

# INTERLAKE COMMUNITY FOUNDATION INC.

“Building for Tomorrow - Today!”

## GIFT ACCEPTANCE POLICY

### Policy Rationale

Gift acceptance policies are important in ensuring that donations are used to further the mission of the Foundation and include appropriate consideration of donor objectives. They provide clarification, along with Fund Agreements, of roles, responsibilities and expectations of both the Foundation and its donors.

Gift acceptance policies provide guidance for Foundation Board decision making. They ensure that gifts to the Foundation are made in accordance with legal and ethical regulations and guidelines, they promote consistent practices and exercise of fiduciary responsibility, and they protect the Foundation from potential liability related to gifts that come with (sometimes unforeseen) financial consequences.

These policies can help to enhance long term relationships with donors, and encourage donors and the Foundation representatives to work together to provide the most effective benefits to our community congruent with donors' broad philanthropic wishes.

### General Guidelines

1. Foundation volunteers, friends and staff members are authorized to encourage donors to make both outright and deferred gifts. The types of deferred gifts to be offered include bequests, gifts or residual interests, charitable remainder trusts, gifts of life insurance policies and proceeds, and such other gift arrangements as the Board of Directors may from time to time approve.
2. Persons acting on behalf of the Foundation shall inform, serve, guide or otherwise assist donors, who wish to support the Foundation's activities, but never under any circumstances are they to pressure or unduly persuade.
3. Persons acting on behalf of the Foundation shall, in all cases of potential major new gifts, encourage the donor to discuss the 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.
4. Outright gifts of cash, publicly traded securities, and life insurance do not require approval by the Board of Directors unless there are unusual restrictions or circumstances involved.
5. Any two board members are authorized to negotiate planned gift agreements with prospective donors, following guidelines approved by the Board of Directors. Gifts will be planned to benefit the community through the Foundation, and to effectively interpret donors' charitable interests.
6. All proposed planned giving agreements requiring execution by the Foundation shall first be reviewed and approved as to form and content by the Foundation's legal counsel. Where substantially the same agreement is used repeatedly, only the

prototype needs to be approved. Gift agreements will clearly identify that it is the responsibility of the Investment Committee for the Foundation to approve all disbursements of net income from endowed funds.

7. All gift agreements must be reviewed and approved by the Board of Directors.
8. Gifts Requiring Board Approval: The following gifts must be reviewed and approved by the Board of Directors. Before acceptance, relevant information about the gift shall be ascertained, including a copy of any appraisal secured by the donor. The Foundation also reserves the right to secure and rely on its own appraisal gifts of:
  - real estate, tangible personal property, and other property interests not readily negotiable or valued.
9. The Board of Directors reserves the right to decline to accept a gift based on lack of congruency with the Foundation's mission; desire of the donor to exert unacceptable conditions or controls over disbursement of the net income from the gift; cost-of-ownership implications related to administration time, management and marketability of the gift; unacceptable risks; gifts that are illegal; or other factors agreed to by the Board of Directors.
10. Donor Advised Funds: The Income Tax Act (Canada) imposes limits on a donor's capacity to impose restrictions on charitable gifts. A donor may, however, at the time the gift is made and even subsequently, by agreement with the Foundation, place limits on the uses to which a gift may be put. Further, the donor or the donor's designated representatives may advise the Board of the Foundation on the application of the earnings of his or her gift and the Board shall generally consider and respect such advice. Beyond that a donor cannot legally restrict the Foundation.
11. Gift-related costs such as legal fees, appraisals, real estate commissions and taxes relating to acceptance, maintenance, management or re-sale of a gift of property, will normally be the responsibility of the donor, unless the Foundation, upon prior agreement, agrees to assume responsibility for any portions of these items.
12. The Foundation will not serve as executor of a donor's will or trustee of a charitable remainder trust, but may refer the donor to a trust institution that has agreed to provide this service.
13. Donors' wishes regarding recognition or anonymity regarding a gift will be respected, provided that any recognition is congruent with the Foundation's usual standards of practice and legal requirements.
14. Charitable Tax Receipt: The Foundation shall issue a charitable tax receipt within 30 days of receipt of the gift. For gifts of shares, a tax receipt shall be issued for the earlier of either the trading price or the closing price on the day the Foundation's broker receives the shares, assuming liquidity.
15. Benefit to Donor: The legal nature of a charitable gift is that a donor cannot expect or receive financial benefits or opportunities to flow from the gift.
16. To meet Federal Regulations, which define contributions, which can be held in perpetuity, all capital contributions to the fund will be clearly designated in writing by the contributors as funds, which are to be held in perpetuity (or for a period not less than 10 years).
17. Donations between \$1-\$499 will be treated as Flow Through unless specifically directed to an existing enduring fund already on record at the time of donation. With donations between \$500-\$4999, the donor will be given the opportunity to decide if their donation will be treated as Flow Through or specifically directed to an existing enduring fund already on record at the time of donation. With donations of \$5000 and over donors will

be given the opportunity to decide if their donation will be treated as Flow Through, or specifically directed to an existing fund already on record, or given the option to create their own enduring fund.

18. Should the Foundation cease to exist or become incapable of administering a fund to fulfill a donor's purpose, the Foundation shall employ its best possible efforts to ensure continued application of the fund to the purpose originally contemplated by the donor.
19. These Gift Acceptance Policies may be amended at any time by a majority vote of the Board of Directors.

### Guidelines for Specific Gifts

1. Cash

Cash gifts include domestic and foreign currency, cheques, and credit card payments.

2. Publicly-traded securities

Gifts of marketable publicly-traded securities will be scrutinized and accepted by our investment manager. These securities may be sold immediately upon receipt and converted to cash. (Investment Committee Policy)

3. Gifts of Property Including Real Estate, Art, Jewelry, etc.

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 must be met (see Charitable Remainder Trusts).

#### Guidelines:

1. The donor shall secure a qualified appraisal(s) of the property.
2. If the Foundation has reason to believe this appraisal does not reflect the property's true value, a gift receipt will be issued for the appraised value as estimated by our appraiser (or present value of the residual interest computed on the appraised value in the case of residual interests gifts). A qualified professional retained by the Foundation or performed by Foundation staff and reviewed by the professional shall do computation of the present value of a residual interest.
3. The Foundation shall determine if the donor has clear title to the property.
4. The Foundation shall review other factors, including zoning restrictions, marketability, current use and cash flow, to ascertain that acceptance of the gift would be in the best interests of the Foundation.
5. If the real estate may possibly contain toxic wastes, the donor shall secure an environmental audit and provide the results to the Board of Directors. No property containing toxic wastes shall be accepted prior to their removal or other remedies assuring that the Foundation assumes no liability whatsoever in connection with such toxic wastes.
6. Mortgaged property cannot be accepted by the Foundation because a Foundation cannot incur debt. However, in some instances it may be possible for the Foundation to accept the property provided the property is marketable.
7. Disposition of Gift: All gifts of property including real estate may be sold as soon as possible, except in the case of an express agreement with the donor. For

example, a building is donated for use by the Foundation office.

#### 4. Bequests

Donors who advise us of a bequest in their will will be invited to provide information about their bequest and, if they are willing, to send us a copy of that section of their will naming the Foundation. If the donor desires to direct the proceeds of their bequest, a separate agreement will be drawn up to indicate these directions.

## 5. Gifts of Life Insurance

There are various methods by which a life insurance policy may be contributed to the Foundation. A donor may:

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

When ownership is irrevocably assigned to the foundation, the donor is entitled to a gift receipt for the net cash surrender value (if any) and for any premiums subsequently paid. If the donor discontinues payments for premiums then the committee will review the circumstances on an individual basis and will make a recommendation.

## 6. Gift of a Residual Interest

This type of gift refers to an arrangement under which 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. For example, the donor might give a residual interest in a personal residence and continue living there or a residual interest in a painting and continue to display it. The owner is entitled to a charitable tax receipt for the present value of the residual interest. It may be necessary to engage the services of professional appraisers to assist with this determination.

### Guidelines:

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

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

## 7. Charitable Remainder Trusts

A charitable remainder trust is a form of a residual interest gift. The donor ("settlor") 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:

1. A 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 interests of the Foundation.
2. It is recommended that the minimum trust size be \$50,000 and that the beneficiaries be at least 50 years of age. The Board of Directors, however, has discretion to make these recommendations in special circumstances.
3. The trust agreement shall be either drafted by or reviewed by the donor's lawyer. The Foundation may make prototype agreements available to the donor's lawyer, but shall not execute the agreement until independent legal counsel has determined that the trust agreement is in the proper form and that the gift is appropriate for the donor's situation.

Approved by the Board of Directors:

Date: \_\_\_\_\_

INTERLAKE COMMUNITY FOUNDATION INC.

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## DONOR BILL OF RIGHTS

PHILANTHROPY is based on voluntary action for the common good. It is a tradition of giving and sharing that is primary to the quality of life. To assure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in the not-for-profit organizations and causes they are asked to support, we declare that all donors have these rights.

### I.

To be informed of the organization's mission, of the way the organization intends to use donated resources, and of its capacity to use donations effectively for their intended purposes.

### II.

To be informed of the identity of those serving on the organizations governing board, and to expect the board to exercise prudent judgment in its stewardship responsibilities.

### III.

To have access to the organization's most recent financial statements.

### IV.

To be assured their gifts will be used for the purposes for which they were given.

### V.

To receive appropriate acknowledgement and recognition.

### VI.

To be assured that information about their donations is handled with respect and with confidentiality to the extent provided by law.

### VII.

To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature.

### VIII.

To be informed whether those seeking donations are volunteers, employees of the organization or hired solicitors.

### IX.

To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share.

### X.

To feel free to ask questions when making a donation and receive prompt, truthful and forthright answers.