



**Centraide**  
of Greater Montreal

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**Gift Acceptance Policy**

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**Centraide of Greater  
Montreal**

**Centraide of Greater  
Montreal Foundation**

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**December 2020**

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## 1. Mission and vision

The mission of Centraide of Greater Montreal (“CGM” or “Centraide”) is to fund community agencies and partner with them to fulfill its mission to mobilize as many financial and volunteer resources as possible to promote generosity, social involvement and empowerment as effective ways to improve the quality of life in our community, particularly for its most vulnerable members.

Centraide’s vision is to build caring communities in the Greater Montreal territory. Centraide also wants to make Greater Montreal a place where vulnerable people can live in dignity. To do this, Centraide invests in personal empowerment and collective generosity.

The mission of the Centraide of Greater Montreal Foundation (“CGMF” or the “Foundation”) is to ensure Centraide’s long-term sustainability by building and growing a substantial and permanent capital base that will let Centraide pursue its mission for future generations.

## 2. Commitment and basic principles

The adoption of this Gift Acceptance Policy (the “Policy”) is the responsibility of the Boards of Directors of CGM and the CGMF, both of which serve as the Policy owners. This document is reviewed annually.

The purpose of this Policy is to ensure that our solicitation practices are consistent and to assure donors that donation transactions are managed in an optimized and professional way. This applies to all types of donations received (whether outright or deferred) as part of the fundraising activities of CGM and its Foundation.

### 2.1 Donor bill of rights

Donor trust is a core concern for Centraide and its Foundation. This charter serves as a framework for their actions (see Appendix 1, page 12).

### 2.2 Payment

At least once a year, the CGMF remits an amount, as determined by its Board of Directors and in accordance with tax laws, to CGM from the endowment fund’s capital and income.

## 2.3 Verification and evaluation

Before any donation is accepted, the relevant information about the gift must be verified, including documentation describing any evaluations that may have been obtained by the donor. CGM or the CGMF also reserve the right to conduct their own evaluations, particularly in the following cases:

- ✦ Outright donations of immovable property, shares in a private corporation, stock options, tangible personal property, partnership interests, and other property interests that are not readily marketable.
- ✦ Donations of residual interest.
- ✦ Charitable remainder trusts.

## 2.4 Refusal

Under no circumstances is CGM or its Foundation obligated to accept a proposed donation. Any donation that is contrary to the law or public order will be refused. Additionally, a donation may be refused in the following cases:

- ✦ A donation that could result in any form of unlawful discrimination.
- ✦ A donation that could harm the reputation or integrity of CGM or the CGMF.
- ✦ A donation that could compromise the independence or restrict the freedom of action of CGM or the CGMF or could interfere with the control that CGM and the CGMF wish to uphold over their assets.
- ✦ A donation not deemed useful to these entities.
- ✦ An outright gift of a retirement savings plan during the donor's lifetime (may be accepted depending on the context and under certain exceptional conditions).
- ✦ A donation in return for which the donor or any person designated by the donor expects compensation other than the appropriate recognition, whether such compensation is monetary in nature or in the form of any other benefit, such as a sponsorship not recognized as a gift but that is understood as financial or material support or services in order to gain direct publicity benefits and for which no tax receipt is therefore issued.
- ✦ A donation that would allow the donor to directly determine the recipient without an appropriate selection mechanism or acceptable administrative framework.
- ✦ A donation whose terms and conditions would result in the donor retaining control over the use and management of the donated money or assets, with the exception of donations made through a charitable remainder trust for which the donor remains the beneficiary and may retain control of management of the capital, control of the use of a particular type of asset, and control of the use of the income generated by particular types of given assets.
- ✦ A donation for which the donor is not able to establish the legitimacy of the source of the sums in question.

The Executive Committee is the body that may recommend that the CGM Board of Directors refuse the donation to Centraide, as this board has the authority to make this refusal decision.

The Planned Giving Committee is the body that may recommend that the CGMF Board of Directors refuse a donation to the Foundation, as this board has the authority to make this refusal decision.

The acceptance of a donation implies that, to the knowledge of CGM and its Foundation and their respective representatives and based on their sound judgment and ability to verify the donation, no conditions have been met that would cause the donation to be refused. The donation will be refused before a donation receipt is issued for income tax purposes.

## 2.5 Commitment

CGM and the CGMF agree to apply the following procedures for accepting donations:

- ✦ Donations designated for particular areas of action or impact funds will be used for the purpose for which they have been given.
- ✦ Non-designated donations will be used for priority projects or needs related to the mission of CGM and its Foundation.
- ✦ Donors must receive impeccable accounts through the proper acknowledgement of donations and timely reporting by the relevant staff.
- ✦ If necessary, donation contracts will be created between donors and CGM or its Foundation, the conditions of which will be stringently upheld by the organization.
- ✦ Anonymity will be provided to any donor who requests it.

## 2.6 Designated donations

Donors who designate a gift for a specific purpose must be advised of CGM's and the CGMF's right to change this purpose under certain circumstances. All agreements for designated donations must include an amendment clause, the standard wording for which should be as follows:

*If Centraide of Greater Montreal or the Centraide of Greater Montreal Foundation believes it would be impossible, imprudent or impractical to use the donation for the specified purpose, Centraide of Greater Montreal or the Centraide of Greater Montreal Foundation may, at their discretion, recommend that the donation be put to its best use, bearing in mind the donor's original wishes. If this alternative option is applied, the contribution will be clearly identified in the donor's name.*

Individuals (volunteers and staff) acting on behalf of the CGM and its Foundation must encourage donors who wish to make a donation of any kind, other than direct cash, to discuss their gift with a legal or tax advisor or other independent professional of their choice to ensure

that they are fully and accurately informed of all aspects of the charitable gift that they are planning to make to CGM or the CGMF.

## 2.7 Transformational gift

Transformational gifts may be subject to special conditions and recognition, which will be described in a written agreement.

## 3. Types of accepted gifts

The list below includes the most common donation types and is not exhaustive. CGM and the CGMF reserve the right to consider proposed donations on a case-by-case basis.

### Centraide of Greater Montreal

- ✚ Gifts of cash
- ✚ Gifts of marketable securities
- ✚ Gifts of immovable property
- ✚ Other gifts in-kind

### Centraide of Greater Montreal Foundation

In addition to accepting the same types of donations as CGM, the CGMF also accepts deferred donations such as:

- ✚ Bequests
- ✚ Gifts of life insurance policies and life insurance proceeds
- ✚ Gifts of retirement savings plans and retirement funds
- ✚ Donor-advised funds
- ✚ Charitable remainder trusts
- ✚ Gifts with an annuity and/or an insured annuity
- ✚ Gifts of residual interest

All such deferred gifts, as well as gifts received in memoriam or in honour of an individual, are capitalized into the CGMF fund.

### 3.1 Gifts of cash

Cash donations can be made by cash, cheque, credit card (Visa, MasterCard and American Express), money order, bank draft, bank transfer, or payroll deduction.

### 3.2 Gifts of marketable securities

Commonly accepted marketable securities include publicly traded securities, i.e. shares in public companies, bonds issued by public companies or government authorities, and mutual fund units. Donations of shares in private companies are accepted under certain conditions. The shares and any donated securities shall be sold following the transfer. An official donation receipt shall be

issued to the donor for the amount of the fair market value of the securities at the time they are transferred to CGM or the CGMF.

### **3.3 Gifts of immovable property**

Immovable property shall only be accepted after it has been fully evaluated by an external appraiser, who will ensure that the property being offered as a donation does not pose any risk to Centraide or its Foundation. A number of factors will be evaluated, including the recent certificate of location (< 5 years), zoning restrictions, the property's saleability and marketability, its current use, and the cash flow, to ensure that accepting the donation would serve the interests of Centraide or its Foundation. CGM or the CGMF may also require an environmental assessment, which may include an environmental audit. These entities will only accept the property under the following conditions: (a) the property does not contain any toxic substances or (b) if it does contain toxic substances, these substances must be removed or other measures must be taken to ensure that CGM or the CGMF assumes no liability or that the liability is limited to an acceptable level.

Centraide or its Foundation shall also determine whether the donor has a clear title to the property.

The offer to donate immovable property shall then be submitted upon presentation of a notarized deed confirming the transfer of ownership to CGM or the CGMF.

An official donation receipt shall be issued for an amount equivalent to the appraised value (for gifts of residual interest, this amount will equal the present value of the residual interest as of the date of the gift, based on the appraised value). However, CGM or the CGMF reserves the right to obtain its own appraisal and issue a receipt that reflects the established appraised value or to refuse any donation of immovable property if there is reason to believe that the appraisal of the property does not reflect its intrinsic value.

In the event of resale, CGM or the CGMF shall ensure that all required authorizations and signatures from third parties (spouse, private company, etc.) are obtained for the resale. Unless a decision is made to keep the property, the donor shall be informed that the property may be put up for sale immediately.

Generally, CGM or the CGMF shall not cover any costs for maintenance or repairs to the property or other costs such as taxes and insurance until the property is transferred. Furthermore, the application of all the conditions listed in the context of a gift of immovable property may result in considerable costs. It is understood that these costs shall be borne by the donor, except for gifts in wills, which shall stipulate that the tax or notarial expense must be borne by the legatee.

### 3.4 Other gifts in-kind

A gift in-kind of a minimum of \$5,000 of tangible or intangible personal property or a gift of services may be received, held and used by CGM or CGMF for purposes that serve their goals. CGM or the CGMF may dispose of the property at any time, unless it has entered into a prior agreement to the contrary with the donor. Except for rare cases, such as the donation of intangible assets like copyright, CGM or the CGMF will opt to sell the donated assets as soon as possible. An official donation receipt may be issued to the donor; the value of the donation shall be determined as of the date of the donation, according to Canada Revenue Agency (CRA) guidelines.

Gifts in-kind must be evaluated by an independent appraiser. These evaluations shall be the responsibility of the donor, except in the case of corporate donations of equipment, for which a receipt may be issued for the fair market value of the donated property. CGM and the CGMF reserve the right to have a second evaluation performed by an independent appraiser of its choice.

Donations of property are carefully considered to ensure that accepting such donations will not result in financial commitments that exceed set budgets or result in other disproportionate obligations with regard to the donation. In general, gifts in-kind are accepted with the assumption that there will be no cost to CGM or the CGMF.

### 3.5 Gifts in wills

Gifts left to the organization in a will may constitute a charitable donation provided that the terms and conditions of the gift are in accordance with this Policy. An official donation receipt will be issued to the estate of the deceased person once the property has been transferred to the CGMF. Gifts in wills can have different forms:

- ✚ Specific bequest (a specific amount or a specific piece of property).
- ✚ Universal bequest (all property in the estate).
- ✚ Residuary bequest (all or a percentage of the remainder of the estate after the payment of debts and specific bequests).
- ✚ Legacy by general title (a share of all property in the estate).
- ✚ The designation of a beneficiary of a retirement savings plan, retirement fund, publicly traded shares or life insurance policy.

The CGMF shall provide the donor and the donor's notary or lawyer with standard wording for both restricted and unrestricted bequests, including endowment funds, to ensure that the bequest is properly designated.

### 3.6 Copy of information regarding bequests

Donors are invited to share information about a gift in their will with the organization using the donation confirmation form and/or the copy of the portion of the will that includes the clause describing the gift in question.



During the probate of an estate that includes a gift in a will, and during the post-death administration of revocable trusts containing clauses designating the CGMF as a beneficiary, staff from the Planned Giving Department shall represent the CGMF, upon the approval of senior management, with the liquidator of the estate, the lawyer, or the notary.

### **3.7 Gifts of life insurance policies and life insurance proceeds**

Gifts of life insurance policies are accepted and can be made in four different ways. Each gift of a policy shall require an evaluation from an independent actuary at the donor's expense.

#### **3.7.1 Transfer of a permanent fully paid-up life insurance policy**

The donor must name the CGMF as the owner and beneficiary of the policy and agree that this transaction is irreversible. At the time of transfer, an official receipt for the donation of the policy shall be issued for the fair market value of the policy, which will have been previously evaluated. No receipt shall be issued to the estate upon the donor's death.

#### **3.7.2 Transfer of an in-force life insurance policy with remaining premiums**

The donor must name the CGMF as the owner and beneficiary of the policy, must agree that this transaction is irreversible, and must agree that the policy shall be subject to a thorough review by the CGMF. At the time of transfer, an official receipt for the donation of the policy shall be issued for the fair market value of the policy, which will have been previously evaluated. Additionally, if agreed upon with the donor, an official donation receipt shall also be issued for the amount of premiums paid annually or in full in a lump sum by the donor, which shall reduce the net premium by a percentage equivalent to the donor's tax rate. No receipt shall be issued to the estate upon the donor's death.

#### **3.7.3 Donation of a permanent life insurance policy upon the donor's death**

This donation is reversible at any time. The donor shall retain ownership of the existing policy and shall name the CGMF as the policy's beneficiary. No official donation receipt shall be issued for the payment of annual premiums by the owner. Upon the donor's death, the donor's estate shall receive an official donation receipt for an amount equivalent to the proceeds of the policy. This option is applicable to an existing policy or a new policy.

#### **3.7.4 Donation of a new permanent life insurance policy**

After naming the CGMF as the owner and beneficiary of a new life insurance policy, the donor shall receive an official donation receipt for the amount of the annual premiums paid, which shall reduce the net premium by a percentage equal to the donor's tax rate. No receipt shall be issued to the estate upon the donor's death.

### 3.8 Gifts of retirement savings plans and retirement funds

After consulting with professional advisors and family members, and if this donation is consistent with the donor's estate plan, the donor shall designate the CGMF as the beneficiary of his or her retirement savings plan or retirement plan.

### 3.9 Donor-advised fund

Donations to establish a donor-advised fund will be accepted and may be constituted from direct gifts, gifts of shares, gifts in a will, or gifts of life insurance policies or life insurance proceeds. The transfer of property to the CGMF shall be documented in an *Agreement to Create a Donor-Advised Endowment Fund with the Centraide Foundation of Greater Montreal*. The CGMF shall then reserve the right to have these assets administered by a manager of its choice.

The minimum amount of capital to create a donor-advised fund is \$25,000. The creator of the fund must direct all or a portion of these payments to CGM and may also choose to direct these payments to other charitable organizations, if the amount of the transferred capital exceeds \$50,000, in specific percentages that will be described in the agreement between CGMF and the donor. The CGMF shall then agree to pay the disbursement quota annually to CGM and to any potential organizations selected by the donor directly or through the selected manager.

An official donation receipt shall be issued for the initial value of the donor-advised fund and for any additional value that the donor may add to the fund in the future.

The CGMF shall invest this fund as per its investment policy and shall keep a separate account for the value of the fund, the income it generates, and the uses to which it is put.

The CGMF shall include this fund in its financial statements and CGM shall include the fund in its recognition publications, unless the donor asks to remain anonymous.

The donor-advised fund shall exist indefinitely at whatever value it may have from time to time. It shall only be disposed of in accordance with the agreement between the donor and the CGMF.

### 3.10 Charitable remainder trust

A charitable remainder trust is a type of donation of residual interest. The donor (the "trustor") transfers an asset to a trustee, who holds and manages the property. If the asset earns income, the net amounts shall then be paid to the donor or a designated beneficiary or both. When the trust ends (either upon the death of the beneficiary or after a predetermined term), the remaining funds shall be remitted to the CGMF. If the trust is irrevocable, the donor shall be entitled to an official donation receipt for the amount of the present value of the remainder interest on the date the trust is terminated.

A charitable remainder trust may be funded with cash, shares or immovable property. If the CGMF receives immovable property for which it is a trustee, the property must have been thoroughly appraised beforehand, as stipulated in the paragraphs relating to the donation of immovable property.

If the donor designates a trustee other than the CGMF, the trust may be funded with any asset of any value deemed acceptable by the trustee.

### **3.11 Gifts with an annuity and/or an insured annuity**

A charitable gift annuity is a contractual agreement in which the donor transfers assets to the CGMF. Under this agreement, the CGMF is authorized to purchase a commercially prescribed annuity that sets out a fixed amount paid to the annuitant for life or for a predetermined term. The portion of the property in excess of the amount required to purchase the commercial annuity is retained by the CGMF and used for the purposes specified by the donor and that are acceptable to the CGMF. The amount of the charitable receipt and the amount that the annuity will be taxed shall be determined in accordance with CRA Interpretation Bulletin IT-111R2.

Staff in CGM's Planned Giving Department shall select the commercial insurance company and negotiate the terms and conditions of an annuity contract. Only a highly rated insurance company may reinsure an annuity.

### **3.12 Gifts of residual interest**

To limit the risks to stakeholders, gifts of residual interest shall be made through a charitable remainder trust (3.10), with the exception of a gift of residual interest received as a bequest, which shall be reviewed by Centraide or its Foundation.

## **4. Issuance of official donation receipts**

An official donation receipt shall be issued for all charitable donations of \$20 or more, in accordance with CRA guidelines. Receipts for donations under \$20 will only be issued if requested by the donor.

The official donation receipt includes, as applicable, the CRA registration number, the website, a statement of the value of the donation, the donation date, and the date of issuance of the receipt, the name and contact information of the donor, and a sequential number to record the donation in the official registry required under prevailing laws. These receipts are accepted by the provincial and federal governments in the annual returns filed by taxpayers and businesses for non-refundable tax purposes.

Official donation receipts will be issued for the year in which the donations are received. If a donation is received after December 31, the postmark shall be considered the date the donation was made. Receipts shall be issued in the donor's name only. For a credit card donation, the receipt shall be issued in the name of the cardholder; for a cheque donation, the receipt shall be issued in the name appearing on the cheque as the account holder.

**APPENDIX 1**

<b>A DONOR BILL OF RIGHTS</b>	
<p><i>PHILANTHROPY</i> is based on voluntary action for the common good. It is a tradition of giving and sharing that is primary to the quality of life. To assure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in the not-for-profit organizations and causes they are asked to support, we declare that all donors have these rights:</p>	
<p align="center"><b>I.</b></p> <p align="center"><i>To be informed of the organization's mission, of the way the organization intends to use donated resources, and of its capacity to use donations effectively for their intended purposes.</i></p> <p align="center"><b>II.</b></p> <p align="center"><i>To be informed of the identity of those serving on the organization's governing board, and to expect the board to exercise prudent judgment in its stewardship responsibilities.</i></p> <p align="center"><b>III.</b></p> <p align="center"><i>To have access to the organization's most recent financial statements.</i></p> <p align="center"><b>IV.</b></p> <p align="center"><i>To be assured their gifts will be used for the purposes for which they were given.</i></p> <p align="center"><b>V.</b></p> <p align="center"><i>To receive appropriate acknowledgement and recognition.</i></p>	<p align="center"><b>VI.</b></p> <p align="center"><i>To be assured that information about their donations is handled with respect and with confidentiality to the extent provided by law.</i></p> <p align="center"><b>VII.</b></p> <p align="center"><i>To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature.</i></p> <p align="center"><b>VIII.</b></p> <p align="center"><i>To be informed whether those seeking donations are volunteers, employees of the organization or hired solicitors</i></p> <p align="center"><b>IX.</b></p> <p align="center"><i>To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share.</i></p> <p align="center"><b>X.</b></p> <p align="center"><i>To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.</i></p>
<p><b>DEVELOPED BY</b></p> <p><i>American Association of Fund Raising Counsel (AARFC)</i></p> <p><i>Association for Healthcare Philanthropy (AHP)</i></p> <p><i>Council for Advancement and Support of Education (CASE)</i></p> <p><i>Association des professionnels en philanthropie (AFP)</i></p>	

**Policy of the Board of Directors of Centraide of Greater Montreal and the Centraide of Greater Montreal Foundation**  
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