

THOMPSON COMMUNITY FOUNDATION

GIFT ACCEPTANCE & DISCLOSURE POLICIES

Background:

Established in 1995, the Thompson Community Foundation's permanent endowment was created to care for the needs of the citizens Thompson in perpetuity.

Our Vision is to be a community leader, a catalyst and a trusted agent for philanthropy, benefiting our community, today and forever.

The Thompson Community Foundation encourages the acceptance of gifts, which enable us to fulfill our Mission:

“to create a growing investment pool of capital resources and use revenue earned by the capital pool to benefit the community of Thompson”

The Need for Policy Statements:

The Thompson Community Foundation (hereinafter referred to as the Foundation) is a vehicle through which a donor can support the community. This policy is designed to provide guidance to the public so as to facilitate the gift giving process. The policy is important in ensuring that donors are fully informed so that their gifts are made in a manner that is consistent with their objectives. It clarifies the mission of the Foundation and, along with any specific Fund Agreement, the roles, responsibilities, and expectations of the Foundation and its donors.

A Gift Acceptance Policy also provides guidance for the Foundation Board's decision-making. It ensures that gifts to the Foundation are made in accordance with legal and ethical regulations and guidelines.

And finally, the policy can help to enhance long-term relationships with donors, and encourage donors and Foundation representatives to work together to provide the most effective benefits to our community consistent with 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 donated resources, and of its capacity to use donations effectively for their intended purposes.

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- 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 financial statements.
 - d. To be assured their gifts will be used for the purposes for which they were given.
 - e. To receive appropriate acknowledgement and recognition.
 - f. To be assured that information about their donations is handled with respect and with confidentiality to the extent provided by law.
 - 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 donation and to receive prompt, truthful and forthright answers.
2. Foundation volunteers, friends and staff members are authorized to encourage donors to make both 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 the donor to discuss the proposed gift with independent legal and/or tax advisors of the donor's choice so as to ensure that the donor receives a full and accurate explanation of all aspects of the proposed charitable gift.
5. The Executive Director is authorized to negotiate planned gift agreements with prospective donors, following guidelines approved by the Board of Directors. Gifts will be planned to benefit the community through the Foundation, and to effectively interpret donors' charitable interests.
6. All fund or gift agreements 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 prototype needs to be approved. Gift agreements will clearly identify that it is the responsibility of the Board of Directors to approve all disbursement of net income from endowed funds. In the case of donor advised funds where the clear interests of the Foundation is to encourage donor participation in selecting those charitable organizations to which grants will be directed, the donor should be made aware that the Board requires that recommendations ensure that distributions:

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- a. are used exclusively for the pursuit of charitable purposes;
 - b. are within the legal framework of the Foundation's charitable objects, and are consistent with its policy and practice;
 - c. enable the Foundation to exercise appropriate accountability and transparency; and
 - d. incorporate sufficient flexibility to allow the Foundation to be responsive to complex situations and changing environments.
7. All gift agreements must be reviewed and signed by two Foundation signing authorities. (see **Appendix B - Use of the Gift**)
 8. The Board of Directors reserves the right to decline to accept a gift based on lack of consistency with the Foundation's mission; desire of the donor to exert unacceptable conditions or controls over 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; or other factors agreed to by the Board of Directors.
 9. 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.
 10. The Foundation may obtain independent assessment of the value of gifts of property.
 11. The Foundation will not serve as executor of a donor's will or trustee of a charitable remainder trust, but may refer the donor to trust institutions that have agreed to provide this service. Foundation staff and Board members, who are executors in their own right, will fully disclose their role in any situation where the Foundation is a charitable beneficiary.
 12. Donors' wishes regarding recognition or anonymity regarding a gift will be respected, provided that any recognition is congruent with the Foundation's usual standards of practice and legal requirements.
 13. These Gift Acceptance Policies may be amended at any time by a majority vote of the Board of Directors.

Gift Disclosure Policies:

1. It is the policy of the Foundation to publish in its Annual Report, the name 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, in which case the Foundation assigns a number, i.e. Anonymous Fund No. 35.

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2. 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.
3. For tribute gifts (memorial, birthday, anniversary, graduation, etc.) the family is notified of all donors' names unless the donor wishes to remain anonymous. No individual gift amounts are divulged; only fund balances.
4. For all other gifts to funds where the founder of the fund is still living, donor's names and the amount will be divulged to the founder upon request by the founder unless the donor has requested that the gift be anonymous.
5. Where a formal fund agreement has been executed, the founder 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

This is the most common type of giving. Outright gifts, either cash or other property, provide support for a charity's day-to-day activities, for special projects or in the case of the Foundation, to be capital for an endowment fund intended to provide annual income in perpetuity. There are many ways of making outright gifts, but they share a common characteristic: as soon as the gift is made it can be put to use. The Board of the Foundation establishes guidelines or minimum recommended funding thresholds to establish a named endowment fund.

- a. **Giving Cash:** Gifts of cash, whether by cheque, money order, credit card or direct debit currency, are the most familiar way to contribute an outright gift to a charity. 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.) Direct debit process requires the donor provide banking information and directions for a specified period of time and for a specified amount.
- b. **Credit Card Gifts:** A gift by credit card is considered to have been made on the date the obligation was incurred.
- c. **Payroll Deductions:** Employee payroll deductions are only authorized by the employee in writing to the Financial Administrator. They must be authorized by the employee in writing for a specified period of time and for a specific amount. Payroll deductions can be terminated at any time upon written request of the employee.
- d. **Gift of Securities:** Publicly-traded securities are securities regularly traded on a public stock exchange. This is the most common form of non-cash gifts and currently receives

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increased tax benefits. The value of the gift will be the fair market value as determined at the time the gift is received. 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 Board of Directors.

- e. **Gifts of Other Appreciated Property:** All other gifts of appreciated property may only be accepted after consultation with the Board of Directors. The ready marketability of the property and the carrying costs associated with it are among the factors in determining the acceptance of the gift.
- f. **Life Insurance:** The assignment of ownership of an existing life insurance policy will be accepted by the Foundation. A tax receipt will be issued for the cash surrender value of the 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.
- g. **Interest Free Loans:** Foundations cannot accept this type of gift.
- h. **Strip Bonds:** A corporate or government bond where interest coupons have been stripped away will be accepted.

2. Deferred Gifts

Deferred gifts, where the donor arranges the gift now but retains the use of, or the income from the property, will be accepted. The Foundation's use of the gift is deferred to a future time.

- a. **Bequest:** Many people who would like to make a substantial gift to charity cannot afford to part with assets during their lifetimes. Drawing up a will and directing a portion of one's estate to charity is the common type of future gift.

Over the years, the Foundation has accepted many bequests. A general bequest designates a certain dollar amount of property, usually cash, to the charity you select. A specific bequest directs that charity to receive a specific piece of property. A residual bequest designates for the charity all or a portion of whatever remains after all debts, taxes, expenses and other bequests have been paid. A contingent bequest takes effect only under certain conditions.

- 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.
- c. **Gift of Retirement Fund Accumulations:** Retirement Funds constitute one of the major assets of most people. From time to time and subject to current legislation, the Foundation may benefit from leftover retirement funds where there is advantage in having the charitable tax credit offset the tax on distribution of an RRSP or RRIF.
- d. **Gift Annuity:** The Foundation is not permitted to offer charitable annuity products.
- e. **Charitable Remainder Trusts:** A charitable remainder trust is a deferred giving arrangement under which a donor transfers property (cash, securities or real estate) to a trustee. The donor retains the right to the income from the trust either for life or a

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specified term of years. The Foundation has irrevocable title to the assets when the donor dies.

- f. **Gifts of Residual Interest:** A gift of a residual interest allows the donor to make a gift of property (usually real estate or artwork), get a donation receipt, and retain the use of that property during his/her lifetime. The donor receives a donation receipt for the present value of the "residual interest" they give - irrevocably - to charity. However, the donor remains responsible for maintaining the property that ultimately will go to charity. Capital gains are calculated in a similar fashion to the formula applied to Charitable Remainder Trusts.

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 a permanent endowment fund. The annual income generated by this fund is distributed as grants. The Foundation reserves the right to retain a portion of the annual income generated by the fund to offset administration expenses.

2. Donations Other Than to Endowment:

As a service to donors, the Foundation also accepts from time to time, gifts that are not intended to be held as endowment funds. Generally described as "flow through" or "spend down" funds, the intent of the donor is to see the gift distributed over a specified period of time. The Foundation exercises broad discretion as to whether or not to accept such gifts. Any interest income earned on "flow through" gifts is used by the Foundation to defray its administrative costs whereas "spend down" funds are generally treated similarly to permanent endowments. The Foundation reserves the right to negotiate the payment of a portion of the "flow through" or "spend down" funds to offset administration expenses.

3. Restrictions on Gifts:

The needs of our community are continually changing and in order to respond effectively to grant applications, the Foundation prefers gifts that are, at least in part, "undesignated" or specified for a "field of interest". This allows the Foundation future discretion to support community projects as they are identified by charitable agencies. However, The Foundation welcomes gifts for all manner of charitable purposes, and will not decline to accept a gift because earnings derived there from are to be allocated in a specific manner. The Foundation reserves the right to negotiate a fee relating to such "designated" or "field of interest" gifts to offset administration expenses.

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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. Advise the Foundation from time to time on how he or she wishes the annual earning from the gift to be applied through either a "donor advised" or "field of interest" arrangement; or
- b. Establish, at the time the 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 are also quite common.