

SELKIRK & DISTRICT COMMUNITY FOUNDATION INC.

Gift Acceptance Policy

The purpose of this policy is to provide guidelines for the types of outright (i.e. cash, publicly listed securities, marketable property) and deferred (i.e. 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 financial benefits or opportunities (no strings attached) to flow from a gift.

The term “other assets” or “assets” used throughout this policy may include, but is not exclusive to, gifts of: real estate, art, jewelry, gold or silver bullion, foreign currency, or any other form of personal property that can be converted into cash.

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 the donor receives a full and accurate explanation of all aspects of the proposed charitable gift.
- The Executive Director, Chair of the Foundation and/or Fund Development Committee members, are authorized to negotiate gift agreements with prospective donors.
- The Board of Directors will be provided a summary of all Fund Agreements and/or the Letter of Understanding, for approval before these documents are signed on behalf of the Foundation.
- The outright gifts of cash, publicly listed 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 (i.e. land, pieces of art, jewelry or other assets).
- The Foundation may 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.
- Any amendments to these guidelines may be granted at any time by the Executive Committee.

Charitable Receipts

- The Foundation will issue a charitable tax receipt once a gift is legally the property of the Foundation.
- 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 31st will be considered to have been received on the date of the postmark.

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- The Foundation will issue a charitable tax receipt for the gift of securities/assets based upon the net proceeds received on the sale of the securities/assets. Securities/assets 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/assets and the securities/assets may only be received by the Foundation's broker, as applicable.

Annuities

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

Gifts Not Accepted

The Foundation reserves the right to refuse a gift which in 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 and other assets will be sold as soon as possible.

Costs

The donor will be required to pay all costs associated with making a gift, for example; 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 that reach or exceed \$10,000, the Foundation may develop a Fund Agreement or a Letter of Understanding with the donor(s), with respect to their gifts and the use of funds.

Guidelines for Specific Gifts

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

Publicly-Listed Securities – The Foundation's broker will scrutinize the publicly listed securities, before it is accepted as a gift. The publicly listed securities will be sold by the Foundation after receipt by the broker and converted to cash.

Gifts of Assets (Property including real estate, art, jewelry – based on definition in introduction).

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

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specified otherwise in this policy, in all cases, 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 OR that the evaluator is not acceptable, a charitable receipt will be issued for the appraisal value as determined by the Foundation's appointed evaluator .

For property that is not real estate, if the value is less than \$1,000, the Foundation may rely upon a knowledgeable person to determine the value for tax receipting purposes. Otherwise, an independent assessment of the fair market value of the property is required.

For gifts of real estate, the Foundation will be responsible to verify that 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. The donor should always present evidence and declare that such matters are not an issue with the property that is the subject of the gift.

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 this gift. Donors or their legal representative must prove donative intent to make the gift to the Foundation. For example, provide a copy of that section of the will that details the gift to the Foundation.

If the donor desires to direct the proceeds of their bequest, the Foundation may consider such requests.

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:

- Assign a paid-up policy
- Assign 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.

An existing policy that is transferred to the Foundation must meet the following requirements:

- The Foundation is provided a copy of the contract,
- There are no more than 20 premiums to be paid,
- The return on investment of the death benefit to be received must exceed 6% or the 10 year average return on investment of the Foundation's long term investments.
- The death benefit will be paid provided all premiums are paid,
- Premium payments are guaranteed,
- The cost of insurance is level and guaranteed,
- For policies that rely upon internal assumptions (i.e interest rates, life expectancy, etc), an in-force illustration is provided in advance. The specific items to be illustrated in the report to be determined by the Foundation.
- When the ownership is assigned to the Foundation, the donor will be entitled to a tax receipt for

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the fair market value OR the net cash surrender value (if any) and for any premiums or policy loans subsequently paid after the assignment.

Gift of Residual Value - Refers to an arrangement under which property is deeded to the Foundation, but the donor retains use of the property for life or a specified term of years.

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 - This is a form of a residual interest gift. The donor transfers property to a trust. A trustee(s) will manage the terms of the trust. Typically, the property is income-producing, therefore 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 tax receipt for the present value of the residual trust. The charitable remainder trust may be funded with cash or securities.

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 may be \$100,000 and a minimum age required for the donor and/or other named beneficiary will be 75 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. The Foundation will review the trust agreement to ensure the remainder interest will be made and if a tax receipt is to be provided.

This policy is to be reviewed every three years.

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

DATE: May 10, 2022

Chair _____ **Shauna Curtin**

Secretary _____ **Greg Dewar**

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