



BENNETT & ALBERT COUNTY
HEALTH CARE FOUNDATION

BENNETT AND ALBERT COUNTY HEALTH CARE FOUNDATION GIFT ACCEPTANCE POLICY & GUIDELINES

1. OVERVIEW

The Bennett and Albert County Health Care Foundation (herein the “Foundation”) supports the Albert County Health and Wellness Centre’s (herein the ACHWC) goal of providing quality, caring health services. The Foundation does this through various fundraising, stewardship and granting activities. Gifts to the Foundation are used to help improve health care in accordance with the mission values and strategies of the ACHWC.

2. SCOPE AND CONFIDENTIALITY

The policy pertains to all fundraising activities offered by the Foundation and to all gifts made, current and future. All necessary steps will be taken to ensure that all information pertaining to gifts is kept confidential and such information will not be released without the donor’s consent unless the Foundation is required to do so by applicable federal or provincial law. A donor may request that his/her gift remain anonymous. A donor may also request that his/her gift not be publicly recognized. *The Foundation’s lists, records and mailing information will never be sold or exchanged.*

3. PURPOSE OF GIFT ACCEPTANCE POLICY & GUIDELINES

The purpose of the policy is to identify the various types of gifts and to outline gift acceptance guidelines. The policy is intended to protect the interests of the ACHWC and the Foundation by ensuring gifts are:

- Cost effective
- Do not result in any liability to the Foundation or the ACHWC
- In accordance with the laws of New Brunswick
- In accordance with the Canada Revenue Agency (CRA)

4. TYPES OF GIFTS

The Foundation encourages and solicits contributions of cash and other assets. Such gifts may be made as current outright gifts or through planned gift vehicles.

Current Gifts include:
Cash gifts
Gifts-In-Kind

Planned Gifts include:
Bequests
Life Insurance

Gifts of Marketable Securities
Gift of Real Estate
Endowments

Annuities
Registered Plans including RRSP, RRIF, LIRA and LIF
Charitable Remainder Trusts
Gifts of Residual Interest
Endowments

5. **RESPONSIBILITY TO DONORS**

While the primary interest of the Foundation is to raise funds, it has an ethical responsibility to the donor and the interest and well being of the donor will take priority. The following principles guide the Foundation:

- donors will have the proper information from which to make informed decisions
- gift arrangements will be made in accordance with the CRA and the laws of New Brunswick
- donor relations are fair and equitable
- gift acceptance practices are followed with consistency
- gifts are reported accurately
- donors' wishes are followed as closely as possible, and
- the ethical code endorsed by the Foundation will be followed

The Foundation adheres to the following policies:

5.1. **Conflict of Interest**

- 5.1.1. The Foundation takes the position that a legal conflict of interest occurs when individuals who present themselves as representatives of the Foundation attempt to sell their own products or services to the donor. It is no less a conflict if the donor requests such products or services from the Foundation representative. Such representative can be an employee of the Foundation or a volunteer on the Board of the Foundation or of one of its committees (the "representative").
- 5.1.2. An exception will be made when the representative has dealt with the prospective donor, independently of the Foundation. In other words, the potential donor is a pre-existing client of the representative's business or practice. If, as part of the financial, legal or accounting advice given by the representative to the donor, the representative is involved in arranging a gift to the Foundation, then no conflict would exist.
- 5.1.3. In cases of potential **conflict of interest**, the representative must declare the conflict and allow an impartial individual to act for the donor.
- 5.1.4. As a service to the donor, the Foundation's lawyer may assist the donor's lawyer by drafting the gift instrument. A tax opinion may be sought by the Foundation and a copy provided to the donor. In these cases, the Foundation

will accept the responsibility for the fees incurred by its own counsel and there will be no charge to the donor for this assistance. In the case of instruments drafted solely by the donor's lawyer, the Foundation's legal counsel will review the documents before they are accepted.

- 5.1.5. The Foundation will encourage the donor to discuss the proposed gift with an independent financial planner, lawyer, and/or tax accountant. This step will help ensure that the donor receives a full and accurate explanation of all aspects of the proposed charitable gift. In some cases, the Foundation may decline a gift if the donor has not obtained independent advice.

5.2 **Ethics**

All Foundation representatives will conduct themselves in accordance with accepted professional standards of accuracy, truth and integrity. They will inform, guide and otherwise assist donors who wish to support the ACHWC's activities but not pressure or unduly persuade the donors to proceed with the gift. If the client of a Foundation representative wishes to make a gift, the representative will direct them to contact the Foundation directly or ask their permission to have the Foundation contact the donor. The Foundation endorses Imagine Canada's Code of Ethics.

5.3 **Direction of Gift**

All donors can choose to have their gift fully expended or endowed and can direct their gift to a specific area or service within the ACHWC. The purpose of the gift may affect whether it can be expended or endowed. On rare occasions, a gift may be declined as a result of the restrictions on the gift, under the *Guidelines for Declining Gifts* set out below.

5.4 **Donor Recognition**

For recognition of gifts, refer to the Foundation's Donor Recognition Policy.

6 **GIFT ACCEPTANCE PROCEDURE**

- 6.1 Outright gifts of cash, publicly traded securities and life insurance do not require the approval of the Foundation.
- 6.2 The following planned gifts must be reviewed for recommendation by the Executive Committee to the Foundation Board before acceptance and receipt:
Gifts of:
 - 6.2.1 Shares of privately held companies or interests in other entities such as partnership interests and debt of same;
 - 6.2.2 Tangible personal property other than cash and near cash or publicly traded securities; and other property interests not readily negotiable.
 - 6.1.3 Reinsured gift annuities
 - 6.1.4 Residual interest gifts including charitable remainder trusts.
- 6.2 Members of the Foundation Board who are also members of the Executive Committee and other persons from time to time as authorized by the Foundation,

may negotiate planned gift agreements with prospective donors. Two signing officers must sign Foundation contracts on behalf of the Foundation

- 6.3 Any gift entailing potential liability or placing unusual conditions on the Foundation must be first referred to the Executive Committee, then to the Foundation Board.
- 6.4 All planned gift agreements requiring execution by the Foundation shall be first reviewed and approved by the Foundation's legal counsel. Where substantially the same agreement is used repeatedly, only the prototype shall need approval.
- 6.5 Before acceptance of any gift requiring review by the Foundation or such committee is approved, the Foundation shall undertake such due diligence and have secured appropriate opinions on all relevant issues as the Foundation or such committee determines. Any gift must be in accordance with the provisions of the Income Tax Act and other relevant legislation.

7 GIFT REPORTING AND TRACKING

- 7.1 All gifts are reported as cash upon receipt. Planned gift intentions are reported as *Planned Gifts* in the Foundation's Raiser's Edge database. The reporting process identifies donor's wishes regarding gift designation and reports recognition benefits.
- 7.1 Copies of all related correspondence, gift documentation, including a complete description of the gift, date received, value and any donor restrictions, are kept in the donor file. Outright gifts to be expended are kept in the donor file for a period of seven years after the gift is expended. Endowment files are kept indefinitely.
- 7.2 Donor files are maintained for bequest expectancies, estates, insurance policies and registered plans and endowments. If the Foundation receives a copy of the donor's Will, it is stored in the appropriate expectancy file. The Foundation will not keep original Wills on behalf of donors.
- 7.3 Lists are maintained for all planned gift arrangements and updated regularly.
- 7.4 All assets held by the Foundation are invested in accordance with policies established and approved by the Board. (refer to the Foundation's *Investment Policy*)

8 GIFT ACKNOWLEDGEMENT

- 8.1 Tax receipts: The Foundation has been issued a Charitable Registration Number by the CRA permitting the Foundation to issue gift receipts for tax purposes. All tax receipts are produced by the Foundation and sent with a letter or acknowledgement from the Chair.
- 8.2 Through the Governance Committee the Foundation is responsible for making sure the donors' wishes are carried out.
- 8.3 The Foundation Chair, or designate, will report to the donor, or to the donor's Estate Trustee if the donor is deceased, upon the carrying out of the wishes and the closing out of the active file.

9 GIFT ACCEPTANCE GUIDELINES

9.1 Cash Gifts

- 9.1.1 Cash may include cheques, money orders or currency. If gifts are made to the Foundation by cheque, receipts will only be issued once the cheque has cleared the bank.
- 9.1.2 In accordance with *The Proceeds of Crime (Money Laundering) Act (Canada)*, the Foundation's bank will report cash transactions above \$10,000 to the appropriate federal authorities.

9.2 Bequests

Description: A bequest is a provision in a will, gifting and distributing assets from an estate to the Foundation. There are several options for making a bequest.

A *general bequest* indicates in a will that the Foundation will receive a specified amount of money or other property

A *specific bequest* ensures the Foundation receives a specific asset, such as a piece of real estate or a described investment account.

A *residual bequest* will leave all or part of the remaining estate after all debts, taxes and other bequests have been paid.

A *remainder bequest with a life interest* applies when the donor chooses to have the Foundation receive the bequest only after the death of a named person who will receive the interest income and capital encroachments during their lifetime.

A *contingent bequest* applies when the Foundation is designated as a second beneficiary. If the first beneficiary named is unable to receive the gift, the gift is directed to the Foundation.

The donor should consult a lawyer to determine the best option for their proposed gift.

Guidelines:

- 9.2.1 Sample bequest language for restricted and unrestricted gifts, including endowment, will be made available to donors and their lawyers to ensure that the bequest is properly designated and the proper legal title for the Foundation is used.
- 9.2.2 Donors are invited and encouraged to provide information to the Foundation about their bequest and to send a copy of that provision of their will, or a completed *Bequest Commitment Form* naming the Foundation as beneficiary. This will allow for appropriate recognition during the donor's lifetime if they do not wish to remain anonymous.
- 9.2.3 Foundation staff will not become involved in the final preparation, execution or witnessing of a will in which the Foundation is named as a beneficiary.

Gift Management:

Communications (letter and/or copy of Will) received from the trustees or legal counsel by the Foundation will be processed by the Gift Planning Office. The purposes of the bequest will be reviewed by the committee chair or designate to ensure that they are not in conflict with the goals or policies of the ACHWC or Foundation. Any bequests which are in conflict will be reviewed by the committee and/or legal counsel and an appropriate action plan established. The

chair or designate will maintain the ongoing file of all estates and will ensure that all correspondence is dealt with expeditiously.

9.4 Life Insurance

Description

There are various methods by which a life insurance policy may be contributed to the Foundation. A donor may:

Assign irrevocably a paid-up policy to the Foundation;

Assign irrevocably a life insurance policy on which premiums remain to be paid; or
Name the Foundation as a primary or successor beneficiary of the proceeds.

When ownership is irrevocably assigned to the Foundation, the donor is entitled to a donation receipt for the net cash surrender value (if any) and for any premiums subsequently paid.

Guidelines

9.4.1 Any of these types of life insurance gifts are acceptable to the Foundation. In the event a policy is contributed on which premiums remain to be paid, the donor will be encouraged to pay the premiums directly or to make equivalent contributions to the Foundation, which can pay the premiums.

9.4.2 The Foundation reserves the right to pay premiums, surrender the policy for cash, or elect a reduced paid-up policy.

9.5 Registered Plans including RRSP, RRIF, LIRA, and LIF

Description

Donors that designate a Foundation as beneficiary of a an existing RRSP (Registered Retirement Savings Plan), RRIF (Registered Retirement Income Fund), LIRA (Locked-in Retirement Account) or LIF (Life Income Fund) plan will receive a charitable donation tax credit on their final tax return without being subject to provincial probate fees. Upon the donor's death, the proceeds are paid directly to the Foundation and an official donation receipt may be issued to the estate for the full value of the gift.

Guidelines

9.5.1 The donor names the Foundation the beneficiary of the plan for all or part of the proceeds invested.

9.5.2 Upon the donor's death, the proceeds are paid directly to the Foundation and an official donation receipt will be issued to the estate for the full value of the gift.

9.6 Gift Annuity

Description

A gift annuity is an irrevocable transfer of money or other asset to the Foundation. Part of the principal is used to purchase an annuity from an insurance company. The cost of the annuity is determined by the donor's age and amount of the periodic payment. The remainder of the donor's principal is considered an outright gift. The annuity pays the donor a guaranteed income for a specified time or for the rest of the

donor's life. Upon death, the Foundation will receive any remaining guaranteed income from the annuity. The income from a gift annuity can be partially or completely tax free, depending on the age of the donor. The donor can receive an immediate tax receipt based on the outright donation and expected capital return of capital (based on a formula).

Guidelines

- 9.6.1 As the Foundation cannot incur debt, all annuities must be arranged through Horizon Health Network.
- 9.6.2 The minimum amount the Foundation will accept for a re-insured gift annuity is \$10,000.
- 9.6.3 The Foundation will use the Canadian Association on Charitable Gifts' (CACG) standards and schedules for gift annuities.
- 9.6.4 The Foundation will only accept annuities from donors aged 60+.
- 9.6.5 The cost of the commercial annuity generally should not exceed 70-75 percent of the assets transferred in order to result in a significant gift.
- 9.6.6 The donor has the option to specify the use of the gift portion.
- 9.6.7 A life insurance company shall be selected, and the terms of the annuity contract negotiated, through the Committee. Only "A" rated companies shall be selected to reinsure any annuity obligation. Two quotes will be required, unless directed differently by the donor.
- 9.6.8 **Or** the Foundation can use a broker, who is a member of the CACG, as a professional resource to: shop the market for the best deal from "A" rated companies; draft the contract using the Can. Assoc. on Charitable Gifts' (CACG) rate.
- 9.6.9 The insurance company will send out the annuity payments.

9.7 Gifts of Marketable Securities

Description

Eligible securities include shares, bonds, bills, warrants and futures listed on one of the five Canadian stock exchanges or on certain foreign stock exchanges such as the New York, London, Tokyo and Nasdaq exchanges.

Guidelines

- 9.7.1 The Foundation reserves the right to sell securities and invest the proceeds from the sale according to its investment policy. The amount of the tax receipt is the market value of the security at the sale or close price on the business day the title is transferred to the Foundation.
- 9.7.2 The custodian of the assets has been provided with a standard form designating the signing officers of the Foundation with respect to investment activities. For the purpose of investments, the Foundation Board signing officers will apply as follows:

- 9.7.2.1 Contracts, documents or instruments in writing requiring the signature of the Foundation must be signed on behalf of the Foundation by any two of the designated signing officers.
- 9.7.2.2 Direct the custodian with a letter to take custody of the securities on our behalf. Include a power of attorney from us to the custodian.
- 9.7.2.3 Provide the party/manager responsible for the Foundation's investment, with a letter of direction to immediately sell the securities where appropriate.
- 9.7.2.4 Request the custodian to provide the Foundation with a copy of the completed sales or transfer transaction, including confirmation of the closing price of the shares on the date of transfer.
- 9.7.2.5 Request the custodian to immediately transfer the proceeds from the sale of the securities to the Foundation's bank account, if appropriate.
- 9.7.2.6 Issue a tax receipt to the donor for the closing price of the shares on the date of transfer.

9.8 Gift of a Residual Interest

Description

A gift of a residual interest refers to an arrangement where real property is irrevocably committed to the Foundation, but the donor retains use of the property for life or a term of years. For example, the donor might give a residual interest in a residence and continue to live in it. The donor is entitled to a gift receipt from the Foundation for the present value of the residual interest.

Guidelines

- 9.8.1 The donor shall continue to be responsible for real estate taxes, insurance, utilities, and maintenance after transferring title to the property unless the Foundation, upon prior approval of the Executive Committee, agrees to assume responsibility for any portion of these items. The Foundation's interest in the property shall be conveyed by deed, and there shall be an agreement that specifies the respective rights and responsibilities of the Foundation and of the person(s) for whose benefit the life estate has been retained.
- 9.8.2 The Foundation reserves the right to inspect the property from time to time to assure that its interest is properly safeguarded.

9.9 Charitable Remainder Trusts

Description

A charitable remainder trust is a form of residual interest gift. The donor ("settlor") transfers property to a trustee who holds and manages it. The net income will be paid to the donor and/or other named beneficiary. When the trust terminates (either at the death of the beneficiary(ies) or after a term of years), the trust remainder is distributed to the Foundation. If the trust is irrevocable, the donor is entitled to a gift receipt for the present value of the residual interest.

Guidelines

- 9.9.1 A charitable remainder trust may be funded with cash, securities, or real estate. Gifts of real estate will be subject to a thorough review, as described in the guideline pertaining to real estate.
- 9.9.2 Where the Foundation is trustee, it is recommended that the minimum trust size be \$100,000 and that beneficiaries be at least 50 years of age. (The Foundation may require a higher minimum.) The Planned Giving Committee, however, has discretion to make an exception to these recommendations in special circumstances.
- 9.9.3 If the donor selects an outside trustee, the trust may be funded with any property of any value that is acceptable to the trustee.
- 9.9.4 The trust agreement shall be either drafted by or reviewed by the donor's own legal counsel. The Foundation may make prototype agreements available to the donor's legal advisor, but shall execute no agreement until that person has determined that the trust agreement is in the proper form and that the gift is appropriate for the donor's situation.

9.10 Gifts-In-Kind & Personal-Use Property

Description

The Foundation may accept gifts-in-kind such as collectibles, and equipment, or other kinds of property. Depending on the donor's wishes, the Foundation may retain the gift or sell it and use the proceeds where they are needed most. For all gifts of property, a tax receipt will be issued under the Income Tax Act, for the fair market value on the date the asset is received by the Foundation or transferred. An independent quality appraiser determines this value or an invoice is produced to verify the market value of the gifted asset.

Guidelines

- 9.10.1 Gifts of art are subject to consideration by the Foundation.
- 9.10.2 Gifts of medical books – the Horizon Health Network librarians will determine whether the books are acceptable.
- 9.10.3 With respect to gifts of equipment or other similar property, the Horizon Health Network Material Management - Moncton Zone will assess the asset and the program/department receiving the asset must be prepared to maintain the asset including all financial obligations.
- 9.10.4 Gifts of mortgaged or un-mortgaged real estate will be dealt with on a case-by-case basis and may only be accepted upon review by the Committee and approval of Foundation Board.
- 9.10.5 Receipts will be issued for Gifts-in-Kind upon request for the amount allowable by law.

10 GUIDELINES FOR DECLINING GIFTS

The Foundation would decline a gift if one of the following conditions were known:

- 10.1 There are conditions to a gift and its designation which are not considered consistent with the mandate and priorities of the Foundation
- 10.2 The gift is seeking to unduly influence access to medical services

- 10.3 The gift could financially jeopardize the donor and/or the Foundation
- 10.4 The gift or terms are illegal or its value cannot be determined
- 10.5 The Foundation does not have the resources to honour the terms of the gift
- 10.6 There are physical or environmental hazards associated with the gift
- 10.7 The gift could jeopardize the tax-exempt status of the Foundation
- 10.8 The gift could improperly benefit any individual
- 10.9 There is a conflict, or anticipated conflict, of interest on the part of the donor and such conflict may jeopardize other donors or the Foundation's reputation.
- 10.10 The reputation of the donor would reflect poorly on the Foundation.

11 POLICY REVIEW

This Policy will be reviewed annually by the Governance Committee. All recommended amendments are subject to the approval of the Foundation Board of Directors.