



POLICY:	Gift Acceptance
POLICY NUMBER:	3.01
ISSUING AUTHORITY:	Community Foundation of Portage and District Inc.
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APPROVED:	
LAST REVIEWED:	February 2023
NEXT REVIEW:	February 2026

Purpose:

The purpose of this policy is to provide guidelines for gift acceptance and disclosure, as well as to provide guidelines for CFPD and its donors, of the types of outright and deferred gifts, that will be accepted.

Policy Statement:

All gifts must be consistent with the “purpose of CFPD” as specified in the governing documents. The donor shall be informed of this at the beginning of the process.

Guidelines for Gift Acceptance:

1. CFPD shall follow the principles outlined in its “Ethical Fundraising and Financial Accountability” policy which details donor’s rights and expectations for disclosure, as well as legal and accounting obligations.
2. The nature of any charitable gift is that a donor cannot expect material consideration (i.e. financial benefits or opportunities) to flow from the gift.
3. The donor may wish their gift to remain anonymous in the public domain and in this event, the Fund will be listed as “Anonymous Fund # XYZ” in any public record such as the Annual Report.
4. Persons acting on behalf of CFPD shall, as a preferred practice, encourage the donor to discuss the proposed gift with independent legal and/or tax advisors of the donor’s choice to ensure that the donor receives a full and accurate explanation of all aspects of the proposed charitable gift.
5. The Executive Director, Board Chair and Treasurer are authorized to negotiate planned gift agreements with prospective donors.
6. CFPD will develop fund agreements with donors with respect to their gifts, the nature and use of funds at the time the gift is made.

7. All fund agreements must be reviewed and signed by two CFPD signing authorities as outlined in the “Signing Authority” policy.
8. The Board of Directors reserves the right to decline to accept a gift based on lack of consistency with CFPD’s mandate or any gift that would create a liability to CFPD.
9. Gift related costs such as legal and accounting fees, appraisals, real estate commissions and taxes relating to acceptance, maintenance, management or re-sale of a gift or property, will normally be the responsibility of the donor, unless upon prior agreement, CFPD agrees to assume responsibly for a portion of these items, reserves the right to charge these expenses against the fund and may obtain an independent assessment of the value of gifts of property accepted. The CFPD will not serve as executor of a donor’s will or trustee of a charitable remainder trust.

Types of Gifts:

The most common type of giving is an outright gift(s), either cash or other property, to the endowment fund or specified funds held by CFPD where the gift can be put to immediate use. CFPD holds the gift in perpetuity and uses the investment proceeds for granting purposes.

Many people who would like to make a substantial gift to charity cannot afford to do so by parting with their assets during their lifetime. CFPD will accept and welcomes such deferred gift(s). CFPD will encourage these donors to consult with their legal and accounting specialists to obtain specific advice to their life situation. CFPD will encourage the inclusion of family members in the discussion in order to minimize any potential surprise or conflict when the donor dies.

Guidelines for Specific Gifts:

CFPD accepts gifts of cash, marketable securities, bequests and life insurance (listed 1-4 below) without Board approval unless there are unusual restrictions or circumstances involved. Gifts of property (i.e. real estate, art, jewellery etc.), gifts of residual value etc. and donations not dealt with below (listed 5 and beyond), must come to the Board for consideration.

1. **Cash:** Gifts of cash, whether by cheque, money order, bank drafts, or other forms of currency are the most familiar way to contribute to CFPD.
2. **Publicly – traded Securities:** These are the most common form of non-cash gifts and currently receives preferential tax treatment. The securities must be received in kind, or *in specie*, that is transferred in the original form directly to CFPD’s brokerage account in order to be eligible for the capital gains tax relief.
3. **Gifts of Bequests:** Many people who would like to make a substantial gift to charity cannot afford to part with assets during their lifetimes. Drawing up a will

and directing a portion of one's estate to charity is the most common type of future gift.

4. **Life Insurance:** Gifts of life insurance to CFPD may take several forms. The simplest is where the donor retains ownership of the policy but names CFPD as a beneficiary upon death. This results in the insurance payout going directly to CFPD without being part of the will or probate process. The estate will then receive a charitable donation tax receipt (credit).
5. **Gifts of Property:** All gifts of property including real estate shall be sold as soon as possible, except in the case of an express agreement with the donor.

CFPD must be comfortable with the appraised value and question whether another opinion is needed. Issues of clear title, zoning restrictions, marketability, current use and cash flow to cover ongoing expenses such as insurance, taxes and maintenance, and/or the presence of toxic waste must be considered.

6. **Retirement Fund Accumulations:** Retirement funds constitute one of the major assets of many people. From time to time and subject to current legislation, CFPD may benefit from leftover retirement funds where there is an advantage in having the charitable tax credit offset the tax on distribution of an RRSP or RRIF.
7. **Charitable Remainder Trusts:** A charitable remainder trust is a deferred giving arrangement under which a donor transfers property (cash, securities or real estate) to a trustee. The donor retains the right to the income from the trust either for life or a specified term of years.
8. **Residual Interest (or Residual Value):** This refers to an arrangement under which real property is deeded to CFPD, but the donor retains the use of the property or income from the property, for life or a specified term of years.

The donor (owner) is entitled to a charitable tax receipt for the present value of residual interest. The donor is responsible for the following:

- Property Taxes
- Insurance
- Utilities & maintenance after transferring title of the property, unless CFPD, upon approval of the Board, agrees to assume responsibility for any of these items. CFPD reserves the right to inspect the property from time to time to assure that its interest is property safeguarded.

9. **Bonds and other Securities:** A corporate or government bond where interest coupons will be accepted as well as all marketable securities.
10. **Donations Other than to Endowment Funds:** This is a non-endowed Fund whereby the funds are received by CFPD and then provided to a designated charitable organization on behalf of the donor(s) where circumstances are

accordance with regulations provided by the CRA (i.e. by the fiscal year end following the year in which the gift is received). An administrative fee will be charged on these funds. These flow-through funds will only be available as a service to donors who have established an endowment fund with CFPD. The Board will consider other instances to create flow-through funds on a case by case basis where there is a demonstrated advantage to the long term growth of CFPD (where it is likely that the individual will make further donation(s) to CFPD's endowment fund(s) or is part of a larger beneficial investment strategy); or there is a distinct benefit to the community.

11. **Gift Annuity:** CFPD is not permitted to offer charitable annuity products whether reinsured or reserve based.

12. **Interest Free Loans:** CFPD cannot accept this type of gift.

Use of the Gift(s):

The principal mission and purpose of CFPD is to serve as a vehicle for donors to support their community through the creation of a permanent endowment fund. The annual income generated by this fund is distributed as grants. CFPD reserves the right to retain a portion of the annual income generated by the fund to offset administration expenses, the fee to be determined annually by the Board.

The nature of the gift is that a donor cannot expect material consideration (financial benefits, or opportunities for other persons not at arm's length) to flow from the gift, nor, after the gift has been made, to direct CFPD as to how it must apply the earnings from the gift. A donor may, however:

1. Advise the Foundation from time to time on how he or she wishes the annual earnings from the gift to be applied through either a "donor advised" or "field of interest" arrangement; or
2. Establishing, at the time the gift is made, limitations on the uses to which the gift may be put. For example, a donor may "designate" particular charities or charitable purposes for which a gift is made. He or she may subsequently waive or loosen such restrictions. "Scholarship" funds are also quite common.

Potential donors are directed to the policy on "Funds, Fund Types and Criteria for Naming".

Responsibility: Review, and revision of this policy if required, with subsequent recommendation to the Board for approval.