

## 9.0 GIFT ACCEPTANCE POLICY

### DEFINITIONS

**Gift or Donation:** For the purposes of this policy, “gift” and “donation” are understood to mean the same thing, that is, a voluntary transfer of cash or in-kind goods from individuals, corporations, foundations and other sources to Rise for either undesignated or designated use. Gifts are made without expectation of a tangible return.

**Deferred Gift:** Deferred giving is the process of making a gift commitment today for delivery to Rise at a future date. The most common forms of deferred gifts include bequests, life insurance, retirement plans such as RRSPs and RRIFs, charitable gift annuities, charitable remainder trusts and other gift vehicles that may be categorized as deferred gifts in the future.

**Designated or Restricted Gift:** A gift given to Rise where the donor has specified how the support is to be directed.

**Undesignated or Unrestricted Gift:** A gift given to Rise where the donor has not specified how the support is to be directed. Rise will determine the most appropriate use of the gift.

**In-Kind:** Goods or services (as opposed to cash).

**Real Property:** Property, in the form of real estate lands, which may or may not include ownership of buildings on said lands.

**Tangible Personal Property:** Personal property items owned by a donor.

**Services:** Services include intangible items like time, skills and effort.

### 9.1 PREAMBLE

Rise Asset Development (“**Rise**”) empowers entrepreneurs recovering from mental health or addiction challenges by providing access to financing and business advisory support. Rise provides low interest small business loans, training and mentorship to individuals facing barriers to employment. As such, to support this work, Rise welcomes gifts from individuals, corporations, foundations, associations, partnerships and others.

### 9.2 PURPOSE

The purpose of this Gift Acceptance Policy is to guide decisions regarding the acceptance, valuation, tax receipting and management of gifts or donations to Rise. The form of support covered under this policy includes donations and grants, in keeping with *Income Tax Act* (Canada) regulations, Canada Revenue Agency guidelines and any other applicable guidelines.

### 9.3 GIFT ELIGIBILITY

Rise accepts gifts that are consistent with its mission, purposes, and priorities.

This determination of acceptable gifts will be made by Management, unless the source of a gift might expose Rise to liability, is precedent setting, or involves sensitive matters, such determination which is to be made by the Board of Directions. In these cases, the final decision will be made by the Board of Directors.

Rise will accept donations through the following giving vehicles, subject to the terms outlined below:

- **Cash or Cash Equivalent** Cash donations include those received through cheques, debit and credit cards. Pledges or cash or equivalents will also be accepted.
- **Deferred Gifts:** Deferred gifts include bequests, life insurance, retirement plans such as RRSP's and RRIF's, charitable gift annuities, charitable remainder trusts and other gift vehicles that may be categorized as deferred gifts in the future, as outlined in Section 9.9 of this policy: *Deferred Gifts*.
- **Gifts of Securities:** Gifts of securities include donations of publicly traded securities, as outlined in Section 9.10 of the policy: *Gifts of Securities*.
- **In-Kind Gifts:** In-kind gifts include food and packaged goods, tangible personal property, real property and goods or services, as outlined in Section 9.11 of this policy. *Gifts in Kind*.

#### 9.4 ACCEPTANCE OF DESIGNATED/RESTRICTED GIFTS

Rise encourages donors to give undesignated and unrestricted gifts so that funds may be directed to where the need is greatest.

However, Rise acknowledges the importance of and will support designated/restricted gifts where the designation is consistent with the mission and priority needs of the organization, as outlined in the organization's annual operating scorecard and/or strategic goals. All acceptances of gifts must also comply with relevant Rise policies and codes.

Upon acceptance of a designated/restricted gift, there will be no change in the use of that gift, or any portion thereof, without the donor's consent or upon instruction by the donor's designated proxy, such as a legal representative, trustee, or other designate.

If a revised purpose for the use of a non-designated/restricted gift becomes necessary, Rise will consult with the donor, as reasonably required in the circumstances.

If, due to program or organizational changes, the need arises to make alternative use of a designated/restricted gift, every attempt will be made to discuss alternatives with the donor or donor's legal designate or other proxy. If no agreement can be reached with the donor or his/her legal designate or proxy about alternative uses for the restricted or designated gift, and Rise is unable to honour the designated purposes, the donor shall have the right to:

- i) Assign the gift, a and associated terms, to the organization for another charitable purpose and/or designation, and;
- ii) Request and receive the return of the gift, in the amount of the gift upon receipt with no interest or further accrual, on the condition that any tax benefit claimed by the Donor for the portion of the gift in question equals \$0.

In cases where the donor is deceased or incompetent, and there is no legal designate, the donation will be used in a manner that is as consistent as possible with the donor's original intent and spirit of the gift.

## **9.5 DECLINING A GIFT**

Rise reserves the right to decline a gift for any reason in its sole discretion.

Final authority to accept or decline a gift rests with Management. When a gift might expose Rise to liability (e.g. real estate and other gifts in kind), is precedent setting or involves sensitive matters, the Board of Directors will be consulted for a final decision on acceptance.

Acceptance of a gift does not imply endorsement by Rise of any product, service or philosophy of the donor.

## **9.6 PRIVACY**

Donor privacy is of the utmost importance to Rise. Donor records provided to Rise will be kept in confidence, in compliance with all relevant Rise policies and applicable federal privacy legislation. All information in donor files will be maintained in a secure location.

## **9.7 SUPPORTING DOCUMENTATION**

Rise will ensure supporting documentation exists for

- Gifts that have multi-year commitment;
- Gifts that are designated for specific purposes; or,
- Gifts that are for amounts in excess of \$25,000.

## **9.8 RETURNING GIFTS**

In certain circumstances, it may become necessary for Rise to return a previously accepted donation. The final decision to return a gift will be made by the Board of Directors, in consultation with legal counsel and financial advisors.

When a decision is made to return a gift, Rise will comply with Canada Revenue Agency requirements. In addition to the return of the same or identical property, on the condition that any tax benefit claimed by the Donor for the portion of the gift in question equals \$0, Rise will provide the donor with a revised charitable tax receipt. A copy of this tax receipt will be filed with Canada Revenue Agency.

Such instances could include, but are not limited to:

- Where continued association with the donor would result in harm to Rise's reputation;
- Where a donation is determined to have been to proceeds of a crime; or
- The terms of the donation agreement can no longer be honoured, and a new agreement cannot be negotiated with the donor, or his or her heirs or assigns.

## **9.9 DEFERRED GIFTS**

Rise welcomes and encourages deferred future gifts, consistent with this policy, in the forms of:

- Bequests
- Life insurance
- Retirement plans such as RRIFs or RRSPs

- Charitable gift annuities
- Charitable remainder trusts, and;
- Any other gift vehicles that may be categorized as deferred gifts in the future.

Donors are strongly encouraged to review the terms of deferred gifts with Rise staff to ensure Rise can honour donors' wishes.

Rise strongly recommends all donors seek advice from professional advisors, including independent legal counsel, and discuss the matter with family when considering a deferred gift to Rise.

### **9.9.1 Allocation of undesignated bequests**

Undesignated bequests or gifts through a donor's Will, will be allocated on a case-by-case basis by Management.

### **9.9.2 Tax receipting for deferred gifts**

Tax receipts for deferred gifts will be issued in accordance with *Income Tax Act* (Canada) regulations, Canada Revenue Agency guidelines, requirements for the specific gift vehicle involved and all applicable Rise policies.

## **9.10 GIFTS OF SECURITIES**

Rise can accept gifts of securities such as shares, bonds, warrants and options listed on any prescribed stock exchange, including Canadian stock exchanges, the NYSE, AMEX, and NASDAQ. Rise can also accept gifts of mutual funds/units, pooled fund units and segregated fund units.

Rise shall not, in any circumstance, accept gifts of privately traded securities, including options, debentures, warrants, or other any form of convertible security in connection with the securities of private corporations.

### **9.10.1 Valuing gifts of securities for tax receipting purpose**

**9.10.1.1 Electronic Transfers:** For the purpose of valuing the income tax receipt for securities transferred electronically, the value of the gift will be based on the closing market value of the security on the day the gift is received in Rise's brokerage account.

**9.10.1.2 Securities transferred via certificate:** If the gift of securities is delivered via share certificate, the value of the gift, for the purposes of valuing the income tax receipt, will be based on the closing market value on the day Rise takes possession of both the share certificate and the stock transfer documents/Power of Attorney.

**9.10.1.3 Treatment of securities upon possession of Rise:** Gifts of securities will be sold as soon as possible after they have been received.

**9.10.1.4 Recognition:** Recognition will be based on the receipted value of the gift and in keeping with Rise's recognition policies and practices.

## 9.11 GIFTS IN-KIND

Rise may accept gifts-in-kind such as tangible personal property, real property or gifts of services.

Rise will accept and receipt of gifts in-kind gifts that it deems appropriate, in accordance with the Income Tax Act (Canada); Canada Revenue Agency guidelines and requirements; and relevant Rise policies and practices.

Rise will accept in-kind gifts of tangible personal property which can be used for:

- Display at Rise
- Program delivery or facilitation
- Revenue generation through sale or auction
- Other purposes that may arise from time to time that benefit Rise

**In-kind gifts of real estate** will be reviewed by the Finance, Audit & Risk Committee on a case-by-case basis.

**Other in-kind gifts**, as defined in the Definitions section of this policy, will be addressed on a case-by-case basis.

**In-kind gifts of services:** Registered charities cannot issue official charitable income tax receipts for gifts of services. However, a gift of services may be eligible for a tax receipt through a cheque exchange. See Definitions section of this policy for more details. Receipting for cheque exchanges will be determined on a case-by-case basis. Please see next page for the Risk Register template

## 9.12 GIFT ACCEPTANCE

Rise reserves the right to accept or decline a gift. The final decision to accept or decline a gift rests with Management. When a gift might expose Rise to liability (e.g. real estate and other gifts in kind), is precedent setting or involves sensitive matters, the Board of Directors will be consulted for resolution.

Receipted in-kind gifts will be accompanied by supporting documentation.

## 9.13 CHARITABLE INCOME TAX RECEIPTS

At law, a gift is a voluntary transfer of property without consideration. Contributions of services (for example, time, skills, effort) are not property. Therefore, they do not qualify as gifts for the purpose of issuing official donation receipts. Rise cannot issue a charitable income tax receipt for a gift of service.

**However, a charity can issue a charitable income tax receipt under the following conditions:** If a charity pays a service provider for services rendered and the service provider then chooses to

donate the money back, the charity can issue a receipt for the monetary donation (this is often referred to as a cheque exchange). In such circumstances, two distinct transactions **must** take place:

- A person provides a service to a charity and is paid for that service; and
- That same person makes a voluntary gift of property to the charity.

A charity should also make sure that it keeps a copy of the invoice issued by the service provider. The invoice and cheque exchange not only ensure that the charity is properly receipting a gift of property, but they also create an audit trail, as the donor must account for the taxable income that is realized either as remuneration or as business income.

The amount issued on the invoice in this circumstance must reflect the fair market value of the services provided, as reasonably determined by the service provider.

A charity should **not** issue an official donation receipt to a service provider in exchange for an invoice marked "paid". This procedure raises questions as to whether in fact any payment has been transferred from the charity to the service-provider and, in turn, whether any payment has been transferred back to the charity.

#### **REVISION HISTORY**

June 8, 2021 – approved by the FAR Committee

June 11, 2021 – approved by the Board of Directors