

# Gift Acceptance Policy

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Charitable organization no. 88807 6643 RR0001



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## **Introduction**

The Conseil des arts de Montréal (the “Conseil”) is a recognized charitable organization registered with the Canada Revenue Agency (“CRA”). Its mission is to recognize and support excellence in the professional creation, production and presentation of works of art through financial support, advice, consultation and development initiatives.

The Conseil administers several support programs for arts organizations. Most of its work involves awarding grants to non-profit arts organizations and artists’ collectives.

As a public foundation, the Conseil also supports arts organizations with targeted fundraising campaigns to provide additional support for their artistic mission and activities.

This Policy was established by the Conseil management team and adopted by the Conseil at its Board of Directors meeting of September 8, 2021.

### **Accounting principles**

- The Conseil’s fiscal year runs from January 1 to December 31.
- The Conseil records all gifts it receives in response to solicitations in its cash flows for the fiscal year.

## **Purpose of this Policy**

The purpose of this Gift Acceptance Policy is to summarize the procedures and guidelines governing the acceptance and administration of gifts to the Conseil.

This Policy preserves the Conseil's freedom in awarding grants to arts organizations. Donors may request that their gift be directed to one of the areas of action targeted by the Conseil, but gifts may not be directed to support a specific arts organization or artist at the donor's request.

The Policy's objectives include the following:

- Expand the Conseil's freedom of action and ensure the integrity of the grant process
- Allow for informed decisions regarding the acceptance of gifts
- Process the contributions received in accordance with tax laws
- Establish administrative, legal and accounting procedures for the acceptance, processing and recognition of gifts
- Produce an accurate report of gifts to the Conseil
- Maintain fair and consistent donor relations

## **Basic Principles**

### **Responsibilities as a CRA-recognized charitable organization**

The Conseil is responsible for issuing official tax receipts in accordance with provincial and federal legislation. The Conseil's CRA charitable registration number is 888076643 RR 0001.

In accordance with this Policy and applicable tax laws, all gifts are received by the Conseil, which then issues receipts to donors. The Conseil also keeps an official record of all gifts received.

Donations must advance the Conseil's mission of supporting arts organizations and, where prescribed by its charter, artists themselves by means of financial assistance and support programs.

### **Application of the Policy**

This Policy applies to all personnel, Board of Directors members and Conseil volunteers. It also applies to any legal entity designated by the Conseil.

### **Definition of "gift"**

The CRA defines a gift as a voluntary transfer of property without valuable consideration to the donor. However, gifts made to charitable organizations such as the Conseil generally qualify for a tax receipt, subject to certain legal requirements.

The Conseil therefore issues tax receipts for gifts of \$25 or more.

To maintain its own activities, the Conseil reserves the right to allocate, where possible, between 3% and 5% of the amount of any gift received to its working capital. The Conseil determines this percentage at its sole discretion and may modify it at any time

The following transactions are not deemed to be charitable in nature and do not qualify for tax receipts:

- A donation of services: Although the Conseil welcomes donations of services from individuals or legal entities, and tax receipt will be issued.
- The purchase of an item or service from the Conseil
- Sponsorship of artistic or research projects for which the donor retains ownership rights, including intellectual property rights

- A gift of debt from a person or corporation, or a share of the capital stock of a corporation with which the charity deals at arm's length
- A gift of less than \$25: Although this is a charitable act, the Conseil issues tax receipts only for donations of \$25 or more.

## Donor Relations

### Donor rights

The Conseil takes all necessary steps to ensure its donors enjoy the following basic rights:

1. All information concerning their donation will be kept confidential, except as required by the CRA and Revenu Québec, and will not be used for any other purpose. Furthermore, all requests for anonymity will be respected.
2. All volunteers, Board members, philanthropic operations managers, personnel and professionals employed by the Conseil are bound by a non-disclosure agreement.
3. All promises to recognize their gift will be honoured.
4. Their gift will be used for the purpose for which it was made.
5. All Board of Directors members<sup>1</sup> will be identified in its annual report.
6. All relationships with individuals representing the Conseil will be of a professional nature.
7. Donors will be informed if Conseil representatives, whether volunteers, employees or professionals, are charged with soliciting donations on behalf of the organization.
8. Donors will be informed if an organization is soliciting donations on behalf of the Conseil.
9. Any Conseil representative who finds him- or herself in a conflict-of-interest situation will report it and allow an impartial person to represent the Conseil<sup>2</sup>.
10. When making a gift, donors will be able to ask any questions they wish and receive a prompt and honest response.

### Responsibilities to donors

When soliciting gifts, Conseil personnel, Board members, volunteers and representatives have an ethical responsibility to donors. Donors' interests and well-being will be respected at all times.

All these individuals and legal entities are subject to certain conditions and to the policies in force at the Conseil.

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<sup>1</sup> [The members of the Board of Directors of the Conseil des arts de Montréal](#)

<sup>2</sup> [Conseil des arts governance and regulations](#)

## Conflict of interest

Any person or legal entity who acts on behalf of the Conseil and is in a conflict of interest<sup>3</sup> must report it.

In the view of the Conseil, these persons include employees, members of management, committee members (evaluation committee or other), members of the Board of Directors, volunteers, jury members, fundraising consultants or any other designated persons carrying out a mandate for the Conseil.

In the view of the Conseil, these legal entities are organizations representing the Conseil under a fiscal sponsorship arrangement, fundraising partner organizations with an agreement, fundraising consulting firms or any other designated legal entities carrying out a mandate for the Conseil.

## Confidentiality

All fundraising personnel are bound by confidentiality agreements. No information obtained in the course of fundraising activities may be used for personal purposes or to advance the interests of another organization.

Conseil personnel, Board members, volunteers and representatives are bound by rules of professional conduct and ethical practice.

## Professional consulting

Conseil personnel, Board members, volunteers and representatives are available to assist donors with the donation process. The Conseil considers these individuals to be experts in its actions and mission and able to guide donors through the process.

At the same time, donors may also work with a legal or tax advisor to complete a deed of gift if they feel the need to do so. The Conseil may recommend an advisor to donors who so request. Donors are free to select and retain an advisor and the desired services at their own expense.

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<sup>3</sup> [Definition and formalities for conflicts of interest at the Conseil des arts de Montréal: https://www.artsmontreal.org/en/code-of-ethics/](https://www.artsmontreal.org/en/code-of-ethics/)



### Stewardship and recognition

The Conseil will provide an acknowledgement of receipt to all donors upon receiving their donation. A tax receipt will be issued for donations of \$25 or more, upon donor approval.

The Conseil grants additional donor recognition according to the recognition plan in place for various fundraising initiatives. All requests for anonymity will be strictly respected.

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## Acceptance of Gifts

The Conseil maintains rigorously up-to-date records of all gifts received during the year. The year of recognition for gifts is the same as the Conseil's fiscal year, i.e., from January 1 to December 31. The results are presented in the Conseil's annual report.

The Conseil may accept or refuse any gift. In no case is the Conseil obliged to accept a proposed gift. As indicated in the recognition plan, the final decision to accept or refuse any proposal to recognize a gift rests with the Conseil.

The Conseil must ensure that any deferred gift is consistent with its mission and, ideally, with the priorities set out in its strategic plan.

Acceptance of a gift that involves a proposal to grant a named recognition or space is conditional upon final acceptance by the Conseil.

The first recognition consists of a tax receipt accompanied by a thank-you document prepared by the Conseil. These documents constitute official acceptance of the donation. The Conseil issues tax receipts for all donations of \$25 or more.

### Tax receipts

The Conseil issues official tax receipts in accordance with applicable legislation. It will provide all donors with an acknowledgement upon receipt of their gift.

Every donation received must undergo an approval process:

- Gifts of all types and all donor requests are first received by the Project Manager – Arts and Philanthropy.
- Cash donations of \$1,000 or more must be approved by management.
- Gifts and proposed gifts other than cash are accepted or refused by the Executive Director in consultation with the other departments and any other person he or she deems appropriate.

Once a gift has been approved and confirmed, the donor will receive a tax receipt for any donation of \$25 or more.

1. All official tax receipts for gifts are issued in accordance with the applicable tax laws and with the CRA's published policies in effect at the time.
2. In order for an official tax receipt to be issued, the gift must meet the definition of "gift" provided in the *Income Tax Act*.

3. All official tax receipts are issued exclusively in the name of the donor, whether an individual or legal entity.
4. No official tax receipt will be issued if the Conseil is unable to ascertain that the donor's name is the same as that shown on the receipt.
5. Official tax receipts are issued for anonymous donations in accordance with CRA guidelines.
6. All official tax receipts are dated with the calendar year in which the gift is received. As far as the Conseil's administrative means allow, when a gift is accepted on or after January 1 and the postmark shows a date prior to the end of the previous calendar year, the official receipt is dated December 31 of that year. The Conseil reserves the right to assign the gift to the current year if, in its opinion, the date of the gift is too far removed from the date of the postmark.
7. An official tax receipt is issued for every gift made during the Conseil's fiscal year. Separate receipts are issued for gifts-in-kind.
8. The Conseil may replace an official tax receipt at the donor's request in order to correct the address or the way the name is written. The replacement receipt must indicate that it is a duplicate of the original.

### **Non-Acceptance and Revocation of Gifts**

If the conditions attached to a gift are deemed too restrictive or contrary to its interests, the Conseil reserves the right to refuse the gift.

The Conseil may also recommend that the conditions be revised for simplification purposes. Subject to the decision of the Board of Directors, donors may provide guidance regarding the use of their gift for a specific program or field of action.

The Conseil will not accept gifts, establish relationships or accept outside assistance that could reasonably be expected to compromise it.

### **Types of gifts refused**

The Conseil des arts de Montréal may refuse the following gifts:

- Gifts of art or cultural property
- Gifts that are contrary to law or public order
- Gifts that are contrary to the Conseil's values
- Gifts that could compromise the Conseil's autonomy, integrity or mission, or that would impose undue responsibilities on the Conseil
- Gifts in return for which donors expect consideration or a benefit other than appropriate recognition
- Gifts to a person or organization other than the Conseil

- Monetary gifts with conditions that give donors undue control over their use and management
- Gifts for which donors are unable to demonstrate a legitimate source
- Gifts that entail financial, administrative or other obligations deemed inappropriate or disadvantageous for the Conseil
- The Conseil reserves the right to refuse any gift it deems to be non-compliant with this Policy and to verify the acceptability of all gifts received.

## **Rules of Acceptance**

### **Gifts of cash**

Cash gifts can be made to the Conseil in the following ways:

- By credit card, using the online form on the Conseil's website
- By cheque payable to the Conseil des arts de Montréal
- By electronic transfer

### **Gifts of marketable securities**

Gifts of marketable securities (stocks, bonds, mutual fund units, etc.) are accepted. Donations are recorded at the average selling price on the day of the transaction and transfer. In accordance with Conseil policies, shares may be sold at the earliest opportunity.

The tax receipt is issued for the securities' fair market value, based on the closing price on the date the marketable securities certificate is physically transferred or on the date the Conseil's broker receives the marketable securities electronically. The securities' fair market value is determined at the time of donation, which is the date the securities are received by the broker.

### **Gifts of RRSPs and RRIFs**

Gifts of RRSPs or RRIFs are accepted on condition that the Conseil is designated as the plan's beneficiary and assumes no liability. No legal document or trust agreement is required for funds from an RRSP and RRIF.

Donors are responsible for entering the beneficiary information on the contract and notifying the institution that holds their retirement account.

The Conseil is available to support donors with this process and provide further information on the available donation options. However, donors are encouraged to consult a financial advisor (financial planner, accountant or tax specialist) or a legal advisor (notary or lawyer) who is familiar with their personal situation. These professionals will be able to help donors plan their gifts wisely and recommend the formula best suited to their needs.

Upon request, the Conseil can refer donors to suitable professionals. Donors are free to select the professional services they wish, at their own expense.

## **Gifts of life insurance**

Planned giving is part of the financial, tax and estate planning process. The Conseil encourages donors to consult a financial advisor (financial planner, accountant or tax specialist) or a legal advisor (notary or lawyer). These professionals will be able to help donors plan their donations wisely. They can also inform donors of the tax advantages specific to their financial situation.

Deferred gifts involving insurance policies and trust agreements will be kept on file by the Conseil, which will also be responsible for receiving them. A memorandum of understanding confirming the donor's wishes will be prepared for signature by the donor and Conseil.

A separate agreement must be drawn up for every gift of life insurance.

### Gift of a new life insurance policy

Donors may give the Conseil a newly issued life insurance policy.

Where the Conseil is the policy's irrevocable owner or beneficiary, an official receipt can be issued to the donor for the amount of the annual premiums, in accordance with Canada Revenue Agency rules. If the donor names the Conseil as the beneficiary and remains the policyholder, the donor's estate receives a tax receipt for the policy proceeds upon his or her death.

### Transfer of a fully paid-up life insurance policy

Donors may give the Conseil an existing life insurance policy and name it as the irrevocable owner and beneficiary. The Conseil will then issue a tax receipt, for the current tax year, for the policy's market value.

### Transfer of an in-force life insurance policy with ongoing premiums

Donors may give the Conseil an existing life insurance policy and name it as the owner and beneficiary. The Conseil will then issue a tax receipt, for the current tax year, for the policy's market value. A tax receipt is also issued for the premiums already paid or to be paid by the donor at a later date, if applicable.

The Conseil will review all offers of a gift of life insurance on a case-by-case basis, particularly offers not described above.

## **Gifts-in-kind**

All gifts-in-kind, including donations of property, movable goods, computers and works of art, must be appraised according to CRA standards to determine their fair market value for tax receipting purposes.

Gifts of movable property (excluding works of art) or real estate may be received, held by the Conseil and used for purposes that further the gift's objectives or those of the Conseil.

The Conseil reserves the right to refuse any gift-in-kind that could compromise its autonomy, integrity or mission, or that would impose undue responsibilities upon it.

## **Gifts of art and cultural property**

The Conseil does not accept gifts of art or cultural property.

Anyone wishing to donate a work of art or cultural property may contact the City of Montréal's Bureau d'art public<sup>4</sup>.

## **Gift of services**

The Conseil considers gifts of services to be skill-based volunteering. The Conseil welcomes this form of engagement with its organization. However, no tax receipt will be issued for a gift of services.

## **Bequests**

Any bequest made to the Conseil is considered a charitable donation. An official receipt is issued to the estate of the deceased once the property has been transferred to the Conseil. Bequests can take several forms:

- A specific bequest, i.e., a predetermined amount or a particular asset
- A residuary bequest, i.e., all or a portion of the remainder of the estate once debts and specific bequests have been settled
- A universal bequest, i.e., the deceased's entire estate, sometimes divided between several beneficiaries
- Designation as the beneficiary of a retirement savings plan, pension plan or life insurance policy

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<sup>4</sup> City of Montréal. Culture, Gifts: <https://montreal.ca/en/programs/donate>

All gifts received as part of an estate must be appraised and are subject to the acceptance process.

Deferred gifts (bequests) will be kept on file by the Conseil, which will be responsible for receiving and appraising them.



## **Conditions Governing the Allocation of Gifts**

### **Grants and awards**

All grant and award programs must align with the Conseil's priorities. Donors may choose to allocate their gift to the creation of a new grant or award program or to a pre-existing Conseil grant or award.

The Conseil has established various processes for allocating gifts to the creation of a new grant or award program. Anyone wishing to pursue an initiative of this kind is invited to discuss it with the Conseil to gain a better understanding of the available options, in keeping with the donor's wishes and Conseil's priorities.

Donors may choose to contribute to an existing Conseil grant or award with a gift in the amount of their choice.

The Conseil remains open to donors' suggestions regarding the creation of a new grant or award program that does not address the Conseil's priorities. However, the Conseil reserves the right to refuse any type of gift designated for the creation of a new grant or award program that is not aligned with its mission, that could be reasonably expected to compromise the Conseil or that is deemed not to comply with this Policy.

In consultation with the Conseil, donors may name grants and awards after themselves, in recognition of the achievements of a friend, colleague or artist, or in memory of a loved one.

#### Gifts allocated for a specific grant or award

The Conseil reserves the right to pool several gifts for a single grant or award program in full respect of the donors' wishes, as far as its means allow.

Where possible, the Conseil has the right to apply a 4% management fee to the gift prior to payout to the beneficiary. Such fees are at the Conseil's sole discretion and may be modified at any time.

#### Administration of grants and awards

Once accepted, these gifts are administered by the Conseil. Grants and awards are awarded by a jury or committee created by the Conseil. The Conseil is solely responsible for the management and selection of recipients, according to its own governance and payment rules. The Conseil has sole discretion regarding the use and management of gifts for a grant or award program, while also respecting donors' wishes to the extent possible.

### **Designated gifts**

Gifts must enable the Conseil to fulfil its mission of supporting arts organizations and, where prescribed by its charter, supporting artists themselves by providing financial

assistance and support programs to strengthen the organizations' management practices.

Donors may request that their donation be designated for a specific field of action supported by the Conseil, but a donation may not be designated for a particular arts organization or artist at the donor's request.

The Conseil is open to suggestions from donors, provided that they align with its mission and strategic priorities. It reserves the right to refuse any type of designated gift that is inconsistent with its mission, that could be reasonably expected to compromise it, or that is deemed non-compliant with this Policy.

### **Capitalized gifts**

Capitalized gifts must include a clause that allows the Conseil to modify the original terms and conditions should they become non-applicable in order to direct the donation to the highest-priority program while seeking to maintain the donor's original objective.

In addition, all capitalized funds received must be invested so as to leave the initial capital untouched. Consequently, the return on investment must be sufficient to generate financial support for the activity designated by the donor and agreed upon when the agreement is signed. Over time, capital growth should offset the impact of inflation. It is therefore important to maintain conservative and secure investments that respect the intentions of donors who wish to set up inalienable endowment funds, thereby ensuring their longevity.

A separate agreement must be drawn up for every capitalized gift.