

## Policy 200-1 Gift Acceptance & Disclosure

Approval:	Board of Directors	Effective Date:	April 27, 2017
Bring Forward Date:	January 2018	Revised Date:	

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### Policy

#### 1.0 AUTHORIZATION

1.1 Prince Edward County Memorial Hospital Foundation, (hereinafter “the Foundation”) is authorized to encourage donors to make both immediate and deferred gifts in accordance with policies to be determined from time to time by the Foundation. Immediate gifts of cash and near cash, marketable securities, real estate, art, private company securities and other assets are accepted for non-restricted, restricted or endowment purposes, subject to such conditions as may be set by the Foundation. The types of deferred gifts to be encouraged include (but are not limited to): bequests, reinsured gift annuities, gifts of beneficial interests in income tax registered plans such as an RRSP, RIF or TFSA, residual interests including charitable remainder trusts, and gifts of life insurance policies and proceeds. These gifts are subject to such conditions as may be set by the Foundation. All programs, solicitation plans, and activities shall be under the review of the Board of Directors of the Foundation (hereinafter the “Board”) or as delegated by the Board.

#### 2.0 PURPOSE:

2.1 The following provisions are designed to assist potential donors to the Prince Edward County Memorial Hospital Foundation to determine how a proposed gift to the Foundation will be evaluated by the Foundation.

#### 3.0 POLICIES

3.1 It is the principle of the gift acceptance program that all contributions are appreciated by the PECM Hospital Foundation and are entitled to an appropriate acknowledgement and expression of gratitude. The PECM Hospital Foundation also recognizes that a progressive system of recognition contributes to the overall success of the hospital’s development efforts and serves to provide an incentive for many donors to maintain a regular program of giving.

3.2 The policy of the Foundation is to inform, serve, guide or otherwise assist donors who wish to support the Foundation’s activities on behalf of QHC - Prince Edward County Memorial Hospital, but never under any circumstance to pressure or unduly persuade. In particular, whenever a gift involving an irrevocable transfer of assets is under consideration, every effort should be made to ensure that completing the gift would not jeopardize the donor’s personal or financial security.

- 3.3 The Chair of the Foundation or their designates, and other persons from time to time as authorized, may negotiate planned gift agreements with prospective donors, following policies and procedures approved by the Board.
- 3.4 All planned giving agreements requiring execution by the Foundation shall first be reviewed and approved by the Foundation's legal counsel. Where substantially the same agreement is used repeatedly, only the prototype shall need approval.
- 3.5 The following planned gifts must be reviewed and approved before receipt, on such terms and conditions as determined by the Foundation or by such committee to which the Board has delegated such responsibilities:

Gifts of:

- Real Estate
  - Shares of privately held companies or interests in other entities (such as Partnership interests) and debt of same
  - Tangible personal property (other than cash and near cash or publicly Traded securities) and
  - Other property interests not readily negotiable.
  - Reinsured gift annuities.
  - Residual interest gifts, including charitable remainder trusts.
- 3.6 Before the acceptance of any gift requiring review by the Foundation or such committee is approved, the Foundation shall undertake such due diligence and have secured appropriate opinions on all relevant issues as the Foundation or such committee determines.
- 4.0 **THE NATURE OF PROPERTY**
- 4.1 **Basic Form of Property Accepted:** The Foundation routinely accepts only property that is readily marketable at reasonable cost. That refers to cash, deposit instruments of a government in Canada or financial institution, publicly traded securities, policies of life insurance, or any other property that is property that the Foundation may invest in consistently with its investment policies.
- 4.1.1 Gifts of Life Insurance may be subject to minimum amounts and/or maximum premium periods, and are subject to premium payments being completed as per the gift agreement.
- 4.2 **Acceptance of Other Forms of Property:** The Foundation recognizes that donors will occasionally wish to give it property that is not described in the previous paragraph, such as real estate, private corporation shares and residuary interests in trusts. While the Foundation is generally pleased to accept gifts, it has to be careful to evaluate whether there may be 'hidden costs' in accepting such property. It therefore reserves the discretion to decline a gift of property because of the nature of the property that is being offered to it. Matters that the Foundation will take into account are:
- 4.2.1 The likelihood that the value of the property will be a matter of differing opinions. The Foundation does not wish to become unnecessarily entangled in valuation disputes with Revenue Canada.

- 4.2.2 The possibility that the property will not sell in a reasonable period of time.
- 4.2.3 The potential carrying cost and environmental risk associated with owning the property.
- 4.2.4 The potential for controversy associated with owning the property.
- 4.2.5 Whether a satisfactory arrangement can be made with the donor with respect to the absorption of the costs of valuation, maintenance and disposition. As a general rule, the Foundation expects the donor to bear the costs associated with the settlement of the gift on the Foundation and the issuance of a receipt therefor, which includes but is not limited to, the cost of valuation, environmental assessment, and taxes; and will charge the proceeds of disposition of the gift, rather than its other funds or its general operating expenses, with the costs of maintenance and disposition of the property.
- 5.0 **Source of Property:** The Foundation also reserves the right to refuse to accept property the origin of which may bring the Foundation into disrepute.
- 6.0 **Timing of Issuance of Receipt:** The Foundation cannot issue a receipt for a gift until it is legally the property of the Foundation, and must issue a receipt for the value of the property as of the date that it becomes the Foundation's property. To facilitate the transfer of property (such as publically traded securities) that has a variable value, the Foundation works with donors' brokers, employing a book based transfer(BBS). When this is not possible, the Foundation uses its accounts at all major investment dealers. Gifts of stock will be receipted based on the closing price of stock on the day of transfer.
- 7.0 **Subsequent Use of Property:** Absent an express agreement made with the donor concurrently with the transfer of property, the Foundation does not make any representation that by accepting a gift it will retain the property or employ the property for the same purposes as it was used by the donor. For example, absent an agreement, if the Foundation acquires a residence as a gift, it will not retain it as an office or a retreat, but will sell it and invest proceeds in accordance with its investment policy.
- 8.0 **THE PROCESS OF DEALING WITH THE DONOR**
- 9.0 **Confidentiality:** Any information learned by a representative of the Foundation about a donor or proposed donor that is not required to be public will be treated as confidential unless the donor advises otherwise. From time to time, donors will also request the Foundation to treat their gifts as made anonymously. While the Foundation must through at least one officer know who is making the gift, it makes its best efforts to respect such requests.
- 10.0 **Donor Recognition:** The Foundation is prepared to provide donors with recognition in a degree consistent with the recognition afforded donors of gifts of similar magnitude, immediacy of effect and degree of restriction.
- 11.0 **Informed Donor:** The Foundation encourages donors to work with their own professional advisors in making gifts. It will not solicit or accept a gift from a donor unless it is satisfied that the donor has a bona fide intention to donate to charity and has a proper understanding of the consequences of

making the gift, the work of the Foundation and the uses to which the gift capital and income will be put.

12.0 **Preference For Agreements:** The Foundation prefers to work with donors to develop agreements with respect to the name, nature and use of their gifts at the time the gift is made. A gift, the terms of which are expressed unilaterally (such as a gift made by a Will), may occasionally create some difficulties for the Foundation in that it will not have an opportunity to work with the donor to make the gift more practical from the Foundation's standpoint.

### 13.0 **THE USE THAT IS TO BE MADE OF THE GIFT**

14.0 **Donations:** The principal mission of the Foundation is to raise, administer and distribute earnings from funds that are:

14.1.1 held on a semi-permanent or endowed basis

14.1.2 as a result of annual campaign gifts.

14.2 The Foundation exercises broad discretion as to whether or not to accept such gifts and may charge an administrative fee in respect thereof up to 15% of the value of the gift.

15.0 **Restrictions On Gifts:** The Foundation is particularly interested in receiving gifts for endowment purposes in respect of which the donor has directed the Foundation in general terms, rather than in particular terms, how the income from the gift will be employed.

For example, a gift to be employed to support the hospital, rather than to support a particular department, will be preferred; and a gift will be preferred to one that is earmarked to a specific area. However, the Foundation welcomes gifts for all manner of charitable purposes, and will not decline to accept a gift merely because earnings derived therefrom are to be allocated in a specific manner.

16.0 **Benefit To Donor:** The nature of any charitable gift is that a donor cannot expect material consideration, financial benefits or opportunities (or other persons not at arm's length) to flow from the gift, not, after the gift has been made, to direct the Foundation as to how it must apply the earnings from the gift. A donor may, however:

16.1.1 Establish, at the time the gift is made, limitations on the uses to which the gift may be put. For example, a donor may specify particular charities or charitable purpose for which a gift may be used. He or she may subsequently may waive or loosen such restrictions.

16.1.2 Advise the Foundation from time to time how he or she wishes the earning from the gift to be applied.

17.0 **Application of Administrative Policies:** The Foundation adopts policies from time to time that impose administrative charges on its endowment funds, settle the manner of investment of the funds, and determine the appropriate portion of funds to distribute for charitable purposes or retain as capital to protect against erosion by inflation. Absent any more precise agreement with

the donor overriding these general policies, the Foundation will apply its policies equitably to all funds under its control and may amend such policies on a continuing basis.

- 18.0 **Nature of Donor's Charitable Purpose:** The Foundation does not seek to pass judgement on the value or merit of the donor's proposed application of the earnings from a gift, so long as the earnings are applied to a charitable purpose. It will, however, communicate all information at its disposal to a donor about the proposed recipient of the earnings.
- 19.0 **Preservation of Donor's Purpose:** Should the Foundation ever be wound up or become incapable of administering a fund to fulfill a donor's purpose, the Foundation will employ the best possible efforts to ensure continued application of the fund to the purpose originally contemplated by the donor.
- 20.0 **No Benefit To Individuals:** The Foundation applies the earnings from its funds only to benefit charitable organizations. It does not benefit individuals directly, even if the activities they undertake are charitable in nature.
- 21.0 **The Right to Decline:** The Foundation reserves the right to decline a gift due to:
- Lack of compatibility with the Foundation's mission
  - Unacceptable conditions or controls over the disbursement of the gift or naming rights associated with the gift
  - Cost of ownership implications related to administration, management and marketability of the gift
  - Unacceptable risks to the Foundation
  - The gift having been acquired by the donor through illegal means
  - Gifts where the source is, or could be perceived as being, incompatible with health care
  - Other factors as agreed upon by the Board of Directors