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# Gift Acceptance Policy

## 1. Introduction

The Winnipeg Foundation (“The Foundation”) is a registered Canadian charity governed by a volunteer Board of Directors (the “Board”). The Foundation was established in 1921 under an Act of the Manitoba Legislature (the “Act”). It is empowered to accept charitable gifts and to hold endowment funds for charitable purposes in accordance with the Act.

This policy supports The Foundation’s vision and mission statements:

**Vision** – A Winnipeg Where community life flourishes for all.

**Mission** – Inspire generosity and engagement to foster transformational change for the well-being of our community, forever.

The Foundation accepts donations in support of communities in Manitoba and primarily in Winnipeg. If a potential donor identifies that they intend to support a community served by another community foundation that is a member of the Endow Manitoba network or a member of Community Foundations of Canada, Foundation staff will ensure the donor is aware of the local community foundation and encourage them to review the services of the local community foundation prior to accepting a gift to The Foundation for that community. Additional gift-related costs and/or fees may apply to gifts directed to communities served by another community foundation as well as gifts directed outside of Manitoba.

## 2. Purpose

This policy is designed to provide guidance to The Foundation and the public to help facilitate the gift-giving process. The policy is important to ensure that donors are informed, and their gifts are consistent with the mission, vision and priorities of The Foundation with consideration for donor objectives. It clarifies the roles, responsibilities, and expectations of both The Foundation and its donors. Foundation staff are expected to ensure that this policy is adhered to throughout their work. This includes ensuring that any donor making a gift to The Winnipeg Foundation is aware of these policies and any impact they may have on their gift.

This policy also ensures that gifts to The Foundation are made in accordance with legal regulations and ethical guidelines that promote consistent practices and exercise fiduciary responsibility and protect The Foundation from unforeseen financial consequences.

The Foundation’s intent is to build mutually beneficial long-term relationships with donors. The policy provides a framework that enables donors and Foundation representatives to work together, providing the most effective benefits to our community consistent with donors' broad philanthropic wishes.

### 3. Commitment to Donors

The Foundation will conduct itself in accordance with its Donor Bill of Rights. Staff will promote the integrity and advance the quality of the fundraising profession and will comply with professional codes of conduct, as appropriate, including those defined by the Canadian Association of Gift Planners, the Association of Fundraising Professionals, Certified Fund Raising Executive International, the Law Society of Manitoba, and the Chartered Professional Accountants of Canada.

Donors can expect to be informed of the following:

- Gifts are irrevocable
- The Foundation does not provide tax or legal advice
- Importance of seeking independent financial and legal advice on any proposed gift
- Items which are the donor's responsibility, such as gift related costs

### 4. Gift Acceptance Policies

#### 4.1. Authorization

The responsibility for gift acceptance lies with the Board. Gifts shall be accepted by The Foundation through the President and Chief Executive Officer, the Vice-President, Community Generosity or the Vice-President, Finance (or their delegates), except where the nature of the gift requires Board approval as noted in this Policy. This authority may from time to time be delegated to the Community Initiatives Committee.

The Foundation may form an ad-hoc, internal Gift Acceptance Working Group comprised of Finance and Community Generosity (formerly Donor Engagement) staff, in addition to others with special expertise, as necessary. The following gifts must be approved by the Gift Acceptance Working Group prior to acceptance:

- Complex gifts of public securities
- Gifts of privately held securities
- Gifts in kind
- Outright gifts of real estate
- Gifts of residual interest
- Charitable remainder trusts
- All current and deferred gifts to which a special purpose and/or restriction is attached

Gifts from Government, meaning any municipal, provincial, or federal government as well as any special purpose bodies which represent public sector interest, including but not limited to, commissions, councils, and Crown corporations, may only be accepted with direct involvement of the CEO. Gifts from Government require special consideration, particularly where a permanent endowment is proposed, and may require Board approval on recommendation of the CEO.

## 4.2. Legal and Regulatory Compliance

The Foundation will abide by all laws governing the charitable sector for both Canadian and US gifts and, as such, will issue charitable tax receipts for all eligible donations, in accordance with both Canadian and US regulations.

## 4.3. Eligible Gifts

A gift refers to a voluntary transfer of property without consideration to the donor. The types of outright and deferred gifts eligible for acceptance are set out in Appendix A – Types of Gifts.

## 4.4. Gifts Not Accepted

The Foundation cannot accept gifts of annuities or any gift that creates a liability. The Foundation may otherwise elect to accept or decline any gift. Where a proposed gift does not appear to be in The Foundation's best interests, The Foundation may suggest changes to the proposed gift or may decline the gift. The Foundation reserves the right to decline a gift in any circumstance, including:

- i) desire of the donor to exert unacceptable conditions or controls over the gift;
- i) cost-of-ownership implications related to administration time, management and marketability of a gift;
- ii) gifts that expose The Foundation to liability or unacceptable risk;
- iii) gifts that are illegal;
- iv) gifts that do not comply with Canada Revenue Agency guidelines; or
- v) gifts that could reasonably compromise The Foundation's public image, reputation or commitment to its mission, values, priorities or strategic plan.

## 4.5. Gift-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) will normally be the responsibility of the donor unless The Foundation, upon prior agreement, agrees to assume responsibility for any portion of these items. There may be instances where The Foundation will cover these costs. In certain instances, Board approval will be required.

The Foundation may obtain independent assessment of the value of a gift of property.

## 4.6. Gift Restrictions

Donors may impose restrictions or conditions on the use of their gift acceptable to The Foundation, with certain exceptions. Please see Appendix B for further guidelines on the Use of Gifts.

## 4.7. Fund Agreements/Deeds of Gifts

All fund or gift agreements shall be approved as to form and content by The Foundation's legal counsel. Where substantially the same agreement is used repeatedly, only the template

(proforma) needs approval. Agreements with special conditions may require Board approval on recommendation of the Gift Acceptance Working Group or the CEO.

**4.8. Acting as Trustee**

The Foundation will not serve as executor of a donor's will or trustee of a charitable remainder trust.

**5. Disposition of Gifts**

By accepting a gift, The Foundation does not make any representation that it will retain the property or use it for the same purposes or in the same manner as the donor. Unless otherwise agreed to by The Foundation, all gifts of property will be sold as soon as possible and the net proceeds after costs will be used according to any gift restrictions and according to its policies.

**6. Policy Review**

This policy will be reviewed by the Community Initiatives Committee and approved by the Board of Directors at least every two years.

<b>The Winnipeg Foundation Gift Acceptance and Disclosure Policies</b>	
Board Approval:	December 4, 2001
Revised and Approved:	November 22, 2017
Revised and Approved:	December 11, 2018
Revised and Approved:	June 23, 2020
Revised and Approved:	June 20, 2024

## APPENDIX A - TYPES OF GIFTS

a. **Cash** - The date of donation for gifts of cash, whether by cheque, money order, or direct debit deposit, is the date the gift is received by The Foundation.

Guidelines: A donation by mail is considered to have been received on the date of the postmark on the envelope (for example, a gift sent by mail postmarked on or before December 31st qualifies as a charitable gift in that tax year even if it is not received until January). The receipted amount will be equal to the cash or cash equivalent received.

b. **Credit Card Gifts** - A gift by credit card is considered to have been made on the process date. The receipted amount will be equal to the credit card amount processed.

c. **Publicly Listed Securities** - Publicly listed securities are securities that are listed for trade on a public stock exchange and mutual fund units. Gifts of publicly listed securities are generally accepted where they are freely tradeable. Securities with restrictions that impact transferability or that are thinly traded may require additional review and approval prior to acceptance.

Guidelines:

- To qualify for the elimination of capital gains taxes, securities must be donated in-kind.
- Valuation:
  - i. *Electronically held securities:* The receipted value of a gift will be the closing price of the securities on the date the gift has been received by The Foundation's custodian or broker. There may be exceptions to the valuation of the gift at the discretion of the Vice President, Finance.
  - ii. *Physical securities:* The receipted value of a gift will be the closing price of the securities on the date the share certificate is physically received at The Foundation's office or its representative's location.
  - iii. *Securities in foreign currency* – Securities gifted in a foreign currency will be converted to Canadian dollars at The Foundation's securities broker's price for that currency on the date received.
- It is The Foundation's general intent to sell securities immediately. Any loss or gain after the securities have been received, as outlined above, shall not affect the valuation of the gift.
- *Flow-through gifts of securities* – the net value of the securities after any gift-related costs are deducted will be distributed to the recipient(s).
- *Share restrictions* - Gifts of publicly listed securities which are not freely tradeable because of legal restrictions pertaining to their transferability will not be considered accepted by The Foundation until the shares have been approved by the Gift Acceptance Working Group and The Foundation's name appears on the securities certificate or the account to ensure registration of the securities is complete. An independent valuation may be required, and the value determined by The Foundation in consultation with its advisors. The value, having regard to the nature of the restrictions, may be subject to a discount.

**d. Closely-Held Securities** Private company shares are not listed on a public stock exchange impacting their liquidity and therefore require review and acceptance by the Gift Acceptance Working Group. In certain instances, Board approval will be required.

Guidelines:

- Gifts of fixed price, redeemable and retractable preference shares are eligible for acceptance where there is an agreeable redemption or sale arrangement and sufficient comfort provided in support of valuation.
- If accepted, a receipt will be issued for the value when the shares are redeemed or sold.
- The Foundation reserves the right to require an independent valuation in support of any gift of closely-held securities by a Certified Business Valuator (certified by the Canadian Institute of Certified Business Valuators). The cost of such valuation will be paid by the donor.

**e. Life Insurance** - The Foundation may accept a gift of life insurance in several ways. A donor may:

- Commence a life insurance policy of which The Foundation is the owner and beneficiary;
- Assign irrevocably a paid-up, permanent policy to The Foundation;
- Assign irrevocably a permanent policy to The Foundation on which premiums remain to be paid; or
- Name The Foundation as a primary or successor beneficiary of the insurance proceeds.

All irrevocable assignments of life insurance policies require review by the Gift Acceptance Working Group prior to acceptance due to the personalized nature of insurance policies. The Foundation only accepts ownership of permanent policies (e.g. whole life, universal life). The Foundation will work with any donor to document their wishes for the use of their insurance gift.

Guidelines:

*i. Naming The Foundation as a beneficiary of a life insurance policy*

The Winnipeg Foundation may be named as the beneficiary (or successor beneficiary) of a life insurance policy by designation form or by will. A tax receipt will be issued upon receipt of the proceeds of the policy at the time of death. The receipted amount will be equal to value of the proceeds received.

*ii. Making The Foundation the irrevocable owner and beneficiary of a life insurance policy*

Depending on the arrangement, a tax receipt will be issued for the value of the policy at the time of transfer (net cash surrender value, if any) and for any premiums paid as determined by CRA requirements. A donor may be entitled to a tax receipt at the fair market value of the policy if supported by an actuarial valuation, the cost of which is the responsibility of the donor. Donors should note that newer policies may not have an accrued value at the time of assignment and may be subject to special tax rules (i.e. deemed fair market value rule).

Premiums: Any premiums owing are the responsibility of the donor but premium payments are eligible for a tax receipt in the year paid. The donor may pay premiums directly to the insurance company. The Foundation may, upon prior approval, pay the premiums provided the donor makes equivalent contributions to The Foundation for that purpose. The Foundation has the option to accept gifts of insurance with the obligation to pay future premiums outright based on an assessment that it is favourable for The Foundation to do so.

The Foundation makes every effort to fulfill donor wishes for their insurance gifts, but ultimately may, at its discretion, apply the gift to its general purposes if the donor ceases to pay premiums before the policy has reached maturity and/or where proceeds are insufficient to realize the donor's plans.

- f. Bequest** - A bequest can be in the form of a specific amount or the residue (or portion thereof) of the Estate. The Foundation provides suggested wording for a will which should be reviewed with a professional advisor. The receipted amount will be equal to value of the gift received. A donor who advises The Foundation of a proposed gift in their will shall be asked to provide a copy of the will (or relevant section) to allow The Foundation to satisfy itself as a fiduciary that it can fulfill the donor's wishes.
- g. Gift of Retirement Fund Accumulations** - The Foundation may be named a beneficiary of an Registered Retirement Savings Plan (RRSP), Registered Retirement Income Fund (RRIF) or Tax-Free Savings Account (TFSA). Proceeds will be receipted according to CRA guidelines. The Foundation will work with the donor to document their wishes for the use of their gift.
- h. Residual Interest** - A gift of residual interest allows a donor to make a gift of property, receive a charitable tax receipt, and retain use of that property, or income from the property, during their lifetime. The amount for the tax receipt will be equivalent to the present value of The Foundation's residual interest. All such gifts require review and acceptance by the Gift Acceptance Working Group and may require Board approval depending on the proposed arrangement.

Guidelines:

The donor shall continue to be responsible for real estate taxes, insurance, utilities and maintenance after transferring title to the property unless The Foundation, upon prior approval of the Board, agrees to assume responsibility for any of these items. The Foundation is entitled to require that the donor provide proof of payment of those expenses for which the donor is responsible. The Foundation reserves the right to inspect the property from time to time to assure that its interest is properly safeguarded.

- i. Charitable Remainder Trusts** - A charitable remainder trust is another gift of residual interest where a donor transfers property (cash, securities or real estate) to a trust. The donor, or other named individual, retains the right to income from the trust, either for life or a specified term. The

Foundation has irrevocable title to the trust assets when the donor dies. The tax receipted amount will be equivalent to the present value of the residual interest at the time of the trust's establishment. All such gifts require review and acceptance by the Gift Acceptance Working Group and may require Board approval depending on the proposed arrangement.

- j. Other Appreciated Property (real estate, art, jewellery, etc)** - The Foundation appreciates that people may wish to donate treasured items and even places of importance to them. The Foundation must carefully evaluate all aspects of gifts of property, including "hidden costs" and valuation difficulties. All gifts of other appreciated property may only be accepted after review and acceptance of the Gift Acceptance Working Group and may require Board approval. The ready marketability of property, the carrying costs, and potential environmental risks, are among the factors considered in determining acceptance of a gift.

Guidelines:

- It is The Foundation's general intent to sell any property received in kind.
- The Foundation does not normally accept gifts of art that it cannot appropriately steward and display. Such a gift may be accepted on the understanding that it would be sold and the proceeds directed as the donors wishes. Any gift of art requires authentication. Appraisal by a member of the Professional Art Dealers Association of Canada or equivalent international association is required for a receipt to be issued.
- Gifts of property valued at or over \$1,000 must receive an independent external appraisal or equivalent support to receive a tax receipt. Gifts in kind of less than \$1,000 require documentation supporting the determination of fair market value (i.e. original invoice of purchase).

- k. Gifts of Service** - The Foundation cannot accept gifts of service.

- l. Gifts received from United States** - The Winnipeg Foundation USA, Inc. has been created to receive gifts from sources in the United States. Receipted amount will be in U.S. dollars. Gift-related costs may apply and administrative fees will be charged on gifts that are directed to other charitable organizations. Donors are encouraged to contact The Winnipeg Foundation for any proposed gifts to ensure they can be accepted.

## APPENDIX B - USE OF THE GIFT

### 1. Gifts Held as Capital in Perpetuity – Endowment Funds

The principal mission of The Foundation is to serve as a vehicle for donors to support their community through the creation of endowment funds. An endowment fund is a fund where gifts are held and invested in perpetuity and only the annual amount determined by The Foundation's Spending Policy is distributed as grants to support charitable activities in community.

### 2. Donations Other Than to Endowment

- a. **Flow Through Gifts:** The Foundation also accepts, from time to time, gifts that are not intended to be held on a long-term basis as endowment funds. These gifts can be fully distributed to community and may be immediately distributed. The Foundation exercises broad discretion whether or not to accept such gifts. Administrative fees or other cost recovery expenses apply. Gift-related costs may also apply.
- b. **Spend Down Funds:** The Foundation exercises broad discretion whether to accept gifts made with the intent that the capital will be disbursed over an agreed period. These types of gifts are invested and generally administered similarly to permanent endowments except for their duration. Administrative and investment management cost recovery fees are charged. Disbursements of capital will be made in accordance with the terms of gift documentation prepared at the time the fund is established.

### 3. Outright Gifts

Gifts may be made outright to The Winnipeg Foundation, including to its Community Fund, funds established in support of strategic priorities as well as to funds established by members of the community that are open to gifts from the general public.

### 4. Restrictions on Gifts

The Income Tax Act (Canada) imposes limits on a donor's capacity to place restrictions on their charitable gifts. A donor may at the time the gift is made, and subsequently by agreement with The Foundation, place limits on the uses to which a gift may be put. The Foundation must satisfy itself as a fiduciary that it can fulfill the donor's wishes over the long term, and that it has the administrative resources necessary to carry out the proposed charitable purpose. Donors are encouraged to provide The Foundation with a reasonable measure of discretion so that The Foundation can respond to evolving community needs while fulfilling the spirit and intent of the gift.

While The Foundation understands that discretionary revenue is important to preserve flexibility and responsiveness, it welcomes gifts for all manner of charitable purposes, including those made to establish funds intended to support specific agencies or programs.

When accepted, gift restrictions are followed as detailed in gift documentation.

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Gifts that have no conditions or restrictions will be used at the discretion of The Foundation for its charitable mandate. For unrestricted bequests, The Foundation will follow the donor's wishes set out in a signed letter of wishes on file with The Foundation, to the extent possible.

In times where gift directions cannot be followed, the Board of Directors, through the authority of its Act, may depart from the donor's directions or from the trusts or conditions attached to any gift, having considered a recommendation from the CEO.

## **5. Benefit to Donor**

The nature of any charitable gift is that a donor cannot expect material consideration (i.e. financial benefits, or opportunities) to flow from the gift, nor, after a gift has been made, to direct The Foundation on how it must use the gift or must apply the spending policy related to the gift, with the exception of mutually agreed upon capitalizations.