

# University of Saskatchewan Gift Acceptance Guideline

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Reference: [University of Saskatchewan Policy - Gift Acceptance](#)

**AUTHORIZATION: Vice-President (University Relations)**

**Approval Date:**

**Revised: September 9, 2020**

## 1. Background

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The University is a registered charity under the Canada Revenue Agency ([CRA](#)) and the United States of America Internal Revenue Service ([IRS](#)). Its official Canadian charitable registration number is 11927 9313 RR0001; its United States Internal Revenue Service Employer ID Number is 23-7069575.

The guidelines presented in this document have been established to:

- ensure that informed decisions are made with respect to the acceptance of gifts and that all requirements pursuant to the Income Tax Act and other legislated requirements are met
- ensure that efficient administrative and accounting practices and procedures are followed
- enable accurate reporting of gifts bestowed upon the University and its affiliated organizations
- ensure consistent application of policies and procedures when dealing with donors
- align giving methodology with the philanthropic sector's "Donor Bill of Rights"

## 2. Scope

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These policies and procedures govern the acceptance and financial administration of all gifts made in support of the University of Saskatchewan.

## 3. Policy for Gift Acceptance

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### 3.1 Gift Eligibility

The following gifts are deemed eligible for acceptance by the University of Saskatchewan:

- Cash Donations (outright gifts of cash, cheques, credit cards, electronic funds transfers, payroll deductions) (see 4.1)
- Gifts-in-kind (shares, bonds, artwork, cultural property, and other assets) (see 4.2)
- Life insurance policies (see 4.3)
- Annuity contracts (see 4.4)
- Gifts of residual interest (see 4.5)
- Bequests (see 4.6)

## 3.2 Gift Acceptance

The University may elect to accept or decline any gift. The final decision to accept or decline a gift rests with the Board of Governors. Ownership of all gifts directed to the University vests in the University, whether said gifts are for the benefit of the University generally or for some specific purpose.

The negotiation and development of terms and conditions relating to gifts is to be coordinated through the University Relations office. University Relations will seek appropriate counsel from college, department, administrative offices, and legal counsel (when necessary) to ensure:

- the proposed gift is consistent with institutional and legislated policies, regulations, and guidelines
- that the donor's intent and direction is consistent with institutional objectives and priorities
- that the donor's intent and direction is clearly understood and documented
- that the gift does not expose the University to a potential liability or increased financial burden
- that if precedent-setting or sensitive issues are present, they are adequately assessed by the appropriate institutional authorities
- that the proposed gift has received the appropriate institutional review and approval.

## 3.3 Gift Limitations

Donations from individuals:

Charitable receipts cannot be provided where:

- the donor receives any direct personal benefit under the arrangement. CRA does not allow registered charities to issue a tax receipt where the donation is used to confer a benefit of any kind to the donor
- the donor has signing authority over the use of the funds
- the donor stipulates the recipient of an award
- participation in a program or activity is limited to the donor(s)
- proprietary rights entitlement accrues to the donor through the use of the funds
- Any other circumstances where CRA deems a charitable receipt to be ineligible.

When conditions are placed on a gift or the gift is not in the Universities best interest, the gift may be declined. The following gift conditions cannot be accepted by the University:

- Relating to Awards:
  - Conditions which, by explicit designation, require the exclusion of, or discriminate against, a group or class, unless such exclusion or discrimination has the effect of favoring one or more designated groups as provided for in an approved institutional plan or equity program.
  - Stipulations designating a specific recipient by a donor
- Relating to bequests, the University cannot take responsibility or care of household domestic pets as part of the will clause.

# 4. Eligible Gifts

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## 4.1 Monetary Donations

### Monetary

Monetary donations may be in the form of cash, cheques, electronic funds transfers, credit card transactions, marketable securities or other cash transfer mediums accepted at the University and are to be forwarded to the University Relations office for recording and processing.

Gifts of marketable securities will be receipted based on the closing price on the date the share certificate is issued or the date the shares are received electronically by the University's broker. Where the shares are received electronically and are sold the same day, the value of the receipt will be the gross proceeds received.

To make a gift of marketable securities:

- Visit our Giving website to download the [Transfer of Securities Form](#).
- Complete the Transfer of Securities Form. Please be sure to include the award/fund/initiative you would like your gift to support.

Once the form has been completed:

- Forward the original signed form to your broker
- Forward a copy of the signed form to the University of Saskatchewan broker that you will be sending your shares to (options included in the form).
- Forward a copy of the signed form to University Relations at [ur\\_trusts@usask.ca](mailto:ur_trusts@usask.ca).\*

\*Please note that University Relations is unable to authorize the sale of the shares received into our brokerage account without a copy of the signed Transfer of Securities Form. Having a copy of the form allows us to verify that we have received the correct number and issue of shares before authorizing our broker to sell them.

#### **Payroll deduction:**

- Charitable donations deducted from employment income otherwise payable are included in the calculation of taxable income
- The University Relations office will arrange for the completion of a Payroll Deduction Authorization Form
- Payroll deductions must be for a minimum of \$5.00 per fund per pay period for at least 10 consecutive pay periods
- For purposes of claiming the charity tax credit, the charity donation amount will be reflected on the employee's year-end T4

## **4.2 Gifts in Kind**

Gifts in kind are donations of assets other than monetary based gifts. Examples include donations of land (including mineral rights), buildings, equipment, furniture, works of art, library materials, livestock and operating supplies. Gifts-in-kind may be received and held by the University and used for purposes consistent with its objectives, or may be disposed of at any time after the donation, provided no such agreement to the contrary is made between the donor and the University.

All gift Gifts in Kind must be accepted and approved by the Dean, Department Head or Director of the recipient college, department or unit.

Canada Revenue Agency (CRA) requires that the charitable receipt be issued for an amount equal to the fair market value of the gift as supported by documentation. The person who determines the fair market value must be competent and qualified to evaluate the property being transferred by way of a gift.

Based on CRA guidelines, where the fair market value is greater than \$1,000.00, an appraisal valuation by a qualified independent third-party appraiser is required. Where the value of the gift is \$20,000 or more, two appraisals may be required. Appraisal costs are the responsibility of the donor unless otherwise approved by the University, College, Department, or Unit to whom the gift is being donated.

Where the fair market value is less than \$1,000.00 the valuation may be determined by a qualified internal appraiser. The generation of internal valuations will be coordinated by University Relations. Where the expertise in determining the value is not available internally, a formal appraisal by a qualified independent third-party is required. Appraisal

costs are the responsibility of the donor unless otherwise approved by the University, College, Department, or Unit to whom the gift is being donated.

### **4.3 Life Insurance Policies**

Donors may donate to the University new or existing life insurance policies. Where the University is the owner and beneficiary of the policy a receipt for tax purposes may be issued to the donor for the annual premium payments and for the cash surrender value of the policy at the date of gift based on guidelines established by CRA Section 118.1 (see also [IT Bulletin #IT-244R3](#)).

### **4.4 Annuity Contracts**

Donors may donate to the University annuity contracts where the donor receives predetermined payments during their lifetime with the balance remaining at date of death flowing directly to the University. The donor may be eligible to receive a receipt for tax purposes on a portion of the value of an irrevocably gifted annuity based on guidelines established by CRA.

### **4.5 Residual Interest or Charitable Remainder Trust**

The donor retains the right to the income or the use of the assets during his or her lifetime. The property is irrevocably transferred to the University and the donor receives a charitable receipt for the discounted value actuarially is determined by CRA regulations. A receipt is issued at the time the trust is set up.

### **4.6 Bequests**

Bequests paid to the University of Saskatchewan qualify as charitable gifts Official receipts for tax purposes will be issued to the estate of the deceased.

In the cases where a Will clause appoints the University of Saskatchewan as the administrator, executor or trustee of the estate, the University will take on this responsibility if it is deemed that the University is designated as 100% beneficiary of the estate gift. University Relations will act in this role. For cases where the University is not designated at 100% beneficiary, steps will be taken to assign this role to outside counsel.

## **5. University Responsibilities**

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### **5.1 University Relations**

Working within priorities, policies and procedures approved by the Board of Governors, the President and others, the University Relations office has these principal responsibilities for gift acceptance:

- To act as liaison with donors and university officials on all matters that pertain to a donation process, its administration and management including the formulation of Terms of Reference
- To review and assess proposed terms and conditions to ensure compliance with the provisions in paragraph 2 of 3.2
- To ensure that donations conform to the Income Tax Act, and once received and accepted, are accurately recorded and reported, and to ensure an appropriate charitable receipt is issued
- To coordinate the acceptance, valuation and receipting of non-cash gifts
- To steward and recognize donors to the university
- The University Relations office operates and maintains specific guidelines for assessment and receipting of donations of all types including the following: annuities, gifts-in-kind, bequests, cash including payroll deductions, life insurance, charitable remainder trusts, real property, cultural property, and residual interest arrangements. (Definitions of some of these types of donations can be found in Section 8 of this policy).

## 5.2 Financial Services

Working within priorities, policies and procedures approved by the Board of Governors, the President and others, the Financial Services has these principal responsibilities for gift acceptance:

- To oversee institutional tax matters and advise as needed on CRA guidance.
- To maintain the institutional file documenting the terms and conditions of trust and endowed gifts to the University
- To maintain the financial records for trust and endowment funds established at the University
- To advise fund administrators as to the terms and conditions of institutional trusts and endowments
- To invest all funds held by the University
- To allocate endowment income to each fund and for processing all revenue and disbursements relating to donations

## 5.3 Fund Administrator

The Fund Administrator has a fiduciary responsibility to ensure that the terms and conditions under which the fund were received are adhered to, including ensuring that the contributed capital and/or the income are utilized within the framework of the fund's Terms of Reference. In addition, to provide required financial reporting in keeping with the management and donor requirements of the funds

# 6. Tax Implications

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## 6.1 Receipting of Donations:

All charitable donation receipts must be issued in compliance with the Income Tax Act and in accordance with the procedures of the University. A charitable donation must be a voluntary transfer of property; usually cash that is made without expectation of benefit to the donor or to anyone designated by the donor. Donations that are not deemed to qualify as 'gifts' according to the Income Tax Act, will be acknowledged with a business or non-charitable donation receipt.

Receipt generation will be created and distributed by the University Relations office under the authority of the Vice-President, University Relations. Receipts will be signed by a university officer authorized to acknowledge gifts

Receipts acknowledging a donation will be dated in the calendar year in which the donation is received. Donations received on or after January 1 but bearing a post-mark prior to the end of the preceding calendar year should be dated December 31 of the preceding year.

Receipts will be issued in the name of the individual(s) or entity making the donation.

## 6.2 GST Implications

Charitable gifts are not subject to GST. Non-charitable donations must be reviewed to determine their GST status.

## 6.3 PST Implications

The Financial Services Division in conjunction with University Relations will review gifts-in-kind to make sure there are no outstanding PST implications.

## 7. Return of Donation

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As per Canada Revenue Agency (CRA), at law, a gift transfers ownership of money or other gifted property to the charity. Once the transfer is made, the charity is obliged to use the donation in carrying out its charitable purpose.

If conditions arise where USask cannot use a gift for its intended purpose, the gift may be used for a similar purpose, or, at the donor's request, be transferred to another registered charity of the donor's choice.

Gifts may be returned to donors under extenuating circumstances. If a gift is returned to a donor, USask is required to file an information return to CRA outlining the details of the charitable gift receipt that was returned. The donor's income tax return(s) may be reassessed for any claim that can be reasonably regarded as relating to the returned gift.

## 8. Investment Procedure

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Monetary donations will not be invested unless outlined in the terms of reference for the fund the monetary donations are directed to.

Where the terms of reference for a fund indicate that the fund be invested, USask has the power to administer the fund as part of the USask's general trust and endowment funds, in keeping with the USask's investment and administrative guidelines and practices as may be established and changed from time to time. Provisions have been made for the investment of trust funds in common with other trust funds and the payment of administration fees with respect to the management of such funds.

For more information on USask's investment and income allocation policies and guidelines, please visit the following site: [https://www.usask.ca/fsd/colleges\\_depts\\_research/endowments\\_trusts\\_investments.php](https://www.usask.ca/fsd/colleges_depts_research/endowments_trusts_investments.php)

## 9. Definitions

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**Appraisal:** A process of determining the fair market value of non-cash donations.

**Assessment:** The process of determining the usefulness to the University of a gift-in-kind.

**Bequest, by Will:** A deferred gift payable to the University upon death, as directed by Will, which may be a percentage of the estate, a stipulated amount, the residue of the estate, or gifts-in-kind.

**Charitable Donation Receipt:** An official receipt for income tax purposes for a charitable donation.

**Charitable Gift or Charitable Donation:** A "donation" or "gift," according to the Income Tax Act, is a voluntary transfer of property without expectation of return. The following three conditions must be met:

- a. some property – usually monetary in nature - is transferred by the donor to the registered charity
- b. the transfer is voluntary
- c. the transfer is made without expectation of return. No valuable consideration - no benefit of any kind - to the donor or to anyone designated by the donor may result from the payment.

**Charitable Trust:** See definition for 'Trust'.

**Cultural Property Gift:** An object or a collection that is determined by the Canadian Cultural Property Export Review Board to meet the criteria of "outstanding significance and national importance" as established under paragraphs 11(1)(a) & (b) of the Cultural Property Export and Import Act.

**Donation:** May be used interchangeably with "gift." A gift that is offered to and accepted by the University. The donation may be of a charitable nature, in which case, it is eligible for a charitable donation receipt. The donation may be cash or in-kind.

**Endowment Fund:** Is a restricted fund that accounts for the capitalization of externally or internally restricted amounts, primarily donations, which cannot be spent. Only interest earned after capitalization may be spent according to the conditions of the terms of reference of the gift or donation

**Fund:** An account established to facilitate the administration of the gift donation in accordance with the terms of reference of the gift and administered by a fund administrator.

**Fund Administrator:** The person responsible to ensure that the funds are administered according to the conditions laid out in the terms of reference associated with the gift or donation.

**Fund - Expendable:** All donations received by the fund may be spent following the conditions of the terms of reference of the gift or donation.

**Gift:** May be used interchangeably with "donation." A gift that is offered to and accepted by the University. The donation may be of charitable nature, in which case, it is eligible for a charitable donation receipt. The donation may be cash or in-kind.

**Gift Agreement:** Is a signed document by the donor and Vice President, University Relations which enables clear communication and record keeping for both the donor and the University regarding donor intent, pledge payment schedule (if applicable) donor recognition details, investment details, and future disposition of commitments.

**Gift-in-Kind:** A non-cash donation of material objects, marketable securities or intellectual property. Gifts-in-kind do not include services, gifts deemed of little value to the donor, or personal time.

**Gift-in-Kind - Library Materials:** Material objects or intellectual property, which a person, estate, corporation or other entity donates or proposes to donate to the University. This may include books, serials, pamphlets, facsimiles, photocopies, maps, charts, globes, electronically stored media, data-bases, audio tapes, CD-ROM's, archival documents or manuscripts not suitable for the University Archives, microfilms, photographs, pre-book communications media, such other things as are collected by academic research Libraries.

**Letter of Intent:** Is a document that outlines donor intent in relations to a pledge commitment that outlines area of support and pledge payment intention.

**Life Insurance:** A deferred gift, payable to the University upon death, where the University is listed as the beneficiary of the life insurance policy. A registered charity may issue charitable donation receipts for policy premiums paid by the donor directly to the insurance company where the charity is both the owner and the designated beneficiary of the policy.

**Payroll Deductions:** A gift to the University from faculty or staff that is received by the University through deductions from their monthly payroll.

**Real Property:** Real property may be donated as outright, current gifts, or donated as life estates (residual interest arrangement).

**Terms of Reference:** A document that sets out the management and administration of each fund that is established through a gift to the University of Saskatchewan. The terms will be agreed upon and signed by the donor(s), and the Vice President, University Relations.

**Trust:** Is a fund established through charitable donation to be administered under terms and conditions agreed to with third party.