



GIFT ACCEPTANCE AND DISBURSEMENT POLICY

ASSOCIATION OF CANADIAN ARCHIVISTS FOUNDATION

1. DEFINITIONS

In this Policy, the following words shall, unless the context otherwise requires, have the following meaning:

“Board of Directors” or “Board” means the Board of Directors of the Foundation.

“CRA” means the Canada Revenue Agency.

“Disbursement Quota” means the disbursement quota that the Foundation is required to comply with and disburse each year in accordance with the ITA.

“Foundation” or “ACA Foundation” means the ASSOCIATION OF CANADIAN ARCHIVISTS FOUNDATION FONDATION D’ASSOCIATION DES ARCHIVISTES CANADIENNES, a non-share capital corporation incorporated pursuant to the *Canada Corporations Act*, R.S.C. 1985, c. C. 32.

“Fund” or “Funds” means the monies, funds, securities, cash, real property and personal property held by the Foundation from time to time.

“Investment Policy” means the investment policy of the Foundation in place from time to time.

“ITA” means the *Income Tax Act* (Canada), R.S.C. 1985, c.1, as amended from time to time.

“Policy” means the Gift Acceptance Policy provided for herein.

2. BACKGROUND

The importance of voluntary charitable contributions to ACA Foundation is increasingly apparent. The Foundation welcomes gifts, which enable it to fulfil its mission of supporting scholarships & research in the archival field.

Through the promotion of voluntarism and philanthropy, the Foundation’s Board provides central friend-and-fund-raising support to assist the Foundation. Federal and provincial governments encourage voluntary gift support of charitable organizations such as ACA Foundation, and allow substantial tax relief to donors.

The significance of these tax laws makes it an important obligation of the Foundation to record and acknowledge all gifts received. The Foundation is responsible for issuing official charitable receipts for all



charitable gifts received by ACA Foundation in compliance with the requirements of the Income Tax Act, and in accordance with procedures established by the Foundation. The ACA Foundation is a registered public foundation (charity) under the ITA. Its business number is 80413 8477 RR0001.

3. RATIONALE

This document has been established to:

- 3.1 provide clarity on the types of gifts that the Foundation can accept;
- 3.2 ensure the acceptance of gifts complies with the law in Canada, including the requirements of the ITA;
- 3.3 ensure accepted gifts are in keeping with the Foundation's charitable purpose & mission statement
- 3.4 provide volunteers & staff of the Foundation with general guidelines and procedures for accepting and receipting various types of gifts
- 3.5 ensure consistent, equitable relations with donors

In order to ensure that this Policy continues to be effective, it shall be reviewed periodically. The Foundation Board of Directors is responsible for initiating this review (every 5 years minimum).

4. APPLICATION OF POLICY AND EFFECTIVE DATE

4.1 Application. Unless provided otherwise by the terms of a deed of gift or other document creating a Fund, the terms of this Policy shall apply to the gift or Fund.

4.2 Conflict. In the event of a conflict between the terms of any gift agreement or other document creating a Fund with the terms of this Policy, the applicable terms of the gift agreement or other document shall override the corresponding terms of this Policy, provided that the balance of the Policy that is not in conflict shall continue to be in effect, where applicable.

4.3 Effective Date. The Policy will come into effect on the date specified below, and all gifts and disbursements made after that date shall be made in accordance with the terms hereof.

5. DEFINITION OF GIFT

5.1 General. A valid gift is a voluntary transfer of property without consideration. Accepted gifts to the Foundation are eligible for an official charitable donation receipt that may be claimed as a non-refundable tax credit for an individual donor or tax deductions for a corporate donor on the donor's income tax return.

5.2 Fair Market Value. The duty to accurately determine the fair market value of donated property lies with the Foundation. The fair market value of a gift in kind as of the date of the donation must be determined before an amount can be recorded on an official donation receipt. If the fair market value of an item cannot be reasonably determined, a charitable donation receipt will not be issued.

Fair market value generally means the highest price, expressed in dollars, that a property would bring in an open and unrestricted market, between a willing buyer and a willing seller, both of whom are knowledgeable,



informed, and prudent, and who are acting independently of each other. Where the fair market value of an item can be reasonably determined or is less than \$1,000, an appraisal may not be required. However, where this is not the case, one or more independent appraisals, at the expense of the donor, will be required to determine the fair market value of donated property.

5.3 Non-Gifts. The following transactions do not constitute a “gift”, are not eligible for official charitable donation receipts and will not be accepted by the Foundation:

- (a) a donation that does not meet all of the requirements for a gift as set out in Section 5.1;
- (b) pledged amounts which are not received by the Foundation;
- (c) a donation of service;
- (d) the purchase of an item or service by the Foundation;
- (e) the payment of sponsorship fees;
- (f) a loan to the Foundation;
- (g) the provision of free use of property; and
- (h) a donation which is court ordered or otherwise compelled.

In addition, the Foundation reserves the right to decline a gift in any circumstance, including for the following reasons:

- (a) the gift does not accord with the Foundation’s objects or the Foundation’s mission and essential values;
- (b) the gift exposes the Foundation to liability or unacceptable risk;
- (c) the donor applies unacceptable restrictions or control over the gift (as described more particularly in Section 8 below); or
- (d) the gift will be difficult to administer.

The acceptance of all gifts shall be subject to the Foundation’s compliance with the requirements of the *Charitable Gifts Act* (Ontario) as amended from time to time.



6. POLICY FOR GIFT ACCEPTANCE

6.1 The Foundation encourages and solicits contributions of cash and near cash and gifts-in-kind (including publicly-listed securities, real estate and other personal property). The Foundation also accepts planned gifts including life insurance, bequests and registered retirement plans. A gift may be made on an outright basis to the Foundation, or the donor may direct the Foundation to hold the gift in a Fund. The gift might also constitute a residual interest in a property or a charitable remainder trust. The gift may be unrestricted or contain restrictions. There may also be other types of planned gifts accepted by the Foundation.

6.2 ACA Foundation holds itself to a high standard of ethical conduct, both within its own community of archivists, faculty, students, volunteers and employees, and in all of its external relationships and interactions – with associations and commercial enterprises, with other external organizations, and with friends and donors.

6.3 In particular, the Foundation will not accept gifts, enter into business relationships, or accept external support that will compromise its public image or commitment to its mission and essential values as articulated in the Foundation’s “Principles and Priorities”.

6.4 ACA Foundation values and will protect its integrity and autonomy, and does not accept gifts when a condition of such acceptance would compromise these fundamental principles.

6.5 Ownership of all gifts directed to ACA Foundation vests in the Foundation, whether said gifts are for the benefit of the Foundation generally or for some specific purpose in it.

6.6 Acceptance of any gift contribution which involves a proposal to name is conditional upon final approval of the naming by the Board of Directors, since ultimate authority for naming at ACA Foundation rests with the Board of Directors.

6.7 Neither the Directors nor any other representative of the Foundation will pressure a donor, nor offer legal or financial advice to the donor.

6.8 In general, with respect to gifts [over \$10,000.00] gifts that are subject to restrictions imposed by the donor, gifts to be held in Funds, gifts of residual interests, charitable remainder trusts and gifts of real estate, the Foundation will request donors to enter into gift agreements with the Foundation to evidence the gift and set out the terms of any restrictions on the gift. The Foundation will also enter into pledge agreements with donors with respect to gifts to be made over a period of time. The Foundation will establish template gift agreements. All gift agreements that do not follow the Foundation’s templates will be reviewed by the Foundation’s legal counsel where necessary.

6.9 It is possible for a donor to impose certain restrictions to be attached to a gift when the gift is made. All restrictions that a donor desires to be imposed on a gift must be set out in a gift agreement approved by the Foundation. The Foundation will review the restriction in order to ensure that it is able to comply with the restriction and to clarify its duties in fulfilling the restriction. That being said, the Foundation will consider only those restrictions that will not be unreasonably difficult to administer. The agreement will also generally contain a clause to provide the Foundation with the power to vary the restriction in the event that it becomes impossible or impractical for any reason to fulfill.



7. TYPES OF GIFTS

7.1 **Cash and Near Cash.** The following gifts are deemed eligible for acceptance by ACA Foundation:

Outright gifts of cash, credit card payment, money order, or cheque. The following terms will apply to the Foundation's acceptance of such gifts:

- (a) Following receipt of the gift, the Foundation will issue to the donor an official charitable donation receipt for the amount of the gift.
- (b) A gift by credit card is considered to have been made on the date the donor authorized the charge to the credit card.
- (c) Gifts received after the end of the year may not be added to the previous year's donations unless the gift was postmarked in the previous year (for example, a gift made by way of a cheque that was mailed and posted marked in December but not received by the Foundation until January).

7.2 **Publicly-Listed Securities.** Donations of publicly-listed securities do not give rise to a capital gain for the donor, which provides a substantial incentive for such donations. Common publicly-listed securities include:

- a share, debt obligation or right listed on a prescribed stock exchange;
- a share of the capital stock of a mutual fund corporation; and
- a unit of a mutual fund trust;

The following terms will apply to the Foundation's acceptance of gifts of publicly-listed securities:

- (a) The Foundation generally accepts gifts of publicly-listed securities that have an active secondary market, are not subject to a volatile market, and can be readily converted into cash within a reasonable period of time after having received the gifts. Donors shall bear transfer costs when transferring securities to the Foundation. A gift of publicly-listed securities must be received by the Foundation no later than ten business days before the end of the calendar year.
- (b) Donations of public securities are normally transferred electronically. Electronic transfers can take up to several days to complete depending on the procedures used by the brokerages involved. The date of a gift of electronically transferred shares is the date the shares are received in the Foundation's account. The fair market value of the shares may have dropped between the date of transfer and the date the shares are received in the charity's account. Any such loss is borne by the donor.

A donation of public securities may also be made by transfer of the share certificate. Share certificates should be hand-delivered to the Foundation or sent by registered mail or courier. The date of the gift will be the date the share certificates are delivered to the Foundation and accepted by the Foundation.

- (c) In general, the value of the securities will be the closing bid price of the share on the date of the gift as set out above. When unusual circumstances are involved in a gift, an independent



appraisal may be required to determine the fair market value. As well, a gift agreement with the donor will be required to set out the method of valuation used, a price adjustment clause should an issue arise with CRA with respect to the valuation, and that the donor will be responsible for the cost of the appraisal.

- (d) In general, the Foundation's policy is to liquidate gifts of securities as soon as possible after receipt.
- (e) Upon confirmation of the receipt of a gift of publicly-listed securities, the Foundation will issue a tax receipt for the eligible amount of the gift based on the fair market value of the securities on the date they were received by the Foundation. The value of the securities will be the closing bid of the share.

7.3 Real Estate. Gifts of real estate include single family dwellings, condominiums, apartment buildings, office buildings, land and farms. The following terms will apply to the Foundation's acceptance of gifts of real estate:

- (a) The ready marketability of the property and the carrying costs will be considered by the Foundation before accepting the gift. 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 gift is in the best interests of the Foundation.
- (b) Before accepting a gift of real estate, the Foundation will undertake such due diligence steps as it determines necessary.
- (c) Costs such as legal fees, appraisals and real estate fees will be the responsibility of the donor.
- (d) The Foundation reserves the right to retain the property or sell it and apply the proceeds towards the charitable purpose of the gift. In general, it is the Foundation's policy to sell real estate as soon as possible after having received title.
- (e) A charitable donation receipt will be issued for the eligible amount of the gift on the date of donation based on the fair market value of the property.

7.4 Gifts-in-Kind. Gifts-in-kind refers to a gift of property other than cash or near cash. Acceptance of some gifts-in-kind is subject to special considerations and are specifically referred to in other sections of this Policy, including life insurance, publicly-listed securities, real estate, etc. The acceptance of other gifts-in-kind is governed by this section, including gifts of books, art work or art collections, archival documentation, works or material, equipment, software, or other property. The following terms will apply to such gifts:

- (a) The Foundation accepts gifts-in-kind that are in reasonable condition and meet other criteria set out in this Policy. The Foundation reserves the right to display or store the gifted property, use the property for fundraising purposes, or sell it and apply the proceeds towards the charitable purposes of the Foundation.



- (b) The ready marketability of the property and the carrying costs will be considered by the Foundation before accepting a gift. The Foundation reserves the right to secure its own appraisal and issue a gift receipt based on it.
- (c) Before accepting a gift-in-kind, the Foundation will undertake such due diligence steps as it determines necessary.
- (d) Costs such as legal fees and appraisals will be the responsibility of the donor.
- (e) A charitable donation receipt will be issued for the eligible amount of the gift on the date of donation based on the fair market value of the property.

7.5 Life Insurance. Gifts of life insurance may be made to the Foundation by irrevocably assigning the ownership and beneficiary rights of a paid-up life insurance policy to the Foundation, by irrevocably assigning the ownership and beneficiary rights of a life insurance policy to the Foundation on which premiums remain to be paid and by naming the Foundation as a beneficiary of a life insurance policy. The following terms will apply to such gifts:

- (a) When a life insurance policy is irrevocably assigned to the Foundation, the Foundation becomes the legal owner of the gifted life insurance policy. All consents required under provincial regulations to be signed to change a beneficiary must also be signed before it is a completed gift.
- (b) If an assigned policy is not yet fully paid-up, the acceptance of the assigned policy shall be conditional upon the Foundation not having any liability to the insurance company or to the donor with respect to the payment of future premiums, unless otherwise agreed to by the Foundation in advance.
- (c) If an assigned policy is not yet fully paid-up, the Foundation shall require assurance from the donor that he/she will continue to make donations towards paying future premiums (for which the donor would be entitled to charitable donation receipts as explained below), unless otherwise agreed to by the Foundation in advance.
- (d) The receipting of gifts of life insurance shall be as follows:
 - (i) Where the assigned policy is a fully paid-up life insurance policy, the Foundation may issue a charitable donation receipt for the eligible amount of the policy's value (i.e. its cash surrender value less any loan outstanding on the policy). Generally, only whole life or universal life policy will have a cash surrender value. A term life insurance policy cannot be fully paid-up and the cash surrender value would be nil. The cash surrender value for a new insurance policy would also be nil.



- (ii) Where the assigned policy is not yet fully paid-up, the Foundation may issue a charitable donation receipt for the eligible amount of the policy (i.e. its cash surrender value less any loan outstanding on the policy). Where the policy assigned is a term life insurance, the cash surrender value is nil.
- (iii) In addition, if the policy is not yet fully paid-up, the Foundation may issue a charitable donation receipt for donations for the eligible amount of the premium paid, regardless of whether the payment is made directly to the insurance company or to the Foundation, which would in turn pay the premium.
- (iv) Where the Foundation is named as a beneficiary of a life insurance policy, the Foundation may issue a charitable donation receipt when the Foundation receives the insurance proceeds upon the death of the insured. No charitable donation receipt may be issued upon naming the Foundation as the beneficiary or for premiums paid for such a policy.

7.6 **Bequests.** A bequest is a provision in a Will, directing a gift of property from an estate to be paid to the Foundation. There are several types of bequests accepted by the Foundation:

- A specific bequest - a gift of a specific sum of money or a specific property, such as real estate or securities.
- A residual bequest – a gift of all or a percentage of the residue of the estate after having paid gifts to other beneficiaries under the estate.
- A contingent bequest – a gift of all or a share of the estate in the event of the prior death of certain other beneficiaries or in the event of certain conditions having been met.

A donor may provide that any bequest be held in a Fund.

The following terms will apply to such gifts:

- (a) Sample bequest language will be made available to donors and their lawyers to ensure that the bequest is appropriately documented in the will.
- (b) A bequest in the appropriate amounts can be used to create a Fund if appropriately provided in the will and would be subject to the Fund terms set out in this Policy.
- (c) Donors are invited and encouraged to provide information to the Foundation about their bequest and, if they so choose, to send to the Foundation a copy of the relevant section of their will.
- (d) Any legal, accounting, or other professional fees borne by the Foundation in receiving the bequest from the estate of the donor will be deducted from the gift received.



- (e) Following receipt of the bequest, the Foundation will issue to the estate a charitable donation receipt based on the fair market value of the property.

7.7 Registered Retirement Plans. Gifts of registered retirement plans include the direct designation of the Foundation as a beneficiary to receive the proceeds of a RRSP or RRIF on the death of the donor or a gift to the Foundation of the proceeds of RRIF or RRSP on the death of the donor by way of bequest. The Foundation will accept such donations and a receipt based on the value of the RRSP or RRIF on the day of death of the donor will be issued for the final tax return. A gift of a registered retirement plan may also be made during a donor's lifetime.

7.8 Residual Interests. A gift of a residual interest in a property involves conveying property to the Foundation, with the donor retaining the use of the property for the donor's life time or for a defined period of time. The following terms will apply to such gifts:

- (a) Various factors, including marketability, current use, and cash flow will be taken into account to ascertain that acceptance of the offered gift is in the best interests of the Foundation.
- (b) Costs such as legal fees, appraisals and other fees will be the responsibility of the donor.
- (c) The Foundation reserves the right to retain the property or sell it and apply the proceeds towards the charitable purpose of the gift. In general, it is the Foundation's policy to sell property as soon as possible after the termination of the donor's interest in the property in situations involving gifts of residual interest.
- (d) A charitable donation receipt is issued for the eligible amount of the gift on the date of donation based on the present value of the property taking into consideration the interest retained by the donor.

7.9 Charitable Remainder Trusts. Generally, a charitable remainder trust involves a donor (settlor) transferring property (e.g. real estate, securities, or cash, etc.) to a trust for a trustee to manage the property. The donor or a beneficiary (usually a family member of the donor) (usually referred to a "life tenant") retains a life or income interest in the trust but an irrevocable gift of the residual interest in the trust is made to a registered charity. The charity would receive the trust property when the trust is collapsed at the end of the interest of the life tenant. Such a gift may be made through a testamentary trust or an inter vivos trust. The following terms would apply to the Foundation's acceptance of such gifts:

- (a) Various factors, including marketability, current use, and cash flow, will be taken into account to ascertain that acceptance of the offered gift is in the best interests of the Foundation.
- (b) The Foundation will not serve as a trustee for a charitable remainder trust, but may refer the donor to trust institutions that may agree to do so.



- (c) Costs such as legal fees, appraisals and real estate fees will be the responsibility of the donor.
- (d) The Foundation reserves the right to retain the property or sell it and apply the proceeds towards the charitable purpose of the gift. In general, it is the Foundation's policy to sell property as soon as possible after the termination of the life tenant's interest in the property in situations involving gifts of charitable remainder trust.
- (e) A charitable donation receipt is issued for the eligible amount of the value of the equitable interest in the trust as explained above.

7.10 **Other Gifts.** There are many types of gifts that may be donated or may evolve with new ways of planned giving from time to time. Examples of these gifts include "split receipt" gifts, stock options, gifts of flow-through shares, gifts of private company shares, charitable gift annuities, time-share recreational property, airline premium points, etc. It is not possible to include every type of gift in this Policy. The Foundation may establish specific policies for some of these gifts. Gifts not mentioned in this Policy or other policy of the Foundation will require individual review.

7.11 The Foundation will advise the donor as to the circumstances resulting in the gift being declined.

8. GIFT LIMITATIONS

8.1 The following gift conditions cannot be accepted by the Foundation for scholarships, fellowships, awards, bursaries, or other financial aid funds:

- (a) Conditions which, by explicit designation, require the exclusion of, or discriminate against, a group or class, unless such exclusion or discrimination has the effect of favouring one or more designated groups as provided for in any approved institutional plan or equity scheme.
- (b) Stipulations designating a specific recipient by a donor
- (c) Conditions or stipulations cannot be added following acceptance of the donation.

9. DISBURSEMENT OF OUTRIGHT GIFTS AND DISBURSEMENT OF FUNDS

9.1 Outright Gifts

- (a) Outright gifts that are not subject to restrictions will be applied towards the general charitable purposes of the Foundation.
- (b) Outright gifts may be subject to restrictions. These gifts will be applied towards the specific purposes as set out in the restriction.
- (c) In consideration for the administrative services rendered by the Foundation, the Foundation shall be entitled to receive an administrative fee with respect to such gifts in accordance with the Foundation's fee schedule in existence from time to time.



9.2 Funds

- (a) The Foundation may accept a gift subject to the condition that the gift be held for a period of time before it is disbursed, or perpetually. This gift will be held in a Fund. The terms of the Fund may require that the capital be held for a period of time or perpetually, with the income to be used for the purposes of the Foundation. Such use may also be subject to further donor restrictions, such as restrictions as to purpose. Generally, a Fund should be in the amount of \$10,000.00 or more.
- (b) Additional contributions may be made to the Fund. Any additional contributions shall be held in trust as a part of the Fund in accordance with the terms of this Policy, as well as the agreement establishing the Fund, as applicable, provided that the additional contribution is recorded for Disbursement Quota purposes under the ITA, if necessary, as a separate 10-year gift. No further restrictions or terms may be imposed upon such additional contributions.
- (c) The Fund shall be invested in accordance with the Investment Policy of the Foundation in place from time to time.
- (d) In consideration for the administrative services rendered by the Foundation in relation to a Fund, the Foundation shall be entitled to receive an administrative fee on an annual basis in accordance with the Foundation's fee schedule in existence from time to time.

9.3 Fund Disbursement Policy

- (a) The annual net income earned from the investment of the Fund shall be calculated:
 - (i) in accordance with the applicable terms of any gift agreement or other document creating the Fund concerning the calculation of annual net income, if applicable; or
 - (ii) at the end of each fiscal year of the Foundation by totalling the interest income, dividend income, realized capital gains (as may be permitted by the ITA) and any other revenue, less costs, fees and expenses associated with the Fund, including the Foundation's fee.
- (b) Unless otherwise provided under the terms of the Fund, the amount of net income that is disbursed by the Foundation shall constitute the "Disbursement Income". The Disbursement Income shall not be less than the Disbursement Quota for the Foundation under the ITA. The Foundation shall be authorized to expend such portion of the capital of the Fund as may be necessary to meet the requirements of the Disbursement Quota then in effect. In general, the Disbursement Income will be disbursed by the Foundation within 3 months after the fiscal year of the Foundation in accordance with the terms of the Fund.
- (c) The Disbursement Income for the Fund shall be determined each year by a Committee of the Foundation in order to meet the Disbursement Quota of the Foundation, protect the capital of the Fund from inflation, comply with applicable legislation, and pursue the charitable purposes of the Foundation and/or the Fund.



- (d) The capital of the Fund may only be disbursed in accordance with the terms of the Fund.
- (e) Notwithstanding the foregoing provisions, the Foundation may transfer the Fund to a successor corporation and appoint it as the new trustee of the Fund or, alternatively, transfer the Fund to, and appoint as trustee, another charity that is a registered Canadian charity under the ITA. Such transfer and change of trustee shall be completed by means of a deed of trust, provided that all of the terms of any agreement with the donor will remain in effect.

10. GIFT DISCLOSURE POLICY

10.1 General Policy

The names of donors to Foundation programs and Endowment Funds are published in the annual report of the Foundation and may be used for other fundraising purposes unless the donor specifies that they do not wish to have their name, the amount, and/or the purpose of the gift disclosed.

10.2 Anonymous Donors

The Foundation will respect and observe the wish of a donor to remain anonymous with respect to gifts made to the Foundation. However, the Foundation reserves the right to disclose the identity of the donor and the type and value of the gift where it is required to do so by law.

11. EFFECTIVE DATE

11.1 The effective date of this Policy shall be the date on which it is approved by the board of directors as indicated below.

APPROVED BY THE BOARD OF DIRECTORS THE EIGHTH DAY OF MARCH, 2010.

PER: _____