

# COMMUNITY FOUNDATION OF OTTAWA

## POLICY

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### POLICY: GIFT ACCEPTANCE

#### Statement:

The following provisions are designed to assist potential donors to the Community Foundation of Ottawa to determine how a proposed gift to the Foundation will be evaluated by the Foundation.

#### THE NATURE OF PROPERTY GIVEN TO THE FOUNDATION

1. **Basic Form of Property Accepted:** The Foundation routinely accepts only property that is readily marketable at reasonable cost. That refers to cash, deposit instruments of a government in Canada or financial institution, publicly traded securities, policies of life insurance, or any other property that is property that the Foundation may invest in consistent with its investment policies.
2. **Acceptance of Other Forms Of Property:** The Foundation recognizes that donors will occasionally wish to give it property that is not described in the previous paragraph, such as real estate, private corporation shares and 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. It therefore reserves the discretion to decline a gift of property because of the nature of the property that is being offered to it. Matters that the Foundation will take into account are:
  - a) The likelihood that the value of the property will be a matter of differing opinions. The Foundation does not wish to become unnecessarily entangled in valuation disputes with CRA.
  - b) The possibility that the property will not sell in a reasonable period of time.
  - c) The potential carrying cost and environmental risk associated with owning the property.
  - d) The potential for controversy associated with owning the property.
  - e) Whether a satisfactory arrangement can be made with the donor with respect to the absorption of the costs of valuation, maintenance and disposition. As a general rule, the Foundation expects the donor to bear the costs associated with the settlement of the gift on the Foundation and the issuance of a receipt therefore, which includes the cost of valuation; and will charge the proceeds of disposition of the gift, rather than its other funds or its general operating expenses, with the costs of maintenance and disposition of the property.
3. **Source of Property:** The Foundation also reserves the right to refuse to accept property the origin of which may bring the Foundation into disrepute.
4. **Annuities:** The Foundation is not permitted to offer charitable annuity products, whether reinsured or reserve based.
5. **Timing of Issuance Of Receipt:** The Foundation cannot issue a receipt for a gift until it is legally the property of the Foundation, and must issue a receipt for the value of the property as of the date that it becomes the Foundation's property. To facilitate the transfer of property (such as publicly traded securities) that has a variable value the Foundation works with the donors' brokers, employing a book based transfer (BBS).

6. **Subsequent Use of Property:** Absent an express agreement made with the donor concurrently with the transfer of property, 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 it was used by the donor. 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.

## THE PROCESS OF DEALING WITH THE DONOR

7. **Confidentiality:** Any information learned by any representative of the Foundation about a donor or proposed donor that it is not required to be recorded publicly will be treated as confidential unless the donor advises otherwise. From time to time, donors will also request the Foundation to treat their gifts as made anonymously. While the Foundation must through at least one officer know who is making the gift, it makes its best efforts to respect such requests.
8. **Donor Recognition:** The Foundation is prepared to provide donors with recognition in a degree consistent with the recognition afforded donors of gifts of similar magnitude, immediacy of effect and degree of restriction.
9. **Informed Donor:** The Foundation encourages donors to work with their own professional advisors in making gifts. It will not solicit or accept a gift from a donor unless it is satisfied that the donor has a bona fide intention to donate to charity and has a proper understanding of the consequences of making the gift, the work of the Foundation, and the uses to which the gift capital and income will be put.
10. **Preference for Agreements:** The Foundation prefers to work with donors to develop agreements with respect to the name, nature and use of their gifts at the time a gift is made. A gift the terms of which are expressed unilaterally (such as a gift made by a Will) may occasionally create some difficulties for the Foundation in that it will not have an opportunity to work with the donor to make the gift more practicable from the Foundation's standpoint.

## THE USE THAT IS TO BE MADE OF THE GIFT

11. **Donations Other Than To Endowment:** The principal mission of the Foundation is to raise, administer and distribute earnings from funds that are held on a permanent or endowed 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 endowment funds. The Foundation exercises broad discretion as to whether or not to accept such gifts and charges an administrative fee in respect thereof of 2% of the value of the gift.
12. **Restrictions on Gifts:** The Foundation is particularly interested in receiving gifts for endowment purposes in respect of which the donor has directed the Foundation in general terms, rather than in particular terms, how the income from the gift will be employed. For example, a gift to be employed to support the arts within the Ottawa region, rather than to support a particular arts organization, will be preferred; and a gift to support charitable activities generally in the Ottawa Region will be preferred to one that is earmarked to the support of the arts. However, the Foundation welcomes gifts for all manner of charitable purposes, and will not decline to accept a gift merely because earnings derived therefrom are to be allocated in a specific manner.
13. **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 the gift has been made, to direct the Foundation as to how it must apply the earnings from the gift. A donor may, however:

- a) Establish, at the time the gift is made, limitations on the uses to which the gift may be put. For example, a donor may specify particular charities or charitable purposes for which a gift may be used. He or she may subsequently waive or loosen such restrictions.
- b) Advise the Foundation from time to time how he or she wishes the earnings from the gift to be applied.

**14. Application of Financial Management Policies:** The Foundation adopts policies from time to time that impose service fees on its funds, settle the manner of investment of the funds, and determine the appropriate portion of funds to distribute for charitable purposes or to be reinvested. Absent any more precise agreement with the donor overriding these general policies, the Foundation will apply its policies equitably to all funds under its control and may amend such policies on a continuing basis.

The Foundation incurs transactional costs in processing gifts donated utilizing credit cards and gifts denominated in foreign currencies. Gifts greater than \$1000 donated with credit cards will continue to be receipted at the gross amount but the net amount after transactional costs will be credited to the fund. Gifts denominated in foreign currencies will continue to be receipted utilizing the Bank of Canada foreign exchange rate in effect upon receipt but the net amount after transactional costs will be credited to the fund.

**15. Nature of Donor's Charitable Purpose:** The Foundation does not seek to pass judgment on the value or merit of the donor's proposed application of the earnings from a gift, so long as the earnings are applied to a charitable purpose. It will, however, communicate all information at its disposal to a donor about the proposed recipient of the earnings.

**16. Community Foundation as Appropriate Recipient:** The principal focus of the Foundation's activities is the Ottawa region. However, the Foundation may accept gifts for any charitable purpose, such as overseas development or projects having a broad Canadian focus. It may refer a donor to another community foundation or charitable organization if it perceives that the donor will be better served by such other organizations.

**17. Preservation Of Donor's Purpose:** Should the Foundation ever be wound up or become incapable of administering a fund to fulfill a donor's purpose, the Foundation will employ the best possible efforts to ensure continued application of the fund to the purpose originally contemplated by the donor.

**18. No Benefit to Individuals:** The Foundation applies the earnings from its funds only to benefit charitable organizations. It does not benefit individuals directly, even if the activities they undertake are charitable in nature.

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| <b>EFFECTIVE DATE:</b>           | May 25, 1999  |
| <b>LAST REVISED OR REVIEWED:</b> | February 2011 |
| <b>SUBJECT TO REVIEW:</b>        | February 2016 |