Fund Agreements**

For gifts in excess of \$10,000 the Foundation will develop agreements with donors with respect to their gifts and the use of funds at the time the gift is made.

### **Guidelines for Specific Gifts**

**Cash** – Cash will include Canadian and foreign currency and cheques.

**Publicly-traded securities** – The Foundation's discount broker (currently TD Waterhouse Canada Inc.) will scrutinize the publicly traded securities before we accept them as a gift. The publicly traded securities will be sold immediately by the Foundation upon receipt by the broker and converted to cash. The Investment Committee and the Board of Directors will be advised in a timely manner of the receipt and sale of the publicly traded securities.

### **Gifts of Property including Real Estate, Art, Jewelry, etc.**

**Description:** Gifts of property or real estate may be made in various ways: outright, residual interest in it, or to fund a charitable remainder trust. Where real estate is transferred to a charitable remainder trust, additional requirements of the trustee also need to be met (see Charitable Remainder Trusts).

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The donor will be required to secure a qualified appraisal(s) of the property. If the Foundation has reason to believe that this appraisal does not reflect the property's true value, a charitable receipt will be issued for the appraisal value as estimated by the Foundation's appraiser (or the present value of the residual interest computed on the appraised value in the case of residual interests gifts).

The Foundation will be responsible to determine if the donor has clear title to the property and the Foundation will also review other factors, including zoning restrictions, marketability, current use and cash flow, to ascertain that acceptance of the gift would be in the best interest of the Foundation.

If there is potential for a real estate property to contain toxic waste, the donor will be required to secure an environmental audit and will be required to provide the Board of Directors with the results of the audit.

Property containing waste will not be accepted prior to the removal of the waste or other remedies to assure that the Foundation assumes no liability whatsoever in connections with such toxic waste.

### Gifts of Bequests

Donors who advise the Foundation of a bequest will be invited to provide information about their bequest and, if they are willing, to provide a copy to the Foundation of that section of their will.

Donors who advise the Foundation of a future gift will be provided the opportunity to have their names listed in Foundation communications.

If the donor desires to direct the proceeds of their bequest, a separate agreement will be drawn up to indicate these directions.

### Gift of Life Insurance

Donors will be provided various methods by which a life insurance policy may be contributed to the Foundation. These methods will include the following:

- A life insurance policy of the which the Foundation is the owner and beneficiary
- Assign irrevocably a paid-up policy
- Assign irrevocably a life insurance policy on which premiums remain to be paid and a charitable tax receipt will be issued for the premium amounts
- Name the Foundation as a primary or successor beneficiary of the proceeds.

When the ownership is irrevocably assigned to the Foundation, the donor will be entitled to a gift receipt for the net cash surrender value (if any) or for any premiums subsequently paid.

### Gift of Residual Value

**Description:** Refers to an arrangement under which a property is deeded to the Foundation, but the donor retains use of the property, or income from the property, for life or a specified term of years.

## Gift Acceptance Policy

### Guidelines

The donor (owner) will be entitled to charitable tax receipt for the present value of the residual interest.

The donor will be responsible for property taxes, insurance, utilities and maintenance after transferring title of the property, unless the Foundation, upon approval of the Board of Directors, agrees to assume responsibility for any of these items. The Foundation will require that the donor provide proof of payment of those expenses for which the donor is responsible.

The Foundation will reserve the right to inspect the property from time to time to assure that its interest is properly safeguarded.

### Charitable Remainder Trusts

**Description:** This is a form of a residual interest gift. The donor transfers property to a trustee who holds and manages it. If the property is income-producing, net income after payment of all expenses will be paid to the donor and/or other named beneficiary. When the trust terminates (either at the death of the beneficiary/ies or after a term of years), the trust remainder is distributed to the Foundation. If the trust is irrevocable, the donor is entitled to a gift receipt for the present value of the residual trust.

### Guidelines

The charitable remainder trust may be funded with cash, securities, real estate or other property acceptable to the trustee and to the Foundation.

Real and personal property will be accepted for a trust only after a thorough review of cash flow, potential liabilities, including toxic waste cleanup costs, and other factors necessary to assure that the gift would be in the best interest of the Foundation.

The minimum size for the trust will be \$50,000 and a minimum age required for the donor and/or other named beneficiary will be 60 years. The Board of Directors will have discretion to make an exception to these minimum requirements in special circumstances.

The trust agreement will be drafted by the donor's lawyer to ensure that the gift is appropriate for the donor's situation.

This policy is to be reviewed every three years.

### **ADOPTED at a meeting of the Board of Directors of the Foundation:**

**DATE:** December 9, 2014

**Chair** \_\_\_\_\_ **Kelly Lewis**

**Secretary** \_\_\_\_\_ **Shirley Muir**

*Original Gift Acceptance policy was adopted by the Board on April 12, 2011.*