



Recovery of Fundraising Costs (ROFC) Policy

Approved by Board: March 13, 2012

Updated by Board: March 12, 2013

Updated by Board: December 10, 2013

1.0 Background

Each year a portion of philanthropic contributions raised by the Royal University Foundation are directed by donors towards specific designated programs and initiatives. As a result these funds are not available for Foundation undesignated granting or operations. Undesignated donations are accounted for in the Operating Fund and therefore incur all costs to operate a year-round fundraising foundation. Although it is reasonable for undesignated donations to support these efforts it is not unreasonable for beneficiary-designated initiatives and activities to also support a portion of these costs. Beneficiaries of designated or endowment funds are otherwise unfairly enriched.

To more closely associate fundraising benefits and costs across all donations to generate a pool of resources that will be available for the operation of the Foundation, the Foundation requires a Recovery of Fundraising Costs Policy. The following guidelines have been established to clarify the policies and procedures and to ensure that:

- a) the application of this Policy is compliant with legislated regulations and with requirements that the funds are used to support priority fundraising and other priority initiatives and activities, and
- b) there is a consistent application of the policies and procedures and the policy and procedures are appropriately represented to donors.

2.0 Scope and Objectives

This policy governs the application of the Recovery of Fundraising Costs to designated and endowment funds and is effective April 1, 2013.

Objectives:

To recognize that all gifts to Royal University Hospital Foundation involve fundraising and operational costs. These costs may be directly tied to a specific campaign or may be more general in nature.

3.0 Policy

Gifts to designated or endowment accounts will be assessed a fee for recovery of fundraising and operational costs. This will be calculated as follows:

- A. Designated and endowment accounts: each account will be assessed a fee of 15% of the total donations received each quarter to a maximum fee of \$5,000.00 per quarter.
- B. Events for which the net proceeds are to be transferred to a Designated or Endowment account will be assessed a recovery equal to 15% of net revenue. The amount will be deducted from the net revenue before it is transferred to the specific designated or endowment fund.

The fee amount will be determined by the Joint Foundations and recommended to the Boards on an annual basis

3.1 Donations Not Subject to Recovery of Fundraising Costs

The following will not be subject to ROFC:

Donations made to initially set up an endowment.

Donations that would not be forthcoming either due to a donor issue with the ROFC policy or restrictions of the donor's own policy. The waiving of the fees through the ROFC Policy must be approved by the CEO.

Testamentary gifts and pledged donations (including payments on such pledges) that predate the implementation of the Recovery of Fundraising Costs Policy. The CEO will review testamentary gifts after the implementation of the policy on a case-by-case basis.

Non-cash equivalent in-kind donations to be retained by the Foundation; such as gifts of equipment, works of art, etc.

Donations funding pre-approved planned giving instruments such as: life insurance policy premiums; donor annuities with existing life-interest commitments, etc.

4.0 Administrative Fees on Endowments

An administrative fee on the balance in the capital account of each endowment at the statement date will be charged. This fee will be an annual amount of 1%.