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## General Policy

Benefaction encourages and solicits gifts of cash, and other personal and real property as described herein, either as outright gifts or through donor-advised funds (DAFs) or other planned giving vehicles as are permitted by the Charities Directorate of Canada Revenue Agency and the laws of Canada (the “Planned Giving Program”).

## Responsibility to the Donor

While the primary interest of Benefaction is to seek donations to assist in fulfilling its mandate, there is also an ethical responsibility to the donor. Accordingly, all parties acting on behalf of Benefaction will adhere to the following principals:

## Conflict of Interest

In all matters involving the donor, the interest and well-being of the donor must take priority. In cases of potential conflict or actual conflict of interest, those acting on behalf of Benefaction must declare the conflict. A conflict of interest is deemed to occur when individuals who present themselves as a representative of Benefaction stand to benefit from the marketing of services or products to the donor. However, if the individuals present themselves as representatives of an outside firm, and part of their counseling involves planned giving for Benefaction, no conflict would exist.

## Legal and Other Professional Counsel

In matters pertaining to the Planned Giving Program, the advice of a financial advisor, lawyer, accountant or other appropriate professional will be sought. As donors' needs and circumstances vary, all donors will be advised to have their gift plans reviewed by their own lawyers or other professional advisors. As a service to the donor, Benefaction will draft the Donor Agreement and Gift Form for all Donor-Advised charitable giving programs and will accept the responsibility for any legal fees incurred. In the case of instruments drafted by the donor's lawyer (excluding Will clauses or codicils to the Will), counsel for Benefaction will review all such documents before they are accepted.

## Ethics

All Benefaction staff and other individuals acting on behalf of Benefaction in promoting the Planned Giving Program will conduct themselves in accordance with accepted professional standards of accuracy, truth and integrity. Refer to the Canadian Association of Gift Planner's Code of Ethics and the Donor Bill of Rights created by various organizations.

## Acceptance of Planned Gifts

No planned or conditional gift will be accepted unless approved by Benefaction. In those cases where acceptance of a gift imposes a financial obligation on Benefaction, or where financial valuations are required in order to issue a receipt or determine future values, the gift will not be accepted unless approved by the Chief Executive Officer. Also, no gift will be accepted on behalf of Benefaction that may improperly benefit any individual or in any way jeopardize the registered charity status of the corporation.

## Appraisal

Depending on the nature or circumstances of the gift, a donor of property or gifts-in-kind may be asked to obtain an independent appraisal of the value of the gift. The responsibility for any fees will normally be covered by the donor, subject to their approval; or by Benefaction from the donation proceeds, subject to the approval of Benefaction.

## Investments

All assets received by Benefaction are invested in accordance with the Investment Policy Statement established by Benefaction's Board of Directors.

## Changes in Circumstances

Donors who designate a gift to a specific charity or specific purpose must be advised of the right of Benefaction to vary the gift designation in certain circumstances. Gift terms may be amended by mutual consent of Benefaction and the donor or his/her representative, during his/her lifetime where possible.

If circumstances change at some future date and jeopardize the continuation of the intent of a gift or it is deemed inappropriate to continue with the instructions, then Benefaction Board of Director's reserves the right to make whatever changes may be required due to circumstances, including but not limited to amendment of monetary value, selection criteria, or area of designation. These amendments shall be made with the understanding that the amended terms shall adhere as closely as possible to the donor's original intent for the gift, where appropriate.

## Types of Gifts

The following methods of giving are encouraged and will be promoted through the Planned Giving Program:

- a) Gifts of Cash including proceeds of RRSPs, TFSAs and RRIFs
- b) Gifts of Publicly Listed Securities
- c) Gifts of Privately Held Securities
- d) Gifts of Life Insurance
- e) Gifts of Real Estate
- f) Estate Donations of the above property

## a) Gifts of Cash

Gifts of cash will be accepted by Benefaction by way of cheque from a donor; or by online donation via credit card payment; or by transfer of cash from a brokerage account into a Benefaction account.

## b) Gifts of Publicly Listed Securities

Notice of intended gifts of Publicly Listed Securities will be given to Benefaction by way of a Letter of Authorization from the donor instructing his/her broker to transfer securities in-kind to a Benefaction account.

Upon notification of the receipt of the securities, Benefaction will:

- document the nature of securities donated;
- determine the fair market value of the securities at the time of ownership transfer as provided below;
- give direction for the issuance of an official donation receipt;
- assign any fees incurred in the transfer to the donation; as well as, any gain or loss on disposal;
- arrange for the liquidation of the investment by Benefaction's broker as soon as is practicable.

The fair market valuation of the securities for purposes of the official donation receipt is the closing price on the date of the gift.

The net proceeds from the sale of the shares will be directed to the Donor Advised Fund established under the Donor Agreement or Gift Form. The net proceeds may be higher or lower than the amount on the official donation receipt.

## c) Gifts of Privately Held Securities

Benefaction can accept preference shares from a CCPC provided it meets with the following conditions:

1. The Deed of Gift for Private CPCC shares completed and signed.
2. A letter of undertaking from the donors and the corporation.
3. A resolution from the CPCC board confirming their acceptance of the gift and redemption.
4. A concrete redemption plan with dates for the shares.
5. Share Certificates for the Pref shares to be donated.
6. An acceptable current valuation of the shares.
7. A cheque for the redemption value.

Documentation is required in advance of any commitment of acceptance. Legal review will also be sought by Benefaction.

## d) Gifts of Life Insurance

### General Policy

In general, these gift strategies require: the naming of Benefaction as a beneficiary of the policy; or an absolute transfer of ownership of an existing policy; or the issuance of a new policy with Benefaction as the owner and beneficiary.

### Funding

The minimum donation to establish a DAF with Benefaction Foundation is \$25,000. Donors are encouraged to donate a policy after having already established a DAF. However, an insurance only account may be accepted at Benefaction's discretion, provided the policy has a net death benefit of at least \$100,000. An account funded solely by donation of life insurance policy proceeds cannot make any investment or grants until Benefaction has received proceeds from the policy.

### Premiums

In situations where the donor elects to stop making donations to cover the premium payments, then Benefaction at its sole discretion, may opt to pay the premiums itself, or surrender the policy for its cash surrender value, or transfer the policy to another organization of its choosing. If Benefaction opts to surrender the policy for its cash surrender value and the fund receives less than the \$25,000 required for a minimum initial donation, then, unless an additional donation is made to reach that minimum, Benefaction may transfer the assets into its general funds and close the DAF.

### Valuation

The Canada Revenue Agency (CRA) permits the use of the fair market value of the policy as a basis for the eligible amount of the donation receipt. Benefaction will accept gifts of pre-approved existing policies when the donor obtains for Benefaction (at the donor's own expense), an assessment of FMV of the insurance policy from a Benefaction pre-approved qualified independent actuary.

### Pre-approval Criteria for Existing Life Insurance Policies

Benefaction requires the following information prior to confirming acceptance of an insurance policy gift.

1. A copy of the policy contract.
2. A current In-force illustration from the insurance company showing death benefit and minimum premiums to keep the policy in force. The illustration should show the total death benefit each year and the required minimum premium until death.
3. Actuarial assessments (at the donor's expense) are required for existing policies, but not for a gift of premium payments. Independent valuations would be at the donor's cost; usually around \$3,000.
4. At a minimum, the policy should feature the following:
  - Guaranteed level premiums,
  - Guaranteed cost of insurance (preferably level),
  - Guaranteed cash values,
  - Guaranteed death benefit/paid up value,

- Maximum number of premiums payable is 10-15,
- Interest rates < 3% and preferably guaranteed, and
- IRR to charity on the premiums paid to age 100 > 5% (does not apply to new policies, but to gifts of existing ones).

## e) Gifts of Real Estate

Benefaction will consider lifetime and testamentary gifts in-kind of real property. In all cases, Benefaction will only consider accepting a donation of real property provided:

1. There is a concrete redemption plan for the sale of the property immediately following transfer of ownership to Benefaction, and
2. The property is valued by a Benefaction pre-approved independent real estate broker. Any costs incurred by Benefaction to obtain the valuation will be allocated to the proceeds of the gift, and
3. Benefaction may request an environmental assessment of the property to be provided by a Benefaction pre-approved assessor. Determination of the extent of the environmental assessment is to be at Benefaction's sole discretion.

Due to the expenses associated with gifts of real estate, only properties valued in excess of \$100,000 will be considered for acceptance. Gifts of real estate require an additional Declaration of Intent to Donate Real Estate form to be completed and signed by the donor in advance of the transfer of ownership to Benefaction.

## g) Estate Donations

Benefaction encourages individuals to include a gift to their DAF in their Will. Benefaction can provide donors with sample language for bequests to a Benefaction DAF; however, it should be reviewed by the donor's lawyer.

For individuals who have made adequate provisions for their heirs, encouragement is given to naming Benefaction as a residual beneficiary of their Will. Gifts of specific dollar amounts are also encouraged. A donor may also include a contingency clause that provides a gift to Benefaction after the death of a named "last survivor". In this case, a donor may provide to Benefaction all or a portion of the remaining estate following the death of the named beneficiary.

Donors will be advised to seek independent legal counsel in drafting their Will. It is understood that members of the Benefaction team will not become involved in the preparation, execution or witnessing of a Will in which Benefaction is named as a beneficiary.