

PROCEDURE

POLICY NUMBER AND NAME:	A41 Gift Acceptance
VICE PRESIDENT Sign Off Date:	Patrick Machacek / December 9, 2018

The following procedures guide the acceptance, processing, acknowledging and receipting gifts to the Olds College.

Representatives of Olds College may enter into discussion of donation and sponsorship opportunities with any Donor or potential Donor, recognizing that responsibility for final approval resides with the Vice President, Development and Strategy.

Recognition for all gifts received will be equal to the value of the gift, receipted or non-receipted, and will be accorded recognition at the appropriate category and level on an annual and cumulative basis as per Olds College Donor Recognition and Stewardship Policy B22. All gifts will be recorded in the Donor database for Donor recognition purposes.

Charitable receipts are not issued for donations that are not deemed to be gifts as defined by CRA, however, non-charitable business receipts may be issued for the Donor's records. In order for a transfer of funds or gifts-in-kind to be considered a "gift" and therefore receiptable, it must be: 1) voluntary 2) a complete transfer 3) property, and 4) have donative intent on the part of the donor. If any of these elements is missing, a receipt should not be issued. (Reference: <https://www.canada.ca/en/revenue-agency/services/charities-giving/charities/operating-a-registered-charity/receiving-gifts/what-a-gift.html>)

A. Gifts of Cash

Monetary gifts, solicited and unsolicited, will be processed by the Development Office. Monetary gifts will be forwarded to Business Services upon receipt and placed in appropriate accounts to ensure that the gift is spent in accordance with the Donor's wishes. All goods and services purchased using donated funds will be made in accordance with Olds College Policies and Procedures. Charitable tax receipts will be issued by the Development Office.

Tax Receipting

As per CRA Guidance, charitable tax receipts issued by the College for cash gifts must contain the following information:

- a statement that it is an official receipt for income tax purposes
- the name and address of the college as on file with the Canada Revenue Agency (CRA)
- a unique serial number
- the registration number issued by the CRA
- the location where the receipt was issued (city, town, municipality)
- the date or year 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 amount and description of any advantage received by the Donor
- the eligible amount of the gift
- the signature of an individual authorized by the charity to acknowledge gifts
- the name and website address of the CRA

(Reference:

<https://www.canada.ca/en/revenue-agency/services/charities-giving/charities/operating-a-registered-charity/issuing-receipts/what-information-must-on-official-donation-receipt-a-registered-charity.html>)

B. Gifts-in-Kind (GIK)

A gift-in-kind refers to a gift of property (a non-cash gift) such as capital property (including depreciable property) and personal-use property (including listed personal property).

Category of Gift-in-kind

1. *Gift of Goods through transfer of ownership or lease (New & Used)* – A GIK refers to a gift of property (other than cash) such as capital property (including depreciable property) and personal-use property (including listed personal property). As per Canada Revenue Agency property (including depreciable property) and personal-use property (including listed personal property). Cultural property or ecological gifts must be identified as they follow a different process.
2. *Gift of Service* – A donation of a service performed. May include tool repair, instructional time or consulting work.
3. *Gift of Land or Real Estate* – To be evaluated for acceptance by the Vice President, Development and Strategy and President.
4. *Gift of Lease Options or Securities* – Contact Vice President, Development and Strategy

Gifts-in-kind are addressed by the Vice President, Development and Strategy or designate, who will determine the appropriate person within the receiving school or department to approve whether or not the offered gift is useful and acceptable. Respecting the Donor's wishes and Olds College's values and needs, Olds College may retain any gift received or it may be sold with the proceeds applied in a manner agreed upon by mutual consent of the Donor and the College (and/or as outlined in the Donor agreement). The administration of a gift-in-kind will involve the Department of Development in cooperation with the Department of Business and Financial Services. Expenses associated with the ongoing maintenance of the gift are the responsibility of the receiving department.

The acceptance of a gift-in-kind must meet the criteria of the Gift in Kind Acceptance form, which is to be initiated by the department head receiving the gift. (Appendix C)

If the donation is not accepted by Olds College, then the Vice President, Development and Strategy, Dean, Department Head or designate of the area involved, shall write a letter of regret to the potential donor.

Gifts-in-Kind Over \$1,000:

If a donation is accepted by Olds College and the value of the gift-in-kind is deemed over \$1,000, prospective donors will be made aware that the College may be required to hire one (1) independent qualified appraiser to determine the Fair Market Value of the item(s).

Expenses associated with independent valuations will be, whenever possible, borne by the Donor. In cases where the Donor is not willing to accept these expenses and the college feels that the benefit of the gift validates the expense, that expense will be the responsibility of the receiving department.

If it is difficult to find an independent appraiser, or if doing so would involve unwarranted expense, CRA will accept a valuation from a "qualified" expert independent from the charity for gifts in excess of \$1,000. Evidence of attempts to secure an independent evaluator or evidence of excessive expense must be provided. All evidence supporting the valuation must be kept on record, along with evidence qualifying the Valuator.

Gifts-in-Kind Less Than \$1,000:

Where the gift is \$1,000 or less, valuation will be made by an Olds College staff member or outside expert, provided the staff member or expert is knowledgeable in the field, and is qualified to establish the value of the gift.

For "new" items that are donated, the Fair Market Value may be determined using the recent receipt or paid invoice as long as that value is in alignment with what is available within the market. For those gifts where a Fair Market Value cannot be fairly determined for receipting purposes, no receipt (charitable or non-charitable) shall be issued, however, the approximate value will be recorded in Donor database for the purpose of Donor recognition.

If a potential donation is delivered to the intended recipient before being assessed, the recipient shall ensure that the item is sent to Department of Development so that a valuation can be made, or shall notify Development that it is impractical to transfer the item. A representative from Development will arrange for a valuation to be made.

Tax Receipting:

A “charitable” tax receipt is issued for the Fair Market Value of property at the date of transfer when the following conditions apply:

- Ownership of the gift is transferred to Olds College, by the rightful owner and Donor.
- A Fair Market Value for the gift can be established (refer to valuation and appraisal below).
- The gift is deemed useful to the College and the Dean or Department designate has approved acceptance.
- The Donation may not be required by the College, but the gift is deemed to have desired sales value and ease of appropriate disposal for benefit.

Donation receipts for gifts-in-kind must include the following items in addition to the usual tax receipt information:

- A brief description of the gift received by the charity (e.g. serial number, make and model)
- The name and address of the appraiser (if the gift was appraised)

(Reference: CRA Deemed Fair Market Value Rule

<https://www.canada.ca/en/revenue-agency/services/charities-giving/charities/operating-a-registered-charity/issuing-receipts/deemed-fair-market-value-rule.html>)

Note: Gifts of Service and no-cost lease DO NOT qualify for a charitable tax receipt according to the CRA guidelines. (See F. Gift of Service below.)

C. Sponsorships

Sponsorships are a mutually beneficial business arrangement between the College and an external organization, company or enterprise where the external organization contributes funds, goods or services in kind to a College (or College related) program, event or activity in return for acknowledgement, recognition or other promotional consideration related to the program, event or activity.

Sponsorship opportunities will be evaluated based upon their value to the College. Items to be considered include:

- Fit with Mission and Vision of Olds College
- Increased awareness of Olds College and Olds College brand
- Enhancement of Olds College’s image
- Revenue potential for donations/scholarships
- Improved community relations
- Credibility of potential sponsor
- International opportunities
- Student recruitment opportunities
- Student employment opportunities
- Penetration of a specific market segment
- Synergy or fit between the sponsor’s brand and that of Olds College
- Royalties
- Price reductions
- Ensuring that sponsorship on College property must not have any adverse effect on public safety and must minimize Olds College liability

It is important that College community members make Department of Development aware of any event or project sponsorships. This includes sponsorship of athletic teams, club activities and other college events (e.g., Rodeo, fashion show, etc.). These sponsorships often cross many boundaries and must be communicated and coordinated in a professional manner for the benefit of the College and the Sponsor.

Sponsorship agreements must be made in writing with clear explanation of commitments and responsibilities. Sponsorships may be in the form of cash or in-kind. Due to the nature of Sponsorship the Donor/Sponsor usually receives “benefit or advantage” for their gift. When the Fair Market Value of set benefits cannot be determined or when the value is equal to or greater than the gift, no charitable Tax Receipt is issued. This is the case in the majority of College Sponsorship and/or

Auction

situations. However, on the rare occasion when the Fair Market Value of the advantage can be sufficiently determined and that value is less than 80% of the gift a receipt may be issued for the amount exceeding the advantage.

(Reference: CRA S7-F1-C1, Split-receipting and Deemed Fair Market Value

<https://www.canada.ca/en/revenue-agency/services/tax/technical-information/income-tax/income-tax-folios-index/series-7-charities-non-profit-organizations/series/income-tax-folio-s7-f1-c1-split-receipting-deemed-fair-market-value.html>)

D. Gifts of Real Estate

Olds College will consider accepting gifts of real estate based upon program needs, alignment with Vision and Mission, accessibility and conditions of its use or sale. Gifts of real estate may be made in various ways:

- outright gifts
- residual interest in the property
- to fund a charitable remainder trust
- to fund additional investment opportunities

* See — Gifts of Residual Interest (below in Charitable Trusts)

The following guidelines govern the acceptance of a gift of real estate:

1. The Donor shall seek a qualified written appraisal of the property at his/her expense; should the Donor not be inclined to do this and the Olds College Executive feels that the value of the property to the College warrants it special considerations will be made to incur the costs involved with appraisal.
2. From time to time, it may be necessary for Olds College to secure an additional independent appraisal in order to establish Fair Market Value and the amount of the income tax receipt.
3. The administration of a gift of real estate will involve the Vice President, Development and Strategy or designate in consultation with the Vice President, Corporate Services and Chief Financial Officer or designate.
4. Various factors, including zoning restrictions, environmental factors, marketability, current use and cash flow, will be taken into account to ascertain that acceptance of the offered gifts is in the best interests of Olds College.
5. Olds College may consider commissioning an environmental assessment of the property to ensure the real estate does not present a liability to Olds College.
6. The College will determine that the Donor has clear title to the property.
7. A Charitable Tax Receipt will be issued for the deemed Fair Market Value less any advantage of the property once title has been transferred free and clear to the College.

E. Public and Private Securities

The gifting of “publicly listed securities” has become increasingly attractive for Donors who wish to reduce capital gains tax. Olds College willingly accepts gifts of securities (stocks, stock options, bonds and mutual funds), recognizing the potential volatility in daily market prices and the need to act quickly and efficiently in representing the interests of both the Donor and Olds College. The administration of a gift of securities will involve the Vice President, Development and Strategy or designate, in consultation with the Vice President, Corporate Services and Chief Financial Officer. A donation of publicly listed securities are defined as those traded on a “recognized stock exchange” as determined by the Income Tax Act. Donations of public securities may be handled in one of two ways:

1. Transfer of securities—the Donor may instruct their investment firm to transfer securities, in negotiable form, from their account to Olds College’s investment account.
2. Presentation of certificates — the Donor may deliver properly endorsed certificates (signed off exactly as registered with signature(s) guaranteed by a bank or investment firm) to Olds College.

Valuation of the securities, in negotiable form, will be determined by the value at the close of trading on the date received by Olds College. Any costs incurred in providing this valuation will be the responsibility of the Donor.

Donation receipts for gifts of securities will include the following items in addition to the usual tax receipt information:

- a brief description of the gift received including name of stock holdings, number of shares donated and value of individual stock at close of trading on date received
- the name and address of Broker

Where possible, it is preferable to receive such gifts via book based transfer rather than in certificate form. In the instance of a book based transfer of public securities between investment firms, the Vice President Corporate Services and Chief Financial Officer (or designate) in consultation with and assistance from the Vice President, Development and Strategy or designate will:

- consult directly with the investment firms of both the Donor and Olds College;
- identify immediately to Olds College's broker the name of delivering investment firm, name and number of delivered shares, CUSIP (Committee on Uniform Security Identification Procedures) number of shares, name of the Donor, and request confirmation, for charitable receipt purposes, the date the security was received in Olds College's investment account. In the event of US source securities, the same procedures apply but will also include the CN/US exchange rate on the day of the transfer. The exchange rate will appear on the official receipt provided to the Donor.

In the instance of a gift of private securities, the Olds College representative will assess, in consultation with appropriate parties, if the gift is acceptable, in that it can likely be sold in the future to the issuer, other stockholders or others interested in acquiring the issuer. In the instance of a gift of private securities, the Donor, at his or her expense, will retain independent counsel for the purpose of valuing the proposed gift. Decisions regarding the sale of shares rest with Olds College investment counsel in accordance with the directions given by the appropriate Governing Board of Olds College through Investment Policy

B14. Olds College retains the right to decline a gift of shares if the offered public or private securities are deemed a liability to Olds College.

F. Gifts of Service

CRA does not permit donation receipts to be issued for gifts of service. In instances where Donors request a tax receipt, a cheque exchange must be facilitated. The Individual or Company providing the service will invoice the College for a set service. The College in turn will provide a cheque to the individual or company for the value of the service. This is taxable income and therefore subject to federal and provincial deductions. If the individual then chooses to donate the funds to the College, a tax receipt will be issued for the donation. (CRA Reference Number: *CPC-017, Gifts of services* <https://www.canada.ca/en/revenue-agency/services/charities-giving/charities/policies-guidance/policy-commentary-017-qif-ts-services.html>)

G. Bequests

A bequest is a provision by will directing assets from an estate to Olds College. There are several types of bequests accepted by Olds College:

1. A specific bequest which provides Olds College a specified sum of money, or a stated percentage of an estate or specific property, such as real estate or securities;
2. A residual bequest which leaves all or a portion of an estate after providing for other beneficiaries;
3. A contingency bequest which ensures that Olds College receives all or a share of the estate in the event of the prior death of certain other beneficiaries; and
4. A residual bequest, subject to life interest, when the Donor chooses to have Olds College receive the bequest following the death of certain other beneficiaries who have use of the assets in the estate for their lifetime.

Bequests to Olds College are eligible for a charitable tax receipt. Olds College recommends that Donors consult a lawyer, notary or estate planner before executing a will providing for a bequest to Olds College. Olds College reserves the right to decline a gift if the Donor has not retained independent counsel.

Recognition will be equal to the value of the gift receipted at death, and will be accorded recognition at the appropriate category and level upon receipt or realization of the gift. The gift intention may be acknowledged, with permission of the Donor, during the lifetime of the Donor within the planned giving context, i.e. Legacy Society, testimonials, etc.

The following guidelines govern acceptance of a bequest:

1. Upon request, sample bequest language will be made available to Donors and their lawyers to ensure that the bequest is appropriately designated, is deemed feasible at the time of designation and that the proper legal title for Olds College is used, including the correct Charitable Business Number 10779 4158 RR001.
2. A bequest of an appropriate amount (currently \$15,000) can be used to create a named endowment fund (usually within the student awards portfolio); as per B24 Endowments, Inflation and Investment Recapitalization Policy.
3. Donors are encouraged to identify proposed recognition names in their will, or to demonstrate their intent in alternative communication addressed to Olds College during the Donor's lifetime. In the latter instance, Olds College and the Donor will prepare a Pledge Agreement which will serve as a Memorandum of Understanding confirming the Donor's wishes for signature. Donors are invited and encouraged to provide information to Olds College about their bequest and, if they so choose, to send to Olds College a copy of the relevant section of their will. This will enable Olds College to review the wording to ensure that the gift can be used in accordance with the Donor's intentions. In addition, this will allow for appropriate recognition during the Donor's lifetime;
4. Olds College will not become involved in the witnessing of a will in which Olds College is named as beneficiary;
5. During the administration of an estate in respect to which Olds College is a beneficiary, the Vice President, Development and Strategy or designate, in consultation with the Olds College's legal counsel and the Vice President, Corporate Services and Chief Financial Officer or designate, shall represent Olds College in dealings with the estate's executor;
6. In situations whereby a request for Olds College to act as the executor of an estate, the College may do so given that the following conditions are met:
 7. The will makes appropriate financial provisions for the executor, at which time the College shall engage in legal representative to act on behalf of the College;
 8. The College is the only beneficiary of the will; and
 9. Following receipt of the designated gift, Olds College will issue to the estate a charitable tax receipt for the value of the gift.

H. Life Insurance

Gifts of life insurance proceeds may be made to Olds College in several ways:

1. A Donor may donate an existing policy by designating Olds College as the beneficiary and owner of the policy. Olds College issues a charitable tax receipt for the policy cash surrender value, including accumulated dividends and interest. 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. Receipts will only be issued upon written notice of premium payment from the Donor's life insurance company. Upon the Donor's death, Olds College receives the value of the policy.

Donor recognition will be equal to the tax receipt issued for the policy's cash surrender value, including accumulated dividends and interest. During the Donor's lifetime, they may be recognized in the context of an Annual Donor Recognition list or on a Donor Wall, at a given level according to the cumulative value of premiums paid and any other gifts that may have been made. A Donor may also benefit from recognition in the Planned Giving context, for example a testimonial

published in Olds College's Annual Report or perhaps as a member of the Planned Giving "Legacy Society". Upon the Donor's death, Olds College receives the value of the policy. The Donor will be recognized posthumously at a level equal to the value of the policy at death (death benefit), less the value of the premium payments made during his/her lifetime.

If during the Donor's lifetime he/she ceases to make premium payments on the policy, recognition will be limited to the premiums paid by the Donor while living. The Donor will not be entitled to Donor recognition posthumously at a level equal to the value of the policy at death. Olds College may choose to surrender the policy for its cash value or choose to continue premium payments, in either case, no other recognition will be accorded the Donor beyond his/hers last premium payment.

2. In donating a new policy that names Olds College as owner and beneficiary, the Donor will receive charitable tax receipts for the full amount of each annual premium. Receipts will only be issued upon written notice of premium

payment from the Donor's life insurance company. Upon the Donor's death, Olds College receives the value of the policy. Donor recognition will equal the value of the premium payments, annually and cumulatively and for the full death benefit received by the college. The same terms as described above apply when a Donor ceases to make premium payments. As

above, a Donor may also benefit from Donor recognition within the Planned Giving context, during one's lifetime, equal to the premiums paid or posthumously for the value of the policy at death, less the value of the premium payments made during his/her lifetime.

3. In either case, the Donor will be responsible for payment of all premiums on the policy. In the event that the premiums are not paid, Olds College reserves the right to choose whether to continue the payments or to surrender the policy for its cash value.

Life insurance policies owned by the Donor, which name Olds College as beneficiary or secondary beneficiary, are not eligible for a charitable tax receipt. In this instance, the gift is revocable and the designated beneficiary can be changed. If eventually Olds College is a beneficiary of all or part of the death benefit at the death of the Donor, the Donor will be recognized posthumously for the value of the death benefit and recognized at the appropriate category/level.

The following guidelines govern the acceptance of a gift of life insurance:

1. A Donation and Recognition Agreement confirming the Donor's wishes will be prepared for Olds College and Donor's signatures;
2. The administration of a gift of life insurance will involve a representative of the Olds College's Department of Development or designate. This representative or designate will:
 - request a copy of the Donor's life insurance policy, confirming Olds College's designation as owner and beneficiary;
 - in the case of uncompleted policies, request annual written notices of premium payment from the Donor's life insurance company;
 - when premiums on uncompleted policies remain outstanding, the Olds College representative or designate will make a recommendation to Olds College Senior Executive whether to pay the premiums or cash in the policy. Olds College reserves the right to make this determination.
 - upon receipt of confirmation of the irrevocable transfer of a life insurance policy to Olds College as owner and beneficiary, or receipt of annual confirmation of the policy's paid-up status, Olds College will issue a charitable tax receipt for the appropriate value.

I. Charitable Trusts

Olds College may accept two types of irrevocable charitable trust arrangements:

1. A remainder trust that pays the Donor income from the assets (i.e., real estate, securities, cash) for life or for a number of years, and then distributes the principal to Olds College;
2. A residual trust whereby an asset (personal residence, work of art, investment property) is donated today, but the Donor retains the use of it during his/her lifetime. For additional information refer to section D. Gifts of Real Estate.

Both remainder and residual trusts may be eligible for charitable tax receipts based on the present value of the remainder interest. Olds College encourages Donors to consult a lawyer or financial advisor before establishing a trust. Olds College retains the right to decline a gift not involving professional counsel.

Donor recognition will be equal to receipts issued for present value of remainder interest, or any such other gift to the trust during the lifetime of the Donor or trust arrangement. In addition, the name of the Donor will be accorded recognition at the appropriate Donor category/level based on the full value of the proceeds received from the estate, insurance company or trust at the time of the Donor's death or termination of the trust arrangement, less the value of the previously received gifts resulting from the gift instrument.

Trust arrangements will also benefit from Donor recognition within the Planned Giving context, i.e. Legacy Society, testimonials, etc.

The following guidelines govern acceptance of a charitable trust:

1. A trust may be established with cash, securities or real estate;
2. Gifts of real estate by trust are also governed by policies outlined in Section C. of this document;
3. A sample trust agreement may be provided by Olds College, upon request;
4. The resulting agreement will be reviewed, and remains at the discretion of Olds College legal counsel;
5. During the administration of a trust involving Olds College, a representative of the Development Office or its designate, in consultation with the Olds College legal counsel, shall represent Olds College in dealings with the Donor and his/her representative;
6. In the instance of a gift of residual interest, the Donor shall be responsible for real estate taxes, insurance, utilities and maintenance of the asset after transferring title, unless otherwise agreed by Olds College;
7. Olds College retains the right to inspect the property from time to time to ensure that its interest is properly safeguarded;
8. The Donor is entitled to a charitable tax receipt for the present value of the gift calculated in current dollars;
9. This valuation is called discounted value and is determined by actuarial calculations provided by CRA.

J. Reinsured Charitable Gift Annuities

A gift annuity is an irrevocable transfer of money or other assets to Olds College. 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. Upon death, Olds College receives any remaining guaranteed income from the annuity, unless the Donor has specified otherwise.

Individuals who make a contribution towards an annuity shall receive recognition within the annual and cumulative recognition category or level for the greater of the gift portion (approximately 25% to 30% of the original capital) or receiptable portion of the reinsured charitable gift annuity.

The following guidelines govern acceptance of a charitable gift annuity:

1. During the administration of an annuity involving Olds College, a representative of the Development Office, in consultation with the Olds College's legal counsel, shall represent Olds College in dealings with the Donor and his/her representative;
2. A life insurance company shall be selected and the terms of the annuity negotiated with Olds College designates;
3. At the minimum, three quotations from life insurance companies should be sought. (note: some gift annuities are self-insured by the company issuing them. In these instances, three quotes are not necessary).

Appendix A - AFP Code of Ethical Standards <https://afpglobal.org/ethics/code-ethics>

Appendix B - AFP Donor Bill of Rights <https://afpglobal.org/donor-bill-rights>

Appendix C - Gift In Kind Acceptance Form