Acceptance of Gifts of Marketable Securities

Effective Date: June 7, 2007
Signature/Position: Assistant Vice-President, Finance and Services

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SUBJECT

To describe the type of marketable securities the University will accept from a donor and the conditions under which funds realized from the donation of marketable securities will be released for disbursement.

SCOPE

All marketable securities transferred to the University as a donation. Marketable securities for the purposes of this policy are government and corporate bonds; equities including preferred and common shares and trust units actively traded on a major North American stock exchange; and mutual funds subject to the proviso below.

Marketable securities consist of shares of publicly traded companies and investment funds, government securities, treasury bills, and investment certificates. For the purposes of this policy, publicly traded securities are:

1. Listed on a major North American exchange (e.g., Toronto Stock Exchange (TSX), New York Stock Exchange, American Stock Exchange, NASDAQ, TSX Venture Exchange) for which quotations are published daily.
2. Regularly traded in national or regional over-the-counter markets in North America for which published quotations are available.
3. Shares of a mutual fund for which quotations are published on a daily basis.

POLICY

The University of Guelph will normally accept gifts of marketable securities as part of its fund raising activities. The donation is recognized only when funds can be used toward the gift designation as soon as possible. A key objective, therefore, is to convert marketable securities into cash (or its equivalent) quickly. The liquidity of the securities is an important condition of acceptance.

The University will not accept securities where one or more of the following conditions exist:

1. The shares are of privately held companies
2. It is not feasible to immediately sell all of the securities for cash (or equivalent)
3. The securities are not actively traded
4. Fair market valuation of the securities is not easily determined
5. The shares are of a mutual fund that cannot be cashed immediately without penalty

Valuation: The charitable tax receipt will reflect the fair market value of the shares on the date the gift is received (physically or electronically) by the University. The amount is based on the market value of the shares at the close of trading that day. For US securities, the exchange rate will be the Bank of Canada closing US/Canada rate for the day the shares were valued. The valuation of the funds for the purposes of crediting the designation account at the University will normally be the receipted value of the donated security.

Transfer and Disposition: It is the University's practice to sell the donated securities immediately, once the transfer of beneficial ownership to the University is complete. Where securities are actively traded it is not expected that there will be a significant difference between the valuation for tax purposes and the net realized value for disbursement or endowment purposes.

Exceptions to this policy may be considered in the context of the cost and size of the donated security where it can be demonstrated unusual circumstances create a significant benefit to the University. Any exception must be approved by the Vice-President, Finance and Administration in advance of any disbursement or endowment commitments.

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