

Recovery of Fundraising Costs Policy

1.0 Background and Objective

Each year a portion of philanthropic contributions raised by the Royal University Hospital Foundation (“the 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 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 recognize that all gifts to Royal University Hospital Foundation involve fundraising and operational costs and to generate a pool of resources that will be available for the operation of the Foundation, the Foundation will apply a fee to all designated and endowed funds with the goal to offset the cost of fundraising and ongoing administration costs associated with these funds.

2.0 Scope

This policy applies to all gifts that are directed by donors towards specific designated programs and initiatives. This includes designated fund donations, declining balance/term funds and endowment funds.

3.0 Designated Accounts

Gifts designated towards specific designated programs and initiatives or gifts with restrictions and not held in the Operating Fund will be assessed a fee for recovery of fundraising and operational costs. The fee will be calculated as follows:

- a) Donations to RUH designated accounts: each account will be assessed a fee of 15% of the total donations received each quarter to a maximum fee of \$5,000 per quarter.
- b) Events for which the net proceeds are to be transferred to a designated or endowment account will be assessed a fee 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 account.
- c) All other gifts with restrictions and that are not part of the Operating Fund will each be assessed a fee of 15% of the total donation up to a maximum of \$5,000.

| Approval: | Review Process: |
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| Primary Audience: RUH Foundation Board , Staff, Volunteers and Donors | Frequency: Minimum every 3 years |
| Effective Date: March 21, 2013 | Reviewer: Audit Finance Committee |
| Date of Most Recent December 2022 | Last Updated: December 2022 |
| Approved by: Board of Directors | Date of Next Review: December 2025 |

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The following contributions will not be subject to the 15% recovery of fundraising costs:

- Contributions made to initially set up an endowment or a declining balance/term fund that are subject to the 1% annual capital administrative fee as per 4.0 below.
- Donations where the CEO has approved the waiving of the fee due to stipulates in the donor agreement and/or restrictions within the donor’s own policy.
- Testamentary gifts and pledged donations (including payments on such pledges) where agreements preclude the fee.
- 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.

The CEO of the Foundation may waive the fee on any gift or contribution at its discretion when it is deemed in the best interest of the Foundation.

4.0 Administrative Fees on Endowments and Declining Balance/Term Funds

An annual administrative fee will be charged on the capital balance on all endowments and declining balance/term funds in accordance with the Endowment Disbursement and Preservation of Capital Policy.

5.0 Review

In order to achieve consistency across Saskatoon’s three local hospital foundations, the fee will be reviewed periodically to ensure it is consistent between Royal University Hospital Foundation, Saskatoon City Hospital Foundation and St. Paul’s Hospital Foundation.

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