# The Anglican Diocese of Calgary

# Major Gifts Policy

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## INTRODUCTION

The Anglican Diocese of Calgary (hereinafter “Diocese”) wants to encourage donors to make both current outright and deferred future gifts. The types of gifts that can be received include bequests, gift annuities, gifts of residual interests, charitable remainder trusts, gifts of life insurance policies and proceeds, and such other gift arrangements as the Diocesan Council (hereinafter “Council”) may from time to time approve. All programs, solicitation plans, and activities shall be subject to the oversight of the Council or as delegated by the Council to the Planned Giving Committee (hereinafter “PGC”). If no PGC exists, then for the purposes of this policy, the A&F Committee shall function as the PGC. Further, if no Planned Giving Officer exists, then for the purposes of this policy the Director of Finance shall function as the Planned Giving Officer.

The purpose of establishing the policies contained in this Major Gifts Policy is to maintain the integrity of the Anglican Church at all levels, including the Diocese. In addition, the policies are intended to protect donors to the Diocese and its parishes. Accordingly, all gifts to the Diocese shall be governed by the policies and procedures contained in this policy statement.

Due to possible legal ramifications, Parishes are expected to use the policies outlined in this manual when accepting major gifts. The Diocese is prepared to help any parish apply an appropriate gift acceptance policy.

## I. PROGRAM POLICIES

### 1.1 ADMINISTRATION OF PROGRAM

All prospective major gifts to the Diocese shall be reviewed by the PGC and PGC shall provide all prospective donors with written confirmation of the acceptance or rejection of a gift.

A Planned Giving Officer shall be assigned to each prospective gift and shall be charged with the responsibility for seeking the approval of PGC.

### 1.2 PLANNED GIVING COMMITTEE

PGC may be appointed by the Bishop of the Diocese and will consist of the following members:

A. Executive Officer (or Director of Program)
B. Director of Finance
C. Planned Giving Officer
D. A Member of the Council
E. Other members as appointed by the Bishop

The Bishop may also be an ex-officio member of the Committee.

### 1.3 GENERAL POLICIES

#### *1.3.1 Solicitation of Gifts*

Only authorized representatives and staff of the Diocese will make any formal solicitation of major gifts. All employees, representatives or friends of the Diocese are encouraged to refer any prospective donor to the Diocese. The Director of Finance and Planned Giving

Officer are authorized to negotiate planned gift agreements with prospective donors, following the program guidelines approved by the Council.

### *1.3.2 Conflict of interest*

The interests of the prospective donor shall be a primary consideration with respect to any gift to the Diocese. Representatives of the Diocese will provide information to the donor concerning planning techniques available to achieve a donor's charitable goals. The policy of the Diocese is to inform, serve, guide or otherwise assist prospective donors who wish to support the Diocese. Pressure techniques will be avoided and no program, agreement, trust or contract will be presented which would benefit the Diocese at the expense of the donor's best interests and charitable motivations.

### *1.3.3 Confidentiality*

All information concerning prospective donors shall be confidential. No information shall be released to the general public without the prior written permission of the donor.

### *1.3.4 Legal/Tax Counsel*

Donors shall be encouraged to secure the advice of independent legal and tax counsel in all matters pertaining to a gift to the Diocese. All donors must sign the Diocese's disclosure form acknowledging that neither the Diocese nor its employees shall serve as counsel to the donor, stating in part as follows:

> "The information provided to you by Diocesan representatives is available free of charge to you. We encourage and recommend that you consult with your lawyer, financial adviser, insurance professional and/or tax adviser to review and approve any information or other materials provided to you by Diocesan representatives.
>
> Although we are unable to serve as your lawyer, financial adviser, insurance adviser or tax consultant, we will be more than willing to work with your independent advisers to assist you in making your decision."

## II. GIFT PLANNING ALTERNATIVES

There are two primary options available to a donor: a current gift and a deferred gift.

### 2.1 CURRENT GIVING OPPORTUNITIES

A current gift involves the transfer of money or property to a qualified charitable organization by a donor, without the receipt of consideration or economic benefit.

The donor must retain no control over the money or property transferred to the charity to qualify as a current gift, although the donor may place restrictions on the use of the property.

Most types of property may be donated to the Diocese although all gifts, other than cash, must comply with the acceptance procedures described in Article III.

### *2.1.1 Current Gift Alternatives*

The planned giving program of the Diocese includes the following current gift alternatives:

- Cash
- Gifts-In-Kind (Securities, Real Estate, Tangibles)

- Life Insurance (Cash Value)

### 2.1.2 Cash

Cash is the simplest and most common form of gift. The gift is complete when the cheque is hand-delivered or mailed to the Diocese or when the cash is transferred into the Diocese's bank account. The benefits to the Diocese of a cash gift are that it is readily negotiable and can be put to use immediately. The donor receives a receipt for the face amount of the cheque or cash received.

### 2.1.3 Gifts-In-Kind (Securities, Real Estate, Tangibles)

Securities include stock, bonds, and mutual funds. They may be transferred in any of the following ways:

- The donor delivers or mails endorsed certificates (or unendorsed certificates accompanied by an endorsed transfer form) to the Diocese. The gift is complete on the day the certificate is delivered or mailed.
- The donor instructs his or her broker to transfer securities from the donor's brokerage account to the Diocese's. This procedure will be used when the securities are held in a brokerage account rather than in certificates registered in the name of the donor. The gift is complete when the securities are actually received in the Diocese's securities account.
- The donor or the donor's broker sends the securities to a transfer agent to be re-registered in the name of the Diocese. This procedure is not preferred because it can be time-consuming. The date of the completed gift is the date on the new certificate bearing the Diocese's name.

The donation receipt is for the fair market value of the securities donated. In the case of publicly traded securities, the fair market value is the closing price on the date of the gift. The fair market value of privately held shares must be determined by an appraisal conducted by a person or company qualified to appraise small businesses. If the securities have appreciated, the donor may elect a donation receipt for any amount between fair market value and cost base, thereby limiting or eliminating the capital gain on which taxes must be paid.

For outright (current) gifts of real estate, the gift is complete when a transfer conveying title to the property from the donor to the Diocese is signed, delivered, and registered at the Land Titles Office. The donation receipt will be for the fair market value as determined by a qualified appraisal. The Diocese must reserve the right to obtain its own appraisal before issuing a receipt. If the gift is the donor's principal residence, the capital gain is not taxed. For other real estate, the donor may limit or eliminate the tax on the capital gain by electing a donation receipt for any amount between fair market value and cost base.

Current gifts of other tangible property include art works, books, household furnishings, equipment, collections, and automobiles – virtually any physical object in a person's possession. Real estate, stocks, bonds, a partnership interest, and similar investment assets are not considered tangible personal property. Tangible property is conveyed to the charity by delivering the object and executing a Deed of Gift. The donation receipt will be for fair market value as determined by a qualified appraisal. If the objects have appreciated, the donor may elect a donation receipt for any amount between fair market value and cost base, thereby limiting or eliminating the capital gain on which tax must be paid.

### *2.1.4 Life Insurance (Cash Value)*

In the case of an existing life insurance policy, ownership of the policy can be transferred to the Diocese by executing an assignment form that is obtained from the insurance company. If the policy is purchased with the express purpose of making a gift, the Diocese may be named as the owner on the application form. The donor is entitled to a donation receipt for the cash value of the policy (if any) and for each subsequent premium paid by the donor.

The receipt may be issued whether the donor contributes the premium amount to the Diocese which, in turn, pays the insurance company, or pays the premium directly to the company. If the latter, the Diocese will receive a premium receipt from the insurance company showing that the premium has been paid before the Diocese issues a receipt. The cash value of older policies may exceed the donor's cost (premium paid less dividends). If so, the donor is still entitled to a donation receipt for the cash value but must report the gain as income.

## 2.2 DEFERRED GIVING OPPORTUNITIES

A deferred gift involves the irrevocable transfer of an asset to the Diocese. Current tax laws allow several planning alternatives for deferred gifts. The alternatives for deferred gifts that are acceptable to the Diocese have been selected for their ease of implementation and administration and for their acceptability to Canada Revenue Agency. Specifically, please note that while the Diocese will accept charitable remainder trusts gifts and gifts of residual interest, the Diocese will not act as trustee for these gifts. If necessary, the Diocese may assist the donor in either locating a trust institution that can provide this service or arranging such gifts through the Planned Giving Office of the National Church.

### *2.2.1 Deferred Gift Alternatives*

The planned giving program of the Diocese shall include the following deferred alternatives:

- Bequest
- Life Insurance (Death Proceeds)
- Charitable Gift Annuity

### *2.2.2 Bequests*

A bequest is a gift made to a charity named in the donor's will and is payable according to the terms contained in the will. A bequest could be in any of these forms: a certain sum of money, a particular piece of property, a percentage of whatever remains ("the residue") after expenses and other bequests are paid, or any of the above subject to a contingency such as the donor's not being survived by a spouse and children. Just as a bequest can be in several forms, it can also be for various purposes – for a particular program of the Diocese – or it may be undesignated. The Diocese will assist with providing the proper language for donors to use to accomplish the intended purpose of their gift but the actual drafting of the will should be done by the donor's own lawyer.

With a bequest, the donor retains the full control and use of the gifted property for the duration of the donor's life and can make changes in the will at any time. A donation receipt can only be issued to the donor's executor for the amount of cash or the fair market value of the property when they are actually given to the charity.

If specific property is designated for the Diocese and that property has appreciated in value, the donor's executor may elect a donation receipt for any amount between fair market value and cost base, thereby limiting or eliminating the capital gain on which taxes must be paid.

### *2.2.3 Life Insurance (Death Proceeds)*

A donor may name the Diocese as beneficiary of a life insurance policy. This is done by completing a change-of-beneficiary form obtained from the insurance company. The proceeds will be paid to the Diocese on the death of the insured. A donor may also buy a special policy for the benefit of the Diocese and name the Diocese as beneficiary.

The donor is not entitled to a donation receipt for naming the Diocese as beneficiary since the designation is revocable. Also, the donor's estate is not entitled to a donation receipt when the death proceeds are paid directly to the Diocese as beneficiary. Thus, to realize tax benefits, donors should name their estate as beneficiary to receive the death proceeds and then include in their will a charitable bequest equal to the proceeds received from the policy. A donation receipt would then be issued for the value of the bequest and may decrease the tax due on the final income tax return. This is clearly the preferable option from a tax-planning standpoint, but it has the disadvantages of exposing the policy proceeds to creditors' claims and possible will challenge.

### *2.2.4 Charitable Gift Annuities*

The Diocese can accept Charitable Gift Annuities arranged through the Planned Giving office of The Anglican Church of Canada. A charitable gift annuity is a contractual arrangement between the donor and the National Church. The donor transfers money or property to the National Church in exchange for a promise to pay a fixed amount to the donor and/or other named beneficiaries for life or for a specified period of time. In addition, the annuity contract specifies where the residual value of the annuity (if any) is to be directed. The beneficiary of the annuity may be the National Church, the Diocese, or a Parish. It can either be designated for a particular program or left undesignated.

The National Church will issue a donation receipt for the value of the annuity in excess (if any) of the amount to be received by the annuitant(s) during the life expectancy of the annuitant(s). If the donation amount is greater than the expected amount to be received by the annuitants (i.e. there is an excess amount), then the yearly annuity payments will be entirely non-taxable to the annuitants. Otherwise, a portion of the yearly annuity payments may be taxable. The National Office will calculate the portions of the yearly annuity payment that are taxable or tax-free at the time the annuity contract is arranged.

## III. GIFT ACCEPTANCE PROCEDURES

### 3.1 GENERAL GIFT ACCEPTANCE PROCEDURES

### *3.1.1 Approval by PGC*

All prospective gifts to the Diocese must follow this approval process. The Planned Giving Officer assigned to handle a prospective gift shall seek from PGC the approval or rejection of a prospective gift or the terms under which the gift would be acceptable to the Diocese.

A written summary shall be prepared and submitted to PGC after the Planned Giving Officer has formally presented the gift design to a prospective donor and consulted legal counsel when necessary.

The summary presented to PGC shall contain at least the following information:

- Description of asset
- Purpose of gift (including any designations or restrictions)
- Estimated fair market value of gift

- Income, expenses, encumbrances, and carrying costs

PGC will review the information provided by the Planned Giving Officer and make a determination as to whether to accept or reject a prospective gift.

Special consideration must be given to certain types of assets in order to protect the interests of both the donor and the Diocese. All gifts of real property, tangible and intangible personal property, and life insurance must be submitted to the PGC in accordance with the procedures described in Paragraphs 3.2 through 3.7 of this Article III.

Unless decided otherwise by the Diocesan Council, all gifts for undesignated purposes will be divided into four parts as follows:

- 10% to go to the National Church (undesignated),
- 60% to be placed in the Diocese's Mission and Ministry Spending account (capital available for distribution),
- 30% to be placed in the Diocese's Mission and Ministry Endowment account (capital retained).

### *3.1.2 Review by Diocesan Staff*

All proposed major gifts to the Diocese must also be reviewed by the Director of Finance or the Executive Officer of the Diocese, prior to formal acceptance of the form of documentation. For situations that do not follow a standard format, a formal review by the Diocesan Chancellor is also required prior to closure of a gift.

## 3.2 REAL ESTATE

Gifts of real estate require special handling. All forms of real estate will be considered by PGC, including, but not limited to, improved and unimproved land, single and multi-family dwellings (including apartment buildings), condominiums, office buildings, farms, and leasehold interests.

Gifts of real estate can be costly to maintain, and difficult to liquidate. PGC will make a thorough review of the criteria stated in Paragraph 3.2.1 prior to acceptance of a potential gift of real property.

### *3.2.1 Criteria for Acceptance*

(a) **Property Information:** General information about the estimated value, location, uses, and condition of the property is essential to determine if the Diocese is prepared to accept the donation.

(b) **Financial Information:** If the property appears to be a desirable gift based on the initial general information, more specific financial information regarding equity, acquisition costs, holding costs, and estimated sales proceeds will be evaluated. All carrying costs including, but not limited to, taxes, insurance, association dues, membership fees, and transfer charges must be disclosed.

(c) **Environmental Report:** An environmental assessment must be performed on all gifts of real property. The assessment may be relatively superficial for certain residential properties used exclusively for residential purposes for a period of many years. However, if the property has at any time been used for commercial purposes (or is adjacent to a commercial site) or if a site inspection reveals possible problems, the Diocese may request that a formal Environmental Audit be performed.

(d) **Title Information:** If the property appears in all respects to be desirable for the Diocese to accept, a report will be required to confirm how the title is held, whether

the donor is conveying a full or partial interest, and what mortgages, deeds of trust, restrictions, easements, liens and other encumbrances exist. The Diocese will also request a title search and assurance that the property is adequately insured. The donor must also provide proof of title.

### *3.2.2 Approval/Acceptance*

The Planned Giving Officer shall submit a written summary of the proposed gift for PGC, with the following information:

- Description of property
- Purpose of gift
- Appraisal of the property and the percentage interest of the Diocese
- Income/expenses, encumbrances, carrying costs
- Environmental risks or problems
- Special arrangements for disposition requested by donor

PGC will review the information provided by the Planned Giving Officer and make a determination as to whether to accept or reject a gift.

The Planned Giving Officer shall notify the donor in writing of the decision by PGC and advise the donor that Canada Revenue Agency will require a formal appraisal by a qualified appraiser before a donation receipt can be issued.

### *3.2.3 Planning Considerations*

(a) **Valuation:** Canada Revenue Agency may accept a donor's cost as fair market value, if the asset was acquired close to the contribution date. Alternatively, the immediate resale of donated property may fix the amount of a donor's contribution in an amount that is lower than the value claimed. It may be prudent for the Diocese to obtain its own independent appraisal where there is a deferred gift or high potential carrying charges are involved.

(b) **Encumbrances:** The Diocese will use caution in considering a gift of an encumbered asset. The Diocese may not be able to accept the potential financial obligation required to pay off an encumbrance.

(c) **Management and Sale of Property:** Normally, it is the policy of the Diocese to sell donated real estate. Prior to the sale, the Diocesan Office is responsible for the management of the property. It shall make sure that the property is adequately insured, authorize maintenance items, and make arrangements for the collection of rents and payment of expenses. The Diocesan Office may hire a property manager or retain other professionals for any of these services. The costs shall be borne by the subject property and paid either from net income or sales proceeds.

The Diocesan Office will select a listing agent (or otherwise make arrangements for selling the property) and determine the amount for which the property shall be listed. The Diocesan Office is authorized to accept offers and make counter-offers, informing and consulting with the Planned Giving Officer who, in turn, will keep the donor informed. Following the sale, the net proceeds, after paying all expenses, will be used for the purpose designated by the donor. Any net revenues available to the Diocese prior to the sale will likewise be used for this purpose.

## 3.3 TANGIBLE PERSONAL PROPERTY

Tangible personal property is property, other than real property, often defined as property that can be "touched." Examples of tangible personal property include automobiles, boats,

personal papers, antiques, china, stamp collections, rare coins, works of art, books, jewelry, and home appliances.

PGC will consider all gifts of tangible personal property after a review of the criteria described in Paragraph 3.3.1.

### *3.3.1 Criteria for Acceptance*

(a) **Marketability:** The Diocese will require an assessment of costs involved in selling the property (e.g. advertising, commission/consignment fees, etc) as compared to the likely resale value and the length of time required to sell the property.

(b) **Intended Use:** If the Diocese or any Parish cannot use the property donated and there is limited marketability then the Diocese must be very cautious about accepting the donation.

(c) **Encumbrances:** All liens or other potential liabilities must be disclosed.

### *3.3.2 Approval/Acceptance*

The Planned Giving Officer shall submit a written summary of the proposed gift to PGC with the following information:

- Description of asset
- Purpose of gift
- Estimate/appraisal of fair market value of gift
- Marketability analysis and potential use by Diocese
- Special arrangements concerning disposition

PGC will review the information provided by the Planned Giving Officer and make a determination as to whether to accept or reject a gift. The Planned Giving Officer shall notify the donor in writing of the decision by PGC and advise the donor that Canada Revenue Agency will require a qualified formal appraisal for gifts valued in excess of $1,000.

### *3.3.3 Planning Considerations*

(a) **Valuation:** Canada Revenue Agency may accept a donor's cost as fair market value, if the asset was acquired close to the contribution date. Alternatively, the immediate resale of donated property may fix the amount of a donor's contribution in an amount that is lower than the value claimed.

(b) **Encumbrances:** The Diocese will use caution in considering a gift of an encumbered asset. The Diocese may not be able to accept the potential financial obligation required to pay off an encumbrance.

(c) **Sale of Property:** Normally, it is the policy of the Diocese to sell donated property that cannot be used by the Diocese or a Parish.

## 3.4 INTANGIBLE PERSONAL PROPERTY

Intangible personal property is personal property whose value stems from intangible elements rather than physical or tangible elements. Examples of intangible personal property include securities, patents, copyrights, subscription lists, goodwill, trade names and trademarks. It also includes partnership interests and certain rights to tangible property, whether personal or real, such as mineral production payments.

PGC will consider all gifts of intangible personal property after a review of the criteria described in Paragraph 3.4.1.

### *3.4.1 Criteria for Acceptance*

(a) **Marketability:** The Diocese will require an assessment of costs involved in selling the property (e.g. advertising, commission/consignment fees, etc) as compared to the likely resale value and the length of time required to sell the property. Privately owned shares may be accepted if they likely can be sold in the future to the corporation, other shareholders, or to other interested parties.

(b) **Intended Use:** If the Diocese or any Parish cannot use the property donated and there is limited marketability then the Diocese must be very cautious about accepting the donation.

(c) **Encumbrances:** All restrictions or other potential liabilities must be disclosed. Partnership interests must not subject the Diocese to significant cash calls or other liability and must not have adverse tax consequences to the Diocese.

### *3.4.2 Approval/Acceptance*

The Planned Giving Officer shall submit a written summary of the proposed gift to PGC with the following information:

- Description of property
- Purpose of gift
- Estimate/appraisal of fair market value of gift
- Marketability analysis and potential use by Diocese
- Special arrangements concerning disposition

### *3.4.3 Planning Considerations*

Securities are the most common item of intangible personal property donated to a charity and raise certain unique planning considerations. Normally, publicly traded securities will be accepted as gifts to the Diocese. However, restricted securities and closely held stock will need to be carefully scrutinized before being accepted as a gift to the Diocese.

## 3.5 LIFE INSURANCE

The Diocese will consider all gifts of life insurance. A donor will receive a charitable receipt for the irrevocable gift of a life insurance policy to the Diocese.

A gift of a paid up whole life insurance policy will be automatically accepted provided that the Diocese is named as owner and beneficiary of the policy and the donor intends that the policy proceeds be used for purposes acceptable to the Diocese.

### *3.5.1 Approval/Acceptance*

The Planned Giving Officer shall submit a written summary to PGC of the proposed gift with the following information:

- Description of policy
- Face value
- Premium payment schedule

- Interest rate
- Age of insured
- Other relevant policy information
- Purpose of gift

PGC will review the information provided by the Planned Giving Officer and make a determination as to whether to accept or reject a gift. The Planned Giving Officer shall notify the donor in writing of the decision by PGC.

### *3.5.2 Planning Considerations*

In the event a policy is contributed on which premiums remain to be paid, the Diocese will pay the premiums provided that the donor makes equivalent contributions for that purpose. If the donor is unable to continue making contributions equivalent to the premiums required, the Diocese will attempt to convert the policy to paid up status before canceling it.

### 3.6 CLOSURE OF GIFT

Counsel assigned to handle the matter shall prepare and record all closing documents necessary to process and finalize major gifts.

The Planned Giving Officer shall notify the Bishop of the Diocese and the Director of Finance, by written memorandum, within thirty days of completion of all final closing documentation.

### 3.7 EXPENSE REIMBURSEMENT

PGC must approve the payment or reimbursement of all expenses incurred by the donor or the Diocese in connection with a prospective gift.

### 3.8 EXCEPTIONS

PGC and Council must approve exceptions to this policy in writing.

## IV. APPRAISALS

### 4.1 QUALIFIED APPRAISALS FOR GIFTS OF PROPERTY

Qualified appraisals are required for contributions of property other than money and publicly traded securities if the aggregate reported value of the item of property exceeds $1,000.

### *4.1.1 Qualified Appraisal*

A qualified appraisal must be prepared, signed and dated by a qualified appraiser. The qualified appraisal must be completed no earlier than sixty (60) days prior to filing the tax or information return on which the deduction for the contribution is first claimed.

In addition to the fair market value, a qualified appraisal should contain a full description of the property, its location and the terms of any agreements or understanding entered into with respect to the donation if it relates to the use, sale or other disposition of the property.

### *4.1.2 Qualified Appraiser*

To be a qualified appraiser, an individual must hold himself or herself out to the public as an appraiser, or perform appraisals on a regular basis and have qualifications to make appraisals of the type of property being valued.

The appraiser must declare that he or she understands that a false or fraudulent overstatement of the value of the property described in an appraisal may subject the appraiser to civil penalties for aiding an understatement of tax liability and may cause subsequent appraisals by this appraiser to be disregarded for income tax purposes.

### *4.1.3 Disqualified Persons*

An appraiser cannot be a qualified appraiser with respect to a particular piece of donated property if he or she is any of the following persons:

(a) The donor or the taxpayer who claims the charitable deduction for the property being appraised;

(b) The donee charitable institution or one of its employees;

(c) A party to the transaction by which the donor acquired the property being appraised unless the property is donated within two months of the date of acquisition and its appraised value does not exceed its acquisition price;

(d) Any person employed by any of the parties described in paragraphs (a) through (c) above or related to any of them;

(e) Any person whose relationship to any of the foregoing would cause a reasonable person to question the independence of the appraisal. For example, an appraiser who is regularly used by the donor or donee and who does not perform a substantial number of appraisals for other persons;

(f) An otherwise qualified appraiser if the donor has knowledge of facts that would cause a reasonable person to expect the appraiser to falsely overstate the value of the donated property. For example, a situation in which an agreement exists between the donor and the appraiser concerning the amount of the property's value and such amount exceeds the fair market value of the property.

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