Sinai Health Foundation	Department: Stewardship and Donor Relations Sponsor: Foundation Gift Acceptance Committee Original Issue Date: February 25, 2014 Revision Date: To be considered at Board Meeting of 29 March 2022 Approved By: Approval Date:
POLICY NO: 006	**GIFT ACCEPTANCE GUIDELINES**

1.0 PURPOSE

The policy establishes the authority and procedures for accepting gifts from donors.

2.0 AUTHORIZATION

Sinai Health System Foundation, (hereinafter "the Foundation") is authorized to encourage donors to make both immediate and deferred gifts in accordance with policies to be determined from time to time by the Foundation. Immediate gifts of cash and near cash, marketable securities, real estate, art, private company securities and other assets are accepted for non-restricted, restricted or endowment purposes, subject to such conditions as may be set by the Foundation. The types of deferred gifts to be encouraged include (but are not limited to) bequests, reinsured gift annuities, gifts of residual interests including charitable remainder trusts, and gifts of life insurance policies and proceeds, subject to such conditions as may be set by the Foundation. All programs, solicitation plans, and activities shall be under the purview of the Foundation Board of Directors (hereinafter the **"Board"**) or as delegated by the Board to such committee as constituted from time to time by the Board (the "**Committee**").

3.0 SCOPE

The policy of the Foundation is to inform, serve, guide or otherwise assist donors who wish to support the Foundation's activities on behalf of Sinai Health System (the "**Hospital**").

The Chief Executive Officer and Vice Presidents of the Foundation or their designates, and other persons from time to time as authorized, may negotiate legacy agreements involving other than gifts of cash, near cash and publicly traded securities ("**Legacy Gifts**") with prospective donors, following policies and guidelines approved by the Board.

All agreements relating to Legacy Gifts requiring execution by the Foundation will generally first be reviewed and approved by the Foundation's legal counsel. Where substantially the same agreement is to be used repeatedly, only the template shall need approval.

4.0 GENERAL PROVISIONS

4.1 Before the acceptance of any of the following Legacy Gifts, the Foundation shall undertake such due diligence and have secured appropriate opinions on all relevant issues as the Foundation determines or the Committee recommends:

4.1.1 Gifts of:

i. Real estate;

ii. Shares of privately held companies or interests in other privately held entities (such as partnership interests) and debt of same;

iii. Tangible personal property (other than cash and near cash or publicly traded securities); and

iv. Other property interests not readily negotiable.

4.1.2 Charitable gift annuities (that are reinsured and de-bundled).

4.1.3 Residual interest gifts, including charitable remainder trusts.

4.1.4 Life Insurance with premiums remaining to be paid.

5.0 ASSOCIATED REFERENCES

- No associated references

6.0 DEFINITIONS

SHF: Sinai Health Foundation

SHS: Sinai Health System

7.0 GUIDELINES FOR IMMEDIATE GIFTS

7.1 Gift of Real Estate

7.1.1 Description and Guidelines

Gifts of real estate may be made in various ways: by outright gift, gift of a residual interest in the property, gift to fund a charitable remainder trust or gift by will. Any gift will necessitate the Foundation undertaking due diligence and specifying certain conditions which may include (but not be limited to):

i. Completion of a search of title to ascertain state of title and existence of any encumbrances.

ii. Acquisition of one or more appraisals satisfactory to the Foundation to determine fair market value. Depending upon the circumstances, the cost of the appraisals may be borne by the donor or paid for by the Foundation. If paid for by the Foundation, the donor will be encouraged to make an additional contribution to the Foundation in an amount equal to the cost of the appraisal.

iii. If an interest is retained in a property, the donor agreeing to be responsible (during the period of time which the income interest in property is being retained), for real estate taxes, mortgage payments, insurance, utilities, replacements, repairs and maintenance. The Foundation may, in extraordinary circumstances, agree to assume responsibility for some or all of these items.

iv. The Foundation being satisfied that there are no liabilities arising from the gift including but not limited to any environmental problems, zoning restrictions, remediation requirements, any leases having onerous terms, significant mortgage payments being required or significant payments being required to make repairs or replacements on the property (for example to rectify fire code infractions, work orders, etc.) so the property is in compliance with governmental requirements. All commercial properties shall generally require a Phase I environmental report.

v. The Foundation is satisfied there are no other rights that anyone has with respect to the property (such as but not limited to rights of first refusal, leases, etc.).

vi. The Foundation being provided with evidence that fire and liability insurance is in place on the property with the Foundation's interest noted thereon, and requirement that the insurance company notify the Foundation prior to the insurance policy being terminated or lapsing.

vii. The Foundation obtaining an acknowledgment signed by any mortgagee of the property where the Foundation is a trustee of a charitable remainder trust, acknowledging that the Foundation will not incur any liability in so acting as trustee in the event of a default.

viii. The Foundation retaining the right to inspect the property from time to time on reasonable notice.

ix. The donor of the property agreeing to maintain the property, subject to reasonable wear and tear, and ensuring compliance with governmental requirements.

x. In non-commercial real estate situations, the donor agreeing not to grant a lease or license to any party while residing on the property on a full-time basis, or with respect to commercial real estate, obtaining consent of the Foundation for any lease.

xi. Where the Foundation is acting as trustee of a charitable remainder trust, the Board shall, from time to time, determine the minimum value of the gift to be receipted for income tax purposes (currently to be not be less than $50,000.00). In circumstances where the Foundation is not a trustee of such a trust, there is no minimum value of the gift.

xii. The Foundation being satisfied the property will be able to be marketed in a reasonable period of time after the residual interest falls in.

7.2 Gifts of Art and Other Cultural Property

7.2.1 Description and Guidelines

Gifts of art may be made in various ways: by outright gift, gift of a residual interest in the art, gift to fund a charitable remainder trust or gift by will. Gifts of art to the

Foundation will similarly undergo a due diligence review and certain conditions may be attached to acceptance of such gifts, such as (but not limited to):

i. A Deed of Gift form must be signed by the Donor, prior to acceptance of the art, indicating ownership of the art and setting out the conditions to the gift or its retention or sale.

   If there are conditions to the gift or its retention or sale set by the donor, such request should be reviewed by the Board or the Committee.

ii. For art estimated at a fair market value of less than $25,000, one written appraisal from an independent qualified art appraiser should be obtained. The donor may be encouraged to pay the Foundation for such appraisal. For art estimated at a fair market value of more than $25,000, two written appraisals from two independent qualified appraisers would generally be required.

iii. Any decision relating to the sale of art (including the terms and conditions of sale) shall be made by the Board or the Committee and may be conducted through auction, private sale or otherwise.

iv. For art that is estimated to have a fair market value of less than $25,000, the decision to sell will be made with the advice of the Chair, and in consultation with senior management of the Hospital or Foundation (as applicable based on ownership). One independent written qualified appraisal must be obtained to establish fair market value.

v. For art that is estimated to have a fair market value of $25,000 or more, the decision to sell must be approved by a committee of the Hospital or Board (as applicable based on ownership) established for this purpose. Two independent written qualified appraisals must be obtained to establish fair market value.

7.3 Gifts of Publicly Traded Securities

7.3.1 Description and Guidelines

Gifts of publicly traded securities for which there is a secondary market will generally be accepted similar to cash.

An official receipt for income tax purposes will be issued for the amount equal to the market value of the transferred securities, determined at the close of trading on the day the Foundation's broker receives the securities.

7.4 Gifts of Shares or Debt of Privately Held Companies and Other Business Interests

7.4.1 Description

Donors may make gifts of shares or debt of private corporations or interests in other entities ("**Private Securities**"). Gifts of these can be accepted by the Foundation so long as the Foundation assumes no liability in receiving them (tax or otherwise) and the property can be converted into cash within a reasonable period of time.

7.4.2 Guidelines

Gifts of Private Securities will only be accepted if:

i. Any decision relating to the sale of art (including the terms and conditions of sale) shall be made by the Board or the Committee and may be conducted through auction, private sale or otherwise;
ii. The Foundation assumes no liability in accepting them;
iii. The fair market value of the gift can readily be established;
iv. The Foundation is satisfied there are no agreements or other documents affecting ownership of the Private Securities that would prevent the Foundation from ultimately realizing upon them;
v. The Foundation is satisfied that the Private Securities can be liquidated within a satisfactory defined period of time as determined by the Foundation; and
vi. The Foundation is satisfied that there is no policy or other reason for not accepting same.

An official receipt for income tax purposes may be issued for the fair market value at the time of the gift as determined by the Foundation, provided the gift is an "excepted gift" (as defined in the Income Tax Act, (Canada), that is: (i) it is a gift of a share (and not of debt, for example); and (ii) the donor acts at arm's length with the Foundation and each of its directors and officers.

If the gift is not an "excepted gift", no official receipt may be issued at the time of the gift, but may be issued in the future in certain circumstances.

8.0 GUIDELINES FOR DEFERRED GIFTS

8.1 Charitable Gift Annuities

8.1.1 Description

The charitable gift annuity is an arrangement whereby the Foundation receives the gift portion and acts as intermediary with the insurance agent/donor for the annuity.

The Income Tax Act does not allow a foundation to incur debt except for current operating expenses, and in certain other restricted circumstances. Accordingly as annuities are considered a debt obligation by Canada Revenue Agency ("CRA"), the only annuity option available to the Foundation is a reinsured, de-bundled charitable gift annuity.

8.1.2 Guidelines

I. The gift portion cannot be less than 20% of the total amount of the annuity.
II. The annuity portion cannot be more than 80% of the gift portion.
III. The charity will issue a tax receipt for the outright gift portion.
IV. The insurance company will issue the T4A.
V. The donor may designate the purpose for which the Gift is to be utilized, subject to concurrence by the Foundation. If the donor wishes that the Gift not be distributed by the Foundation for a period of time so that the Gift (together with income derived thereon) would be sufficient for the establishment of a named endowment (generally at least 10 years), then such must be specified at the time that the Gift is made. Currently, the minimum period of time in such circumstances for the retention of the Gift, (in accordance with current CRA requirements), is 10 years.
VI. The ultimate selection of the insurance company and the terms and conditions of the Annuity (for example, its term and guarantee period, if any) shall be determined by the donor at the time that the Annuity is acquired, provided it is acceptable to the Foundation.
VII. The donor shall acknowledge that the Foundation shall have no liability in connection with the acquisition of the Annuity including (but not limited to) the selection of the insurance company, the failure of the insurance company to pay the Annuity in accordance with its terms or the insufficiency of the Annuity in light of the present and future circumstances of the donor.

8.2 Residual Interests including Charitable Remainder Trusts

8.2.1 Description

A gift of a residual interest describes an arrangement whereby an asset is gifted to the Foundation with the donor (or others) retaining use of the asset or income derived therefrom for the donor's life, the joint lifetime of the donor and others, or for a term of years. For example, the donor might give a residual interest in a personal residence while continuing to live there or give a residual interest in a painting and retain it for display during the donor’s lifetime.

The establishment of a charitable remainder trust is essentially a gift of a residual interest. In such circumstances, the donor will transfer property to a trust created during his lifetime or on his death, becoming an income beneficiary for his lifetime or joint lifetime with others, with one of the residuary (capital) beneficiaries (or the sole residuary (capital) beneficiary) of the trust being the Foundation.

The donor is entitled to an official receipt for income tax purposes for the fair market value of the residual interest in the gift or the residual interest of the charitable remainder trust in accordance with CRA policies at the time the gift is made. In order for a receipt for income tax purposes to be forthcoming, certain criteria must be met:

(i) the gift must be irrevocable;

(ii) no conditions can exist which would preclude the Foundation from ultimately receiving the assets gifted;

(iii) the value of the gift must be capable of ascertainment. (For example, if in addition to retaining the income for his lifetime, the donor retained the right to encroach upon the capital of the gift, no receipt for income tax purposes can be provided, although capital encroachments to a maximum may be acceptable. CRA has provided guidelines for the calculation of the fair market value of the residual interest).

8.2.2 Guidelines

The nature of the assets being transferred will determine the conditions relating to the acceptance of the gift. For example;

8.2.2.1 Gift of Real Property

A gift of a residual interest in real property or if the Foundation acquires a residual interest in a charitable remainder trust to which real property was transferred, will necessitate the Foundation undertaking due diligence and specifying certain conditions. Section 7.1.1 is equally applicable herein.

8.2.2.2 Gifts of Art

Gifts of art to the Foundation made by a gift of a residual interest or a gift to fund a charitable remainder trust will similarly undergo a due diligence review and certain conditions may be attached to acceptance of such gifts. Section 7.2.1 is equally applicable herein and in addition, the following conditions should be satisfied:

(i) Insurance naming the Foundation as loss payee to be put in place.

(ii) Satisfactory arrangements as to security and proper maintenance of the Art to be completed.

(iii) The Foundation to be allowed access to the Art on reasonable notice when requested.

(iv) Approval by the Foundation as to where the Art will be hung or placed. An undertaking may be requested not to move the Art from the location without the Foundation's consent.

(v) Where the Art that is to be donated to the Foundation is acquired by a donor under a gifting arrangement (as defined in the Income Tax Act) or, except if the gift is made as a consequence of death, (i) the donor acquired the art less than three (3) years before the gift to the Foundation is made; or (ii) it is reasonable to conclude that at the time the donor acquired the art, the donor expected to make a gift of it, then in such circumstances the fair market value of the donation will be the lesser of: (i) the fair market value and (ii) its cost. An enquiry will have to be made at the time of a gift of art to the Foundation to ascertain the state of facts so as to ensure that a proper official receipt for tax purposes is issued. [This provision can also apply to gifts of other property excluding real estate, inventory, listed shares and ecological property.]

8.3 Life Insurance

8.3.1 Description

There are several ways that proceeds of an insurance policy may be received by the Foundation. The donor may:

(i) Irrevocably assign the ownership of a paid-up life insurance policy to the Foundation;

(ii) Irrevocably assign the ownership of a life insurance policy (other than a term policy) on which premiums remain to be paid;

(iii) Irrevocably assign the ownership of a term life insurance policy on which premiums remain to be paid; or

(iv) Name the Foundation as a beneficiary (whether primary or secondary) of the proceeds. (The ownership of the insurance policy is not irrevocably assigned to the Foundation in this instance.)

(v) Establish a new policy with the Foundation as owner and beneficiary.

In each of (i), (ii), (iii) and (v) above, the Foundation becomes the legal owner and beneficiary of the life insurance policy and the donor may be entitled to an official receipt for income tax purposes.

The donor may obtain an official receipt for income tax purposes for the premiums paid either directly to the insurance company or to the Foundation, (which will then pay the insurance premium) with respect to (ii) and (iii) above. No official receipt for income tax purposes is available for the premiums paid in (iv) above but an official receipt for income tax purposes may be available for the proceeds received on the death of the insured.

8.3.2 Guidelines

On any assignment of insurance policies to the Foundation in (ii) and (iii) above, the Foundation will ensure that it is not incurring any liability to the insurance company for future insurance premiums. Generally, such premiums will be paid by the Foundation only in circumstances where the Foundation receives the amount of the premium from the donor. The Foundation will incur no liability (to the donor of the insurance policy, the insured or otherwise) if it has not paid the insurance premiums because it has not received such amount from the donor.

8.4 Registered Retirement Savings Plans/Registered Retirement Income Funds (RRSP/RRIF)

8.4.1 Description

Naming the Foundation as a beneficiary of a Registered Retirement Savings Plan ("RRSP") or Registered Retirement Income Fund ("RRIF") so that upon the death of the Annuitant the proceeds of the RRSP/RRIF will be transferred to the Foundation.

The annuitant may be entitled to receive an official receipt for income tax purposes for the amount of the proceeds paid to the Foundation upon death.

8.5 Bequests

8.5.1 Description

A bequest is a gift made in a Will. It can be specified or residual, unrestricted or restricted.

8.5.2 Guidelines

All bequest revenue will be used for the Hospital's highest priorities unless otherwise specified by the donor in the will.

Sample bequest language for unrestricted and restricted gifts, including endowments, will be made available to donors and their attorneys to ensure that the bequest is properly designated. Donors will also be invited to provide information about their bequest provision and, if they are willing, to send a copy of that section of their Will naming the Foundation.

During the probate of estates containing a bequest to the Foundation and during the post-death administration of testamentary trusts containing dispositive provisions benefiting the Foundation, the CEO of the Foundation, or his or her designate, together with the Foundation's legal counsel, shall represent the Foundation in all dealings with the lawyer and personal representatives of the estate.

9.0 GENERAL

9.1 Standard Clause – 10% Levy

9.1.1 Description and Guidelines

(i) Is applied at a rate of 10% of all restricted purpose, non-endowed gifts;

(ii) may be reviewed in exceptional circumstances by the Gift Acceptance Committee (example of an exceptional circumstance is where donor's organizational bylaws conflict with SHSF policies or at the request of the Foundation CEO);

(iii) Is directed to the Sinai Fund which supports core operating costs of SHF and SHS, to support communications and marketing costs, to provide for SHS commitments to fund matches on a series of partially endowed chairs, and to support key equipment purchases (particularly in Imaging). It also funds part of the Lunenfeld-Tanenbaum annual operating costs, helps to close the gap on critical projects, and does pay all Foundation operating costs.

(iv) Is built it into the costs of all projects for which the Foundation raises funds (e.g. it is embedded in all capital costs and all equipment costs in terms of the gross dollars we need to raise).

Best practice requires the Foundation to make this levy allocation explicit in gift agreements. The following clause should be included in all unendowed gift agreements.

The Donor acknowledges that ten percent of all restricted non-endowed gifts be allocated to the Sinai Fund to support high priority needs at Sinai Health including capital projects, equipment purchases, research, and the communication and fundraising activities that connect the Hospital to philanthropy in our community.

9.1.2 Research Sustainability Allocation

Description and Guidelines

(i) Is applied at a rate of 5% of all restricted-purpose, non-endowed gifts to new gifts and pledges as of April 1, 2022

(ii) May be reviewed in exceptional circumstances by the Gift Acceptance Committee;

(iii) Is directed to support the indirect costs of research SHS

(iv) Is built into the costs of all projects for which the Foundation raises funds

(v) Best practice requires the Foundation to make this allocation explicit in conversations with Donors. Support for the Research Sustainability Allocation to be included in conversations about the purpose of their gift as well as explicitly included in the Purpose clause of gift agreements where such allocations are articulated.

9.2 Endowment Funds

9.2.1 Description and Guidelines

An endowment fund is an irrevocable gift that provides income in perpetuity for purposes agreed to by the donor and Foundation. All such gifts shall be in accordance with any endowment fund policy established by the Board.

9.3 Appraisals

For any gifts other than cash, near cash or publicly traded securities, the Foundation may require one or more appraisals that are acceptable to it. Generally, the costs of appraisals shall be borne by the donor. If paid for by the Foundation, the donor will be encouraged to make an additional contribution to the Foundation in an amount equal to the cost of the appraisal.

Appraisals on which the Foundation can rely must be addressed to the Foundation.

9.4 Independent Legal Advice

The Foundation is not in the "business" of giving legal and/or financial/tax advice. In circumstances where a substantial gift is being made or the gift is substantial in relation to the donor's circumstances, independent legal advice may be required to be obtained by the donor or an acknowledgment obtained that such independent legal advice has been waived and the Foundation is released from any liability that may arise in reliance on the advice provided.

9.5 Consent

All necessary consents and releases i.e., spousal, insurer, issuer etc. must be obtained prior to any gift being accepted.

9.6 Policies and Guidelines

The above-noted Policies and Guidelines are meant to establish the basis for the acceptance of different types of gifts (not an exhaustive list), and are not intended to be inflexible rules. The Policies and Guidelines are expected to evolve and/or change over time. The circumstances surrounding a particular gift will determine the Foundation's requirements. The Foundation reserves the right to not accept a gift (for example, a donation of a large amount of cash in its discretion, in circumstances where its source is questionable, or where there may be reputational risk to the gift) whether or not the gift is in compliance with the then current Policies and Guidelines.

9.7 Recognition

All donors providing an immediate or future gift to the Foundation may be entitled to recognition in accordance with current Foundation guidelines then in existence as set by the Board (unless otherwise agreed to).

9.8 Pledge Period

Requests to extend a pledge period to 6 years may be approved by a Foundation staff signing authority. Requests to extend a pledge to 7 to 10 years must be brought forward to the Gift Acceptance Committee of the Foundation Board, or another committee charged with this mandate for consideration and approval. Requests to extend a pledge for more than 10 years must be brought forward to the Foundation Board of Directors for consideration and approval.

9.9 Early Payment of Pledge Commitments

Donors may pay the total pledge commitment in advance of their pledge schedule in full at any time. Donors may, from time to time, request that a present value calculation be applied to adjust the value of their outstanding pledge balance. The Foundation will consider such requests where (i) the discount rate applied is a risk-free rate (i.e. equivalent to the Government of Canada bond rate) (ii) the designation of the gift is one where an early payment is beneficial to the gift's intended purpose(s). Recognition for the gift will be applied at the full value of the original pledge while receipted value will reflect the amount that was actually received. For those requests that are outside of this criteria, the Gift Acceptance Committee will review and determine what is in the best interests of the Foundation and Hospital.

9.10 Requests to re-allocate

Requests to re-allocate future payments on pledges will only be considered where re-allocation of the funds does not create a financial liability to the Hospital or the Foundation. Re-allocation requests will be reviewed by the Gift Acceptance Committee to ensure the re-allocation is aligned with Hospital identified priorities, as they exist from time to time, and poses no financial risks to obligations of the Hospital or Foundation undertaken when the gift was initially accepted.

9.11 Requests to Match

All gifts where the gift is contingent upon SHSF agreeing to raise matching funds for the priority named by the donor will be reviewed by the Gift Acceptance Committee to determine if the commitment to fund raise is in the best interest of the Foundation and Hospital. For the purposes of physical recognition and donor listing opportunities, donor recognition is applied to the value of the gift made by the donor and does not include the matching gifts the donor has leveraged.

9.12 Sponsorships

A sponsorship occurs when a business makes a donation toward the cost of a charity's activity or event and, in return, the charity advertises or promotes the business's brand, products or services. In cases where sponsorships support an event or fundraising activity where net proceeds are reported, the levy will be applied to the net proceeds. Where the sponsorship supports an activity where net proceeds are not reported, the levy will be applied to the amount of the cash sponsorship received.

9.13 Applicable Law

The laws of the Province of Ontario shall apply to these Policies and Guidelines.

10.0 RESPONSIBILITIES

- Donor

11.0 SPECIAL CONDITIONS

There are no special conditions.