

Gift Acceptance Policy pertaining to the Cultural Centre Capital Campaign

No. GRECOMM-007

DEPARTMENT:	City Clerk and Public Affairs
POLICY:	Gift acceptance policy pertaining to the Cultural Centre Capital Campaign
POLICY No.:	GRECOMM-007
DATE OF REVISION:	N/A
COUNCIL RESOLUTION NUMBER:	XXX

Background and scope

The City of Beaconsfield (hereafter referred to as the "City" or "Beaconsfield") seeks donations in support of the planned new Cultural Centre ("CC").

Municipal governments can be recognised as a qualified donee by the Canada Revenue Agency (CRA), which allows them to issue official donation receipts and to receive gifts from registered charities. According to the CRA, the City of Beaconsfield was registered on January 1, 2012, as a qualified donee under the Income Tax Act. As a registered municipality, the City can issue official donation receipts for income tax purposes.

Purpose

To review, receive and administer these donations in an appropriate manner, the following policy is proposed to:

- Ensure that the City and Campaign operate in accordance with Canada Revenue Agency with respect to all donations
 - Clarify who may solicit donations on behalf of the City and Cultural Centre Campaign
 - Define the various roles and responsibilities of the parties involved in the donations process
 - Identify the circumstances under which a donation receipt will be issued
 - Outline when donations will be accepted or refused on behalf of the City
 - Identify procedures for gift processing and management (detailed procedures to be developed once gift vehicles approved)
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Definitions

Donation / Gift

The CRA defines a donation or gift as "a voluntary transfer of property without valuable consideration. No benefit of any kind may be provided to the donor or to anyone designated by the donor, except where the benefit is of nominal value". No City service or benefit with a definable monetary value can be given in return for the gift.

Sponsorship

Where the funding party receives a substantial advantage or benefit that can be equated to a monetary value in return for their funding, such as corporate branding on a naming opportunity.

Campaign Steering Committee (CSC)

Provides strategic and management oversight of the Campaign and is responsible for implementing this policy as well as the ongoing performance management of the Campaign. The Committee is comprised of:

- Mayor
- Director General
- Director of Sustainable Development
- Legal Representative from the City Clerk's office
- Accounting representative from the Finance department
- External fundraising campaign advisor

Guidelines

Solicitation of gifts

Professional and successful fundraising requires organization and discipline to ensure that a prospective donor is being approached for a single, approved donation at the right point in the donation cycle and not continually and/or concurrently solicited by various volunteers or individuals. Therefore, while cultivation of potential donors is encouraged, no person shall solicit donations on behalf of the CC Campaign unless authorized to do so by the Campaign Steering Committee and as a recruited and trained member of the Campaign volunteer committees.

The Campaign Steering Committee is responsible for:

- Overseeing, implementing and updating the Gift Acceptance Policy as required
- Assessing a gift's acceptability and overseeing the process of gift management:
 - Administering (e.g. receiving, valuing, recording, depositing, balancing and preparing all required reports for) all donations
 - Issuing charitable tax receipts for donations in accordance with CRA regulations
 - Acknowledging gifts from each donor in accordance with the Donor Recognition and Stewardship Plan
 - Directing donations to the appropriate account, in conjunction with the City's Accounting department
 - Delegating all donations to the City's Finance/Audit Committee

Naming

In cases where the gift will lead to the establishment of a named space in perpetuity, a formal gift agreement is required. With these types of gifts, the Campaign Steering Committee must ensure that:

- Council is aware of the obligation to maintain donor signage in perpetuity
- Sufficient funds are committed to maintain the signage in perpetuity
- A process of recourse exists for the removal of the donor's name in the event of circumstances that render the association undesirable (e.g. criminal conviction)
- The gift does not expose the City to a potentially significant liability
- If precedent-setting or sensitive issues are present, they are adequately assessed and presented to Council by the CSC
- The proposed naming has received the appropriate review and approval by the CSC

Gift acceptance

Any gift that advances the Cultural Centre Campaign, without comprising the mission of either the Cultural Centre or the City, is encouraged. Gifts that will be accepted for consideration include:

- Cash including outright cash, cheques, electronic fund transfers, or credit card payments
- Pledges or morally binding letters of intent to make a donation over several years are accepted. The duration of the pledge should not exceed the three-year pledge payment period.
- Marketable securities: All marketable securities will be sold promptly upon receipt unless otherwise directed by the City's Finance/Audit Committee. In some cases, marketable securities may be restricted, for example, by applicable securities laws or the terms of the proposed gift; in such instances the decision whether to accept the restricted securities shall be made by the CSC.

Certain forms of gifts or donated properties will be subject to review prior to acceptance. Examples of such gifts include, but are not limited to:

- **Life insurance policies or retirement plans:** The City must be named as both beneficiary and irrevocable owner of an insurance policy or retirement plan before it can be recorded as an outright gift. In general, paid-up policies will be surrendered for cash value, unless otherwise advised by the City's Finance/Audit Committee. Insurance policies that are not paid up will not be accepted unless they can be surrendered immediately for cash value.
- **Tangible personal property:** The CSC shall review and determine whether to accept any gifts of tangible personal property considering the following: Is the property marketable? What are the transaction costs? Are there any unacceptable restrictions imposed on the property? Are there any carrying costs for the property for which the organization may be responsible? Is the title/provenance of the property clear?
- **Real estate:** All gifts of real estate are subject to review by the CSC. Criteria for acceptance of gifts of real estate include: Is the property readily marketable? Are there covenants, conditions, restrictions, reservations, easements, encumbrances or other limitations associated with the property? Is the property mortgage-, insurance-, maintenance- and property tax-free? Is an environmental review of the property required? What is the transaction cost?
- **Closely held securities and interests in LP's and LLP's or other ownership forms:** All gifts of these types will be submitted to the CSC for review and consideration of the following: is there an opportunity to sell the stock for cash in the foreseeable future; if not, what are the long-term prospects for the Company; are there restrictions that would prevent or hamper liquidation; are there potential unrelated business income tax consequences; etc.
- **Other assets:** Other assets such as charitable annuities, beneficiary designations, bequests, patents and royalties will be reviewed on a case-by-case basis. In general, if the cost of the donation's management does not exceed its intended value, and the gift can be credited during the life of the CC Campaign, the CSC will endeavour to accept the gift.

N.B. Detailed procedures for the handling of the above donation vehicles should be developed once the gift has been approved.

Gift receipting

All donations to the Campaign will receive an official donation receipt. The following information must be included on the municipal gift receipt in a legible and unalterable manner:

- A statement that it is an official receipt for income tax purposes
- The logo, name and address of the City
- A unique serial number
- The location where the receipt was issued (city, town, municipality)
- The date the gift was received
- The date the receipt was issued
- The full name, including middle initial, and address of the donor
- The amount of the gift
- The eligible amount of the gift (if the donor received something of value in exchange for the gift, the receipt will state the value of the item received)
- The signature of an individual authorized by the qualified donee to acknowledge gifts
- The name and website address of the CRA

Where something of value is provided in return for a donation (e.g. dinner at a special event), the fair market value of the benefit received will be deducted from the original amount of the donation received. The CSC should be consulted where the value of the benefit received is unclear, or to determine if the benefit is of nominal value or not. The Campaign accountant will contact CRA, if necessary.

Donations require an "arms length" relationship between the donor and the beneficiary when a charitable tax receipt is to be issued. Where no "arms length" relationship exists or, where the donor controls the use or specifies a person or family to receive the funds (e.g. private benevolence), no receipt will be issued.

Business receipts, not charitable tax receipts, are provided for corporate sponsorships and private benevolence (gifts to individuals).

Donations will qualify for current calendar year charitable tax receipts if they are postmarked in the current year or officially received at the City in the current year.

Gift refusal

The City reserves the right to abstain from accepting any and all gifts that are not consistent with this purpose for any reason. While the CSC will make every effort to accept all gifts, it retains the right to refuse the offer of any gift. The refusal may be the result of difficulties in administering the gift in accordance with the donor's wishes, the inability to obtain a cost-effective objective appraisal, the illegal nature, or other factors that deem the gift unacceptable. The CSC may also refuse a gift if its acceptance is incompatible with the City or CC's mission, image and values, or compromises the autonomy of either entity.

Suitability of a gift will be determined by the CSC. If necessary, the CSC will bring the matter to City Council for deliberation and a final decision.

Return of gifts

Where events or information available after gift acceptance occurs, which constitutes a significant and continuing challenge to the reputation of the City or the CC, the CSC will seek legal counsel to resolve the issue within the law.

Donor advisory

The CSC does not provide personal legal, financial, tax compliance or other professional advice to donors. Donors are encouraged to seek the assistance of their own legal counsel or other professional advisors in matters relating to the legal, tax and estate planning consequences of their proposed gift to the CC campaign.

Confidentiality

Information concerning all transactions between a donor and the City shall be held by the City in strict confidence and may be publicly disclosed only with the permission of the donor, or in accordance with applicable laws.

Legal counsel

The CSC will seek the advice of legal counsel in matters relating to acceptance of gifts when appropriate. Review by counsel is recommended for:

- Gifts of securities that are subject to restrictions or buy-sell agreements
- Documents naming the City of Beaconsfield as trustee or requiring the City to act in any fiduciary capacity
- Gifts requiring the City of Beaconsfield to assume financial or other obligations
- Transactions with potential conflicts of interest

Gift administration

Receipts

Gift receipts will be issued for all gifts within a maximum of 30 calendar days from the date received, optimally within 10 business days.

Record keeping

Gift records reflecting the name and address of the donor and details of the gift will be maintained in an electronic database and a hard copy of all gift receipts filed for reference if desired. The Campaign Accountant will be responsible for maintaining gift records.

Recognition

It is the CSC's intent to communicate appreciation of gifts whenever it is acceptable to the donor and appropriate. Recognition of gifts will be guided by the Campaign's Donor Recognition and Stewardship Plan.

Gift-in-kind valuation

The CSC will follow the regulations set out by the CRA governing the valuation of gifts-in-kind. A charitable tax receipt is issued for the fair market value of the gift at the date the ownership is transferred to the City. In most cases, this will require some pre-advice and planning with appropriate experts under the direction of the CSC.

Where a charitable tax receipt is provided, if the item is valued at \$1,000 or more, a third party (i.e. arm's length from both the donor and the City) appraisal is required from a qualified appraiser. Where the value of the gift is greater than \$100,000 or the gift is real estate, a second appraisal will be obtained. In both cases, the donor will bear the cost of the appraisals.

Gifts of real estate will only be accepted if they are saleable and mortgage-, maintenance-, and property-tax-free.

Where a charitable tax receipt is not required, the gift must still be recorded to ensure:

- The value of the gift is added to the records of the Campaign
- Sufficient insurance coverage is obtained
- The donor is recognized in accordance with the Donor Recognition and Stewardship Plan

Authorization required for exceptions: Director General

This policy replaces: N/A