

Cataraqui Conservation Foundation Gift Acceptance and Investment Policies

2011

(reviewed April 8, 2014, reviewed and amended April 18, 2017)

Authorities:

1. *Province of Ontario, Cataraqui Region Conservation Foundation, Letters Patent 29 October, 1965* permits the Foundation,

“Subject to The Mortmain and Charitable Uses Act and The Charitable Gifts Act:

(a) TO aid the Cataraqui Region Conservation Authority in the cultivation and advancement of conservation in the Province of Ontario by serving as the custodian of the endowment funds of the Cataraqui Region Conservation Authority;

and

(b) TO do all such things as are incidental or conducive to the attainment of the above objects including but without limiting the generality of the foregoing: 1. TO solicit, acquire, accept or receive gifts, donations, bequests or subscriptions of money or other real or personal property whether they be unconditional or subject to special conditions provided any special conditions are not inconsistent with the above objects; 2. TO hold, manage, improve, develop, exchange, lease, sell, turn to account or otherwise deal with the real or personal property from time to time held by the Corporation and to retain any real or personal property in the form in which it may be received by the Corporation for such length of time as the Corporation may determine; 3. TO invest and deal with the moneys of the Corporation in such manner as the Corporation may from time to time determine; provided, however, that such moneys may be invested only in investments of a kind authorized for the investment of the funds of joint stock insurance companies; 4. TO use the income of the Corporation in such manner as the board of directors may from time to time determine for: (i) the payment of the purchase price of pioneer articles acquired by The Cataraqui Region Conservation Foundation; (ii) the payment of costs of acquisition of such articles including the payment of commissions, the cost of transporting, cleaning, repairing, restoring and moving such articles and all costs incidental thereto; (iii) educational work in all phases of conservation; (iv) research and conservation projects; and (v) the purchase of lands and buildings or structures with a conservation use; 5. TO enter into and carry out agreements, contracts and undertakings; 6. TO draw, make, accept, endorse, execute and issue cheques, promissory notes, bills of exchange and other negotiable or transferable instruments; 7. TO acquire by purchase, lease or otherwise any real property necessary for the carrying on of its objects; 8. TO demand, receive, sue for the recovery and compel the payment of all sums of money that become due and payable to the Corporation and generally to sue and be sued; and 9. TO employ and pay such assistants, clerks, agents, representatives and employees and to procure, equip and maintain such office and other facilities and to incur such operation expenses as may be considered necessary ...”

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2. By-Law No.01 Section 2: Function of the Foundation and Mission

The function of the Foundation is laid out in the Letters Patent of the Province of Ontario dated October 29th 1965 to advance conservation in the Region of the Cataraqui Region Conservation Authority. This shall be achieved by:

- a. Raising funds to support the Cataraqui Region Conservation Authority's land acquisition projects, conservation education, and related research.
- b. Acting as the custodian of an endowment fund and any other appropriate vehicles for the retention of funds raised.
- c. Undertaking directly, conservation related activities; and,
- d. Encouraging others to undertake conservation related activities.

3. Compliance with the provisions of the Income Tax Act (Canada).

The CCF (CRCF) is a registered charity under Canada Customs and Revenue Agency: Charitable Registration Number: 11884 0545 RR 0001

Applicable Policies:

The CCF Gift Acceptance Policy

The CCF Investment Policy

The CCF Privacy Policy

Imagine Canada Imagine Canada Standards Program Accreditation Requirements

Definitions:

Managed Endowment Fund: A fund in which disbursements are made from the income from the principal. The fund is managed by a qualified third party on behalf of the Foundation.

Fundraising: All activities undertaken on or behalf of the CCF with the purpose of asking for and receiving donations.

Donor-Centred: An approach to fundraising that gives priority to satisfying donors' needs for meaningful information, enhancing donor communication with intermittent recognition designed to reflect the unique aspects of the individual charity.

Gift: In most cases, a gift is a voluntary transfer of property without valuable consideration to the donor. For gifts made after December 20, 2002 a transfer of property for which the donor received an advantage is still considered a gift for purposes of the *Income Tax Act* as long as CRA is satisfied that the transfer of property was made with the intention to make a gift. The advantage is generally the total value of any property, service, compensation, use or any other benefit to which the donor is entitled as partial consideration for, or in gratitude for, the gift. The existence of an advantage will not necessarily disqualify the transfer from being a gift if the amount of the advantage does not exceed 80% of the fair market value of the transferred property. In such

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cases, the excess of the fair market value of the gifted property over the value of the advantage is the eligible amount of the gift that is used to calculate the donor's donation tax credit or deduction.

Gifts-in-Kind: Gifts-in-kind, also known as non-cash gifts, are gifts of property. They cover items such as artwork, equipment, securities, and land.

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. (CRA Charities Directorate)

Grant: A cash award to the CCF obtained by application to another foundation or agency for a restricted use.

Permission to accumulate property (funds): Some major expenditures may require a registered charity to accumulate funds over several years. Where such accumulation would cause the charity to fail to meet its disbursement quota, permission may be sought to engage in the necessary accumulation without incurring any penalty. Examples of major expenditures include buying a building or a costly piece of equipment

Planned giving: A fundraising program that involves arranging donations to serve the interests of the registered charity and that suits the personal, financial, and tax situation of the individual donor. Through a planned-giving program, a registered charity seeks to attract significant gifts by identifying potential donors and helping them with information and advice.

Examples of planned giving include bequests, annuities, life insurance policies, and residual interests or charitable remainder trusts. (CRA Charities Directorate)

Pledge: A documented commitment by a donor to complete a donation by a given date, often by periodic installment.

Recognition: The actions taken by the CCF to acknowledge the generosity of donors, either collectively or individually.

Relationship Lead: A person, unrelated to the CCF, who acts as an advocate for the CCF with a prospective donor, working in partnership with a CCF board member.

Managed Reserve Fund: A fund with a specified use in which the assets are cash and/or financial assets convertible to cash. The fund is managed by a qualified third party on behalf of the Foundation.

Sponsorship: A transfer of money or other forms of assets to the CCF where the donor receives specified material benefits in return.

Will: A legal declaration of a donor's wishes regarding the disposition of their estate upon death.

Principles:

Strategic approach: The CCF will take a gradualist approach to articulating a full range of sustainable fundraising options for donors.

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Co-ordination/Collaboration with CRCA: Both the CRCA and the CCF are registered charities, designated by the CRA. It is important to establish clearly for donors the distinction between the two organizations and ensure that multiple solicitations do not occur. It is the responsibility of the CCF President and the CRCA General Manager to share information to ensure that multiple, conflicting or inappropriate solicitations are avoided.

Imagine Canada Standards Program: Ethical, transparent and accountable fundraising will be ensured by complying with the Imagine Canada Standards Program. The Board reviews the annual compliance report to ensure standards are being met.

Donor Relationships: Long-term retention of donors will be of highest priority.

Gift Acceptance Policy: A gift acceptance policy is important to ensure donations are used to further the vision of the Foundation. It should include appropriate consideration of donor objectives, and provide clarification of roles, responsibilities and expectations of both the Foundation and its donors. A gift acceptance policy provides guidance for Foundation Board decision-making. It also ensures that gifts to the Foundation are made in accordance with legal and ethical regulations and guidelines, and promotes consistent practices in exercising fiduciary responsibilities.

This policy will help to enhance long-term relationships with donors. The Foundation shall abide by all applicable laws governing the charitable sector.

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Policy adopted March 22, 2011 and reviewed April 8, 2014 by the Foundation Board of Directors.

Cataraqui Conservation Foundation Gift Acceptance Policy

Gifts must be consistent with the overall mission and strategic intent of the CCF, all applicable statutory provisions, and must not compromise either the Foundation's or CRCA's integrity. The Foundation may, in its discretion, refuse a gift that does not comply with these requirements.

The Foundation encourages donors to work with professional advisors when making major gifts. It shall not solicit or accept a gift from a donor unless it is satisfied that the donor has a bona fide charitable intention and has an accurate understanding of the consequences of the donation. Where necessary, persons acting on behalf of the Foundation shall encourage potential donors to consult independent legal and tax professionals to ensure that donors receive a full and accurate explanation of the nature and consequences of their gifts.

Foundation volunteers, friends and staff members are authorized to encourage donors to make gifts to the Foundation within the parameters of the Gift Acceptance Policy. The Executive Committee is authorized to negotiate gift agreements with prospective donors and their professional advisors in accordance with the guidelines set forth in this Policy.

Outright gifts of cash, publicly traded securities, and life insurance do not require approval by the Board of Directors unless there are unusual restrictions or circumstances involved.

Restricted Gifts: The Foundation normally accepts only two donor restrictions: education and land purchase.

Gifts Accepted: The Foundation usually accepts only property that is readily marketable at reasonable cost. This refers to, but is not limited to, cash, cash equivalents (including deposit instruments of a government or financial institution in Canada), publicly traded securities, policies of life insurance, and bequests.

Acceptance of Other Forms of Property: The Foundation recognizes that donors may occasionally wish to give property that is not readily marketable, such as real estate, art, jewelry, private corporation shares or residuary interests in trusts. In such cases the Foundation will evaluate whether there may be 'hidden costs' in accepting such gifts. The Board will be consulted on all such property prior to responding to donor.

Gifts Requiring Board Approval: Gifts of real or tangible property and gifts of a residual interest must be reviewed and approved by the Board of Directors. Before acceptance and approval, relevant information about the gift shall be ascertained, including a copy of any appraisal secured by the donor. The Foundation reserves the right to obtain its own appraisal for gifts of real or tangible property or other property whose value is not readily determined.

Related Costs: The Foundation recognizes that, to facilitate the receipt of certain gifts, it may be necessary to incur gift-related costs such as legal fees, appraisals, real estate commissions and taxes

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relating to acceptance, maintenance, management or re-sale of a gift of property. Such costs may indeed be incurred with prior Board approval.

Gifts Not Accepted: The Foundation reserves the right to decline a gift based on:

- lack of congruence with the mission statements of the Foundation or the CRCA;
- desire of the donor to exert unacceptable conditions;
- excessive costs of ownership including administration time, management and marketability of the gift;
- unacceptable risks;
- gifts that are illegal; and,
- such other factors as may be agreed to by the Board of Directors.

Disposition of the gift: The Foundation does not make any representation that by accepting a gift it will retain the property or employ the donated property for the same purposes as the donor used it. For example, absent any particular designation to the contrary, if the Foundation were to acquire a residence as a gift, it may chose not to retain it as an office or retreat, but rather to sell it, and distribute the proceeds to one or more of its existing funds.

Charitable Tax Receipt: The Foundation shall normally issue a charitable tax receipt for the year in which the gift is made within 60 days of the gift being received. For gifts of shares, the value of the tax receipt shall be determined using the closing price on a relevant stock exchange on the day the Foundation's broker or agent receives the shares, assuming liquidity. For other property for which the value must be ascertained, an appraisal will be undertaken by a qualified appraiser mutually acceptable to the donor and the Foundation, and a receipt issued for the appropriate year within 60 days of the receipt of that appraisal. In the case of cash donations by installment, a single receipt will be issued at the end of the calendar year in which the installments are received.

Benefit to Donor: The legal nature of a charitable gift is that a donor cannot expect or receive financial benefits or opportunities to flow from the gift.

Donor-Advised Funds: The Income Tax Act (Canada) imposes limits on a donor's capacity to impose restrictions on charitable gifts. A donor may, however, at the time the gift is made and even subsequently, by agreement with the Foundation, designate the uses to which a gift may be put. Beyond that a donor cannot legally restrict the Foundation.

Preservation of Donor's Intention: Should the Foundation cease to exist or become incapable of fulfilling a donor's purpose, the Foundation shall employ its best possible efforts to ensure the fulfillment of the donor's original purpose.

GUIDELINES FOR GIFT TYPES

Cash: Refers to gifts of cash and cash equivalents (which may include sponsorships), including proceeds from RRIFs and RRSPs where the Foundation is the designated beneficiary.

Publicly-traded securities: Gifts of marketable publicly traded securities shall be scrutinized and accepted by the Foundation's Secretary with reference to the Executive Committee. These securities

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shall normally be sold immediately upon receipt, and converted to cash by the Foundation's designated broker.

Gifts of Property Including Real Estate, Art, Jewelry etc.

(Gifts-in-Kind): Gifts of property or real estate may be made in various ways: outright or residual interest in it. Where necessary, appraisals will normally be undertaken by a qualified appraiser mutually acceptable to the donor and the Foundation. The Foundation shall satisfy itself that the donor has clear title to the property. The Foundation shall review all pertinent factors, including in the case of real property, zoning restrictions, marketability, prior land use, current use, etc to ascertain that acceptance of the gift would be in the best interests of the Foundation. Where necessary, the Foundation may require the donor to secure an environmental audit and provide the results to the Board of Directors. No property containing toxic wastes shall be accepted prior to removal and/or indemnification of the Foundation against all present and future liabilities.

Offers of Ecological Property that would enhance the CRCA's capacity to manage the watersheds subject to its authority will be directed to the CRCA to be processed subject to the requirements of Environment Canada's Ecological Gift Program.

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Bequests: A donor who advises the Foundation, in confidence, of a proposed testamentary gift to the Foundation, shall be asked to provide, if possible, a copy of that section of the Will naming the Foundation. The donor may also wish to execute an agreement with the Foundation directing the charitable use of the proposed testamentary gift. The Foundation will not serve as executor of a donor's will.

Gifts of Life Insurance: There are various methods by which a life insurance policy may be contributed to the Foundation. A donor may:

- Commence a life insurance policy of which the Foundation is the owner and beneficiary.
- Assign irrevocably a paid-up policy to the Foundation.
- Assign irrevocably a life insurance policy on which premiums remain to be paid and a charitable tax receipt shall be issued for premium amounts.
- Name the Foundation as a primary or successor beneficiary of the proceeds.

When ownership is irrevocably assigned to the Foundation, the donor is entitled to a gift receipt for the net cash surrender value (if any) and for any premiums subsequently paid.

Gift of a Residual Interest: This type of gift refers to an arrangement under which a property interest is conveyed to the Foundation, but the donor retains use of the property, or income from the property, for life or a specified term of years. For example, the donor might give a residual interest in a personal residence and continue living there or a residual interest in a painting and continue to display it. The owner is entitled to a charitable tax receipt for the present value, calculated using discount rates and, where applicable, life expectancy tables, acceptable to the CRA, of the residual interest. With these types of gifts, the donor shall continue to be responsible for real estate taxes, insurance, utilities and maintenance after transferring title to the property unless the Foundation, upon prior approval of the Board of Directors, agrees to assume responsibility for any of these items. The Foundation is entitled to require that the donor provide proof of payment of those expenses for which the donor is responsible. The Foundation reserves the right to inspect the property from time to time to ensure that its interest is properly safeguarded.

The Cataraqui Conservation Foundation Investment Policy

Over-all Investment Philosophy:

CCF is a public trust. As such, it shall at all times invest those moneys in its care with due prudence and care with a view to capital preservation and achieving acceptable long-term rates of return. Such returns are to be commensurate with the investment mandate adopted from time to time by the Board of Directors.

Investible Funds

The funds of the Foundation will normally be held in two forms. Amounts necessary to meet the normal operating expenditures of the Foundation will be held in a chequing account with a Canadian chartered bank or trust company. Amounts in excess of these requirements will periodically be invested either in near-cash investment vehicles or in alternative investment vehicles.

Near-cash investment vehicles:

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1. Treasury Bills issued by the Canadian Government or any of the Provinces.
2. Money market instruments issued by a Canadian Corporation. Such instruments to be rated R-1 middle or better by Dominion Bond Rating Service (DBRS) .
3. Term Deposits or similar instruments issued by or unconditionally guaranteed by a major Canadian Bank or Trust company.
4. Cash deposits with a bank-owned investment dealer.

Alternative investment vehicles:

Fixed Income

Fixed income investments may consist of:

1. Bonds issued by the Government of Canada.
2. Bonds issued by any Canadian province.
3. Bonds issued by any Canadian municipal government or school board.
4. Bonds issued by the Government of the United States.
5. Bonds issued in Canadian or US dollars by the International Bank for Reconstruction and Development.
6. Bonds, A rated or better, of Canadian Schedule A Chartered Banks and Utility or Pipeline Companies.
7. Corporate Bonds rated AA- or better.

Equities

Equities shall include:

1. Listed Canadian Equities or exchange-traded funds based on the Toronto Stock Exchange index or its components.
2. Listed US equities or exchange-traded funds based on the Standard and Poor's 500 Index and/or Dow Jones Industrial Average, and/or the sub-components of either of these indices.
3. Listed foreign equities as represented by mutual funds and/or index-based exchange-traded funds.

Investment Practices

1. Investments in near-cash investment vehicles may be made by the Treasurer of the Foundation, in consultation with the Executive Committee.
2. Amounts for investment in alternative investment vehicles will be recommended by the Treasurer and require the approval of the Executive Committee.
3. The Foundation's investments will be managed by or delegated to a qualified third party approved, and periodically reviewed, by the Board of the Foundation.

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4. Where the investment process is delegated to a qualified third party, the CCF Board will, prior to such delegation and at least once per year thereafter, review the investment policy of that third party and confirm its suitability and acceptability for CCF investments.
5. A report shall be obtained quarterly by the Treasurer from the third party to which the investment process has been delegated, setting forth the investment performance achieved by the Foundation's delegated investments. Such reports shall be considered at the Board meeting first following their receipt.

Funds:

It is proposed that in addition to the General Fund that supports day-to-day activities, there be the following funds:

Managed Endowment Funds: in which capital is held and managed by a qualified third party: current managed endowment fund is with the Community Foundation for Kingston & Area.. The income is re-invested or may be used to support the activities of the CRCA upon application.

- Education
- "Perpetual" Stewardship of Lands

Managed Reserve Funds: in which funds are held in cash and other forms and are managed by a qualified third party, with the intent of being able to be converted to cash on short notice for the purpose of effecting land purchase or special projects.

- Land Purchase
- Special Projects

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