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| <p>Title:</p> <p>Gift Acceptance, Including Gifts-In-Kind Policy</p> | <p>Effective Date:</p> <p>Last Reviewed & Approved:</p> <p>Next Scheduled Review Date:</p> <p>Supersedes:</p> <p>Approved By:</p> | <p>March 28th, 2018</p> <p>March 28th, 2018</p> <p>January 2021 by the Policy & By-Law Committee</p> <p>Previous Gift Acceptance Policies</p> <p>Board of Directors</p> |
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Mission Statement: To partner with the community to support our Hospital in the delivery of an excellent patient care experience

Vision Statement: To inspire a lifetime of philanthropic support for our Hospital

Values: Integrity, Leadership, Community, and Results

POLICY STATEMENT

The St. Thomas Elgin General Hospital Foundation (the “Foundation”) actively cultivates, solicits and accepts philanthropic gifts and sponsorships to further the work of the St. Thomas Elgin General Hospital (the “Hospital”) in providing an excellence patient care experience during every visit, at every stage of life, and as close to home as possible.

The intent of this policy is to provide guidance to the Hospital’s Board of Governors, Senior Leadership Team, the Foundation’s Board of Directors, staff and volunteers to ensure that gifts to the Foundation are made in accordance with legal and ethical regulations, promote consistent practices, and exercise fiduciary responsibility.

This policy also serves as a source of information for donors who are interested in supporting the Foundation. This will ensure that those wishing to support the Foundation are fully informed and will feel confident their gifts are directed in a manner that is consistent with their wishes.

The Gift Acceptance policy is applicable to all fundraising programs of the Foundation and any other administrative policies that apply.

1. Responsibility to Donors:

1.1 Ethics

All staff and volunteers will conduct themselves in accordance with accepted professional standards outlined by Imagine Canada’s Standards Program and the Donor Bill of Rights [created by the Association of Fundraising Professionals (AFP), the Association for Healthcare Philanthropy (AHP),

the Council for Advancement and Support of Education (CASE), and the Giving Institute: Leading Consultants to Non-Profits].

All Foundation staff and other individuals acting on behalf of the Foundation will conduct themselves in accordance with accepted professional standards of accuracy, truth, integrity, and accountability.

1.2 Independent Counsel

Persons acting on behalf of the Foundation shall encourage donors to discuss their proposed gift with independent legal counsel and/or tax advisors of their choice. This will ensure they receive a full and accurate explanation of all aspects of their charitable gift. The Foundation may decline a gift.

The Foundation encourages donors to seek independent advice if the proposed gift is a Planned Gift and/or the Foundation has any reason to believe the proposed gift might significantly affect the donor's financial position, taxable income, or relationship with other family members.

In cases where the donor asks Foundation staff for referrals for independent counsel, staff will provide the donor with a list of firms, not individual counsellors, with whom the Foundation has worked previously.

1.3 Conflict of Interest

In all matters involving a donor, the interests and well-being of the donor must take priority. Donors shall be encouraged to consult a professional advisor who is not a member of the Foundation Board. If the donor selects an advisor connected with the Foundation Board, the advisor must inform the donor of their conflict of interest. If the donor still wants the advisor to provide the service, the donor must sign a consent form stating that he/she was informed of the conflict of interest and is retaining the advisor with full knowledge. Professional advisors involved in a voluntary capacity with the Foundation who find themselves in a conflict of interest, should refer to their own professional code of conduct.

1.4 Gift Agreements

In most circumstances, it will be the Foundation's standard practice to ensure gift agreements are in place for all known planned gifts, leadership gifts, and sponsorships.

1.5 Gift Direction

In all cases, staff will work closely with both the donor and the Hospital to ensure there is alignment between the donor's intent and patient need. On rare occasions, a gift may not be accepted due to the Foundation's and/or the Hospital's inability to meet the restrictions placed upon the gift.

1.6 Power to Vary

Should the purpose for which the gift has been received change, every attempt will be made to discuss it with the donor. If gaining donor permission on altering the original use of the gift is not possible, the Board of Directors will realign the use of the gift while meeting, as closely as possible, the original intent. All donor gift agreements will automatically include a Power to Vary clause.

2. Gift Acceptance and Valuation:

The Foundation encourages and solicits contributions of cash, personal and real property, either as outright gifts or through planned gift vehicles that conform to the rules and regulations or guidelines outlined by the CRA and the laws of the Province of Ontario. Whenever appropriate, the Foundation will seek legal advice.

2.1 Cash Gifts

Receipts will be issued for gifts of cash based on the amount received in accordance with CRA guidelines. Gifts of cash in foreign currency are accepted and will be valued at the foreign exchange rate based upon the price of the close of business on the day received. Gifts of actual currency will be accepted at the St. Thomas Elgin General Hospital Foundation Office staff up to a maximum of \$9,999.

2.2 Gifts of Publicly-Traded Securities

It is the Foundation's general practice to accept gifts of securities, subject to Section 2.10 - Controversial Gifts. Upon notification, the donor will be sent a Gift of Stock transfer form to be filled out and returned to the donor's broker. In the event that the shares are not transferred electronically, the form will accompany the signed and notarized stock certificates.

On receipt of the shares, the following steps will take place:

- i) A receipt will be issued to the donor based on the closing price of the securities on the day they are received into the Foundation's account. In the case of non-electronically transferred shares, the date post marked on the envelope or the hand-delivery date will be considered the date of transfer.
- ii) The Foundation will advise its broker to sell the donated shares as soon as possible.
- iii) The net proceeds from the sale of the shares will be directed to fund the activity designated by the donor.

2.3 Gifts of Shares in Privately-Owned Companies

The Foundation may accept shares of a privately-owned company only on a case-by-case basis. Such offers of shares shall be reviewed by the Finance Committee and referred to the Foundation Board for determination on whether the gift shall be accepted. In the event that such shares are accepted, valuation will be conducted in accordance with CRA guidelines.

2.4 Gifts of Life Insurance

Gifts of life insurance are accepted by the Foundation. A donor may gift a life insurance policy to the Foundation by:

- i) Assigning a paid up revocable policy to the Foundation;
- ii) Assigning a pre-existing revocable life insurance policy on which premiums remain to be paid;
- iii) Creating a new irrevocable policy to the Foundation; or
- iv) Naming the Foundation as a primary or successor beneficiary of the proceeds.

When a life insurance policy is irrevocably assigned to the Foundation, a receipt for the net cash value, if any, will be issued. Further, as premiums come due and are paid by the donor, receipts for the amount of the premiums will be issued to the donor.

The Foundation may be named as beneficiary of any life insurance policy and will issue a tax receipt to the estate of the donor on receiving all or a portion of the death benefits.

In the event that a policy is gifted to the Foundation on which premiums remain to be paid, the donor will continue to pay the premiums until the policy is paid in full. If the donor ceases to make premium payments, the Finance Committee will review recommendations from the Executive Director as to whether or not it is in the best interests of the Foundation to continue premium payments or to allow the gift to fail.

2.5 Bequests

The Foundation encourages individuals to include a Bequest in their Will.

For individuals who have made adequate provision for their heirs, encouragement is given to naming the Foundation as a beneficiary. Bequests of specific dollar amounts, residual gifts, publicly traded securities or real property are encouraged.

A donor may also include a contingency clause that provides a Bequest to the Foundation after the death of a named “last survivor”. In this case, a donor may provide to the Foundation all or a portion of the remaining estate following the death of the named beneficiary.

Donors will be advised to seek independent legal counsel in the drafting of their Will; however, sample wording will be made available to donors and their lawyers, and donors will be invited to provide information about their Bequest to the Foundation. It is understood that members of the Foundation will not become involved in the final preparations, execution or witnessing of a Will in which the Foundation is named as a beneficiary.

If the Foundation has any reason to believe the proposed gift might significantly affect the donor's financial position, taxable income, or relationship with other family members, the Foundation will encourage a donor to seek independent advice.

If the Foundation receives a Bequest designated to a service or activity in which the Hospital is no longer engaged, staff will investigate alternate designations in consultation with the Estate's executor.

2.6 Re-insured Gift Annuity

The Foundation is only permitted to accept re-insured gift annuities. All gift annuities are arranged through the Executive Director.

The Executive Director in consultation with the Finance Committee shall determine the minimum amount required for a re-insured gift annuity.

2.7 Gifts of Real Estate

Gifts of real estate may be made as outright gifts, as residual interests in the property or through funding a charitable remainder trust. The following guidelines pertain to gifts of real estate in general. Where real estate is transferred to a charitable remainder trust, additional requirements of the trustee must be met. The donor shall secure a qualified current appraisal of the property. Non-residential (including agricultural) properties must be valued by independent qualified appraisers, at the donor's expense.

The Foundation may request its own independent appraisal and, in that case, will be responsible for all related or associated costs.

The Foundation shall ensure there is clear title to the property. If clear title is not possible, other alternatives may be discussed with the donor to allow the gift to be made.

In the case of the donor being an association or other organization, the Foundation shall ensure that it is properly constituted to make such a gift.

The Foundation shall review other factors, including: zoning restrictions, marketability, current use, cash flow, and other types of risk, to ascertain that acceptance of the gift would be in the best interests of the Foundation.

The Foundation shall consider all appropriate environmental conditions, which may include an environmental assessment by an outside source where deemed necessary, and accept the property only if:

- i) It contains no toxic substances;
- ii) They are removed or other remedies taken assuring that the Foundation assumes no liability whatsoever; or

iii) The environmental assessment is acceptable to the Board of Directors of the Foundation.

It is the Foundation's practice to place any property donated for sale as soon as possible.

Donors making gifts of residual interest in real estate shall be responsible for real estate taxes, insurance, utilities and all other expenses relating to the care and maintenance of the property after transferring title, unless otherwise agreed by the Foundation Board of Directors. The terms of the gift and responsibilities for expenses shall be specified in a deed of gift executed by the donor and the Foundation.

2.8 Gifts of Residual Interest

The Foundation may consider for approval gifts of residual interest. This type of arrangement allows the donor to make a gift – usually artwork or real estate – and continue to either reside in or keep in their possession either until the donor dies or for a specific time.

This type of gift requires that the property be irrevocably transferred to the Foundation. The donor is then entitled to a charitable tax receipt for the discounted or present value of the residual interest owned by the Foundation.

These gifts will be valued based on “discounted value” as determined by actuarial calculations provided by CRA, and receipted according to the Foundation's Receipting Policy. In the case of real estate, the guidelines as stated in Section 2.7 shall be followed. The value of this receipt will not be as large as it would be if this was an outright gift of property to the Foundation, but the donor retains the right to use the property as if it were theirs until death. Any costs associated with guaranteeing the integrity of the gift (ie. insurance, maintenance, etc.) are the responsibility of the donor.

The Foundation reserves the right to review any insurance coverage and to inspect the property from time to time to assure that its interest is properly safeguarded.

2.9 Gifts-In-Kind

Gifts-in-kind, also known as non-cash gifts, are gifts of property. They cover items such as artwork, equipment, securities, and cultural and ecological property.

A contribution of service, that is, of time, skills or efforts, is not property and, therefore, does not qualify as a gift or gift-in-kind for purposes of issuing official donation receipts.

A gift-in-kind will not qualify for a donation receipt if the donor receives any right, privilege, material benefit or advantage in exchange for their donation.

Canada Revenue Agency has set out the following conditions:

- i) There must be a voluntary transfer of the property given with no expectation of right, material benefit or advantage;

- ii) The property must vest with the charity at the time of transfer; and
- iii) The transfer must be irrevocable; and it must be evident that the Foundation will receive full ownership and possession of the property.

The fair market value of a gift-in-kind as of the date of the donation (the date on which beneficial ownership is transferred from the donor to the Foundation) must be determined before an amount can be recorded on a receipt for tax purposes. The person who determines the fair market value of the property must be competent and qualified to evaluate the particular property being transferred by way of a gift.

The Foundation has adopted the following procedures for the acceptance and disposition of gifts-in-kind. These procedures are intended to protect both the donor and the Foundation.

a) Responsibilities:

Any gift-in-kind that is intended for use by the Hospital or within the confines of the Hospital must first be discussed with the appropriate Hospital staff to determine their acceptance or rejection of such a gift.

Any gift that may be accepted must meet any Hospital health and safety standards and policies (i.e. electrical or electronic devices).

Only under special circumstances would the Foundation and/or Hospital accept any gift of used medical equipment and only following a thorough examination by qualified personnel.

Ordinarily the Foundation staff will have discussed the proposed gift with the donor and will have secured consent to refer any gift with a value of \$5,000 or more to the Foundation Board for approval.

The Foundation Office staff shall then obtain all pertinent information about the gift-in-kind. If the Board of Directors decide to accept the gift, the Foundation Office staff is then responsible for coordinating all arrangements for the transfer of the property and for providing the proper receipt and acknowledgement to the donor.

The Board of Directors will determine whether issuing a receipt will be in best interests of the Foundation. They will make this determination based upon information provided by staff and on other information as requested. The Foundation Board may hold preliminary discussions on the proposed gift based upon such information as is available at that time, but it will not act until it has sufficiently obtained all information required. After title to the gift has been transferred to the Foundation, the Foundation Office staff shall be responsible for the management and disposition of the gift.

b) Appraisal:

The donor will be advised to secure a qualified appraisal for fair market value to substantiate the charitable donation receipt. The generally accepted meaning of fair market value (FMV) is the highest price, expressed in a dollar amount that the property would bring, in an open and unrestricted market, between a willing buyer and a willing seller who are knowledgeable, informed, and prudent, and who are acting independently of each other. The value of a property is best based on an arm's length sale and purchase of a similar property at or near the same date.

The donor is responsible for paying for the cost of the appraisal and should be advised accordingly. In special circumstances, the Foundation might agree to pay for the appraisal but only with the concurrence of the Board of Directors.

If the Foundation, acting on its own initiative, orders a second appraisal, it will be responsible for any costs. Appraisals are required for most gifts-in-kind; however, a staff member of the Foundation may do appraisals of gifts of \$1,000 or less. A qualified appraiser with a designation and/or a member of a professional association (i.e. Professional Art Dealers' Association of Canada) will be required for larger gifts of \$1,000 and above.

If the item was purchased by the donor within the last three years, or within the last ten years with the intent to donate it to the Foundation, the FMV is deemed to be the lesser of the purchase price and the current appraisal.

The donor may present an original receipt but the age of the item must be factored in and thus its value may have depreciated. Under CRA guidelines, if both parties agree that the gift is valued under \$1,000, a receipt can be issued for the accepted value. If the donor still feels that it is worth more than \$1,000, an evaluation from a qualified third-party appraiser will be necessary at the donor's expense.

Gift Receipting and Reporting:

A donation receipt will be issued for the fair market value provided a qualified appraiser did the valuation, unless Foundation staff have reason to believe that the value of the property is substantially different from the appraised value. In that case, Foundation staff will inform the donor that it will require a second appraisal.

Gift Information:

General information about the gift-in-kind will be required as well as the appropriate sign-off forms:

- i) An independent, qualified appraisal
- ii) Deed of Gift
- iii) Receipt of Gift

Right of Refusal:

The Foundation reserves the right to refuse a gift that is not useful or easily sold.

The Board of Directors must be mindful of costs associated with the acceptance of a gift-in-kind such as insurance and/or commissions and other costs related to the sale or retention of such a gift.

2.10 Controversial Gifts

It is acknowledged by the Foundation that there is the potential for controversy with the acceptance of gifts and sponsorships from certain individuals, granting foundations, businesses or corporations. The Foundation reserves the right to refuse any gift or sponsorship with or without cause. The Foundation also reserves the right to refuse to issue a charitable receipt if it is the conclusion of the staff or Foundation Board that the gift does not meet the charitable donation criteria and regulations as defined by CRA.

Due diligence should be exercised prior to the acceptance of all gifts and sponsorships using the following guidelines.

3. Evaluation by Staff

- 3.1 All gifts and sponsorships should be evaluated by the Executive Director to ensure that the acceptance of such a gift is in keeping with the Mission and Vision of the Foundation and the Hospital. This includes the core values and governing documents of the Foundation including the Letters Patent and Bylaw;
- 3.2 The Executive Director shall discuss concerns with the Executive and/or Finance Committee and conduct further research if required;
- 3.3 Should a gift or sponsorship be considered as having the potential to be controversial, the Executive Director is obligated to bring the concern forward to the attention of the President of the Foundation;
- 3.4 The President of the Foundation will review offers of gifts with the Executive Director. Upon identification of a gift or sponsorship as controversial, the President will then review the matter with the Foundation's Executive and/or Finance Committee.
- 3.5 The Executive and/or Finance Committee will review the gift or sponsorship offer and present its findings and recommendation to the Foundation Board.

The Executive and/or Finance Committee and/or Board of Directors will use the following framework for decision-making regarding the acceptance of gifts to the Foundation deemed to be controversial:

1. Is there convergence of cause and intent between the donor and the Foundation?

2. Will acceptance of the gift further the Mission, Vision and Values of both the Foundation and the Hospital?
3. How will existing donors, stakeholders and the public view the acceptance of the gift? Will public perception of the organization be strengthened or damaged by the acceptance of the gift?
4. Is there clear charitable intent and a commitment to the work of the Foundation?
5. Is acceptance of the gift consistent with other fundraising activities and/or gifts?
6. Will the reputation of the donor have a negative impact on the reputation of the Foundation and/or the Hospital?
7. Is the Foundation and/or the Hospital in a position to weather any negative perception from the community?
8. Are there any potential liabilities associated with the acceptance of the gift of property or shares of a private corporation?
9. Who is responsible for any costs that may be associated with acceptance of the gift? (appraisals, valuation, assessments, etc.)
10. Will the gift encourage or discourage others to give?

If the gift is otherwise considered appropriate for acceptance, the following may also be considered:

1. Will the gift require ongoing effort to manage and maintain? Is this effort worthwhile considering the value of the gift?
2. Is acceptance of the asset in accordance with the Investment Policy of the Foundation? If not, is the asset immediately marketable or can provision be made to accept and hold the asset until its sale?
3. Does the gift pose any potential liability to the Foundation and/or the Hospital? If there is any question as to liability, independent legal and/or financial advice must be sought and reported to the Hospital President/CEO and the Foundation Board of Directors before a final decision is made.
4. Is the gift a joint gift that involves another charity? If so, are there any implications that would affect the acceptance of such a gift?

5. Declining a Gift

From time to time, there may be reason for the Foundation to decline the offer of a gift. If such a decision is made, the reasons will be fully explained in writing and, where appropriate, in person to

the donor. A decision to decline a gift must be made by the Board of Directors of the Foundation. The following framework for decision-making will be used to determine circumstances under which a gift may be declined:

- i) Health and safety concerns;
- ii) There are conditions to the gift or sponsorship that are not consistent with the goals and Mission of the Foundation?
- iii) The gift or sponsorship may be determined to be controversial or not suitable for acceptance by the Foundation.
- iv) Through the gift, the donor is seeking special privileges or preferential access to medical services.
- v) The gift could financially jeopardize the donor or the Foundation.
- vi) The terms of the gift are illegal or not in keeping with the guidelines of the CRA.
- vii) The Foundation does not have the resources to honour the terms of the gift or to properly determine its value.
- viii) There are known or determined environmental hazards.
- ix) The donor has misrepresented the gift or false promises have been made.
- x) The gift could inappropriately benefit any individual.
- xi) The gift could jeopardize the charitable status of the Foundation.

6. Review

- 6.1 The Gift Acceptance policy will be reviewed every three years.
- 6.2 In the interim, this policy may be revised or rescinded if the Board of Directors deems necessary.
- 6.3 If this Policy is revised or rescinded, all secondary documents will be reviewed as soon as reasonably possible in order to ensure they comply with the revised Policy or, in turn, are rescinded.

7. References

- 7.1 Board Governance Policy, Code of Conduct and Commitment
- 7.2 Code of Conduct Policy (Staff and Volunteers)
- 7.3 Fundraising Practices Policy
- 7.4 Imagine Canada. Standards Program for Canada's Charities & Non Profits.
- 7.5 Planned Giving Policy

7.6 Receipting Policy

7.8 Volunteer Engagement Policy