



4-H Ontario Policy Manual

Section 5.1 APPENDICES

Appendix A – Gift Acceptance Guidelines & Procedures

| Item | DESCRIPTION |
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| <p>Overview</p> | <p>The Ontario 4-H Council is the governing policy-making body for 4-H in Ontario. A volunteer Board of Directors governs the Council. A Gift Acceptance Policy is necessary and important for the Council to ensure donations are used to further the vision and goals of the Ontario 4-H Council and 4-H Ontario and includes appropriate consideration of donor objectives. It provides clarification, along with Fund Agreements, of roles, responsibilities and expectations of both the Council and its donors.</p> <p>A gift acceptance policy provides guidance for Board and staff decision-making processes. It ensures that gifts to the Council are made in accordance with legal and ethical regulations and guidelines, and promotes consistent practices in exercising fiduciary responsibilities.</p> <p>This policy will help to enhance long term relationships with donors, and encourage donors and 4-H Ontario representatives to work together to provide the most effective benefits to the program and youth in Ontario, while remaining congruent with donors' broad philanthropic wishes. The Council shall abide by all applicable laws governing the charitable sector.</p> |
| <p>General Guidelines</p> | <p>Gifts must be consistent with the overall mission, goals and strategic intent of the Ontario 4-H Council, all applicable statutory provisions and must not compromise the Council's integrity. The Council may, at its discretion, refuse a gift on these grounds.</p> <p>The Council encourages donors to work with professional advisors in making gifts. It shall not solicit or accept a gift from a donor unless it is satisfied that the donor has a bona fide charitable intention and has an accurate understanding of the consequences of the donation, the work of the Council, and the uses to which the gift will be put.</p> <p>Persons acting on behalf of the Council shall encourage potential donors to consult independent legal and tax professionals to ensure that donors receive a full and accurate explanation of the nature and consequences of their gifts.</p> <p>The Executive Director or designate is authorized to negotiate gift agreements with prospective donors and their professional advisors in accordance with the guidelines set forth in this Policy.</p> <p>Outright gifts of cash, publicly traded securities, and life insurance do not require approval by the Board of Directors unless there are unusual restrictions or circumstances involved.</p> <p>The Council will not serve as a trustee of charitable remainder trusts or as executor of a donor's will, but may refer the donor to a trust institution that has agreed to provide this service.</p> |
| <p>Gifts Accepted</p> | <p>The Council routinely accepts only property that is readily marketable at reasonable cost. This refers to cash, deposit instruments of a government or financial institution in Canada, publicly traded securities, policies of life insurance, or any other property that the Council has identified within its investment policies.</p> |

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| Acceptance of other forms of Property | The Council recognizes that donors will occasionally wish to give property that is not readily marketable, such as real estate, private corporation shares or residuary interests in trusts. While the Council is generally pleased to accept gifts, it has to be careful to evaluate whether there may be “hidden costs” in accepting such property. |
| Related Costs | Gift-related costs such as legal fees, appraisals, real estate commissions and taxes relating to acceptance, maintenance, management or re-sale of a gift of property shall be the responsibility of the donor. |
| Gifts Requiring Board Approval | The following gifts must be reviewed and approved by the Board of Directors. Gifts of real or tangible personal property Property whose value is not readily ascertainable Before acceptance, relevant information about the gift shall be ascertained, including a copy of any appraisal secured by the donor. The Ontario 4-H Council reserves the right to obtain its own appraisal for gifts. |
| Gifts Not Accepted | The Ontario 4-H Council reserves the right to decline a gift based, among other factors determined by its Board of Directors, upon the following considerations: <ul style="list-style-type: none"> • congruity with the Council's Vision Statement; • possible controversy into which the Council may be drawn; • conditions or limitations that a donor seeks to impose; • cost of Council ownership for administration and management; • compliance with laws; and • other risks to the Council. |
| Disposition of Gift | The Council does not make any representation that by accepting a gift it will retain the property or employ the donated property for the same purposes as it was used by the donor. |
| Donor Confidentiality | Donor's wishes regarding recognition or anonymity regarding a gift shall be respected, provided that any recognition is consistent with the Council's usual standards of practice and legal requirements. |
| Donor Recognition | The Council shall recognize donors in a manner consistent with the recognition afforded donors of gifts of similar magnitude, immediacy of effect and degree of restriction. |
| Fund Agreements | The Council prefers to work with donors to develop agreements with respect to the name, nature and use of their gifts at the time a gift is made. The Council's legal counsel shall review all gift agreements. Periodic reviews of these contracts are possible to ensure the donors' wishes are being carried out. |
| Charitable Tax Receipt | The Council shall issue a charitable tax receipt within a month of receipt of the gift. For gifts of shares, a tax receipt shall be issued for the earlier of either the trading price or the closing price on the day the Council's broker receives the shares, assuming liquidity. Charitable tax receipts will be issued for gifts of \$20.00 or more. |
| Benefit to Donor | The legal nature of a charitable gift is that a donor cannot expect or receive financial benefits or opportunities to flow from the gift. |



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Revised: July 23, 2015

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| Donor Advised Funds | The Income Tax Act (Canada) imposes limits on a donor's capacity to impose restrictions on charitable gifts. A donor may, however, at the time the gift is made and even subsequently, by agreement with the Council, place limits on the uses to which a gift may be put. Further, the donor or the donor's designated representatives may advise the Board of the Council on the application of the earnings of his or her gift and the Board shall generally consider and respect such advice. Beyond that a donor cannot legally restrict the Council. |
| Preservation of Donor's Intentions | Where, by prior agreement, the Board agrees to receive the advice of donors on the distribution of grants, the Council shall not seek to pass judgment on the value or merit of the donor's proposed application so long as the income is applied according to legal provisions to a charitable purpose Should the Council cease to exist or become incapable of administering a fund to fulfill a donor's purpose, the Council shall employ its best possible efforts to ensure continued application of the moneys to the purpose originally contemplated by the donor. |
| Areas of Focus | The principal focus of the Council's activities is the 4-H program within Ontario, at a provincial level. It may refer a donor to another or better suited charitable organization if it perceives that the donor will be better served by such organizations. |
| Approved Grant Recipients | The Council applies the earnings from its funds only to benefit charitable organizations ('qualified donees' as defined by the Income Tax Act (Canada)). It does not benefit individuals directly, even if the activities they undertake are charitable in nature. |
| Gifts in Kind | The Ontario 4-H Council welcomes donations in kind. In accordance with Canada Revenue Agency, a gift-in-kind includes such things as capital property, depreciable property, and personal use property. However, it does not include a gift of service. The fair market value (FMV) of a gift in kind as of the date of the donation (the date on which beneficial ownership is transferred from the donor to the donee) must be determined before an amount can be recorded on receipt for tax purposes. If a donor wishes to receive an income tax receipt for an in-kind donation with FMV over \$1,000, the donor will need to provide an appraisal to establish the fair market value (FMV) of their donation (i.e. artwork for silent auction). If the FMV is \$1,000 or less, an appraisal can be made by a qualified staff member of the Ontario 4-H Council. For donations of gifts-in-kind, the Ontario 4-H Council may issue a receipt stating the FMV of the donation once it has been appraised. The FMV of an item does not include taxes paid on purchasing the item. The amount entered on the official receipt is the FMV of the in-kind donation before taxes. |
| Gifts of Services | 4-H Ontario welcomes gifts of services, yet in accordance with Canada Revenue Agency, where the donor wishes to provide a gift of service, 4-H Ontario must be invoiced for the service and pay, in full, for the service. The donor may, in return, donate all or a portion of the payment to 4-H Ontario and receives an income tax receipt for the amount donated. |
| Guidelines for Specific Gifts | Cash Gifts of cash and cash equivalents. Publicly-traded securities |



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| | <p>Gifts of marketable publicly traded securities shall be scrutinized and accepted by the Council's investment manager. These securities shall be sold immediately upon receipt and converted to cash.</p> <p>Gifts of Property Including Real Estate, Art, Jewelry etc.</p> <p>Description</p> <p>Gifts of property or real estate may be made in various ways: outright, residual interest in it, or to fund a charitable remainder trust. Where real estate is transferred to a charitable remainder trust, additional requirements of the trustee must be met (see Charitable Remainder Trusts).</p> <p>Guidelines</p> <p>Donors shall provide qualified appraisals of proposed gifted property.</p> <p>The Council may, at its discretion, obtain its own independent appraisal, or have an informal staff appraisal verified by an independent qualified appraiser, and, in such cases, issue a receipt based on the Council's own appraisal.</p> <p>The Council shall satisfy itself that the donor has clear title to the property.</p> <p>The Council shall review all pertinent factors, including in the case of real property, zoning restrictions, marketability, prior land use, current use and cash flow, to ascertain that acceptance of the gift would be in the best interests of the Council.</p> <p>If the real estate possibly contains toxic wastes, the donor shall secure an environmental audit and provide the results to the Board of Directors. No property containing toxic wastes shall be accepted prior to removal and/or indemnification of the Council against all present and future liabilities.</p> <p>Bequests</p> <p>A donor who advises the Council, in confidence, of a proposed testamentary gift to the Council, shall be asked to provide, if possible, a copy of that section of the Will naming the Council. The donor may also wish to execute an agreement with the Council directing the charitable use of the proposed testamentary gift.</p> <p>Gifts of Life Insurance</p> <p>There are various methods by which a life insurance policy may be contributed to the Council. A donor may:</p> <ul style="list-style-type: none"> • Commence a life insurance policy of which the Council is the owner and beneficiary. • Assign irrevocably a paid-up policy to the Council. <p>Assign irrevocably a life insurance policy on which premiums remain to be paid and a charitable tax receipt shall be issued for premium amounts.</p> <p>Name the Council as a primary or successor beneficiary of the proceeds.</p> <p>When ownership is irrevocably assigned to the Council, the donor is entitled to a gift receipt for the net cash surrender value (if any) and for any premiums subsequently paid.</p> <p>Gift Of A Residual Interest</p> <p>Description</p> <p>This type of gift refers to an arrangement under which a property interest is conveyed to the Council, but the donor retains use of the property, or income from the property, for life or a specified term of years. For example, the donor might give a residual</p> |



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| | <p>interest in a personal residence and continue living there or a residual interest in a painting and continue to display it. The owner is entitled to a charitable tax receipt for the present value of the residual interest.</p> <p>Guidelines</p> <p>The donor shall continue to be responsible for real estate taxes, insurance, utilities and maintenance after transferring title to the property unless the Council, upon prior approval of the Board of Directors, agrees to assume responsibility for any of these items. The Council is entitled to require that the donor provide proof of payment of those expenses for which the donor is responsible.</p> <p>The Council reserves the right to inspect the property from time to time to assure that its interest is properly safeguarded.</p> <p>Charitable Remainder Trusts</p> <p>Description</p> <p>A 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, net income after payment of all expenses 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 term of years), the trust remainder is distributed to the Council. If the trust is irrevocable, the donor is entitled to a gift receipt for the present value of the residual trust.</p> <p>Guidelines</p> <p>A charitable remainder trust may be funded with cash, securities, real estate or other property acceptable to the trustee and to the Council. Real and personal property shall be accepted for a trust only after a thorough review of cash flow, potential liabilities including toxic waste cleanup costs, and other factors necessary to assure that the gift is in the best interests of the Council.</p> <p>The value of the trust shall ordinarily be greater than \$50,000 and the age of the beneficiaries shall ordinarily be at least 50, however the Board may in its discretion waive this guideline.</p> <p>While the Council may provide prototype agreements, a trust agreement shall be drafted or reviewed by the donor's own solicitor to assure, before it is executed by the donor, that it fulfills legal requirements, that it is appropriate to the donor's circumstances, and that it accurately reflects the donor's intentions.</p> |