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GIFT ACCEPTANCE POLICY

The importance of gifts to the *North Bay Regional Health Centre (NBRHC)* and the *North Bay Regional Health Centre Foundation (Foundation)* is increasingly apparent. As a registered charity, the Foundation encourages the solicitation and acceptance of gifts to NBRHC to fulfill their objectives and purposes while providing recognition of the donor(s) and tax relief where appropriate. This Gift Acceptance Policy is designed to provide guidelines to ensure the orderly acceptance, processing, provision of tax receipts (where appropriate), acknowledgement and recognition of all gifts to *NBRHC* or the Foundation.

I - Acceptance of Gifts

The most desirable gifts are unrestricted gifts, as those funds allow *NBRHC* and the Foundation to address their most pressing needs. A gift is property – usually cash – that is transferred to a charity voluntarily and without expectation of return. Gifts to *NBRHC* or the Foundation must align with the mission and purpose of the hospital. The Foundation reserves the right to decline any gift that is judged to be inconsistent with hospital needs, or which requires hospital resources in excess of those reasonably available to realize or maintain the gift.

Gifts received by the Foundation will be administered in a manner consistent with legal and regulatory requirements. Donors and prospective donors should always confer with their own legal counsel, accountant, financial advisor and/or estate planner for opinions about the tax or other legal consequences of specific giving situations. Foundation staff are unable to provide legal advice or tax planning services. As there are no provisions in the Income Tax Act to return a gift, the Foundation must ensure that each gift is reviewed and contains relevant alternate provisions in the event the project to which the gift relates becomes impossible to fulfill.

The Foundation may not accept gifts that might involve unlawful conditions or activities (e.g., prohibited by local, provincial or federal laws) or which fall outside of its object or mission. Certain categories of donations are not acceptable as charitable gifts, for example: gifts cannot be accepted as payment of a basic fee, or to settle medical expenses, or when made for the personal benefit of any named individual(s). Proposed gifts that may expose the Foundation to adverse publicity, require undue expenditures, or involve the Foundation in unexpected responsibilities because of their source, conditions or purposes will be referred for review to the Foundation Board of Trustees. In all cases, gifts deemed acceptable will be administered and receipted (where appropriate) in accordance with the Ontario Public Guardian and Trustee Act (“OPGTA”) and the Income Tax Act (Canada).

As a general principle, gifts fall into two categories; contributions and donations. Each and every gift must be scrutinized to determine whether it is a contribution or a donation. Gifts to events are almost always contributions.

- A charitable donation is a philanthropic gift involving no benefit to the donor outside of donor recognition policies. A charitable tax receipt is normally provided for donations.
- A contribution is often a business gift, typically arising from a sponsorship opportunity. Since sponsorship gifts are made under contract (implied or explicit) and generally involve significant benefit to the donor in terms of advertising and promotion value, sponsorships would be considered contributions. Contributions also include the proceeds of sales and other business activities, lotteries, raffles and auctions. A charitable tax receipt cannot be provided for contributions.

II - Valuation Procedure

Depending on the nature or character of an intended gift for which the monetary value is not readily apparent or calculable, the CEO of the Foundation may obtain, or require the donor to obtain, one or more appraisals from individuals or firms qualified (certified) to give an opinion of the value of such intended gift. If obtaining an independent appraisal would involve unreasonable expense, a qualified employee of the charity accepting the gift can appraise it, if the FMV is \$1,000 or less. If the circumstances are very unusual that employee can appraise the donation if the FMV is just over \$1,000.

A tax receipt will be issued for the fair market value of the gift, unless the deemed fair market rules apply (discussed below). Fair market value is the highest price available in an open and unrestricted market between informed and prudent parties, acting at arm's length and under no compulsion to act, expressed in terms of cash. The fair market value will be determined by the CEO after giving due consideration of all the circumstances including at least one written appraisal if the value is over \$1,000.

All valuations will follow the Gifts and Income Tax Act (Canada). In summary the fair market value of a gift-in-kind will be deemed to be the lesser of the property's fair market value otherwise determined and its cost to the donor at the time the gift is made. This limitation applies to property that was acquired under a gifting arrangement that is a tax shelter. Unless the gift is made as a consequence of the taxpayer's death, this limitation also applies if the property was acquired less than 3 years before the day the gift was made; or less than 10 years before the day the gift was made and it is reasonable to conclude that when the property was acquired, one of the main reasons for the acquisition was to make a gift of it.

III – Reputational Risk and/or Moral Issue

If it is determined that the actions or deeds of an individual or corporation (donor or honouree) are not in keeping with the mission or standards of the Hospital or the Foundation and that individual or corporation has a naming, dedication or donor display at the health centre, in consultation with the executive of the Board of Trustees, and the Hospital Board of Directors, the Foundation may decide to remove the recognition. Pledge payments received prior to disclosure are not eligible for reimbursement according to the rules of the Canada Revenue Agency.

The Foundation reserves the right to remove, at its discretion, a named space if the donor's conduct is unbecoming and is detrimental or harmful to the reputation of the Hospital, its mission or position in the community, in the opinion of the Foundation. Pledge payments received prior to disclosure are not eligible for reimbursement according to the rules of the Canada Revenue Agency.

IV - Types of Gifts

1) Outright Gifts

Outright gifts are placed at the immediate disposal of the Foundation and include gifts in the form of cash, cheques and credit card transactions. Most matching gifts and gifts by payroll deduction would be outright gifts. Upon receipt, outright gifts will be recognized and acknowledged at the level of the gift in accordance with the *Foundation's Donor Recognition*

Policy. A charitable tax receipt will normally be issued for the full amount of all gifts that are donations. Exceptions are discussed below.

a) Event Gifts

Most event gifts are made under the terms of a contract as part of a sponsorship agreement. Such gifts are contributions that the donor may expense on his/her company books and are not eligible for a charitable tax receipt. Events typically include draws, raffles, lotteries and opportunities to win prizes or take home memorabilia, which could result in substantial personal benefit to the ticket-holder or prizewinner. Therefore, all-inclusive fees for events including any or all of such activities would be considered contributions. Most golf tournament fees would be considered contributions.

b) Fund-Raising Events / Split Receipting

A donation receipt may be issued for the difference between the purchase price of an event ticket and the sum of i) the value of the activity that is the object of the fund raising event (e.g. the value of the meal at a fund raising dinner, the value of a comparable ticket for a concert, the value of green fees, cart rental and meal at a golf tournament) and ii) the value of any prizes or memorabilia received, unless such items have a nominal value. For this purpose, the value of any prizes or memorabilia received will be considered to have a "nominal value" if the aggregate value of such items does not exceed the lesser of \$75.00 or 10% of the amount of the ticket price.

c) Lotteries, Raffles, Draws, Bingo Games and other Games of Chance

A payment to purchase a ticket for a game of chance is a contribution, not a donation; hence a charitable tax receipt cannot be issued.

d) Gifts of Securities

Gifts of stock or other securities require advanced planning, the completion of a number of forms, review and approval by the Foundation and close communication between the donor, the Foundation receiving the shares, and all of the broker intermediaries. Securities traded on a public exchange are preferred, since there is a liquid market for the shares and their value is readily determinable. Other securities would require a formal valuation to determine FMV (see Section II Valuation Procedure) and may not be readily marketable. Hence the Foundation would reserve the right to refuse a gift of securities not traded on a public exchange or a gift of securities traded on a public exchange whose liquidity or value is in question or not readily available at the time of the gift. Securities will be valued for receipting purposes at the closing market price on the day the Foundation receives the securities. Please note that the day an electronic share transfer is initiated and the day that shares are received by the Foundation are often not the same. Depending on the type of security, the trading cycle the securities are exchanged on, the type of broker account in which the shares are being held, and so on, a day or more of delay can occur between a donor's authorization to transfer and the Foundation's receipt of the shares. In all circumstances, a charitable tax receipt will be issued for the closing market value on the date the securities are actually received by the Foundation in negotiable form. Once securities are received, the Foundation will move quickly to sell the securities to review and sell the securities or add these new securities to the investment portfolio, if appropriate

2) Gifts-In-Kind (any reference in determining Fair Market Value, refer to section II Valuation Procedures)

The Foundation

a) Real Estate

Gifts of property include real estate (land and building). Except in some special circumstances, acceptance of Gifts-in-Kind requires that there be no cost to the Foundation associated with these gifts. Costs for acquisition for real estate can and should include an appraisal and/or survey and acceptance of such gifts will require documentation (an appraisal and/or survey) establishing the FMV (see Section II Valuation Procedure) of the gift.

For certain real property, a risk management assessment as well as an appraisal may be required. A charitable tax receipt will be issued only after the Foundation determines that the gifts can be received (see section I) and determines the value of the gift.

b) Personal Property

Gifts of personal property involve a tangible, non-cash donation that could include possessions (e.g., jewelry, books, or museum artifacts) or an intangible, non-cash donation (e.g., a patent, copyright, royalty, contract rights or software licensing). Acceptance of Gifts-in-Kind requires that there be no cost to the Foundation associated with these gifts.

To be accepted, Gifts-in-Kind must be accompanied either by an independent appraisal establishing the fair market value (FMV) (see Section II Valuation Procedure) of the gift **or** an invoice or other documentation satisfactorily establishing the purchase price of the gift. A charitable tax receipt may be issued only after the Foundation determines that a Gift-in-Kind can be received and determines the value of the gift, either by reference to appraisal or by depreciating the purchase price based on the age and expected useful life of the gift.

i) Auction Items

The Foundation must know, prior to receiving an auction item, what the value is and whether or not a charitable tax receipt is required for the item, in accordance with acceptance of all Gifts-in-Kind. The Foundation reserves the right to refuse, without explanation, any proposed auction item(s).

(1) Items Donated by Individuals

The individual must indicate whether or not a charitable tax receipt is necessary. If it is, the donor must provide an independent, competent and qualified appraisal to determine the FMV (see Section II Valuation Procedure) of the gift or a paid invoice or other documentation providing proof of the age and cost of the item. A letter stating what he/she determines the item to be worth is not acceptable.

(2) Items Donated by Corporations

If the item is in inventory, then the company already obtains an inventory write-off for the item when it is donated and no charitable tax receipt is possible. If the item is not in inventory, then all of the rules of Items Donated by Individuals (above) apply. Corporate contributors may never be given personal tax receipts.

(3) Artwork

If suitable artwork is contributed and accepted and if a charitable tax receipt is required, the artwork must be accompanied by a current (less than one year old) official independent appraisal and the gift must meet all of the requirements noted for Gifts-in-Kind, Art (above).

(4) Wine

As with gifts of tangible personal property, wine may be donated and a charitable tax receipt issued only if it is accompanied by an appraisal, including:

- Signature of the appraiser and a list of his/her credentials;
- A history of the wine and vintner or chateau;
- A description, photo and history of the wine, including significant points of reference;
- The methodology used to value the wine; and
- Reference to recent market sales of the wine used to substantiate market value.

(5) Vacation Properties for Loan

Such gifts are not receiptable, according to CRA, because no property is transferred as in Gifts-in-Kind, Real Estate (above). The donor may rent the property to the Foundation and then donate the proceeds of the rental back to the Foundation or the donor may donate a cash gift (receiptable) which would cover the cost of the rent. These two transactions cannot be contractually linked.

(6) Airfare and/or Hotel Accommodation

Such gifts are generally not receiptable when acquired through “coupons” (airmiles, bonuses, coupons or reward arrangements) because:

- Valuation is subjective and problematic;
- Most, if not all, reward point plans do not permit the transfer of points/airmiles;
- Coupon holders, when redeeming the coupon, may need to make a representation that the tickets or accommodation are being purchased for a family member, which is usually not the case and therefore unethical; and
- Sponsors of coupons generally do not support such practices

ii) Used Equipment

Used non-medical equipment (e.g., kitchen appliances, televisions or radios) or used medical (e.g., wheelchairs, walkers or other medical/paramedical devices) will not be accepted by the Foundation. These gifts will be subject to NBRHC’s policies and procedures.

3) Services

Gifts of service cannot be receipted under the Income Tax Act because no property is transferred.

4) Planned Gifts

Planned gifts are gifts made now which are deferred in their realization until a later date or upon the death of the donor and/or his or her survivor(s) as named in the relevant documentation. Planned gifts include estate gifts, insurance policies, charitable annuities and charitable remainder trusts. For these types of gifts refer to the “Planned Giving Policy”

5) Gifts of Private Company Shares, Limited & Non-Limited Liability, Partnership Interests or Publicly Traded Common & Preferred Shares

a) Description

Gifts of private company shares, limited and non-limited liability partnership interests, or publicly traded common and preferred shares may be accepted by the Foundation.

b) Guidelines

i. Private Company Shares

Private company shares could be accepted under special circumstances provided the shares have sufficient liquidity to allow the Foundation to dispose of such shares, should it so desire, without significant loss from the original receipted value of such shares.

ii. Limited Liability Partnership Interests

Limited liability partnership interests could be accepted under special circumstances and must be valued net of potential or outstanding capital calls or other liability that may attach to the Foundation once it has taken ownership of such interests.

iii. Non-Limited Liability Partnership Interests

Non-limited liability partnership interests, which by their nature expose each partner to liability for all of the partnership's present and/or future debts, shall not be considered acceptable gifts to the Foundation.

iv. Publicly Traded Common or Preferred Shares

All publicly traded common or preferred shares may be accepted as gifts to the Foundation, except shares that have unreasonable terms for disposition.

6) Valuation of Securities for Receipting Purposes

Securities will be valued by the most appropriate method:

- Private securities must be valued by a company or individual recognized as competent in the area of valuations working at arms length from the donor.
- Publicly traded securities will be valued based on open market values.

Notwithstanding the above,

- No public securities shall be accepted as gifts unless the aggregate market value of the gift is at least \$1,000.
- No private securities shall be accepted as gifts unless the aggregate market value of the gift is at least \$10,000.
- At no time is the Foundation under an obligation to accept securities or partnership interest either private or public.

7) Third-Party Fundraising

The Foundation encourages business, service clubs and organizations to host special events and fundraisers to raise capital for the NBRHC. For more details see the Third Party Event Approval Policy & Procedure.

8) Endowed Funds

Endowed funds are not a giving vehicle, strictly speaking, but see the Endowment Management Policy because endowments funds are an important means of donating to the Foundation and allow the possibility of giving a gift which provides resources in perpetuity.