



Gift Acceptance & Disclosure Policy

**This policy is adapted from The Winnipeg Foundation and Community Foundations of Canada*

This document serves as a tool for your community foundation to build a relevant policy applicable to your foundation's context. The function of each policy is listed in the footer on the left, and on the right is Endow Manitoba's numerical organizational structure, which needs to be modified to reflect the organizational structure of your community foundation's policies.

Policy Template

Policy name: 3.01 Gift Acceptance and disclosure policy	Effective date: (The date the policy became effective)
Policy type: Operational	Monitoring frequency: (Suggested: 3-5 years)
Policy owner: (This is who is responsible for this policy. It can be the board of directors, the board chair, a specific staff person.)	Revision history: (History of revisions)
Who approves:	Next review date:

Background and purpose

(Explains relevant historical information and the purpose of the policy).

Sample: The Gift Acceptance Policy for the community foundation ensures that donations align with its mission, comply with legal and ethical standards, and mitigate risks. It provides transparency and consistency in gift evaluation, fosters donor trust, and supports long-term financial sustainability by preventing burdensome or inappropriate contributions. The responsibility to accept gifts lies with the Board of Directors of the Foundation.

Scope

The policy applies to all board members, committee members, volunteers, and staff of the Foundation whose role is to accept and coordinate gifts.

Policy statement



(Outlines the intent, principles, and expectations of the Foundation regarding a specific subject or area of operation. It serves as a guiding framework for decisions, actions, and behaviors within the Foundation.)

Sample: [Community Foundation Name] gratefully accepts gifts that align with its mission and comply with legal, ethical, and financial standards. The Foundation reserves the right to decline any gift that may present undue risk, impose excessive restrictions, or be inconsistent with its values. All donations will be reviewed to ensure they support the Foundation's long-term sustainability and ability to serve the community effectively.

Things to consider for Inclusion in the Policy

This is not a comprehensive list but rather a list of ideas to start a meaningful conversation about policy development. Each of the following could be a subheading in your policy.

- Will all gifts be consistent with the overall mission and strategic intentions of the foundation?
- Is it also important that gifts do not compromise the foundation's integrity in the community?
- Will donors be encouraged to discuss a 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?
- Will the Executive Director/CEO or another person (s) be authorized to negotiate gift agreements with prospective donors? Will the Board establish guidelines for gift agreements?
- Will outright gifts of cash, publicly traded securities and life insurance require the approval of the Board of Directors? Or will such gifts be accepted without Board approval unless there are unusual restrictions or circumstances involved?
- Will gifts of real estate, tangible personal property and other property interests not readily negotiable or valued be accepted?
- Will the foundation act as a trustee of charitable remainder trusts or as executors for a donor's will?

Charitable Receipts

- Will the foundation establish a general guideline that a charitable tax receipt will not be issued until the gift is legally the property of the foundation?

Gifts of securities

- Will the charitable receipt be issued for the earlier of either the trading price or the closing price on the day the foundation's broker receives/books the shares/units, assuming liquidity? If securities are to be held, will a written valuation signed and provided by the foundation's broker provide the value of the gift? Will a written direction by the donor be required to confirm the transfer of securities? May the securities be received by the foundation and/or the foundation's broker?



Gifts of cash

- Will the foundation issue a charitable receipt for the date the cash/cheque is deposited to the bank by the foundation office?

Gifts Not Accepted

- Foundations are not permitted to offer charitable annuity products whether reinsured or reserve-based or any gift that creates a liability to the foundation. Will this be stated?
- Will the foundation also reserve the right to refuse a gift which in itself or its origin may be controversial?

Disposition of Gifts

- Will all gifts of property including real estate be sold as soon as possible, except in the case of an express agreement with the donor?
- Will a written valuation signed and provided by a professional evaluator be required for charitable receipting purposes in cases where the property is not sold? Or will a charitable receipt be issued for the value received by the foundation on the date the cash/cheque is deposited to the foundation's bank?

Costs

- Will the donor be required to pay all costs associated with making a gift including expenses related to appraisal fees, legal and accounting, transaction and bank charges?
- Will expenses incurred by the foundation in accepting a gift including legal fees, maintenance and disposition fees be charged against the fund once established?

Fund Agreement/Deed of Gifts

- Will all gifts to the foundation's endowment fund require a written (signed and dated by the donor) donor direction directing the foundation to hold their gift(s) for at least 10 years? Or are the gifts to be held 'in perpetuity'?
- Will the donor direction form be dated the same day as the gift is received by the foundation's bank?
- Will the donor direction form also record the fund within the endowed funds that the gift is to be directed to?
- Will the donor direction form include wording such that all gifts, now and in the future, are covered by the same direction unless the donor directs otherwise?



Gift Disclosure Policies

- Should the foundation's privacy policy, guide how individual information is disclosed in printed or electronic materials? (Visit Appendix A – Types of Gifts).
- Should the foundation make public a Statement of Funds, which names all funds, together with the amount of the gift(s) comprising same? Note that the founder of any fund or a donor may request that the fund and/or gift be listed as anonymous.
- Will the foundation's policy mention that gifts to recipients of all monies distributed through responsive grant making by The Foundation during the previous fiscal year will be made public?
- Will the foundation disclose gift amounts and a donor list available to the fund holder, unless a donor requests their gift to be anonymous?
- Will the foundation mention that for tribute gifts (memorial, birthday, anniversary, graduation, etc.) the honoree is notified of all donors' gifts unless a donor wishes to remain anonymous. No individual gift amounts are divulged, only fund balances.
- Will the foundation mention that when there is a formal fund agreement executed, the founder(s) of the fund may request that the text of the agreement, but not its existence, remain confidential, except as required by law or by the normal operation of the foundation.

Policy Review

- Who is responsible to review this policy?
- Will the review be done every [2-3] years?



Appendix A

Guidelines for Types of Gifts

Outright Gifts

Giving Cash Gifts of cash, whether by cheque, money order, or direct debit deposit, are considered gifts of cash on the date The Foundation has received the gift. Exception to the policy takes place at both The Foundation's year end and December 31st. Where a cheque was considered 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. The receipted amount will be equal to the cash or cash equivalent received. Will cash gifts include domestic and foreign currency?

Credit Card Gifts

A gift by credit card was made on process date. The receipted amount will be equal to the credit card amount processed

Gift of Securities

Publicly traded securities are securities that are regularly traded on a public stock exchange and mutual fund units.

- Will the foundation's Investment Manager have a role in scrutinizing and accepting a gift of publicly traded securities?
- Will publicly traded securities be sold immediately upon receipt by the Investment Manager and converted to cash? Or will a decision to convert the securities to cash be made by the Chair of the Investment Committee or Board of Directors if they add value to the portfolio and fit with the Investment policy of the Foundation? If securities are received and sold, will the Investment Committee or Board be advised in a timely manner?

Gifts of property including real estate, art, jewelry, etc.

Gifts of property or real estate may be made in various ways: outright, residual interest in it, or to fund a charitable remainder trust. Where real estate is transferred to a charitable remainder trust, additional requirements of the trustee also need to be met (see Charitable Remainder Trusts).

- Will the donor be required to secure a qualified appraisal(s) of the property?
- If the foundation has reason to believe that this appraisal does not reflect the property's true value, will a charitable receipt be issued for the appraisal value as estimated by the Foundation's appraiser (or present value of the residual interest computed on the appraised value in the case of residual interests' gifts)?
- Will the foundation be responsible to determine if the donor has clear title to the property?
- Will the foundation also review other factors, including zoning restrictions, marketability, current use



and cash flow, to ascertain that acceptance of the gift would be in the best interest of the foundation?

- If there is potential for a real estate property to contain toxic waste, will the donor be required to secure an environmental audit and also be required to provide the Board of Directors with the results of the audit?
- Will property containing waste be accepted prior to the removal of the waste or other remedies to assure that the foundation assumes no liability whatsoever in connection with such toxic waste?

Life Insurance

The assignment of ownership of a life insurance policy will be accepted by The Foundation. A tax receipt will be issued for the cash surrender value of a policy at the time of the donation. The payment of annual premiums is also a gift that generates an official receipt for income tax purposes. If unforeseen circumstances prevent a donor from completing the payment schedule, The Foundation will assess, on an individual basis, whether The Foundation will honour the payment schedule if the use of the funds is for discretionary grant making. On receipt of the death benefit, the premiums paid by The Foundation and lost investment income will be applied to the death benefit proceeds resulting in the net proceeds being contributed to the Fund. Any exceptions from the current policy will be at the discretion of the CEO to permit a deviation from the Policy which will be reported to the Committee if they occur. If a gift was to pay to a specific charity, then the charity will be asked to continue the payments otherwise the cash surrender value of the policy will be realized. In addition to the above, 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 at the time of death. The receipted amount will be equal to the value of the gift received as described above. The donor of a gift of insurance has the option to pay for an actuarial valuation of the insurance policy and, in receiving the valuation, The Foundation will tax receipt the gift of the insurance policy at the actuarial value. The Foundation has the option to accept gifts of insurance with the obligation to pay future premiums outright based on an assessment that it is favourable to do so considering the gift will create a fund for community building or field of interest.

Deferred Gifts

Deferred gifts, where a donor arranges a gift now but retains the use of, or the income from the property, will be accepted.

Bequest

A bequest can be in the form of a specific amount or the residue of the Estate.

- Will donors who advise the foundation of a bequest be invited to provide information about their bequest and, if willing, to provide a copy to the foundation of that section of their will?
- If willing, will donors who advise the foundation of a future gift be provided with the opportunity to have their name listed in foundation communications?
- If the donor desires to direct the proceeds of their bequest, will a separate agreement be drawn up to indicate these directions?



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 at the time of death. The receipted amount will be equal to the value of the gift received as described above.

- Will donors be provided various methods by which a life insurance policy may be contributed to the foundation? Will these methods include the following?
 - A life insurance policy of which the foundation is the owner and beneficiary
 - Assign irrevocably a paid-up policy
 - Assign irrevocably a life insurance policy on which premiums remain to be paid and a charitable tax receipt will be issued for the premium amounts
 - Name the Foundation as a primary or successor beneficiary of the proceeds?
- When ownership is irrevocably assigned to the foundation, will the donor be entitled to a gift receipt for the net cash surrender value (if any) or for any premiums subsequently paid?

Gift of Retirement Fund Accumulations

An individual can donate all or a portion of an RRSP or RRIF during their lifetime. The Foundation may also be made a beneficiary of the RRSP or RRIF, which The Foundation will receive upon an individual's death. The receipted amount will be equal to value of the gift received as described above.

Charitable Remainder Trusts

This is a form of a residual interest gift. A charitable remainder trust is a deferred giving arrangement, by which a donor transfers property (cash, securities or real estate) to a trustee. The donor retains the right to income from the trust, either for life or a specified term of years. The Foundation has irrevocable title to the assets when the donor dies. The tax receipted amount will be equivalent to the present value of the assets at the time of transfer to the trust. If the trust is irrevocable, the donor is entitled to a gift receipt for the present value of the residual trust.

- May the charitable remainder trust be funded with cash, securities, real estate or other property acceptable to the trustee and to the foundation?
- Will real and personal property be accepted for a trust only after a thorough review of cash flow, potential liabilities including toxic waste cleanup costs, and other factors necessary to assure that the gift would be in the best interest of the foundation?
- Will there be a minimum trust size established (i.e.\$50,000) and a minimum age requirement established (i.e. 50 years). Will the Board of Directors have the discretion to make an exception to these recommendations in special circumstances?
- Will the trust agreement be drafted or at least be required to be reviewed by the donor's lawyer to ensure that the gift is appropriate for the donor's situation?

Gifts of Residual Interest

A gift of residual interest allows a donor to make a gift of property, receive a charitable tax receipt, and retain



use of that property during his/her lifetime. The tax receipt amount will be equivalent to the present value of the "residual interest". However, the donor remains responsible for maintaining the property.

- Will the donor (owner) be entitled to a charitable tax receipt for the present value of the residual interest?
- Will the donor be responsible for property taxes, insurance, utilities and maintenance after transferring title of the property, unless the foundation, upon approval of the Board of Directors, agrees to assume responsibility for any of these items? Will the Foundation require that the donor provide proof of payment of those expenses for which the donor is responsible?
- Will the foundation reserve the right to inspect the property to assure that its interest is properly safeguarded?



Appendix B

Use of the Gift

Gifts Held as Capital in Perpetuity

The principal mission of The Foundation is to serve as a vehicle for donors to support their community through the creation of permanent endowment funds. The annual spending policy amount generated by these funds is distributed as grants.

Donations Other Than to Endowment

Term Endowment Funds

Gifts made to create term endowment funds are generally treated similarly to permanent endowments, with the intent that the capital will be disbursed over an agreed period. The Foundation exercises broad discretion whether or not to accept such gifts. Investment income will be allocated to the fund and administrative and investment fees will be charged. Disbursements of capital will be made in accordance with the mutually agreed upon terms stated in the fund agreement at the time the fund is established.

Restrictions on Gifts

The needs of our community are continually changing and in order to respond effectively to grant applications, or pressing community needs, The Foundation encourages gifts that are, at least in part, "undesignated". This allows The Foundation future discretion to support community projects that may emerge as priorities or be identified by charitable agencies. While The Foundation understands that discretionary revenue is important to preserve flexibility and responsiveness, it welcomes gifts for all manner of charitable purposes, including those made to establish funds intended to support specific agencies or programs.

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 a gift has been made, to direct The Foundation on how it must apply the spending policy related to the gift with the exception of mutually agreed upon capitalizations.

A donor may, however:

Advise The Foundation from time to time on how he or she wishes the annual grant making amount



from the gift to be applied, through a "donor advised" arrangement; or

Establish, at the time a 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 or amend such restrictions.

Create a "Scholarship" fund which is another option providing awards for academic achievement and/or financial need.

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 consequences 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, Treasurer, or senior Fund Development staff) 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 all gifts of property prior to responding to donor. 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 legal fees, appraisals, real estate commissions and taxes relating to acceptance, maintenance, management or re-sale of a gift of 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.

Gifts Requiring Board Approval

The following gifts must be reviewed and approved by the Board of Directors: gifts of real or tangible property, gift 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.

Fund agreement/deed of gifts

The foundation works with donors to develop agreements with respect to the name, nature, limits and use of their gifts at the time a gift is made. Fund agreement/deed of gifts specify the type of fund created (permanent endowment, flow-through fund or non-permanent endowment). Fund agreement/deed of gifts will clearly identify that it is the responsibility of the Board of Directors to approve all disbursements of net income from endowed funds. These agreements will be developed where the donor is giving specific recommendations to the foundation as to the distribution of the earnings generated by their gift. All fund agreement/deed of gifts 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 fund agreement/deed of gifts must be reviewed and approved by the Board of Directors.

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 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 the 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, the donor or the donor's designated representatives may advise the Board of the foundation on the application of the earnings of his or her gift and the Board shall generally consider and respect such advice. Beyond that, a donor cannot legally restrict the foundation.



Flow-Through Funds

The foundation's main mission is to raise, administer and distribute earnings from funds held on a permanent or endowed basis. As a service to donors, the Foundation is prepared to accept the receipt and disbursement of gifts not intended to be held as endowment funds. The foundation exercises broad discretion as to whether to accept such gifts and may charge an administrative or cost recovery fee.

Preservation of Donor's Intention

Where, by prior agreement, the Board agrees to receive the advice of donors on the distribution of grants, the foundation shall not seek to pass judgment on the value or merit of the donor's proposed application so long as the income is applied according to legal provisions to a charitable purpose. Should the foundation cease to exist or become incapable of administering a fund to fulfill a donor's purpose, the foundation shall employ its best possible efforts to ensure the continued application of the fund to the purpose originally contemplated by the donor.

Administration Policies

The Foundation adopts policies that regulate administrative charges on its endowment 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 policies, 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 geographic area encompassed by the political boundaries of (insert name of the municipality, region, province), as at (insert date of incorporation). It may refer a donor to another community foundation or charitable organization if it perceives that the donor will be better served by such organizations.

Acting as a trustee

The Foundation will not perform the role of an estate trustee.