

**CATEGORY:** FOUNDATION  
**POLICY SUBJECT:** GIFT ACCEPTANCE (CTCFCK-002)  
**EFFECTIVE DATE:** 2009/02/18

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### **ABOUT THE FOUNDATION**

To maintain and enhance the ongoing operations of the Children’s Treatment Centre of Chatham-Kent (the “Centre”), it is necessary to continue to raise awareness and funds in the community. The Children’s Treatment Centre Foundation of Chatham-Kent (the “Foundation”) was established to:

- a) receive and maintain a fund or funds and to apply all or part of the principal and income therefrom from time to time to any charity registered under the *Income Tax Act (Canada)* which benefits directly or indirectly the premises, facilities, programs, services, research, initiatives, operations, training, human resources and/or any other aspect from time to time of the Centre, and
- b) create, equip, maintain and operate facilities for the benefit of the Centre.

The Foundation is a registered charity governed by a volunteer Board of Directors (the “Board”).

### **PURPOSE**

A Gift Acceptance Policy is necessary and important for the Foundation to ensure donations are used to further the mission, vision and goals of the Foundation, and includes appropriate consideration of donor objectives. It provides clarification of roles, responsibilities and expectations of both the Foundation and its donors.

A gift acceptance policy provides guidance for the Foundation Board and staff in making decisions. It ensures that gifts to the Foundation are made in accordance with legal requirements and ethical standards, and promotes consistent practices.

This policy will help to enhance long term relationships with donors, and encourage donors and Foundation representatives to work together to provide the most effective support to children benefiting from the programs of the Centre, while remaining consistent with and respectful of donors’ broad philanthropic wishes.

### **PRINCIPLES**

Gifts must be consistent with the overall mission, vision, values and goals of the Foundation, all applicable laws, and must not compromise the integrity of the Foundation or the Centre. The Foundation reserves the right, at its discretion, to refuse a gift on these grounds.

The Foundation encourages donors to consult with independent legal advisors and tax professionals to ensure that donors receive a full and accurate explanation of the nature and consequences of their gifts. The Foundation shall not solicit or accept a gift from a donor unless it is satisfied that the donor has a bona fide charitable intention and has an accurate understanding of the consequences of the donation, the work of the Foundation and the restrictions, if any, relating to the gift.

## **GENERAL POLICIES**

### **Gifts Accepted:**

**Readily Marketable Property:** The Foundation accepts property that is readily marketable at a reasonable cost. This refers to cash, deposit instruments of a government or financial institution in Canada, publicly traded securities, policies of life insurance or any other property that the Foundation has identified within its investment policies.

**Acceptance of Other Forms of Property:** The Foundation recognizes that donors will occasionally wish to give property that is not readily marketable, such as real estate, private corporation shares or residuary interests in trusts. Prior to accepting such gifts, the Foundation shall thoroughly evaluate whether there may be unreasonable costs or risks in accepting such property.

**Related Costs:** 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 shall be the responsibility of the donor.

**Gifts Requiring Board Approval:** The Executive Director or designate is authorized to negotiate gift agreements with prospective donors and their professional advisors in accordance with this Policy. Outright gifts of cash, publicly traded securities and life insurance do not require approval by the Board unless there are unusual restrictions or circumstances involved. The following gifts must be reviewed and approved by the Board:

- a) gifts of real or tangible personal property, and
- b) property whose value is not readily ascertainable.

Before acceptance, relevant information about the gift shall be ascertained, including a copy of any appraisal secured by the donor. The Foundation reserves the right to obtain its own appraisal for gifts.

**Gifts Not Accepted:** The Foundation reserves the right to decline a gift based, among other factors determined by the Board, upon any one or a combination of the following considerations:

- a) consistency with the Foundation's vision and mission
- b) possible controversy into which the Foundation and/or Centre may be drawn
- c) conditions or limitations that a donor seeks to impose
- d) cost of Foundation ownership for administration and management
- e) compliance with laws, or
- f) other risks to the Foundation.

**Disposition of Gift:** The Foundation does not make any representation that by accepting a gift it will retain the property or employ the donated property for the same purposes as it was used by the donor.

**Donor Confidentiality:** Donor's wishes regarding anonymity shall be respected to the extent consistent with legal requirements.

**Donor Recognition:** The Foundation shall recognize donors in a manner consistent with the recognition afforded donors of gifts of similar magnitude, immediacy of effect and degree of restriction. All donors shall be sent a letter of appreciation. In the case of In Memoriam or Special Occasion gifts, upon receiving donor request and consent, letters will be sent to the family expressing sympathy or to the individual being honoured by the gift.

**Fund Agreements:** The Foundation prefers to work with donors to develop agreements with respect to the name, nature and use of their gifts at the time a gift is made. The Foundation's legal counsel shall review all gift agreements. Periodic reviews of these contracts may be performed to ensure the donors' wishes are being carried out.

**Charitable Tax Receipt:** The Foundation shall be responsible for the issuing of all charitable tax receipts and at all times will ensure that it is operating within the requirements of the *Income Tax Act* and guidelines of Canada Revenue Agency to avoid compromising its charitable registration. Tax receipts will not be issued until full and complete documentation and gifts are received by the Foundation. Receipts will be issued for donations of \$10 or more. Receipts that are lost or destroyed can be reissued as DUPLICATE, stating same information. The Foundation shall make every effort possible to issue a charitable tax receipt within one month of receipt of a monetary gift. For gifts of shares, a tax receipt shall be issued for the closing price on the day the Foundation's broker receives the shares, assuming liquidity. All records and copies of receipts issued are maintained on file per Canada Revenue Agency guidelines.

**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.

**Donor Restricted Gifts:** When a gift is required by the donor to be applied to a particular purpose, the gift is referred to as "donor restricted", "special purpose" or a "restricted gift". Such gifts involve increased legal responsibility with more complex accounting rules that apply and therefore increased exposure to liability. Thus the Foundation's policy is to:

- a) Firstly, generally encourage donors to avoid restrictions and to give on an unrestricted basis.
- b) Secondly if a donor does not wish to give on a completely unrestricted basis, the donor should be encouraged to give on a precatory or donor-advised basis. This creates a moral but not a legal obligation on the part of the Foundation to comply with the donor's wishes. Such gifts should be documented in a gift agreement.
- c) Thirdly, if a donor wishes to only give on a restricted basis, the gift should only be accepted if the Foundation can comply with the restrictions. In such events, the donor should be encouraged to give authority to the Foundation to vary the restrictions if it becomes impossible to comply with them. Such gifts and any related authority should be documented in a gift agreement.
- d) In the absence of a grant of such authority at the time the gift is made, the Foundation must apply to court for direction if it cannot comply with the restrictions as originally set with respect to any gift.

## **POLICIES FOR SPECIFIC GIFTS:**

### **1. Cash**

Outright gifts of cash and cash equivalents such as cheque, credit card or direct deposits to the Foundation's bank account will be handled in such a manner that maximizes financial benefit and minimizes risk to the Foundation.

### **2. Publicly-Traded Securities**

Gifts of marketable publicly traded securities such as stocks and bonds shall be scrutinized and accepted by the Foundation's investment counselor. These securities may be sold immediately upon receipt and converted to cash, or held in the Foundation's portfolio if they meet investment policy criteria.

### **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, or to fund a charitable remainder trust. Where real estate is transferred to a charitable remainder trust, the following additional requirements must be met by the trustee (see Charitable Remainder Trusts):

- a) donors shall provide qualified appraisals of proposed gifted property;
- b) the Foundation may, at its discretion, obtain its own independent appraisal, or have an informal staff appraisal verified by an independent qualified appraiser, and in such cases issue a receipt based on the Foundation's own appraisal;
- c) the Foundation shall satisfy itself that the donor has clear title to the property;
- d) the Foundation shall review all pertinent factors, including the case of real property, zoning restrictions, marketability, prior land use, current use and cash flow, to ascertain that acceptance of the gift would be in the best interests of the Foundation; and
- e) if the real estate is possibly contaminated, the donor shall secure an environmental assessment from a qualified independent third-party and provide the results to the Board, and no contaminated property shall be accepted prior to removal and/or indemnification of the Foundation against all present and future liabilities.
- f) Unless used for its charitable purposes, the Foundation shall liquidate all gifts of real property so as to be in compliance with *Charities Accounting Act* section 8.

### **4. Bequests**

A donor who advises the Foundation, in confidence and in advance, of a proposed testamentary gift to the Foundation, shall be asked to provide, if possible, a copy of that section of the Will naming the Foundation. The donor may also wish to execute an agreement with the Foundation directing the charitable use of the proposed testamentary gift. If the Foundation does not receive advance notice, as soon as notification is received from the Attorney General or an assigned Executor/Executrix that the Foundation has been named as a beneficiary, the Foundation shall request a copy of the Will, review all documentation and consult with their solicitor if necessary. Executed releases shall be signed by two members of the Board's Executive Committee and returned to the Executor/Executrix or the Estate's solicitor. After bequest funds are received and deposited, final letter and receipt are issued and mailed to the Estate's solicitor within three working days.

## **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 shall be issued for premium amounts; or
- 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.

## **6. Gift Of A Residual Interest**

This type of gift refers to an arrangement under which a property interest is conveyed 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.

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 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 reserves the right to inspect the property from time to time to ensure that its interest is properly safeguarded.

## **7. Charitable Remainder Trusts**

A charitable remainder trust 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.

- a) 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 shall be accepted for a trust only after a thorough review of cash flow, potential liabilities including environmental cleanup costs, and other factors necessary to assure that the gift is in the best interests of the Foundation.
- b) The value of the trust shall ordinarily be greater than \$50,000 and the age of the beneficiaries shall ordinarily be at least 50, however the Board may in its discretion accept otherwise.
- c) While the Foundation may provide prototype agreements, a trust agreement shall be drafted or reviewed by the donor's own solicitor to assure, before it is executed by the donor, that it fulfills legal requirements, that it is appropriate to the donor's circumstances, and that it accurately reflects the donor's intentions.

The Foundation will not serve as a trustee of charitable remainder trusts or as Executor of a donor's will.

## 8. Endowments

Gifts made for the purposes of an endowment are one type of restricted gift, with the restriction being that the gift will be held in perpetuity. It shall be the policy of the Foundation to accept gifts of money or property made towards endowments that will provide a permanent source of income. Such gifts live in perpetuity in that only the interest income is distributed.

General guidelines relative to the establishment and management of an endowed fund are as follows:

- a) Written details must be received from the donor with instructions on how the endowment is to be handled. The Foundation shall encourage donors to enter into gift agreements so that their gifts will qualify as “ten-year gifts” under the *Income Tax Act*. A ten-year gift is a type of enduring property which is subject to advantageous rules with respect to the calculation of disbursement quota.
- b) Income from endowment gifts shall be used as the Board directs unless otherwise specified at the time of the gift.
- c) For the purpose of investment, endowment funds may be commingled with other restricted funds of the Foundation, under the direction of an Investment Committee and/or investment manager.
- d) If the donor specifies at the time of the gift, any endowment gift of \$5,000 or more in value, it may be designated as a Named Account provided that a gift agreement is entered into permitting the removal of the name in the event the donor does or omits to do something which could have an adverse impact on the reputation of the Foundation.
- e) Any donor who makes a gift for endowment purposes shall be informed about the Foundation’s offer to keep open an endowment account so future contributions can be made to this account until it reaches the desired gift level for naming the account and/or designating the use of the income.
- f) All Named Accounts will be listed in the annual report.
- g) A gift of any size may be added to an existing Named Account if so designated by the donor at the time of the gift.
- h) As long as their combined gift is valued at \$5,000 or more, the gift is made in unison, and is a direct gift of the donors (not solicited from the public at large), two or more donors may act in unison to designate a Named Account, even though their individual gifts are less than \$5,000 each.
- i) Any endowment gift of less than \$5,000, and any endowment gift regardless of size which the donor does not wish to be designated as a Named Account, shall be placed in a General Endowment Fund.
- j) Donors are to be encouraged to allow revenue from endowment gifts to be “unrestricted”, allowing it to be used where the need is greatest.
- k) Donors wishing to make an endowment gift with revenue designated to a specific program or purpose shall be encouraged to include a clause allowing the Board to redirect such revenue if the original program or purpose ceases to exist.

**Approved by the Board of the Children's Treatment Centre Foundation of Chatham-Kent.**

\_\_\_\_\_  
President

\_\_\_\_\_  
Date

\_\_\_\_\_  
Executive Director

\_\_\_\_\_  
Date