



March 4, 2014

Gift Acceptance Policy

1.0 Background Beakerhead Creative Society (“Beakerhead”) advances education by organizing and conducting hands-on programming, presentations, events and performances that will use creative arts to educate students and the general public on science, technology, engineering and math. Beakerhead welcomes gifts from individuals, corporations and foundations in support of its mission.

2.0 Purpose The purpose of this policy is to outline the kinds of gifts that Beakerhead will accept, including guidelines with regard to gift designation, and ways by which a donor may give to Beakerhead. The policy also covers requirements for appropriately acknowledging and receipting gifts.

3.0 Review process Beakerhead will review this policy annually and update it as needed, or at least every 5 years, and as per the following parameters:

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| Date of original approved policy | July 14, 2014 |
| Last updated | May 2014 |
| Next mandatory review date | May 2016 |
| Next mandatory revision date | May 2019 |

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| Created and updated by | President |
| Reviewed by | CFO Legal counsel |
| Approved by | Board of Directors |

4.0 Scope This policy applies to all fundraising activities of Beakerhead, including with respect to individual or corporate gifts, individual or multi-year campaigns, fundraising events, special projects, and any arms-length bodies raising funds on behalf of Beakerhead.

Beakerhead fundraising activities must also align with:

- Canada Revenue Agency (CRA) policies related to fund raising and charitable giving; and
- The Alberta Government’s Charitable Fund-Raising Act.

Beakerhead is responsible for receiving, recording, receipting, acknowledging, and recognizing gifts to Beakerhead.

| 5.0 Definition of a gift | A charitable gift is “a voluntary transfer of money or property for which the donor expects and receives nothing of value in return”. | | | | |
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| 6.0 Gift designation | All gifts, regardless of value, form or designated use, must be made payable to Beakerhead. Designated gifts will be used for the purposes for which they are provided and in support of Beakerhead’s mission and priorities. Undesignated gifts will be used to support the mission of Beakerhead in ways that the President decides best serves its priorities. | | | | |
| 7.0 Legal name | All gifts will be made payable to: "Beakerhead Creative Society" | | | | |
| 8.0 Ways of giving | <p>Beakerhead encourages and solicits gifts of cash, securities, and personal and real property, either by way of an outright gift or through planned giving vehicles. Planned gifts include bequests, life insurance policies, charitable trusts, gift annuities, and securities in private and publically traded companies.</p> <p>Policies for accepting, processing, acknowledging, and receipting gifts to Beakerhead include the following:</p> | | | | |
| 8.1 Cash | <p>Gifts of “cash” -- cash, cheque, money order, wire transfer, and credit card -- are accepted by Beakerhead. Charitable tax receipts are issued to the true donor for the cash or face value of the property.</p> <p>Charitable receipts will not be issued in acknowledgment of a written pledge. However, payments received on a pledge will receive an official charitable tax receipt</p> | | | | |
| 8.2 Bequests | <p>A bequest is a provision in a will, directing assets from an estate to Beakerhead. The bequest may be unrestricted as to purpose or may be designated for a specific use, and may also be used to establish an endowment if the gift amount is at least \$25,000.</p> <p>(i)</p> | | | | |
| 8.3 Life insurance | Donor may contribute gifts of life to Beakerhead in a number of ways, with resulting specialized tax treatment. | | | | |
| 8.4 Public and private securities | <p>Two types of gifts of securities may be accepted:</p> <table border="1" data-bbox="479 1612 1421 1932"> <thead> <tr> <th data-bbox="479 1612 738 1665">Type</th> <th data-bbox="738 1612 1421 1665">Details</th> </tr> </thead> <tbody> <tr> <td data-bbox="479 1665 738 1932">Public securities</td> <td data-bbox="738 1665 1421 1932">Traded on a recognized stock exchange, including stocks, bonds, bills and mutual funds. The fair market value is determined at the date the securities are received by Beakerhead, and a charitable tax receipt is issued for that value, less any transfer or registration fees. Gifts of public securities may be handled in one of two ways:</td> </tr> </tbody> </table> | Type | Details | Public securities | Traded on a recognized stock exchange, including stocks, bonds, bills and mutual funds. The fair market value is determined at the date the securities are received by Beakerhead, and a charitable tax receipt is issued for that value, less any transfer or registration fees. Gifts of public securities may be handled in one of two ways: |
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| | <ul style="list-style-type: none"> • <i>Transfer of securities:</i> the donor is asked to open a no obligation, one-time only account with Beakerhead's brokerage firm and to direct, in writing, the internal transfer of the donated securities to Beakerhead's account. • <i>Presentation of certificate:</i> the donor may courier deliver endorsed certificates to Beakerhead or Centre's agent. In some instances, the donor's signature requires bank notarization. Instructions are on the reverse of certificate. |
| Private securities or closely held stock | (i) The value of the gift and resulting charitable tax receipt is determined by a professional, independent valuation. Beakerhead is responsible for covering the cost of the appraisal. Beakerhead may ask the Donor to consider making a cash gift to Beakerhead to cover the cost of the appraisal and other costs incurred by Beakerhead, such as shipping, in which case a charitable tax receipt will be issued for the value of the cash gift (this tax receipt should be separate from the one issued for the gift in kind). |

Gifts of securities can be extremely beneficial to the donor, as they are not subject to capital gains tax; however, donors are always encouraged to seek independent professional advice.

Accepting gifts of public and private securities

- (i) Donors are encouraged to identify a preferred designation for gifts of securities. A donor agreement confirming the donor's wishes should be prepared for both the donor and Beakerhead to sign.
- (ii) Where possible, an electronic transfer of securities is encouraged.
- (iii) The administration of a gift of securities will involve the President and Chief Financial Officer, and Beakerhead's investment custodian.
- (iv) As there is no guarantee that private securities can or ever will be sold, offers of gifts of closely held stock will be brought to the President and Chief Financial Officer for discussion prior to acceptance.
- (v) Unless sold by Beakerhead upon transfer to Beakerhead's name, the management and/or disposition of donated securities will be in

accordance with Beakerhead's investment policies managed by the Board of Directors.

- (vi) Beakerhead retains the discretion to decline a gift of public or private securities, including having regard to assumed liabilities.
- (vii) Upon confirmation of the receipt of a gift of public securities, Beakerhead will issue a tax receipt for the value of the closing market price on the date the ownership of the shares is transferred, provided by Beakerhead's designated broker.
- (viii) When securities are couriered or hand delivered, they will be receipted when received by Beakerhead based on the market value of the securities on the legal gift date. Share certificates received in this way will be considered legal gifts as of the date of registration in the institution's name.
- (ix) Securities donated from an estate will be receipted based on the valuation on the date of the death of the donor and not on the date the gift is received by Beakerhead.
- (x) In the case of flow through shares, Beakerhead may require an independent appraisal of the value of the shares before accepting the gift and issuing a tax receipt. Beakerhead will also consider the liquidity of the shares before accepting them to ensure the value of the gift.

8.5 Gifts in kind Beakerhead may accept gifts of props, vehicles, artwork, musical instruments, furniture, equipment, software, or other tangible and intangible property. The following steps will be followed before accepting a gift in kind.

Accepting gifts in kind

- (ii) Beakerhead will request that the donor complete a written Declaration Form stating that the article is given voluntarily and with no expectation of benefit or advantage.
- (iii) The receiving department's signing authority will review the proposed gift and indicate, on a Declaration Form, that the article is of value to the unit and will accept the gift.
- (iv) The receiving department head, or a qualified designate, will provide a fair-market evaluation of any articles valued under \$1,000. The evaluation must be individually itemized and a justification of the value must be documented (e.g. by using the current market value listed in a catalogue).
- (v) Beakerhead will seek independent external appraisals for gifts-in-kind where the value is greater than \$1,000. If it is difficult to find an independent appraiser or if doing so would involve unwarranted expense,

CRA will accept a valuation from a qualified staff member of the charity for gifts in excess of \$1,000. Evidence of attempts to secure an independent valuation or evidence of excessive expense must be provided.

- (vi) Beakerhead will obtain one independent appraisal for items valued between \$1,000 and \$25,000. Two independent appraisals will be sought for items valued over \$25,000, and an average of the two appraisals will be used for the purpose of issuing the charitable tax receipt. Artwork may also require certification through the Canadian Cultural Property Export Review Board.
- (vii) The receiving department is responsible for covering the cost of the appraisal. Beakerhead may ask the Donor to consider making a cash gift to Beakerhead to cover the cost of the appraisal and other costs incurred by Beakerhead, such as shipping, in which case a charitable tax receipt will be issued for the value of the cash gift (this tax receipt should be separate from the one issued for the gift in kind).
- (viii) Beakerhead retains the right to process gifts within a reasonable time frame or to decline gifts. Donors are asked to remain sensitive to calendar year-end deadlines.
- (ix) The ongoing maintenance and insurance of the gift is the responsibility of Beakerhead.
- (x) Respecting the donor's wishes and Beakerhead's programs, plans and needs, Beakerhead may retain the gift or sell it (e.g. at a silent auction) and apply the proceeds in a fitting manner (where possible, in consultation with the donor).

Issuing Charitable Tax Receipts

- (i) Donors will only qualify for a charitable receipt once the Donor Declaration Form, the Declaration Form, and the appraisal documents are completed, and after the gift is placed in the possession of Beakerhead.
- (ii) With gifts-in-kind and in particular gifts of artwork, Beakerhead will ensure full compliance with CRA directives concerning gifts of property as part of a tax shelter.
- (iii) A charitable tax receipt is issued for all gifts of property for the fair market value at the date of transfer in accordance with CRA guidelines.
- (iv) Any property donated within three years of acquisition or acquired through a gifting arrangement is subject to CRA's *three year rule*. If the property was purchased in the last three years, then the deemed fair market value is the *lesser* of the actual fair market value or the price paid

by the donor to acquire it. Exceptions include:

- Gifts made as a consequence of a taxpayer's death;
- Inventory (e.g. a gift of supplies from Home Hardware);
- Real property situated in Canada (e.g. somebody's home);
- Certified cultural property;
- Gifts of certain publicly traded securities;
- Ecological gifts.

8.6 Gifts of real and personal property including real estate

Real property (land, natural resources and any permanent building on it) and personal property becomes a gift to Beakerhead when a transfer of ownership has taken place.

Accepting gifts of real and personal property

- (i) Donors shall seek and provide a qualified written appraisal of the property. From time to time, it may be necessary for Beakerhead to secure an additional independent appraisal in order to establish fair market value and the amount of the income tax receipt.
- (ii) The administration of a gift of real estate will involve a representative of Beakerhead or designate. Various factors, including zoning restrictions, environmental factors, marketability, current use, and cash flow, will be taken into account to ascertain that acceptance of the offered gift is in the best interests of Beakerhead.
- (iii) Beakerhead may authorize an environmental assessment of the property to ensure the real estate does not present a liability.
- (iv) At Beakerhead's discretion, donated property may be sold or retained for investment or any other purpose in accordance with the mission and plans of Beakerhead.

8.7 Charitable trusts

Beakerhead may accept two types of irrevocable charitable trust arrangements:

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| Remainder trust | Whereby a donor makes a gift (usually irrevocable) to a charity through a trust agreement that pays the donor income from the assets (real estate, securities, cash) for life or for a number of years, and then distributes the principal to Beakerhead. |
| Residual trust (life estate) | Whereby a donor donates an asset (e.g. personal residence, work of art, investment property) today, but retains the use of it during his or her lifetime. |

While both remainder and residual trusts are eligible for charitable tax receipts (if irrevocable), a professional valuation of

the gift is mandatory. Beakerhead encourages donors to consult a lawyer or financial advisor before establishing such trusts and retains the right to decline a gift not involving professional counsel.

Accepting gifts of charitable trusts

- (i) A charitable trust may be established with cash, securities, real estate, or other assets. Gifts of real estate by trust are governed by the policies outlined above.
- (ii) Upon request, a sample trust agreement may be provided by Beakerhead. The resulting agreement will be reviewed and remains at the discretion of the Board of Directors (with the advice of legal counsel, as required).
- (iii) Centre staff will not provide professional consultation to donors in the preparation of their trust.
- (iv) In the instance of a gift of a residual interest, the donor shall be responsible for real estate taxes, insurance, utilities, and maintenance of the asset after transferring title, unless otherwise agreed by Beakerhead.
- (v) Beakerhead retains the right to inspect residual property from time to time to ensure that its interest is properly safeguarded.
- (vi) The donor is entitled to a charitable tax receipt for the present value of the gift calculated in current dollars. This valuation is called “discounted value” and is to be determined by actuarial calculations acceptable to CRA.

8.8 Charitable gift annuities

A gift annuity is an irrevocable transfer of money or other asset. A portion of the principal is used to purchase an annuity from an insurance company. The cost of the annuity is based on the donor’s age and income requirements. The eligible gift amount will be equal to the excess of the amount contributed by the donor over the amount that would be paid at that time to an arm’s length third party to acquire an annuity to fund the guaranteed payments. The annuity pays the donor a guaranteed income for a specific time or for the remainder of the donor’s life. Upon death, Beakerhead receives any remaining guaranteed income from the annuity, unless the donor has specified otherwise.

Accepting charitable gift annuities

- (i) Centre staff will not provide professional consultation to donors in the purchase of an annuity.
 - (ii) A commercial insurance company shall be selected, and the terms of the annuity contracted negotiated with Beakerhead’s designates. Up to three
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quotations may be required, unless the donor indicates otherwise.

9.0 Declining a gift

Beakerhead reserves the right to decline a gift for any reason. As a matter of principal, neither the Beakerhead management nor any other department will accept a gift if:

- (i) It violates federal, provincial or municipal laws and could jeopardize Beakerhead's charitable status; gift
- (ii) The conditions of the gift are contrary to the mission, objectives, values, and goals of Beakerhead, or violate Beakerhead's integrity, autonomy and freedom;
- (iii) The conditions of the gift violate Beakerhead's policies, or provincial, national or internationally recognized policies, with regard to safety, human rights, or environment;
- (iv) The gift could improperly benefit specific individuals, or provide special consideration for program admission or scholarships to specific individuals, including the donor and/or a designate, as per CRA guidelines on the topic of advantage;
- (v) The gift requires that Beakerhead deviate from its normal hiring, promotion and contracting procedures;
- (vi) The gift will compromise Beakerhead's public image;
- (vii) The gift requires unwarranted or unmanageable expenditures, or commits Beakerhead to undertaking unreasonable or ill-defined responsibilities because of its source, conditions, or purpose;
- (viii) Beakerhead is unable to honour the terms of the gift;
- (ix) The fair market value of a gift-in-kind could not be determined and the donor requires a charitable tax receipt as a condition of the gift;

The acceptance or refusal of gifts in kind to a specific department will be guided by Beakerhead's program policies.

10.0 Returning a gift

In special cases, such as the cancellation of a construction project, CRA may allow the return of donated funds to the donor. However, complex tax and legal considerations can apply to the return of gifts. Legal advice should be sought before doing so.

11.0 Charitable tax receipts

Beakerhead will promptly record and receipt gifts, pursuant to any Centre policy established and published on minimum amounts, and in accordance with CRA requirements. Only the Beakerhead management may issue charitable tax receipts on behalf of Beakerhead.

(a) Receipts

Receipts are issued only for funds that Beakerhead itself will be responsible for spending. Management of charitable tax receipting rests with Beakerhead. Staff are required to request all the necessary paperwork before issuing a charitable tax receipt. Staff have the responsibility to address the validity of charitable gifts received by volunteers on behalf of Beakerhead. Before issuing a charitable tax receipt, the following CRA requirements must be considered in relation to the gift:

- No benefit may be provided to the donor or to anyone designated by the donor where the benefit is considered to provide an advantage. CRA does not consider an advantage to have resulted where the benefit to the donor or designate does not exceed the lesser of 10% of the value of the property transferred and \$75.
 - If there is an advantage, then the fair market value of the advantage must be deducted from the value of the tax receipt. If the advantage received exceeds 80% of the fair market value of the property transferred, then the transfer is not considered a gift and the donor will not receive a tax receipt.
 - It is permissible and encouraged for donors to receive recognition for their gifts, including donor recognition walls, naming in publications, signage and plaques, or naming opportunities for buildings or facilities, displays, and programs.
 - The following transactions are *not* eligible for charitable tax receipts:
 - (i) **Gifts of services;**
 - (ii) **Rent free accommodations;**
 - (iii) **Gift certificates** (except where the certificate was purchased by the donor from a third party);
 - (iv) **Purchases of goods or services.** In the case of fund-raising events where the admission price includes a gift and a purchase of service(s), Beakerhead follows CRA's guidelines in determining the portion considered to be eligible for a charitable tax receipt;
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- (v) **Gifts that are directed** by the donor toward a specific person or family;
 - (vi) **Sponsorships of projects** for which the donor retains right of property, including intellectual property;
 - (vii) **Corporate sponsorship** where the sponsor expects or receives a substantial return or benefit other than name acknowledgement and where the sponsor receives promotional value that is not limited to;
 - Advertising of the sponsor's name, phone, web and mail address;
 - A value neutral description of the sponsors' products and services;
 - The sponsor's brand or trade name or product / service listings.

A contribution is also counted as sponsorship and is not eligible for a tax receipt if:

- There is qualitative or comparative advertising of a sponsor's products or services (such as price, savings, value, purchase/sale inducements etc.);
- The sponsorship is contingent on event attendance, ratings, or public exposure;

Contributions through exclusive vendor relationships (such as beverage exclusivity), or trade-outs (such as free hotel rooms or transportation), and branded goods are not gifts and are not eligible for a tax receipt.

(b) Preparation of receipts

Each receipt must bear its own serial number and the signature of the President and Chief Financial Officer, and a signed electronic copy and photocopied hard copy must be kept on file. If authorized by the Board of Directors, the signature may be pre-printed onto the receipts.

In instances where the donor received an advantage for the gift, the receipt must include the total amount received by the charity, the value of the advantage, and the eligible amount of the gift.

In instances of gifts of property other than cash, the fair market value of the property at the time the gift was made, as well as the date of the gift, a description of the property, and the name and address of the appraiser, if any, is required.

If Beakerhead chooses to issue electronic receipts, it may do so as long as reasonable precautions are taken to ensure the receipts cannot be easily

duplicated and that the issuing of receipts is controlled and tracked.

(c) Control of receipts

Beakerhead and its employees guard against the unauthorized use of official receipts.

Blank receipts are kept under lock and key. The Beakerhead management's receipting software (Sage Fundraising 100) tracks serial numbers, which are pre-printed directly onto the receipt forms. Each printed receipt is checked by a minimum of two people to ensure that the Sage tracking number is the same as the pre-printed serial number and that all data is accurate.

(d) Lost or spoiled receipts

Beakerhead may issue a replacement for an official receipt. When possible, the original receipt should be returned to Beakerhead, and the signature will be cut off and the receipt will be marked "void". The replacement receipt must include a notation confirming it as a replacement for receipt # (serial number of original receipt.). Beakerhead must also mark the copy of the lost or spoiled receipt as "cancelled" or "void".

12.0 Responsibility to donors

Beakerhead is grateful to its donors and takes a donor-centred approach to its fund raising programs. While seeking gifts in support of priorities, staff, Board of Directors members, and volunteers have an ethical responsibility to uphold the interest and wellbeing of Beakerhead's benefactors. Without exception, donor relationships are of utmost priority.

(a) Gift acknowledgement

All gifts to Beakerhead are acknowledged by the Beakerhead management. A charitable tax receipt is issued from the Beakerhead management, if eligible, together with a personal letter.

(b) Accountability to donors

Accountability to donors must be of the highest calibre, through accurate and timely reporting and appropriate acknowledgement. Where appropriate, gift agreements will be recorded between donors and Beakerhead and these will be adhered to by Beakerhead.

(c) Donor recognition

Donor recognition guidelines and processes are based on donors' needs and wishes, and allow the flexibility required to respect the individuality of the donor. The key purpose of donor recognition is to sincerely show

respect for, and appropriate gratitude to donors who support Beakerhead. Donors will be recognized and thanked in accordance with Beakerhead's donor recognition policies and naming policies, and be consistent with the sponsorship guidelines.

(d) Compliance

Beakerhead has a moral and legal obligation to manage and use gifts as intended by donors and to report to donors on the impact of their gifts. The long-term goal of compliance is to maintain an ongoing relationship with donors so that they continue to derive satisfaction from their past gifts and continue to give at their highest level of philanthropy.

Supportive of the statement above, and in keeping with Beakerhead's donor-centred approach to fund raising, and the Donor Bill of Rights (as stated by the Association of Fundraising Professionals), Beakerhead places heightened attention on its responsibility to steward donors.

12.0 Appeals

The Beakerhead management is responsible for ensuring that Beakerhead abides by this policy. Should any member of Beakerhead community question the appropriateness of a proposed gift, they may ask for clarification from Beakerhead management. If the concern persists, they may submit a written appeal to the Board of Directors.
