

TITLE: DONATIONS: GIFT ACCEPTANCE POLICY

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POLICY STATEMENT:

This policy is established to govern the acceptance of all gifts made to Red Deer College (RDC). Through this policy, guidelines are provided to establish which gifts should be accepted or declined, and under which circumstances. The Vice President of Enterprise and Community Relations is authorized to accept all gifts to RDC.

PURPOSE:

To ensure the proper steps are taken when accepting gifts in accordance with the Red Deer College's policies, maintaining the College's high level of commitment to donor stewardship. The purpose of *Gift Acceptance Policy* is to ensure:

- a. Informed decisions are made on the acceptance of gifts.
- b. Gifts are managed in accordance with federal and provincial laws and regulations.
- c. Efficient administrative, legal and accounting practices are followed.
- d. Accurate reporting of all gifts and sponsorship.
- e. Consistent ethical and respectful relations with all donors and sponsors.

SCOPE:

This *Gift Acceptance Policy* applies to all donations to the College through any fund raising means. This includes, but is not limited to, Campaigns, planned gifts, School/Centre fund raising initiatives, and any 3rd party conducting fund raising on behalf of the College.

PRINCIPLES:

The College has an ethical responsibility to every donor. All staff, volunteers and professional representatives acting on behalf of the College will conduct themselves in accordance with accepted professional standards of accuracy, truth and integrity. The professional standards and code of behaviors are set out by Imagine Canada in its [Ethical Fundraising and Financial Accountability Code](#).

DEFINITIONS:

For the purposes of this document, the RDC Enterprise and Community Relations Division (which includes Development and Development Services) and the RDC Foundation will generally be referred to as "Development", where appropriate.

These term(s) and definition(s) apply to this policy with no implied or intended institution-wide use.

Donation: May be used interchangeably with "gift." A gift that is offered to and accepted by the College. The donation may be of a charitable nature, in which case, it is eligible for a charitable donation receipt. The donation may be cash or in-kind.

Endowment: Generally a donation made on the understanding that the "capital" or "principal" amount of the donation (the "contribution") will be invested in perpetuity. The investment earnings are used, according to institutional spending policy, to advance purposes specified by the donor.

Fair Market Value (FMV): The highest dollar value, expressed in terms of money, which the property would bring in an open and unrestricted market between a willing buyer and a willing seller who are knowledgeable, informed, and prudent, and who are acting independently of each other.

Gift: A voluntary, irrevocable, transfer of property owned by a donor to a donee, in return for which no benefit flows to the donor.

Expendable Gift: Gift or grant given to the College, which the donor has directed to be immediately used in support of various programs or projects.

Retained Gift: Gift or bequest, given to the College, to be held permanently for the income derived, as part of the College's endowment fund.

Designated Gift: Gift, given to the College, where the donor has specified where in the College the support is to be directed. Gifts may be "designated", for instance, to a particular program or school.

Undesignated Gift: Gift, given to the College, where the donor has not specified where in the College the support is to be directed.

Unrestricted Gift: Gifts, given to the College, where the donor has not specified the purpose for which the gift is to be used.

Restricted Gift: Gift, given to the College, where the donor has specified that the gift is to be used to support a particular purpose.

Note: For instance, a gift may be "designated" by a donor to the Faculty of Humanities and restricted as to purpose for buying library books. Or, a gift may be "designated" to the Faculty of Education, but unrestricted as to use in that setting.

Gift in Kind: A gift in the form of capital property, depreciable property, or personal-use-property including listed personal property.

Independent: A neutral or uncommitted person.

Planned Gifts: A fundraising program that involves arranging donations to serve the interests of a registered charity and that best suit the personal, financial and tax situation of an individual donor. Examples of planned giving include bequests, stocks, life insurance policies, real estate, and residual interests or charitable remainder trusts.

Pledge: A promise to give gifts over a period of time.

Tax Credit: A non-refundable and non-transferable federal tax credit deductible against income tax payable.

Transfer of Ownership of Shares: Transfer of ownership of shares occurs on the date the physical share certificate is issued or the date the shares are received electronically.

Net Proceeds: The amount of money received from a sale, after subtracting the trading costs.

Section 1 GENERAL GUIDELINES

1. Negotiating Gifts

- a. The final decision to accept or decline a gift rests with the President, upon recommendation of the Vice-President of Enterprise and Community Relations.
- b. Acceptance of any gift that involves a proposal to name is conditional upon final approval of the naming by the President, upon recommendation of the Vice-President-of Enterprise and Community Relations.
- c. When negotiating a gift on behalf of the College, individuals must consult with the Community Relations Division, Development Department (“Development”) to ensure due diligence prior to making a decision to accept a gift which:
 - i. Might expose the College to an uncertain and potentially significant liability or operational financial risk.
 - ii. Is precedent-setting or involves sensitive issues.
 - iii. Has an ambiguous financial source.
 - iv. Involves a proposal to name.
 - v. Because of its unusual nature, presents questions as to whether it is within the role and scope of the College.

2. Acceptable Gifts

RDC welcomes gifts that support the pursuit of its mission. The following are indicators that a gift is acceptable:

- a. The College has a need for the gift or, when there is no immediate or foreseeable need, the gift is resalable.
- b. The gift and its accompanying terms are legal and meet all federal and provincial legislation.
- c. The purpose of the gift is compatible with the work and priorities of RDC or the unit for whose benefit the gift is intended.
- d. There does not appear to be a physical hazard and/or liability concern associated with the gift.

3. Declining a Gift

RDC may choose to decline a gift. The following conditions justify such an action, although other situations may also occur:

- a. If the gift constitutes a non-gift as per [Canada Revenue Agency IT- 110R3](#).
- b. There are unusual features to the gift that are contrary with the objectives, values, and goals of the College.
- c. The gift could not be fairly assessed and processed prior to calendar year end as per Canada Revenue Agency gift-in-kind guidelines.
- d. The gift could financially or morally jeopardize the donor and/or the College.
- e. The gift or terms of the gift are illegal.
- f. The College is unable to honour the terms of the gift.
- g. An appropriate fair market value cannot be determined, or will result in unwarranted or unmanageable expense to the College.
- h. There are physical or environmental hazards to the College in accepting the offered gift.
- i. The gift involves false promises on the part of either party.
- j. The gift could jeopardize the College's charitable status.
- k. The gift could improperly benefit any individual.

As an underlying principle, the College is committed to preventing the use of its operations for money-laundering or other criminal or terrorist purposes. All of the College's and Foundation's officers will not knowingly accept a gift or enter into transactions with individuals, organizations, entities or states targeted by applicable anti-terrorism measures or potentially engaged in money- laundering activities.

Section 2 RECEIPTING

GUIDELINES:

The RDC Foundation receives and acknowledges all donations made to the College in accordance with [Canada Revenue Agency IT- 110R3](#) - *Gifts and Official Donation Receipts*.

As a charitable organization under the Income Tax Act the College may issue official charitable donation receipts, which the donor/taxpayer may use to claim a non-refundable tax credit using the RDC Foundation's Charitable Business Registration number:
BN 89051 5570 RR00001.

All charitable donations accepted by the College will be receipted in accordance with RDC's Charitable Tax Receipt Issuance Procedure.

To be eligible for an official receipt the gift must be received and not merely pledged. The basic provisions dealing with charitable donations and their deductibility are to be found in sections 110.1 (for corporate gifts) and 118.1 (for individual gifts) of the Income Tax Act.

Receipts will be issued at cash or fair market value to the donors as provided for under the Income Tax Act. Certain donations, such as gifts of time or services, are gratefully accepted, although they are not eligible for a charitable gift receipt.

Section 3 TYPES OF GIFTS & RECEIPT QUALIFICATIONS

RDC accepts the following types of gifts:

- a. Cash Donations
- b. Bequests
- c. Life Insurance
- d. Public and Private Securities
- e. Gifts-in-Kind
- f. Gifts of Real Estate
- g. Charitable Trusts
- h. Charitable Gift Annuities

GUIDELINES:

As a registered charity, donations to RDC or the RDC Foundation are eligible for a charitable tax receipt that may be claimed as a non-refundable tax credit on an income tax return.

No benefit of any kind may be provided to the donor or to anyone designated by the donor except where the benefit is of nominal value. Canada Revenue Agency defines nominal value as a fair market value of less than the lesser of \$50 or 10% of the amount of the gift (IT 110R3). It is permissible and encouraged for donors to receive on-campus recognition for their gift, including honour rolls; signage and plaques; or naming opportunities for buildings, schools, scholarships, and the like.

Should the College provide something of value in return for a gift (including admission to a fund raising event) the donor's tax receipt must be reduced by the fair market value of the benefit received.

Non Gifts

The following transactions do not constitute philanthropy and are *not* eligible for charitable tax receipts:

- vi. a gift of service;
- vii. the purchase of an item or service from the College;
- viii. sponsorship of College research projects for which the donor retains right of property, including intellectual property; and
- ix. A gift of debt from a person or partnership, or a share of a capital stock of a corporation that does not deal at arm's length with the charity.

MEANS OF GIVING

The College encourages and solicits contributions of cash, securities, and personal and real property, either as outright gifts or through planned gift vehicles in accordance with Canada Revenue Agency *IT-110R3 - Gifts and Official Donation Receipts*. Planned gifts include bequests, securities, life insurance policies, real estate, RRSP, RRIF, pension or annuity proceeds, charitable trusts, residual interest and gift annuities.

Section 4 MARKETABLE SECURITIES

The securities of publicly traded companies are acceptable donations. The value of the gift for receipting and recognition purposes is the “fair market value” at the close of the business day of the legal transfer of ownership to RDC.

GUIDELINES:

Shares will be liquidated in accordance with the RDC’s Investment Policy, unless the donor requires progressive liquidation to protect the market price of thinly traded shares, as referenced in Section C of the *Gift Acceptance Procedures*.

Section 5 GIFTS-IN-KIND

GUIDELINES:

It is of critical importance to have an appropriate and uniform process for the receiving and receipting of gifts-in-kind. Generally Accepted Accounting Principles (GAAP), which guide the presentation of the College’s financial statements and review by the Auditor General, place strict requirements on the treatment of gifts-in-kind. A gift-in-kind may qualify as a charitable gift if it is “a voluntary transfer of money or property for which the donor expects and receives nothing of value in return”.

Canada Customs and Revenue Agency *IT-110R3 – Gifts and Official Receipts*, regulate the receiving and receipting of such gifts. Gifts-in-kind may also qualify for matching funds under certain provincial and federal programs but must be properly evaluated and accounted for in order to do so.

Reasons the College may decline a gift-in-kind include:

- a. There are unusual features to the gift that are contrary to the objectives, values or goals of the College.
- b. The gift could financially or morally jeopardize the donor and/or the College or the reputation and/or values of the donor are inconsistent with the values of the College.
- c. The gift or terms of the gift are illegal or contravene federal or provincial regulations.
- d. The College is unable to honour the terms of the gift.
- e. An appropriate fair market value cannot be determined or will result in unwarranted or unmanageable expense to the College.
- f. There are physical or environmental hazards to the College in accepting the gift.
- g. A suitable physical location or storage cannot be located for the gift.
- h. The gift involves false promises on the part of either party.
- i. Ongoing support/maintenance costs are deemed cost prohibitive.

Section 6 ENDOWMENTS

GUIDELINES:

Through the RDC Foundation, RDC actively solicits funds to establish endowments. An endowment may be created with donations of over \$25,000 and the interest earned is used by the College for a scholarship, annual award, or for use by a specific program as designated by the donor of the endowment.

Use of Endowment Funds

The balance of all endowments is maintained in perpetuity to generate income for annual use for such purposes as agreed to between the donor and RDC/RDC Foundation and as declared in the Gift Agreement signed by both parties. All endowment assets are held by RDC.

Seventy-five percent (75%) of the annual interest earned will be transferred to an expendable operating account to fund the purpose for which it was established (i.e. to generate a scholarship(s) or other award). Twenty-five percent (25%) of the annual interest earned is re-invested into the principal portion of the endowment to offset the effects of inflation and fluctuations in annual earnings.

The College and Foundation adhere to the practice that only those funds earned in the most recently completed fiscal period (July 1- June 30) shall be made available for use.

OFFICER RESPONSIBLE: Vice President of Enterprise and Community Relations

RECOMMENDING AUTHORITY: Service Council

CONSULTATION FOR REVIEW: Director of Community Relations, Manager, Development Services, Community Relations, CFO, Financial Services, Service Council

POLICY REVIEW DATE: October 1, 2015

EFFECTIVE DATE: November 1, 2010

REVISION HISTORY: February 1, 2001 (Donations: Process and Receipting Standard Practice)
Revised May 10, 2004
November 1, 2010 (Standard Practice rescinded and incorporated into the Gift Acceptance Policy)

RELATED POLICIES:

- Recognition: Naming Opportunity Standard Practice

CONNECTION TO BOARD POLICIES:

All RDC policies support relevant Board of Governors operational policies.



Appendix 1

Donations: Gift Acceptance Procedures

A. RECEIPTING (Ref: Policy Section 2)

The College requires the following in regard to official donation receipts:

1. Receipts are only issued for funds that the College will be responsible for spending. Management of charitable receipting rests with Development. Development staff are required to request all the necessary paperwork before issuing a charitable tax receipt. Staff has the responsibility to question further the validity of a charitable gift received by a College Department, Division or Centre.
2. Benefits for any receipted gift must be of nominal value as stated in the above CRA *IT* brochure. As such, the value of any benefit offered must be the lesser of \$50 or 10% of the gift.
3. Charitable tax receipts for RDC Foundation shall be issued solely by Development. This ensures accurate reporting of all charitable gift contributions to RDC and its entities, and ensures that donors are recognized for the total of all their charitable gifts.
4. All eligible gifts will be acknowledged with an official charitable receipt accompanied by correspondence prepared by Development. These documents are deemed to be the official acceptance of the gift and its related terms and conditions, as well as official certification of the donation for income tax purposes.
5. The College receives many payments that are not considered charitable gifts. Examples include tuition fees paid by students or on behalf of students, contract agreements, and sale of services. An "official charitable receipt" shall not be issued for payments of this kind.
6. Auctions: An auction does not qualify for a tax receipt for the attendees. A dinner coupled with an auction would also not qualify unless people are invited to bid and can bid at the auction without paying the admission fee for the dinner. (IT 110R3 Part 1 sec 5).
7. Lotteries and Draws: Official receipts will not be issued where the price of admission to a dinner, ball, concert or show includes participation in a lottery or draw for prizes or awards which have more than a nominal value. Any payment which might be considered in excess of the fair market value of the price of admission for the event is presumed to be consideration for participation in the lottery or draw. (IT 110R3 Part 1 sec 8)

PROCEDURE:

1. Preparation of Receipts

Each receipt is prepared in duplicate (original and photocopy), must bear its own serial number, and must be signed by the Vice President of Enterprise and Community Relations. In his/her absence, receipts may be signed by the President / CEO, Vice President Academic, or Vice President of College Services. In instances of donations of property

other than cash, the fair market value of the property at the time the gift was made, as well as the date of the gift, a description of the property, and the name and address of the appraiser is required.

2. Receipting Requirements

CRA Taxation requires that charitable tax receipts be made out in the following manner:

- a. If the cheque is drawn on a personal account, the charitable tax receipt must be issued to the person who signed the cheque. However, if the cheque-signer is not in the Development database, but is the spouse of an existing entity on the system, then the donation is entered into the existing record, rather than creating an additional record for the cheque-signer. (This action is facilitated by Revenue Canada's policy which allows either spouse to claim the benefit from donations made as a family.)
- b. If the individual who signed the cheque states in writing that the contribution was made by another party and that the cheque-signer is only forwarding funds on to the College, the receipt is issued to the specified donor.
- c. If the cheque is drawn on a corporate/business/organization account, the charitable tax receipt must be issued to the corporation/business/organization, not to the person who signed the cheque.
- d. If an individual makes a donation via a corporate cheque when the donation was actually from a personal account held by the company, the individual has two options available:
 - i. The individual can claim the donation for his/her personal income tax purposes, sending to CRA Taxation copies of the documentation to prove that the donation was debited from his/her personal account, In this case, the individual would be subject to a ruling from CRA Taxation as to whether or not they would accept the donation as a personal tax credit.
 - ii. The corporation can claim the donation on their own behalf, and then issue the individual a T4A slip, which the individual can use as a claim to offset his/her personal income.
- e. If an individual/corporation/foundation/association acts as a collection agent for the College thereby gathering donations for a specific purpose, they will supply the College with a complete list of names, addresses and individual donation amounts. The College will in this case issue tax receipts to each donor whose contribution is \$20 or greater.

Each receipt must identify the Foundation's charitable business number. Additionally, the name Canada Revenue Agency and the Web site address **www.cra.gc.ca/charities** must be printed on official donation receipts.

3. Frequency of Receipting

- a. For one time gifts, Development will produce acknowledgement letters to accompany tax receipts and mail both to the donor within 10 working days of receiving the donation.

- b. For donations that are received monthly, receipts will be sent out once a year, by no later than the last day of February following the year of the donation.
- c. Gifts made through payroll deduction will be reflected on employee T4 slips. Separate charitable tax receipts are not issued for gifts received through payroll deduction.

4. Control of Receipts

The College and its employees guard against the unauthorized use of official receipts.

5. Lost or Spoiled Receipts

The College may issue a replacement for an official receipt. The replacement receipt must include a notation confirming it as a replacement for receipt # (serial number of original receipt.) The College must mark the copy of the lost or spoiled receipt as “cancelled.”

B. TYPES OF GIFTS & RECEIPT QUALIFICATIONS (Ref: Policy Section 3)

PROCEDURE:

Policy for accepting, processing, acknowledging, and receipting gifts to RDC follows:

(a) Cash Donations

- i. Gifts of cash may be in the form of cash, cheque, electronic funds transfer, credit card transaction or other cash transfer mediums accepted at RDC. Cheques and money orders must be made payable to *RDC Foundation*. Donations can be received by departments or other units on campus. Gifts and all related back up must be forwarded to Development Services for processing and official tax receipt generation; or,

- ii. Credit Card (Visa, MasterCard and American Express only):

Donors wishing to pay their donation by credit card have several options:

- (1) By Phone: Contact Development at (403) 342-3175
- (2) On Line: Use our online giving form to provide credit card information over the Internet.
- (3) By Mail: Although our website is secure, donors may wish to mail in their credit card information. If so, they can go to our online gift form and print it. Fill it out and fax it to (403) 343-4080, or mail to:

RDC – Enterprise and Community Relations Division
Development Services
Box 5005
Red Deer, AB
Canada T4N 5H5

iii. Payroll Deduction:

- a. Any employee of the College is eligible to make a donation to the College through payroll deduction. These deductions must be a minimum of \$5.00 per fund per gift transaction. Charitable donations deducted from employment income are included in taxable income; however, for the purposes of claiming the charity tax credit, the charity donation amount will be reflected on the employee's year-end T4 or T4A slip. To initiate a gift through payroll deduction, a donation pledge form or Staff Payroll deduction form must be completed by the employee and forwarded to Development Services.

iv. Electronic Funds Transfer:

- a. Donors can also give through Electronic transfer from a chequing or savings account. A copy of a void cheque from their individual banking institution is required. Void cheques accompanied by a reply form can be forwarded to:

RDC, Enterprise and Community Relations Division
Development Services
Box 5005
Red Deer, AB
Canada T4N 5H5

v. Monthly Giving:

- a. Donors wishing to donate to the College monthly can do so through credit card payments, payroll deduction and electronic funds transfer, as well as post dated cheques.

(b) Bequests

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

- i. A *specific bequest* provides the College a specific sum of money, stated percentage of an estate, or a specific property such as real estate or securities.
- ii. A *residual bequest* leaves all or a portion of their estate after providing for other beneficiaries.
- iii. A *contingency bequest* ensures that the College receives all or a share of the estate in the event of the prior death of certain other beneficiaries.
- iv. A *residual bequest subject to life interest* applies when the donor chooses to have College receive the bequest following the death of certain other beneficiaries who have use of the assets in the estate for their lifetime.

Bequests to the College are eligible for a charitable tax receipt. RDC recommends that donors consult a lawyer or estate planner before completing a will. The College retains the right to decline a gift if the donor did not retain independent counsel.

Upon request, sample bequest language will be made available to donors and their lawyers to ensure that the bequest is appropriately designated, is deemed feasible at the time of designation, and that the proper legal title for RDC is used.

A bequest in the appropriate values (outlined in Section 6) can be used to create named endowment funds. Donors are encouraged to identify proposed recognition names within the context of their will, or to demonstrate their intent in alternative communication addressed to the College during the donor's lifetime. In the latter instance, a Memorandum of Understanding confirming the donor's wishes will be prepared for both the donor and the College to sign.

Donors are invited and encouraged to provide information to the RDC about their bequest and, if they so choose, to send to the College a copy of the relevant section of their will. This will allow for appropriate recognition during the donor's lifetime.

RDC staff will not provide professional consultation to donors in the preparation of their will, or become involved in the execution or witnessing of a will in which the College is named as beneficiary. RDC staff or RDC may not be named as executor in a donor's estate.

During the administration of an estate involving RDC, a representative of Development or its designate, in consultation with the College's legal counsel, shall represent the College in dealings with the lawyer and/or estate trustee. Any legal, accounting, or other professional fees associated with administration of the estate will be deducted from the gift received. The net value of the bequest will be directed to the purpose specified by the donor.

In the event of a legal dispute regarding the bequest, the College will relinquish its entitlement until resolution is reached.

Following receipt of the designated gift, the College will issue to the estate a charitable tax receipt in the value of the gift.

(c) Life Insurance

Gifts of life insurance may be contributed to RDC in a number of ways:

- i. A donor may donate an *existing policy* by designating the College as the beneficiary and owner of the policy. The College issues a charitable tax receipt for the policy's cash surrender value, including accumulated dividends and interest. If the policy is not yet fully paid-up, the donor will receive tax receipts for any additional premium payments made after the policy is assigned. Upon the donor's death, the College receives the value of the policy.
- ii. In donating a *new policy* that names the College as owner and beneficiary, the donor will receive charitable tax receipts for the full amount of each annual premium. Upon the donor's death, College receives the value of the policy.

Donors may also choose to direct the insurance proceeds from an existing or new policy to their estate and to name the College as the beneficiary of those proceeds in their will. As per other specific bequests, the donor's estate would receive a charitable tax receipt for the proceeds of the policy.

Life insurance policies owned by the donor and naming the College as beneficiary or secondary beneficiary are *not* eligible for a charitable tax receipt. In this instance, the gift is revocable — the designated beneficiary can be changed.

Donors are encouraged to identify a preferred designation for their gift of life insurance. A Memorandum of Understanding confirming the donor's wishes will be prepared for both the donor and the College to sign.

The administration of a gift of life insurance will involve a representative of RDC Development or designate. This representative or designate will:

- i. request a copy of the donor's life insurance policy, confirming the College's designation as owner and beneficiary;
- ii. in the case of uncompleted policies, request annual, written notices of premium payment from the donor's life insurance company

When premiums on uncompleted policies remain outstanding, Community Relations will consult with Finance to decide whether to pay the premiums or cash-in the policy.

Upon receipt of confirmation of the irrevocable transfer of a life insurance policy to the College as owner and beneficiary, or receipt of annual confirmation of the policy's paid-up status, the College will issue a charitable tax receipt for the appropriate value.

(d) Public and Private Securities

Donors may contribute *private securities*. The value of the gift and resulting charitable tax receipt is determined by a professional, independent valuation.
(Also see *Section 4 Marketable Securities*)

(e) Gifts-in-Kind

(See *D. Gifts-in-Kind*)

(f) Gifts of Real Estate

The College is pleased to accept gifts of real estate.

Donors shall seek and provide a qualified written appraisal of the property at their expense. From time to time, it may be necessary for the College to secure an additional independent appraisal in order to establish fair market value and the amount of the income tax receipt.

The administration of a donation of real estate will involve a representative of the College or designate. 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 donation is in the best interests of the College.

The College may authorize an environmental assessment of the property to ensure the real estate does not present a liability to RDC.

At the College's discretion, donated property may be sold or retained for investment or any other purpose in accordance with the mission and plans of the College.

(g) Charitable Trusts

RDC may accept two types of irrevocable charitable trust arrangements:

- i. A remainder trust that pays the donor income from the assets (real estate, securities, cash) for life or for a number of years, and then distributes the principal to the College. Gifts of real estate by trust are governed by the procedures outlined in Section G.
- ii. A donor contributing a *residual trust* donates an asset (personal residence, work of art, investment property) today, but retains the use of it during his lifetime.

Both remainder and residual trusts are eligible for charitable tax receipts.

The College encourages donors to consult a lawyer or financial advisor before establishing a trust. RDC staff will not provide professional consultation to donors in the preparation of their trust. The resulting agreement will be reviewed and remains at the discretion of the College's legal counsel. The College retains the right to decline a gift not involving professional counsel.

Upon request, a sample trust agreement may be provided by RDC.

During the administration of a trust involving RDC, a representative of Community Relations or its designate, in consultation with the College's legal counsel, shall represent the College in dealings with donors and their representatives.

In the instance of a gift of residual interest, the donor shall be responsible for real estate taxes, insurance, utilities, and maintenance of the asset after transferring title, unless otherwise agreed by the College.

RDC retains the right to inspect the property from time to time to ensure that its interest is properly safeguarded.

The donor is entitled to a charitable tax receipt for the present value of the gift calculated in current dollars. This valuation is called "discounted value" and is determined by actuarial calculations provided by Canada Customs and Revenue Agency.

(h) Charitable Gift Annuities

A gift annuity is an irrevocable transfer of money or other assets to the College. A portion of the principal is used to purchase an annuity from an insurance company. The cost of the annuity is based on the donor's age and income requirements. The remainder of the principal is considered an outright gift used for the purpose specified by the donor. The annuity pays the donor a guaranteed income for a specific time or for the remainder of the donor's life. Upon death, the College receives any remaining guaranteed income from the annuity, unless the donor has specified otherwise.

RDC staff will not provide professional consultation to donors in the purchase of an annuity. During the administration of an annuity involving RDC, a representative of Community Relations or its designate, in consultation with the College's legal counsel, shall represent the College in dealings with donor and his representative.

C. MARKETABLE SECURITIES (Ref: Policy Section 4)

PROCEDURE:

Donors are encouraged to identify a preferred designation for their gift of securities. A Memorandum of Understanding confirming the donor's wishes will be prepared for both the donor and the College to sign.

Where possible, an electronic transfer of securities is encouraged.

The administration of a gift of securities will involve a representative of RDC Development or designate in consultation with the College's investment advisors and the College's brokerage firm.

In the instance of an electronic transfer of *public securities*, this representative will:

- Assess, in consultation with the College's investment group, if the gift is marketable and acceptable.
- Consult directly with the donor's broker.
- Identify immediately to the College's broker the name of the donor; the name of the delivering broker; the name and number of delivered shares; and CUSIP number of shares.
- Request written confirmation of the date of transfer from the donor's broker.

In the instance of a gift of *private securities*, the representative will:

- Assess, in consultation with appropriate parties, if the gift is acceptable, in that it can likely be sold in the future to the corporation, other stockholders, or others interested in acquiring the corporation.
- Retain independent counsel for the purpose of valuing the proposed gift.

It is the College's policy to transfer immediately to the designated College account the funds equal to the value at donation.

Upon approval of the Vice President of Enterprise and Community Relations, RDC will accept donations of marketable securities under the following conditions:

- Thinly-traded securities with a market capitalization of minimum \$100 million;
- Minimum donation value of \$25,000 net of trading and custodial costs is preferred although all reasonable donations will be considered.

Establishing a fair market value The value of freely tradable shares will be the market closing price of the security at the close of trading on the date the security is received in the College's investment account. If the shares are in any way viewed as impaired or are restricted in terms of immediate liquidation, the value will be determined by the College's investment manager. The value of thinly traded shares will be determined by the 6 month average trade price or through evaluation by RDC's current Investment manager.

Transfer of Securities

The electronic transfer of securities is the preferred method of accepting a marketable security donation. Physical receipt of securities will be accepted and delivered to the College's investment custodian. The receipt of donation will be acknowledged when the securities have been placed in the investment account and the value for tax receipt purposes will be determined as outlined above net of any additional fees.

Accounting for Donated Marketable Securities

1. The donation of shares will be recorded by RDC in the year received.
2. Shares will be liquidated in accordance with the RDC's Investment Policy, unless the donor requires progressive liquidation to protect the market price of thinly traded shares. If progressive liquidation is required by the donor, shares will be liquidated at a rate of 10% per month until fully liquidated or liquidated within a period not to exceed fifteen (15) months.
3. Donated assets will be considered restricted or unrestricted, dependent on donor imposed restrictions.
 - a) **Restricted assets**
Funds will be held as deferred contributions and available for expenditure as the assets are converted to cash. Any further gains or losses will be recognized as increases or decreases against the deferred contribution balance.
 - b) **Unrestricted assets**
The College will set up an internally restricted fund equal to the fair market value recorded as income. Any subsequent gains or losses will be applied to the fund and recognized as a gain or loss on the income statement. The College may access the fund as shares are converted to cash.

D. GIFTS-IN-KIND (Ref: Policy Section 5)

PROCEDURE:

The following procedures are to be followed to ensure that, prior to receiving a gift-in-kind, the item(s) is deemed acceptable to the College. It is the responsibility of the accepting Department or Academic Division to ensure that the procedures below are initiated/followed depending upon the nature of the gift-in-kind:

1. The head of the recipient Department or Academic Division must approve the acceptance of the gift-in-kind taking into consideration issues or risks such as support costs, third party evaluation costs, impact on space and storage and fit with the academic and research priorities of the unit. If the gift is potentially an environmental or hazardous goods risk, Campus Management must review, test and approve the acceptance of the gift.
2. If the donor has indicated that a charitable tax receipt will be required, Development Services will review the gift to determine if it meets College and/or Canada Customs and Revenue regulations.

3. If the gift involves computer hardware, software or software licenses, the Vice President of Enterprise and Community Relations may request the Director of IT Services to review the proposed gift and recommend whether it be accepted.
4. In the case of donations of artwork intended for RDC's Permanent Art Collection, additional documentation must be completed in accordance with the specific acquisition policies followed by the Visual Art Department. All gifts of fine art must be reported to Financial Services for insurance notification purposes.
5. Gifts of books intended for the permanent collection of the Library are subject to consideration and approval by the Learning Resources Division.
6. Gifts of art not accepted by the college's Permanent Art Collection may be accepted by the College as a disposable asset. The Art Collection will assist with the fair market value and sale of such a gift, with proceeds from the sale directed to the assisting unit, unless requested otherwise by the donor.
7. Gifts of art and books not intended for the college's Permanent Art Collection are subject to the consideration and approval of the designated department or faculty. Similarly, offered gifts of equipment, software, or other property are addressed by the designated department or faculty. The beneficiary will determine whether the offered gift is acceptable.

RECEIPTING GIFTS-IN-KIND

The College requests a written letter of offer from the donor before proceeding with the establishment of fair market value.

Regardless of their perceived value, all gifts-in-kind, both capital and non-capital, received by the College become the property of the College and, as such, must be accounted for in the College's inventory, or shown as an expense on the College's financial statements. This is important not only for accounting purposes, but also to ensure that these items are appropriately insured and that, in case of emergency, can be located and, if required, replaced. It is also important that the donor receive proper acknowledgement of the gift for their record keeping purposes.

Financial Services will issue a Business Receipt indicating the fair market value for each gift-in-kind. Development may also issue a charitable tax receipt if the gift qualifies as a charitable contribution. Only the fair market value will be used to determine the gift value.

Donors wishing to receive a charitable tax receipt for the current calendar year are asked, where possible, to contribute gifts prior to November 1. The College and its units, faculties and departments retain the right to process gifts within a reasonable time frame or to decline gifts as per Section 1.3, Declining a Gift. In some instances, gifts received later than November 1 may not be accepted for donation in the given calendar year. Donors are asked to remain sensitive to calendar year end deadlines.

PROCEDURES FOR RECEIPTING GIFTS-IN-KIND

The following procedures are to be followed by all faculty, staff and units upon receiving approval to accept a gift-in-kind:

1. A Gift-in-Kind Donation form is to be completed by the recipient department for all donations of equipment, works of art and specialized furnishings (those items in excess of \$1,000 will be added to the capital equipment inventory system and tagged).

The recipient department or unit will forward all appropriate donor and gift-in-kind documentation to Financial Services for determination of the fair market value.

2. Financial Services will review the donor and gift-in-kind documentation and confirm a fair market value, based on factors such as the manufacturer's list price, the age and state of the donated item, appraisals from qualified experts in the field, especially in the case of works of art, books, manuscripts, photographs, etc. or other factors as required.
3. The receiving Department will seek a minimum of two independent appraisals for gifts valued at greater than \$5,000. Gifts of less than \$5,000 may include one appraisal. Where the gift is \$1,000 or less, Canada Customs and Revenue Agency will accept a valuation made by a College staff member, provided the staff member is knowledgeable in the field and is qualified to establish the value of the gift.

If it is difficult to find an independent appraiser or if doing so would involve unwarranted expense, Canada Customs and Revenue Agency will accept a valuation from a qualified staff member of the charity for gifts in excess of \$1,000. Evidence of attempts to secure an independent valuer or evidence of excessive expense must be provided. If the discrepancy between the two valuations is less than 10 per cent, the College will take the average of the two. In instances of a discrepancy greater than 10 per cent, the College will take the lower of the two or the donor may choose to have a third valuation conducted. In the latter instance, the average of the three values is deemed the fair market value.

4. Expenses associated with independent valuations (e.g. pick-up, delivery, installation or storage) and the ongoing maintenance of the gift are the responsibility of the receiving department, faculty, RDC's Permanent Art Collection or RDC Library.
5. If a donation tax receipt is being requested, Financial Services will forward the donor and gift documentation, appraisals and Gift-in-Kind Donation form to Development Services, who will generate a letter to the donor with an accompanying charitable tax receipt for the fair market value. A copy of the tax receipt together with the documentation, appraisals and Gift-in-Kind Donation form is forwarded to Financial Services.
6. Financial Services will record the gift-in-kind in the College's capital equipment inventory and financial systems and issue an inventory tag, where necessary and copy of the Gift-in-Kind Donation form, where applicable, to the recipient department. Financial Services will issue a business receipt to the donor indicating the date of donation, description and fair market value.
7. Financial Services will forward a copy of the paperwork to Development Services for entry into the donor database.

E. Endowments (Ref: Policy Section 6)

PROCEDURE:

1. A donor notifies RDC Community Relations of his/her intent to establish an endowment, the type of the funding and the intended purpose of the endowment.
2. If there is a clear indication to establish an endowment and the funds received are under \$25,000, the funds are deposited and allowed to accumulate for a three (3) year period. Once the \$25,000 level has been reached, the endowment account will be activated.
3. At the end of the 3 year period, if the \$25,000 mark has not been reached, the principal stakeholder to the fund will be contacted by the College with the intent to establish an annual award with the accrued funds. Money raised to date is used to fund the award until such time as the fund is depleted.
4. Once the endowment is established, criteria for the use of funds generated will be finalized with the principal stakeholder of the endowment by completion of a Gift Agreement.

F. Pledges

For all pledges, a Pledge Form, Letter of Intent or Gift Agreement must be completed and signed by the donor. The pledge details needed include:

- Pledge date
- Company, individual, or joint pledge
- Pledge amount
- Payment amount
- Payment Schedule (i.e. one-time payment or scheduled payments, when and amount)
- Date of first payment
- Expected form of payment (i.e. Cash, Credit Card, Securities Gifts in Kind etc.)
- Designated area of support (Name of department, unit or fund)
- Comments (i.e. If a donor wishes to direct support to different areas or has any other specific requests, they would be noted in this section.)
- Donor's Name
- Donor's Signature
- Mailing address
- Clear intent of a transfer of property.

Once the letter has been received by a College representative, the original letter must be forwarded to Development Services to be processed.

Pledges without a Pledge Form, Letter of Intent, Gift Agreement, or similar written expression of intent by the donor, or pledges missing any of the items listed above, will not be entered into the database system except where there is approval from the Manager of Development Services, Director of Development, or the Vice President of Enterprise and Community Relations.

G. Planned Gifts

- a. There are various ways to express support in College initiatives including:
 - i. Bequests by Will
 - ii. Publicly Traded Securities
 - iii. Life Insurance
 - iv. Real Estate
 - v. RRSP, RRIF, Pension or Annuity Proceeds
 - vi. Charitable Remainder Trust
 - vii. Residual Interest
 - viii. Charitable Gift Annuity
- b. Acceptance of the above types of planned gifts shall have the approval of Community Relations.
- c. Further questions regarding gift planning at the RDC, can be addressed to Development at:

RDC, Enterprise and Community Relations
Development Office
100 College Blvd
Box 5005
Red Deer College
T4N 7E7
Ph. 403.342.3175
Fx. 403.343.4080
foundation@rdc.ab.ca