

Policy: BP4.2 Acquisition of Property	Effective Date:	2013.07.25
	Revision #:	1
	Date of Rev.:	2019.11.04
Policy Application: BPA4.2.1 Solicitation and Gift Acceptance Principles	Bring Forward:	2022.09.15
	Next Review:	2022.12.15
	Policy Application Oversight:	Finance Committee

Purpose

The purpose of this policy application is to further define the policy adopted by the Board and governs all solicitation activities and acquisition of property including fund development efforts; determination of recognizable and acceptable gifts; and responsible receipt and management of donations.

All fund development efforts will be made by and for the Northern Lights Regional Health Foundation (operating as the Northern Lights Health Foundation) and must be aligned to the Vision, Mission, Principles and Shared Values of the Northern Lights Health Foundation (the Health Foundation). Overarching fund development objectives are to build sustainable relationships with current and potential donors and to elevate results through effective and appropriate use of Directors' and AHS staff networks and influence.

All support given to the Health Foundation will be used to fund the operations of the Health Foundation and grant funding requests from AHS North Zone, Area 10 to fund health programs, capital projects and/or equipment purchases that will contribute to improving health care in the Regional Municipality of Wood Buffalo.

Foundation supporters range from individual donors and volunteers to small to medium-sized businesses and large corporations that operate within the Regional Municipality of Wood Buffalo and surrounding area. Support is given in various forms, including event sponsorship; individual and business gifts; annual appeals; gifts made in memory or tribute; planned gifts; and corporate gifts. Annual and three (3) year fund development targets are identified in the annual Business Plan based on short and long-term priorities established by AHS. The Board approves the Business Plan and delegates its implementation to the Executive Director. The Executive Director stewards results to the Board regularly.

General Principles

Integrity is of the utmost importance to the Northern Lights Health Foundation. The Health Foundation will be open, transparent, hold itself accountable to all supporters and stakeholders, recognize and thank its supporters, and treat all gifts with the utmost care.

The Health Foundation commits to be transparent in its operations by reporting to all supporters and stakeholders at least quarterly through its newsletters where current activities, the current and future planned use of donated funds will be highlighted; annually through its Annual Report that will report on fundraising activities, grant support to AHS North Zone, Area 10, its financial state through its Statement of Operations, Statement of Financial Position, Statement of Cash Flows and Charitable Tax Return (T3010); and through an ongoing complaints process to address all donor and supporter and stakeholder concerns.

A key aspect of the Health Foundation's integrity lies in the fact that all gifts will be treated with the utmost care. All gifts (cash, gift-in-kind, estate, stock, planned gift) to AHS shall be processed through the Foundation. AHS will be consulted in the gift acceptance process. At all times, gifts accepted by the Foundation must be in compliance with the Canada Revenue Agency (CRA) rules and regulations, and we will disclose, upon request, whether the individual or entity seeking donations is a volunteer, and employee or contracted third party.

All fund development plans, solicitation initiatives and programs shall be subject to the oversight of the Board. The Executive Director will ensure all operational gift acceptance policies and guidelines are in compliance with the parameters established by the Board and the CRA.

The Foundation may generate both restricted and unrestricted funds based on parameters established by the Board. Restricted funds will be subject to the Board Policy Application 4.3.3 Gift Reinvestment Allocation Principles and Schedule whose purpose is to set the framework whereby operating funds may be fairly compensated for the costs associated with the fundraising for the gift. Restricted funds (cash or cash equivalent) raised and not required for immediate use are invested according to the Foundation's Investment Policy. Unrestricted funds are generally used to support the Foundation's operating activities, special projects and urgent needs defined by AHS. Both restricted and unrestricted funds are stewarded by the Executive Director, through the Finance Committee, to the Board.

All donations will be recognized according to minimum funding requirements outlined in the Foundation's Donor Recognition Program (Board Policy Application 4.2.2), and in accordance with the Foundation's and AHS' Naming Principles and Standards (Board Policy Application 4.3.2), as may be applicable.

Fund Development Program

The fund development program for the Northern Lights Health Foundation includes solicitations that fall into five (5) major fund development categories:

Annual Giving

The primary purpose of Annual Giving is to generate revenues in order for the Foundation to fulfil its Mission.

The Foundation will do this by building the donor base; developing long-term relationships with donors; creating awareness in the region and beyond; building enthusiasm and support for the case; and creating the pipeline for major, planned and capital campaign gifts.

The majority of funds developed through Annual Giving are classified as unrestricted funds but any restricted funds developed must be allocated as specified by the donor and/ or the Board.

Major Gifts

The primary purpose of Major Gifts is to generate substantial revenues in order that the Foundation can fulfil its Mission. A Major Gift is defined as a charitable gift of \$10,000 or more.

The Foundation enjoys long-term relationships with several "Founding Partners" who each have a cumulative giving level of \$1,000,000 or more.

The Foundation will continue to steward these relationships resulting in renewal of multi-year commitments and forge new long-term relationships resulting in additional donors at this level over time.

The majority of funds developed through Major Gifts are classified as restricted funds and must be allocated as specified by the donor and/ or the Board.

Special Events

The primary purpose of Special Events is to generate unrestricted funds for the Foundation's activities and special projects. The Board approves special events through the annual budget. Special events are aimed at building a network of volunteers and friends for the Foundation that will increase the donor base over time. The Board approves any termination of a special event or the addition of a new special event through the budgeting process.

Planned Giving

The primary purpose of Planned Giving is to generate revenues in order that the Foundation can fulfil its Mission. Planned giving may include an out right gift of cash or property, life insurance policy, endowment, residual interest gift, or a charitable remainder trust. The Executive Director is authorized to negotiate and accept planned gift agreements with prospective donors as per the Definitions and Principles Governing Donations specified below OR other than cash, publicly traded securities and life insurance policies, the Board must approve all other properties before they can be received.

Capital Campaign

The Board may decide to engage in a Capital Campaign from time to time. The primary purpose of a capital campaign is to seek funding for well-defined projects and/ or initiatives within a specified time period as pre-determined by the Board which by nature primarily raises restricted funds. A Capital Campaign will typically have a designated Cabinet and Chair, which may include some members of the Board but also draws upon the talent and networks of volunteers able to sell the case and secure the desired funds. The Capital Campaign Chair is accountable to the Executive Director. The Board approves the Capital Campaign Plan and Budget.

Definitions and Principles Governing Acceptance of Donations

Eligible donors making a gift meeting the definition of a gift as defined by the Canada Revenue Agency of \$10.00 or more will be recognized with an Official Income Tax receipt issued to the donor. All gifts shall be appropriately documented and recorded according to the donor's intent. Gifts may not be accepted if the donor places parameters on the gift that do not meet Foundation policy or fit with AHS priorities.

Although the Foundation's priority is to secure out-right gifts of cash or property, where the donor retains no interest and the gift can be used currently by the Foundation, the Foundation will consider acceptance of other gifts subject to the principles outlined in this policy application, provided that the gift will be cost effective for the Foundation in the long term and it aligns with the values expressed by both AHS and the Foundation.

The Foundation will accept donations according to the following definitions, principles and guidelines:

Cash

Cash is accepted as hard cash or in the form of a cheque, electronic fund transfer, credit card transaction, or other cash transfer mediums accepted by the Foundation. Actual hard cash shall be hand delivered not forwarded by mail.

Outright-Gifts

An outright gift refers to a transfer of cash or property in which the donor retains no interest and the monies may be used currently by the Foundation. Securing outright gifts to the Foundation is the highest priority, and donors who are able to make outright gifts are encouraged to do so.

Prior to acceptance of outright property, the Foundation will also ensure compliance according to requirements specified for acceptance of real estate and other properties.

The donor is entitled to an Official Income Tax receipt and recognition from the Foundation for the appraised value of the property at the time the irrevocable transfer is completed if the gift meets the definition of a gift as defined by the Canada Revenue Agency.

Gifts-in-Kind

Gifts-in-kind will be accepted in support of events, receptions, office expenses, or other business related costs. Gifts-in-kind will also be accepted if AHS has approved the transfer of goods. Gifts-in-kind donations will be valued at fair market value and gifts-in-kind valued at \$10.00 or more will be tax receipted if the gift meets the definition of a gift as defined by the Canada Revenue Agency.

Before acceptance, relevant information about the gift shall be ascertained, including a copy of any appraisal or receipt or invoice provided by the donor.

If no appraisal, receipt, or invoice is available, and the FMV of the gift is \$1,000 or less a qualified staff member of the Health Foundation can appraise the gift.

If the FMV is estimated over \$1,000 the Health Foundation will contact an independent appraiser at arm's length from the donor and the Health Foundation for evaluation. If there is difficulty in finding an independent appraiser, or if it involves an unreasonable expense, qualified members of the Health Foundation can appraise it. FMV can be obtained through internet research of three or more similar items.

Gifts-in-kind received out of inventory of the donor can only receive an official donation receipt if there is no material benefit to the business, such as advertising or promotion.

Endowments

The donor may designate a gift for current use or it can be designated as an endowment. Named endowments must meet the funding requirements set by AHS. All endowments will have a written agreement in place between the donor and the Foundation detailing the purpose of the endowment.

Under no circumstances are donors permitted to have control over the investment of endowment funds or the use of the income beyond the initial restrictions. Endowed funds will be invested in accordance with the Foundation's Investment policy and policy application.

The agreement will specify how the investment income generated from the endowment is to be used. If no criteria are specified, the Foundation may use 50% of the proceeds as unrestricted funds with the remaining proceeds being invested in accordance with the Foundation's Investment Policy and Policy Application.

The Board must approve any changes in the endowment agreement in the event of changes in circumstances, which make it impractical to continue to use income from the endowment for the designated purpose. Amended terms will adhere as closely as possible to the donor's original intent for this fund.

Bequests

Bequests tend to be the most valuable kind of deferred gift and contribute significantly to the building of institutional endowments. Securing additional bequests is a priority within the Planned Giving Program.

Bequests are recognized at the time they are received, not at the time they are described in the will of a prospective donor. Donors who wish to receive recognition for bequest type contributions are encouraged to establish a non-revocable trust or some other form of non-revocable planned gift. Unrestricted bequests received in the amount of \$50,000 or greater will be designated as one half to the Foundation's endowment fund and one half to the Foundation's unrestricted fund for expendable use.

Life Insurance Policy

A life insurance policy may be contributed to the Foundation whereby a donor may assign irrevocably a paid up policy to the Foundation; assign irrevocably a life insurance policy on which premiums remain to be paid; or name the Foundation as a primary or successor beneficiary of the proceeds.

Any of these types of life insurance gifts are acceptable to the Foundation. In the event a policy is contributed on which premiums remain unpaid, the Foundation will pay premiums provided the donor makes equivalent contributions to that purpose.

When ownership of a life insurance policy is irrevocably assigned to the Foundation, the donor of that policy is entitled to a gift receipt for the appraised fair market value or the net cash surrender value, if any, and for any premiums subsequently paid.

Pledges

Pledges are recognized for their full commitment for donor recognition purposes under the terms and conditions of Board Policy Application BPA 4.2.2. Donor Recognition Guidelines; the revenue will be recognized at the time the pledge payment becomes due or is received, whichever is earlier. An Official Income Tax receipt will be issued at the time of payment if the gift meets the definition of a gift under as defined by the Canada Revenue Agency.

Real Estate

Gifts of real estate may be made as an outright donation; as a residual interest in a property; or to fund a charitable remainder trust. In all cases:

- The donor shall provide a qualified appraisal of the property. Unless the Foundation has reason to believe that the appraisal does not reflect the property's true value, a gift receipt will be issued for the appraised value. In the case of residual interest gifts, the gift receipt is issued for the present value of the residual interest computed on the appraised value.
- The donor must continue to be responsible for real estate taxes, insurance, utilities and maintenance until the title to the property is transferred successfully to the Foundation.
- The Foundation will determine if the donor has clear title to the property.
- The Foundation may secure its own appraisal and will issue the Official Income Tax receipt based on this appraisal rather than the appraisal provided by the donor if the gift meets the definition of a gift under as defined by the Canada Revenue Agency.
- Prior to accepting the gift, the Foundation will review other factors such as zoning restrictions, marketability, current use and cash flow, and environmental risks to ascertain that acceptance of the gift is in the best interest of the Foundation.

- The terms of the gift and responsibilities for expenses must be specified in the deed of gift executed by the donor and the Foundation.

Residual Interest in Property

A gift of residual interest refers to an arrangement, ordinarily in the form of a trust, where property is irrevocably committed to the Foundation, but the donor retains use of the property for life or a term of specified years. For example, the donor might give residual interest in a residence and continues to live in it, or a piece of art and retains possession of it. The donor is entitled to an Official Income Tax receipt from the Foundation for the present value of the residual interest if the gift meets the definition of a gift as defined by the Canada Revenue Agency.

The donor shall continue to be responsible for applicable expenses associated with the upkeep and protection of the property such as: real estate taxes, insurance, utilities, maintenance and transfer of title to the property, unless the Foundation, upon prior approval by the Board, agrees to assume responsibility for any portion of these items. The terms of the gift and responsibilities shall be specified in a deed of gift executed by the donor and the Foundation.

The Foundation reserves the right to inspect the property from time to time to assure that its interest is properly safeguarded.

Charitable Remainder Trust

A charitable remainder trust is a form of a residual interest gift. The donor 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 specified term of years), the trust remainder is distributed to the Foundation. If the trust is irrevocable, the donor is entitled to an Official Income Tax receipt for the present value of the residual interest if the gift meets the definition of a gift as defined by the Canada Revenue Agency.

A charitable remainder trust may be funded with cash, securities or real estate. If real estate is to be contributed and the Foundation is the trustee, the real estate shall first be subject to a thorough review as described in the guidelines pertaining to real estate above.

Where the Foundation is the trustee, it is recommended that the minimum trust size be fifty thousand dollars (\$50,000) and that the beneficiaries be at least fifty (50) years of age. The Board, however, has discretion to make exceptions to these guidelines in special circumstances.

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

The donor and/ or the donor's legal counsel will draft the trust agreement.

Publicly-Traded Securities

Donors have a strong incentive to make gifts of publicly-traded securities, since the capital gains tax credit on those appreciate assets is fifty (50) percent. Foundation Board approval must be sought if there is any doubt about accepting the stock.

The FMV of publically-traded shares listed on a designated stock exchange will be determined to be the closing bid price on the date the stock is received. The donor is entitled to receive an Official Income Tax receipt at the time the publically-traded stocks are transferred to the Foundation if the gift meets the definition of a gift as defined by the Canada Revenue Agency.

Shares in Privately-Owned Companies and Other Business Interests

Donors may make gifts of privately-owned shares and partnership interests. These can be accepted by the Foundation so long as the Foundation assumes no liability in receiving them and would not be

subject to any penalties. In some instances, the corporation is willing to redeem privately-owned shares or other stockholders are willing to purchase them with the proceeds of the sale going to the charity.

The FMV of shares in privately-owned companies or other business interests will be determined through the advice of a professional financial advisor. The donor is entitled to receive an Official Income Tax receipt at the time the privately –owned shares, business interest or the proceeds of the sale of the shares or interest are transferred to the Foundation if the gift meets the definition of a gift as defined by the Canada Revenue Agency.

Reinsured Gift Annuity

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

The Income Tax Act does not allow for foundations to incur debt except for current operating expenses. Gift annuities are considered a debt obligation by the CRA and therefore cannot be issued by the Foundation. Charitable organizations, however, have no debt. Consequently, any gift annuity agreement should be between the donor and the charity itself, in the case of the Foundation it is Alberta Health Services, will sign the agreement and take responsibility for the payments and reporting. The Foundation may do the actual administration.

The minimum amount AHS will accept for a reinsured gift is ten thousand dollars (\$10,000).

The cost of the commercial annuity generally should not exceed seventy (70%) to seventy-five (75%) percent of the asset transferred in order to result in a significant gift.

The donor may designate the purpose of the gift, for the amount retained, subject to the consent of the Foundation and AHS.

Administration

This policy application, as approved and amended from time to time, is in force until rescinded or replaced by the designated Board Committee providing oversight to the policy application.

Revision #	Date	Description of Change(s)
1	2019.09.30	Added further details to gifts In kind to expand on what will be accepted as an in kind gift and how a gift in kind will be appraised.
2	2019.11.04	Added “and we will disclose, upon request, whether the individual or entity seeking donations is a volunteer, and employee or contracted third party” page 2 paragraph 1.

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