



Gift Acceptance Policy

1. Authorization

GiftPact Foundation Inc. ("GiftPact") is authorized to encourage donors to make both outright and deferred gifts. The types of deferred gifts to be offered include bequests, reinsured gift annuities, gifts of residual interests, charitable remainder trusts, gifts of life insurance policies and proceeds, and such other gift arrangements as GiftPact may accept. All programs, solicitation plans, and activities shall be subject to the oversight of the Board of GiftPact or as delegated by the GiftPact Board to, officers or employees of GiftPact.

2. Policies

2.1 GiftPact is to inform, serve, guide or otherwise assist donors who wish to facilitate their philanthropy through GiftPact, but never under any circumstance to pressure or unduly persuade.

2.2 Persons acting on behalf of GiftPact shall in all cases encourage the donor to discuss any proposed gifting strategy with independent legal and/or tax advisors of the donor's choice so as to ensure that the donor receives a full and accurate explanation of all aspects of the proposed charitable gift.

2.3 The officers of GiftPact are authorized to negotiate planned gift agreements with prospective donors, following program guidelines approved by the GiftPact Board.

2.4 When needed/where appropriate, planned giving agreements requiring execution by GiftPact shall be reviewed and approved by the foundation's legal counsel. Where substantially the same agreement is used repeatedly, only the prototype needs to be approved.

2.5 Before acceptance, relevant information about the gift shall be ascertained, including a copy of any appraisal secured by the donor. The GiftPact Board will be kept apprised of this information. GiftPact also reserves the right to secure its own appraisal, particularly regarding:

(a) Outright gifts of real estate, shares in privately-owned companies, charitable stock options, tangible personal property, partnership interests, and other property interests not readily negotiable.

(b) Residual interest gifts.

(c) Charitable remainder trusts.

2.6 Outright gifts of cash, publicly-traded securities, life insurance, and reinsured gift annuities do not require approval by the GiftPact Board. Any gift, however, may be referred to the foundation's board.

2.7 GiftPact will not issue gift annuities but may accept assets from a donor, pursuant to an agreement authorizing GiftPact to: a) use a portion of the assets to purchase a commercial annuity paying a stipulated amount to the donor and/or other annuitant; and b) retain the remaining assets for charitable purposes.

2.8 GiftPact will serve as trustee of charitable remainder trusts at the request of the donor. If preferred, a donor may also select a trust institution, or other qualified trustee, to manage the trust. Alternatively, GiftPact may not serve as trustee of charitable remainder trusts but may refer the donor to a trust institution for this service.

2.9 The following guidelines are established to assure that planned gifts accepted by GiftPact will be cost effective.

3. Guidelines

3.1 Outright Gifts

A. Description

An outright gift refers to a contribution of cash or property in which the donor retains no interest and which can be used currently by the donor, through their donor advised fund or as agreed between the donor and GiftPact.

B. Guidelines

B.1 GiftPact will accept an outright gift of any amount, though gifts to establish a named endowment must meet the minimum funding requirements set by the GiftPact Board.

B.2 GiftPact welcomes outright gifts of property as well as cash, but all property other than publicly traded securities and life insurance policies must be approved by the President of and, if need be, the GiftPact Board.

B.3 A donor may complete a gift in a single transaction or make payments over a mutually acceptable period of time.

B.4 In the case of a gift of publicly traded securities, GiftPact will accept the gift and give the donor a receipt which reflects the fair market value of the securities on the day they were transferred to GiftPact, minus any transfer costs. However, the publicly traded securities with a low trading volume, a receipt will only be issued for the amount the shares are sold, minus any transfer costs.

3.2 The Reinsured Gift Annuity

A. Description

The gift annuity is a contractual arrangement whereby a donor transfers assets to GiftPact pursuant to an agreement authorizing GiftPact to purchase a commercially prescribed annuity that will pay the stipulated amount for the life of the annuitant(s) or for a set term. Assets in excess of the amount required for purchase of the commercial annuity are retained by GiftPact and used for purposes specified by the donor and acceptable to GiftPact. Determination of the gift receipt and taxation of annuity payments will be in accordance with Interpretation Bulletin IT-111R2 issued by Canada Revenue Agency.

B. Guidelines

B.1 The minimum amount GiftPact will accept for a reinsured gift annuity is \$100,000.

B.2 The cost of the commercial annuity generally should not exceed 70-75 percent of the assets transferred in order to result in the establishment of a donor advised fund, an addition to the fund or as otherwise agreed between the donor and GiftPact.

B.3 The donor may designate the purpose of the gift (amount retained) subject to the consent of GiftPact.

B.4 The commercial insurance company shall be selected, and the terms of the annuity contract negotiated, by the President of GiftPact or by another person or persons to whom this responsibility is delegated by the GiftPact Board. Only highly-rated companies shall be selected to reinsure an annuity obligation.

3.3 Gift of a Residual Interest

A. Description

A gift of a residual interest refers to an arrangement (ordinarily in the form of a trust) where property is irrevocably committed to GiftPact, but the donor retains use of the property for life or a set term. For example, the donor might give a residual interest in a residence and continue to live in it or in a painting and retain possession of it. The donor is entitled to a gift receipt from GiftPact for the present value of the residual interest.

B. Guidelines

B.1 The donor shall continue to be responsible for real estate taxes, insurance, utilities and maintenance after transferring title to the property unless GiftPact, upon prior approval of the GiftPact Board, agrees to assume responsibility for any portion of these items. The terms of the gift and responsibilities for expenses shall be specified in a deed of gift executed by the donor(s) and GiftPact.

B.2 GiftPact reserves the right to inspect the property from time to time to assure that its interest is properly safeguarded.

3.4 Charitable Remainder Trusts

A. Description

The charitable remainder trust is a form of a residual interest gift. The donor ("settlor") transfers property to a trustee who holds and manages it. If the property is income-producing, the net income will be paid to the donor and/or other named beneficiary. When the trust terminates (either at the death of the beneficiary(ies) or after a set term), the trust remainder is distributed to GiftPact. If the trust is irrevocable, the donor is entitled to a gift receipt for the present value of the residual interest.

B. Guidelines

B.1 A charitable remainder trust may be funded with cash, securities or real estate. If real estate is to be contributed and GiftPact is the trustee, the real estate shall first be subject to a thorough review as described in the guideline pertaining to real estate (see 3.6 below).

B.2 Where GiftPact is trustee, it is recommended that the minimum trust size be \$50,000 and that beneficiaries be at least 50 years of age. The President of GiftPact can make an exception to these recommendations in some circumstances.

B.3 If the donor selects an outside trustee, the trust may be funded with any property of any value that is acceptable to the trustee.

B.4 The trust agreement shall be either drafted by or reviewed by the donor's own legal counsel. GiftPact may make prototype agreements available to the donor's legal advisor, but shall not execute an agreement until that person has determined that the trust agreement is in the proper form and that the gift is appropriate for the donor's situation.

3.5 Life Insurance

A. Description

There are various ways a life insurance policy may be contributed to GiftPact. A donor may:

A.1 Irrevocably assign ownership of an existing life insurance policy to GiftPact;

A.2 Name GiftPact as the owner and beneficiary of the proceeds of a new life insurance policy;
or

A.3 Name GiftPact as a primary or successor beneficiary of the proceeds of a new or existing life insurance policy.

When ownership is irrevocably assigned to GiftPact, the donor is entitled to a donation receipt during their lifetime. When GiftPact is named as a beneficiary, the donor's estate will be entitled to the donation receipt.

B. Guidelines

GiftPact may only accept contributions of permanent life insurance from donors who maintain a Donor Advised Fund with GiftPact. All gifts of insurance will be reviewed on a case-by-case basis to confirm the donor's charitable goals and donative intent.

Please refer to **Appendix A** for additional information on GiftPact's guidelines on contributing life insurance policies. These Guidelines can be changed from time to time including any changes resulting from Canada Revenue Agency changes regarding the donation of Life Insurance.

3.6 Gifts of Real Estate

A. Description

Gifts of real estate may be made in various ways: outright, residual interest in the property, or to fund a charitable remainder trust. The following guidelines pertain to gifts of real estate in general. Where real estate is transferred to a charitable remainder trust, additional requirements of the trustee must be met.

B. Guidelines

B.1 The donor shall secure a qualified appraisal of the property.

B.2 Unless GiftPact has reason to believe this appraisal does not reflect the property's true value, a gift receipt will be issued for the appraised value (or present value of the residual interest computed on the appraised value in the case of residual interest gifts). GiftPact, however, reserves the right to secure its own appraisal and issue a gift receipt based on it.

B.3 GiftPact shall determine if the donor has clear title to the property.

B.4 GiftPact shall review other factors, including zoning restrictions, marketability, current use and cash flow, to determine if the gift would be in its best interest.

B.5 GiftPact shall ordinarily conduct an environmental assessment, which may include an environmental audit, and accept the property only if (a) it contains no toxic substances, or (b) they are removed or other remedies taken assuring that GiftPact assumes no liability whatsoever.

3.7 Gifts of Shares in Privately-Owned Companies, Charitable Stock Options and Other Business Interests

A. Description

Donors may make gifts of privately-owned shares and partnership interests and stock options. These can be accepted by GiftPact so long as GiftPact assumes no liability and would be subject to no penalties. In some instances the corporation is willing to redeem privately-owned

shares, or other stockholders are willing to purchase them.

B. Guidelines

B.1 To be considered, partnership interests must not subject GiftPact to cash calls or other liability and must not have adverse tax consequences to GiftPact.

B.2 Privately-owned shares and stock options may be accepted if they will not subject GiftPact to penalties and can likely be sold in the future to the corporation, other stockholders, or to others interested in acquiring the corporation.

B.3 Regarding charitable stock option, GiftPact may not share or trade the options, nor hold them for more than 10 years. After accepting the options, GiftPact will exercise the options at a time to be determined by the President with the approval of the GiftPact Board.

3.8 Bequests

A. Description

Bequests historically have been the most important kind of deferred gift to charities.

B. Guidelines

B.1 Sample bequest language for restricted and unrestricted gifts, including endowments, will be made available to donors and their lawyers to ensure that the bequest is properly designated. Donors will also be invited to provide information about their bequest provision and, if they are willing, to send a copy of that section of their will naming GiftPact.

B.2 During the probate of estates containing a bequest to GiftPact and during the post-death administration of revocable trusts containing dispositive provisions benefiting GiftPact, the President of GiftPact (or other designate), in consultation with GiftPact's legal counsel, shall represent GiftPact in all dealings with the lawyer and executor of the estate.

4. Amendments

These Policies and Guidelines may be amended at any time by the GiftPact Board.