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| <b>Policy Name</b>           | Gift Acceptance Policy               |
| <b>Policy Number</b>         | 3.01                                 |
| <b>Last Review Date</b>      | March 23 <sup>rd</sup> , 2022        |
| <b>Next Review Date</b>      | 2024                                 |
| <b>Responsible Committee</b> | Fund and Donor Development Committee |

## DONOR AND GIFT MANAGEMENT

### 3.01 Gift Acceptance Policy

The purpose of this policy is to provide guidelines for the types of outright gifts (i.e. cash, publicly traded securities) and deferred gifts (i.e. bequest, life insurance) that will be accepted by the Foundation.

**Consistency with Foundation mission:** Gifts must be consistent with the overall mission and strategic intent of the Foundation, all applicable statutory provisions, and must not compromise the Foundation's integrity. The Foundation may, in its discretion, refuse a gift on these grounds.

**Clarity of intent:** 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 consequence of the donation, the work of the Foundation, and the uses to which the gift will be put.

**Seeking independent advice:** Persons acting on behalf of the Foundation shall encourage potential donors to consult independent legal and tax professionals to ensure that donors receive a full and accurate explanation of the nature and consequences of their gifts.

**Undue influence:** Persons acting on behalf of the Foundation shall inform, serve, guide or otherwise assist donors who wish to support the Foundation's activities, but never under any circumstances are they to pressure or unduly persuade.

**Parameters of gifts:** Foundation volunteers, friends and staff members are authorized to encourage donors to make gifts to the Foundation within the parameters of the **Gift Acceptance Policy**.

**Authority to negotiate:** The Executive Director (or Board Chair, Fund and Donor Development Committee members or other board members as designated) is authorized to negotiate gift agreements with prospective donors and their professional advisors in accordance with the guidelines set for in this Policy.

**Authority to accept:** Outright gifts of cash, publicly-traded securities, and life insurance do not require approval by the Board of Directors unless there are unusual restrictions or circumstances involved.

**Gifts Accepted:** The Foundation routinely accepts only property that is readily marketable at a reasonable cost. That refers to cash, cash equivalents (including deposit instruments of a government or financial institution in Canada), publicly traded securities, policies of life insurance, bequests 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, art, jewelry, private corporation shares or 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. The Board will be consulted on these other forms of gifts or property. The Board may want to retain the advice of tax and/or legal professionals when considering these types of gifts.

**Related Costs:** Gift-related costs such as 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 portions of these items. There may be instances that the Foundation will cover these costs. In these instances, Board approval is required. The Foundation and the donor may jointly cover the costs of a legal review of the Gift Agreement to ensure the fund being established is in compliance with all regulations, as referenced in the Administration Fee (Expenses) Policy.

**Gifts Requiring Board Approval:** The following gifts must be reviewed and approved by the Board of Directors; gifts of real or tangible property, gifts of a charitable remainder trust and gifts of a residual interest. Before acceptance and approval, 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 of real or tangible property or other property whose value is not readily ascertainable.

**Gifts Not Accepted:** The Foundation cannot offer charitable annuities or any other gift creating a liability. It reserves the right to decline a gift based on:

- Lack of congruency with the foundation’s mission;
- The desire of the donor to exert unacceptable conditions or controls over the disbursement of 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; and,
- Other factors agreed to by the Board of Directors

**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 the donor used it. For example, absent 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.

**Gift Agreements:** The Foundation works with donors to develop agreements with respect to the name, intent, limits and use of their gifts at the time a gift is made. Gift agreements specify the type of fund created. Gift agreements will clearly identify that it is the responsibility of the Foundation to approve all disbursements from funds. These agreements will be developed where the donor is giving specific recommendations to the Foundation as to the distribution of the funds from their gift. All gift



agreements requiring execution by the Foundation shall first be reviewed and approved as to form and content by the Foundation's legal counsel. Where substantially the same agreement is used repeatedly, only the template needs to be approved. All gift agreements must be reviewed and approved by the Board of Directors.

**Charitable Tax Receipts:** The Foundation shall issue a charitable tax receipt within 30 days of receipt of the gift in alignment with the Foundation's **Donation Recording and Receipting Policy**. For gifts of shares, a tax receipt shall be issued for the closing price on the day of the Foundation's broker receives the shares, assuming liquidity. There may be a commission on the donations of shares, the Foundation may cover its own fees for these transactions, while the donor will cover their own fees.

**Benefit to Donor:** The legal nature of a charitable gift is that a donor cannot expect material consideration (i.e. financial benefits or opportunities) to flow from, or in return for making, a gift.

**Donor-Advised Funds:** The Income Tax Act (Canada) imposes limits on a donor's capacity to impose restrictions on charitable gifts. A donor may, however, at a time the gift is made and even subsequently, by agreement with the Foundation, place limits on the uses to which a gift may be put.

Further, if agreed by the Foundation and the donor, the donor or an advisor named by the donor may advise the Foundation on distributions from the fund established by the donor. The Foundation will generally consider and respect such advice, but maintains final decision making authority over any distributions.

**Flow-Through Funds:** The principal mission of the Foundation is to raise, administer and distribute earnings from funds that are held on a long-term basis. As a service to donors, the Foundation is prepared to accept from time to time the receipt and disbursement of gifts that are not intended to be held as long-term funds (i.e. disbursed within a short period of time). The Foundation exercises broad discretion as to whether or not to accept such gifts and may charge an administration fee.

**Preservation of Donor's Intention:** In the case of a donor-advised fund, the Foundation shall not seek to pass judgment on the value or merit of the advisor's advice on distributions so long as distributions are applied according to provisions of the gift agreement.

**Existence of Foundation:** If the Foundation takes steps to wind down or it is determined it is no longer capable of administering a fund for the purpose of the fund, the Foundation shall employ its best possible efforts to ensure the continued application of the fund to the purpose originally contemplated by the donor which may involve transferring the fund to another registered charity.

**Administration Policies:** The Foundation adopts policies that regulate administration charges on its funds, manage the investment of the funds, determine the appropriate portion of funds to distribute for charitable granting purposes or retain as capital to protect against erosion by inflation. Except for more precise agreement with the donor overriding these general principles, the Foundation shall apply its policies equitably to all funds under its control and may amend such policies from time to time.



**Geographic Area of Focus:** The primary, but not exclusive, focus of the Foundation’s activities is within the City of Yellowknife and its surrounding area, Northwest Territories. However, the Foundation may carry out activities outside of that area if donors want to have a broader impact. It may refer a donor to another community foundation or charitable organization if it perceives that the donor will be better served

**Acting as a trustee:** The Foundation will not perform the role of an estate trustee.

**Monitoring:** This policy will be reviewed every two years.

**Board Acceptance:** This policy was approved/reaffirmed at the March 23<sup>rd</sup>, 2022 Board meeting.