

## Gift Acceptance Policy

Approved:

Board of Governors

October 2, 2014

Minute 9

*Full legislative history appears at the end of this document.*

### SECTION 1 – PREAMBLE

- 1.1 Philanthropic support is an important element in advancing research and education. McGill University welcomes gifts which enable it to advance its academic mission and to enhance its programs and services to students and researchers.
- 1.2 This Gift Acceptance Policy and the documents it refers to have been established to create a framework for the solicitation, review, acceptance, administration and stewardship of philanthropic gifts to McGill University / The Royal Institution for the Advancement of Learning (hereafter, “**McGill University**” or the “**University**”).
- 1.3 This Policy and associated documentation have been established to ensure:
  - (a) the University’s principles, policies and procedures are reflected throughout the gift acceptance process
  - (b) informed decisions are made concerning the acceptance of gifts
  - (c) gifts are handled in compliance with applicable federal and provincial legislation
  - (d) efficient administrative, legal and accounting practices are followed
  - (e) consistent and ethical relations with all donors and other supporters of the University are maintained.

### SECTION 2 – SCOPE OF POLICY

- 2.1 This Policy governs gift acceptance with respect to gifts from donors such as individuals, associations, foundations, and corporations, made in support of existing or new initiatives at the University, whether the gifts are made during the donor’s lifetime or testamentary (trusts and estates).
- 2.2 This Policy governs all fundraising activities and gift acceptance conducted by the University, including every unit of the University, or by any person authorized by the University.
- 2.3 This Policy governs University employees, volunteers and leaders on matters of gift acceptance and provides them with an efficient review framework.
- 2.4 This Policy and its published guidelines provide public information about the University’s gift acceptance policies and procedures, in order to inform the public about University procedures, and to stimulate interest and support among the University’s current and potential donors.
- 2.5 Financial support to the University that attracts an advantage for the person offering such financial support, or for a person designated by the person offering such financial support, is not considered a gift. While the University Advancement (“**Advancement**”) unit may be involved in

the acceptance of these (non-philanthropic) forms of financial support from time to time (e.g. event sponsorships), it is not the unit of the University that oversees such matters. Questions concerning the review and acceptance of such financial support shall be referred to the relevant Dean or equivalent head of unit that is to receive the intended financial support. Refer to Appendix 3 – Gift Eligibility Guidelines for examples of advantages to the person offering support or to a person designated by the person offering support. In certain cases, Advancement may determine that a specific form of funding or support may be part gift and part non-philanthropic funding or support, and will recognize and receipt accordingly.

- 2.6 Advancement is not a unit of the University that oversees research grants. Questions concerning grant applications or grants shall be referred to the relevant Dean or equivalent head of unit or his/her designate for research matters, and ultimately to the Vice-Principal (Research and International Relations). The following forms of funding generally do not constitute philanthropic gifts:
- (a) funding for the purpose of research where there is an advantage to the funder or sponsor (e.g. an advantage in the form of rights to the results of the research); and
  - b) grants from funding agencies.

However, research grants from foundations or other charitable organizations that support the advancement of knowledge by a systematic or scientific approach, and where there is no other advantage to the donor, do constitute philanthropic gifts.

### **SECTION 3 – PRINCIPLES**

- 3.1 McGill University is committed to the principles of academic freedom, freedom of expression, and institutional autonomy.
- 3.2 McGill University's gift acceptance process is based on and in accordance with its mission, academic priorities and strategic plan.
- 3.3 McGill University is a registered charity recognized by the Canada Revenue Agency ("**CRA**") and complies with the *Income Tax Act* and CRA guidelines, including those addressing the receipting of charitable gifts. 3.4 McGill University complies with all applicable federal and provincial legislation. This includes, for example, taxation, employment, human rights, equity, anti-bribery, anti-money laundering, and anti-terrorism legislation. This Policy, and all other University policies, guidelines and procedures described in this Policy, were designed to comply with current legislation. In the event of any disparity, federal and provincial laws supersede the University documents.
- 3.5 McGill University is committed to managing actual or perceived conflicts of interest in its acceptance of gifts in accordance with its University Regulation on Conflicts of Interest. The Regulation on Conflicts of Interest applies to the review and acceptance of all gifts, and governs all members of the University community.
- 3.6 McGill University is the owner of all gifts it accepts, whether for the benefit of the University generally or for some specific purpose in it. If a gift is designated to a unit or part of the University,

it shall be deemed to be a gift for the University, but it will be used for the benefit of the designated unit or part.

- 3.7 McGill University will not accept gifts where such acceptance would compromise any of the above principles.

#### **SECTION 4 – RESPONSIBILITIES**

- 4.1 The Vice-Principal (Advancement) is responsible for ensuring that McGill University's gift acceptance process is compliant with this Policy.
- 4.2 Over time, emerging gift types may have aspects or characteristics that were not contemplated within this Policy. In such cases, the Vice-Principal (Advancement) shall recommend the establishment of different policies for such gifts; or shall request that the Approval Committee for Gifts ("ACOG") conduct a case-by-case review of such cases in order to decide whether accepting or declining a particular gift is in the University's best interest. Given their fact-specific nature, case-by-case decisions will not be considered precedent-setting. The standing members of the ACOG are as follows:
- (a) Chair, the Vice Principal (Administration and Finance)
  - (b) The Provost or delegate appointed by this individual
  - (c) The Vice-Principal (Advancement)
  - (d) The General Counsel & Director Legal Services or delegate appointed by this individual; and
  - (e) Dean or equivalent head of the potential receiving unit.
- 4.3 The Advancement unit, under the direction of the Vice-Principal (Advancement), has the authority and responsibility to develop operational guidelines and procedures, to support the gift acceptance process, in compliance with this Policy.
- 4.4 The Advancement unit, under the direction of the Vice-Principal (Advancement), is primarily responsible for managing University fundraising activities to meet University objectives, in accordance with the University's mission and current academic priorities. All persons and units wishing to raise gift funds for programs or areas at the University, must work within plans and guidelines established by Advancement. The Advancement unit must be consulted prior to or during preliminary discussions with potential donors.
- 4.5 The Advancement unit, under the direction of the Vice-Principal (Advancement), oversees stewardship of gifts for the University through the provision of guidelines and procedures to units concerning gifts they have received, and certain central support. This includes appropriate acknowledgement and recognition for gifts. Where reports are provided to donors, such reports will conform with University policies and legal requirements, and will be managed and shared with donors by the appropriate unit relevant to the donation.
- 4.6 In considering or negotiating a gift to the University that is unusual in nature, University employees or other representatives must consult with the Vice-Principal (Advancement) or his/her designate prior to or during preliminary discussions with potential donors. Refer to Appendix 3 – Gift Eligibility Guidelines for examples where such consultation is required.

- 4.7 Refer to Appendix 3 – Gift Eligibility Guidelines for examples of appropriate questions to guide the review/due diligence process for accepting a gift.
- 4.8 Both the Advancement unit and the relevant receiving unit are responsible for following guidelines concerning indirect costs of research on philanthropic donations received by the University, as communicated by the Research and International Relations unit, under the direction of the Vice-Principal (Research and International Relations).

## SECTION 5 – GIFT TYPES AND ELIGIBILITY

- 5.1 In general terms, for the purposes of this Policy, a gift means a gift of money or other property irrevocably given to the University, without any expectation of advantage to the donor or third party designated by the donor. More specific University and *Income Tax Act* requirements in effect establish relevant criteria for the recognition and receipting of gifts.
- 5.2 Gifts to the University may qualify as “tax receiptable gifts” or may be “philanthropic gifts that are not eligible for a tax receipt”:
- Tax receiptable gifts. These are gifts (or some portion of gifts) which the University determines meet the CRA guidelines for issuance of a charitable gift tax receipt to donor. Such gifts also qualify for appropriate donor recognition by the University.
  - Philanthropic gifts that are not eligible for a tax receipt. These gifts do not qualify for issuance of a charitable gift tax receipt under CRA guidelines, as determined by the University in accordance with CRA guidelines, but are nevertheless gifts to the University that are recognized by the University by a receipt and appropriate donor recognition.
- 5.3 For accounting and administrative purposes, gifts (or portions of gifts) are classified into two main categories, as either “expendable gifts” or “endowments”:
- Expendable gifts. An “expendable gift” (sometimes referred to as “direct spend gift”) is a gift that will be spent during a limited period of time, in accordance with an established schedule or at the University’s discretion. Once an expendable gift is spent, the associated fund no longer exists, unless a donor replenishes the fund.
  - Endowments. An “endowment” is a gift for which the capital is preserved and annual expenditures are restricted to a portion of the income from investment. A gift may establish an endowment fund or augment an existing one. An endowment normally exists in perpetuity. Refer to Appendix 5 – Guidelines for Endowments.
- 5.4 Expendable gifts and endowments (or portions of these types of gifts) may be classified as either “restricted gifts” or “unrestricted gifts”.
- Restricted gifts. A “restricted gift” is a gift for which the donor has given specific directions on how the gift is to be used.
  - Unrestricted gifts. An unrestricted gift is a gift for which the donor has left it to the University to decide how to use the funds (e.g. use of wording such as “to support the

University's academic priorities" or "for the general support of the University", or silent as to purpose).

- 5.5 Refer to Appendix 3 – Gift Eligibility Guidelines for examples of types of gifts the University will typically consider.

## **SECTION 6 – GIFT ACCEPTANCE**

- 6.1 The University may elect to accept or decline any gift. When an offer of a gift is judged contrary to the University's best interest, the Vice-Principal (Advancement) or his/her designate may request that the terms be revised or may decline the offer. The Vice-Principal (Advancement) or his/her designate may refer potential gifts to the ACOG for a case-by-case decision on whether accepting a particular gift would be in the University's best interest or on admissibility under this Policy. Given their fact-specific nature, case-by-case decisions will not be considered precedent-setting. University Regulations Relating to the Approval of Contracts and Signing Authority apply to the signing of any gift agreements. Refer to Appendix 3 – Gift Eligibility Guidelines for examples of reasons for the refusal of a gift.
- 6.2 The University can only accept and recognize a "gift" if there is no advantage to the donor or to any person designated by the donor resulting from the payment. For example, the University will not accept as a "gift" any transaction that would require it to give special consideration for employment to the donor, or to anyone designated by the donor, or that would allow the donor to inappropriately influence University appointments, research programs or curriculum. The University will not accept as a "gift" any transaction that would allow the donor to influence admissions. Further, the University will not accept as a "gift" any transaction that would give special consideration to the procurement of products or services associated with the donor, or to any person designated by the donor.
- 6.3 The Advancement unit, under the direction of the Vice-Principal (Advancement), will consult with relevant representatives of the potential receiving unit during the gift acceptance process, in order to consider the receiving unit's views concerning acceptance of a potential gift, and to confirm the receiving unit's ability and commitment to perform any obligations associated with a gift.
- 6.4 Without prejudice to Section 6.2 above, where donors seek to provide an advisory role in the project/program/other initiative to which they have provided funding, the ACOG will consider such advisory role on a case-by-case basis, taking account of relevant legislation and University policies, procedures and authorities. Any such advisory role must be in compliance with the University's principles of academic freedom, freedom of expression, and institutional autonomy. Given their fact-specific nature, case-by-case decisions will not be considered precedent-setting.
- 6.5 University faculty and staff members are encouraged to offer gifts to the University, and these may be accepted if the purpose of the donation is to support *bona fide* University activities. Such gifts are subject to all other University policies and procedures, including the Regulation on Conflict of Interest and the Policy on Donations from Employees and Related Financial Management Issues. Refer to Appendix 4 – Guidelines for Donations from Employees and Related Financial Management Issues.

- 6.6 University faculty and staff members are encouraged to welcome prospective gifts to the University, in collaboration with the Advancement unit. However, gift acceptance may only occur with proper University authority, in compliance with this Policy and other relevant University policies concerning authority.
- 6.7 Where Gift Acceptance involves the naming of any University asset, such naming must be in compliance with the University's Policy Relating to the Naming of University Assets.

## **SECTION 7 – GIFT RECEIPTING**

- 7.1 Advancement is the only University unit authorized to issue receipts related to philanthropic gifts, whether gift receipts or charitable gift tax receipts, the latter being in compliance with the requirements of applicable taxation legislation, and in accordance with the procedures established by the University.

## **SECTION 8 – UNFULFILLED PAYMENTS (PLEDGES)**

- 8.1 The University will notify donors concerning any unfulfilled payments/pledges, where possible. If, for any reason, a payment/pledge is not fulfilled as outlined in a gift agreement, the University will have the authority to redirect any partial funds toward one or more of the areas designated in the gift agreement, or other purpose(s) which is/are, in the ACOG's opinion, consistent with the spirit and intent of the donor's gift.

## **SECTION 9 – ETHICS**

- 9.1 All University employees, volunteers and professional representatives acting on behalf of the University will conduct themselves in accordance with accepted professional standards of accuracy, truth and integrity. The Advancement unit will provide written guidelines to its staff in this regard from time to time.

## **SECTION 10 – RESPONSIBILITY TO DONORS**

- 10.1 McGill University, its staff and representatives shall endeavour to assist donors in accomplishing their philanthropic objectives in providing support for the University.

## **SECTION 11 – NO ADVICE TO DONORS**

- 11.1 McGill University does not provide legal, tax or financial advice to donors. Therefore, donors are encouraged to discuss all gift planning decisions with their own legal, financial or tax advisors before entering into any commitment to make a gift to the University. Donors are responsible for all costs in relation to obtaining such independent professional advice.

## SECTION 12 – CONFIDENTIALITY

- 12.1 Information concerning all transactions between a donor and the University shall be held by the University in strict confidence and may be publicly disclosed only with the permission of the donor, or in accordance with applicable laws.

## SECTION 13 – ANONYMITY

- 13.1 McGill University shall respect the wishes of donors wishing to support the University anonymously and will take reasonable steps to safeguard those donors' identity, subject to the limitations outlined below. "Anonymous" treatment of records requires the University to take more steps than it does when treating records in confidential manner, since this involves the usual confidentiality treatment referred to in Section 12 above, in addition to internal restrictions on access to "anonymous" records.
- (a) Records, as required by taxation legislation for charitable organization receipting purposes, are maintained by the Advancement unit. Access to these records is restricted to appropriate staff within the Advancement and Finance and Administration units, and senior officers of the University, on a need-to-know basis;
  - (b) The University will comply with any legal obligation to disclose the names of donors and the nature and value of their gifts (for example, obligations that may arise under *Income Tax Act* or other relevant statutes);
  - (c) The identity of a donor requesting anonymity may be provided to the Board of Governors on an oral basis if the Board so requests. Such information will not be included in the minutes of the meeting nor used by Board members or officers outside the meeting of the Board of Governors (except as may be required by applicable laws); and
  - (d) Prospective donors requesting anonymity shall be advised by the Advancement unit that their names, and the nature and amounts of their gifts, will be disclosed as above.

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**Legislative History:**

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## **GUIDELINES FOR GIFT ACCEPTANCE POLICY**

## APPENDIX 1 – GUIDELINES: RELATED POLICIES AND DOCUMENTS

### 1. McGill University Policies & Regulations

Gifts-In-Kind Policy (Non-monetary donations)

<http://www.mcgill.ca/library/about/donors/giving/gifts-kind>

Policy Relating to the Naming of University Assets

<http://www.mcgill.ca/files/secretariat/NamingofUniversityAssetsPolicyfor.pdf>

Regulation on Conflict of Interest

<http://www.mcgill.ca/files/secretariat/Conflict-of-Interest-Regulation-on.pdf>

Regulations Relating to the Approval of Contracts and Signing Authority

<https://www.mcgill.ca/files/secretariat/Signing-Authority-Approval-Contracts.pdf>

### 2. Other Related Documents

Council for Advancement and Support of Education (CASE) Statement of Ethics

[http://www.case.org/Samples\\_Research\\_and\\_Tools/Ethics\\_Resources\\_and\\_Issues/CASE\\_Statement\\_of\\_Ethics.html](http://www.case.org/Samples_Research_and_Tools/Ethics_Resources_and_Issues/CASE_Statement_of_Ethics.html)

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## APPENDIX 2 – GUIDELINES: GLOSSARY

Note: The key terms below are described in reference to the Gift Acceptance Policy (the “Policy”), for ease of reference. There is no implied or intended University-wide use for this glossary.

<b>Term</b>	<b>Description</b>
Advantage	An advantage is the total value, at the time the gift is made, of all property, services, compensation, or other benefits that a person is entitled to receive in relation to the gift. The advantage may be conditional or receivable in the future, either by the donor or a person or partnership not dealing at arm’s-length with the donor.
Anonymity or “Anonymous treatment of records”	“Anonymous” treatment of records involves the usual confidentiality treatment referred to in Section 12 of the Policy, in addition to internal restrictions on access to “anonymous” records. The Anonymous treatment of records by McGill University is subject to the limitations set out in Section 13 of the Policy, in accordance with applicable laws.
Approval Committee for Gifts (“ACOG”)	Committee that makes decisions about the acceptance of certain gifts, in accordance with the Policy. The standing members of the ACOG are:  (a) Chair, the Vice Principal (Administration and Finance) or his/her designate;  (b) The Provost or his/her designate;  (c) The Vice-Principal (Advancement) or his/her designate;  (d) The General Counsel & Director Legal Services or his/her designate; and  (e) Dean or equivalent head of the potential receiving unit, or his/her designate.

<b>Term</b>	<b>Description</b>
Endowment	An “endowment” is a gift of cash or property given for the University’s permanent use, or use for a period of time. Income is distributed in accordance with the University’s investment and income distribution policies and procedures as they may be from time to time. Investment objectives of the University’s endowment, invested through the McGill Investment Pool (“MIP”), may include obtaining a total return (yield plus capital appreciation) necessary to provide a dependable and optimal source of income for endowment beneficiaries, and preserving (in real dollar terms) the capital of the MIP. A gift may establish a new endowment fund or augment an existing one.
Expendable gift	An “expendable gift” (sometimes referred to as “direct spend gift”) is a gift that will be spent during a limited period of time, in accordance with an established schedule or at the University’s discretion. Once an expendable gift is spent, the associated fund no longer exists, unless a donor replenishes the fund.
Philanthropic gifts that are not eligible for a tax receipt	These gifts do not qualify for issuance of a charitable gift tax receipt under Canada Revenue Agency (CRA) guidelines, as determined by the University in accordance with CRA guidelines, but are nevertheless gifts to the University that are recognized by the University by a receipt and appropriate donor recognition.
Restricted gift	A “restricted gift” is a gift for which the donor has given specific directions on how the gift is to be used.
Tax receiptable gift.	A “tax receiptable gift” is a gift (or some portion of a gift) which the University determines meets the CRA guidelines for issuance of a charitable gift tax receipt to donor. Such a gift also qualifies for appropriate donor recognition by the University.
Unrestricted Gift	An unrestricted gift is a gift for which the donor has left it to the University to decide how to use the funds (e.g. use of wording such as “to support the University’s academic priorities” or “for the general support of the University”, or silent as to purpose).

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## **APPENDIX 3 – GUIDELINES: GIFT ELIGIBILITY**

### **1. Standard Gift Types**

The following types of gifts are generally eligible for consideration by the University:

- (a) cash or cash equivalents (for example, currency, cheques, credit card payments, electronic funds transfers, payroll deductions)
- (b) gifts-in-kind (for example, artwork, rare books and other assets) and real estate consistent with the University's Gifts-In-Kind Policy (Non-monetary donations) in effect
- (c) bequests (testamentary gifts through wills or trust documents)
- (d) life insurance
- (e) charitable trusts
- (f) charitable gift annuities
- (g) publicly-traded securities, on recognized exchanges.

### **2. Non-Standard Gifts / Early Consultation Required**

If considering or negotiating a gift to the University that is non-standard in nature, University staff members must consult with the Vice-Principal (Advancement) or his/her designate early on during discussions with potential donors. For example, such consultation is required where proposed gifts:

- (a) present questions as to whether they are within the role and scope of the University
- (b) are from an individual or organization whose philosophy and values could be considered inconsistent with the philosophy and values of the University
- (c) may expose the University to an uncertain liability
- (d) may be perceived to come from illegal or unethical activities
- (e) involve a proposal to name a program or facility (See Policy Relating to the Naming of University Assets)
- (f) involve securities that are not publicly- traded on a recognized exchange
- (g) involve instruments that are otherwise of a "non-standard" nature (refer to Item 1 above re. generally standard gift types).

### **3. Reasons for Refusal of Gift**

Examples of reasons for the refusal of a proposed gift include:

- (a) gift does not accord with the University's mission, academic priorities or strategic plan
- (b) gift could compromise the University's public image, reputation or commitment to its mission and values
- (c) gift is from an individual or organization whose philosophy and values could be considered inconsistent with those of the University
- (d) gift may expose the University to unacceptable risk or liability
- (e) donor applies unacceptable restrictions or conditions on the gift
- (f) gift will be unreasonably onerous to administer
- (g) gift may have come from illegal or unethical activities
- (h) gift has advantages inappropriately directed to a specific individual, group of individuals or organization

- (i) gift violates provincial or federal legislation or relevant University policies or guidelines concerning human rights or equity
- (j) (intended) “gift” is determined to be something other than a charitable gift, where donor has indicated donor wishes to obtain a tax receipt for a charitable gift
- (k) gift is too narrowly restricted
- (l) gift involves thinly-traded/illiquid securities
- (m) gift jeopardizes the University’s registered charity status.

#### 4. **Examples of Benefits to Persons Offering Financial Support**

Certain forms of financial support to the University involve a contractually binding agreement between the University and a corporation or business entity whereby the person providing financial support gains commercial or marketable benefits through association with the University. In exchange for these marketable benefits (e.g. logo placement, hyperlinks, direct marketing opportunities) the University receives services, products or cash. (These forms of financial support do not result in a gift to the University as there is an advantage for the person providing the financial support, or to a person designated by the person providing the financial support.)

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## **APPENDIX 4 – GUIDELINES: DONATIONS FROM EMPLOYEES AND RELATED FINANCIAL MANAGEMENT ISSUES**

### **1. Tax Receiptable Gifts – General**

To qualify as a tax receiptable gift, a gift from an employee must meet the same requirements as a gift from any other donor.

### **2. Tax Receiptable Gifts / No Donor Benefit**

A charitable gift tax receipt will not be issued where the donation is to be used for the donor's own advantage or the advantage of a person with whom the donor does not deal at arm's length. Therefore, an employee deriving a direct or indirect advantage from a tax receipted donation contravenes tax legislation and places both the employee and the University's registered charity status at risk. It is the responsibility of all McGill University parties to avoid situations, whether in fact or in appearance, where a donor is obtaining an advantage in relation to donated funds.

### **3. Specific Guidelines Concerning Gifts/Funds for Donor Benefit/Control**

Gifts may not be credited to a fund set up specifically under the control or for the benefit of the individual donor.

- (a) Gifts from employees intended for their research are addressed in the Regulation on Conflict of Interest.
- (b) Unrestricted gifts from employees should be directed to a faculty's top academic priorities and greatest needs, as elaborated in their planning documents and aligned with the strategic plans of the University. The Dean is typically the Fund Financial Manager. Unrestricted donations must not be directed to a fund where the donor is the signing officer (known as the "Fund Financial Manager"), nor should the donor be deriving a direct or indirect advantage.
- (c) Restricted gifts from employees will be subject to the customary requirements relating to these types of gifts. The spending restriction must be clearly stated and must not be directed to a fund where the donor is the signing officer (known as the "Fund Financial Manager").

### **4. Receipting Responsibility**

The Advancement unit is the only University unit authorized to issue receipts related to philanthropic gifts, whether gift receipts or charitable gift tax receipts, all in compliance with the requirements of applicable taxation legislation, and in accordance with the procedures established by the University.

### **5. Administrative Responsibility and Further Information**

Contact the University Controller's Office for clarification or advice regarding matters relating to these guidelines.

6. **Gifts-in-Kind**

Gifts-in-kind from employees are subject to the same guidelines as above. Refer also to the Gifts-In-Kind Policy (Non-monetary donations).

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## APPENDIX 5 – GUIDELINES: ENDOWMENTS

### 1. **Endowments**

An endowment is a gift of cash or property given for the University's permanent use, or use for a period of time. Income is distributed in accordance with the University's investment and income distribution policies and procedures as they may be from time to time. Investment objectives of the University's endowment, invested through the McGill Investment Pool ("MIP"), may include obtaining a total return (yield plus capital appreciation) necessary to provide a dependable and optimal source of income for endowment beneficiaries, and preserving (in real dollar terms) the capital of the MIP. A gift may establish a new endowment fund or augment an existing one.

### 2. **Restrictions on Expenditure / Purpose**

An endowment fund can be restricted (e.g. to fund a specific faculty, area of research or student awards) or unrestricted (e.g. to support the University's academic priorities) as to its purpose (i.e. the designated area of expenditure).

### 3. **Revised Purpose Clause**

Donors who designate a gift to a specific purpose must be advised of the right of the University to vary the gift purposes in certain circumstances. A Revised Purpose Clause must be included in all Gift Agreements for endowments involving a restriction.

A Revised Purpose Clause must be substantially similar to the below clause:

*"If, in the opinion of the University, it should become no longer practical or possible to use this gift for the specified purpose (for example, if the program to which it relates is restructured or discontinued), the University's Approval Committee on Gifts (ACOG) will redirect the gift to a new purpose that is, in their opinion, consistent with the original spirit and intent of the donor, in consultation with the donor (or the donor's immediate family) where possible."*

### 4. **Gift Agreement**

Except for endowment funds resulting from testamentary dispositions, every Endowment fund must be based on a written Gift Agreement, which includes:

- (a) Fund name
- (b) Purpose provision [may be restricted (e.g. to fund a specific faculty or area of research) or unrestricted (e.g. to support the University's academic priorities)]
- (c) Revised Purpose Clause
- (d) Payment/Pledge schedule (if applicable).

### 5. **Endowment Expenditure**

Subject to there being sufficient funds in an endowment fund, endowment income will be expended on a periodic basis.

6. **Threshold Amounts for Establishing Endowments**

Given the administrative cost of setting up endowments and the need for a reasonable income to be paid out once established, in order to meet the objectives of the endowment fund, the Vice-Principal (Administration and Finance) or his/her designate will establish threshold amounts for the creation of endowments.

7. **Minimum Balance for Endowments Before Income Used**

An endowment fund requires a minimum balance in order for it to generate sufficient annual income for the support of programs and services. This level will be determined periodically by the Vice-Principal (Administration and Finance) or his/her designate.

8. **Exceptions.** Any exceptions to the above guidelines must have the explicit written approval of the Vice-Principal (Advancement) or his/her designate and the Vice-Principal (Administration and Finance) or his/her designate attached to the gift agreement.

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