



Orchestre Métropolitain

**POLICY FRAMEWORK FOR ACCEPTING AND  
MANAGING DONATIONS – PROCEDURES**

Funding and Partnerships Department

Adopted by the Board of Directors on April 11, 2022

Resolution number:

## Foreword

This document complements the policy adopted on April 11, 2022, with procedures for managing different types of donations made to the Orchestre Métropolitain.

### 1. General principles

- 1.1 Donations accepted may be immediate or deferred (bequests, life insurance, etc.).
- 1.2 Donations made to the Orchestre Métropolitain become the property of the Orchestre Métropolitain the moment they are deposited or received and cannot be reimbursed or returned to the donor.
- 1.3 The donor can allocate their donation to a specific use or fund, in accordance with the laws and directives issued by the CRA.
- 1.4 Donations may be capitalized in endowment funds, which are governed by the organization's investment procedures. If a donor wants their investment to be capitalized, this request must be made in writing and signed by the donor. The investment may be capitalized in part or in full.
- 1.5 A donation capitalized in the endowment fund must be subject to a written agreement approved by the Orchestre Métropolitain's Executive Management, which may defer to the Board of Directors as needed. This agreement must set out the donation's payment terms (schedule), allocation and any other related conditions. In addition, if the donor pays by cheque, the cheque must be clearly marked.
- 1.6 Non-capitalized donations may be immediately used. However, if there is a delay before using a donation, the Orchestre Métropolitain may capitalize the funds available. They may then be decapitalized at any time.
- 1.7 The Orchestre Métropolitain may also accept donation pledges in the form of:
  - A commitment to make a donation in multiple instalments spread out over a certain period of time
  - A commitment to pay a lump sum at a later dateAll major donation pledges must be subject to an agreement signed by the

donor and the Orchestre Métropolitain.

- 1.8 The Orchestre Métropolitain may give donors relevant information or examples of different ways to donate but does not provide any financial or legal advice. Donors are advised to consult financial or legal advisors to ensure they donate in a way that respects their legal or fiscal considerations.

## 2. Donations accepted by the Orchestre Métropolitain

### 2.1 **Cash donations**

- 2.1.1 Cash donations are made to the Orchestre Métropolitain by cheque, credit card or e-transfer. E-transfers are the preferred option.
- 2.1.2 The Orchestre Métropolitain may accept cash donations from individuals, companies or other organizations, as long as the amount received is less than \$100.00. The limit for credit card donations is \$2,000.

### 2.2 **Donations of publicly traded securities**

- 2.2.1 Publicly traded securities include stocks, bonds, mutual funds and other similar securities traded on the stock market.
- 2.2.2 The value of a donation in the form of publicly traded securities is determined on the date of the sale of the securities, when they are transferred and sold by the Orchestre Métropolitain's Finance Department. The tax receipt will list the value of the sale of the securities.
- 2.2.3 Only e-transfers of securities will be accepted.
- 4.6.4 The Orchestre Métropolitain's Finance Department ensures that securities will be sold upon reception and deposited into the orchestra's bank account.

### 2.3 **Bequests including RRSP and RRIF donations**

- 2.3.1 The Orchestre Métropolitain's official company name must be listed in the will (the legal name must be used).
- 2.3.2 Bequests may take many forms, including:
- Specific bequests (a specific amount or asset)
  - Residuary bequests (the entire amount or a percentage of the remaining estate after the payment of debts and specific bequests)
  - Universal legacy (all assets, sometimes divided between multiple beneficiaries)
- 2.3.3 In the case of a residuary bequest or universal legacy, the Orchestre Métropolitain will verify the solvency of the estate and reserves the right to accept or refuse the bequest once it has reviewed the estate's financial situation.
- 2.3.4 A tax receipt is provided to the estate when the donation is transferred to the Orchestre Métropolitain. If it is a publicly traded security or any other non-cash donation, the recognized value will be the fair market value established in the same way as if the donation was made by a living individual. Prior to issuing a tax receipt to the estate, the Orchestre Métropolitain must first obtain a copy of the document designating it as the beneficiary of the bequest.
- 2.3.5 Contrary to other Canadian provinces where individuals can list charitable organizations as beneficiaries directly in an RRSP or RRIF's form/document, in Quebec, a charitable organization cannot be listed as a beneficiary of an RRSP or RRIF unless it is included in a will, or as part of a life insurance product. Naming the Orchestre Métropolitain as a beneficiary of an RRSP or RRIF (or the balance of an RRSP or RRIF) will be treated as any other bequest.
- 2.3.6 The Orchestre Métropolitain's employees or representatives cannot participate in the preparation of a will, cannot act as a liquidator of an estate or act as a witness for a will. However, the Orchestre Métropolitain's Funding and Partnerships Department or its representative may provide the donor or their representative with any information or details regarding the Orchestre Métropolitain's activities and use of donation. Nevertheless, any legal advice regarding the bequest must be received by the donor from external experts they have hired.
- 2.3.7 In the event that Orchestre Métropolitain employees or representatives are named as liquidators of an estate, the Orchestre Métropolitain will delegate an estate management professional.

- 2.3.8 The Orchestre Métropolitain will do everything in its power to respect the donor's wishes. However, it is advised that the donor include a testamentary clause that allows the Orchestre Métropolitain's Executive Management, in the event that the donation's allocation become irrelevant or impossible due to major or exceptional changes, to allocate the donation differently while respecting the donor's initial intention and wishes. In this case, the contribution made with the bequest will be identified in the donor's name.
- 2.3.9 In the event that the donor has not included a provision regarding the allocation of their bequest, the Orchestre Métropolitain's Executive Management may, if they deem it appropriate, decide how to allocate the donation. These decisions will be made on a case-by-case basis, in accordance with the Orchestre Métropolitain's priorities.

## **2.4 Donations of life insurance policies**

- 2.4.1 Life insurance policies may be donated in different ways, including:

4.8.1.1 Transferring an in-force life insurance policy

The donor transfers ownership of their life insurance policy to the Orchestre Métropolitain and names it as an irrevocable beneficiary of the policy. Once the transfer of ownership is complete, the Orchestre Métropolitain will issue a tax receipt equivalent to the policy's market value at the time of the transfer, a value that must be determined by an independent actuary. Appraisal fees are at the donor's expense. If the policy is not entirely released, the donor must agree to pay the remaining premiums. The Orchestre Métropolitain will issue an annual receipt to the donor corresponding to the amount of the premiums paid during the year.

4.8.1.2 Donating a new life insurance policy:

The donor takes out a new life insurance policy with the Orchestre Métropolitain as the policy owner and beneficiary. The donor will receive a tax receipt equivalent to the amount of the annual premiums they pay.

4.8.1.3 Donating the proceeds of a life insurance policy:

The donor maintains the Orchestre Métropolitain as the owner of the life insurance policy, but designates the Orchestre Métropolitain as the full or partial beneficiary of the proceeds of the policy. They may also designate the Orchestre Métropolitain in their will as the beneficiary of all or part of the proceeds of the life insurance policy.

No tax receipts are issued during the donor's lifetime, but their estate

will receive a tax receipt upon the donor's death that corresponds to the amount deposited by the Orchestre Métropolitain.

- 2.4.2 When the donor is also the insured, they must pay the premiums directly to the insurance company.
- 2.4.3 However, when the donor is not the insured and the Orchestre Métropolitain is the owner and beneficiary of the insurance policy, the donor must make a donation to the Orchestre Métropolitain for the amount equal to the premiums payable, and the Orchestre Métropolitain must pay the premiums to the insurance company.
- 2.4.4 If the life insurance policy is forfeited due to the non-payment of premiums by the insured, the Orchestre Métropolitain's Funding and Partnerships Department will evaluate the file and proceed to one of the following measures:
  - a) Continue paying premiums with the funds at its disposal
  - b) Cancel the life insurance policy and deposit the cash surrender value, interest and dividends, as applicable

## **2.5 Donations of real estate, tangible goods or personal belongings**

- 2.5.1 The Orchestre Métropolitain does not favour donations of real estate, tangible goods or personal belongings because they are not aligned with its mission and these types of donations require a specific type of management.
- 2.5.2 However, if such a donation is offered, in-kind donations including real estate (commercial or residential), intangible assets (like copyrights, patents or other intellectual property) and personal goods (like jewelry) must initially be offered in writing.
- 2.5.3 They will be analyzed on a case-by-case basis by the Orchestre Métropolitain to determine if they are easily negotiable or useful for achieving the Orchestre Métropolitain's mission.
- 2.5.4 The property donated must be useful to the Orchestre Métropolitain's activities or projects, or must be sold so that the proceeds of the sale can be used for the Orchestre Métropolitain's general purposes, or according to what the Orchestre Métropolitain agreed upon with the donor.
- 2.5.5 A tax receipt will be issued at the fair market value of the donation established according to the Canada Revenue Agency's directives.

- 2.5.6 The donor must be notified that an appraisal is required in order to issue a tax receipt. All costs related to the appraisal, transfer and delivery of the donation are at the donor's expense.
- 2.5.7 In certain cases, a second appraisal may be deemed necessary by the Orchestre Métropolitain in order to confirm the fair market value of a donation. The second appraisal will also be at the donor's expense.
- 2.5.8 When donating a building or land, the Orchestre Métropolitain may request an environmental assessment. The cost of the appraisal will be at the donor's expense. If there is any contamination, the cost of decontamination must be paid by the donor.

## **2.6 Donations of works of art**

(With the exception of a donation made by the artist who created the work of art.)

- 2.6.1 As the Orchestre Métropolitain does not have museum status and its primary mission is not to conserve or promote works of art (visual or pictorial), the tax treatment of the donation of a work of art<sup>1</sup> is not the same at the federal or provincial levels.
- 2.6.2 Donations of works of art, like any other donations in-kind, must be made in writing.
- 2.6.3 Federal tax receipts are issued in accordance with the provisions of points 4.9.3, 4.9.4, 4.9.5, 4.9.6 and 4.9.7 unless it is cultural property recognized by the Canadian Cultural Property Export Review Board (CCPERB). In this case, the CCPERB has the legal responsibility to establish the fair market value and this donation is governed by the specific guidelines set out by the Canada Revenue Agency for cultural property.
- 2.6.4 At the provincial level, the Orchestre Métropolitain can deliver a tax receipt only after the sale of the work of art. This sale must take place before December 31 of the fifth calendar year following the donation. The value of the tax receipt is the amount obtained at sale.
- 2.6.5 The donor must be informed of the difference in the tax treatment of the donation and the requirement to sell the work of art donated.
- 2.6.6 The donation of a work of art produced by an artist is considered

the disposition of an asset listed in the artist's inventory.

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<sup>1</sup>The Quebec *Taxation Act* defines a gift of works of art as a print, etching, drawing, painting, sculpture or other similar work, a tapestry or hand-woven carpet, a lithograph, a folio, a rare manuscript, a postage stamp or a collector's coin.

## **2.7 Donations of inventory**

- 2.7.1 The Orchestre Métropolitain does not favour donations of inventory because they are not aligned with its mission and these types of donations require a specific type of management.
- 2.7.2 The donation of inventory is defined as the donation of assets belonging to a company's inventory or the donation of a work of art produced by an artist who is also the donor.
- 2.7.3 The Orchestre Métropolitain determines the fair market value of the donations of inventory according to the list price of property on the open market or the average list price for similar products. If it is impossible to find the list price, the Orchestre Métropolitain must hire an expert to determine the fair market value. In this event, the expert's fees are at the donor's expense.
- 2.7.4 The Orchestre Métropolitain can request the opinion of an expert to determine the fair market value of inventory. In this event, the expert's fees are at the donor's expense.
- 2.7.5 The Orchestre Métropolitain will issue a receipt, at the provincial and federal levels, based on the fair market value of the item donated.

## **3. In-service contributions**

- 3.1 The Orchestre Métropolitain can accept an in-service contribution. This contribution can give the donor the right to a tax receipt, as long as the value of the contribution corresponds to what is generally paid for the types of services offered. There are two ways this may be possible:
  - 3.1.1 The person carrying out a service issues an invoice to the Orchestre Métropolitain for the work completed.
    - The Orchestre Métropolitain's Finance Department pays the invoice



- received.
  - The person who performed the service decides to make a donation and pay back the amounts received. The Orchestre Métropolitain will issue a receipt equal to the funds donated.
- 3.1.2 The person carries out a service without asking for payment in return.
- This person will still issue an invoice. The fees must be reasonable and correspond to market rates.
  - The Orchestre Métropolitain will issue a receipt equal to the fees indicated on the invoice.

## 4. Donations that cannot be accepted by the Orchestre Métropolitain

- 4.1 Under no circumstances is the Orchestre Métropolitain required to accept a donation offered.

They may refuse donations in these circumstances:

- 4.1.1 A donation in violation of the law or public order
- 4.1.2 A donation that is not aligned with the Orchestre Métropolitain's values
- 4.1.3 A donation that may involve any form of illegal discrimination
- 4.1.4 A donation that may compromise the autonomy, integrity or mission of the Orchestre Métropolitain
- 4.1.5 A donation for which the donor or their representative expects a quid pro quo other than appropriate acknowledgement; the Orchestre Métropolitain may be able to accept this donation by deducting the value of the quid pro quo from the amount of the donation
- 4.1.6 A donation that requires the completion of a predetermined service from the orchestra upon receipt of funds
- 4.1.7 A donation that requires the donor to directly determine the beneficiary, without an appropriate selection mechanism or acceptable administrative framework
- 4.1.8 A donation with conditions that require the donor to maintain undue control on the use and management of the funds donated
- 4.1.9 A donation for which the donor cannot establish the legitimacy of the source of the funds upon request by the Orchestre Métropolitain
- 4.1.10 A donation that involves financial or other commitments that are deemed inappropriate or unfavourable for the Orchestre Métropolitain
- 4.1.11 A donation from a company specifically excluded by the Orchestre Métropolitain
- 4.1.12 Or any other reason deemed sufficient after consultation by Executive Management or the Board of Directors

## 5. Other provisions

- 5.1 In the event that the objectives identified by the donor and the designated use of income deposited in the endowment fund were no longer relevant or they became unattainable due to major changes, the Orchestre Métropolitain may, along with the living donor, review the terms and conditions associated with this donation. Should the donor become incapable to consent to this review, or after the donor's death, the Board of Directors may, by resolution, allocate the income from this donation to another use, provided that the new use respects the donor's original intention as closely as possible. A clause to this effect will be included in all written agreements associated with the receipt of such donations.
- 5.2 In the event that a donation involves, at the donor's request, the naming of a building, hall or any other space, object or role, Executive Management shall ask the Orchestre Métropolitain Board of Directors to accept the donation.
- 5.3 When a donation is made to the Orchestre Métropolitain, it cannot be returned to the donor, in accordance with the rules issued by the Canada Revenue Agency. However, depending on the donor's wishes, the donation may be transferred to another registered charity. In exceptional cases, the donation may be returned to the donor if it was associated with the implementation of a project that will not be carried out.
- 5.4 Any changes to these procedures must be proposed by Funding and Partnerships Department and submitted to Executive Management for approval. However, these changes do not have to be submitted to the Board of Directors for adoption. The Board may simply be informed of them.