



GIFT ACCEPTANCE GUIDELINES

1. INTRODUCTION

In keeping with CSEG Foundation values and goals, and in accordance with Canada Revenue Agency (CRA) policy related to charitable giving, the purpose of these *Gift Acceptance Guidelines* is to summarize the general policies applicable to all charitable gifts given to the CSEG Foundation and to identify various means of charitable giving and the specific guidelines related to acceptance of each type of gift.

2. GIFT DEFINITION

A gift “is a voluntary transfer of money or property for which the donor expects and receives nothing of value in return” (Canada Revenue Agency). Donations to registered charities, including the CSEG Foundation, are eligible for a charitable tax receipt that may be claimed as a non-refundable tax credit on an income tax return.

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. Canada Revenue Agency defines nominal value as a fair market value of less than the lesser of \$75 or 10% of the gift amount. It is permissible and encouraged for donors to receive on-site recognition for their gift, signage and plaques, or naming opportunities for buildings, scholarships, etc. (See Appendix 1 for gift types.)

(a) Eligible amount of the gift

If the CSEG Foundation provides something of value in return for a gift (including admission to a fund raising event) the donor’s tax receipt is reduced by the fair market value of the benefit received.

(b) Non Gifts

The following transactions do not constitute philanthropy and are *NOT* eligible for charitable tax receipts:

- (i) A gift of service for associated expenses (i.e. professional services).
- (ii) Purchasing an item or service from the CSEG Foundation.

3. MEANS OF GIVING

The CSEG Foundation encourages and solicits contributions of cash, securities, and personal and real property, or through planned giving vehicles in accordance with Canada Revenue Agency *IT-110R3 - Gifts and Official Donation Receipts*. Planned gifts include bequests, life insurance policies, and gift annuities.



4. DESIGNATED GIFTS

All gifts, regardless of value, form or designation, should be made payable to the CSEG Foundation. Donors may choose to have their gift fully expended or endowed and may direct their gift to a specific project provided that:

- (a) No benefit accrues to the donor. (Naming opportunities excluded.)
- (b) The directed gift does not benefit any one person.

- (c) Decisions regarding use of the donation within a program rest with the charity, although, where possible, the CSEG Foundation will act in concert with and be respectful of the donor's wishes. On rare occasions, a gift may be declined as a result of limitations proposed by the donor (or the source of the funding). See Section 10 for guidelines on declining a gift.

5. INVESTMENT POLICY

For endowment gifts, it is the CSEG Foundation's policy to annually spend the income earned on the investment to a maximum of 5 per cent (%) of the capital. This value is subject to change at the discretion of the Board of the CSEG Foundation. In all instances, the principal will not be eroded, and any additional income earned in excess of 5 per cent (%) will be re-capitalized to ensure the growth of the endowment.

6. RESPONSIBILITY TO DONORS

The CSEG Foundation holds all donors in high esteem. While seeking donations in support of a program's priorities, without exception, the CSEG Foundation's donor relationships are of utmost priority.

7. TAX CONSIDERATIONS

In accordance with Canada Revenue Agency *IT-110R3 - Gifts and Official Donation Receipts*, the CSEG Foundation requires the following in regard to official donation receipts:

(a) Receipts

Receipts are only issued for funds that the CSEG Foundation will be responsible for spending. Management of charitable receipting rests with the CSEG Foundation Board of Directors; this includes requesting all the necessary paperwork, as per Section 8, before issuing a charitable tax receipt. The Board has the responsibility to further question the validity of a charitable gift received by the CSEG Foundation.



(b) Preparation of Receipts

A copy of each receipt is stored electronically for the CSEG Foundation. Each receipt bears its own serial number, and is signed by an authorized representative of the CSEG Foundation. In instances of donations of property the fair market value of the property at the time the gift was made, as well as the date of the gift, a description of the property, and the name and address of the appraiser, is required for the receipt. Costs associated with appraisals etc. will be born by the donor.

(c) Control of Receipts

The CSEG Foundation will guard against the unauthorized use of official receipts.

(d) Lost or Spoiled Receipts

The CSEG Foundation may issue a replacement for an official receipt. The replacement receipt must include a notation confirming it as a “duplicate receipt”. The CSEG Foundation must mark the spoiled receipt as “cancelled”.

8. TYPES OF GIFTS

The Policy for accepting, processing, acknowledging, and receipting gifts to the CSEG Foundation is as follows:

(a) Gifts of Cash

Gifts of “cash” — cash, cheque, money order, and credit card payment — are accepted by the CSEG Foundation.

(b) Bequests

A bequest is a provision in a will directing assets from an estate to the CSEG Foundation. There are several types of bequests accepted by the CSEG Foundation:

- (i) A *specific bequest* provides the CSEG Foundation a specific sum of money, stated percentage of an estate, or a specific property such as real estate or securities.
- (ii) A *residual bequest* leaves all or a portion of the estate after providing for other beneficiaries.
- (iii) A *contingency bequest* ensures that the CSEG Foundation receives all or a share of the estate in the event of the prior death of certain other beneficiaries.
- (iv) A *residual bequest subject to life interest* applies when the donor chooses to have the CSEG Foundation receive the bequest following the death of certain other beneficiaries who have use of the assets in the estate for their lifetime.
- (v) An *estate tax elimination* clause. “To Pay or to transfer as a charitable donation to the CSEG Foundation sufficient funds or specific assets as determined by my Trustee in his absolute discretion, to achieve the maximum allowable reduction, including if possible the complete elimination, of any federal and provincial Canadian income tax which would otherwise be payable by myself or my estate in the year of my death and the year preceding my death.”



Bequests to the CSEG Foundation are eligible for a charitable tax receipt. The CSEG Foundation recommends that the donor consults with legal counsel or estate planner to ensure that the terms of the bequest are adequately stated in the donor's will. The CSEG Foundation retains the right to decline a gift if the donor did not retain independent counsel.

(c) Life Insurance

Gifts of life insurance may be contributed to the CSEG Foundation in two ways:

- (i) A donor may donate an *existing policy* by designating the CSEG Foundation as the beneficiary and owner of the policy. The CSEG Foundation will issue a charitable tax receipt for the policy's Fair Market Value (FMV). On Oct 5, 2007, CRA changed its position on the determinant of the Fair Market Value of life insurance policies as stated in the third paragraph of IT 244 R3.

CRA will allow life expectancy and other factors be used by an actuary to determine the FMV for the purposes of determining the eligible amount of the gift. Factors to be considered in determining the value of a life insurance policy should include:

- a) The policy's cash surrender value
- b) The policy's loan value
- c) The policy's face value
- d) The state of health of the insured and his/her life expectancy
- e) The policy's conversion privileges
- f) Other policy terms, such as term riders, double indemnity provisions
- g) The policy's replacement value

If the policy is not yet fully paid-up, the donor will receive tax receipts for any additional premium payments made after the policy is assigned. Upon the donor's death, the CSEG Foundation receives the value of the policy.

- (ii) In donating a *new policy* that names the CSEG Foundation as owner and beneficiary, the donor will receive charitable tax receipts for the full amount of each annual premium. Upon the donor's death, the CSEG Foundation receives the value of the policy. Donors may also choose to direct the insurance proceeds from an existing or new policy to their estate and to name the CSEG Foundation as the beneficiary of those proceeds in their will. As per other specific bequests, the donor's estate receives a charitable tax receipt for the proceeds of the policy.

Life insurance policies owned by the donor and naming the CSEG Foundation as beneficiary or secondary beneficiary are *not* eligible for a charitable tax receipt. In this instance, the gift is revocable as the designated beneficiary can be changed. However, if the beneficiary designation remains in place at death, the death benefit will be paid to the CSEG Foundation and the donor's estate will receive a tax receipt for that amount.



(d) Public and Private Securities

The CSEG Foundation accepts gifts of *publicly-traded securities* traded on a recognized stock exchange and including stocks, bonds, bills and mutual funds. The value of such a gift is determined by the final trading value of the donated shares at the end of the day of the donation date.

(e) Gifts-in-Kind

The CSEG Foundation accepts gifts of clothing, furniture, books, art work or, equipment, software, and other property. Respecting the donor's wishes and the CSEG Foundation values and needs, the CSEG Foundation may retain the gift or sell it and apply the proceeds in a fitting manner, where possible in consultation with the donor. A charitable tax receipt is issued for all gifts of property for the Fair Market Value (FMV) at the date of transfer. An independent qualified appraiser determines the value if the value of the gift is over one thousand dollars (\$1,000.00).

The donation may be directed to the CSEG Foundation by a volunteer explicitly requesting a tax receipt in lieu of being reimbursed for previously approved expenses that were incurred by participating in a CSEG Foundation initiative or activity.

CRA ruling on expenses and redirection states that provided the volunteer has a right to reimbursement from the registered charity for the expenses incurred, the charity may treat the right to reimbursement as a gift in kind and issue a receipt for income tax purposes.

(f) Gifts of Real Estate

The CSEG Foundation is pleased to accept gifts of real estate, as appropriate, in accordance with CRA rules. Costs associated with appraisals, fees and commissions, etc., will be born by the donor. Consideration should also be given to the cost of taxes, if applicable, maintenance, cataloging, preservation, environmental impact delivery, insurance, management or special requirements. A formal procedure should be in place for any special considerations before the gift is fully accepted, to protect both the donor and the CSEG Foundation.

(g) Charitable Gift and Annuity

A gift annuity is an irrevocable transfer of money or other assets to the CSEG Foundation. A portion of the principal is used to purchase an annuity from an insurance company. The cost of the annuity is based on the donor's age and income requirements. The remainder of the principal is considered an outright gift used for the purpose specified by the donor. The annuity pays the donor a guaranteed income for a specific time or for the remainder of the donor's life.

9. GIFT ACKNOWLEDGEMENT, DONOR RECOGNITION, AND DONOR STEWARDSHIP

Donor recognition guidelines and processes are based on donors' needs and wishes, and allow the flexibility required to respect the individuality of the donor. The key purpose of donor recognition is to sincerely show respect for, and appropriate gratitude to, donors who support the CSEG Foundation.

(a) Gift Acknowledgement

All gifts given to the CSEG Foundation are acknowledged by the Board Chair or a designated Board Member.



(b) Donor Recognition

Donors should be recognized and thanked in ways that are meaningful to the donor while striving to ensure each donor is involved and engaged with the CSEG Foundation. Please refer to the CSEG Foundation Recognition Policy.

10. DECLINING A GIFT

At times, the CSEG Foundation may choose to decline a gift. The following conditions justify such an action, although other situations may also occur:

- (a) The gift constitutes a non-gift as per Canada Customs and Revenue Agency *IT-110R3*, outlined in Section 2 (b) of *Gift Acceptance Guidelines*.
- (b) There are unusual features to the gift that are contrary with the objectives, values and goals of the CSEG Foundation.
- (c) The gift could not be fairly assessed and processed prior to calendar year end as per CRA gift-in-kind guidelines.
- (d) The gift could financially or morally jeopardize the donor and/or the CSEG Foundation.
- (e) The gift or terms of the gift are illegal.
- (f) The CSEG Foundation is unable to honour the terms of the gift.
- (g) An appropriate fair market value cannot be determined, or will result in unwarranted or unmanageable expense for the CSEG Foundation.
- (h) There are physical or environmental hazards to the CSEG Foundation in accepting the offered gift.
- (i) The gift could jeopardize the CSEG Foundation charitable status.
- (j) The gift could improperly benefit an individual.
- (k) The gift has conditions unacceptable to the Board of the CSEG Foundation.



APPENDIX 1

Gifts Accepted by the CSEG Foundation

Shares of securities

Mutual fund shares

Distributions from commercial annuities

Real property (land and/or buildings)

Tangible personal property (i.e. appraised works of Art)

Bequests

Charitable gift annuities

Life income arrangements

Life insurance policies (where CSEGF is owner and beneficiary)

Distributions from retirement plans

Oil, gas, and mineral interests

Flow-Through shares

Timeshares and partial interests in real estate

Business interests

Closely-held securities

Automobiles, boats and other vehicles