

Effective Date: November 3<sup>rd</sup>, 2022

Review Date: November 3<sup>rd</sup>, 2025

## Gift Acceptance Policy

### 1. PURPOSE

This document serves as a guide for the board of directors and staff to determine which gifts can be accepted and how they should be handled. It also is a source of information for potential donors interested in supporting the Ontario Medical Foundation (OMF).

The OMF is authorized to accept both outright and deferred gifts from donors. Securing outright gifts is OMF's highest priority and donors who are capable and inclined to make outright gifts will be encouraged to do so.

The purpose of the following policies and guidelines is to identify the various types of gifts that may be promoted and accepted, the general policies applicable to those gifts and the specific guidelines for each type of gift. The policies assure that all gifts accepted in support of OMF will be cost-effective, will not produce undue liability, and will be acceptable to the Canada Revenue Agency (CRA). This document outlines the roles of OMF, the OMF board and staff.

### 2. SCOPE

This policy applies to all OMF staff, board directors, and volunteers that are soliciting and accepting gifts on behalf of the OMF.

### 3. DEFINITIONS

An "outright gift" refers to a contribution of cash or property, which can be used immediately by OMF in support of organizational priorities.

A "deferred gift" includes bequests, life insurance policies, reinsured gift annuities, retirement plan accumulations and gifts of residual interest.

A "gift", by its common law definition, is "a voluntary transfer of property without valuable consideration".

"Cash" may include cheques, money orders, currency or other legal tender.

“Securities” are shares of stock in a corporation, bonds, treasury bills, other documents evidencing a liability, or mutual funds. Some securities may be publicly traded, i.e. listed on a recognized securities exchange. Publicly traded securities receive certain preferable tax treatment when donated to a charitable institution.

“Gifts-in-kind” can refer to gifts of real property, such as real estate, as well as personal property such as art, books, jewelry, and other valuable items. Gifts-in-kind can also include a contracted service or skill.

A “bequest” is a specific provision in a Will, directing assets from the estate to OMF. The amount of the bequest may be specified or the bequest may be a residual interest after all debts, taxes and other specific bequests have been paid.

#### **4. POLICY**

##### **General Guidelines**

###### **A.1 Responsibility to Donors**

The policy of OMF is to inform, serve, guide, or otherwise assist donors who wish to support activities of OMF, but never, under any circumstances, to pressure or unduly persuade. All persons acting on behalf of OMF, will conduct themselves in accordance with accepted professional standards of accuracy, truth, and integrity.

In all matters involving donors, their interest and well-being must take precedence over the interests and needs of the organization. In cases of potential or actual conflict of interest, those acting on behalf of OMF must declare the conflict and allow someone else to assume the responsibility.

Persons acting on behalf of OMF shall in all cases encourage the donor to discuss proposed gifts of significance with independent legal and/or financial advisors of the donor’s choice and at the donor’s expense, to ensure that the donor receives a full and accurate explanation of all aspects of the proposed charitable gift. In some cases, OMF may decline a gift if the donor has not obtained appropriate, independent advice.

###### **A.2 Authorization**

Only selected Board Directors and designated staff are authorized to negotiate outright and deferred gift arrangements of significance with prospective donors, consistent with the gift policies and guidelines outlined in this document as approved by the OMF Board of Directors.

All planned gift arrangements requiring execution by OMF shall first be reviewed and approved as to form by the OMF's legal counsel. Where substantially the same agreement is used repeatedly, only the prototype needs to be approved.

Before acceptance, relevant information about the gift shall be ascertained, including a copy of any appraisal secured by the donor. OMF reserves the right to secure its own appraisal. These gifts include:

- a) Gifts of real estate, shares in privately owned companies, stock options, tangible personal property, partnership interests, and other property interests not readily negotiable
- b) Gifts of residual interest

Gifts of cash, publicly traded securities, life insurance, retirement plan accumulations and reinsured gift annuities do not require approval. Any gift, however, may be referred to the OMF board if subject to possibly unacceptable restrictions or if it may create an undesired financial burden for or jeopardize the tax-exempt status of OMF.

### **A.3 Declining a Gift**

OMF reserves the right to decline any gift.

At times, OMF may choose to decline a gift if one or more of the following conditions are known:

1. There are conditions to a gift and its designation which are not consistent with the objectives, values and goals of OMF.
2. The donor or donating organization whose major activities or advertising include tobacco, the manufacture of firearms, tasers, weapons of mass destruction, the production or promotion of pornography, alcohol companies, gaming companies, vaping companies, and cannabis companies.
3. The gift could financially jeopardize the donor or OMF, OMF does not have the resources to honour the terms of the gift, and/or the gift will result in unwarranted or unmanageable expense to OMF.
4. The gift could jeopardize the tax-exempt status of OMF.
5. The gift or association with the donor would jeopardize the financial, legal or moral integrity of OMF or adversely impact upon OMF's standing and reputation in the community.

#### **A.4 Official Donation Receipts**

OMF has been issued a Charitable Registration Number by the CRA, which permits it to issue charitable donation or gift receipts for income tax purposes. The privilege is governed by federal statute and internal policy.

##### **Policy**

OMF will issue an official receipt for donations that qualify as charitable gifts, as per the Income Tax Act and CRA's policy guidelines, as amended. OMF will consider charitable gifts those that are unencumbered and those over which the donor has no jurisdiction or signing authority.

##### **Guidelines**

When a gift is received by OMF, it is the responsibility of OMF staff to ensure that the gift is acceptable and that the donation qualifies as a charitable gift.

If there is any uncertainty as to whether a donation qualifies as a charitable gift, advice will be sought in the following order:

- a) from the OMF Director, Development
- b) from a qualified tax consultant at the external auditors
- c) from qualified legal counsel

#### **A.5 Direction of Gifts**

OMF has a responsibility to handle all monies put into its trust in accordance with the directions (past, present, and future) of the person who made the gift. It also must adhere to all applicable laws, federal and provincial.

All gifts received by OMF should be directed to purposes that are in accordance with OMF's strategic direction, vision, and values.

##### **Policy**

All donors can choose to have their gift fully expended or endowed and can direct their gift to a specific program or fund or project. The use of the gift may affect whether it can be expended or endowed. On some occasions, a gift may be declined as a result of the restrictions on the gift.

##### **Guidelines**

Unrestricted gifts, gifts with no designation specified, are allocated to the general fund account. Gifts restricted to a specific program or fund will be allocated to a program or fund account identified for this purpose. Gifts restricted to a specific project will be allocated to the project account.

## **A.6 Amendments**

These policies and guidelines may be amended at any time by a majority vote of the OMF Board of Directors.

## **B. Acceptance Policies by Gift Type**

### **B.1 Gifts of Cash**

#### **Policy**

Cash donations are welcomed by OMF and an appropriate donation receipt will be issued.

#### **Guidelines**

Authorized OMF staff will deposit the gift in accordance with established procedure and prepare the official donation receipt. Staff will record the gift entry in the database and prepare the appropriate acknowledgement(s).

### **B.2 Gift of Publicly Listed Securities**

#### **Policy**

OMF will accept securities as charitable donations. OMF reserves the right to sell securities and manage the funds according to its investment policy. The amount of the donation receipt is determined by:

- the fair market value (FMV) of the security at the close of business on the day the security is received by the custodian of OMF's investment counsel.
- the fair market value (for non-marketable securities) on the date of transfer provided through a written evaluation prepared by an independent appraiser who is qualified to evaluate such shares.

Gifts of shares in a privately-owned company will be accepted as long as OMF assumes no liability in receiving them and the board is satisfied with the evaluations provided.

#### **Guidelines**

Shares in private companies may be accepted if they can be sold in the near future to the corporation, other shareholders or others interested in acquiring an interest in the corporation. Alternatively, such shares may be accepted if an arrangement is made to redeem the shares upon the death of the shareholder. All gifts of publicly-traded securities will be reviewed by the OMF Finance team to ensure the securities are marketable and acceptable.

### **B.3 Gifts-In-Kind**

#### **Policy**

OMF welcomes gifts of all kinds and will issue a donation receipt for the gift as long as it is consistent with OMF approved needs. The amount of the official receipt will be issued for the fair market value on the date the gift is transferred, consistent with CRA guidelines. OMF may retain the gift or sell it and use the proceeds where they are needed the most or as designated by the donor.

#### **Guidelines**

In order to issue a donation receipt for a gift-in-kind, OMF requires that:

- A minimum of one independent appraisal be acquired from a reputable appraiser. Original appraisal documents must be in hand as well as a deed of gift, making OMF irrevocably the owner of the gift. Appraisals are at the cost of the donor.
- For items valued under \$1000, authorized OMF staff may ascertain the value of the item. If there is not a qualified staff member, an independent appraisal will be required. Appraisals will be undertaken at the cost of the donor.
- Gifts of real estate, whether outright or in some form of residual interest gift, will be subject to the following. OMF shall ascertain:
  - whether the donor has clear title to the property.
  - that acceptance of the gift would be in its best interest after consideration of such factors as zoning restrictions, marketability, current use and cash flow.
  - that it will assume no liability whatsoever as a result of environmental conditions of the property. OMF may conduct an environmental assessment, including an environmental audit, to determine that it will assume no liability.

For gifts-in-kind or equipment or similar property, OMF must approve acceptance of the asset to ensure that the organization is prepared to maintain the asset including all related financial obligations.

### **B.4 Estate Gifts by Will (Bequests)**

#### **Guidelines**

Sample bequest language will be made available to donors and their lawyers to ensure that bequests are properly designated and the proper legal title for OMF is used. Staff will not become involved in the final preparations, execution or witnessing of a Will in which OMF is named as a beneficiary.

Communications to OMF (letters, copy of the Will and/or estate account summaries) received from the executors, trustees, or legal counsel will be reviewed by OMF's Director, Development. The purpose of the bequest will be reviewed to ensure that it is not in conflict with the needs or policies of OMF. OMF Board of Directors will review any bequests that are in conflict, and an appropriate action plan will be established.

OMF staff will maintain the ongoing file of all estates and will ensure that all correspondence is dealt with expeditiously and in accordance with the organization's policy.

### **B.5 Gifts of Life Insurance**

A donor may choose to donate an existing, fully paid-up life insurance policy or purchase a new policy for OMF. The donor can name OMF the owner and beneficiary or just a beneficiary under the policy. Different tax treatments apply depending on the donor's choice.

#### **Policy**

If the donor donates an existing policy:

A fully paid-up policy transferred to OMF provides the donor with a donation receipt for the fair market value (often, but not always, the *cash surrender value* of the policy), as calculated on the date of ownership transfer, provided OMF is named the owner and beneficiary of the policy. Upon the donor's death, OMF receives the face value of the policy.

If an individual has an existing policy on which premiums are still owing and OMF is named the owner and beneficiary, OMF may issue a donation receipt for the FMV when policy ownership is transferred and donation receipts for all subsequent premium payments paid by the donor.

If the donor donates a new policy:

When a donor purchases a new policy and names OMF as owner and beneficiary, the donor receives a donation receipt for the annual premium payments paid on the policy. The donor makes premium payments directly to the insurance company. Upon the donor's death, OMF receives the face value of the policy.

In both of the above scenarios, the donor can choose to direct the insurance proceeds to their estate and name OMF as beneficiary of these proceeds in their Will. Donors can now retain ownership and name a charity the beneficiary directly, bypassing probate costs and still

securing a donation receipt to the estate. In this case, the donor's estate would receive the receipt for the full proceeds paid to OMF under the policy.

### **Guidelines**

The Director, Development must approve all gifts of life insurance. OMF will confer annually with the appropriate insurance companies that premium payments have been made. In cases where the donor does not make premium payments, OMF may elect to:

- a) continue the premium payments,
- b) retain the policy with a "paid up", but reduced face value or
- c) cash in the policy for its current FMV.

### **B6. Gifts Funded with Retirement Savings Plan/Income Fund Proceeds (RRSPs/RRIFs):**

A donor may choose to donate the proceeds of an existing RRSP or RRIF plan to OMF. The donor can name OMF the beneficiary of the plan for all or part of the proceeds invested. Upon the donor's death, the proceeds are paid directly to OMF, and an official donation receipt may be issued to the estate for the full value of the gift.

### **Policy:**

RRSP/RRIF proceeds are welcomed by OMF, and an appropriate official donation receipt will be issued.

### **Guidelines:**

Individuals may designate OMF as beneficiary of a registered retirement savings plan (RRSP) or registered retirement income fund (RRIF) and have the tax credits available in the year of death.

Following are some guidelines to handle such gift arrangements:

- When a prospective donor provides written advice that OMF has been named as a beneficiary of an RRSP/RRIF fund, the information should be recorded as a "pledge". If the amount is known, it should be entered; otherwise, an estimated amount should be used.
- When the gift of RRSP/RRIF proceeds is received by OMF, it will likely flow from a third-party source (i.e. an investment firm, bank, brokerage house or trust company, where the donor has documented the beneficiary designation on file).
- In such cases, it will be important to acknowledge receipt of the gift from the financial institution, **and** it is usually appropriate to advise the estate executor (if known) and/or immediate family of the gift being received.



- The proceeds of such gifts should be recorded as an outright gift of cash when received, and a donation receipt for the full amount received should be issued to the estate.

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