

Section:	External Relations (ER)
Subject:	Fundraising
Legislation:	<i>Alberta Human Rights Act (RSA 2000, c A-25.5); Freedom of Information and Protection of Privacy Act (RSA 2000, cF-25); Charitable Fund-raising Act (RSA 2000, c-9); Income Tax Act, R.S.C. 1985, c.1 (5<sup>th</sup> Supp.).</i>
Effective:	September 15, 2021
Revision:	

**APPROVED:**

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**Chair, on Behalf of SAIT's Board of Governors**

## POLICY

The policy of the Board of Governors is that all of SAIT's gift acceptance, fundraising and development activities are governed by SAIT's gift acceptance procedures and reflect SAIT's gift acceptance and ethical fundraising principles.

## PROCEDURE

### PHILOSOPHY

Philanthropic support is an important element in advancing education and training. SAIT welcomes donations from individuals and organizations to help achieve its academic mission and enhance its programs and services to students and faculty.

### DEFINITIONS

**Bequest** Where a donor provides directions in their will that leaves one or more assets to charity.

**Cash** A gift of money by way of cash, cheque, money order, wire transfer, electronic transfer or credit card.

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<b>Endowment</b>	A donation that SAIT holds as trustee, in a charitable purpose trust. Spending allocations are generated by the property, for SAIT to use in support of the endowment's purpose or object.
<b>Expendable gift</b>	A donor's voluntary and irrevocable transfer of property to SAIT to be available for SAIT's immediate expenditure, in return for which no valuable benefit flows to the donor from SAIT.
<b>Gift annuity</b>	An irrevocable transfer of money or other assets to SAIT. A portion of the principal is used to purchase an annuity from an insurance company, and the remainder of the principal is considered an outright gift used for the purpose specified by the donor. The annuity pays the donor a guaranteed income for a specific time or for the remainder of the donor's life. Upon death, SAIT receives any remaining guaranteed income from the annuity, unless the donor has specified otherwise.
<b>Gift-in-kind</b>	A donation other than cash (as defined above). It may include, for instance, equipment, software, books, artwork, publicly traded securities, private shares, real estate and other collections and property.
<b>Publicly-listed security</b>	A security that is traded on a recognized stock exchange as determined by the <i>Income Tax Act</i> . This includes bonds, mutual funds and T-bills.
<b>Real estate</b>	A gift of a principal residence, recreation property, farms, land or commercial property.
<b>Remainder trust</b>	A trust that pays the donor income from the assets (i.e., real estate, securities, cash) for life or for a number of years, and then distributes the principal to SAIT.
<b>Residual trust</b>	A trust whereby an asset (personal residence, work of art, investment property) is donated today, but the donor retains the use of it during the donor's lifetime.

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## GOVERNING PRINCIPLES

1. The purpose of this procedure is to ensure that SAIT makes informed and timely decisions on the acceptance of gifts and complies with standard receipting procedures in accordance with Canada Revenue Agency (CRA) requirements.
2. SAIT is a registered Charitable Organization (#10799 5789 RR0001). Gifts to SAIT entitle donors to a charitable tax receipt, which may be used to claim a non-refundable tax credit on their income tax return.
3. All donation appeals must be communicated to the Alumni and Development department's director or designate, such as the major gifts associate director, before initiating any contact with the donor or prospective donor, or with public funding agencies or organizations that require private sector funding commitments. This ensures that approaches to donors are strategic, coordinated and consistent with SAIT's approved goals and academic priorities; that the donors' and SAIT's interests are safeguarded; that optimal results are achieved; and that donors are protected from simultaneous approaches by several members of the SAIT community.

## PROCEDURE

### A. Gift Acceptance Principles

1. SAIT's solicitation and acceptance of donations is informed by and consistent with SAIT's priorities and interests established by SAIT's Board of Governors. Gifts for programs and academic appointments must comply with SAIT's policies, procedures and practices.
2. For a financial transaction to be considered a charitable donation, it must meet the guidelines set out by the Canada Revenue Agency (CRA) and SAIT's policies and procedures. Alumni and Development's director or designate must be informed of gifts in order to ensure the evaluation of situations that may allow a financial transaction to become a donation and of conditions that may preclude a transaction from qualifying as a donation. The Associate Director, Development and Advancement Services is responsible for completing this evaluation.
3. SAIT values and protects its integrity and autonomy. SAIT does not knowingly accept, for instance:

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- a) A gift where a condition of its acceptance would compromise SAIT's code of ethics or academic freedom.
- b) A gift from the proceeds of crime.
- c) A gift that is inconsistent with SAIT's mission statement or that are contrary to SAIT's interests.
- d) A gift that involves discrimination on prohibited grounds as defined by provincial legislation and SAIT's policies and procedures.
- e) Any other gift that the Board of Governors, in its sole discretion, may decide to decline.

An employee who becomes aware that a proposed gift may be prohibited under this procedure shall immediately refer the matter to Alumni and Development.

- 4. SAIT's solicitation of gifts is informed by and is consistent with SAIT's priorities.
- 5. Where gift agreements contain provisions for advisory committees, selection committees, etc., SAIT will create such committees with the agreement of the applicable school/department. Advice and recommendations from these committees must comply with SAIT's policies and procedures.
- 6. SAIT provides no legal, accounting, tax or financial advice to donors or their agents with respect to gifts to SAIT. Donors are encouraged to seek independent legal, accounting, tax or financial advice from professionals and are responsible for all costs incurred in relation to obtaining that advice. SAIT cannot suggest or endorse a third party as a source of gift advice. SAIT can request donors to provide SAIT with an acknowledgement that:
  - a) They have obtained independent professional advice or they have waived obtaining independent professional advice despite SAIT's recommendation to do so; and
  - b) They release SAIT from any liability that may arise in relation to the gift.
- 7. SAIT bases its public recognition of a gift on the value and type of the gift and takes the donor's wishes into account.
- 8. SAIT respects a donor's request for anonymity to the extent legally possible.

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9. SAIT collects, uses, maintains, stores, discloses and disposes of donor information in accordance with federal and provincial regulations relating to charities, provincial privacy legislation and SAIT's policies and procedures.

## **B. Gift Definitions and Designations**

1. A donation may be in the form of an expendable gift or a gift to establish an endowment. Donors may choose to have their gift expended or endowed, in full or in part.
2. An expendable gift may be either a restricted or unrestricted donation.
  - a) An expendable gift directed to a particular school or program or other operational area for specifically-identified purposes is a restricted donation.
  - b) An expendable gift directed to a particular school or program or other operational area but which is intended for general expenditure is an undesignated restricted donation. The gift is deposited in a school/program specific restricted fund and expended at the discretion of the area's director or school's dean and, where appropriate, upon the academic chair's recommendation.
3. All gifts to endowments are restricted.
4. Gifts, whether restricted or unrestricted, may be made to SAIT in various forms, including but not limited to:
  - a) Bequest
  - b) Cash or cash equivalent
  - c) Charitable remainder trust
  - d) Gift-in-kind
  - e) Life insurance policy
  - f) Publicly traded securities or shares in mutual funds and other negotiable instruments
  - g) Real estate
  - h) Residual interest

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5. Although SAIT encourages donors to make unrestricted and undesignated gifts, it will honour a donor's request for a gift to be designated if its purpose is consistent with SAIT's mission, academic priorities and this procedure. Donors may direct their gift to a specific program, department, operational area or project provided that:
  - a) No benefit accrues to the donor.
  - b) The directed gift does not benefit any person not dealing at arm's length with the donor.
  - c) Decisions regarding the donation's use within a program rest with SAIT, although, where possible, SAIT will act in concert with and be respectful of the donor's wishes.
6. All gifts, regardless of value, form or designated use, should be made to SAIT.

### C. Gift Acceptance

1. SAIT encourages and accepts gifts in accordance with Canada Revenue Agency guidelines and provincial charitable fundraising legislation.
2. A charitable gift is made and a charitable tax receipt for the full value of the gift is offered where the following conditions are met:
  - a) The donor transfers the property to SAIT;
  - b) The transfer is voluntary;
  - c) The donor makes the transfer without expectation of return; and
  - d) Neither the donor nor anyone designated by the donor receives consideration beyond nominal value.
3. If SAIT provides something of value in return for a gift (including admission to a fundraising event), the tax receipt value is reduced by the fair market value of the benefit received, provided the intent to give threshold is met and complies with the CRA's split receipting rules. If the benefit's value exceeds the intent to give threshold, the transaction will be considered quid pro quo and no charitable tax receipt will be issued.

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4. When a gift is received from a donor, it is the responsibility of Alumni and Development, in consultation with the recipient department/school/operational area, to determine whether the gift qualifies as a donation as per the CRA or whether it should be processed as a non-receiptable gift.
5. Nothing should be done which might be construed as acceptance of a gift until the decision to accept has been made and communicated to the donor.
  - a) For gifts greater than \$10,000, Alumni and Development, in consultation with the vice president, dean or director of the area that will benefit from the gift, makes the initial decision on acceptance.
  - b) Final approval is based on the signing authority as follows. Those signatories are authorized to execute donation or gift agreements of which SAIT is the recipient. Though donations are not legally binding in most instances, the execution of agreements by employees is restricted to the following limits.

Required Signature	Donation Amount / Type
President & CEO + 1VP	≥ \$2 million
President & CEO	< \$2 million
Vice President External Relations	< \$1 million
Associate VP / CIO	< \$250,000
Dean/Director/Registrar	< \$100,000
Associate Dean /Associate Director	Up to \$50,000
Academic Chair / Manager, Earned Rev. Coordinator	Up to \$25,000

- c) A gift which, in the opinion of the vice president, external relations or the vice president responsible for the area which will benefit from the gift, exposes SAIT to an uncertain and potentially significant risk requires the approval of SAIT's president and CEO. This includes a gift that is precedent-setting or involves sensitive issues with legal, social or other ramifications.
- d) The president and CEO may choose to inform or request advice from the Board of Governors on acceptance decisions when the president and CEO determines the gift represents a shift in SAIT's mission, strategic direction or educational mandate, is precedent-setting or involves sensitive issues with legal, social or other ramifications, or has potential to pose reputational or other risk to SAIT.

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**D. Tax Receipts**

1. Alumni and Development manages charitable receipting. The documentation it requires to ensure the validity of a charitable gift and to issue a charitable tax receipt depends on the specific type of gift.
2. Receipts for gifts involving the expertise and management responsibility of the CFO and vice president, corporate services, such as real property, royalty agreements and charitable remainder trusts, will be issued by Alumni and Development in consultation with the CFO and vice president, corporate services.
3. Receipts for gifts involving the expertise and management responsibility of the Applied Research and Innovation Services department (ARIS), such as patents, licenses and other forms of intellectual property, will be issued by Alumni and Development in consultation with ARIS.
4. Receipts for gifts from organizations currently involved in strategic business alliances with SAIT as evidenced through specific legal agreements or Memoranda of Understanding will be issued by Alumni and Development in consultation with the vice president external relations and the vice president(s) of the divisions affected by the strategic alliance.
5. Each receipt is generated from a secure database which assigns a unique receipt number and is signed by an authorized SAIT financial officer as designated by the vice president, external relations, who will ensure receipts content complies with Canada Revenue Agency regulatory requirements.
6. SAIT may issue a replacement for an official receipt that has been lost or spoiled.

**E. Donation Procedures for Specific Types of Gifts**

1. Cash
  - a) A cash gift should be immediately delivered to Alumni and Development for processing and acknowledgement, in a method compliant with procedure FN.16.1.1 Payment Handling.
2. Gift-in-kind

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- a) In considering whether to accept a gift-in-kind, SAIT must first accept the terms and conditions, including associated costs, upon which the gift has been offered.
  - i) The gift should be such that it can be used in program delivery or retained as a SAIT asset and used in connection with SAIT activities, with discretion as to its use and management or disposed of for cash or cash equivalent where such disposal is permitted by applicable legislation.
  - ii) Where the donor has requested conditions be placed on the donation such as restrictions on sale, leasebacks, life interests, life estates, or in situations where the asset is difficult to appraise, Alumni and Development must be consulted.
  - iii) Where, in the opinion of Alumni and Development, in consultation with the vice president responsible for the area which will benefit from the gift, the acceptance of the gift would prove administratively difficult or not in SAIT's best interests, Alumni and Development may request that the terms of the gift be revised or recommend that the offer of the gift be declined.
  - iv) SAIT considers potential liabilities, including environmental issues, that may arise from accepting a particular gift-in-kind. The Facilities Management department must be consulted in regards to potential environmental and installation issues.
  - v) Alumni and Development will request advice from SAIT's insurer regarding any insurance issues that acceptance may entail.
- b) Appraisals
  - i) The CRA requires that if a receipt is being issued for a non-cash gift, it must reflect the gift's fair market value (FMV). The CRA defines FMV as the highest price, expressed in dollars, that property would bring in an open and unrestricted market between a willing buyer and willing seller who are informed and prudent, and acting independently of each other. An arm's length sale and purchase of the property, at or near the effective date of valuation, is normally considered the best proof of value at the time.
  - ii) Gifts valued at less than \$1,000:

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- The CRA will accept the appraisal of a SAIT employee provided the employee is knowledgeable in the field of the gift and qualified to appraise the gift for its fair market value.
- iii) Gifts valued at \$1,000 or more:
- Generally, an independent appraiser must appraise gifts valued at \$1,000 or more. When finding an appraiser is difficult or expensive, the CRA will accept the appraisal of a qualified SAIT employee knowledgeable in the field of the gift.
  - Alumni and Development may seek a second appraisal of gifts of high value or of a complicated nature.
  - Alumni and Development may seek assistance from a tax or valuation specialist in fixing value for receipt purposes.
  - Alumni and Development, in consultation with Finance, is responsible for determining the fair market value of any interest in a gift to SAIT which is retained by the donor as in a leaseback or life-interest. This value must be deducted from the appraised value of the gift in order to determine the amount that is receiptable.
  - The cost of appraisals will normally be the responsibility of the school/department/operational area that will ultimately benefit from the gift. However, in some cases, such as where the gift is difficult and expensive to appraise, the donor may be asked to absorb the cost.
  - In situations where the gift is not of direct benefit to a particular school/department, Alumni and Development is responsible for arranging an appraisal and the costs associated with the appraisal. However, in some cases, such as where the gift is difficult and expensive to appraise, the donor may be asked to absorb the cost.
- c) Administration and/or disposition of a gift-in-kind
- i) Administration of a gift generally resides with the school/department that benefits from the gift. Costs of administration are normally paid from the operating or other budget of that school/department. If a gift is sold, any outstanding administrative costs will be recovered from the sale proceeds.

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- ii) Gifts that are directed to SAIT as a whole are initially administered through Alumni and Development in consultation with the vice president responsible for the area or function that will benefit from the gift. The gift will be offered to a school/department in consultation with the vice president, external relations and the appropriate vice president. Administrative costs associated with that gift will then be paid from the operating budget of the recipient school/department.
  - d) Certified Canadian Cultural Property
    - i) SAIT is not eligible to provide special tax status for gifts of Certified Canadian Cultural Property.
3. Real Estate

The procedures established for accepting gifts-in-kind apply to a gift of real estate. In addition:

- a) A variety of factors, including zoning restrictions, environmental factors, marketability, current use and cash flow, will be considered in ascertaining whether the acceptance of the offered gift is in SAIT's best interests.
  - b) SAIT must commission an environmental assessment of the property to ensure the real estate does not present a liability to SAIT.
  - c) Although SAIT's practice is to sell the real estate as soon as practicable, SAIT may, in rare cases, retain the property for investment purposes or for some other purpose, such as its use in accordance with SAIT's educational mandate.
4. Publicly-listed securities and private shares
- a) SAIT may accept both publicly-listed securities and private shares as gifts. Alumni and Development administers these gifts, in consultation with Finance.
  - b) SAIT has the right to decline a gift of securities if they are deemed to be a liability to SAIT.

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- c) Where possible, SAIT prefers to receive gifts of securities through an electronic transfer rather than in certificate form.
- d) Donations of publicly-listed securities
- i) The value of the gift of a publicly-listed security is determined by the value at the close of trading on the date received in SAIT's investment account.
  - ii) Donations of public securities may be handled in one of two ways:
    - Electronic transfer of securities

The donor may instruct their investment firm to transfer securities, in negotiable form, from their account to SAIT's investment account. Valuation of the securities will be determined on the date credited to SAIT's investment account. SAIT will provide a Securities Transfer Form to facilitate the transfer. Alumni and Development will consult directly with the donor's investment firm and SAIT's investment firm, and will provide SAIT's broker with the following information:

      - name of delivering investment firm
      - name and number of delivered shares
      - name of the donor, and request confirmation, for charitable receipt purposes, the date the security was received in SAIT's investment account and the valuation at close of trading day
    - Presentation of certificate

The donor may deliver properly endorsed certificates (signed off exactly as registered with signature(s) guaranteed by a bank or investment firm) to SAIT. Valuation of the securities, in negotiable form, will be determined on the date received by SAIT.
- e) Donations of private shares
- i) The value of the gift of private shares and resulting charitable tax receipt shall be determined by a professional, independent valuation. Insofar as possible, any costs incurred in providing this valuation will be the donor's responsibility.
  - ii) Alumni and Development will assess, in consultation with other stakeholders as required, if the gift is acceptable in that it can likely be sold to the issuer, other stockholders or others interested in acquiring the securities.

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- f) The procedures established for accepting a gift of cash apply to a gift of shares. In addition, decisions regarding the sale of shares rest with SAIT's investment counsel in alignment with the directions given by the Alumni and Development director or designate. In general, the practice is to sell upon receipt.

## 5. Bequests

- a) SAIT is notified of a bequest through the administration of estates process. Notification is sometimes sent to SAIT's president and CEO, and sometimes to Alumni and Development.
- b) Regardless of how SAIT receives notification of a bequest, the following procedures apply:
  - i) All letters, copies of wills and administration of estates (probate) documents are to be forwarded to Alumni and Development.
  - ii) Alumni and Development's director or designate will review the terms of the will. If the will is complex or raises social, environmental or other sensitive issues arise, the director or designate may consult with legal counsel to address those issues.
  - iii) Alumni and Development's director will make recommendations on the acceptance of a bequest to the designated officer(s) able to complete the acceptance as outlined in section E.5 of this procedure.
  - iv) The value of the receipt is determined by the fair market value of the bequest at the date of death. If there is an intervening life interest or other condition delaying the actual receipt of the bequest, fair market value is determined on a discounted basis.
  - v) Upon approval to accept a bequest, Alumni and Development keeps and manages all documentation, and provides information to Finance for a review of accounts, execution of releases and investment management.
  - vi) Alumni and Development is primarily responsible for liaising with the deceased's family members, either directly or through the executor/personal representative.
  - vii) Alumni and Development is responsible for reporting on all realized bequests and appointments as trustee or executor accepted on behalf of SAIT to Executive Management Council and the Board of Governors, as required.

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- c) If a will names the "Estate Administrator of SAIT" as the will's executor or trustee, the Board of Governors will designate an Estate Administrator for SAIT.

## 6. Life Insurance

- a) A donor may donate an insurance policy by designating SAIT as the policy's beneficiary and owner.
- b) Donation of an existing life insurance policy as beneficiary and owner
  - i) SAIT will issue a charitable tax receipt for the policy's cash surrender value, including accumulated dividends and interest.
  - ii) If the policy is not yet fully paid-up, the donor will receive tax receipts for any additional premium payments made after the policy is assigned. Receipts will only be issued upon written notice of premium payment from the donor's life insurance company. If the premiums are not paid, SAIT reserves the right to choose whether to continue the payments or to surrender the policy for its cash value.
  - iii) Donor recognition will be equal to the tax receipt issued for the policy's cash surrender value, including accumulated dividends and interest.
    - During the donor's lifetime, the donor may be recognized through an Annual Donor Recognition list or on a Donor Wall, at a given level according to the cumulative value of premiums paid and any other gifts that the donor may have made.
    - Upon the donor's death, SAIT receives the value of the policy. The donor will be recognized posthumously at a level equal to the value of the policy at death, less the value of the premium payments made during the donor's lifetime.
- c) Donation of a new insurance policy as beneficiary and owner
  - i) The donor will be responsible for payment of all premiums on the policy and will receive charitable tax receipts for the full amount of each annual premium. Receipts will only be issued upon written notice of premium payment from the donor's life insurance company. If the premiums are not paid, SAIT reserves the right to choose whether to continue the payments or to surrender the policy for its cash value.
  - ii) Upon the donor's death, SAIT receives the value of the policy.

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- d) Where SAIT has not received ownership of a policy but has been designated as a beneficiary of all or part of the death benefit at the death of the donor, the donor will be recognized posthumously for the value of the death benefit and recognized at the appropriate category/level. A charitable tax receipt will be issued to the estate for the cash value of the gift.
- e) A Memorandum of Understanding confirming the donor's wishes will be prepared for SAIT and the donor's signatures.
- f) Alumni and Development administers a gift of life insurance and will:
  - i) request a copy of the donor's life insurance policy, confirming SAIT's designation as owner and beneficiary;
  - ii) in the case of uncompleted policies, request annual written notices of premium payment from the donor's life insurance company;
  - iii) when premiums on uncompleted policies remain outstanding, recommend to SAIT's CEO and President or designate whether to pay the premiums or cash in the policy. SAIT reserves the right to make this determination.
  - iv) upon receipt of confirmation of the irrevocable transfer of a life insurance policy to SAIT as owner and beneficiary, or receipt of annual confirmation of the policy's paid-up status, issue a charitable tax receipt for the appropriate value.

## 7. Charitable trusts

- a) A trust may be established with cash, securities, real estate or other assets. A gift of real estate is governed by section E.3 of this procedure.
- b) SAIT may accept two types of irrevocable charitable trust arrangements: a remainder trust and a residual trust.
- c) Both remainder and residual trusts may be eligible for charitable tax receipts based on the present value of the remainder interest. SAIT recommends that donors consult a lawyer or financial advisor before establishing a trust.
- d) Donor recognition will be equal to receipts issued for present value of remainder interest, or any such other gift to the trust during the lifetime of the donor or trust arrangement. In addition, the name of the donor will be accorded recognition at the appropriate donor category/level based on the full value of the proceeds

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received from the estate, insurance company or trust at the time of the donor's death or termination of the trust arrangement, less the value of the previously received gifts resulting from the gift instrument.

- e) Creation of a charitable trust agreement
  - i) SAIT may provide the donor with a sample trust agreement, on request.
  - ii) The agreement will be reviewed by, and remains at the discretion of SAIT's legal counsel;
- f) During the administration of a trust involving SAIT, Alumni and Development's director or designate, in consultation with SAIT's legal counsel, shall represent SAIT in dealings with the donor and the donor's representative;
- g) In the case of a gift of 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 SAIT.
- h) SAIT retains the right to inspect the property from time to time to ensure that its interest is properly safeguarded.
- i) 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 determined by actuarial calculations provided by the CRA.

#### 8. Reinsured charitable gift annuities

- a) During the administration of a gift annuity involving SAIT, Alumni and Development's director or designate, in consultation with SAIT's legal counsel, shall represent SAIT in dealings with the donor and the donor's representative;
- b) A life insurance company shall be selected, and the terms of the annuity negotiated with SAIT designates. At the minimum, three quotations from life insurance companies will be sought.

### **POLICY/PROCEDURE REFERENCE**

- ER.3.1 Gift Acceptance policy
- ER.3.1.2 Naming and Renaming of Buildings and Facilities

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