

DONATION ACCEPTANCE PROCEDURE

This procedure is governed by its parent policy. Questions regarding this procedure are to be directed to the identified Procedure Administrator.

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| Functional Category: | Operations |
| Parent Policy: | Donation Policy |
| Approval Date: | January 16, 2020 |
| Effective Date: | January 31, 2020 |
| Procedure Owner: | Vice President, External Affairs and Brand |
| Procedure Administrator: | Director, Advancement |

Overview:

Donations to NorQuest College (college) are made through the NorQuest College Foundation (Foundation). The Foundation is a registered charity and receives donations for the college from a wide variety of sources including associations, corporations, foundations, and individuals.

This procedure outlines activities dealing with assessment and valuation of potential donations, approval of donations, and donor acknowledgement.

Authority to establish this procedure is derived from the [NorQuest College Board of Governors Policy No. 5](#) which delegates authority to the President and CEO to establish policies and procedures for the college's management and operation.

Procedures:

Assessment of Potential Donations

Prior to acceptance of any donation, an assessment of the donation will be completed by the college. This acceptance assessment will consider the donation acceptance principles listed in the Donation Policy, determine the value of the donation, determine whether the donation entitles the donor to an official tax receipt and confirm terms and conditions associated with acceptance of designated donations.

Donations fall into three categories for gift acceptance purposes. These are:

- undesignated donation - cash
- undesignated donation - gift in kind
- designated donations - cash and/or gift in kind

All donations or donation offers are to be sent to the Advancement Division for assessment, approval, and donor acknowledgment.

Undesignated donation - cash

- Advancement Division will assess acceptance of the donation based on the donation acceptance principles stated in the Donation Policy.

Undesignated donation – gift in kind

- Advancement Division will:
 - assess acceptance of the donation based on the donation acceptance principles stated in the Donation Policy.
 - assess the value of the donation according to the principles stated in the Donation Policy.

- determine the impact of the donation on the college including operating costs and liability implications.
- determine whether the donation qualifies for a charitable tax receipt or a non-tax receipt.

Designated Donations

- The Advancement Division will:
 - ensure that written information regarding the designation of the donation has been received.
 - assess acceptance of the donation based on the donation acceptance principles stated in the Donation Policy.
 - assess the value of the donation according to the principles stated in the Donation Policy.
 - determine, in consultation with the division benefiting from the donation and other affected divisions or Executive office, the impact of the donation on the college including operating costs and liability implications.
 - determine whether the donation qualifies for a charitable tax receipt or non-tax receipt.
- Where a donation does not qualify or fully qualify for a charitable tax receipt, the Advancement Division will confirm with the donor whether the donor wishes to proceed with the donation.
- Where a donor accepts the terms of the donation, the Advancement Division will provide a recommendation regarding acceptance of the donation, to the individual indicated in the Designated Donation Approval Authorization Table. (page 4)

Valuation of Gift in Kind Donations

Valuation of gift in kind donations is an important consideration in the decision for a donor making a donation and expecting a charitable tax receipt and for the college in considering acceptance of a donation.

The value of gift in kind donations will be based on the following appraisal guidelines and assessment and valuation considerations.

Appraisal Guidelines

Where a donation does not qualify for a charitable tax receipt, the value of the donation will be determined at fair market valuation as agreed by the donor and the college.

Where a donation qualifies for a charitable tax receipt, the fair market value of the donation must be established before an official donation receipt can be issued and is to be determined as follows.

General

The Canada Revenue Agency (CRA) requires satisfactory evidence of fair market value of a donation and accepts appraisals performed by qualified individuals¹ for donations eligible for charitable tax receipts.

Donations valued at less than \$1,000:

- Appraisal is either conducted by a qualified independent appraiser or by a college employee that is qualified to appraise the donation.

¹ Canada Revenue Agency Summary Policy reference number CSP-F07

Donations valued at \$1,000 or over:

- Appraisal is to be conducted by a qualified independent appraiser.

Additional Assessment and Valuation Considerations

Gift in Kind Donations General

- Facilities is to be consulted where there are potential environmental liabilities associated with the donation.
- Business and Financial Services Division is to be consulted regarding donations of real property, royalty agreements, and securities.
- The applicable Division is to be consulted regarding donations of patents, licenses, and other forms of intellectual property.
- The Vice President, External Affairs and Brand is to be consulted when a donation is received from an organization providing services or perceived to be providing services to the college or with which the college is connected in any manner.
- Advancement Division will consult with the college insurer regarding potential insurance implications with accepting a donation.
- Advancement Division may engage other resources, including legal counsel, to assist as required in assessing valuation, evaluation of risk, or other matters as appropriate for the circumstance.

Real Estate

- An environmental assessment of the property is to be commissioned by the college to determine if there is a liability or other risk to the college in accepting the donation. Following the principles of the Donation Policy, the donor will pay all costs associated with the assessment.
- Other implications and costs should also be considered including but not limited to zoning, marketability, current and future use, and potential cash flow.

Public and Private Securities

- A gift of securities is a gift in kind.
- An official donation receipt for the fair market value of the securities will reflect the date the transfer of ownership takes place.
- The donor will be instructed to have their broker transfer the securities to the college's broker.
 - The preferred method of for transfer of publicly traded securities is by an electronic transfer.

Special Situations

The following special situations have been identified for informational purposes.

Documented Planned Gifts

A Planned Gift will be recognized as a future gift once the initial details are included in a Letter of Intent with the donor.

- The Letter of Intent will identify the type of gift, how the gift is to be used and how the donor should be recognized.
- Once a completed Letter of Intent is received by the Advancement Office, recognition and acknowledgement of the future gift will occur

as outlined in the Letter of Intent and in accordance with other areas of this procedure.

Bequests by Will

The college is notified by the person administering the will that there is a Bequest naming the college or the Foundation.

- Advancement Division is to receive all correspondence and documents associated with the bequest.
- An evaluation of the bequest will be undertaken by the college.
- The fair market value of a bequest is generally determined as at the date of death.

Donations of Life Insurance

- Advancement Division will prepare an agreement to confirm the terms of the donation.
- A copy of the life insurance policy will be obtained to confirm that the college has been designated as the beneficiary and owner of the policy.
- Where a policy is not fully paid, arrangements are to be made to obtain annual written notices of premium payments from the life insurance company.
- Where it is determined that premium payments have not been made, the Advancement Division will assess the financial liability to the college and make a recommendation to the Vice President, External Affairs and Brand, to either pay the outstanding premiums or to cash in the policy.
- The value of the donation will be determined on a basis appropriate with the circumstances and at a fair market value as required by the Income Tax Act.

Charitable Trusts

The college recommends that donors consult a lawyer or financial advisor before establishing a trust. The college retains the right to decline a gift not involving professional counsel.

The following guidelines govern acceptance of a charitable trust:

- A trust may be established with cash, securities or real estate.

Donation Approval

Undesignated Donation – Approval

The Director, Advancement approves acceptance of all non-conditional donations.

Additional approval requirement

Any undesignated gift in kind donation which, in the opinion of the Director, Advancement:

- exposes the college to an uncertain and potentially significant risk,
 - is precedent setting or involves sensitive issues including but not limited to legal, social, or other matters,
- will be escalated for approval to:
- the Vice President, External Affairs and Brand where the value does not exceed \$499,999, and to
 - the President and CEO where the value is \$500,000 or more.

Designated Donation Approval

Designated donations (cash and/or gift in kind) require acceptance approval as follows:

Designated Donation Approval Authorization Table

| Donation Amount | Required Signature |
|------------------------|--|
| \$500,000 and over | President and CEO |
| \$100,000 - \$499,999 | Vice President, External Affairs and Brand |
| Up to \$100,000 | Director, Advancement |

Donation Acknowledgement

Acknowledgement for accepted or rejected donations will be coordinated by the Advancement Division. The Advancement Division in consultation with the recipient faculty, division, or department will determine the notification method to the donor.

No actions should take place which might be interpreted as acceptance or rejection of a donation until the decision to accept or reject a donation has been made and communicated to the donor.

The Advancement Division will maintain all donation acknowledgement records.

Official Income Tax Receipt

For qualified donations, an official income tax receipt (charitable tax receipt) for a donation will be issued based on the donation acceptance principles stated in the Donation Policy, and following the receipting guidelines outlined in the Donation Receipting Procedure.

Definitions:

Designated Donation: a donation to the college where the donor has specified the program and/or purpose to which the donation is to be directed.

Donation: a voluntary transfer of property without valuable consideration to the donor. In order for a gift to qualify for a charitable tax receipt the following three conditions must be satisfied:

- some property, usually cash, is transferred by the donor to the college,
- the transfer is voluntary, and
- the transfer is made without expectation of return.

In alignment with Canada Revenue Agency (CRA) guidelines: it may be permissible for donors to received recognition for their gift, including donor wall listing, signage and plaques, or naming opportunities for buildings, displays, education programs, etc.

Donations can be in many forms including: cash, gift in kind, planned gift, and endowment.

Endowment: a restricted donation made to the college where the capital value is invested, and the annual investment income is used for a specified educational purpose. All cash or property gifted to the college for the purposes of an endowment fund becomes the property of the college. The principal of the endowed fund is retained, administered, and managed by the college in accordance with its investment policy. Endowed funds generally are meant to exist in perpetuity.

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| Related NorQuest College Information: |
| Related External Information: |
| Next Review Date: |
| Revision History: |

Gift in Kind: gifts in kind, also known as non-cash gifts, are gifts of property. Examples of a gift in kind include equipment, software, books, artwork, publicly traded securities, real estate, collections, etc. A contribution of service, that is, of time, skills or efforts, is not property, and therefore does not qualify as a gift or gift in kind for purposes of issuing official donation receipts.²

Nominal Value³: for purposes of determining a threshold value for a benefit provided in return for a donation that qualifies for a charitable tax receipt is, fair market value of the benefit not exceeding the lesser of:

- \$75.00 or
- 10% of the amount of the donation.

Planned Gift: a gift made during a donor’s lifetime or at death as part of a donor’s overall financial and/or estate planning. Planned gifts include bequests, life insurance policies, charitable trusts and gift annuities.

Real Estate: this includes a principal residence, recreation property, farms, land and commercial property.

Undesignated Donation: a donation to the college where the donor has not specified the program and/or purpose to which the donation is to be directed.

- [Donated Funds Management Procedure](#)
- [Donation Policy](#)
- [Donation Receipting Procedure](#)

N/A

January 2024

June 2012: new (replaces Standard Practice 4.17: Gift in kind)
 August 2013: update for document links and branding
 May 2016: update
 August 2019: Compliance Office template & reorganization update
 January 2020: update planned gift

² CRA Charities and Giving Glossary <http://www.cra-arc.gc.ca/chrts-gvng/chrts/glsry-eng.html>

³ Canada Revenue Agency Income Tax Interpretation Bulletin Reference number CG-013: Fundraising by Registered Charities, Section 108.