

6-6: Securities Disposition of "In Kind" Donations To BCUC

1.Responsibility Centre: Financial Management Committee

2. Rationale or Purpose

The purpose of this policy is to address "in kind" charitable donations made to BCUC. The promotion of this form of charitable donation will serve the dual role of assisting BCUC in their funding requirements while also offering individuals a tax efficient way of making charitable donations to BCUC.

Background

The government of Canada provides significant tax incentives for individuals to make charitable donations of securities "in kind", rather than in cash, to registered charities (including BCUC). For example, an individual who owns shares that have appreciated in value can make a donation of the appreciated shares "in kind" at fair market value. There will be no capital gains tax owing on shares that are transferred to a charity "in kind". The individual will also be entitled to claim 100% of the fair market value of the shares (valued on the date of the charity receiving the shares) as a charitable donation on their tax return (subject to a maximum of 75% of net income). The donation of shares is a tax efficient way to engage in charitable giving. Donors are advised to seek independent tax advice relating to their personal situation prior to donating shares "in kind".

3. Policy Statement

The purpose of this policy is to provide a framework for process, actions and accountability for the management and orderly disposition of "in kind" security donations that are made to BCUC.

4. Scope

The scope of this policy will apply to the Chair, Securities Contact and Donor Contact of the Financial Management Committee (FMC), and the Envelope Secretary, the Book-Keeper and the BCUC office.

This policy will apply to the operation of the BMO Investorline account which will be used to facilitate the disposition of securities donated "in kind".

5.Procedures

The following procedures will be followed to facilitate the orderly transfer and subsequent disposition of securities donated "in kind" to BCUC:

General flow of work process:

- Donor Contact provides donor with necessary paperwork to initiate securities transfer.
- Donor provides completed paperwork to their financial institution to execute transfer of securities to BCUC.

- FMC to analyse intentions of Donor's objectives. The FMC will determine the appropriate investment strategy that will satisfy the dual objectives of the Donor and the prudent diversification of BCUC's investment portfolio within the context of BCUC and UCC policies.
- Donor Contact informs Securities Contact to expect a transfer of securities "in kind" and prepares a check list of stages of processing the donation.
- Securities Contact monitors BMO Investorline account for settlement of transferred securities.
- Securities Contact records nature and amount of transfer received.
- Once transferred security is received and settled, Securities Contact will prepare for the sale of the security unless otherwise determined by FMC that the transferred security satisfies the requirements of achieving the Donor's objective while maintaining a prudent level of diversification of BCUC's portfolio. If it is determined by the FMC, in consultation with the Trustees if required, that the transferred security is appropriate for achieving BCUC's mandate, it may not have to be sold upon transfer and may be held as a longer term holding. If not, the following procedures will apply:
- Securities Contact researches the security transferred and prepares a plan for the orderly execution of a sell order for the full amount of the securities transfer.
- The Chair, FMC, on the recommendation of the Donor Contact authorizes the Securities Contact, in writing, to execute the sale of the securities.
- Securities Contact executes a sell order to convert the securities to cash.
- Securities Contact monitors the trade during execution to ensure its orderly disposition attempting to minimize any potential market impact.
- Securities Contact records the completed trade details including fees and reports to the Donor Contact and the FMC.
- Chair prepares an InvestorLine cheque when informed by Securities Contact that the funds are available to transfer from the InvestorLine account to the TD Canada Trust account.
- Donor Contact advises Book-Keeper to transfer funds to appropriate bank account (to match the Donor's requested use of funds) and informs Envelope Secretary to prepare donation tax receipt.
- BCUC office distributes BMO Investorline account statements to Book-Keeper, Chair FMC, Chair Trustees (if relevant) and Securities Contact.
- Donor Contact provides tracking sheet to BCUC office.

6.Roles/Responsibilities

The FMC is responsible for maintaining and promoting this policy and will provide interpretation or clarification when required. The following roles and responsibilities have been identified below:

- **Donor Contact** - this member of the FMC is responsible for providing the donor with the necessary paperwork to complete the transfer of securities to BCUC. This individual will be the primary contact for the donor during the transfer process.

- **Securities Contact** - this member of FMC is responsible for monitoring the transfer of securities donated "in kind" and for the orderly disposition of the shares once they have been received by BCUC. The Securities Contact will also report to other members of the FMC the specific amounts, fees and other pertinent financial information relating to the share transfer and sale.
- **Envelope Secretary** - this individual is responsible for drafting the donation receipt to be provided to the donor.
- **Book-Keeper** - this individual is responsible for the accounting and recording of the financial details of the transaction including the transfer of donation proceeds to various BCUC accounts.
- **Chair Trustees** - responsible for advice with respect to donations received for the Endowment Memorial Fund.
- **Chair FMC** - responsible for oversight, management and execution of this policy.

7. **Approval authority:** Church Board

8. **Reviewed:** Financial Management Committee: September 14, 2014

Approved: Church Board: September 17, 2014

Replaces: This is a new policy