



## **GIFT ACCEPTANCE POLICY**

Effective Date: December 1, 2017  
Approved by: Board of Directors  
Approved Date: November 17, 2017



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# The Evangelical Free Church of Canada

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## **PREAMBLE**

The Evangelical Free Church of Canada (hereafter known as the EFCC) is a Canadian Registered Charitable Organization whose mission is to become a growing network of believers and churches united around the EFCC ethos, empowered to carry out the great commandment and great commission. We exist to help lives be transformed by the power of the gospel. As such, we actively solicit and welcome the gifts of individuals, corporations and foundations to help us achieve our mission.

## **1.0 PURPOSE**

This policy serves as a guideline for the EFCC staff, missionaries, board members, volunteers, outside advisors' who assist in the gift planning and solicitation process, and prospective donors who wish to make gifts to the EFCC of unrestricted, restricted and endowment funds. This gift acceptance policy is intended only as a guide and allows for flexibility on a case-by-case basis.

## **2.0 GUIDELINES**

The Executive Director, and any Board members, missionaries, volunteers, or staff of the EFCC so designated, have authority to solicit and/or accept gifts on behalf of the organization.

The EFCC Finance & Audit Committee (FAC) may establish a Gift Review Committee responsible for recommending whether or not the EFCC should accept proposed gifts. The Committee shall consist of the Finance Chair, the Executive Director, the Stewardship Catalyst, the Director of Finance & Operations, and the National & International Directors. The FAC shall have the authority to appoint other volunteers or employees of the EFCC on an ad hoc basis, who have special expertise that may be needed in order to make a decision on a specific gift.

The Gift Review Committee may consider each gift according to its intended use, restrictions, liabilities and financial impact on the EFCC, now and in the future. Only gifts, bequests, devises, endowments, trusts and similar funds that are designated for the use of the EFCC consistent with the stated goals and mission of the EFCC will be considered for acceptance.



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The Gift Review Committee will be consulted prior to accepting gifts that are given with unusual restrictions or designations, have the potential of jeopardizing the charitable status or violating the EFCC's policies, local, provincial or federal laws.

## **3.0 GIFT ELEGIBILITY**

### **3.1 Definition of a Gift**

A Gift is a voluntary transfer of property without consideration. The Canada Revenue Agency generally considers a gift to be made if all three of the conditions listed below are satisfied:

- a) Property is transferred by a donor to a registered charity;
- b) The transfer is voluntary; and
- c) The transfer is made without expectation of return. No benefit of any kind may be provided to the donor or to anyone designated by the donor, except where the benefit is of nominal value. Where a charity offers an item, privilege or other benefit in return for a donation, the benefit is considered to have a nominal value where its fair market value does not exceed the lesser of: (i) \$50.00, or (ii) 10% of the amount of the gift.

### **3.2 Gift Types**

The following gifts are deemed eligible for acceptance by the EFCC:

- a) Cash
- b) Publicly Traded Securities
- c) Life Insurance
- d) Gifts of Property
- e) Planned Gifts and Memorials
- f) Charitable Remainder Trust and Residual Interest Gifts
- g) Endowment Gifts

#### **Cash**

The EFCC, regardless of amount, shall accept all gifts by cash, credit card, direct debit or cheque. Cheques shall be made payable to The Evangelical Free Church of Canada (or EFCC/M), unless otherwise specified. In no event shall a cheque be made payable to an individual who represents the EFCC.

#### **Publicly Traded Securities**

The EFCC can accept readily marketable securities, such as those traded on a stock exchange. Gift securities are likely to be sold immediately by the EFCC. For the EFCC's gift crediting and



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accounting purposes, the value of the securities is the value of the securities on the date received or date sold, whichever is greater, according to Canada Revenue Agency (CRA) regulations.

## **Life Insurance**

There are two methods by which a life insurance policy may be donated to The EFCC.

- a) **Make The EFCC the Owner & Beneficiary of a Policy (Irrevocable)**
  - When ownership of an existing or new policy is transferred irrevocably, the donor is entitled to a gift receipt for the net cash surrender value, if there is any such balance on the policy.
  - If the policy is not yet fully paid-up, the donor will receive a charitable tax receipt from The EFCC for annual premiums that are subsequently paid.
  - Upon the donor's death, The EFCC will receive the death benefit proceeds from the life insurance company.
- b) **Make The EFCC the Beneficiary of a Policy (Revocable)**
  - Tax receipts are not issued during the donor's lifetime, as the beneficiary designation may be revoked by the donor, and a gift to The EFCC does not occur until the donor passes away and the death benefit proceeds of the policy are realized.
  - Upon the donor's death, The EFCC will receive the death benefit proceeds from the life insurance company, and a charitable tax receipt will be issued to the donor's Estate.

Guidelines: Any consent that is required by provincial regulations to change a beneficiary must be signed before the transfer represents a valid charitable donation. The tax receiptable amount will be determined according to CRA regulations.

## **Gifts of Property**

Generally, gifts of tangible personal property (gifts-in-kind) are not encouraged. A donor desiring to make a non-cash contribution, such as a computer or any other item, who wishes to receive a tax-deductible receipt from the EFCC should contact the EFCC Director of Finance & Operations for the correct procedure. In general, the procedure is that a donation equivalent to the anticipated purchase price (plus allocation) is sent by the donor to the EFCC. Subsequently, the EFCC employee (missionary or otherwise) purchases the item, receiving a bill of sale for the transaction, which is then submitted as an EFCC ministry expense. Only items that are allowable



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and legitimate ministry expenses will be purchased as per the EFCC policies. All items purchased in this way become the property of the EFCC.

The Gifts Review Committee will review any gifts of real property (land and/or buildings). Gifts of real estate will be reviewed with special care to ensure that acceptance will not involve financial commitments in excess of budgeted items or other obligations disproportionate to the use of the gift. Due to the expenses associated with gifts of real estate, only gifts valued in excess of \$10,000 will be accepted.

## **Planned Gifts and Memorials**

The staff and volunteers shall encourage assets transferred through bequests that have immediate value to the EFCC, or that can be liquidated. Gifts that appear to require more cost than benefit shall be discouraged or rejected.

Bequests made to the EFCC may qualify as a charitable gift if the terms and conditions of the bequest are acceptable under the EFCC's gift acceptance policies. Official receipts will be issued to the estate of the deceased. The EFCC requires a copy of documents naming the EFCC as a beneficiary for our files, prior to a tax receipt being issued.

Donors are strongly encouraged to discuss their wishes for charitable giving through their Estate with family members. Donors are also encouraged to discuss their intentions for a gift by Will with The EFCC, including sharing a copy of the relevant section in their Will, so that The EFCC can provide assurance that the bequest can be accepted and the donor's intentions fulfilled.

The EFCC will consider charitable gift annuities on a case-by-case basis. The tax receiptable amount will be determined according to CRA guidelines.

## **Charitable Remainder Trust and Residual Interest Gifts**

The EFCC will accept a charitable remainder trust as a gift if it is named a capital beneficiary. The tax receiptable amount will be determined according to CRA guidelines.

## **Endowment Gifts**

The EFCC will accept gifts for a permanent endowment for approved purposes, with a minimum amount of \$25,000. The Gifts Review Committee will review any gifts intended to be



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established as an endowment. The funds will be invested as per the EFCC Investment Policy, where the residual interest income will be used for specific purposes as determined by the Gift Review Committee, in conjunction with the Board of Directors.

## **4.0 PRINCIPLE**

As a matter of principle, we engage in the following practices:

- 4.1** The EFCC will not accept gifts that are not recognized by CRA, or violate federal, provincial or municipal laws.
- 4.2** The EFCC will not accept gifts, enter into partnerships, or accept support that will compromise its commitment to its mission and values as articulated in the EFCC Statements of Mission, Purpose and Faith.
- 4.3** The EFCC values and will protect its integrity, autonomy and funding freedom, and does not accept gifts when a condition of such acceptance would compromise these fundamental principles.
- 4.4** The EFCC reserves the right to accept or decline any gift. The final decision to decline a gift rests with the Gift Review Committee.
- 4.5** Ownership of all gifts directed to the EFCC vest in the EFCC, whether said gifts are for the benefit of the EFCC generally or for some specific purpose/designation.

## **5.0 ADMINISTRATIVE ISSUES**

- 5.1** As a general rule, The EFCC does not act as an Executor of Personal Representative for a donor's Estate, except in exceptional circumstances and as approved by the Gift Review Committee.
- 5.2** The EFCC may act as co-trustee of a charitable trust when the trust names the EFCC as a beneficiary of 50% or more of the trust.
- 5.3** The EFCC will pay for the drafting of legal documents for a charitable remainder trust of which the EFCC is named as a beneficiary of 50% or more of the trust. The donor's own counsel must review the documents at the donor's cost.
- 5.4** Terms and conditions must be agreed upon before an endowment is established; therefore, contact with the EFCC's Executive Director for appropriate documentation is required.



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**5.5** In accordance with the EFCC's Investment Policy, a minimum contribution is required to establish a named endowment.

**5.6** For restricted and endowed funds, if future circumstances change, or the donor fails to fulfill his pledge obligation, or the purpose for which the fund is established becomes illegal, impractical, or no longer meets the needs of EFCC, the EFCC may designate an alternative use in the spirit of the donor's original intent for the gift to further the objectives of EFCC.

## **6.0 PROCEDURES**

We are committed to the following procedures in accepting donations:

**6.1** Designated gifts will be used for the purposes for which they are provided.

**6.2** Undesignated gifts will be used for the most needed initiative as determined by the EFCC National and/or International Missions Directors, in consultation with the Executive Director when deemed necessary.

**6.3** According to the EFCC's Designated Gift policy, spending of funds is confined to organization approved programs and projects. Each restricted contribution designated towards an organization approved program or project will be used as designated with the understanding that, when the need for such a program or project has been met or cannot be completed for any reason determined by the organization, the remaining restricted contributions designated for such programs or project will be used where needed most.

**6.4** Accountability to donors must be of the highest caliber, through appropriate acknowledgement, and accurate and timely reporting by the relevant EFCC staff. Where appropriate, gift agreements will be recorded between donors and the EFCC and these will be adhered to by the EFCC.

**6.5** All donations will be recorded and receipted in accordance with the rules and regulations set out by the CRA. The EFCC will issue official tax receipts for all donations that qualify as charitable gifts, according to CRA guidelines. If, following internal consultations, uncertainty remains as to whether a donation qualifies as a charitable gift, a ruling may be sought from the EFCC's legal counsel, auditor and/or the CRA.

**6.6** Anonymity will be granted to any donor who makes this request.



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Adopted by the EFCC Board of Directors at the regular meeting on November 17, 2017. This Gift Acceptance Policy was reviewed and recommended by the EFCC Finance & Audit Committee and is to be reviewed annually.