



Fondation du Grand Montréal

POLICY RESPECTING THE ACCEPTANCE AND DISCLOSURE OF DONATIONS

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Introduction

The Foundation of Greater Montreal (FGM) serves as a philanthropic vehicle that enables individuals and organizations to support their community through charitable gift-giving. In that regard, the present policy is aimed at guiding the public and ensuring that all gifts accepted by the Foundation are made in accordance with a code of ethics that strictly respects the pertinent legislation and responsibilities of FGM, while fully complying with the wishes of donors. For its part, the policy governing disclosure, in concert with that regulating the acceptance of donations, assure all parties concerned of the transparency they are entitled to. The two policies are integral parts of the present document.

A Charitable Organization Dedicated to the Well-being of the Greater Montreal Community

FGM is committed to serving and being attentive to the needs of its community. In collaboration with its partners, the Foundation mobilizes philanthropic resources, transmits knowledge, serves as a catalyst for new initiatives and supports the community so as to advance Sustainable Development Objectives within Greater Montreal. FGM strives for the development of a community free of poverty and discrimination in which all residents can realize their potential and live in a healthy environment, today and in the future. The Foundation's values encompass justice, equality, respect for diversity, inclusion, collaboration, attentiveness, creativity, innovation and integrity.

FGM only allocates the proceeds of its donations to recognized donors duly registered with the Canada Revenue Agency (CRA). It cannot allow a private individual to directly reap any benefits, even if their activities are charitable in nature.

The information contained in this policy is not exhaustive. Every individual making a donation is responsible for the verification of any tax consequences of their action. The information provided does not make the FGM liable in any way to potential donors.

Policy Respecting the Acceptance of Donations

In addition to complying with the laws and regulations governing donors recognized by the CRA and with the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, FGM is subject to the following rules of conduct:

1. FGM Directors, volunteers and personnel are authorized to encourage potential donors to make immediate and deferred donations to the Foundation, or any other form of donation deemed acceptable by the organization at its full discretion.
2. FGM will ask the following questions to evaluate the criteria outlined below that are of prime consideration in the acceptance of donations:
 - a) **FGM Values:**
Is the acceptance of the donation in line with the values established and committed to by FGM?
 - b) **Compatibility with the FGM's Objectives:**
Is there a clear link between the donor's objectives and the Foundation's mission?
 - c) **FGM's Profitability:**
Do the costs to be incurred to respond to the donor's request exceed the fund management fees?
 - d) **FGM's Reputation:**
Does acceptance of the donation jeopardize FGM's reputation?
 - e) **Consistency with FGM Practices:**
Can the acceptance of a donation create an unfavourable precedent for the Foundation?
 - f) **Financial Risk for FGM:**
Are there any substantial costs to the Foundation associated with accepting the donation, primarily with accepting a universal or residual bequest?
 - g) **Ripple Effect:**
Could the type of donation give rise to donations of the same kind in the future?
 - h) **Legitimacy of the Donation:**
Does the donor attest to having the capacity and authority to make the donation to FGM and to not being bound by any obligation (contractual or legal) that could prevent it from making the donation?
 - i) **Compliance with the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*:**
Does the donor agree to respond in good faith to the Foundation's questions so as to enable it to meet its obligations with respect to the Financial Transactions and Requests Analysis Centre of Canada (FINTRAC) controls? Is FGM satisfied with the responses obtained and can it accept the donation under the terms of this Act?

Appendix I outlines the types of donations accepted by FGM. For its part, Appendix II provides details about the funds currently being managed by FGM and the terms and conditions governing these funds.

3. Any individual acting on behalf of FGM can guide and inform potential donors but must not exert any pressure whatsoever on a donor under any circumstances.
4. In the event of a major donation, any individual acting on behalf of FGM must recommend that the donor obtain legal or tax advice from specialists of their choice so as to receive an opinion regarding the tax consequences of the donation. If the donor requests a reference in that regard, the Foundation will not provide a direct reference, but it could suggest at least two choices.
5. The Board of Directors reserves the right, at its full discretion, to refuse a donation for reasons of incompatibility with FGM's mandate, for moral considerations, or for any other reason.
6. The donor must assume all costs related to their gift, such as legal fees, assessment charges, commissions and taxes associated with the transfer of a building (if applicable), maintenance, management or sale of an asset, unless the Foundation has previously agreed to assume a portion or all of the amount concerned by way of a written authorization from the President and CEO.
7. A tax receipt corresponding to the value of the gift is issued to the donor for any admissible donation of \$20 or more.
8. FGM is committed to respecting all donors' right to anonymity when requested in accordance with its disclosure policy outlined below.
9. FGM recognizes its obligation to respect the privacy of its donors and to protect the confidentiality of all information it acquires in the course of conducting its solicitation activities. This is in accordance with its policy respecting the protection of personal information and its rules governing confidentiality.
10. It is strictly prohibited for FGM personnel, volunteers and Board members to receive any commissions or other forms of compensation related to obtaining any kind of donation whatsoever.
11. If the donor is a legal or other entity, it must agree to transmit information to FGM, including about its ownership, control and its actual structure.
12. All individuals who establish a fund with FGM must, to the best of their knowledge and forthrightly, answer all questions related to the updating of information collected in accordance with FINTRAC requirements upon request by the Foundation.

Liquidation of an Estate

In no way can FGM act as estate liquidator or trustee. In all cases where the Foundation could be called upon to designate a liquidator of an estate, either in its position as heir or in any other position, the liquidation mandate will be entrusted to a qualified professional or to a corporate trustee (trust company).

Disclosure Policy

In addition to complying with the laws and regulations governing donors recognized by the CRA, and subject to the consent duly obtained from its donors in accordance with our *Policy Respecting the Protection of Personal Information*, FGM complies with the following rules of transparency:

13. FGM publishes the names of funds it administers and the amounts distributed from these funds in its annual report and on its Web site. However, if the fund creator requires anonymity, it can select a publishable name, and it is this name that will appear in the annual report and in all other public documents, as applicable.
14. The Foundation also makes public the names of recipients of grants awarded during the course of the fiscal year on its Web site and in other public documents.
15. FGM discloses the names of donors and the amounts of their donations to organizations that hold funds the Foundation manages on their behalf.
16. FGM discloses the name of donors and the amount of their donations to fund creators or to its advisory committee.
17. Under the banner of *in memoriam* gifts, FGM discloses the name of each donor and the amount of their contribution to the fund to loved ones or to the advisory committee.
18. Notwithstanding points 3, 4 and 5 above, FGM will not communicate the donor name or amount contributed if the individual having made the donation has expressly so requested.

APPENDIX I

TYPES OF DONATIONS

The information contained in this Appendix is not exhaustive. Anyone making a donation is responsible for verifying the tax consequences of their charitable gesture. This information in no way makes FGM liable to potential donors.

Following is a non-exhaustive list of the types of donations that could be deemed admissible to FGM. The admissibility of donations will be evaluated in accordance with our Policy Respecting the Acceptance of Donations and the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*. Additional information on admissible donations can be obtained upon request.

A. Outright Gifts

Outright gifts include those made in cash or in other types of assets.

1. Cash

Cash donations include those made by cheque, via electronic funds transfer, in domestic and foreign currency, by money order or bank draft, and gifts by credit card from a Canadian institution. **FGM does not accept donations in hard cash.**

A donation by cheque or credit card is considered to have been made in the year it is cashed.

2. Publicly-Traded Securities

Publicly-traded securities include stocks and bonds.

Donations in the form of public securities can be profitable for donors because a capital gains exemption may be applicable if the securities are transferred in kind (and not cash proceeds). Donors are encouraged to examine these factors with specialists to confirm whether or not a tax exemption is applicable to their situation.

The Foundation's intention is to immediately sell securities it receives as donations. It will establish the value of the securities it receives based on the price at market closing time on the day they are received, and it will issue a tax receipt corresponding to that value.

3. Private Equity Investments

Donations of private equity investments will be evaluated to determine their acceptance.

These securities must be vested in favour of a charitable organization to which the donor has no dependent ties. A buy-back agreement will have to be signed between FGM and the donor.

4. Flow-Through Shares

Donations of flow-through shares will be evaluated in order to determine their acceptance.

FGM will issue a tax receipt corresponding to the fair market value of the stocks donated. Individuals making these types of donations could be eligible for tax credits. With these credits being dependent on certain criteria, it is important that donors communicate with a specialist before deciding to make a donation of these shares.

5. Stock Purchase Options

A donor may exercise their purchase options and make a gift of stock to FGM. They can also choose to give their options to the Foundation without first exercising them.

A tax receipt corresponding to the market value of the shares on the date of their reception is issued to the donor. The donor should always communicate with a specialist to verify if their situation warrants a tax exemption.

6. Charitable Remainder Trust

A charitable remainder trust is a trust created in the event of the transfer of an asset to a trust where the donor conserves a life interest in the asset but makes an irrevocable donation of the life interest to FGM. The Foundation can issue an official donation receipt for the fair market value of the life interest in the asset at the time this interest is vested. Certain conditions apply.

7. Other Types of Assets

For other types of assets, donors can contact FGM to obtain information. It should be noted that every donation will have to be evaluated to determine its acceptance. The Foundation will not assume any cost associated with the evaluation or research required for the acceptance of a gift.

8. Virtual Currency

FGM does not accept any donation in the form of virtual currency.

B. Deferred Gifts

A deferred gift is one that takes effect at the time of a future event, such as the death of the donor. Donors are strongly encouraged to discuss their wishes with the members of their family with respect to charitable donations through their estate.

1. Testamentary Gifts

The donor can:

- make a specific bequest by giving a fixed amount or an asset;

- make a residual bequest, leaving all or a portion of the bequest of what remains from the estate after paying off all debts, taxes and expenses, and after distribution of specific bequests;
- make a conditional bequest that only takes effect when certain conditions are met (i.e. a contingent bequest that only applies if the heirs named in the will do not survive the testator).

2. Life Insurance

There are a number of ways to donate a life insurance policy to FGM.

The donor can:

- designate the Foundation as owner and beneficiary (irrevocable) of a policy;
- designate the Foundation as beneficiary (revocable) of a policy;
- conserve ownership of an existing or newly issued life insurance policy and assign a bequest in favour of FGM equivalent to the policy's death benefit;
- make a major gift to the Foundation, and with the tax credits received or to be received, procure a life insurance policy of which their estate would be beneficiary.

3. Assets Held in Registered Plans

FGM could be designated as beneficiary of:

- registered retirement savings plans (RRSP);
- registered retirement income funds (RRIF);
- tax-free savings accounts (TFSA).

When the proceeds of the donation are cashed, a tax receipt is issued to the donor's estate.

The donation of a RRIF can also be made during their lifetime by all individuals aged 71 or over who are not in need of the income from mandatory withdrawals from the RRIF.

4. Other Types of Assets

For deferred donations of other types of assets, donors can contact FGM to obtain information. It should be noted that every donation will have to be evaluated to determine its acceptability. The Foundation will not assume any expense associated with the assessment or with any research required to determine acceptability of a gift.

APPENDIX II

TYPES AND ORIENTATION OF FUNDS

For all funds created at FGM, a type and an orientation must be determined by the donor. This allows for adapted funds to be offered that correspond to the donor's philanthropic objectives.

1. Types of Funds

a. Perpetual Funds

These funds are created in perpetuity and do not allow for encroachment on the capital. Revenues are disbursed in the form of grants.

b. Endowment Funds (or Endowed Funds)

These funds are created for a minimum duration of 10 years and do not allow for encroachment on capital for the fund's initial duration. The revenues available are disbursed in the form of grants. At the end of the initial term, the fund becomes one with no term, and the fund creator then specifies their intentions with respect to distribution.

c. Philanthropic Funds

Philanthropic funds are created for a period of one year or more. They allow for encroachment on the capital for the fund's initial duration.

d. Managed Funds

These funds allow charitable organizations registered with the CRA or cultural organizations to entrust the management of one or more of their funds to FGM, while retaining ownership of the funds. As such, the organization reserves the choice (subject to a notice agreed to by the parties) to withdraw a portion or all of its capital.

2. Fund Orientation

a. Unrestricted Funds

The fund creator entrusts FGM with the mandate to carefully determine issues of importance within the community and to identify the organizations to be beneficiaries of grants derived from fund revenues thus pooled.

b. Sectoral Funds

The fund creator indicates their sectors of interest to FGM in the agreement, and the Foundation identifies the organizations to be beneficiaries of the revenues generated by funds connected to the sectors selected.

c. Oriented Funds (Donor-Advised Funds)

The fund creator annually recommends the organization(s) to FGM that could benefit from fund revenues. The creator can make such recommendations personally or can name a member of their family or members of their advisory committee to make the recommendation in their place.

d. Designated Funds

The fund creator designates the organization(s) in the agreement that will benefit each year from the grants derived from fund revenues.