

<b>University of Prince Edward Island Policy</b>		<b>Policy No.</b> admadvgnl0002	<b>Revision No.</b> 1
<b>Policy Title</b> UPEI & UPEI (US) Foundation Inc. Gift Acceptance Policy		<b>Page 1 of 9</b>	
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**1 Purpose**

- 1.1 **Background** - The importance of voluntary charitable contributions and sponsorships to UPEI is increasingly apparent. UPEI welcomes gifts, which enable it to fulfill its mission of teaching, service to community and service to clients.
- 1.2 Through the promotion of voluntarism and philanthropy, Advancement<sup>1</sup> provides central friend-and-fund-raising support to assist the University. Federal and provincial governments encourage voluntary gift support of charitable organizations such as UPEI, and allow tax relief to donors.
- 1.3 The significance of these tax laws makes it an important obligation of the University to record and acknowledge all gifts received. Advancement is responsible for acknowledging all sponsorships and for issuing official charitable receipts for all charitable gifts received by the University in compliance with the requirements of the Income Tax Act, and in accordance with procedures established at UPEI. UPEI is a registered charity under Canada Revenue Agency and IRS guidelines. Its business number is 108162108RR0001. The University of Prince Edward Island (US) Foundation Inc. is a registered charity under the Internal Revenue Services. Its EI number is 31-1672361.
- 1.4 **Rationale** - This document has been established to:
  - 1.4.1 ensure that informed decisions are made on the acceptance of gifts and that such gifts are receipted in accordance with the requirements of the Income Tax Act;
  - 1.4.2 ensure that efficient administrative, legal, and accounting practices and procedures are followed;
  - 1.4.3 enable accurate reporting of gifts bestowed upon UPEI and its affiliated organizations;
  - 1.4.4 ensure consistent, equitable relations with donors;
  - 1.4.5 and, in order to ensure that this Policy continues to be effective, it shall be reviewed periodically. Advancement is responsible for initiating this review (minimum every 5 years).

**2 Scope**

- 2.1 This policy is established to govern the acceptance of all gifts made to UPEI and any of its subsidiaries or affiliated organizations <sup>2</sup>, whether such gifts are inter vivos (lifetime) gifts or gifts from estates.

### **3 Policy for Gift Acceptance**

- 3.1 UPEI holds itself to a high standard of ethical conduct, both within its own community of scholars, students, alumni and employees, and in all of its external relationships and interactions - with businesses and commercial enterprises, with other external organizations, and with friends and donors.
- 3.2 In particular, the University will not accept gifts, enter into business relationships, or accept external support that will compromise its public image or commitment to its academic mission and essential values.
- 3.3 UPEI values and will protect its integrity, autonomy and academic freedom, and does not accept gifts when a condition of such acceptance would compromise these fundamental principles.
- 3.4 Ownership of all gifts directed to UPEI vests in the University, whether said gifts are for the benefit of the University generally or for some specific purpose in it.
- 3.5 UPEI may elect to accept or decline any gift. The final decision to decline a gift rests with the Board of Governors.
- 3.6 Acceptance of any gift contribution which involves a proposal to name is conditional upon final approval of the naming by the Board of Governors<sup>3</sup>, since ultimate authority for naming at UPEI rests with the Board of Governors.
- 3.7 Gift eligibility - the following gifts<sup>4</sup> are deemed eligible for acceptance by UPEI:
- 3.7.1 Outright gifts of cash, cheques, or securities
  - 3.7.2 Gifts-in-kind
  - 3.7.3 Gifts of property
  - 3.7.4 Objets d'art and cultural materials
  - 3.7.5 Life insurance
  - 3.7.6 Annuity contracts
  - 3.7.7 Gifts of residual interest
  - 3.7.8 Trust agreements
  - 3.7.9 Bequests
- 3.8 There are standards and policies maintained by the Advancement for accepting all types of gifts. (See *Objets d'art Appendix 2*)
- 3.9 **Gift Limitations**
- 3.9.1 When conditions placed on a gift offer are judged to be administratively difficult or not in the University's best interest, Advancement, in consultation with other University officials, may request that the terms of the gift be revised, or recommend to the appropriate individual that the gift be declined<sup>5</sup>.

- 3.9.2 The following gift conditions cannot be accepted by the University for scholarships, fellowships, awards, bursaries, or other financial aid funds:
  - 3.9.2.1 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 favouring one or more designated groups, as provided for in any approved institutional plan or equity scheme.
  - 3.9.2.2 Stipulations designating a specific recipient by a donor.

**3.10 Gift Acceptance**

- 3.10.1 When negotiating a gift on behalf of the institution, individuals shall consult with Advancement, to ensure due diligence prior to making a decision with respect to a gift which:
  - 3.10.1.1 might expose the University to an uncertain and potentially significant liability;
  - 3.10.1.2 is precedent-setting or involves sensitive issues;
  - 3.10.1.3 may have come from illegal activities;
  - 3.10.1.4 because of its unique nature, presents questions as to whether it is within the role and scope of the University;
  - 3.10.1.5 causes the University to incur additional expense, such as taxes or maintenance costs, where such costs are not covered as part of the gift or overall giving to the University, unless approved by the President and the Board of Governors.
- 3.10.2 The University's solicitation of gifts is informed by and consistent with priorities established by appropriate University processes.
- 3.10.3 Occasionally, funds sought and contributed for a University purpose are insufficient to make the project viable. If the University is unable to proceed, benefactors will be invited to redirect their contributions to an analogous purpose.
- 3.10.4 Undesignated gifts shall be used for such purposes as the University judges will best advance its mission and academic priorities. Designated gifts shall be used expressly for the purposes for which they are given, which must be consistent with the University's mission and academic priorities.
- 3.10.5 Charitable gifts to UPEI in the form of cash or cheques received by any department in the University, shall be sent via courier, or else presented in person, along with related correspondence and any specific instructions, to Advancement, on the day they are received. Cash and cheques should not be sent through campus mail.
- 3.10.6 On an annual basis, Advancement shall prepare a summary report of gift activity for the Board of Governors.

3.10.7 Advancement shall advise the Comptroller's Office of bequests received, and provide a copy of the cheque and initial correspondence. Upon receipt of this documentation, Advancement shall issue an official charitable receipt.

### 3.11 **Gift Receipting**

3.11.1 Charitable tax receipts for UPEI shall be issued solely by the Department of Advancement. This ensures accurate reporting of all charitable gift contributions to UPEI and its entities, and ensures that donors are recognized for the total of all their charitable gifts.

3.11.2 All eligible gifts will be acknowledged with an official charitable receipt (normally within two weeks) accompanied by correspondence prepared by Advancement. These documents are deemed to be the official acceptance of the gift and its related terms and conditions, as well as official certification of the donation for income purposes.

3.11.3 The University receives many payments that are not considered charitable gifts. Examples include sponsorships, contract agreements, event tickets (up to the cost per ticket of staging the event plus any associated gifts for prizes for the event, not including taxes) and sale of services. An "official charitable receipt" shall not be issued for payments of this kind.

### 3.12 **Appraisals**

3.12.1 For Gifts-in-kind and Gifts of Property with an expected value of over \$1,000, the gift must be professionally appraised. The University will engage an appraiser acceptable to the donor and report to the donor on the appraisal. If the donor is not satisfied with the appraisal, the donor may request (at his or her expense) a second written appraisal by a qualified professional. The official charitable receipt will be issued for the mean value of the two appraisals.

3.12.2 For accepted Gifts-in-kind and Gifts of Property, it is the University's practice to pay for the cost of one appraisal. The University is grateful when a donor is able to pay for the appraisal. Donations equal to the appraisal costs are eligible for an official charitable receipt. All appraisers are to be at arms length from the donor.

## 4 **Glossary of Key Terms**

4.1 **Gift** - A voluntary transfer of cash, property and kind, from individuals, estates, industry, foundations and other sources to the University for either unrestricted or restricted

utilization in the operation of the University. Gifts are made without expectation of return; no consideration - no benefit of any kind - to the donor or to anyone designated by the donor, may result from the payment.

4.1.1 Gifts may be monetary (cash, cheques) or non-monetary e.g. securities, real property, or personal property.

- 4.2 **Private Grants:** Revenues received by the university from individuals, industry, foundations, municipal governments, and other sources, for the support of University programs/projects. Such grants are like gifts - they are donative in nature and they are bestowed voluntarily without expectation of any tangible benefit in return.
- 4.3 **Contracts/Research Agreements:** Restricted payments received by the University from various contractors, made in accordance with the terms of contracts entered into by the university to conduct specific programs. These are not considered gifts, and therefore not subject to this policy.
- 4.4 **Official Charitable Receipt:** The official charitable receipt is a statement issued by the University to donors that includes the business number issued to the University by Canada Revenue Agency, a declaration as to the value of the gift, date of the gift and name of the donor and a website address. Receipts are normally accepted by the Canada Revenue Agency to support the calculation of the allowable “non-refundable tax credits”.
- 4.5 **Endowment Gifts:** Gifts or grants given to the University, which the donor has indicated can immediately be used in support of various programs or projects.
- 4.6 **Retained Gifts (also referred to as endowed gifts):** Gifts or bequests, given to the University, to be held permanently for the income derived, as part of the University’s Endowment Fund.
- 4.7 **Gifts-in-kind:** Donated intangible assets and services such as royalty and copyright interests, professional services, rentals or other fees, which represent value to the University.
- 4.8 **Gifts of Property:** Donated tangible assets and property such as real estate, notes, mortgages, limited partnership interests, art, books, equipment, automobiles, inventory, personal property, securities, and other physical assets or materials, which represent value to the University.
- 4.9 **Special Purpose Gifts:** Gifts or bequests, given to the university, intended to become Endowment Gifts at some future date, if the cumulative gift and unexpended income meet or exceed a minimum level expected for Endowment Gifts, such minimum established by Advancement, subject to change by the University, from time to time.
- 4.10 **Designated Gifts:** Gifts, given to the University, where the donor has specified where in

the University the support is to be directed. Gifts may be “designated”, for instance, to a particular faculty or school.

- 4.11 **Undesignated Gifts:** Gifts, given to the University, where the donor has not specified where in the University the support is to be directed.
- 4.12 **Unrestricted Gifts:** Gifts, given to the University, where the donor has not specified the purpose for which the gift is to be used.
- 4.13 **Restricted Gifts:** Gifts, given to the University, where the donor has specified that the gift is to be used to support a particular purpose.
- 4.14 **Sponsorships:** Contributions to the University where the sponsor has specified where the support is to be directed, and where the sponsor receives consideration or a benefit (such as signage or identification in an event program) for the support. The University will provide detailed acknowledgment of the sponsorship but does not provide an official charitable receipt.
  - 4.14.1 *Note: For instance, a gift may be “designated” by a donor to the Faculty of Arts and restricted as to purpose for buying books for Fine Arts. Or, a gift may be “designated” to the Faculty of Education, but unrestricted as to use in that setting.*
- 4.15 **Gift Pledges:** Gift contributions to UPEI, which are “pledged” over a period of time (normally to a maximum of 5 years, depending on the size of the gift and the nature of the appeal).

## 5 **Appendix One: Related Policies:** *UPEI Named Recognition Policy*

- 5.1 <sup>1</sup> Services within the UPEI Department of Advancement include: gift processing, alumni affairs, development, communications, planned giving, information management and annual fund, bioscience development, data processing, and prospect research.
- 5.2 <sup>2</sup> This includes the University of Prince Edward Island (US) Foundation Inc.
- 5.3 <sup>3</sup> In the case of named academic appointments (i.e. Chairs, Professorships), namings are approved by the University Senate. If the University Registrar (whose role includes Secretary of the Senate) identifies a concern with respect to a proposed naming, the Registrar shall refer the matter to the Board of Governors for final decision.
  - 5.3.1 When schedules for naming opportunities and the level of gift contribution required for each have been developed, gifts given at the established level will be accepted, and a proposal to name will be forwarded to the Board of Governors for approval.

- 5.4 <sup>4</sup> For definitions of what constitutes a “gift”, please see Number 4 “Glossary of Key Terms”.
- 5.5 <sup>5</sup> For circumstances under which a gift might be declined, see 3.10.1.1 through 3.10.1.5
- 5.6 <sup>6</sup> See UPEI’s Recognition Policy, item 3.3

**Appendix Two - Objets d’art and cultural Materials as Gifts of Property  
to the University of Prince Edward Island:  
A Supplement to the UPEI & UPEI (US) Foundation Inc. Gift Acceptance Policy**

Section 3.8 of the UPEI & UPEI (US) Foundation Inc. Gift Acceptance Policy (admadvgnl0002), the University’s general policy on all gifts/donations, provides that, “There are policies and procedures maintained by the Advancement Services [now the Department of Advancement] for accepting all types of gifts”. One aspect of gift-giving for which there is a need for more guidance and documentation beyond that provided in the general policy concerns the offer of artworks and other cultural materials (such as books, archival materials, artifacts, and the like) to the University, hence this supplement.

**1. Consulting Authorities**

To help ensure consistency in the handling of artworks and cultural materials, the following agencies/units will be consulted as soon as such material is offered as a gift to the University:

- 1.1 For artworks, such as paintings, art prints and photos, sculpture, etc., the University Art Committee shall be consulted.
- 1.2 For other cultural materials, such as books, archival materials, artifacts, etc., the University Library shall be consulted.

No gifts of artwork or cultural material shall be accepted by any personnel or agency of the University without the authorization of the relevant consulting authority.

**2. Appraiser Selection and Reimbursement**

For gifts under CDN \$1,000. University personnel (usually the consulting authority identified above) shall advise the Department of Advancement of the gift’s value. The Department of Advancement will then issue a tax receipt. For gifts valued at over CDN \$1,000., an independent appraiser must be retained.

The costs of the appraisal shall normally be borne by the prospective donor. If the donor cannot or will not pay the cost of the appraisal, the University may elect, upon recommendation of the relevant consulting authority, to pay the full cost. In cases of Cultural Property (as per the Revenue Canada Act), where a second appraisal is required, the University may elect to pay the cost of one or both appraisals. The University Art Committee will be responsible for administering and funding appraisals of work; for other cultural materials, this responsibility will rest with the University Library.

**3. Acquisition Policy: Objets d’art and Cultural Materials**

Decisions on the acceptance of objets d’art will be made by the University Art Committee, with reference

to the following considerations:

- 3.1 Does the work embody aesthetic and thematic qualities such that it will enhance some part of the campus environment, (or a specific site on-campus, should the prospective donor express such a preference)?
- 3.2 Does the work's creator have a significant connection to Prince Edward Island or to the University?
- 3.3 Does the work directly support teaching and research activity of the University?
- 3.4 If the University will incur significant associated costs (i.e. appraisal fees, repair/conservation treatment, special installation/security requirements, etc.) by accepting the work, is funding available to help defray some or all of these costs?

An answer in the affirmative to all of these questions means that the work will be accepted. An answer in the affirmative to any three of them means that the work will likely be accepted, though perhaps with special caveats/conditions to protect the University's interests (especially in cases of significant associated costs). An answer in the affirmative to only one or two of these questions means that the work will likely be declined.

Decisions on the acceptance of archival materials – including artifacts and memorabilia - and books will be made by the University Library, with reference to its Collection Policy.

#### **4. Management Policy: Objets d'art and Cultural Materials**

Management of the University's collection of objets d'art is the responsibility of the University Art Committee, which shall have purview over the following:

##### *4.1 Display and Placement of Artwork*

Artwork will normally be placed in locations where it may be appreciated and enjoyed by as many members of the campus community as possible, without exposure to unreasonable risk of deterioration, vandalism, or theft. Placement of works in very close proximity to radiators, heating or ventilation ducts, external windows, or water/steam pipes, or in the glare of direct sunlight or harsh artificial light is to be avoided. High-traffic and/or confined spaces where there is a risk of people accidentally striking an artwork should also be avoided.

Donors or members of the campus community may request or recommend that an artwork be placed in a specific location on-campus, but the final decision shall rest with the Committee, with reference to the acquisition and management criteria identified here.

##### *4.2 Storage and Circulation of Artwork*

Although the University shall endeavour to keep the majority of its artwork collection on display, it must be understood that no institution - even a dedicated art gallery or museum - can display its entire collection at any given time, and there should be no expectation of the University doing so. This means, in turn, that the University will have to keep part of its artworks collection in storage. While there is a critical shortage of suitable storage space on campus, the University Archives and Special Collections stacks room offers a reasonably secure, climate-controlled environment, and any artwork not on display - including any recently acquired items for which a

location has not been finalized - will normally be stored here.

To ensure that artwork does not remain in storage indefinitely, and that it may be enjoyed by members of the campus community, the University Art Committee shall work with the Library to establish a Campus Art Bank. The Art Bank shall consist of an on-line database wherein artworks available for display may be searched by the campus community; an on-line loan request form allowing campus units/offices to request Art Bank items for display in their area shall also be provided. Loan requests shall be reviewed by the Art Committee, with reference to the display criteria outlined herein: the normal loan period shall be five (5) years, though shorter or longer loans may be considered, on a case-by-case basis. Units/offices borrowing artworks from the Art Bank are responsible for returning these items to the Art Bank in the same condition in which they were lent out. If, upon return, an item is found to have been damaged, or if an item is lost or destroyed while in the care of the borrowing unit/office, the unit/office must pay any repair, restoration, or replacement costs thus incurred.

4.3 *Deaccessioning and Disposition of Artwork*

Donations of artwork become the property of the University, and the University must reserve the right with artwork, as with all property, to use such gifts in a manner that best serves the need of the institution. On occasion, this may mean that an artwork will have to be disposed of by the University. Circumstances in which artworks may be deaccessioned (removed) from the University's collection include:

4.3.1) An artwork, notwithstanding the University's best efforts to care for it, becomes so badly damaged or deteriorated that it becomes impossible - or unacceptably expensive - to restore it to a condition where it will meet the criteria outlined in the acquisition policy.

4.3.2) The University determines that the monetary benefits of selling an artwork outweigh the benefits of retaining the item in its collection.

4.3.3) The University determines, in partnership with another educational or cultural institution, that an artwork is a better fit with the mission and mandate of that institution rather than the University; the University shall arrange to transfer the artwork to the care and custody of that institution, by sale or donation, as appropriate.

No artwork shall be deaccessioned from the University's collection without the formal authorization of the University Art Committee. A record of all deaccessioned artwork shall be retained by the Committee.

Other cultural materials, including archives, artifacts and memorabilia, and books will be managed by the University Library, with reference to its Collection Policy.

*Note: Formal acknowledgment is hereby given to Queen's University for assistance in the preparation of this Policy.*