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# POLICY MANUAL

Key Policies for  
The Killarney Foundation Inc.

2020

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## Index of Key Policies

### Governance and Assessment

These policies are designed to demonstrate an organization’s obligation to model high standards. For the purposes of these policies, governance shall be defined as “the act of governing – providing leadership, direction and ensuring sound management.”

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\* This policy is required for membership in CFC.



## **Governance**

### **1.01 Governance and Governance Assessment**

#### **Board of Directors – Roles and Responsibilities**

Directors act in the best interest of their foundation, exercising care, diligence and skill that a prudent person would show in similar circumstances

The three key duties of directors are:

- Duty of Skill or Competence
- Duty of Diligence
- Duty of Loyalty

#### **Duty of Skill or Competence**

- Ensuring board member nomination, recruitment and orientation process in place
- Voicing, clearly, respectfully and explicitly at the time a decision is being taken, any opposition to a decision being considered by the board
- Developing a process for succession planning of officers, directors and committee chairs

#### **Duty of Diligence**

- Being informed of incorporation articles, bylaws, mission, and strategic plan
- Ensuring that the bylaws include clauses that state no board member receives compensation, that the board meets a minimum of 2 times annually
- Being informed of board activities, the community and general trends in philanthropy
- Attending board meetings, serving on a committee(s), if necessary and contributing to the work of the board
- Ensuring that proper minutes of meetings and policies are properly recorded and retained
- Ensuring that the financial affairs of the corporation are conducted in a responsible and transparent manner with due regard for their fiduciary responsibilities and public trusteeship
- Ensuring that the vision and mission statements are in place and reviewed for relevance every 5 years

#### **Duty of Loyalty**

- Publicly demonstrating acceptance, respect and support for decisions legitimately taken in the transaction of the board's and/or foundation's business
- Serving the overall best interest of the Foundation rather than any particular constituency

#### **Implementation:**

Board members will be informed of their responsibilities. A board manual will be prepared for all board members and it is the responsibility of each board member to keep their manual updated.

**Monitoring:** This policy will be reviewed every two years

**Board Acceptance:** This policy was approved/reaffirmed at the \_\_\_\_\_ Board meeting.

## **Governance**

### **1.02 Role of Officers**

The officers act together as the Executive Committee. They have the authority to act on behalf of the board only on matters that do not impact the financial viability of the foundation. All decisions made on behalf of the board must be ratified at the next board meeting. All decisions of the Executive Committee must be in accordance with the foundation's policies. Decisions can only be made with a quorum of 50% plus one.

#### **Board Chair**

The board chair shall be the Mayor of the Municipality of Killarney/Turtle Mountain. The Board Chair:

- Is the spokesperson for the foundation, consistent with board policy and direction of the Foundation
- Chairs all board meetings and Executive Committee meetings
- Manages the activities of the board and ensures that the board follows the organization's policies and those imposed by statute or regulation
- Ensures that the board meetings are conducted efficiently and effectively
- Ensures that the board has the information and opportunity necessary to come to decisions on matters within its purview
- Sets the agenda in consultation with the staff and other board members, where appropriate
- Establishes the schedule for meetings, at a regular location and time
- Ensures that items upon which discussion is deferred, are revisited within the appropriate time period

#### **Secretary**

The Secretary ensures that minutes of meeting of the board and members are accurately kept and filed in accordance with statute or regulation and will perform other duties prescribed from time to time by the board. The Secretary is also responsible to ensuring that changes in board are reported to the provincial Office of the Public Guardian and Trustee, Industry Canada or comparable provincial or national office.



**Treasurer**

The Treasurer is responsible for:

- Ensuring that the financial records are updated and maintained
- Ensuring the preparation of monthly financial statements
- Ensuring timely banking and payment of government remittances
- Ensuring the financial statements are monitored and presented to the board on a semi-annual basis
- Ensuring that there is an annual financial review by an accounting professional of the foundation's financial statements, in accordance with an acceptable accounting framework as identified by Chartered Professional Accountants Canada (CPA Canada), within 120 days of the fiscal year end
- Ensuring that the annual T3010 is submitted to the Charities Directorate of the Canada Revenue Agency within six months of the fiscal year end
- Presenting the annual financial statements to the membership within 6 months of year end and ensuring that the financial statements are publicly available
- Sitting as a member of the Investment Committee

**Monitoring:** This policy will be reviewed every two years.

**Board Acceptance:** This policy was approved/reaffirmed at the \_\_\_\_\_ Board meeting.



## **Governance**

### **1.03 Financial Accountability**

The foundation's financial affairs will be conducted in a responsible manner, consistent with the ethical obligations of stewardship and the legal requirements of provincial and federal regulators.

All donations will be used to support the charitable purposes of the foundation, as specified in the governing documents. All donations will be used for the purposes for which they were given. If an alternate use for a donation is necessary due to program or organizational change, this use will be discussed with the donor or the donor's legal designate. If no agreement can be reached with the donor or donor's legal designate, the unexpended part of the donation may be returned to the donor. If the donor is deceased and the foundation is unable to contact a legal designate, the donation will be used in a manner that is as consistent as possible with the donor's original intent.

The Foundation prepares and issues Official Income Tax receipts for monetary gifts and gifts-in-kind in compliance with all regulatory requirements.

The annual financial statements will be prepared and approved by the board, within 6 months of the fiscal year end, using generally accepted accounting principles and standards established by the Chartered Professional Accountants of Canada, in all material respects.

The annual report will disclose total amount of donations and expenses including salaries, overhead, fundraising costs and identification of government grants and contributions.

The foundation will meet or exceed the Canada Revenue Agency's requirement for expenditures on charitable activities. When this is not possible, any excess gained in previous years will be used to meet this requirement. If this is not possible, the foundation will apply to the Canada Revenue Agency to seek relief. The foundation will comply with section 149.1 of the Income Tax Act (Canada), which requires that all charities are required to expend 3.5% of the value of assets in support of charitable programs.

**Monitoring:** This policy will be reviewed every three years.

**Board Acceptance:** This policy was approved/reaffirmed at the \_\_\_\_\_ Board meeting.



## **Governance**

### **1.04 Conflict of Interest**

#### **Preamble**

It is important that our practices and decisions are without suspicion or influence and avoid any appearance of impropriety, which may raise concerns within or outside the organization. The policy is designed to ensure an organization's reputation for integrity of decisions. As a result, this policy addresses conflicts of interest, real or perceived.

Integrity is a core value of The Killarney Foundation and all actions of the Board and management are founded on the principle of ethical community leadership.

The Board is conscious of the possible or perceived conflict of interest which may arise in the normal course of business or as a result of Board Members being connected to organizations which have received, or may apply for, a grant from The Killarney Foundation. At the same time, it is recognized that the process of selection of Board Members inherently involves seeking individuals that are, and will continue to be, active in the community. Likewise, The Killarney Foundation does not desire to deprive other organizations, although they may be prospective applicants, from seeking the involvement and expertise of our Board Members.

It is in this context that the following policy is adopted:

#### **Definitions**

**"Integrity"** means conducting all affairs of The Killarney Foundation in an honest, forthright and impartial manner and building our community relationships on the basis of respect for the values, perspectives and aspirations of others.

**"Conflict of interest"** means a perceived, potential or actual conflict of interest between the unbiased exercise of judgment on behalf of The Killarney Foundation and:

- a perceived, potential or actual obligation to a person or organization that might benefit from special consideration related to a grant application; or
- a perceived, potential or actual benefit accruing to an individual, corporation, partnership, other business enterprise or non-profit organization of which the Board member or volunteer or a person in his or her immediate family ("immediate family" includes anyone living in the same household) is an officer, director, partner or substantial shareholder.

#### **1. Obligation to Declare:**

Upon consideration of any application for funding assistance from an organization with which the Director is affiliated, that affiliation shall be disclosed. The individual so affiliated shall declare a conflict



and not participate in discussions, and shall not vote or use personal influence on Board action. The abstention shall be noted in the Minutes

- It is the responsibility of each Member of the Board to advise the Board of organizations with which the Member or his/her immediate family have affiliation, and which have received a grant from The Killarney Foundation in the past or might reasonably be expected to apply for a grant in the future. The first agenda item of board meetings will be a declaration of conflict of interest. Members will be asked to verbally declare conflict of interest and to identify which agenda items that are in conflict. The minutes of the meeting will reflect declared conflicts. If the member is unsure, he/she will ask for clarification and the Board will determine if there is a real or perceived conflict.
- It is the responsibility of board members to raise concerns they may have regarding conflict of interest with a member who is perceived to be in conflict.

**A declaration of conflict of interest shall not affect the quorum of the meeting.**

2. Information about community projects review by The Killarney Foundation is not generally considered to be confidential but some guidelines do apply:
  - It is expected by applicants that information will be used with discretion;
  - No information obtained through involvement with The Killarney Foundation is to be used for personal gain;
  - The Board acts as a whole and positions of individual Board members during deliberations are not disclosed – the privacy of discussion pertaining to Board decisions shall be respected;
  - Third party opinions provided with respect to grant applications, are treated in confidence; and
  - Donor requests regarding confidentiality are always respected.

Matters related to personnel, litigation and property transactions are considered private.

**3. Full Disclosure:**

No undisclosed or unrecorded asset or account is to be held or established for any purpose at The Killarney Foundation. No false or misleading entries will be made in the books and records of the Foundation for any reason. No payments will be approved or made with the knowledge or intention that any part is to be used for any purpose other than that described in the supporting documentation.

**4. Non-monetary Transactions**

No Member of the Board of The Foundation shall use for personal gain or advantage The Foundation's facilities, equipment, mailing lists, computer data, or other assets

**5. Acceptance of Gifts**

No Board member, officer or volunteer shall accept gifts or use their position at The Killarney Foundation to obtain personal gain from those doing or seeking to do business with The Foundation.



**6. Non-Compliance**

The Chairman shall assess the circumstances surrounding any non-compliance with this policy and shall make a recommendation to the Board of Directors.

**Implementation:**

This policy will be conveyed to all new board members.

**Monitoring:** This policy will be reviewed every five years.

**Board Acceptance:** This policy was approved/reaffirmed at the \_\_\_\_\_ Board meeting.

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## **Governance**

### **1.05 Confidentiality and Privacy**

#### **General**

The foundation is committed to protecting the privacy of the information of its members, customers and other stakeholders. We value the trust of those we deal with, and of the public, and recognize that maintaining this trust requires that we be transparent and accountable in how we treat the information that donors choose to share with us. During the course of our various projects and activities, we frequently gather and use personal information. Anyone from whom we collect such information should expect that it will be carefully protected and that any use of or other dealing with this information is subject to consent. This policy is posted on the foundation's website.

#### **Definition of Personal Information:**

Personal information is any information that can be used to distinguish, identify or contact a specific individual. This information can include an individual's opinions or beliefs, as well as facts about, or related to, the individual. Exceptions: business contact information and certain publicly available information, such as names, addresses, email addresses and telephone numbers as published in public directories, are not considered personal information. Where an individual uses his or her home contact information as business contact information as well, we consider that the contact information provided as business contact information.

#### **Practices:**

Personal information gathered by the foundation is kept in confidence. Our personnel are authorized to access personal information based only on their need to deal with the information for the reason(s) for which it was obtained. Safeguards are in place to ensure that the information is not disclosed or shared more widely than is necessary to achieve the purpose for which it was gathered. We also take measures to ensure the integrity of this information is maintained and to prevent its being lost or destroyed. We collect, use and disclose personal information only for purposes that a reasonable person would consider appropriate in light of the circumstances. We routinely offer individuals we deal with the opportunity to opt not to have their information shared for the purposes beyond those for which it was explicitly collected.

#### **Donors:**

Board members and staff are required at all times to respect the confidentiality of a donor's name, level of gift and personal circumstances that might identify a donor, if asked to do so by the donor or by motion of the board. Donor requests for confidentiality and anonymity will be strictly respected. Access to donor information will be restricted to only those who need it for the function of their duties. Paper records are kept locked and computer records are protected using password protocols. Donor lists are not shared with any other fundraising organizations. The Foundation does not use outside contract fundraisers



**Grant Recipients**

The Foundation grant making process requires charities and agencies to provide detailed project and organizational information. This may often be sensitive and will be treated in confidence.

**Contracts/Grants**

The Foundation as a necessity will contract with professional and business corporations and details of all such transactions will be treated with respect and discretion. Information relating to personnel, litigation and property contracts and resulting transactions will be kept confidential.

**Meetings**

The Board and all its committees act as a whole. Deliberations including the opinions of individual Board and Committee Members will be kept confidential. Third party opinions with respect to contracts or grants applications will be kept confidential. Board members are required to hold in strictest confidence all matters dealt with by the board during in-camera meetings.

**Implementation:**

The above constitutes the Statement of Confidentiality and Privacy. Each board member and volunteer will sign and date this statement.

**Monitoring:** This policy will be reviewed every five years.

**Board Acceptance:** This policy was approved/reaffirmed at the \_\_\_\_\_ Board meeting.



## **Governance**

### **1.06 Risk Management**

#### **Preamble**

Community foundations have an opportunity and an obligation to model high standards of accountability, at a time when charitable organizations are being closely scrutinized by donors, government agencies and the public. In addition, community foundations need to ensure that adequate financial resources are committed to carry out responsibilities. The Board of Directors is responsible to ensure that bylaws are current, that governance practices are consistent with the bylaws, resources are sufficient to minimize risk to volunteers, compliance with statutory and regulatory requirement, and that policies are respected in actual practice.

#### **Bylaws**

The bylaws will be reviewed every 5 years or when there is a significant change in governance. An Ad Hoc Committee of the board will review the bylaws.

#### **Corporate Records**

The Secretary is responsible for ensuring that the corporate records are maintained and filed securely. This includes: all charter documents, bylaws, list of directors, officers and members, minutes of meetings of directors and members, copies of financial statements, banking documents, confirmation of charitable registration, copies of T3010 and duplicate copies of charitable tax receipts.

#### **Backup of Computer Records**

Offsite backup copies are to be kept of all computer records.

#### **Fund Agreements**

There will be three copies made of each fund agreement, one for the donor and two for the foundation. One copy of each fund agreement is to be filed off-site in a secure location.

#### **Statutory Remittances and Filing of T3010**

The Treasurer will confirm at each board meeting that all statutory remittances are current. The Treasurer will confirm that the T3010 has been filed within 6 months of the fiscal year end.

**Monitoring:** This policy will be reviewed every five years and receive an annual risk management report.

**Board Acceptance:** This policy was approved/reaffirmed at the \_\_\_\_\_ Board meeting.



## **Financial Management**

### **2.01 Investment Policy – Long Term**

#### **Preamble**

The goal of the investment policy is to outline the foundation's investment principles and provide guidelines to maximize return on investment in a prudent and diversified manner that will provide adequate income while ensuring requirements for distributions to qualified donees, administrative fees and the preservation of the value of capital over the long term are carried out. The investment policy shall also ensure that the foundation conforms to the requirements of applicable Federal and Provincial Statutes and Legislation including the Income Tax Act (Canada) and the Trustee Act.

#### **Roles and Responsibilities**

The Board of Directors is responsible for reviewing and approving the Investment Policy, for ensuring compliance to the policy and for monitoring the performance of the results on a semi-annual basis.

The Board of Directors will hire an Investment Manager which will be responsible for investing funds as per the Investment Policy. The Treasurer is responsible for reporting to the board the performance of the investments on a quarterly basis, according to the return objectives in accordance with the policy. The Treasurer, in communication with the Investment Manager, is required to inform the board if the Manager at any time feels that the performance expectations cannot be met or that the investment guidelines in the Investment Policy restrict performance.

No portion of the funds will be loaned directly to any individual.

The Board will hire the Investment Manager. The Board is responsible for conducting a search for the Investment Manager, as required. The search will be conducted through a Request for Proposal format. Proposals will include: understanding of the requirements of the Investment Manager, applicable investment fees, reports to be prepared, performance and experience in managing funds, broad investment approach and services to be offered. The Investment Manager is required to comply with the Code of Ethics and Standards of Professional Conduct as adopted by the Association for Investment Management and Research (AIMR).

The Board will monitor the performance of the Investment Manager according to established criteria in the Investment Policy Statement, agreed to jointly by the board and the manager. The Investment Manager will participate in the establishment and the review of the Investment Policy Statement. The Board will approve investment recommendations made by the Investment Manager.



## Financial Management

The Investment Manager is required to:

- Provide a review of the Fund's performance as well as expectations on the economic and financial market outlook and related investment strategies on a quarterly basis to the Investment Committee, such report to be presented to the board.
- Notify the Treasurer promptly in writing of any significant changes in the policies, procedures, personnel, ownership or any similar areas of the investment firms.
- Inform the Treasurer if the Manager at any time feels that the performance expectations cannot be met or that any guidelines contained herein restrict performance.
- Disclose any material interest in any investment or proposed transaction.
- Provide a letter of compliance, within 4 weeks at the end of each year, detailing and explaining any investment guidelines contained in the policy which have been breached and/or confirming compliance

### The Investment Policy Statement will include the following:

1. The fund shall have not less than One Million (\$1,000,000.00) Dollars of bonds at any time hereafter.
2. The fund shall mean the "consolidated fund" which now contains all designated funds and all undesignated funds.
3. Subject to paragraph one above, the fund shall have an equity component, which equity component shall not exceed Sixty-five (65%) per cent of the said consolidated fund.
4. Bond purchases shall be restricted to:
  - Federal Government Bonds;
  - Provincial Bonds;
  - Municipal Bonds;
  - GIC's (not to exceed \$100,000.00 from any one issuer);
  - Corporate Bonds rated at least "BBB".

**Monitoring:** This policy shall come into effect as of July 7, 2016 and shall remain in effect until otherwise amended or terminated pursuant to Resolution of the Board of Directors.

**Board Acceptance:** This policy was approved/reaffirmed at the \_\_\_\_\_ Board meeting.



## **Financial Management**

### **2.02 Investment Policy – Short Term and Securities**

The Treasurer will have the authority to invest operating and flow through funds, in compliance with this policy. These investments are limited to redeemable investment certificates and money market mutual funds through the corporation's banking institution. There is a requirement to maintain adequate cash in the corporation's current accounts to meet the current month's operating expenses, granting or flow through disbursements.

**Monitoring:** This policy will be reviewed every three years.

**Board Acceptance:** This policy was approved/reaffirmed at the October 9, 2019 Board meeting.

### **2.03 Funds, Fund Types and Criteria for Naming**

#### **Preamble**

The foundation gives individual donors, family foundations, businesses and charitable organizations a number of ways to fulfill their philanthropic objectives while supporting the well being of our community.

We believe that by strengthening the gifts, assets and capacity of individuals and groups, we strengthen our community. The foundation specializes in building endowment funds, where the capital is not encroached, and uses the funds' earnings to support the ever-changing needs and opportunities of our community.

The foundation has a number of types of funds available for donors. Many of them are open funds where gifts may be made by any interested contributor thereby allowing even modest contributions to be joined with others' gifts for maximum charitable benefit.

Donors may name the fund that they endow – for themselves, a family member, a company or a valued friend. Some funds have names that convey specific goals or purposes, or hold special meaning to the donor. The criteria for naming and establishing funds are identified below in each fund definition.

#### **Funds – General Guidelines**

All funds are open funds, meaning that any donor can make a gift at any time, once the fund is opened.

Donors creating named funds will be provided with an annual fund statement, reflecting additions to the funds, administrative and investment fees charged against the funds, if any, and grants from the fund.



## **Financial Management**

Annual distributions from the fund will be identified as having come from the fund, unless the donor wishes the distribution to remain anonymous.

Fund agreements will be required to establish all funds. The board will approve templates for fund agreements for each type of fund. The board must approve any changes to the clauses of these templates. The Board will pass a resolution confirming the terms of each fund agreement.

Fund agreements can be amended during the lifetime of the donor.

The foundation encourages donors to seek independent advice if the proposed gift is a Planned Gift and/or the foundation has any reason to believe the proposed gift might significantly affect the donor's financial position, taxable income, or relationship with other family members.

### **Endowment Fund Definition – Designated Funds**

Endowment funds are defined as those funds created where the capital is held in perpetuity and the annual distributable earnings are allocated to charities, as per the type of fund created below

#### **Undesignated Fund**

This fund will consist of donations, large and small, from a variety of sources – individuals, corporations and foundations. Donations to this fund give the foundation the greatest flexibility to respond to current community needs through the provision of grants to charities

#### **Designated Funds**

Donors will identify an area of interest that they would like to target their support (ex. heritage, children and youth, relief of poverty, education, etc.). The donor empowers the foundation's Board to select worthwhile projects to support. The minimum donation to establish a Designated Fund is \$10,000.

#### **Operating Endowment Fund**

The purpose of this fund is to offset the costs of operating the foundation.

#### **Flow Through Funds**

These are non-endowed funds whereby the funds are received by the foundation and then provided to a designated charitable organization on behalf of the donor(s). Flow through funds will only be available for donors who have established an endowment fund with the foundation. The board will consider other instances to create flow through funds on a case-by-case basis where there is a demonstrated advantage to the long-term growth of the foundation.

**Monitoring:** This policy will be reviewed every three years.

**Board Acceptance:** This policy was approved/reaffirmed at the \_\_\_\_\_ Board meeting.



## Financial Management

### 2.04 Authorization

Two signatures will be required on all cheques and banking documents.

The Secretary plus one other signing officer, signs all legal documents once the board approves these documents.

The Treasurer or Secretary signs donation receipts.

**Monitoring:** This policy will be reviewed every three years.

**Board Acceptance:** This policy was approved/reaffirmed at the \_\_\_\_\_ Board meeting.

### 2.05 Donation Recording and Receipting

Donation receipts will only be issued once the gift is the legal property of the foundation. The Treasurer or Secretary signs donation receipts. Receipts will be issued within one month of receipt by the foundation.

Donation receipts will include the following information:

- Name and address of donor
- Name and address of foundation
- Date gift was received
- Foundation's charitable registration number
- Website address of the Canada Revenue Agency
- Amount of donation
- Description of donation if in-kind (i.e. non-cash)

Written donor direction must be received in writing for all gifts held in perpetuity, such direction to include notice that the gift is held by the foundation in perpetuity, date of direction (same date of receipt of gift), name of fund within the endowment that the gift is to be directed and that all gifts, now and in the future, are covered by the same direction unless the donor directs otherwise. The Treasurer insures that donor direction is received for all gifts held in perpetuity.

Donation receipts for gifts of securities are based on the value of the securities at the close of trading on the day in which the ownership is transferred from the donor to the foundation. Supporting documentation in writing must verify this valuation.



## Financial Management

One copy of the donation receipt, filed in numerical order, will be held for seven years. This can be an electronic copy. One copy of the receipt for a gift to an established fund, will be kept in the fund file. The permission of the Canada Revenue Agency must be received before receipts are disposed.

Donation receipts for special events will be in accordance regulations of the Charities Directorate of the Canada Revenue Agency.

**Monitoring:** This policy will be reviewed every three years.

**Board Acceptance:** This policy was approved/reaffirmed at the October 9, 2019 Board meeting.

### 2.07 Expense Reimbursement

Volunteers and staff will be reimbursed for expenses incurred in conducting the business of the foundation. The Treasurer or Chair, prior to the expense being incurred, must approve request for reimbursement. For approved expenses, receipts must accompany request for reimbursement.

Mileage will be reimbursed at the rate of \$0.40 per km. (*or whichever rate the board determines*). This rate is reviewed annually and based on the Municipality of Killarney-Turtle Mountain's rate.

**Monitoring:** This policy will be reviewed every three years.

**Board Acceptance:** This policy was approved/reaffirmed at the \_\_\_\_\_ Board meeting.

## Donor and Gift Management

### 3.01 Gift Acceptance

The purpose of this policy is to provide guidelines for the types of outright gifts (i.e. cash, publicly traded securities) and deferred gifts (i.e. bequests, life insurance) that will be accepted by the foundation.

**Consistency with foundation mission:** Gifts must be consistent with the overall mission and strategic intent of the foundation, all applicable statutory provisions, and must not compromise the foundation's integrity. The foundation may, in its discretion, refuse a gift on these grounds.

**Clarity of intent:** The foundation shall not solicit or accept a gift from a donor unless it is satisfied that the donor has a bona fide charitable intention and has an accurate understanding of the consequences of the donation, the work of the foundation, and the uses to which the gift will be put.

**Seeking independent advice:** Persons acting on behalf of the foundation shall encourage potential donors to consult independent legal and tax professionals to ensure that donors receive a full and accurate explanation of the nature and consequences of their gifts.

**Undue influence:** Persons acting on behalf of the foundation shall inform, serve, guide or otherwise assist donors who wish to support the foundation's activities, but never under any circumstances are they to pressure or unduly persuade.

**Parameters of gifts:** Foundation volunteers, friends and staff members are authorized to encourage donors to make gifts to the foundation within the parameters of the **Gift Acceptance Policy**.

**Authority to negotiate:** The Secretary, Treasurer and/or Chair is authorized to negotiate gift agreements with prospective donors and their professional advisors in accordance with the guidelines set for in this Policy.

**Authority to accept:** Outright gifts of cash, publicly traded securities, and life insurance do not require approval by the Board of Directors unless there are unusual restrictions or circumstances involved.

**Gifts Accepted:** The foundation routinely accepts only property that is readily marketable at reasonable cost. That refers to cash, cash equivalents (including deposit instruments of a government or financial institution in Canada), publicly traded securities, policies of life insurance, bequests or any other property that the Foundation has identified within its investment policies.

**Acceptance of Other Forms of Property:** The foundation recognizes that donors will occasionally wish to give property that is not readily marketable, such as real estate, art, jewelry, private corporation shares or residuary interests in trusts. While the foundation is generally pleased to accept gifts, it has to be careful to evaluate whether there may be "hidden costs" in accepting such property. The Board will be consulted on all gifts of property prior to responding to donor. The Board may want to retain the advice of tax and/or legal professionals when considering these types of gifts.

**Related Costs:** Gift-related costs such as legal fees, appraisals, real estate commissions and taxes relating to acceptance, maintenance, management or re-sale of a gift of property will normally be the responsibility of the donor unless the foundation, upon prior agreement, agrees to assume responsibility for any portions of these items. There may be instances that the foundation will cover these costs. In these instances, Board approval is required.

**Gifts Requiring Board Approval:** The following gifts must be reviewed and approved by the Board of Directors: gifts of real or tangible property, gift of a charitable remainder trust and gifts of a residual interest. Before acceptance and approval, relevant information about the gift shall be ascertained, including a copy of any appraisal secured by the donor. The foundation reserves the right to obtain its own appraisal for gifts of real or tangible property or other property whose value is not readily ascertainable.

**Gifts Not Accepted:** The foundation cannot offer charitable annuities or any other gift creating a liability. It reserves the right to decline a gift based on:

- lack of congruency with the foundation's mission;
- desire of the donor to exert unacceptable conditions or controls over disbursement of the net income from the gift;
- cost of ownership implications related to administration time, management and marketability of the gift;
- unacceptable risks;
- gifts that are illegal; and,
- other factors agreed to by the Board of Directors

**Disposition of Gift:** The foundation does not make any representation that by accepting a gift it will retain the property or employ the donated property for the same purposes as the donor used it. For example, absent an agreement, if the foundation acquires a residence as a gift, it will not retain it as an office or retreat, but will sell it and invest the proceeds in accordance with its investment policy.

**Fund Agreements:** The foundation works with donors to develop agreements with respect to the name, nature, limits and use of their gifts at the time a gift is made. Fund agreements specify the type of fund created. Fund agreements will clearly identify that it is the responsibility of the Board of Directors to approve all disbursements of net income from endowed funds. These agreements will be developed where the donor is giving specific recommendations to the foundation as to the distribution of the earnings generated by their gift. Where substantially the same agreement is used repeatedly, only the template needs to be approved.

**Charitable Tax Receipt:** The foundation shall issue a charitable tax receipt within 30 days of receipt of the gift in alignment with the foundation's Donation Recording and Receipting Policy. For gifts of shares, a tax receipt shall be issued for the earlier of either the trading price or the closing price on the day the foundation's broker receives the shares, assuming liquidity.

**Benefit to Donor:** The legal nature of a charitable gift is that a donor cannot expect material consideration (i.e. financial benefits or opportunities) to flow from a gift.



**Donor-Advised Funds:** The Income Tax Act (Canada) imposes limits on a donor's capacity to impose restrictions on charitable gifts. A donor may, however, at the time the gift is made and even subsequently, by agreement with the foundation, place limits on the uses to which a gift may be put.

Further, the donor or the donor's designated representatives may advise the board of the foundation on the application of the earnings of his or her gift and the board shall generally consider and respect such advice. Beyond that a donor cannot legally restrict the foundation.

**Preservation of Donor's Intention:** Where, by prior agreement, the Board agrees to receive the advice of donors on the distribution of grants, the foundation shall not seek to pass judgment on the value or merit of the donor's proposed application so long as the income is applied according to legal provisions to a charitable purpose. Should the foundation cease to exist or become incapable of administering a fund to fulfill a donor's purpose, the foundation shall employ its best possible efforts to ensure continued application of the fund to the purpose originally contemplated by the donor.

**Administration Policies:** The Foundation adopts policies that regulate administrative charges on its endowment funds, manage the investment of the funds, determine the appropriate portion of funds to distribute for charitable granting purposes or retain as capital to protect against erosion by inflation. Except for more precise agreement with the donor overriding these general policies, the foundation shall apply its policies equitably to all funds under its control and may amend such policies from time to time.

**Geographic Area of Focus:** The primary, but not exclusive, focus of the foundation's activities is within the geographic area encompassed by the political boundaries of Municipality of Killarney-Turtle Mountain. It may refer a donor to another community foundation or charitable organization if it perceives that the donor will be better served by such organizations.

**Acting as a trustee:** The Foundation will not perform the role of estate trustee.

**Guidelines for specific gifts:**

**a. Cash**

Gifts of cash and cash equivalents.

**b. Publicly-traded securities**

Gifts of marketable publicly traded securities shall be scrutinized and accepted by the foundation's investment manager. These securities may be sold upon receipt and converted to cash and processed based on the foundation's cash management policy.

**c. Gifts of property including real estate, art, jewelry etc.**

Gifts of property or real estate may be made in various ways: outright or residual interest in it.

**Guidelines:**

- Donors shall provide qualified appraisals of proposed gifted property.
- The foundation will obtain its own independent appraisal. The foundation may, at its discretion, obtain a third independent appraisal, and, in such cases, issue a receipt based on the foundation's own appraisal.
- The foundation shall satisfy itself that the donor has clear title to the property.

- The foundation shall review all pertinent factors, including in the case of real property, zoning restrictions, marketability, prior land use, current use and cash flow, to ascertain that acceptance of the gift would be in the best interests of the foundation.
- If the real estate possibly contains toxic wastes, the donor shall secure an environmental audit and provide the results to the Board of Directors. No property containing toxic wastes shall be accepted prior to removal and/or indemnification of the Foundation against all present and future liabilities.

**d. Bequests**

A donor who advises the foundation, in confidence, of a proposed testamentary gift to the foundation, shall be asked to provide, if possible, a copy of that section of the Will naming the foundation. The donor may also wish to execute an agreement with the foundation directing the charitable use of the proposed testamentary gift. The foundation will not serve as executor of a donor's will.

**e. Gifts of life insurance**

There are various methods by which a life insurance policy may be contributed to the foundation. A donor may:

- Commence a life insurance policy of which the foundation is the owner and beneficiary.
- Assign irrevocably a paid-up policy to the foundation.
- Assign irrevocably a life insurance policy on which premiums remain to be paid and a charitable tax receipt shall be issued for premium amounts.
- Name the foundation as a primary or successor beneficiary of the proceeds.

When ownership is irrevocably assigned to the foundation, the donor is entitled to a gift receipt for the net cash surrender value (if any) and for any premiums subsequently paid.

**f. Gift of a residual interest**

This type of gift refers to an arrangement under which a property interest is conveyed to the foundation, but the donor retains use of the property, or income from the property, for life or a specified term of years. For example, the donor might give a residual interest in a personal residence and continue living there or a residual interest in a painting and continue to display it. The owner is entitled to a charitable tax receipt for the present value of the residual interest.

**Guidelines**

The donor shall continue to be responsible for real estate taxes, insurance, utilities and maintenance after transferring title to the property unless the foundation, upon prior approval of the Board of Directors, agrees to assume responsibility for any of these items. The foundation is entitled to require that the donor provide proof of payment of those expenses for which the donor is responsible.

The foundation reserves the right to inspect the property from time to time to assure that its interest is properly safeguarded.

**g. Non-designated gifts**

From time to time the foundation receives donations that are not designated for a particular endowment fund. Revenue Canada regulations state that donations to be held in perpetuity are required to have a direction from the donor stating this fact. The following policy governs the handling of these types of donations.

**Guidelines**

These donations will be placed in the Community Fund.

**Monitoring:** This policy will be reviewed every three years, upon hiring staff or upon changes to the Income Tax Act.

**Board Acceptance:** This policy was approved/reaffirmed at the \_\_\_\_\_ Board meeting.

## **Donor and Gift Management**

### **3.02 Donor Recognition and Stewardship**

The foundation will publicly acknowledge all donations, unless the donor wishes to remain anonymous. A thank you letter will accompany all receipts.

The foundation may publish the amount of the donation, unless specifically advised not to by the donor. Donors creating named funds will receive an annual fund statement.

The foundation honors donors' and prospective donors' requests to:

- limit the frequency of contact;
- not be contacted by telephone or other technology;
- receive printed material concerning the organization; and
- discontinue contact.

The foundation will not share or sell its donor list with other organizations.

The privacy of donors will be respected. Donor records maintained by the foundation will be kept confidential to the extent possible.

Donors will have the right to see their donor record and to challenge its accuracy.

**Monitoring:** This policy will be reviewed every two years.

**Board Acceptance:** This policy was approved/reaffirmed at the \_\_\_\_\_ Board meeting.



## Donor and Gift Management

### 3.03 Fundraising

All fundraising activities conducted by or on behalf of the foundation must:

- be truthful,
- accurately describe the organization's activities,
- disclose the organization's name,
- disclose the purpose for which funds are requested,
- disclose the organization's policy with respect to issuing Official Income Tax receipts including any policy on minimum amounts for which a receipt will be issued; and,
- disclose, upon request, whether the individual or entity seeking donations is a volunteer, an employee or contracted third party.

The foundation does not make claims that cannot be upheld or are misleading. The foundation does not exploit our beneficiaries. We are sensitive in describing those we serve (whether using graphics, images or text) and fairly represent their needs and how these needs will be addressed.

Any fundraising materials distributed by or on behalf of the foundation must include our address or other contact information. The foundation does not, directly or indirectly, pay finder's fees, commissions or percentage compensation based on contributions.

Anyone seeking or receiving funds, on behalf of the foundation, whether a volunteer or contracted third party must:

- act with fairness, integrity, and in accordance with all applicable laws;
- cease contacting a prospective donor who states that he/she does not wish to be contacted;
- disclose immediately to the organization any actual or apparent conflict of interest or loyalty; and,
- not accept donations for purposes that are inconsistent with the organization's mission.

The board regularly reviews the cost-effectiveness of the organization's fundraising activities. No more will be spent on administration and fundraising than is required to ensure effective management and resource development.

**Monitoring:** This policy will be reviewed every five years.

**Board Acceptance:** This policy was approved/reaffirmed at the \_\_\_\_\_ Board meeting.



## Grant Management

### 4.01 Disbursement of Funds

#### Preamble

This policy is designed to allow an outflow for grants while protecting original principal and insuring fund growth to sustain purchasing power with the rate of inflation. This policy determines the amount of the annual distribution from the permanent endowment funds in accordance with the regulations and guidelines of CRA. The distributions are for charitable grants and administrative fees.

As a general rule, foundations are required to disburse 4% of the average value of assets held during the previous 24 months.

The Treasurer recommends the semi-annual disbursement to the Board of Directors at each April and October meeting.

**Monitoring:** This policy will be reviewed every three years, when regulations change or when there is a significant change in the return on the foundation's investments.

**Board Acceptance:** This policy was approved/reaffirmed at the \_\_\_\_\_ Board meeting.

### 4.02 Granting

The Board approves the level of grants available on a semi-annual basis, based on the recommendations from the Treasurer. For unrestricted funds the board also approves the grant criteria, application form, deadline, grant assessment process and grantees.

Grants are available only to qualified donees. Nonprofit organizations that are not registered charities are eligible to receive funds only when working in collaboration with a qualified donee such as the Municipality of Killarney-Turtle Mountain. In these instances, the qualified donee is the applicant. Grant recipients are not required to prepare donation receipts to the foundation.

**Monitoring:** This policy will be reviewed every three years.

**Board Acceptance:** This policy was approved/reaffirmed at the \_\_\_\_\_ Board meeting.



## Grant Management

### 4.03 Spending and Capital Preservation Policy

#### Preamble

The foundation is the steward of endowed funds that were created by gifts from a number of donors. The earnings on the endowed funds are a source of income for the granting program and the administration of the foundation. As these funds are held in perpetuity, the Board of Directors recognizes that the capital in the funds should be protected against the effects of inflation to preserve, as much as possible, the purchasing power of the funds (i.e. maintain value of the funds on an inflation-adjusted basis).

The Board also recognizes that the earnings on the endowed funds fluctuate from year to year. In recognition of these fluctuations and the impact on the annual distribution, there is a need to maintain a reserve of undistributed earnings.

*Annual Distributable Earnings* means that portion of the earnings determined by the Board to be available or required by law for distribution in each year. Earnings are computed in accordance with **subsection 108(3) of Income Tax Act (Canada)** (see Appendix), as amended from time to time. The annual Administrative and Investment Fees shall be disbursed from the Annual Distributable Earnings of the Fund.

#### Statement

It is the long term objective of the The Killarney Foundation (the "Foundation") to make available for bi-annual grant making activities an amount of 4.5% of the average of the three preceding years' market value of The Killarney Foundation's primary endowment fund (the "General Fund") as well as funds managed by the Foundation on behalf of other registered charitable organizations and/or groups (the "Designated Funds") (hereafter called the "Fund"). The average market value is calculated on the basis of the last 12 quarters.

The Foundation may annually recoup its operating expenses as may be determined by The Board of Directors of the Foundation, together with the Treasurer of the Foundation, taking into account, the actual annual costs incurred in operating the Foundation.

The Foundation uses 2017 as the base year to calculate an inflation adjustment for each successive year's capital contributions to the Foundation. Thus, in addition to knowing contributed capital, the Foundation monitors an inflation protected target which essentially is required to protect the purchasing power of its original gifts. The difference between the inflation protected target and the actual market value is monitored and if this excess deteriorates or improves on an average 3 year basis, the spending policy calculation will be adjusted upward or downward in accordance with the following:



Average Excess Between Inflation Protected Target & Market value Over 3 years	Amount Available for Annual Grant Making	Inflation Protected Target
10% or more	5.0% average market value	100%
9.0% - 9.9%	4.9% average market value	98%
8.0% - 8.9%	4.8% average market value	96%
7.0% - 7.9%	4.7% average market value	94%
6.0% - 6.9%	4.6% average market value	92%
5.0% - 5.9%	4.5% average market value	90%
4.0% - 4.9%	4.4% average market value	88%
3.0% - 3.9%	4.3% average market value	86%
2.0% - 2.9%	4.2% average market value	84%
1.0% - 1.9%	4.1% average market value	82%
1.0% - 0.9%	4.0% average market value	80%
Less than 0%	3.5% of average market value	80%

Any adjustment to grant making will not be greater than 0.2% in any given year, and any adjustment to the inflation protected target will not be greater than 4% in any given year.

The spending rate for each fiscal year (January 1) will be determined in January of that fiscal year (to allow for calculation of previous 12 quarters' market value).

When any document cites the Spending Policy of the Foundation, it is referring to the above formula. The CRA requires that endowments "spend" at least 3.5% annually. In situations where it is appropriate under certain circumstances, and taking into account donor preference, the Foundation may use the stipulated CRA minimum rate as an approved alternate to the Spending Policy.

**Monitoring:** This policy will be reviewed every three years, when regulations change or when there is a significant change in the return on the foundation's investments.

**Board Acceptance:** This policy was approved/reaffirmed at the \_\_\_\_\_ Board meeting.

### Appendix to Policy 4.03

Section 108(3) of the Income Tax Act essentially says the income of a trust is its income computed without reference to the provisions of the Income Tax Act. Income for purposes of the Income Tax Act includes taxable capital gains. Under trust law, all capital growth belongs to the capital beneficiary and is not considered income. In the foundation's case, given the nature of our fund agreements, which are essentially a trust-like relationship, capital gains are treated as growth in capital and not as earnings.



Black's Law Dictionary defines income as "money or other form of payment that one receives usually or periodically from employment, business, investments, royalties, gifts and the like." Capital is defined as "money or assets invested, or available for investment, in a business; and the total assets of a business, especially those that help generate profits." Therefore the investment income that we earn in the form of dividends (see below for clarification), interest, partnership income would all be considered income. Capital gains reflect a growth in the original investment as opposed to income being disbursed. They are typically only generated when an asset is sold, instead of on an annual or periodic basis like income. Therefore, they are excluded from the legal definition of income.

Generally, dividends are considered a distribution of the share of earnings and therefore, treated as income. There are some exceptions if there is a distribution of capital on or prior to a wind-up. Some foundations have included the following statement in their fund agreements: "in years where current or accumulated earnings are not sufficient, these amounts [the annual distributable earnings] may be drawn from the capital of the fund". This clause allows the foundations flexibility to access capital gains if the dividends and interest are not sufficient to cover the distributions set by the board.

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## Grant Management

### 4.04 Realized Capital Gains Spending Policy

#### Preamble

The endowed capital (the “fund”) of the Foundation consists of:

- donations received (whether designated or otherwise)
- capital gains (losses) on hand
- capitalized income

The endowed capital is made up of designated funds and undesignated funds

#### Statement

The fund shall, in each year commencing 2010, set aside Twenty-five (25%) of net realized annual capital gains and deem the amount so set aside as available for, and designated as, funds available for granting purposes.

The fund shall mean the “consolidated fund” which now contains all designated funds and all undesignated funds.

The calculation of realized net annual capital gains shall occur as of December 31<sup>st</sup> each year, commencing December 31, 2010.

The amount so calculated shall be transferred to the “operating account” from the “capital gains account” on January first following each such calculation so that such funds become available for granting in the year following such designation.

**Monitoring:** This policy will be reviewed every three years, when regulations change or when there is a significant change in the return on the foundation’s investments

**Update: This policy was rescinded in its entirety by motion made on September 30, 2019.**

1. **RESOLVED (Pauls/Jones) that the Capital Gains Policy of April 17, 2010 (attached hereto) be rescinded in its entirety. CARRIED.**

## General

### 5.01 Special Leadership Initiatives

The community foundation has multiple roles and responsibilities – for fund development, grant making and community leadership. To be effective, we need to ensure that adequate financial and human resources are committed to carry out our responsibilities in each area. This policy recognizes the need to assess existing and new opportunities in our community with regard to foundation resources and strategic priorities.

When the foundation is invited to participate in a community initiative, the Board of Directors must give consideration to the following when making its decision:

- Is initiative consistent with the foundation's mission, vision and strategic priorities?
- Does this initiative advance an opportunity for fund development or granting?
- What is the impact on the foundation's resources if the foundation participates in initiative?
- What are the potential risks and benefits (ex. public relations, credibility)?
- Will initiative eventually be weaned from the foundation's participation, and if so, what is the plan?
- How will the success of the initiative be evaluated?
- How urgent is the initiative and what is the timeline?

**Monitoring:** This policy will be reviewed every five years or when there is a significant change in the foundation's unrestricted endowed and/or flow through funds.

**Board Acceptance:** This policy was approved/reaffirmed at the \_\_\_\_\_ Board meeting.