



## GIFT ACCEPTANCE POLICY

### **PREAMBLE**

As a registered charity, Bowen Island Community Foundation (BICF) accepts donations from individuals, organizations, associations, foundations, and corporations that support its mission, “Engaging the community and inspiring generosity that will benefit Bowen Island for generations”. The Foundation has policies that have been developed in order to:

- Protect donor interests;
- Manage donor relations;
- Facilitate gift solicitation and management;
- Ensure legal compliance and address any risk issues; and
- Enhance effective operational management.

Reference: [Donor Bill of Rights](#)

### **GIFT ACCEPTANCE**

#### **1. Definition of a Gift**

As per [CRA Interpretation Bulletin IT-110R3](#), a gift is a voluntary transfer of property without consideration. The Canada Revenue Agency generally considers a gift to be made if all three of the conditions listed below are satisfied:

- a. Property is transferred by a donor to a registered charity
- b. The transfer is voluntary; and
- c. The transfer is made without expectation of return. No benefit of any kind may be provided to the donor or to anyone designated by the donor, except where the benefit is of nominal value. Where a charity offers an item, privilege or other benefit in return for a donation, the benefit is considered to have a nominal value where its fair market value does not exceed the lesser of:
  - i. \$50.00; or
  - ii. 10% of the amount of the gift.

#### **2. Gift Types**

Gifts are accepted by BICF that is outright or deferred for the future. In determining whether or not a gift may be accepted, the following factors will be considered:

- Protection of donor interests;
- Cost effectiveness; and
- Minimization of BICF’s risk of liability.

A non-exhaustive list of gift types, including relevant points for consideration, is set out in *Appendix A*.



### 3. Authorization

BICF will ensure gift agreements are customized to ensure both the needs of the donor and Foundation are met. If a gift requires a specific verbiage, Bowen Island Community Foundation shall seek advice from its legal counsel to ensure all aspects are addressed.

The Gift Acceptance Committee comprised of the Donor Committee and Governance & Finance Committee shall provide guidance on complex gifts. The following gifts must be recommended by the Gift Acceptance Committee to the Board for approval:

- Outright gifts of real estate;
- Complex gifts of securities;
- Gifts in kind;
- Residual interest gifts; and
- Charitable remainder trusts.

The Gift Acceptance Committee is also responsible for review and approval of all current or deferred gifts to which a special purpose and/or restriction is attached. Gifts of this nature require special consideration, as BICF must satisfy itself as a fiduciary that it can fulfill the donor's wishes over the long term, and that it has the administrative resources necessary to carry out the charitable purpose. In all cases, donors will be encouraged to provide BICF with a reasonable measure of discretion, so that BICF can respond to evolving community needs while ensuring that the donor's overall charitable intent can be fulfilled.

If a gift with a special purpose or restriction is accepted, it will be closely monitored by the BICF Gift Acceptance Committee to ensure that the donor's intent is fulfilled.

### 4. Gift Refusal

BICF's reputation for integrity, social responsibility and accountability is one of its greatest assets. When a proposed gift appears to be contrary to BICF's best interest, the Gift Acceptance Committee may make suggestions to the donor about revisions to the gift terms, or many choose to decline the gift.

Reasons for gift refusal may include the following:

- The gift is contrary to BICF's mission;
- The gift does not appear to be a free and voluntary act of the donor;
- There is no discernible philanthropic intent;
- The donor wishes to exert unacceptable restrictions, conditions or controls over the use of the gift, which would cause an unreasonable administrative burden on BICF, and/or may result in difficulty for BICF to honour the donor's wishes;
- The conditions of the gift are seeking to benefit too narrowly defined potential class of beneficiaries;



- A liability is attached to the gift, which would create an undesired financial burden for BICF;
- There are physical or environmental hazards associated with the gift;
- The gift in any way violates federal, provincial or municipal laws and regulations;
- There are negative cost-of-ownership implications related to administration, management or marketability of the gift;
- The nature of the gift may prevent realization for conversion to cash;
- BICF would be unable to assign a value to the gift for donation tax receipting purposes, or a valuation dispute with CRA is likely to arise;
- A satisfactory agreement cannot be reached with the donor, with respect to the absorption of evaluation, maintenance and disposition costs. In general, such costs associated with the settlement of the gift are the responsibility of the donor.

## **5. Independent Advice**

BICF may inform donors about charitable giving, but will never under any circumstance pressure or unduly persuade.

BICF will encourage donors to discuss proposed gifts with an independent legal, tax or financial advisor of the donor's choice, to ensure that the donor has received a full and accurate explanation of all aspects concerning the proposed gift, and that the gift is consistent with the donor's objectives.

## **6. Naming and Recognition**

Establishing a named Fund at BICF requires an initial (\$10,000) donation.

If a fund is to be established through an estate or deferred gift, the fund's name will reflect the deceased donor's name, unless of course the donor had indicated wishes for anonymity or an alternate fund name.

Where appropriate, and with consent of the donor, additional recognition will be offered, including but not limited to press releases, editorial features, website stories and magazine profiles, highlighting the people and organizations that are making a difference in our communities.

## **7. Receipting**

BICF will issue official charitable tax receipts to donors for eligible gifts that are not merely pledged. The eligibility and valuation of the gift for receipting, and the form and content for receipts issued, shall comply with the requirements of the Income Tax Act.



## 8. Privacy

BICF may set out on its website and print publications the names of all funds created and the names of all donors who have provided a gift. BICF will seek each donor's consent for this public disclosure. For Estate gifts (or other gifts received from a deceased donor), BICF will seek consent from the Executor and/or family member as appropriate.

Unless anonymity is specifically requested by a donor, any donations to a particular fund will be noted on the corresponding Fund Statement, with the donor's name and gift amount disclosed, and will be made available to the relevant Fund Advisor or Fund Holder.

If a donor does not wish to have information about his/her donation disclosed, he/she may make a request for anonymity. Further information can be found in BICF's Privacy Protection

Reference: [Privacy Protection Policy](#)

*Approved by the Board: July 24, 2018*



### ***Gift Acceptance Policy: Appendix A***

The following is a non-exhaustive list of gift types that may be considered by BICF as an eligible donation:

#### **(1) Cheque, Money Order, Bank Draft, Credit Card, E-transfer**

These types of gifts will be accepted, whether received in person, by transfer, mail or online. Due to security issues, cash is no longer accepted.

#### **(2) Gifts of Publicly Traded Securities**

Gifts of publicly traded securities can be a cost-effective way for donors to give to charity, as a capital gains exemption may be applicable if the securities are transferred in-kind (not the cash proceeds). Donors are encouraged to review matters with their professional advisors to confirm whether a tax exemption would apply.

It is BICF's general intention to immediately sell securities that it receives as a gift.

A tax receipt will be issued to the donor for the value of the securities, which is determined using the last quoted trading price in normal trading hours of the day that the securities are received in BICF's brokerage account.

#### **(3) Gifts of non-Publically Traded Securities**

Gifts of non-publicly traded or thinly traded securities will be submitted to the Gift Acceptance Committee to determine acceptance and to review valuation.

#### **(4) Gifts in Wills**

Gifts in Wills are strongly encouraged, and have historically been the most common type of deferred planned gift. Bequest gifts have contributed to building Community Foundations and providing donors with lasting legacies.

Donors are strongly encouraged to discuss their wishes for charitable giving through their Estate with family members.

Donors are encouraged to discuss their intentions for a gift by Will with BICF, including sharing a copy of the relevant section in their Will, so that BICF can provide assurance that the bequest can be accepted and the donor's intentions fulfilled. We encourage donors to consider pre-establishing their Estate Gift through BICF's Legacy Fund option. As a general rule, BICF does not act as the Executor or Personal Representative for a donor's Estate, except in exceptional circumstances and as approved by the Finance/Donor Committee.



### **(5) Gifts of registered Plan Assets**

BICF can be named as the beneficiary for any of the following:

- Registered Retirement Savings Plans (RRSP)
- Registered Retirement Income Funds (RRIF)
- Tax Free Savings Account (TFSA)

When proceeds of the gift are received, a tax receipt will be issued to the donor's Estate.

### **(6) Life Insurance ([CRA Interpretation Bulletin IT-244R3](#))**

There are two methods by which a life insurance policy may be donated to BICF.

- (a) Make BICF the Owner & Beneficiary of a Policy (irrevocable)
  - When ownership of an existing or new policy is transferred irrevocably, the donor is entitled to a gift receipt for the net cash surrender value, if there is any such balance on the policy.
  - If the policy is not yet fully paid-up, the donor will receive a charitable tax receipt from BICF for annual premiums that are subsequently paid.
  - Upon the donor's death, BICF will receive the death benefit proceeds from the life insurance company.
- (b) Make BICF the Beneficiary of a Policy (Revocable)
  - Tax receipts are not issued during the donor's lifetime, as the beneficiary designation may be revoked by the donor, and a gift to BICF, does not occur until the donor passes away and the death benefit proceeds of the policy are realized.
  - Upon the donor's death, BICF will receive the death benefit proceeds from the life insurance company, and a charitable tax receipt will be issued to the donor's Estate.

#### **Guidelines:**

**Letter of Wishes:** BICF will work with the donor to create a Letter of Wishes, setting out their charitable intent for how the life insurance death benefit proceeds are to be applied towards a charitable purpose.

**Type of Policy:** For transfers of ownership, BICF's preference is to accept policies that have significant cash surrender value, or have been fully paid up. Cash surrender value is an asset, which BICF can choose to receive or use to pay premiums if the donor ceases payment.

**Premium Payment:** BICF's preference is for the donor to make premium payments directly to the life insurance company. A tax receipt will be issued upon confirmation of payment by the life insurance company. However, if requested, BICF may make the premium payment that is allocated from an equivalent donation from the donor.



**Unpaid Premiums:** If the donor ceases or reduces premium payments and there is insufficient cash value to keep the policy in force for the projected lifetime of the life insured, BICF may choose to take any of the following courses of action:

- If the policy is intended for the benefit of a specific charity or charities, ask the specific charity or charities to assume premium payments.
- Continue to pay the premiums, in which case the death benefit may be directed towards BICF's general charitable purposes.
- Cash out or cancel the policy, in which case any proceeds may be directed towards BICF's general charitable purposes.

### **(7) Real Estate**

The following guidelines are applicable for gifts of real estate:

BICF shall secure a qualified appraisal of the property. The appraiser may take into consideration any appraisal secured by the donor, and may confirm that appraisal, but BICF shall ultimately rely on its independent appraisal.

BICF shall determine if the donor has clear title to the property. BICF shall review other factors, including zoning restrictions, marketability, current use and cash flow, to ascertain that acceptance of the gift is in the best interests of BICF.

A gift receipt will be issued for the appraised value, less any advantage received by the donor as a result of the gift.

BICF shall ordinarily conduct an environmental assessment, which may include an environmental audit, and accept the property only if (a) it contains no harmful or toxic substances, or (b) they are removed or other remedies taken assuring that the Charity assumes no liability or limits its liability to an acceptable level.

It is BICF's general intention to immediately sell real estate that it receives as a gift.

### **(8) Gift Annuities ([CRA Summary Policy CSP-A06](#))**

BICF does not offer annuity products.



**(9) Gift of residual Interest** ([CRA Interpretation Bulletin IT-226R](#))

A residual interest gift refers to an arrangement under which property, such as real estate or art work, is irrevocably transferred to BICF, but the donor retains use of the property for life or a term of years.

Real estate contributed under such an arrangement will be subject to a thorough review, as described in the aforementioned guidelines for real estate. The donor will continue to be responsible for real estate taxes, insurance, utilities and any maintenance costs for the property after transferring title of the property to BICF. BICF shall have the right to inspect the property and review the insurance coverage from time to time, to assure that the interest is properly safeguarded. The donor shall be responsible for any liabilities that arise concerning the use of the property.

A gift receipt will be used for the present value of the residual interest computed on the appraised value.

BICF shall not serve as a Trustee for a residual interest gift.

**(10) Charitable Remainder Trusts** ([CRA Summary Policy CSP-C02](#))

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, the income will be paid to the donor and/or other named beneficiary. When the trust terminates (either at the death of the beneficiaries or after a term of years), the trust remainder is transferred and distributed to BICF.

If the trust is irrevocable and meets all criteria required by the Canada Revenue Agency for charitable remainder trusts, a tax receipt will be issued to the donor for the present value of the residual interest.

BICF will not serve as Trustee for a charitable remainder trust.

**(11) Gifts in Kinds** ([CRA P113 Gifts & Income Tax](#))

Gifts in kind are non-cash gifts involving a voluntary transfer of property, which normally require valuation to determine fair market value for gift receipt purposes.

Services are not considered gifts in kind because they do not involve a transfer of property.

Before a gift in kind is accepted, an assessment will be made as to whether the gift can be liquidated for cash proceeds, or if the gift can further BICF's mission in some other way. If the gift is unusable or unmarketable, the gift will not be accepted.

It is BICF's general intent to immediately sell in kind gifts that it receives.





The receipt value for gifts in kind will be determined as follows:

- For gifts in kind valued at \$1,000 or more, a professional appraisal report is required on the fair market value of the property as of the donation date, which is the date that the gift is made. The individual who prepares the report must be a qualified, independent party, and knowledgeable about the market for the specific property.
- For gifts in kind valued at less than \$1,000, a professional appraisal may not be required, but the documentation supporting the determination of fair market value should be disclosed (i.e. original invoice of purchase).
- If the property is being donated within three years of its acquisition date, the gift receipts will be limited to the property's cost rather than the current fair market value. This deemed limitation is not applicable for gifts of publicly traded securities and gifts-in-kind that are donated through an Estate.

I have read and understand the BICF Gift Acceptance Policy:

\_\_\_\_\_  
NAME (to be printed)

\_\_\_\_\_  
DATE

\_\_\_\_\_  
SIGNATURE

*Approved by the Board: July 24, 2018*