

Complete Policy Title: **Charitable Giving Policy**

Policy Number (if applicable): N/A

Approved by: **Board of Governors**

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Clearance Policy title)*

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December 13, 2007

Responsible Executive: **Vice-President
(Advancement)**

Enquiries:
[University Secretariat](#)

DISCLAIMER: *If there is a Discrepancy between this electronic policy and the written copy held by the policy owner, the written copy prevails*

PART I: PURPOSE

The purpose of the Charitable Giving Policy (the "Policy") is to guide the charitable activities of McMaster University, including solicitation, acceptance, and administration of donations from all private sources, including individuals, corporations, foundations, power of attorneys on behalf of individuals, estates, trusts, and other entities, in accordance within the parameters of relevant government legislation. The Policy will also serve as a mechanism for minimizing risk and protecting the University from potential legal and reputation issues and should be reviewed at a minimum frequency of every five years. Any changes in CRA policy that necessitates changes will be implemented immediately.

PART II: PRE-APPROVAL OF FUNDRAISING ACTIVITIES

University Advancement is responsible for ensuring that McMaster University has the resources and reputation to attract, develop and retain the best students, staff and faculty, enabling the University to achieve its mission. This includes fundraising activities intended to encourage donors to make current and future gifts in accordance with University policies. Those raising funds on behalf of McMaster University are required to do so under the framework described in the [Policy Framework for Anyone Undertaking Fundraising Activities at McMaster University](#).

Priority Setting

Decisions regarding fundraising priority setting are the responsibility of the President and Vice-Chancellor and Provost and Vice-President (Academic) of the University, acting on the recommendation of the University's academic leaders.

Clearance

A University-related group or organization seeking to use the University's charitable registration number for any fundraising or sponsorship activities (including events and lotteries) must seek and receive approval by the clearance committee of University Advancement. No fundraising or sponsorships should occur (even when charitable receipts are not required) without this approval. For information on the approval process for fundraising see the [Clearance Policy](#).

PART III. ACCEPTANCE OF DONATIONS

McMaster University is registered as a charity according to guidelines established by the Canada Revenue Agency (CRA). The University's Charitable Registration Number is 11903 5988 RR0001. The acceptance of charitable donations on behalf of McMaster University is detailed in the University's [Gift Acceptance Policy](#) and the binding of gift acceptance is discussed in the [Execution of Instruments](#) policy.

A gift, for the purposes of the Income tax act, is a voluntary transfer of assets or property for which the donors expects and receives nothing of value in return.

The academic principles guiding the acceptance of donations are detailed in the [McMaster Statement of Donations](#). Decisions related to the acceptance of gifts involving the naming of physical space or academic activities will be guided by University [Naming Policy and Procedures](#).

The types of gifts that McMaster may accept include:

1. Cash or near-cash, which may include bank notes, cheques, money orders, currency or other legal tender.
2. Securities
3. Gifts-in-Kind
4. Bequest and Estate Gifts
5. Gifts of Life Insurance
6. Gifts of Charitable Remainder Trusts and Gifts of Residual Interest
7. Gifts of Registered Retirement Plans
8. Gift Annuities

For more information on the gift types please refer to Part VI: Definitions.

McMaster University encourages its donors to review [The McMaster Accountability Statement to Our Donors.](#)

PART IV. RECEIPTING OF CHARITABLE DONATIONS

McMaster University will reserve the right to issue official receipts for donations that qualify as charitable gifts in accordance with Canada Revenue Agency (CRA) guidelines. University Advancement is the only area, unit or department at the University authorized to deposit donations and issue charitable donation receipts on behalf of McMaster University.

In determining whether a donation qualifies as a charitable gift and the value of the charitable donation receipt, and for issues related to the audit of estate accounts for the purpose of accepting bequest gifts, University Advancement reserves the right to seek guidance from legal counsel, accountants, and/or CRA.

PART V. ADMINISTRATION OF FUNDS

1. Documentation and Information Keeping

University Advancement maintains records on all donors and donations received by the University. Documentation related to the acceptance of charitable gifts by McMaster University shall be in accordance with guidelines from the Council for the Advancement and Support of Education (CASE), and shall be kept in accordance with Canada Revenue Agency guidelines.

2. Confidentiality of Information

All information pertaining to donors and donations received by McMaster University is considered confidential and is handled in compliance with applicable laws. Only the Vice-President (Advancement) or Directors (Development) may approve release of donor information, and only the Vice-President (Advancement) or Director (Alumni) may approve use of alumni information.

A donor may request that his/her gift and/or all information pertaining to that gift remain anonymous. However, McMaster University considers gift agreements to be public documents. The University is subject to government legislation, which can change over time. Such legislation includes the Freedom of Information and Protection of Privacy Act (FIPPA) in Ontario and means that agreements may be released to a third party should an access request be submitted under FIPPA.

3. Deposit and Handling of Funds

Funds are deposited into an Advancement holding account, not directly to departmental accounts. In recording the gift, the following information is noted:

Undesignated Funds: Donations for which the donor has indicated the gift is unrestricted, or for the University's greatest needs, or where the donor has not indicated any designation are accumulated during the calendar year for allocation by the President in consultation with the Vice-President, University Advancement for expenditure in the fiscal year starting the next May 1. Any interest earned is first used to offset some of the costs of fundraising and the transfer of funds is executed by Financial Services.

Broadly Designated: Donations for which the donor has indicated a general area to which the gift is to be designated, such as a faculty, department, library or general research. There is some discretion by the University on the expenditure of the gift. Donations with broad designations are accumulated during the calendar year for expenditure in the fiscal year starting the next May 1. The Dean/Chair/Head is responsible for the proper administration of transferred funds. Any interest earned on such funds is first used to offset the cost of fundraising.

Specifically Designated: Donations for which the donor has indicated a specific purpose or designation, such as a particular research project, departmental equipment purchase, memorial fund, specific scholarship fund or special project.

- i. **Trust Funds:** Donations directed to approved memorial funds, scholarships, bursaries or other projects for which a trust fund has been created are transferred on a monthly basis by Financial Services
- ii. **Projects with Immediate Expenditures:** Donations designated to research projects and/or capital projects where there are immediate expenditures set out in the proposal document are transferred by the Development Office on receipt of a "Transfer Request Form" requesting the transfer and indicating how the funds will be used. The form should be signed by the signing authority over the account to which funds will be transferred and co-signed by their supervisor, Dean or appropriate Vice-President.

The University recognizes both the need to make private donations available to support the work of the Faculties, Departments and support operations and the fact that there is a cost in raising private funding.

4. Donations of Funds by Employees for Research and Other Purposes

Donations should not be credited to an account set up specifically for the individual (such as a research account). Individuals who have made such donations must submit applications for funds to a committee or independent individual responsible for administering funds to the particular activities. Such application should adequately document the proposed use of the funds. Funds

would be disbursed to the individual only after applying the standard evaluation criteria for such expenditures.

5. Grants and Contracts

The University is authorized to issue official charitable receipts for gifts, donations or grants for research, if a "no-strings-attached" arrangement between the donor and the University exists, but such authorization is not granted in respect of contracts for research, if the donor will benefit in any way from the research

Grants

1. Objectives are defined in a general fashion.
2. There are no limitations on publication.
3. There is no specific transfer of results to the grantor; however, a final report stating the results of the research is usually submitted to the grantor.
4. Payment to the University is generally made in advance of expenditures.

Contracts

1. Scope and nature of the research is specifically outlined.
2. Time period(s) for the activity are set.
3. Deliverables are defined.
4. Ownership, patent rights and licensing arrangements are established.
5. Confidentiality of the information both supplied and created is provided.
6. Budget approvals and payment schedules are established.
7. Considerations for acceptance and/or termination are established.
8. Liability of participants is limited.

6. The Scientific Research and Experimental Development Program

McMaster University may direct payments through University Advancement, made to be used for research activities, which qualify as scientific research and experimental development ("SR&ED"). These payments must be made in accordance to CRA guidelines in order to qualify for SR&ED credits.

7. Trust Fund Administration

Donations that are utilized to establish a trust fund or are designated to trust funds at McMaster University will be handled in accordance with the [Operational Policy and Procedure for Trust and Endowed Fund Management](#).

PART VI: DEFINITIONS

Annuities - An irrevocable gift to the University made in exchange for immediate guaranteed payments to the donor for life at a specified rate depending on life expectancy. Because of a charitable interest in the University, a donor may pay more for the annuity than the total amount expected to be received as annuity payments. In such cases, a charitable donation receipt will be issued in accordance with CRA guidelines.

Appraisal – The process of determining fair market value of a non-cash gift for the purposes of issuing a charitable donation receipt.

Bequest – A gift by Will made payable upon death to the University by the estate. University Advancement and Treasury Operations are responsible for the administration of realized bequests / estates. Once notified by the estate, University Advancement is responsible for notifying the relevant parties across campus where the direction provided in the Will is specified. Treasury Operations is responsible for establishing and maintaining a permanent file for estates, reviewing estate accounts and releases for estates that are not related to "specific" bequests unless otherwise requested, and arranging Court Audits with lawyers where necessary.

Cash or Currency – A gift made to the University of legal tender, personal cheque, credit card payment, or payroll deduction.

Charitable Donation Receipt – An official receipt produced for income tax purposes by the University in accordance with CRA guidelines.

Charitable Remainder Trusts and Gifts of Residual Interest - A Charitable Remainder Trust is an irrevocable transfer of assets to a trust, the remainder of which is typically transferred to the University upon death. A Gift of Residual Interest is an arrangement by which a specific asset (such as artwork or property) is irrevocably assigned to the University but utilized by the donor until death, when it is transferred to the University. In either case, McMaster will not accept such gifts if the value of the capital is less than \$250,000, unless authorized in accordance with McMaster's Gift Acceptance Policy.

Donation or Gift – A irrevocable transfer of assets, cash or non-cash, offered to and accepted to the University. A charitable donation is eligible for a charitable donation receipt in accordance with CRA guidelines.

Gifts-in-Kind (art, books, documents, real estate) - A non-cash donation of material objects or intellectual property. Gifts-in-kind do not include services, gifts deemed of little value to the donor, or personal time.

Life Insurance - Insurance gifts include: gifts of new insurance policies with premiums outstanding; gifts of paid up policies; and gifts of partially paid-up policies with premiums outstanding. If the policy is paid up, the University can borrow on the policy at its designated

interest rate (if the policy has an interest rate designated), which would provide immediate benefit. In the event the donor decides to discontinue donating the annual premiums, the University may cash in the policy or continue to pay the premiums out of its own funds.

McMaster University requires the appropriate documentation to be signed by the donor in order to ensure that the death benefit is designated according to their wishes.

Payroll Deduction – A gift to the University by a member of the faculty or staff, which is made through a deduction from the payroll.

Registered Retirement Plans - A deferred gift to the University of RRSPs and RRIFs, for which the University is named beneficiary.

Securities - A gift to the University of stock, stock options, mutual fund units, or other marketable debt or equity instruments. The value of the charitable donation receipt will be determined by the fair market value of the security on the date the security is received by the University, or based on external appraisal. University Advancement, in conjunction with the Treasury Operations department, is responsible for the administration of gifts of securities.

Sponsorship - A contribution to the University in which some clearly-defined benefit, including advertising, is received by the the party making the contribution.

Trust Fund – A University-held account established under a specific terms of reference and managed by a Trust Fund Administrator.

Trust Fund Administrator – A University staff or faculty member responsible for spending the funds from a Trust Fund in accordance with the terms of reference. The Income Tax Act prohibits the University from issuing a charitable donation receipt for a donation in which the donor is also the Trust Fund Administrator.

PART VII: WEBLINKS TO REFERENCED POLICIES AND GUIDELINES

1. Policy Framework for Anyone Undertaking Fundraising Activities at McMaster University:
http://alumni.os.mcmaster.ca/s/1439/images/editor_documents/ua/policy_framework_for_anyone_undertaking_fundraising_activity.pdf
2. McMaster Clearance Policy:
<http://www.mcmaster.ca/policy/advancement/ClearancePolicy.pdf>
3. Gift Acceptance Policy:
<http://www.mcmaster.ca/policy/advancement/GiftAcceptancePolicy.pdf>
4. Execution of Instruments: <http://www.mcmaster.ca/policy/General/Financial/Execution-Instruments.pdf>
5. McMaster Statement of Donations:
http://www.mcmaster.ca/impact/statement_on_donations.pdf

6. Naming Policy and Procedures:
<http://www.mcmaster.ca/policy/General/Misc/NamingPolicy-Procedures.pdf>
7. The McMaster Accountability Statement to Our Donors:
<http://www.mcmaster.ca/impact/accountability.pdf>
8. Operational Policy and Procedure for Trust and Endowed Fund Management:
<http://www.mcmaster.ca/bms/policy/trust/opguide.pdf>