

# Your Centre for Community Philanthropy



## Gift Acceptance & Disclosure Policies

### Background:

The Winnipeg Foundation (the Foundation), established in 1921 under a special Act of the Manitoba Legislature, is made up of community endowments created by individuals and groups.

The Foundation has created both vision and mission statements which this policy document is intended to support.

### The Need for Policy Statements:

This policy is designed to provide guidance to the public to help facilitate the gift-giving process. The policy is important to ensure that donors are fully informed and their gifts are made in a manner consistent with their objectives. It clarifies the roles, responsibilities and expectations of both the Foundation and its donors.

This policy also provides guidance for the Foundation Board decision making. It ensures that gifts to the Foundation are made in accordance with legal regulations and ethical guidelines that promote consistent practices and exercise fiduciary responsibility, and protect the Foundation from unforeseen financial consequences.

And finally, the policy makes clear the Foundation's intent to build mutually beneficial long-term relationships with donors. The policy provides a framework that enables donors and Foundation representatives to work together, providing the most effective benefits to our community, consistent with the Foundation's and donors' broad philanthropic wishes.

### Gift Acceptance Policies:

1. 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 gifts effectively and 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 audited financial statements.

*Gift Acceptance Policies (continued)*

- d. To be assured gifts will be used for the purposes for which they were given.
  - e. To receive appropriate, timely acknowledgement and recognition.
  - f. To be assured that information about their gift is in accordance with the Foundation's own privacy policies.
  - 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 gift and to receive prompt, truthful and forthright answers.
2. Foundation volunteers, friends and staff members are authorized to encourage donors to make outright and deferred gifts. The types of deferred gifts to be offered include bequests, gifts of residual interests, charitable remainder trusts, gifts of life insurance policies and proceeds, and such other gift arrangements as the Board of Directors may from time to time approve. (see Appendix A - Types of Gifts).
  3. Persons acting on behalf of the Foundation shall inform, serve, guide or otherwise assist donors who wish to support the Foundation's activities, but not to engage in actions which might be perceived as inappropriate or directive.
  4. Persons acting on behalf of the Foundation shall, as a preferred practice, encourage donors to discuss any proposed gift with independent legal and/or tax advisors (of the donor's choice) to ensure a donor receives a full and accurate explanation of all aspects of any proposed charitable gift.
  5. Senior staff members are authorized to negotiate planned gift agreements with prospective donors following guidelines approved by the Board of Directors.
  6. All standard fund or gift agreements have been approved by the Foundation's legal counsel. Agreements with special conditions may require approval by the Foundation's Board.
  7. Gift agreements will clearly identify that it is the responsibility of the Board of Directors to approve all disbursement of the spending policy from endowed funds. Other policies related to specific fund types have been approved by the Board and are available upon request.
  8. All gift agreements must be reviewed and signed by two Foundation signing authorities. (see Appendix B - Use of the Gift)
  9. The Board of Directors reserves the right to decline any gift based on lack of consistency with the Foundation's mission; desire of the donor to exert unacceptable conditions or controls over disbursement that contravene the Foundation's spending policy; cost-of-ownership implications related to administration time, management and marketability of a gift; unacceptable risks; gifts that are illegal; or other factors agreed to by the Board of Directors.

*Gift Acceptance Policies (continued)*

10. General administrative costs are covered by the Foundation.
11. 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 portion of these items.
12. The Foundation may obtain independent assessment of the value of a gift of property.
13. The Foundation will not serve as executor of a donor's will or trustee of a charitable remainder trust. All staff and Board and Committee members shall adhere to the Foundation's Conflict of Interest Guidelines.
14. Donors' wishes regarding recognition or anonymity related to their gift will be respected, provided that any recognition is congruent with the Foundation's usual standards of practice and legal requirements.
15. These Gift Acceptance Policies may be amended at any time by a majority vote of the Board of Directors.

**Gift Disclosure Policies:**

1. The Foundation's privacy policy guides how individual information is disclosed in printed or electronic materials.
2. It is the policy of the Foundation to publish in its Annual Report, the names of all endowment funds, together with the amount of the gift(s) comprising same. The founder of any fund may request that the fund be listed as Anonymous.
3. It is also the policy of the Foundation to publish in its Annual Report, the recipients of all monies distributed by the Foundation during the previous fiscal year.
4. For agency funds, all donors and gift amounts are disclosed to the agency, unless a donor requests their gift to be anonymous.
5. 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.
6. For all other gifts to funds a donor's name will be provided but not the gift amount.
7. Where a formal fund agreement has been 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.

# Appendix A

## Types of Gifts

### 1. Outright Gifts

#### a. Giving Cash

Gifts of cash, whether by cheque, money order, or direct debit deposit are considered to be gifts of cash. 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. The receipted amount will be equal to the cash or cash equivalent received.

#### b. Credit Card Gifts

A gift by credit card is considered to have been made on process date. The receipted amount will be equal to the credit card amount processed.

#### c. Gift of Securities

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

##### (i) Electronically held securities:

The receipted value of a gift will be the closing price of the securities on the date the gift has been received by the custodian. There may be exceptions to the valuation of the gift at the discretion of senior staff members.

##### (ii) Physical securities:

The receipted value of a gift will be the closing price of the securities on the date physically received at the Foundation's office or its representative's locations.

Private company shares are not publicly traded and therefore these securities present special concerns. Gifts of such closely-held securities may only be accepted after consultation with the Development Committee of the Board.

#### d. Gifts of Other Appreciated Property

All other gifts of appreciated property may only be accepted after consultation with the Development Committee. The ready marketability of property, the carrying costs, and potential environmental risks, are among the factors considered in determining acceptance of a gift.

#### e. 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 unrestricted grant making or field of interest granting. 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.

## *Outright Gifts (continued)*

### **f. Gifts received from United States**

The Winnipeg Foundation USA, Inc. has been created to receive gifts from sources in the United States. Received amount will be in U.S. dollars.

## **2. 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.

### **a. Bequest**

Over the years, the Foundation has accepted many bequests. A bequest can be in the form of a specific amount or the residue of the Estate. The Foundation provides suggested wording for a will which should be reviewed with a professional advisor. The received amount will be equal to value of the gift received as described above.

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

### **c. 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 received amount will be equal to value of the gift received as described above.

### **d. Charitable Remainder Trusts**

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 received amount will be equivalent to the present value of the assets at the time of transfer to the trust.

### **e. 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.

# Appendix B

## Use of the Gift

### 1. 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.

### 2. Donations Other Than to Endowment:

#### (i) Flow Through Funds:

In working with existing donors as they create their philanthropic plans, the Foundation also accepts, from time to time, gifts that are not intended to be held as endowment funds. The Foundation exercises broad discretion whether or not to accept such gifts. The intent of the donor is to see the gift distributed over a specified period of time. Investment income earned on these types of gifts is used by the Foundation to defray administrative costs as administration fees will not normally be charged. Such gifts will be receipted as "flow through" gifts.

#### (ii) 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 after 10 years. The Foundation exercises broad discretion whether or not to accept such gifts. Investment income will be allocated to the fund and an administrative fee will be charged. Disbursements of capital after ten years will be made in accordance with the mutually agreed upon terms stated in the fund agreement at the time the fund is established. Such gifts are receipted as ten (10) year gifts.

### 3. 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" or specified to a "field of interest". 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.

### 4. 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 how it must apply the spending policy related to the gift.

*Use of the Gift (continued)*

A donor may, however:

- a. Advise the Foundation from time to time on how he or she wishes the annual spending policy amount from the gift to be applied, through either a "donor advised" or "field of interest" arrangement; or
- b. 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 such restrictions. "Scholarship" funds is another option which provide awards for academic achievement and/or financial need.

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