



# Gift Acceptance Policy

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PLACE2GIVE FOUNDATION

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## Gift Acceptance Policy 2019

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# Gift Acceptance Policy – Overview

## About Place2Give Foundation

Place2Give Foundation is a unique public foundation supporting donors who want to move the dial on complex social issues and support leading edge social innovation.

## Scope

This policy applies to donations received through the establishment of Donor Advised Fund accounts.

## Gift Eligibility

The following gifts are deemed eligible for acceptance by the Place2Give Foundation:

- Gifts of Cash including payments by credit cards, direct debit and cheques or money orders
- Gifts of Publicly Listed Securities
- Gifts of Privately Held Securities
- Gifts of Life Insurance
- Gifts of RRSP's and RRIF's
- Bequests by Will

The following pages outlines in more detail how, and the types of, donations Place2Give Foundation will accept.

## Procedures

We are committed to the following the procedures in accepting donations and disbursing funds:

1. Designated gifts will be used for the purposes for which they are provided.
2. Undesignated gifts will be use for the most needed initiatives as determined by the Place2Give Board of Directors.
3. Accountability to donors is of utmost importance. Place2Give Foundation will strive to provide timely reports on use of proceeds and when requested conduct follow-up with organizations. We will also conduct market research on sector trends and issues to help inform donors around their charitable giving.
4. All donations will be recorded and receipted in accordance with the rules and regulations set out by the CRA. Place2Give will issue an official receipt for donations of \$10 or more that qualify as charitable gifts, in accordance with CRA guidelines. Receipts for donations of less than \$10 will only be issued if done through our online portal.

5. Anonymity will be granted to any donor who makes this request.
6. Place2Give Foundation has the right to reject the disbursement to an organization that does not meet the legal or ethical standards of the foundation. The donor will be informed if a disbursement cannot be made on these grounds.
7. Funds are only disbursed after a 30 day hold from date of deposit into the DAF.
8. Funds are disbursed on the 15<sup>th</sup> of each month. Requests must be received in writing (via email or mail) no later than the 1<sup>st</sup> of the month.

If, following internal consultations, uncertainty remains as to whether a donation qualifies as a charitable gift, a ruling may be sought from Place2Give's legal counsel, auditor and/or the CRA.

# Gift Acceptance Policy

## General Policy

Place2Give encourages and solicits gifts of cash, and other personal and real property as described herein, either as outright gifts or through donor-advised funds or other planned giving vehicles as are permitted by the Charities Directorate of Canada Revenue Agency and the laws of Canada.

## Values & Guiding Principles

We believe that how money flows into the charitable sector can be more effective and impactful if donors are given tools and resources to make strategic, informed decisions. We support individuals, families and businesses that are interested in moving the dial on complex social issues.

By engaging donors with best-in-class organizations, creating giving portfolios that measure impact and right-sizing the amount of money to the right organizations, we dismantle barriers and create opportunities for societies and communities to thrive.

A spirit of true partnership and collaboration among individuals, corporations and organizations drives our work, and we are committed to education and transparency. These values drive us to seek out ways to help donors finance solutions instead of fund problems. As such we are committed to engaging in rigorous evaluation of grantees and fostering co-creation of solutions between funders and agencies.

## Responsibility to the Donor

While the primary interest of Place2Give is to seek donations to assist in fulfilling its mandate, there is also an ethical responsibility to the donor. Accordingly, all parties acting on behalf of Place2Give will adhere to the following principals:

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### Conflict of Interest

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In all matters involving the donor, the interest and well-being of the donor must take priority. In cases of potential conflict or actual conflict of interest, those acting on behalf of Place2Give must declare the conflict. A conflict of interest is deemed to occur when individuals who present themselves as a representative of Place2Give stand to benefit from the marketing of services or products to the donor. However, if the individuals present themselves as representatives of an outside firm, and part of their counseling involves planned giving for Place2Give, no conflict would exist.

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## Legal and Other Professional Counsel

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In matters pertaining to the Planned Giving Program, the advice of a financial advisor, lawyer, accountant or other appropriate professional will be sought.

As donor's needs and circumstances vary, all donors will be advised to have their gift plans reviewed by their own lawyers or other professional advisors.

As a service to the Donor, Place2Give will draft the Donor Agreement for all Donor-Advised charitable giving programs and will accept the responsibility for any legal fees incurred.

In the case of instruments drafted by the donor's lawyer (excluding Will clauses or codicils to the Will), counsel for Place2Give will review all such documents before they are accepted. Any fees incurred from this review will be covered by Place2Give.

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## Ethics

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All Place2Give staff and other individuals acting on behalf of Place2Give in promoting the foundation will conduct themselves in accordance with accepted professional standards of accuracy, truth and integrity. Refer to the Canadian Association of Gift Planner's Code of Ethics and the Donor Bill of Rights created by various organizations including Association of Fundraising Professionals (AFP).

## Acceptance of Planned Gifts

No planned or conditional gift will be accepted unless approved by the Executive Director. In those cases where acceptance of a gift imposes a financial obligation on Place2Give, or where financial valuations are required in order to issue a receipt or determine future values, the gift will not be accepted unless approved by the Executive Director. Also, no gift will be accepted on behalf of Place2Give that may improperly benefit any individual or any other matter that may jeopardize the registered charity status of the corporation.

### Appraisal

Depending on the nature or circumstances of the gift, a donor of property or gifts-in-kind may be asked to obtain an independent appraisal of the value of the gift. The responsibility for any fees will normally be covered by the Donor, subject to their approval; or by Place2Give from the donation proceeds, subject to the approval of the Executive Director.

### Investments

All assets received by Place2Give are invested in accordance with the following policies established by Place2Give's Board of Directors.

### Changes in Circumstances

Donors who designate a gift to a specific charity or specific purpose must be advised of the right of Place2Give to vary the gift designation in certain circumstances. Gift terms may be amended by mutual consent of Place2Give and the donor or his/her representative, during his/her lifetime where possible.

If circumstances change at some future date and jeopardize the continuation of the intent of a gift or it is deemed inappropriate to continue with the instructions, then Place2Give Board of Director's reserves the right to make whatever changes may be required due to circumstances, including but not limited to amendment of monetary value, selection criteria, or area of designation. These amendments shall be made with the understanding that the amended terms shall adhere as closely as possible to the donor's original intent for the gift, where appropriate.

## Types of Gifts

The following methods of giving are encouraged and will be promoted through the Planned Giving Program:

- a) Gifts of Cash
- b) Gifts of Publicly Listed Securities
- c) Gifts of Privately Held Securities
- d) Gifts of Life Insurance
- e) Gifts of RRSP's and RRIF's
- f) Bequests by Will

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### a) Gifts of Cash

Gifts of cash will be accepted by Place2Give by way of:

- Cheque from a donor accompanied by a signed and properly executed Cash Donation Form, or
- by online donation via credit card payment or PayPal transfer, or
- by e-transfer, or
- by wire transfer.

### b) Gifts of Publicly Listed Securities

Notice of intended gifts of Publicly Listed Securities will be given to the Executive Director. Upon notification, the donor will be sent a instructions on how to transfer securities and a Donor Agreement. Both are to be filled out by the donor and the signed Donor Agreement is returned to Place2Give by the donor's advisor.

If the securities are in a brokerage account, they may be transferred by the donor's broker by instructing the broker to transfer the securities from his or her account to Place2Give's account. To transfer mutual fund shares, the donor and Place2Give need to send a Transfer of Securities Direction Instruction form to the mutual fund company along with other documents. For details on transfer of securities including mutual funds, please download the Voluntary Donation to Charitable Organization form - [https://place2give.com/wp-content/uploads/2018/10/CDN-Voluntary Donation to Charitable Organization.pdf](https://place2give.com/wp-content/uploads/2018/10/CDN-Voluntary%20Donation%20to%20Charitable%20Organization.pdf)

The Executive Director or designate will work with the donor and his/her broker to provide direction as to the transfer of securities directly to Place2Give. Upon notification of the receipt of the securities, the Executive Director will:

- document the nature of securities donated;
- determine the fair market value of the securities at the time of ownership transfer as provided by the brokerage (i.e. QTrade);
- give direction for the issuance of an official donation receipt;



- assign any fees incurred in the transfer to the donation; as well as, any gain or loss on disposal;
- arrange for the liquidation of the investment by Place2Give’s broker as soon as is practical and prudent, but usually within 24 hours or the next business day.

Although the fair market valuation of the securities for purposes of the official donation receipt can be either the closing price on the date of the legal transfer of ownership to Place2Give or the mean between the “high” and “low” on such date, generally Place2Give will use the closing price on the date of the gift.

The net proceeds from the sale of the shares will be directed to the Donor Advised Fund set up under the Donor Advised Fund Agreement. The net proceeds may be higher or lower than the amount on the official donation receipt.

#### c) Gifts of Privately Held Securities

Place2Give will accept a donation of shares from Privately held Canadian Corporations provided:

- There is a concrete redemption plan in place for Place2Give. This would require two separate letters of intent to be completed. One with the donor and one with the entity buying back the shares for cash. Both agreements must to be signed in advance. Place2Give will receipt to shareholder only. Purchaser may be a company or a third party (buyer) and not eligible for a receipt.
- They are valued by an independent Chartered Business Evaluator (CBV). Any cost incurred by Place2Give to obtain the valuation will be allocated to the proceeds of the gift. Use of a CBV is required by Place2Give to ensure that the eligible amount will be deemed to be reasonable by CRA if challenged.
- If the shares being donated are preferred shares that were part of an earlier freeze and the redemption value previously ascribed to the shares will be the value used when the shares are redeemed; Place2Give would require a copy of the CBV documented at that time and have a letter of understanding from the pre- identified buyer of the shares from Place2Give.

Documentation is required in advance of any commitment of acceptance by Place2Give.

#### d) Gifts of Life Insurance

There are a number of ways to use life insurance to make a donation to Place2Give). Again, documentation is required in advance of any commitment of acceptance; and in the case of gifts of life insurance an additional Direction for a Gift of Life Insurance form must be completed and signed by the donor.

**Note:** In general, these gift strategies require either the naming of Place2Give as a beneficiary of the policy or an absolute and permanent transfer of ownership of the policy to Place2Give, after which Place2Give will name itself beneficiary of the policy.

## Funding DAF Account Through Life Insurance

The minimum donation to establish a DAF with Place2Give Foundation is \$500. Donors are encouraged to donate a policy after having established a DAF. However, an insurance only account may be accepted at Place2Give's discretion, provided the policy has a net death benefit of at least \$25,000. An account funded solely by a donation of life insurance policy proceeds cannot make any investments or grants until Place2Give has received the proceeds; because there are no investment funds to invest while the donor is alive.

### Premiums

In situations where the donor elects to stop making donations to cover the premium payment, then Place2Give at its sole discretion may opt to continue to pay the premiums itself or surrender the policy for its cash surrender value. If Place2Give opts to surrender the policy for its cash surrender value and the Fund receives less than the \$25,000 required for a minimum initial donation, then, unless an additional donation is made to reach that minimum, Place2Give may transfer the assets into its general funds and close the account.

### Valuation

The Canada Revenue Agency (CRA) now requires, on the gift of an in-force policy, that the fair market value (FMV) of the policy be determined for the purposes of calculating the eligible amount of the donation receipt. Place2Give will accept gifts of in-force policies when the donor obtains for Place2Give (at the donor's own expense) an estimate of FMV of the insurance policy from a Place2Give approved qualified independent actuary. Before incurring any expenses, donors should contact Place2Give to discuss the proposed donation and get approval on the proposed valuator.

*Place2Give requires the following information prior to confirming acceptance of an insurance policy gift:*

- 1) A copy of the policy contract.
- 2) A full In-force illustration from the insurance company showing death benefit and minimum premiums to keep the policy in force. The illustration should show the total death benefit each year and the required minimum premium until death.
- 3) Actuarial assessments (at the donor's expense) are required for existing policies, but not for a gift of premium payments. *Independent valuations would be at the donor's cost; usually around \$2000.*

### Gifts of a New Policy

A donor may purchase a new life policy on his or her own life and pay the premium to the life insurance company. If the policy application is based on the donor as owner and estate as beneficiary, ownership can be transferred to Place2Give upon delivery of the policy by completed assignment form from the insurance company, the initial premium after assignment will qualify for a donation receipt. If the donor makes a premium payment and then donates the policy, any initial premiums required to set up the

policy and paid in advance of the transfer of ownership will not qualify for a donation receipt.

In these cases, it is the premium amount that is considered to have been donated for tax purposes. All premiums paid will qualify for a tax receipt. The death benefit is not considered for tax receipt purposes, only the premiums.

Place2Give will require an End of Premium Payments illustration from the insurance company showing the policy to be fully paid for in no more than 15 years, using guaranteed values within the contract.

### **A Bequest of Life Insurance through a Will**

This gift strategy is useful for donors relying on life insurance to reduce and/or fund taxes in their estate. A donor making a bequest under a will can claim charitable donations up to a maximum of 100% of his or her income in the year of death and the previous year (to the extent that not all charitable donations can be claimed in the year of death). By naming the estate as beneficiary of the policy, the insured can inject a large sum of tax-free cash into the estate to pay off legal bills, taxes and make charitable gifts. The insurance death benefit merely provides the means to make the payment. It should be noted that the estate trustees cannot retain too great a discretion in making the donation or it may not be considered to have been a gift made in the year of death.

Sample bequest wording can be provided on request.

### **Making Place2Give the Beneficiary of an Existing Policy**

This strategy is commonly used by people who might be inclined to give, but whose personal and family needs may be subject to change would hesitate to transfer ownership of a policy to a charity. The designation of a charity as beneficiary of an individually owned insurance policy (but not a corporately owned policy) is that it will be treated as a gift made in the year of death (similar to a bequest in a will, discussed above.)

Other benefits to the donor in naming a charity a beneficiary (but not owner) of their life policy are: (1) they are able to make a large future gift to their charity; (2) they retain access to the cash value; (3) they maintain control over the gift as they are able to change the beneficiary in case family circumstances change; and (4) the insurance proceeds are not included in their estate, avoiding legal challenges, creditors as well as probate and estate administration costs. The donor names the charity as beneficiary, and upon his or her death, the insurance proceeds are paid to the charity, and the tax receipt is issued to the deceased.

These factors tend to make the designation of a charity as beneficiary of a life insurance policy more attractive than having the donor provide for a gift of the proceeds through the will.

### **Gift of an existing Life Insurance policy**

This gift strategy is an attractive option for people who have an older policy that is no longer needed or for those who want to make a large gift but have limited resources. The benefits are (1) that the donor receives a tax receipt for the fair market value of the policy at the time of the donation (which may be significantly more than the cash surrender value of the policy), and for any future premiums paid; (2) for a relatively small sum, they can ensure a large future gift for their favourite charity; (3) If premiums are

still required, then all future premiums paid by the donor are eligible for a tax receipt; AND (4) the death benefit will bypass the estate thus avoiding probate, estate administration expenses, creditor and other legal challenges.

### **Split Ownership of the Insurance Policy**

This arrangement is usually based on a Universal Life Policy where the donor and charity co-own the contract. It is structured on a 'Face plus Fund' basis where cash surrender value is added to the death benefit. The donor retains partial ownership rights in the equity portion of the policy (the cash surrender value) and in its corresponding death benefit. Place2Give will own the original face amount of the policy. Under this arrangement Place2Give can receipt the portion of the premium attributable to the original death benefit as determined by an actuary.

Place2Give will consider split ownership donations on a case by case basis provided the policy is documented by a contract or deed that clearly addresses ownership issues and the donor's rights to withdraw cash from policy during their lifetime.

In all cases where Place2Give is the outright owner (or part owner) of a policy, the death benefit to be paid to Place2Give must be guaranteed provided the premiums are paid.

### **Split Benefit Insurance Policies**

A twist on the above arrangement occurs when a donor buys a UL policy and donates to charity. The contract for a split benefit gift would stipulate that the charity owns the policy and a specified percentage of death benefit is payable to the donor's estate/heirs via an irrevocable beneficiary designation. During their lifetime, the donor pays the ongoing premiums and benefits from the tax receipt issued by Place2Give relating to the death benefit retained by it. At death, the donor and Place2Give receives their specified percentage of the death benefit.

Place2Give will consider split ownership donations on a case by case basis provided, the donor agrees to pay the premiums and the policy is documented by a contract or deed that clearly addresses ownership issues.

In all cases where Place2Give is the outright owner (or part owner) of a policy, the death benefit to be paid to Place2Give must be guaranteed provided the premiums are paid.

### **Donation of Segregated Funds**

Donations of segregated fund policies from a living donor to Place2Give may be eligible for special capital gains treatment. The donation of a segregated funds policy will be treated as a disposition by the donor and will trigger a gain or loss for the owner. The Income Tax Act provides that the capital gains inclusion rate is nil for gifts of this property. The donation receipt would be equivalent to the value of the units (net asset value per unit as determined by the issuer) multiplied by the number of units donated less any advantage.

All units will generally be redeemed by Place2Give as quickly as possible. However, Place2Give may elect to defer redemption if it deems prudent. Any costs incurred by the Foundation to sell the units will be

deducted from the proceeds of the sale. Redemption charges may also apply. An amount equal to the net proceeds after liquidation will be deposited into the donor's Fund.

Donations of segregated funds from a living donor require an in-kind transfer of the existing policy by means of an absolute and permanent assignment of an existing policy to Place2Give. Ownership can be transferred by completion of an assignment form from the insurance company.

e) Gifts of RRSP's and RRIF's

Place2Give encourages individuals to designate Place2Give as the beneficiary of their registered plans. Your estate will be deemed to have made the gifts and be entitled to an offsetting charitable receipt. Place2Give's legal name is: Place2Give Foundation.

f) Bequests by Will

Place2Give encourages individuals to include a bequest in their Will. Place2Give's legal name is: **Place2Give Foundation**. Individuals may review sample language for bequests to Place2Give. As well an individual may prepare for Place2Give a Sample Bequest letter to provide greater specificity in terms of their wishes.

For individuals who have made adequate provision for their heirs, encouragement is given to naming Place2Give as a residual beneficiary. Bequests of specific dollar amounts are also encouraged. A donor may also include a contingency clause that provides a bequest to Place2Give after the death of a named "last survivor". In this case, a donor may provide to Place2Give all or a portion of the remaining estate following the death of the named beneficiary.

Donors will be advised to seek independent legal counsel in drafting of their Will. It is understood that members of the Place2Give team will not become involved in the preparation, execution or witnessing of a Will in which Place2Give is named as a beneficiary.

## Appendix A

### *Place2Give's Recommended Bequest Wording:*

*To pay to PLACE2GIVE FOUNDATION, a public foundation registered with the Canada Revenue Agency (Registration #833678840RR0001) currently located at #210, 333 – 11<sup>th</sup> Ave. SW, Calgary, AB T2R 1L5 Canada, the [sum of \_\_\_ Dollars (\$ \_\_\_\_\_)] / or the residue (OR ~ \_\_\_\_\_% of the residue) of my estate for the purpose of contributing to a new fund to be known as [NAME OF THE FUND WITHIN PLACE2GIVE] \_\_\_\_\_ (the "Fund")/ or to the existing fund known as [NAME OF EXISTING FUND HELD AT PLACE2GIVE] \_\_\_\_\_ (the "Fund"), to be held in a brokerage account owned by the Place2Give Foundation on the following trusts: the capital of the Fund will be invested in an endowment fund held by Place2Give Foundation and shall be invested and reinvested by Place2Give Foundation in accordance with its investment policy as approved by the Board of Directors of the Place2Give Foundation from time to time.*

### *Listed Charities*

*Annual distributions shall be made to the following charities: [insert names and CRA Registration # of charities] in accordance with the granting policy of the Place2Give Foundation in effect from time to time.*

*I declare that the receipt of the person professing to be the Treasurer or other proper officer of the above- named charitable institution shall be a sufficient discharge to my Trustees who need not see to the application thereof. I specifically authorize my Trustees, in their absolute discretion, to satisfy all or part of this legacy by way of an in specie transfer or transfers, of one or more securities forming part of the residue of my estate at the time of my death.*

### *Disbursement Recommendations*

To make disbursement request please provide the following information in a letter or email to [admin@place2give.com](mailto:admin@place2give.com)

Name of DAF account holder:

Please indicate if this disbursement is a one-time donation or a recurring donation either monthly, quarterly or annually.

Please provide us with the name of the charity, what city they are located in, the dollar amount of the donation and if it is to be designated to a specific project, please provide that information.

Please provide any additional information you want sent along with this disbursement (i.e. special message to charity staff, special request around reporting, if this is in honour or memory of someone, etc.).

**Note:** If any of this information is missing it may delay the disbursement of funds. We cannot accept disbursement requests left in a voicemail message, sent via text or made over the phone.