

LONDON PUBLIC LIBRARY POLICY

Title: Fund Development - Gift Acceptance Policy
Policy Type: Means Policy
Policy No.: F-FD-01

Effective Date: January 26, 2017

Review Date: January, 2021

PURPOSE:

London Public Library (LPL) encourages the solicitation and acceptance of gifts that help to fulfill the LPL Purpose Statement and priorities of the Library. Donations to LPL will fund enhanced and value-added services and programs, and capital enhancements which support LPL's Purpose Statement and objectives.

The purpose of the policy is to ensure that informed decisions are made regarding the acceptance of gifts to benefit London Public Library and the donor, and that such gifts are receipted in accordance with the Canada Revenue Agency (CRA) and the Canadian Income Tax Act.

SCOPE:

DEFINITION OF TERMS

Gift is a voluntary transfer of real or personal property from a donor who freely disposes of his or her property to a donee who received the property given. The transaction shall not result directly or indirectly in a right, privilege, material benefit or advantage to the donor or to the person designated by the donor.

Bequest is a specific provision in a will directing assets from an estate to LPL.

Conflict of Interest means any event (whether actual or perceived) in which LPL or anyone representing LPL may benefit from the knowledge of, or participation in, the acceptance of a gift

Fair Market Value means the highest price, expressed in dollars, that a property would bring in an open and unrestricted market, between a willing buyer and a willing seller who are both knowledgeable, informed and prudent, and who are acting independently of one another. (Canada Revenue Agency, "Fair Market Value" Summary Policy CSP-F02)

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Planned or Legacy Gift is a way of giving to a charity and arranging donations which serve the interests of the charitable organization as well as the personal, financial, and tax situation of the individual donor.

Professional Advisor means a professional external to London Public Library with the ability to provide expert tax, legal or financial planning advice to assist staff and to advise donors (or prospective donors) on their charitable giving.

Securities are gifts of publicly held shares.

Sponsorship is a gift from a corporate entity, individual or community group in support of a London Public Library project or event, in return for some form of recognition.

Designated is a gift that a donor indicates where they want their money to be allocated.

Undesignated is a gift that the donor lets LPL decide what the highest priority needs of the organization are.

Pledge is a commitment of a gift given over a predetermined time frame.

POLICY STATEMENT:

The following policy and guidelines are applicable to all fundraising activities conducted by London Public Library.

The intent of this policy is to provide **specific gift acceptance guidelines** to LPL **employees**, Board members and donors regarding gift acceptance by LPL **per CRA regulations**. In all gifts and sponsorship exchanges between the donor and LPL, the donor's **intent** must be taken into account while ensuring the integrity of London Public Library and its best interest.

London Public Library encourages the solicitation and acceptance of gifts that help to fulfill the Purpose Statement of the Library. This policy is intended to facilitate the gift giving process, providing prospective donors with many options for giving.

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GUIDELINES FOR THE ACCEPTANCE OF GIFTS

Bequest

A bequest is a specific provision in a will, directing assets from an estate to LPL and may be:

- A general bequest indicated in the will that LPL will receive a specified amount of money or other property;
- A specific bequest that will ensure that LPL receive a specific piece of property, such as a collection of books; and/or
- A residual bequest that will leave all or part of the remaining estate after all debts, taxes and other bequests have been paid.

Gift in Kind

A gift in kind is a non-monetary gift, which is a gift or property such as artwork equipment, securities and cultural and ecological property. A contribution of service for example; time, skills or effort, is not property and, therefore, does not qualify as a gift or gift in kind for purposes of issuing an official donation receipt. An independent qualified appraisal determines the fair market value of the gift. The cost of an appraisal is paid by the donor.

Monetary Gifts and Gift Acceptance

LPL will accept monetary gifts in the form of cash, cheque or credit card and will issue receipts according to CRA **regulations** and guidelines, to donors who have given a gift of \$10 or more.

Gifts of Life Insurance

Gifts of life insurance are accepted by LPL. A donor may gift a life insurance policy to the LPL by:

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- Assigning a fully paid-up policy to LPL;
- Assigning a pre-existing life insurance policy on which premiums remain to be paid;
- Creating a new policy in the Library's name; or
- Naming LPL as a primary or successor beneficiary of the proceeds.

In the event that a policy is gifted to the LPL on which premiums remain to be paid, the donor will continue to pay the premiums until the policy is paid in full. If the donor ceases to make premium payments, the CEO will make a recommendation to the Board as to whether or not it is in the best interests of LPL to continue the **insurance** premium payments, or to allow the gift to fail.

Gifts of Securities/Publicly Traded Stocks

LPL reserves the right to sell and manage the funds accordingly. It is LPL's practice to immediately liquidate securities. The amount of the tax receipt is the value of the security at the closing market price on the day that the asset is transferred to LPL. Gifts of securities will be reviewed by the CEO or Director of Financial Services, to ensure the securities are marketable and acceptable.

Sponsorship

London Public Library encourages all gifts of sponsorship towards programming, branch enhancements, equipment, technology, library materials so long as they comply with the needs of LPL and regulations of CRA. This includes gifts of cash, gifts in kind, securities, life insurance policies, artwork and bequests. Appraisals for gifts in kind will be the responsibility of the donor and receipts will be issued according to CRA guidelines. LPL will respect the wishes of the donor to the best of its ability and in the best interest of LPL.

A memorandum of understanding (MOU) will be created to outline the terms of payment, nature of the name or brand and terms regarding recognition of the gift.

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LPL will issue an unofficial receipt for the amount donated to the donor and will follow CRA guidelines in terms of the advantage to the donor.

Refusal of Gift

LPL may refuse the acceptance of a gift if deemed not beneficial to the organization. Donors will be advised accordingly. LPL would decline a gift if any one of the following conditions were known:

- There are conditions to a gift and its designation, which are not consistent with the LPL Purpose Statement and priorities of LPL;
- The gift is seeking to unduly influence access to Library business;
- The gift could financially jeopardize the donors and/or LPL;
- The gift or terms are illegal;
- LPL does not have the resources to honour the gift term or determine its value;
- Misrepresentation has been made; and/or
- The gift could jeopardize the Library's charitable status.

Privacy

The privacy of donors will be respected in compliance with the Municipal Freedom of Information and Privacy Act of Ontario. Records management will be in compliance with this Act and with LPL's Records Management Policy.

The Library does not share, sell or trade donor lists.

RESPONSIBILITY TO DONORS

Ethics

All professional staff will conduct themselves in accordance with professional standards including accuracy, truth and integrity. LPL will inform, serve, guide and otherwise assist donors who wish to support LPL's activities but not to pressure or unduly

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persuade. Ethical guidelines and best practices will be followed for fundraising as laid out by the Canadian Centre for Philanthropy, Association for Fundraising Professionals and Imagine Canada.

Conflict of Interest

Donors will be encouraged to consult a professional advisor of their choice to work with LPL on facilitating a planned gift. In order to avoid a conflict of interest by the Library and its representatives, it is the responsibility of the donor's advisor to provide advice on tax, legal or financial planning to the donor.

Independent Counsel

Volunteers and staff acting on behalf of London Public Library shall in all cases encourage the donor to discuss the proposed gift arrangement with legal and/or tax advisors of the donor's choice to ensure that the donor receives a full and accurate explanation of all aspects of the gift. Donors will be encouraged to discuss gift plans with their families or designates.

Gift Direction

In all cases, LPL will work closely with the donor to ensure there is a mutually beneficial agreement on the donor's intent for their gift designation. In some cases, a gift may not be accepted because LPL is unable to carry out the restrictions set forth by the donor. LPL has the intent to always use the gift where it is needed most within the community and therefore, designates a gift if there is a need determined by the CEO & Chief Librarian and LPL Development Council. Donations to LPL will fund non-core and value-added services and programs, and capital enhancements.

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Expenditures

All undesignated donations will be directed to a specific purpose where they are most needed as deemed fit by the CEO & Chief Librarian and Senior Management, with the direction of the Library Board.

Expenditure of all donated funds up to \$50,000 will be approved by the CEO & Chief Librarian, or designate; Manager, Fund Development; Director, Financial Services; and LPL Development Council prior to being spent, ensuring adherence to donor intentions up to \$50,000. All expenditures of undesignated gifts over \$50,000 must be approved by the Library Board.

Financial Management

Donated funds designated or undesignated will be deposited in a trust account in a fund line that best describes the donor's wishes.

Pledges of **\$50,000 and over will be accompanied by a memorandum of agreement** signed by the donor and the CEO, or designate. Pledges may be announced publicly at the shared discretion of the donor and the Library. Donor recognition must be appropriately spent as per CRA guidelines (recognition should not exceed more than 10% of the gift). Pledges of less than \$50,000 will be facilitated by the Manager, Fund Development.

Annual financial reports, inclusive of Annual Registered Charity returns, will be factual and accurate in all material respects. The financial reports will be prepared in accordance with Generally Accepted Accounting Principles and standards established by the Canadian Institute of Chartered Accountants.

Government grants and contributions will be accounted for separately from donated funds unless the grant is a matching grant program.

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Fundraised dollars held in the trust funds are to be invested consistently with the Library's investment policy. **All interest revenue generated from investments will be held in a separate fund line to be held for future use to support London Public Library's highest priorities.** The CEO & Chief Librarian, along the Director, Financial Services and Manager, Fund Development, will perform a return on investment analysis on all fundraising activities and present a summary report on the success and cost-effectiveness of the Library's overall fundraising programs to the Board annually.

Power to Vary

Should the intended purpose of a gift be changed, every attempt will be made to contact the donor to discuss the change. If obtaining donor permission is not feasible, LPL will choose a designation of the Library's choosing that aligns most similarly with the donor's original intent and carry out all recognition plans as originally discussed with the donor.

INQUIRIES:

Manager, Fund Development
Director, Financial Services

KEYWORDS:

Donation, gift, tax receipt, CRA, gift in kind, bequest, securities, advisor, fund development

RELATED DOCUMENTS:

Income Tax Act of Canada
Canada Revenue Agency, "Fair Market Value" Summary Policy CSP-F02
Municipal Freedom of Information and Protection of Privacy Act, R.S.O 1990, Chapter M.56

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LPL Records Management Policy (IP-A-01)
LPL Investment Policy (F-1-01)

DOCUMENT CONTROL:

Replaces Financial Management for Fund Development Policy

Approved: November 28, 2013 (L13/68.3)

Reviewed: January 26, 2017 (L17/03.1)