

3.5 Gift Acceptance Policy

Gift Acceptance and Charitable Donation Receiving Policy

Background

The purpose of this policy is to outline the policy and procedure for accepting charitable gifts made to The Edmonton Society for Christian Education.

- The Edmonton Society for Christian Education (ESCE) has entered into an agreement with Edmonton Public Schools (EPS) to partner with them to provide a Christian Education Program to all students who truly desire it. This agreement exists subject to Section 21 of the Alberta School Act.
- Edmonton Public Schools runs Christian Alternative Programs at Edmonton Christian West School, Edmonton Christian Northeast School and Edmonton Christian High School. All students at these three schools are students of EPS. All teachers work for EPS and are members of the ATA. EPS provides full funding to these schools and is responsible for ensuring the academic success of the students that attend.
- ESCE exists as a society of community members, many of whom are parents, to provide religious training through the Christian program and to ensure that this religious training continues to be central to the mission and vision of these three schools.
- The Edmonton Society for Christian Education has the status of a "Registered Canadian Charitable Organization" within the meaning of the Income Tax Act (ITA). Official donation receipts (ODRs) may be issued for donations to the ESCE provided that such donations meet criteria outlined in the ITA and advance the vision and mission of ESCE.
- ESCE supports the Edmonton Christian Schools by securing and distributing funds for areas that support the continued delivery of the Christian program, including but not limited to:
 - Staff Christian Professional Development
 - Christian teachers convention
 - Christian curriculum development days
 - Christian conferences
 - Christian in-services and other professional development opportunities directly related to the continued delivery of the Christian program.
 - A Christian Curriculum Coordinator (s)
 - A Christian Service Learning Coordinator (s)
 - Christian Mental Health Therapist
 - Pastoral Care Workers
 - Christian textbooks and Christian Library books
 - Facilities that host the program – EPS leases the facilities from ESCE
 - Capital items as part of the provision of facilities (i.e., computers and furniture)
 - Indirect costs related to the acquisition and maintenance of Society busses as part of the provision of facilities
 - Administrative support for promotion, recruiting and registration activities related to the Christian program
 - Monitoring the Christian program
 - A Society Office operation including staff, supplies, operations and the provision of support to the Society governance system

- Support for the Edmonton Society for Christian Education Board and its various sub-committees, task forces and the like
- ESCE raises these funds through:
 - Fundraisers
 - Public donations
 - Christian Program Fees

Policy

- All Christian Program Fees are 100% receiptable according the rules and regulations set out by the Canada Revenue Agency.
 - CRA circular 75-23 notes that if a school teaches exclusively religion and thereby operates solely for the advancement of religion, payments for students attending that school are not considered tuition fees but will be considered as valid donations, and providing the school is a registered Canadian charitable organization, official receipts for charitable donations may be issued for such payments. As well, circular 75-23 states that “religious training is not viewed as consideration for purposes of the definition of a gift”.
 - ESCE exists for the sole purpose of providing religious training. The full cost of non-religious academic education is borne by the province.
 - ESCE does not provide tax deductible receipts for any amounts received for:
 - Direct transportation costs
 - Funds received for pre-school fees
- All public donations are receipted according to the ITA, which states that to qualify for an official donation receipt, a donation must be defined as a gift according to ITA 110.1 and 118.1; specifically, a gift is a voluntary transfer of property without valuable consideration. Generally, a gift is made if all three of the conditions listed below are satisfied:
 - some property - usually cash - is transferred by a donor to a registered charity;
 - the transfer is voluntary; and
 - the transfer is made without expectation of return. No benefit of any kind may be provided to the donor or to anyone designated by the donor, except where the benefit is of nominal value.
- Examples of donations that support the vision and mission of the ESCE include, but are not limited to the following:
 - Gifts that assist the ESCE in achieving its mission and vision, including cash, gifts-in-kind, gifts of shares, planned gifts, etc.
 - Materials that support the curricular requirements of the Christian program; for example, Christian books, audio-visual and multimedia materials
 - Capital items
 - Gifts that support the acquisition and maintenance of land, buildings, fixtures, etc.
 - Gifts that support current and ongoing fundraising campaigns and initiatives
- Donations subject to general direction from the donor that the gift be used in a particular program operated by the ESCE are acceptable, provided that no benefit accrues to the donor, the directed gift does not benefit any person not dealing at arm's length with the donor, and decisions regarding utilization of the donation within a program rest with the ESCE.

- While the society accepts donations designated to particular programs, donors may also be encouraged to designate donations to areas of greatest priority as outlined annually by the ESCE Board, school administration and the community.
- In some cases, a donation may not be eligible for an ODR. Examples include, but are not limited to, the following:
 - Contributions of services are not considered gifts. However, after payment for services is made, the service provider may donate the payment back and receive an ODR for that amount. Examples of services may include but are not limited to: maintenance contracts with individuals or companies, catering provided by a catering company or a group of individuals, etc.
 - A charity may not issue an official receipt for income tax purposes if the donor has directed the charity to give the funds to a specified person or family. CRA deems that such gifts are made to the person or family and not to the charity. For example, donations made to support field trips, uniforms and grade level fees do not qualify for an ODR when such donations are directed to a specific student.
 - Donations gathered as a collection where donors cannot be individually identified.
 - Sponsorship funding is not eligible for an ODR. A sponsorship is a transaction between the ESCE and an organization where financial or non-financial consideration is exchanged in return for a measurable benefit, such as advertising, signage or event participation. For example, a donation of uniforms does not qualify for an ODR if uniforms carry the logo or name of the company. Nevertheless, standard (non-ODR) receipts may be issued for sponsorships.
- Declining Donations
 - All giving is appreciated, however, the ESCE may find it necessary to decline cash or in-kind donations in cases where accepting the donation increases risk or commits the ESCE to ongoing costs. Examples of associated costs include but are not limited to: appraisal costs, storage costs, potential legal or ethical ramifications and/or potential disposal costs.
 - The Executive Director of the ESCE may consult the Finance Committee for advice regarding acceptance of specific donations and the issuance of ODRs.
 - When a donation is declined, the Executive Director will immediately advise the donor, in person or by telephone, if possible, and follow up in writing providing as much information as possible as to why the donation was declined.

DETAILS ON THE TYPES OF GIFTS RECEIVED

Types of Gifts

- **Cash**
 - All cheques should be made payable to The Edmonton Society for Christian Education (ESCE).
 - Cheques made payable to an individual will not be accepted as a gift.
 - MasterCard, American Express and Visa are accepted credit cards.
 - Cash gifts include gifts received by electronic fund transfer.

- **Real Estate**
 - *Outright or direct gifts of real estate*

- All outright gifts of real estate must have approval by the Executive Director prior to acceptance. The Executive Director may require that any of the following be completed as part of the acceptance process:
 - Arms-length appraisal
 - Title search
 - Marketability assessment
 - On-site evaluation by ESCE personnel
 - Environmental assessment (Minimum Phase 1)
- Gifts will be reviewed on a case by case basis but typically the donor will be responsible for the costs of assessments and appraisals and such costs are eligible for a tax receipt. Alternatively those costs will be paid for from the proceeds of the sale of the real estate. Whether or not the real estate will be held or sold will be at the discretion of the ESCE Directors.
- *Gifts of proceeds from the sale of real estate*
 - Donors may sell real estate and donate the cash proceeds from the disposition of that real estate. The ESCE will issue a tax receipt for the cash received.
- **Gifts in Kind**
 - Gifts in kind may be accepted, and acceptance will be governed by the same guidelines as pertain to other gifts. If the gift is to qualify for a tax receipt, an appraisal will be conducted to estimate the fair market value on the date that the object is donated. The generally accepted meaning of the term “fair market value” is the price the property would bring in an open market transaction between a buyer and a seller, acting independently of each other, and each having full knowledge of the facts. The appraiser should not be associated with either the donor or the ESCE. Dealers, appraisers, and other individuals knowledgeable about the market value of the object being donated may give an expert evaluation. An appraisal report should be prepared, with a copy given to the donor, and a second copy retained by the ESCE.
 - When the value of the gift is \$1,000 or less, CRA will consider an appraisal made by a staff member of Edmonton Christian Schools, provided the staff member is qualified to appraise the gift at fair market value.
 - If finding an independent appraiser is difficult or produces unwarranted expense, CRA will consider an appraisal done by an Edmonton Christian Schools staff member, even though the value might exceed \$1,000. The staff member must, however, be qualified to appraise the gift. An appraisal report should be prepared, with one copy given to the donor and a second retained by the ESCE.
 - If either party (the ESCE or the donor) challenges the initial valuation a second official appraisal may be obtained and paid for by the party requesting the additional valuation.
- **Life Insurance**
- *Policy where The ESCE is owner and beneficiary*
 - A donor may take out a policy where The ESCE is owner and beneficiary. In such cases, the ESCE may issue a tax receipt for the premiums paid. Upon the death

of the donor, the amount of the death benefit will pass to the Society outside the donor's estate. No tax receipt is issued to the estate or donor after death.

- *Policy ownership transferred to the ESCE*
 - A donor may transfer ownership of an existing policy to the ESCE where the ESCE then assigns itself beneficiary. The ESCE may issue an immediate tax receipt based on fair market value. Such calculations are complex and an actuary should be used in determining the immediate value of the tax receipt. The ESCE may also issue tax receipts for future premiums paid. At the time of death no tax receipt is issued to the donor or estate.
 - Care should be given, in accepting life insurance gifts, where premiums are owing, to ensure the donor is able and willing to continue to pay the premium commitment so the ESCE does not incur an unanticipated expense. If the donor does not cover the premiums, the ESCE may surrender the policy for its cash value, elect a paid-up policy for a reduced amount, and secure another donor to maintain the premiums, or pay the premiums from its own funds.
- *Donor-owned policy with The ESCE as beneficiary*
 - Donors may choose to designate the ESCE as beneficiary of a life insurance policy and when the donor passes, ESCE receives the death benefit. This death benefit passes to the ESCE outside the donor's estate. The ESCE may issue a tax receipt for the amount of the death benefit received.
- *Policy gifted by bequest or will*
 - Donors may make a gift of life insurance by way of bequest. Rather than passing the gift to charity outside the estate, it is gifted through the estate. The ESCE may issue a tax receipt.

- **Charitable Gift Annuities**
 - The ESCE will issue a charitable gift receipt for the amount of capital donated to the Society that is greater than the cost of the annuity.

- **Securities (publicly traded or privately held)**
 - The ESCE accepts gifts of securities. All gifts of securities will be liquidated as soon as possible.
- *Publicly traded securities*
 - A donor may make a gift by transferring ownership of publicly traded securities to the ESCE. A charitable gift receipt will be issued for the "closing price" value of the securities on the day that they arrive in the ESCE's brokerage account.
- *Private Shares*
- *Outright gifts of private shares*
 - If a donor chooses to donate privately held securities, the Society may require proof of the salability of the securities prior to acceptance of the gift. In addition, an arms-length appraisal of the current fair market value of the securities will be required as of the date of transfer.
- *Gift of proceeds of sale of private shares*

- Donor may sell private shares and donate the cash proceeds from the disposition of those shares. The ESCE will issue a tax receipt for the cash received.
- **Charitable remainder trusts**
 - The ESCE may accept a charitable remainder trust in which the ESCE is named the irrevocable beneficiary. All set-up and management costs associated with the trust are the responsibility of the income beneficiary.
- **Estate gifts and bequests**
 - The ESCE welcomes gifts by way of bequest and gifts through estates. All donors are advised to seek independent counsel with regard to legal, accounting, tax and financial advice required when creating or modifying their will. All estate gifts and bequests must meet all gift acceptance guidelines. It is advisable that donors and/or their professional advisors consult with the ESCE office if choosing to designate their bequest gift so that both the ESCE and the donor can be assured the gift can be used for its intended purpose. Donors and their lawyers will also want to ensure they have proper will wording and the legal name of the ESCE and charitable registration number is identified in the will.

PROCEDURES

- The ESCE Society Office will issue an ODR in cases where donations clearly meet the criteria outlined above. All ODRs will meet the form prescribed by CRA.
- Donor directed gifts, gifts-in-kind, planned giving, bequests, gifts of shares and the like (i.e., non-cash gifts) will be reviewed by the Director of Development (ESCE) to determine whether or not an ODR can be issued. Ideally, this process should occur prior to acceptance of the gift.
- All gifts will be acknowledged, at minimum, by a letter of appreciation from the Development Director of the ESCE.

DEFINITIONS

Term	Definition
Arm’s length	A person is said to be at arm’s length from another when they are not related by blood, marriage or common-law.
Fair Market Value (FMV)	The highest dollar value, expressed in terms of money, which the property would bring in an open and unrestricted market between a willing buyer and a willing seller who are knowledgeable, informed, and prudent, and who are acting independently of each other. If the donor is an individual, obtain either current retail price information from an independent source (ie. catalogue) or a copy of

	<p>the receipt used to purchase the items by the donor in order to determine fair market value.</p> <p>If the donor is a company and the gift is from their own inventory, obtain an invoice from the company donating the goods indicating that the invoice is not to be paid; and, a copy of an inventory price list that shows the item(s) being donated and what they would normally be sold for. If this information cannot be obtained an appraisal may be required in order to determine fair market value. Please contact Advancement Services if you have questions.</p>
Gifts in Kind	Donations of property other than cash. They can include donations of land, buildings, marketable securities, equipment, furniture, collection objects, library materials, archival materials and operating supplies.
Planned Gifts	A fundraising program that involves arranging donations to serve the interests of a registered charity and that best suit the personal, financial and tax situation of an individual donor. Examples of planned giving include bequests, stocks, life insurance policies, real estate, and residual interests or charitable remainder trusts.
Pledge	A promise to give gifts over a period of time.

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Formerly: [4.2 Gift Acceptance Policy](#)