



## GIFT ACCEPTANCE POLICY

### Philosophy/Policy Intention

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The Ontario Credit Union Foundation (hereinafter referred to as “the Foundation”) encourages the acceptance of gifts, which enables us to fulfil our mission:

*“Partnering with Ontario’s credit unions in support of youth education and leadership.”*

The Gift/Fund Acceptance Policy is intended to provide guidance to donors wishing to support their community. It is an important tool ensuring that donors are fully informed so that their gifts are made in a manner that is consistent with their objectives.

A Gift/Fund Acceptance Policy also provides guidance to the Foundation Board Members and its Executive Director in evaluating proposed gifts to the Foundation. It ensures that gifts to the Foundation are made in accordance with legal and ethical regulations and guidelines, and that they promote consistent practices and exercise fiduciary responsibility.

### Policy Statement

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This policy is designed to ensure clarity of roles, responsibilities and expectations of both the Foundation and its donors. It applies to all gifts.

### Gifts

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All gifts must be consistent with the overall mission of the Foundation. A gift must not compromise the integrity and non-partisan status of the Foundation in the communities it serves, or undermine its classification or status as a registered charity under the terms of the *Income Tax Act* of Canada.

#### 1. Basic Form of Property Accepted:

The Foundation routinely accepts only property that can be readily liquidated without undue cost, such as cash, deposit instruments of a government in Canada or financial institution, publicly traded securities, policies of life insurance, or any other property that is property that the Foundation may invest in consistent with its investment policy.

#### 2. Acceptance of Other Forms of Property:

The Foundation recognizes that donors will occasionally wish to donate property that is not described in the previous paragraph, such as real estate, private company shares and residuary interests in trusts. While the Foundation is generally pleased to accept gifts, it has to be careful to evaluate whether there may be “hidden costs” in accepting such property. It therefore reserves the discretion to decline a gift of property because of the nature of the property that is being offered to it. Matters that the Foundation will take into account are:



- a. The likelihood that the value of the property will be a matter of differing opinions. The Foundation does not wish to become unnecessarily entangled in valuation disputes with CRA.
- b. The possibility that the property will not sell in a reasonable period of time.
- c. The potential carrying cost associated with owning the property.
- d. The potential environmental risk associated with owning the property.
- e. The potential for controversy associated with owning the property.
- f. Whether a satisfactory arrangement can be made with the donor with respect to the absorption of the costs of valuation, maintenance and disposition. As a general rule, the Foundation expects the donor to bear the costs associated with the settlement of the gift on the Foundation and the issuance of a receipt therefore, which includes the cost of valuation; and will charge the proceeds of disposition of the gift, rather than its other funds or its general operating expenses, with the costs of maintenance and disposition of the property.

### **3. Valuation:**

The Foundation reserves the right to secure and rely on its own appraisal in determining the acceptability of the gift and the eligible amount of the donation tax receipt to be issued, if any.

### **4. 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 or property, will normally be the responsibility of the donor, unless the Foundation, upon prior agreement, agrees to assume responsibility for any portion of these items.

### **5. Gifts Not Accepted:**

The Foundation reserves the right to decline to accept a gift based on lack of consistency with the Foundation's mission; desire of the donor to exert unacceptable conditions or controls over disbursement or 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. No gift whether outright or life-income in character, will be accepted if under any reasonable set of circumstances the gift would jeopardize the donor's financial security.

### **6. Timing of Issuance of Receipt:**

The Foundation cannot issue a donation tax receipt for a gift until it is legally the property of the Foundation. If the gift is eligible to receive a donation tax receipt, one will be issued by the Foundation in accordance with the *Income Tax Act*.

Generally, a donation tax receipt will reflect the fair market value of the property as of the date that it is given by the Donor, minus the fair market value of any advantage that the donor (or a party close to the donor) receives as a result of, or in connection with, the gift. To facilitate the transfer of property (such as publicly traded securities) that has a variable value, the Foundation works with the donor's brokers, employing a book based transfer (the



process of transferring securities electronically rather than paper based certificates). When this is not possible, the Foundation uses its contracted investment manager(s).

#### **7. Subsequent Use of Property:**

Unless agreed to in the terms of a negotiated and signed agreement, 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. For example, without such an agreement, if the Foundation acquires a residence as a gift, it will not retain it as an office or retreat but will sell it and invest the proceeds in accordance with its investment policy.

#### **8. Restrictions on Gifts:**

The needs of the communities we serve are continually changing and in order to respond effectively to credit union grant applications, the Foundation prefers gifts that are, at least in part, "unrestricted" or specified for a "field of interest such as our general fund. This allows the Foundation future discretion to support community projects as they are identified by charitable purposes, and will not decline a gift merely because earnings derived therefrom are to be allocated in a specific manner.

#### **9. Third Party Referrals**

The Foundation will not compensate, whether through commissions, finders' fees, or other means, any third party for directing a gift or a donor to the Foundation.

### **Donors**

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The Foundation will abide by all laws governing the charitable sector. In addition, the Foundation endorses the following principles and declares that all donors have these rights:

- a) To be informed of the Foundation's mission, of the way the Foundation intends to use donated resources and of its capacity to use donations effectively for their intended purposes.
- b) To be informed of the identity of those serving on the Foundation's Board of Directors, and to expect the Board to exercise prudent judgment in its stewardship responsibilities.
- c) To have access to the Foundation's most recent financial statements.
- d) To be assured each gift will be used for the purposes for which it was given.
- e) To receive appropriate acknowledgement and recognition.
- f) To be assured that information about their donations is handled with respect and with confidentiality to the extent provided by law.
- g) To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature.
- h) To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.



### **1. Ethics:**

The Foundation subscribes to the Ethical Fundraising and Financial Accountability Code developed by the Canadian Centre for Philanthropy. This Code clearly establishes the donor's rights and sets the standards for all the Foundation's fund development work.

### **2. Confidentiality:**

Any information learned by any representative of the Foundation about a donor or proposed donor that is not required to be recorded publicly will be treated as confidential unless the donor advises otherwise. From time to time, donors will also request the Foundation to treat their gifts as made anonymously. While the Foundation must, through at least one office, know who is making the gift, it makes its best efforts to respect such requests.

### **3. Donor Recognition:**

The Foundation is prepared to provide donors with recognition in a degree consistent with the recognition afforded donors of gifts of similar magnitude, immediacy of effect and degree of restriction.

### **4. Informed Donor:**

The Foundation encourages donors to work with their own professional advisors in making gifts. It will not solicit or accept a gift from a donor unless it is satisfied that the donor has a bona fide intention to donate to charity and has a proper understanding of the consequences of making the gift, the work of the Foundation, and the uses to which the gift capital and income will be put.

### **5. Benefit to Donor:**

The nature of any charitable 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 the Foundation as to how it must apply the earnings from the gift. A donor may, however:

- a) Establish, 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.
- b) Advise the Foundation from time to time how he or she wishes the earnings from the gift to be applied through a "donor advised/donor directed" fund.

### **6. Preservation of Donor's Purpose:**

Should the Foundation ever discontinue operations or become incapable of administering a fund to fulfill a donor's purpose, the Foundation will employ the best possible efforts to ensure continued application of the fund to the purpose originally contemplated by the donor.

### **7. No Benefit To Individuals:**

The Foundation applies the earnings from its funds only to benefit registered charities and qualified donees, as those terms are defined under the *Income Tax Act* of Canada. It does



not grant to, or otherwise benefit individuals directly, even if the activities they undertake are charitable in nature.

## **The Foundation**

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### **1. Agreements:**

- a. The Executive Director is authorized to negotiate planned gift agreements with prospective donors, with respect to the name, nature and use of their gifts at the time a gift is made. Gifts will be planned to benefit the community through the Foundation, and to effectively interpret donors' charitable intents.
- b. All fund or gift agreements requiring execution by the Foundation shall be prepared in a format approved by the Board of Directors.

### **2. Fund Options:**

As a service to donors, the Foundation is prepared to accept and disburse gifts through the establishment of Permanent Capital Funds where the principle remains and only the earnings are distributed, or the establishment of Community Investment Funds which acts as a "flow through" of both principal and interest. The Foundation may allocate a portion of the property received to cover administrative expenses, in accordance with Foundation policy in effect from time to time, as established by the Foundation as per policy.

### **3. Application of Administrative Policies:**

The Foundation may adopt policies from time to time that:

- a. determine and set the administrative expense reimbursement allocation for its Permanent Capital Funds and Community Investment Funds;
- b. settle the manner of investment of the funds; and
- c. determine the appropriate portion of funds to distribute for charitable purposes or retain as capital to protect against erosion by inflation.

Without any more precise agreement with the donor overriding these general policies, the Foundation will apply its policies equitably to all funds under its control and may amend such policies on a continuing basis.

### **4. Sustainability of the Foundation:**

Sustainability speaks to longevity, vision and proactivity – all desirable features we look for in the charities we fund. The Foundation will address its own sustainability by continuing to build its Reserve Fund.

### **5. The Foundation as Appropriate Recipient:**

The principal focus of the Foundation's activities is the charitable interests of credit unions and credit union members within the Province of Ontario. However, the Foundation may accept gifts for any charitable purpose, such as projects having a broad Canadian focus or overseas development. It may refer a donor to another Foundation or charitable organization if it perceives that the donor will be better served by such other organizations.