

Charitable Giving Policy and Procedural Guidelines



Society For Biodynamic Farming And Gardening In
Ontario

The Society For Biodynamic Farming And Gardening In Ontario Objects of Incorporation

Incorporation date: June 14, 1982

- (a) To promote, foster, develop, guide and safeguard a method of agriculture, horticulture and forestry, in accordance with principles set forth by the agricultural course given by Rudolf Steiner in 1924 at Koberwitz, Germany.
- (b) To spread accurate knowledge of this method and to ensure its correct application by means of lectures and conferences; to issue and distribute literature, to establish information and research centres; to enter into consultation with farmers, gardeners and foresters; and related activities.
- (c) For the objects aforesaid to accept donations, gifts, legacies and bequests.

Under these Objects of Incorporation, the following are *Guidelines for Implementation*:

Confidentiality of Information

Policy

Charitable giving is normally a personal and sensitive issue. To ensure the privacy of donor information it is necessary to control access to donor and donation information.

Guidelines for Implementation

The Society for Biodynamic Farming And Gardening In Ontario, Treasurer maintains records on all donors and donations received by the Society.

A donor may request that his/her gift and/or all information pertaining to that gift remain anonymous.

Summary information may be provided on total donations received for special projects or funds. Requests for such information should be directed to the Treasurer.

The Society may recognize donors by publishing their names in a special report, unless otherwise denied by the donor or the Society.

Treatment of Gifts

i. Gifts of Cash

“Cash” may include bank notes, cheques, money orders, currency or other legal tender.

ii. Receipt of Monetary Donations

Policy

The Treasurer or designate, shall deposit cash donations that are received by the Society for Biodynamic Farming and Gardening in Ontario and require an official receipt.

Gifts of currency should be accompanied by correspondence signed by the donor to indicate:

1. the donor’s name
2. the donor’s address, and
3. the amount of the contribution.

Rationale

The Society for Biodynamic Farming And Gardening In Ontario, Treasurer has been designated as the only outlet for official donation receipts and therefore must receive and deposit all gifts to maintain cash controls.

Obtaining relevant correspondence with gifts of currency will ensure that the tax receipt is correct and issued to the appropriate party, avoiding the situation whereby the donor claims (after the fact) that the tax receipt should have been made out to some other donor (eg. The tax receipt was made out to a corporation, but the donor claims it was a personal donation).

Gifts of Securities

Policy

The Society for Biodynamic Farming And Gardening In Ontario will accept securities as charitable donations if such securities are consistent with the Society for Biodynamic Farming And Gardening In Ontario investment aims. The value of the official receipt will be determined by the fair market value of the security on the date the security is transferred to the Society.

Guidelines for Implementation

A gift of this type is not considered complete until the securities are fully assigned and held by the Society. For marketable securities such as stocks and bonds, the value of the receipt is determined by using the market value of the security at the close of business on the day the security is received by the Society's custodians. For non-marketable securities, the value of the official receipt will be determined by the parties based on an external appraisal.

Gifts of Property (Real Estate, Equipment, Art, Documents)

Policy

The Society for Biodynamic Farming And Gardening In Ontario will accept gifts of property as charitable donations if such property is consistent with the Society's investment aims. The value of the official receipt will be determined according to Revenue Canada Guidelines.

Rationale

Gifts of property can have great income value. Before a gift can be accepted, however, its merit in relation to current holdings must be determined.

Guidelines for Implementation

1. Gifts of property are commonly referred to as "gifts-in-kind". Before a gift of property is accepted by the Society, its merit must be determined.
2. All gifts must be approved by the Board of Directors in consultation with the appropriate Committees.

Prior to acceptance of gifts of real property, an Environmental Assessment should be performed to determine if there is any environmental or hazardous material issues associated with the gift. **All gifts of real property must have one evaluation for fair market value.**

Before the Treasurer issues a tax receipt for a gift-in-kind, a copy of the following is required:

3. For new goods received:
 - a. an invoice from the company donating the goods indicating that the invoice is not to be paid.
4. For used goods received:

- a. a minimum of two independent appraisals from reputable appraisers of the items being donated or, if the gift is \$1,000 or less in value, appraisal from qualified Society members.
- b. proof of receipt of the goods.

The appraiser should not be associated with either the donor or the Society. Dealers, appraisers or other individuals knowledgeable about the market value of the object being donated may give an expert evaluation.

The appraisal must be an estimate of the fair market value of the object as of the date of the donation. The receipt must represent the true value of the donation at the time it is donated. In addition, if the object was owned on Valuation Day (December 31, 1971), a valuation as of that date may also be required.

Although the term "fair market value" is not defined in the Income Tax Act, the generally accepted meaning is the price the property would bring in an open market transaction between a willing buyer and a willing seller, acting independently of each other, and each having full knowledge of the facts. An arm's length sale and purchase of the property, at or near the effective date of valuation, is usually considered the best evidence of value at the time, and will normally be used by the Income Tax Department as the value of the donation for purposes of the charitable tax receipt.

The date of donation is the date that legal ownership is transferred from the donor to the Society.

Original appraisal documentation must be in place and the donor and two senior officers of the Society must sign a Deed of Gift, irrevocably deeding the property to the Society.

5. Gifts of Life Insurance

Policy

When an individual has taken out a life insurance policy (either "whole life" or "term life") and later makes an absolute assignment of the death benefits of the policy to the Society, this is considered to be a charitable donation, as long as rights, privileges, benefits or advantages do not accrue to the donor as a result of the gift (excluding, of course, any income tax relief as a result of the charitable donation). The amount of the tax receipt depends on whether the policy is paid up and if the donor will continue to make premium payments.

If the policy is paid up, the amount of the charitable donation is equal to the value of the policy (i.e. the amount by which the cash surrender value of the policy at the time of the absolute assignment exceeds any policy loan outstanding) and any accumulated dividends and interest thereon which are also assigned at that time. If the policy does not

have any value, then a charitable donation receipt is not issued when the policy is transferred. However, subsequent premium payments will be creditable for income tax purposes.

Release of Monetary Donations

Policy/Rationale Guidelines for Implementation

The Society for Biodynamic Farming And Gardening In Ontario recognizes both the need to make private donations available to support the work of the Society and support operations and the fact that there is a cost in raising private funding. Gifts are released from the revenue accounts, depending on whether the gift was for the General Fund or the Education Fund as follows:

General Fund

- a. Undesignated: Gifts which are not designated for any broad or specific purpose are accumulated during the calendar year for allocation by the Treasurer in consultation with the Board of Directors for expenditure in the fiscal year starting the next January 1. Transfer of funds is carried out by the Treasurer or designate. Such funds will be released upon receipt of a full report accompanied by an expense report to which receipts of purchased items are attached. The final request for funds must agree with the amount budgeted otherwise payment will be deferred until the board has approved the additional expenditure.
- b. Broadly Designated: Donations with broad designations are accumulated during the calendar year for expenditures in the fiscal year starting the next January 1. The Board of Directors and Committees receive by February of the following year, a report on funds available. Committees must submit a budget indicating how the funds will be used, for approval to the Board of Directors. The Treasurer is responsible for proper administration of the funds. Funds may not be released without the approval of the Board of Directors.
- c. Specifically Designated:
 - Trust Funds: Donations directed to approved memorial funds, scholarships, bursaries or other projects for which a trust fund has been created are transferred regularly by the Treasurer. Designated reports produced by the Treasurer indicate the trust fund account to which the funds should be transferred. Funds may be released with the approval of the Board of Directors upon receipt of a full report accompanied by an expense report to which receipts of purchased items have been attached. The final request for funds must agree with the

amount budgeted otherwise payment will be deferred until the board has approved the additional expenses.

Procedures for Individuals Making Gifts of Life Insurance

To make a gift through the purchase of a new insurance policy, the donor applies for a policy on his/her life and, on issue, transfers the ownership to the Society. The premium payments can be made on a monthly or annual basis, directly to the insurance company at the request of, or with the concurrence of the Society, or a lump sum can be set up to repay future payments. The donor includes a letter of instructions to the Society, with the policy, that may indicate specific distribution of the proceeds. The insurance company issues a premium receipt, which the donor forwards to the Society. The Society then issues its own charitable receipt.

Guidelines for Maintenance

It is important that the Society Treasurer or designate have on file the name of the donor's Insurance Company and Agent so that reminders can be sent about the reporting of premiums paid. Premium payments may qualify donors for appropriate recognition.

Bequests

Policy

Bequests made to the Society For Biodynamic Farming And Gardening In Ontario may qualify as charitable gifts if the terms and conditions of the bequest are acceptable under the Society's aims and objectives. Official receipts will be issued to the estate of the deceased.

Guidelines for Implementation

Communications (letter and/or copy of Will) are received from the executors, trustees or lawyers by the Society's Treasurer or Chairman. If received by the Treasurer, a check is made to determine if there is an existing file.

A copy of the Will is obtained by or forwarded to the Treasurer. The Treasurer examines the Will and prepares a recommendation to the Policy and Planning Committee if the direction in the Will is not specific. If the directions are specific, the relevant people are informed. Funds and legal documents are received and processed by the Treasurer. Funds are deposited to Society accounts. Transfer of securities is arranged through the Society Executive. Releases are signed after the Treasurer verifies accounts. The Society Executive arranges for Court Audits with designated lawyers. A permanent file is set up.

The Treasurer prepares an Annual Report on Bequests to the Board of Directors.

Memorial Funds

Policy

The Society For Biodynamic Farming And Gardening will issue official receipts for donations received for Memorial Funds if the funds will be held by the Society and if the terms and conditions of the fund are acceptable within the Society's aims and objectives.

Guidelines for Implementation

Memorial Funds are most commonly set up in honour of a prominent individual. It is imperative that the Society Treasurer be made aware immediately of any plans for a Fund so that gifts to the Fund can be tracked separately, appropriate family members or colleagues can be informed of the progress of the Fund, and letters of thanks can be sent along with receipts. It is also important for the Society Treasurer to be aware at the outset the plans for the Fund (a scholarship, bursary, capital project, etc.) so that the appropriate committees can be notified of the potential gift(s) and can begin setting appropriate terms and conditions.

As the approval process for a new scholarship or award can be lengthy, it is important that the Society not create expectations that the award can be given out quickly. As well, terms and conditions of an award cannot violate the Charter of Human Rights and Freedoms or similar codes. In addition, the Education Committee has policies regarding scholarships. Consultation with the Society Executive is important before commitments are made to potential donors.

Issuance of Official Biodynamic Society Receipts

Policy

The Society for Biodynamic Farming and Gardening in Ontario will issue an official receipt for donations of twenty dollars (\$20.00) or more. The Society will not consider a gift to qualify as a charitable donation if the donor will receive direct benefit from the gift.

Charitable receipts will normally be dated as of the day the cheques are received by the Society for Biodynamic Farming And Gardening In Ontario. Cheques that are received in January of any year qualify for a charitable tax receipt which is back-dated to December of the year before if:

1. the postmark on the outer envelope is December 31st of the prior year or earlier, and
2. the cheque is dated December 31st of the prior year earlier.

Rationale

The Society for Biodynamic Farming And Gardening In Ontario has been issued a Charitable Registration Number by Revenue Canada that permits the Society to act as a not-for-profit charitable organization. The ability to receive gifts and issue receipts is governed by Revenue Canada, federal and provincial statutes and the Society for Biodynamic Farming And Gardening In Ontario policy. A gift, for purposes of the Income Tax Act, is voluntary “transfer of property” for which the donor expects and receives nothing of value in return.

Guidelines for Implementation

When a gift is received by the Society for Biodynamic Farming And Gardening In Ontario, it will be the responsibility of the Treasurer to ensure that the gift is acceptable to the Society (that it is in support of Society aims, and objectives) and that the donation qualifies as a “charitable gift”.

Revenue Canada Taxation requires that charitable tax receipts be made out in the following manner:

- a. If the cheque is drawn on a personal account, the charitable tax receipt must be issued to the person who signed the cheques.

If the individual who signed the cheques states in writing that the contribution was made by another party and that the cheque-signer is only forwarding funds on to the Society for Biodynamic Farming And Gardening In Ontario, the receipt is issued to the specific donor.

- b. If the cheque is drawn on a corporate/business/organization account, the charitable tax receipt must be issued to the corporation/business/organization, not to the person who signed the cheques.

If an individual makes a donation via corporate cheques when the donation was actually from a personal account held by the company, the individual has two options available:

- c. The individual can claim the donation for his/her personal income tax purposes, sending to Revenue Canada Taxation copies of the documentation to prove that the donation was debited from his personal account. In this case, the individual would be subject to a ruling from Revenue Canada Taxation as to whether or not they would accept the donation as a personal tax credit.
- d. The corporation can claim the donation on its own behalf, and then issue the individual a T4A slip, which the individual can use as a claim to offset his/her personal income.

If a corporation/foundation/association acts as a collection agent for the Society for Biodynamic Farming And Gardening In Ontario thereby gathering donations for a

specific purpose, they will supply the Society for Biodynamic Farming And Gardening In Ontario with a complete list of names, addresses and individual donation amounts. The Society for Biodynamic Farming And Gardening In Ontario will in this case issue tax receipts to each donor.

Alternatively, the Society may issue the receipt when the benefits are realized; in this case, the receipt is sent to the donor's estate. Upon the donor's death, the full proceeds are paid at once, directly to the Society without delay of probate, and without reduction in amount due to taxes, legal fees or administration charges. There is not a fluctuation in the value of the proceeds, as there could be if the gift were dependent on the value of stocks, bonds, real estate or other kinds of property. Life insurance is separate from the estate and payment is guaranteed by contract. A gift of life insurance cannot be contested, as it is separate from the donor's estate and is paid directly to the Society.

When a life insurance policy is absolutely assigned to the Society, any consents that are required by provincial regulations to be signed to change a beneficiary must be signed before the transfer represents a valid charitable donation.

If the individual donates an amount to the Society to enable the Society to pay each premium of a life insurance policy the charitable donation is equal to each amount given by the individual. If each premium on the policy is paid directly to the insurance company at the request of, or with the concurrence of, the Society, there is constructive payment of a donation to the Society and therefore a charitable donation. The increase in cash surrender value of the policy is not relevant in determining the amount of any charitable donation. Furthermore, a donor can make a lump sum cash contribution to the Society and specify that it be used to pay all premiums on a life insurance policy; this lump sum contribution is still a charitable donation.

Society Options

If the policy is paid up, the Society can borrow on the policy at its designated interest rate (if the policy has an interest rate designated), which would provide immediate benefit. In the event the donor decides to discontinue donating the annual premiums, the Society may cash in the policy or continue to pay the premiums out of its own funds.

Provided that either the trust stipulates or the donor directs that the gift be held for at least 10 years, the value of a life insurance policy, and the proceeds there from, whether on voluntary disposition or upon the death of the life insured, are exempt from disbursement requirements.

If a gift of a life insurance policy qualifies for exclusion from the Society's income and disbursement requirements, then the amount of subsequent premiums donated relative to that life insurance policy will also qualify for such exclusions. Since each payment of a premium is itself a gift, each payment must be subject to a 10-year direction to retain if that gift is to be excluded from income or disbursement requirements. One way of achieving this is for the donor, at the time the policy is given, to require the Society to

keep the policy, or property substituted thereafter, for a minimum of 10 years from the date of last premium payment.