



LCS Langley Christian School Foundation

POLICIES AND GUIDELINES

Approved June 19, 2012

Authorization

LCS Langley Christian School Foundation (hereinafter "the LCS Foundation") is authorized to encourage donors to make both outright and deferred gifts. The types of deferred gifts to be offered include bequests, reinsured gift annuities, gifts of residual interests, charitable remainder trusts, gifts of life insurance policies and proceeds, and such other gift arrangements as the board of directors (hereinafter "the board") may from time to time approve. All programmes, solicitation plans, and activities shall be subject to the oversight of the board.

Policies

1. The policy of the LCS Foundation is to inform, serve, guide or otherwise assist donors who wish to support the LCS Foundation's activities, but never under any circumstances to pressure or unduly persuade.
2. Persons acting on behalf of the LCS Foundation shall in all cases encourage the donor to discuss the proposed gift with independent legal and/or tax advisors of the donor's choice so as to ensure that the donor receives a full and accurate explanation of all aspects of the proposed charitable gift.
3. The board of directors are authorized to negotiate planned gift agreements with prospective donors, following programme guidelines approved by the board.
4. All planned giving agreements requiring execution by the LCS Foundation shall first be reviewed and approved as to form by the LCS Foundation's legal counsel. Where substantially the same agreement is used repeatedly, only the prototype needs to be approved.
5. The following planned gifts may be accepted by the LCS Foundation. Before acceptance, relevant information about the gift shall be ascertained, including a copy of any appraisal secured by the donor. The LCS Foundation also reserves the right to secure its own appraisal.
 - A. Outright gifts of real estate, shares in privately-owned companies, tangible personal property, partnership interests, and other property interests not readily negotiable.
 - B. Residual interest gifts.
 - C. Charitable remainder trusts.

6. Outright gifts of cash, publicly-traded securities, life insurance, and reinsured gift annuities do not require approval by the LCS Foundation board.. Any gift, however, may be referred to the acceptance committee if subject to possibly unacceptable restrictions.
7. The LCS Foundation will not issue gift annuities but may accept assets from a donor, pursuant to an agreement authorizing the LCS Foundation to: a) use a portion of the assets to purchase a commercial annuity paying a stipulated amount to the donor and/or other annuitant; and b) retain the remaining assets for charitable purposes.
8. The LCS Foundation will serve as trustee of charitable remainder trusts at the request of the donor. If they prefer, donors may also select a trust institution, or other qualified trustee, to manage the trust. (Alternative: The LCS Foundation will not serve as trustee of charitable remainder trusts but may refer the donor to a trust institution that has agreed to provide this service.)
9. The following guidelines are established to assure that planned gifts accepted by the LCS Foundation will be cost effective.

Guidelines

1. Outright Gifts

A. Description

An outright gift refers to a contribution of cash or property in which the donor retains no interest and which can be used currently by the LCS Foundation. Securing outright gifts is the LCS Foundation's highest priority, and donors who are able to make outright gifts will be encouraged to do so.

B. Guidelines

1. The LCS Foundation will accept an outright gift of any amount, though gifts to establish a named endowment must meet the minimum funding requirements set by the board.
2. The LCS Foundation welcomes outright gifts of property as well as cash, but all property other than publicly-traded securities and life insurance policies must be approved by the board before they can be received.
3. A donor may complete a gift in a single transaction or make a pledge to be paid over whatever period of time is mutually acceptable to the donor and the LCS Foundation.

2. The Reinsured Gift Annuity

A. Description

The gift annuity is a contractual arrangement whereby a donor transfers assets to the LCS Foundation pursuant to an agreement authorizing the LCS Foundation to purchase a commercial prescribed annuity that will pay the stipulated amount for the life of the annuitant(s) or for a term of years. Assets in excess of the amount required for purchase of the commercial annuity are retained by the LCS Foundation and used for purposes specified by the donor and acceptable to the LCS Foundation. Determination of the gift receipt and taxation of annuity payments will be in accordance with Technical News No. 26 issued by the CRA (Canada Revenue Agency).

B. Guidelines

1. The minimum amount the LCS Foundation will accept for a reinsured gift annuity is \$10,000.
2. The cost of the commercial annuity generally should not exceed 70-75 percent of the assets transferred in order to result in a significant gift for the LCS Foundation.
3. The donor may designate the purpose of the gift (amount retained) subject to the consent of the LCS Foundation. One option is for the LCS Foundation to invest the gift (minimum of ten years) until it accumulates to an amount sufficient for a named endowment.
4. The commercial insurance company shall be selected, and the terms of the annuity contract negotiated, by the LCS Foundation's Treasurer. Only highly-rated companies shall be selected to reinsure an annuity obligation.

3. The Gift Annuity

A. Description

The gift annuity is a contractual arrangement whereby a donor transfers assets to the LCS Foundation in exchange for fixed, guaranteed payments for the life of the annuitant(s) or for a term of years. Determination of the gift receipt and taxation of annuity payments will be in accordance with Interpretation Bulletin IT-111R2 issued by Revenue Canada.

B. Guidelines

1. *The minimum amount LCS Foundation will accept for a gift annuity is \$10,000.*

2. *The gift annuity rates offered by the LCS Foundation shall not exceed those recommended by the Canadian Association on Charitable Gifts for self-insured gift annuities.*
3. *Subject to the consent of the LCS Foundation, the donors may designate the purpose for which the gift annuity residuum is used. The "residuum" refers to the amount of the original contribution retained by the LCS Foundation after satisfying all annuity payment obligations.*

4. Gift of a Residual Interest

A. Description

A gift of a residual interest refers to an arrangement (ordinarily in the form of a trust) where property is irrevocably committed to the LCS Foundation, but the donor retains use of the property for life or a term of years. For example, the donor might give a residual interest in a residence and continue to live in it or in a painting and retain possession of it. The donor is entitled to a gift receipt from the LCS Foundation for the present value of the residual interest.

B. Guidelines

The donor shall continue to be responsible for real estate taxes, insurance, utilities and maintenance after transferring title to the property unless the LCS Foundation, upon prior approval of the acceptance committee, agrees to assume responsibility for any portion of these items. The terms of the gift and responsibilities for expenses shall be specified in a deed of gift executed by the donor(s) and the LCS Foundation.

The LCS Foundation reserves the right to inspect the property from time to time to assure that its interest is properly safeguarded.

5. Charitable Remainder Trusts

A. Description

The charitable remainder trust is a form of a residual interest gift. The donor ("settlor") transfers property to a trustee who holds and manages it. If the property is income-producing, the net income will be paid to the donor and/or other named beneficiary. When the trust terminates (either at the death of the beneficiary(ies) or after a term of years), the trust remainder is distributed to the LCS Foundation. If the trust is irrevocable, the donor is entitled to a gift receipt for the present value of the residual interest.

B. Guidelines

1. A charitable remainder trust may be funded with cash, securities or real estate. If real estate is to be contributed and the LCS Foundation is the trustee, the real estate shall first be subject to a

thorough review as described in the guideline pertaining to real estate (#6 below).

2. Where the LCS Foundation is trustee, it is recommended that the minimum trust size be \$50,000 and that beneficiaries be at least 50 years of age. The acceptance committee, however, has discretion to make an exception to these recommendations in special circumstances.
3. If the donor selects an outside trustee, the trust may be funded with any property of any value that is acceptable to the trustee.
4. The trust agreement shall be either drafted by or reviewed by the donor's own legal counsel. The LCS Foundation may make prototype agreements available to the donor's legal advisor, but shall execute no agreement until that person has determined that the trust agreement is in the proper form and that the gift is appropriate for the donor's situation.

6. Life Insurance

A. Description

There are various methods by which a life insurance policy may be contributed to the LCS Foundation. A donor may:

1. Assign irrevocably a paid-up policy to the LCS Foundation;
2. Assign irrevocably a life insurance policy on which premiums remain to be paid; or
3. Name the LCS Foundation as a primary or successor beneficiary of the proceeds.

When ownership is irrevocably assigned to the LCS Foundation, the donor is entitled to a gift receipt for the net cash surrender value (if any) and for any premiums subsequently paid.

B. Guidelines

Any of these types of life insurance gifts are acceptable to the LCS Foundation. In the event a policy is contributed on which premiums remain to be paid, the LCS Foundation will pay the premiums provided the donor makes equivalent contributions for that purpose.

7. Gifts of Real Estate

A. Description

Gifts of real estate may be made in various ways: outright, residual interest in the property, or to fund a charitable remainder trust. The following guidelines pertain to gifts of real estate in general. Where real estate is transferred to a charitable remainder trust, additional requirements of the trustee must be met.

B. Guidelines

1. The donor shall secure a qualified appraisal of the property.
2. Unless the LCS Foundation has reason to believe this appraisal does not reflect the property's true value, a gift receipt will be issued for the appraised value (or present value of the residual interest computed on the appraised value in the case of residual interest gifts). However, the LCS Foundation reserves the right to secure its own appraisal and issue a gift receipt based on it.
3. The LCS Foundation shall determine if the donor has clear title to the property.
4. The LCS Foundation shall review other factors, including zoning restrictions, marketability, current use and cash flow, to ascertain that acceptance of the gift would be in the best interests of the LCS Foundation.
5. The LCS Foundation shall ordinarily conduct an environmental assessment, which may include an environmental audit, and accept the property only if (a) it contains no toxic substances, or (b) they are removed or other remedies taken assuring that the LCS Foundation assumes no liability whatsoever.

8. Gifts of Shares in Privately-Owned Companies and Other Business Interests

A. Description

Donors may make gifts of privately-owned shares and partnership interests. These can be accepted by the LCS Foundation so long as the LCS Foundation assumes no liability in receiving them and would be subject to no penalties. In some instances the corporation is willing to redeem privately-owned shares, or other stockholders are willing to purchase them.

B. Guidelines

1. To be considered for acceptance, partnership interests must not subject the LCS Foundation to cash calls or other liability and must not have adverse tax consequences to the LCS Foundation.
2. Privately-owned shares may be accepted if they will not subject the LCS Foundation to penalties and can likely be sold in the future to the corporation, other stockholders, or to others interested in acquiring the corporation.

9. Bequests

A. Description

Bequests have historically been the most important kind of deferred gift, and they have contributed significantly to the building of institutional endowments. The encouragement of bequests will be one of the highest priorities of the LCS Foundation.

B. Guidelines

Sample bequest language for restricted and unrestricted gifts, including endowments, will be made available to donors and their lawyers to ensure that the bequest is properly designated. Donors will also be invited to provide information about their bequest provision and, if they are willing, to send a copy of that section of their will naming the LCS Foundation.

During the probate of estates containing a bequest to the LCS Foundation and during the post-death administration of revocable trusts containing dispositive provisions benefiting the LCS Foundation, the board, in consultation with the LCS Foundation's legal counsel, shall represent the LCS Foundation in all dealings with the lawyer and executor of the estate.

Amendments

These Policies and Guidelines may be amended at any time by a majority vote of the board.