

HMBC Mennonite Brethren Church Policy Manual Gift Acceptance and Valuation Policy

This *Gift Acceptance and Valuation Policy* guides the Leadership Team (“LT”) of Highland Mennonite Brethren Church (“HMBC”) in the planning, promoting, receipting, accepting, and disposing of charitable Gifts. All Gifts accepted by HMBC shall comply with charitable giving procedures in compliance with all provincial and federal laws and regulations.

1. KEY TERMS AND DEFINITIONS

1.1. Leadership Team (“LT”)

Comprised of the Chair; Assistant Chair; Secretary; Core Ministry Coordinators, and Lead Pastor of HMBC

1.2. Donor

Any individual, partnership, corporation, foundation or other legal entity that makes a charitable Gift to HMBC

1.3. Gift

A voluntary transfer of property without consideration

1.4. Inter Vivos Gift

A Gift made from one or more persons, without any prospect of immediate death, to one or more others

1.5. Fair Market Value (“FMV”)

Generally considered the highest price, expressed in a dollar amount, which the property would bring in an open and unrestricted market between a willing buyer and a willing seller who are knowledgeable, informed, prudent, and are acting independently of each other

1.6. Unusual Gift

Generally a non-cash Gift, other than publicly-traded securities

1.7. Unreasonable

Generally considered beyond the normal scope of using good judgement

2. CATEGORIES OF GIVING

2.1. Outright Gifts generally include:

- cash and cheques;
- publicly-traded securities;
- real estate; and
- personal property.

2.2. Deferred Gifts generally include:

- bequests.

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2.3. Stewardship generally includes:

- Non Donor-restricted Gifts; and
- Donor-restricted Gifts for special projects.

3. POLICY GUIDELINES

3.1. Acceptance and Distribution of Gifts

The LT shall delegate to designated members of HMBC the ability to accept Gifts on behalf of HMBC. The LT shall have the sole and absolute discretion on Gifts received which hold unclear, impossible, inadvisable, or impractical instructions for distribution. The LT shall also have the ability to recover costs for Gifts that require additional administrative and/or other professional advice.

3.2. Compatibility

All Gifts must align with the charitable purposes and objects of HMBC.

3.3. Prior Approval

All Gifts that are Unusual in nature should be referred to the LT for prior approval. HMBC reserves the right to seek the advice of a lawyer and/or other appropriate professional counsel prior to making any final acceptance decisions.

3.4. Fundraising Campaigns

The LT will establish and approve any campaign for the solicitation of Gifts.

3.5. Internal Records

All documentation regarding Donors must be maintained and controlled by the Treasurer. All Donor information is confidential and unavailable to the public unless prior written consent of the Donor is obtained or otherwise required to be disclosed by law.

3.6. Fees or Commissions

HMBC will not pay fees to any person for directing a Gift (i.e. incentive based fundraising). HMBC adheres to ethical fundraising and financial accountability.

3.7. Professional or Appraisal Fees

If professional or appraisal fees are necessary, HMBC shall use best efforts to estimate the reasonableness of fees prior to payment and will ensure disclosure of same to Donor. Appraisals, where necessary, will be completed by individuals who are competent and qualified to appraise property and who have no conflict of interest.

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3.8. Gift Acknowledgement

All accepted Gifts will be acknowledged immediately or at year-end with an official tax receipt, if applicable, and an acknowledgement letter, where appropriate. All official tax receipts for Gifts will comply with the Income Tax Act and Regulations. For acknowledgement and recognition purposes, in regard to Gifts given by HMBC to qualified donees at the original Donor's request, HMBC will disclose such Donor's name, except for those Gifts specifically indicated by such Donor as anonymous.

3.9. Gift-in-Kind

Gifts-in-Kind may be accepted by the Core Ministry Coordinator overseeing the ministry for which the Gift is intended. If a receipt is required, then the LT must approve the acceptance of the Gift along with its FMV for receipting purposes. The date of FMV will be established for Inter Vivos Gifts as the date of title transfer. In the absence of any ability to determine valuation, the Donor's acknowledgement will carry a stated Gift value of zero (\$0). The proper valuation processes are set forth in the Gift Valuation Guidelines set out below. *Appendix 1 - Gift-in-Kind Application* will be used for the purpose of considering and accepting all Gifts-in-Kind for HMBC, except for Gifts of securities.

3.10. Conflict of Interest

HMBC will be cautious in all dealings with Donors in order to avoid even the appearance of impropriety. If a direct or indirect conflict of interest is disclosed to a HMBC member, that member will refer this to the LT.

3.11. Gift Valuation

HMBC will follow standard practice guidelines for the industry in valuing all outright and deferred Gifts. The proper process of valuing non-cash property will be made pursuant to the Gift Valuation Guidelines set out below.

3.12. Gifts that cannot be accepted

HMBC reserves the right to decline a Gift. The following examples justify such an action, although other situations may also result in a declined Gift:

- Any Gift with features contrary to the charitable purposes and objects of HMBC;
- Any Gift that violates any provincial or federal laws;
- Any restrictive clause that may bring unwarranted pressure or embarrassment to HMBC, its LT, or its employees;
- Any Gift that contains unreasonable conditions, liens or other encumbrances;
- Any Gift that presents exposure to unacceptable liability;
- Any Gift that could financially or morally jeopardize the Donor or HMBC;
- Any Gift where an appropriate FMV cannot be determined or will result in unwarranted or unmanageable expense for HMBC;

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- Any Gift that could jeopardize HMBC's charitable status;
- Any Gift that could improperly benefit any Donor; or
- Any Gift that holds a condition that is revocable in any way.

4. GIFT ACCEPTANCE GUIDELINES

Gifts can be generally categorized as either outright or deferred. HMBC recommends that individuals seek Independent Legal Advice prior to making a significant outright or deferred Gift.

4.1. Donor-Restricted Gifts:

- 4.1.1. Spending of funds is confined to ministries and projects approved by the LT of HMBC.
- 4.1.2. Each contribution directed toward an *approved ministry or project* will be used as restricted with the understanding that when the need for such a ministry or project has been met, or cannot be completed for any reason as determined by the HMBC LT, the remaining restricted contributions will be directed to the General Fund.
- 4.1.3. A contribution that is directed to a ministry that is part of the approved General Fund budget will be spent first before unrestricted funds are used. If the restricted funds are not fully spent at year-end, they will be carried forward to the next fiscal year.
- 4.1.4. Each contribution toward a *non-approved or non-existent program or project* will be directed to the General Fund.

4.2. Outright Gifts:

- 4.2.1. *Cash and Cheques.* This shall include electronic fund transfers and credit cards, as they become accepted methods of giving to HMBC in the future. All cheques shall be made payable to "Highland Mennonite Brethren Church". Cheques made payable to an individual for credit to HMBC will not be accepted as a Gift to HMBC.
- 4.2.2. *Publicly-Traded Securities.* HMBC will accept only publicly-traded marketable securities that are to be sold immediately without restriction.
- 4.2.3. *Real Estate.* All Gifts of real estate will be referred to the LT for prior approval. Prior to any acceptance of a Gift of real estate, HMBC may require the completion of the following, if appropriate:
- 4.2.4. arms-length appraisals;
 - title search;
 - a marketability check;

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- an on-site evaluation;
- an environmental survey; and
- determination of other costs or concerns.

4.2.5. *Personal Property.* Unusual Gifts will be considered by the LT. Acceptance is entirely in the sole discretion of the LT.

4.3. Deferred Gifts

4.3.1. *Bequests.* Consist of estate Gifts to HMBC through a will or testamentary trust. HMBC reserves the right to decline any Gift from the estate of a deceased Donor that is not in compliance with this *Gift Acceptance and Valuation Policy* (see also HMBC's *Bequest Policy*).

5. GIFT VALUATION GUIDELINES

5.1. Establishing the Date of the Gift

Generally, the date of any contribution will be defined as the date on which the Donor irrevocably relinquishes control of the property to HMBC. If the Donor is deceased, the valuation date is the day prior to death. The Estate Trustee Information letter must be retained. If the date of the Gift cannot be determined, the following guidelines will be used:

- 5.1.1. *Personal Property.* Gifts of tangible personal property, no matter how delivered, are deemed to be accepted by HMBC when title is transferred to HMBC.
- 5.1.2. *Credit and Debit Cards.* Credit and debit card Gifts are deemed to be accepted on the day the HMBC's account is credited, providing funds have sufficiently cleared the banking system.
- 5.1.3. *Real Estate:* A Gift of real estate is accepted when the deed is registered in the name of HMBC.
- 5.1.4. *Gift of Securities.* Based on delivery method:
 - Electronically Transferred – The date the shares are received in HMBC's brokerage account. The copy of the brokerage activity sheet must be retained.
 - Hand-delivered – The date the physical certificates, the Authorization to Transfer Publicly Traded Securities and Request for Charity Beneficiary Forms are received at the HMBC office. The stamped date with this notation must be retained.
 - Mailed – The date the physical security certificates, the Authorization to Transfer Publicly Traded Securities Form are post marked. The envelope with the post mark must be retained.

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5.2. Establishing the Value of the Gift

HMBC must be able to determine the FMV of any non-cash Gifts. Should HMBC not be able to reasonably determine the FMV of a Gift, the Donor's acknowledgement will state a value of zero (\$0). If the FMV of an item can be easily determined (e.g. by a cash register receipt for new purchase), a third-party appraisal may not be required. The FMV of a Gift-in-Kind does not include taxes paid on purchasing the item.

Exceptions may be referred to the LT; however, HMBC will be guided by the following:

- 5.2.1. *Donations valued at less than \$1,000.* A person with sufficient knowledge may establish FMV, documenting the basis used for the estimate and any other pertinent information.
- 5.2.2. *Donations valued at \$1,000 and over.* FMV will be based on an independent appraisal completed by a qualified third party.
- 5.2.3. *FMV.* Gifts of property are subject to a deemed FMV rule, which applies to any property donated within three years of acquisition or acquired through a gifting arrangement. The deemed FMV is the lesser of the actual FMV or the Donor's cost to acquire the property, or in the case of capital property, the adjusted cost base, with the following exceptions:
 - Gifts made as a consequence of a Donor's death;
 - Inventory;
 - real property situated in Canada;
 - certified cultural property; or
 - ecological Gifts.
- 5.2.4. *Gifts of Securities.* FMV is based on the closing price of the units or shares recorded on the day the securities are received into HMBC's brokerage account.

6. CONCLUSION

The policies set out in this *Gift Acceptance and Valuation Policy* are intended to assist and provide guidance for members at HMBC involved in receiving and receipting Gifts on behalf of HMBC. All exceptions to this *Gift Acceptance and Valuation Policy* must be referred to the LT at HMBC, especially those Gifts that

- might expose HMBC to uncertain liability;
- are precedent setting or may involve sensitive issues;
- are perceived to come from illegal or unethical activities; or
- are from individuals or organizations whose philosophy and values could be considered inconsistent with the overall philosophy and values of HMBC.

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APPENDIX 1 - GIFT-IN-KIND APPLICATION

As part of Highland Mennonite Brethren Church (“HMBC”)’s *Gift Acceptance and Valuation Policy*, this application will be used for the purpose of consideration, valuation, and acceptance of all Gifts-in-Kind for HMBC, except for Gifts of securities. All Gifts-in-Kind accepted by HMBC shall comply with charitable giving procedures in compliance with all provincial and federal laws and regulations. Gifts-in-Kind may be accepted by the Core Ministry Coordinator overseeing the ministry for which the Gift is intended. If a receipt is required, then the Leadership Team (“LT”) must approve the acceptance of the Gift along with its Fair Market Value (“FMV”) for receipting purposes. The date of FMV will be established for Inter Vivos Gifts as the date of title transfer. In the absence of any ability to determine valuation, the Donor’s acknowledgement will carry a stated Gift value of zero (\$0). The proper valuation processes are set out in HMBC’s *Gift Acceptance and Valuation Policy*.

Donor Information		
Name of Donor (Individual/Organization):		
Name of Representative (if Donor is an Organization):		
Home/Organization Phone #:	Cell Phone #:	Other Phone #:
Address of Donor (Individual/Organization):		
Is a charitable income tax receipt requested? <input type="checkbox"/> Yes <input type="checkbox"/> No		
Gift-in-Kind Details		
Description of item:		
Does the Donor own the item? <input type="checkbox"/> Yes <input type="checkbox"/> No		
Has the Donor owned the item for 3 years or more? <input type="checkbox"/> Yes <input type="checkbox"/> No		
If no, cost of the item to the donor: \$		
Fair Market Value (FMV) of the item (excluding GST/PST): \$		
Donor Declaration		
I (the undersigned) hereby make this Gift-in-Kind of my free will and without receiving any consideration or benefit except as noted as the “advantage” (if applicable) on the charitable income tax receipt, for the assessed FMV, if it is determined that this Gift meets all Highland Mennonite Brethren Church (HMBC) and federal and provincial laws and regulations.		
Donor Signature (or Representative if Donor is an Organization)		
Signature of Donor:	Printed Name of Donor:	Date:

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For HMBC Use Only		
Gift-in-Kind Valuation Date:		
Special Terms or Conditions		
Is Legal Title Transfer required?		<input type="checkbox"/> Yes <input type="checkbox"/> No
If yes, method for title transfer:		
Other:		
For Gifts valued at \$1,000 or less		
Value of Gift: \$		
Method of appraisal:		
For Gifts valued at \$1,000 or more		
Value of Gift: \$		
Appraisal done by the following qualified independent appraisers (please attach valuation documents to this application):		
Name & Title	Address	Phone Numbers
1.		
2.		
Leadership Team Comments, if applicable		
HMBC Representative Signature (upon approval of Gift-in-Kind acceptance)		
Signature of HMBC Representative	Printed Name of HMBC Representative	Date
Purposes and Extent		
<p><i>HMBC collects and retains this information for the purposes of valuation, consideration, and possible acceptance of Gifts-in-Kind. Upon review and any required follow-up, the original document is filed indefinitely – upon recommendation by our insurance company and legal counsel - in HMBC's CONFIDENTIAL archives. The information collected may also be stored in password-protected computer files. The information is accessible only to the Leadership Team and where required by law.</i></p>		