



## **GIFT ACCEPTANCE POLICY**

### **GENERAL**

The Coquitlam Foundation (the Foundation) appreciates and encourages public support through gifts to the Foundation. The purpose of this Policy is to establish what nature of gifts will be accepted and the procedures for accepting those gifts.

### **GIFT ACCEPTANCE POLICIES AND PROCEDURES**

1. The Foundation is a registered charity with charitable registration number 890762347-RR0001
2. Staff and Directors of the Foundation may inform, serve, guide or otherwise assist donors, who wish to support the Foundation's activities, but are not to pressure or unduly persuade. Types of gifts and the Foundation's procedure in dealing with them are described below.
3. Staff and Directors of the Foundation shall encourage the donor to discuss the proposed gift with independent professional advisors of the donor's choice so that the donor may receive a full and accurate explanation of all aspects of the proposed charitable gift.
4. The Executive Director, or their delegate, is authorized to review planned gift agreements with prospective donors, following guidelines approved by the Board of Directors. Gifts will be planned to reflect the donors' charitable interests and the Coquitlam Foundation Act.
5. All proposed planned gift arrangements requiring execution by the Foundation shall be reviewed and approved as to form and content by the Foundation's Board Executive. Where substantially the same agreement is used repeatedly, only the prototype needs to be approved.
6. All gift agreements must be reviewed and signed by two signing officers selected from the Foundation's Board of Directors.

7. The Foundation reserves the right to decline a gift.
8. Gift related costs such as legal 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 the Foundation agrees to assume responsibility for any portion of these costs.
9. The Foundation will obtain independent opinions of the value of gifts other than cash. The valuation of gifts of publicly listed securities is made by the Foundation's brokerage service.
10. The Foundation (employees and Directors) will not serve as executor of a donor's will or trustee of a charitable remainder trust.
11. Donors' wishes of recognition or anonymity regarding a gift will be respected except as required by law.

## **TYPES OF GIFTS**

### **1. Outright Gifts**

This is the most common type of giving. Outright gifts, either cash or other property, provide support for the Foundation's day-to-day activities, for special projects or for endowment funds intended to provide annual income in perpetuity.

The Board of Directors establishes guidelines and a minimum recommended funding threshold to establish a named endowment fund.

#### **a) Giving Cash**

Gifts of cash, whether by cheque, money order, credit card or currency, are the most familiar way to contribute an outright gift to the Foundation. A cheque is considered to have been given on the day it was mailed. (For example, a gift sent by mail, if postmarked in December, qualifies as a charitable donation in that tax year, even if it is not received until January.)

**b) Credit Card Gifts**

A gift by credit card is considered to have been made on the date the credit card payment is processed.

**c) Gift of Publicly Listed Securities**

**Description**

Publicly listed securities can include shares, bonds, bills, warrants, futures and mutual fund units that are traded on prescribed stock exchanges.

**Guidelines**

Valuation of gifts of publicly listed securities shall be dealt with as follows:

- i. In-kind gift  
In order to qualify for the total elimination of capital gains taxes on a gift of publicly listed securities, the securities must be given in-kind.
- ii. Receipt  
Publicly listed securities that are freely tradeable and which are gifted to the Foundation may be delivered by the donor directly to the Foundation or they may be deposited by the donor into a Foundation account located with the Foundation broker as directed by the Foundation.  
  
Gifts of publicly listed securities which are not freely tradeable because of legal restrictions pertaining to their transferability are not considered to be accepted and receiptable by the Foundation until the shares have been approved by the Board Executive and received into the Foundation's custodial account, to ensure the delivery of the gift has been completed.
- iii. Valuation  
Where a gift of freely tradeable publicly listed securities is made to the Foundation, the value for tax receipting purposes will be the closing market price on the date the securities were received by the Foundation (by either an irrevocable deed of gift or the securities themselves, whichever event first occurs). Where none of the securities is traded on that day, the value of these securities shall be determined by the Foundation in consultation with its advisors and an independent valuation may be obtained.

In the case of securities which are not freely tradeable because of legal restrictions pertaining to their transferability or are thinly traded, an

independent valuation shall be obtained and the value determined by the Foundation in consultation with its advisors.

The value, having regard to the nature of the restrictions, may be subject to a

discount to the closing market price of the securities on the day the Foundation receives the security

iv. **Realization**

Gifts of publicly listed securities are to be sold in an orderly fashion, but as quickly as possible so as to maximize the sale proceeds and to minimize any difference between the proceeds and the value at which they were received, all subject to market conditions at the time of sale. Until the securities are sold and the resultant cash is transferred into the portfolio of Foundation funds, the Fund which is the recipient of the securities shall have no share in the portfolio. For non-endowed gifts, all commission charges and all resulting capital losses and gains which arise from the sale of the gifted securities, as compared to their value at the time of receipt by the Foundation, shall be charged or credited directly to the Fund which is the recipient of the gift of securities and not to any of the other Funds at the Foundation. For endowed gifts, all commission charges and all resulting capital losses and gains which arise from the sale of the gifted securities, as compared to their value at the time of receipt by the Foundation, shall be charged or credited to the pooled funds. However, these charges, losses and gains shall not affect the value of the receipt issued for the gifted securities, which shall be valued as detailed above.

Where there are “hold” restrictions on a gift, before it is accepted it will be reviewed by the Board Executive and dealt with in a written agreement.

Formal acceptance by the Foundation of donor-requested “hold” restrictions on a gift shall be the responsibility of the Board.

On request, a copy of this Policy shall be provided by the Foundation to all donors who wish to make gifts of securities to the Foundation.

**d) Life Insurance**

**Description**

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

- i. assign irrevocably a paid-up life insurance policy to the Foundation;
- ii. assign irrevocably a life insurance policy on which premiums remain to be paid; or
- iii. 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 fair market value, or the cash surrender value, of the policy (based on certain prescribed factors) and for any premiums subsequently paid.

#### Guidelines

- i. Any of these types of life insurance gifts are acceptable to the Foundation. In the event a policy is contributed on which premiums remain to be paid, the Foundation will pay the premiums provided the donor makes equivalent contributions for that purpose. Alternatively, the Foundation may authorize the donor to make the premium payments on its behalf, and will issue a donation receipt for the equivalent amount on receiving confirmation of payment from the life insurance company.
- ii. More specifically, the Foundation's preference for acceptance of life insurance gifts will be for those policies that include:
  - a) guaranteed or very conservative rate of return of 2 – 3%;
  - b) a face plus contract such that the cash held in the contract would be added to the guaranteed face value death benefit;
  - c) a guaranteed cost of insurance for life or a period of time;
  - d) a premium payment period of less than 25 years.
- iii. If the donor subsequently ceases to pay premiums on the policy, the Foundation will examine the following options in order to maximize the benefit to the Foundation:
  - a) Determine if the cash surrender value of the policy is sufficient to purchase a paid up policy.
  - b) Determine if the donor is willing to pay premiums on a policy of reduced face value.

- c) Determine if the Foundation is willing to pay the premiums, taking into consideration the donor's life expectancy, present value of the policy's death benefit, and the donor's health.

**e) Interest Free Loans**

The Foundation does not accept this type of gift.

**f) Strip Bonds**

A corporate or government bond where interest coupons have been stripped away will be accepted. These gifts while held in trust will not form part of the pooled funds.

**2. Deferred Gifts**

Deferred gifts are gifts which come into effect on the happening of a future event such as the death of a donor. The Foundation preferably facilitates the preparation of a fund agreement during the donor's lifetime to outline the intentions of the donor and the obligations of the Foundation in receiving the gift and approving the grants from the fund in keeping with the donor's intentions. This agreement may be prepared in consultation with the donor's professional advisors.

**a) Gifts by Will**

Many people who would like to make a substantial gift to charity cannot afford to part with assets during their lifetimes. Preparing a will and giving a portion of one's estate to charity is the most common type of future gift.

A specific gift gives the Foundation a specific piece of property or amount of money. A residual gift gives the Foundation all or a portion of whatever remains of the estate after all debts, taxes, expenses and specific gifts have been paid. A contingent gift takes effect if certain conditions on which the gift is given are satisfied.

Donation tax receipts are issued in accordance with Canada Revenue Agency regulations and the Foundation's Tax Receipting Policy. Effective January 1, 2016 the fair market value of the gift for tax receipting purposes is to be determined at the time of the transfer rather than the date of death.

**b) Life Insurance**

The Foundation may be the beneficiary of a life insurance policy. A tax receipt will be issued upon receipt of the proceeds of the policy.

- c) **Gift of Registered Funds or Tax Free Savings Accounts**  
Registered funds such as a registered retired savings plan (RRSP) or registered retirement income fund (RRIF) or Tax Free Savings Accounts (TFSA) may be received as a gift where the Foundation is named as the beneficiary of the plan. The donor retains ownership of the RRSP, RRIF or TFSA and names the Foundation as the irrevocable beneficiary. A donation tax receipt may be issued to the estate where the proceeds are transferred within 36 months of the date of death. Effective January 1, 2016 the fair market value of the gift for tax receipting purposes is to be determined at the time of the transfer rather than the date of death.
  
- d) **Gift Annuity**  
The Foundation does not offer annuity products.
  
- e) **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. The Foundation is named as the irrevocable beneficiary of the title to the assets when the donor dies. The donor receives an immediate charitable tax receipt and works with the Foundation to establish the fund during the donor's lifetime. The value of the donation tax receipt is calculated using the current value for the assets placed in trust less a discount factor based on the donor's life expectancy and current interest rates.
  
- f) **Gifts of Residual Interest**  
A gift of a residual interest allows the donor to make a gift of property (usually real estate or artwork), receive a donation tax receipt, and retain the use of that property during the donor's lifetime. The donor receives a donation receipt for the present value of the "residual interest" given irrevocably to the Foundation. The donor remains responsible for maintaining the property that ultimately will go to charity.
  
- g) **Other Gifts**  
Gifts not otherwise dealt with may only be accepted after consultation with the Board or its delegate

This Policy shall be reviewed every 3 years.