

Community Foundation Partnership, Inc.
Administrative Constraints Policy 2.3
Gifts Acceptance Policy

Adopted July 17, 2002

Revised July 30, 2013

Revised August 12, 2016

This policy is established to assure that each gift to the Foundation is structured to provide maximum benefits to the community, the donor, the Foundation and its beneficiaries.

TYPES OF FUNDS

Member foundations in the Partnership offer a continuum of funds designed to be responsive to donor needs. While all philanthropy adds value to the community, each type of foundation fund can provide added value to philanthropy in the community.

PERMANENT ENDOWMENT FUNDS

Unrestricted Funds

These funds allow the maximum flexibility in meeting the emerging needs of the community served by the local community foundation. Grant discretion rests with the community foundation Board of Directors and ultimately the Partnership Board of Directors.

Designated Funds

Designated funds are established by individuals or organizations wishing to create an endowment to benefit local public charities. The Partnership will accept funds that benefit non-local beneficiaries that are U. S. charities. Public Charities are described as entities established under Sections 501(c)(3), 509 (a), or 170 (b)(1)(A) of the Internal Revenue Service Code for public charities.

Field of Interest Funds

Field of Interest funds offer donors the flexibility to direct their gifts to a specified field-of-interest, or region of interest. They allow the local community foundation to identify specific grants each year within the framework of their designated field. Examples of Field of Interest Funds may be a fund that serves youth, elderly, or a geographic area in the county, etc.

Cemetery Funds- The Partnership may establish funds to benefit cemeteries located within a broad region of the community. A bona-fide non-profit, **charitable** entity as described above may serve as grantee of such Field of Interest Funds. however, the following purposes will be applicable to grant distributions;

(a) to provide for maintenance, repair and restoration of monuments, headstones and grave markers of historical or architectural significance to the community, thus promoting an appreciation of community history to the educational benefit of the general public;

(b) to provide funds for the preservation, beautification and maintenance of abandoned or deteriorating graves of deceased persons and cemeteries generally, focusing on areas open to the public or to the public's view and for the care and replacement of trees, flowers, shrubbery and lawns and other necessary care, thereby contributing to the aesthetic enjoyment of the community and combating community deterioration; and

(c) to provide for the maintenance of semipublic areas whose maintenance would otherwise devolve upon the government, thereby lessening the burdens of government

Scholarship Funds

These funds are established to provide educational grants for various areas of study. The Partnership encourages broad discussion with the donor regarding selection criteria and process, and retains all authority to administrate the fund in compliance with all rules pertaining to ‘grants to individuals’, as outlined by federal regulation and industry practice in the field of community foundations.

Donor Advised Funds

The donor retains an advisory capacity in making grants from a donor advised fund. The minimum level of individual grant distribution shall be \$100. All grants made from advised funds will be distributed to other charitable entities provided they meet the qualifications set forth by sections 501(c)(3), 509 (a), or 170(b)(1)(A) of the Internal Revenue Service Code. A grant from an advised fund cannot be used to satisfy an irrevocable personal or corporate pledge or obligation of the donor, or to provide a benefit to the donor such as paying some membership dues. In addition:

- Generally, when an advised fund is established, the fund may, upon the donor’s request, be advised by persons representing up to three generations -- the donor’s, the donor’s children, and one additional generation, so long as contact information is provided and maintained.
- In addition, the donor (and the successor advisors) will be encouraged to take advantage of the knowledge and expertise of the Partnership’s staff through the grantmaking program(s) of the member community foundation.

Notwithstanding any other provision hereof, the Foundation shall not accept any gift of an interest in a business enterprise for a Donor Advised Fund that would subject the Foundation to tax under Section 4943 of the Internal Revenue Code, concerning “excess business holdings.” Any proposed gift that would result in the Donor Advised Fund holding:

- a. a 20% or greater interest in a business or in an entity, or
- b. any interest in an entity in which any interest is owned by a donor or advisor to the Donor Advised Fund, by a family member of any such person, or by an entity in which any of the foregoing persons has an interest, shall be referred to the Foundation’s legal counsel for an opinion on the possible application of Code Section 4943.

NON-PERMANENT FUNDS

Capital Campaign Funds- The Community Foundation Partnership, Inc. will accept and administer capital campaign funds at the discretion of the Partnership’s Board of Directors. The cost of administering the non-endowed portion of the campaign will follow the then-current fee policy for non-permanent endowment funds.

Scholarship Funds- The Partnership may at its discretion administer non-permanent scholarship funds when 1) The donor makes a contribution separate from the permanent fund gifts, and 2) it allows for an earlier distribution of a scholarship. This will allow a donor to see the scholarship awarded earlier than normal cycles. An additional fee may be applied for the costs of administration at the discretion of the Partnership.

Designated One-Time Funds- The Partnership will only receive or administer gifts of this type under as approved by its Board of Directors, with the CFP CEO’s advisement.

MINIMUM AMOUNT TO ESTABLISH A NEW PERMANENTLY ENDOWED FUND

As of July 24, 2012 the following minimum amounts are required to establish a new permanent endowment fund as follows:

Designated, Field of Interest and Unrestricted Funds- A minimum gift of \$10,000. At least \$5,000 must be given at the time the fund is established. The balance must be received within 2 years.

Donor Advised, Scholarships, and Named Funds- A minimum gift of \$25,000. At least \$15,000 must be given at the time the fund is established. The balance must be received within 2 years.

Charitable Trusts- A minimum gift of \$250,000 for trusts managed by the CFP. A minimum gift of \$100,000 for trusts not managed by the CFP.

If the minimum amount isn't reached within the allotted time the Board is authorized to close the Fund and transfer the balance into the respective Partner's General Unrestricted Fund.

TYPES OF GIFTS

Many are outright gifts by living donors, either on a one-time or periodic basis. Others are testamentary gifts that take effect upon a donor's death or other forms of deferred gifts. If the value of a gift other than cash or marketable securities exceeds \$5,000, a donor is required to have a qualified appraisal performed and submitted to the IRS on form 8283. If such gifts are sold within two years of receipt at a price other than the appraised value, Form 8282 must be filed by the Partnership.

The Partnership reserves the right to accept or reject any gift as it sees fit. It is the policy of the Partnership to convert all gifts to cash as soon as possible.

Cash, Checks, Money Orders, Electronic Fund Transfers (including Pay Pal and other electronic payments) and Marketable Securities

On behalf of the Partnership, designated employees may accept cash, checks, money orders, Electronic Fund Transfers (including Pay Pal and other electronic payments) and marketable securities made payable to the Partnership or any of its community foundation members or funds. The Partnership will govern the disposition of securities, and will make all decisions regarding the sale or retention of securities.

Life Insurance Policies

The Partnership will accept gifts of permanent life insurance policies if the Partnership is named as owner of or is assigned ownership in such policies. Policies continuing on a premium-paying basis will be maintained as such by the Partnership so long as gifts are made to the Partnership in the amount of the premiums due. Premiums can be of a reducing amount if dividends are directed toward future premiums. Should such premium gifts not be forthcoming, the Partnership may elect to:

- To have the Partnership continue the premium payments.
- To surrender the policy in exchange for its cash surrender value.
- To invoke procedures under which the existing policy values can sustain the policy without further outlay of Partnership funds for premium. This can take on either of the following forms:
 - Change the dividends to Net (Have the dividends pay future premiums)
 - Change the policy to Paid-Up in which case, no more premiums will be due

The Partnership discourages the contributions of life insurance policies subject to policy loans and reserves the right to accept or reject such policies as well as those carrying assignments to other entities.

The Partnership will consider its own interest and the best interest of the donor in the light of tax ramifications in determining on a case-by-case basis the acceptability of encumbered life insurance policies. Particular care will be given to problems of self-dealing, jeopardy investments, and unrelated business income in this regard.

Gifts Naming Multiple Beneficiaries

From time-to-time, donors may wish to designate multiple beneficiaries of the proceeds from their life insurance policies, IRA's, other qualified retirement plans, gift annuities, or other forms of gifts to the Partnership. It will be encouraged that other charitable organizations be named as beneficiaries on the contract. However, if the Partnership is selected as sole beneficiary and then requested to distribute funds to other organizations, the following guidelines shall apply:

A. The Partnership will take into consideration the amount of the total gift, the amount designated for the Partnership both discretionary and restricted, the added value to the community, and in the case of life insurance policies, whether or not the premiums are paid up.

B. In the case where the Partnership becomes the sole owner of a donor's life insurance policy, the Partnership subsequently has the exclusive right to change the beneficiary/distributee designations. It can then name a member community foundation or other charitable organizations as beneficiaries. These other charitable organizations must qualify as such under Section 501 (c)(3) and which are described under section 170(b)(1)(A) of the Internal Revenue Code.

If a policy beneficiary/distributee designation is to be changed to a charitable organization other than the Partnership or one of its member community foundations, the Partnership shall consider the charitable intentions of the donor. It is understood, however, that a donor's recommendations in this regard are advisory and that the Partnership, as owner of the policy, retains exclusive authority to direct the death benefits, maturity, and surrender proceeds of the policy.

All other gifts, including those listed below may require review by, and if appropriate, recommendation from the Finance Committee, prior to being approved by the CFP Board:

Closely-held Corporation, S Corporation or gift of a Partnership interest

Closely-held corporation, S corporation or gift of a partnership interest must be valued by a qualified independent accounting or appraisal company prior to making a contribution. If it is immediately marketable, it will be sold. Otherwise, it will be held by the Partnership until it may be redeemed or sold for cash. The acceptability of a gift of closely-held stock, S corporation stock, or a partnership interest will depend on the ultimate financial liability of the Partnership, the amount of management attention required, whether the gift provides minority or majority control, or whether the donor requires that such interest not be sold. Consideration will be given to whether the S corporation stock or partnership interest generates unrelated business taxable income, if there is corresponding revenue to pay such taxes, the nature of the business, record-keeping and accounting requirements, and how quickly the gift can be converted to cash.

Tangible personal property

Gifts of such assets as boats, airplanes, automobiles, artwork, furniture, equipment, jewelry, gems, and metals valued in excess of \$5,000 must be accompanied by a qualified appraisal. Unless the property is to be used in connection with the Partnership's tax-exempt purpose, it will be sold at the highest possible price as soon as possible after conveyance. No commitment will be made to keep gifts of personal property. The Partnership discourages gifts of personal property which cannot readily be sold or which

require unusual expenses prior to sale. If a lengthy selling period is anticipated, the Partnership may ask the donor to cover such expenses with a cash gift. A completed IRS Form 8283 (“Noncash Charitable Contributions”) must accompany gifts of tangible personal property.

Royalties, distribution rights

The Partnership may accept gifts of royalties or distribution rights on published works (such as books or films) where there is clear evidence of marketability or assurance of an income stream. A qualified appraisal is required. A completed IRS Form 8283 (“Noncash Charitable Contributions”) must accompany gifts of royalties or distribution rights.

Planned Giving Arrangements

Forms of Planned Gifts. The planned giving program for member foundations of the Partnership encompasses gifts whose benefits do not fully accrue to the Partnership until some future time (such as the death of the donor or other income beneficiaries or the expiration of a predetermined period of time), or whose benefits to the Partnership are then followed by the interests of non-charitable beneficiaries. Planned giving opportunities offered by the Partnership include the following:

1. ***Charitable Remainder Unitrust.*** Under a Charitable Remainder Unitrust, the donor irrevocably transfers money, securities, or other property to a trustee selected by the donor. The trustee pays the donor (or one or more income beneficiaries designated by the donor) a fixed percentage of the net fair market value of the trust’s assets, as determined each year. The payments are made for the life or lives of the income beneficiaries or for a fixed period of years not to exceed 20 years. Upon termination of the income beneficiary’s interest, the assets of the Unitrust are transferred to the Partnership. It is the policy of the Partnership not to serve as trustee on any new trusts for which it is also a remainderman.
2. ***Charitable Remainder Annuity Trust.*** A Charitable Remainder Annuity Trust is identical to a Unitrust, except that the income beneficiary receives a fixed dollar amount annually from the trust. It is the policy of the Partnership not to serve as trustee on any new trusts for which it is also a remainderman.
3. ***Life Estate Agreement.*** A donor may contribute a personal residence or farm to the Partnership and retain the right to occupy the property until death. Upon the donor’s death, the Partnership will own the entire interest in the property. These types of gifts will be evaluated in accordance with the Partnership’s Policy and Guidelines Relating to Gifts of Real Estate.
4. ***Charitable Lead Trust.*** Under a charitable lead trust, a member community foundation of the Partnership is given an income interest in the trust assets for a period of years or the lives of one or more individuals, at the end of which time the assets of the trust are distributed to non-charitable beneficiaries designated by the donor.
5. ***Gifts by Will or Trust.*** The Partnership may be designated as the beneficiary of a bequest or gift by the terms of the donor’s will or by a revocable or irrevocable trust. Sample bequest language for restricted and unrestricted gifts will be made available to donors and their attorneys to insure that the bequest is properly designated.
6. ***Charitable Gift Annuity.*** This planned gift is based on a gift of cash or securities in exchange for lifetime income, either immediate or deferred, to the donor. It is a contract between the donor and the Partnership and is backed by our total assets. The gift is in part a charitable gift and in part the purchase of an annuity. For details on requirements and restrictions **see Appendix B.**

ABOUT GRANTS TO INDIVIDUALS

Grant to individuals present more stringent legal requirements and thus are more administratively demanding than many grantmaking programs. The Partnership will generally not make grants to individuals, however, in special circumstances, will evaluate on a case-by-case basis whether to establish funds involving programs of grants to individuals, taking into consideration the following:

- * Whether there is a large enough charitable class to qualify for a program of grants to individuals.
- * Whether the founding gift (or multi-year pledge) would produce sufficient grant funds to significantly address the need.
- * Who will establish an appropriate selection process, market the program to members of the charitable class, conduct the selection process, and maintain records as required by law. The Partnership prefers that another 501(c)(3) organization, whose mission aligns with the fund's objectives and whose track record engenders confidence, be designated to manage the grant program.
- * How compelling to the community is the need that the fund would address.
- * To what degree the program would provide public relations benefits to the local community foundation.

Fundraising by donors

Because the Foundation is legally responsible for all fundraising undertaken on its behalf, fundraising undertaken by donors in connection with funds of the Foundation must be approved in advance by the Foundation. All such fundraising activities are also subject the Foundation's supervision.

Variance Power

Sometimes a fund just doesn't work anymore (e.g., Scientists discover a cure for polio or a charitable organization ceases to exist.) The Foundation has the ability to address these situations through its variance power. This power gives the Foundation's board the ability to make changes to a fund when its purpose is no longer necessary, can no longer be fulfilled, or has become inconsistent with the charitable needs of the community. This power to update funds helps protect donors by avoiding the need for complex and costly legal proceedings.

Gift Acceptance Policy Revision and Exceptions

The Board of Directors reserves to itself the exclusive right to revise or grant exceptions to these policies when appropriate.

WHAT THE PARTNERSHIP WILL NOT DO

- A. Except in extraordinary circumstances, the Partnership will not pay for legal assistance, appraisals or other services on behalf of the donor.
- B. The Partnership will not establish or corroborate the value of any property for the purpose of substantiating the donor's income tax charitable deduction.
- C. In many cases, upon the subsequent sale of closely-held stock, there will be a stock purchase agreement setting forth the proposed terms and conditions of sale. The Partnership cannot join in or participate in the issuance of warranties and representations and in indemnification agreements.
- D. The Partnership will not, at this time, consider gifts of loans, notes, and mortgages.

Real Property

If a donor wishes to contribute real property or an interest in real property to a member community foundation of the Partnership either directly or through a life estate arrangement, the Partnership shall consider all facts and circumstances in determining whether to recommend accepting the gift. Donors always should be advised to confer with their own counsel to review the terms of the gift.

The donor *cannot* donate property to the Partnership with a pre-existing sales contract. The Partnership has to be free to sell the property to the highest bidder. Accepting property with a pre-existing sales contract will negate the charitable deductibility for the donor.

RESPONSIBILITIES OF THE DONOR

A. The donor will be responsible for obtaining a qualified appraisal complying with IRS regulations for the purposes of establishing the value of the gift for federal income tax purposes, including the preparation of Form 8283 (“Noncash Charitable Contributions”) See Treas. Reg 1.170A-13(a).

B. The donor must obtain, at the donor’s expense, an environmental audit satisfactory to the Partnership. No property will be accepted if there is a likelihood of any liability which could attach to the Partnership as a result of its taking title to the property.

C. The donor must furnish the Partnership with evidence of title which shows that title to the property is free and clear except for current real estate taxes and restrictions of record which would not create any economic burden on the Partnership.

D. It is the donor’s responsibility to prepare the deed and other instruments which are necessary to transfer the property to the Partnership. All proposed transfer instruments must be reviewed by the Partnership’s legal counsel prior to acceptance by the Partnership.

E. Prior to acceptance of the property, the Partnership and the donor must agree in writing on arrangements for paying expenses associated with the property, such as commissions, real estate taxes, utilities, insurance, and maintenance costs. Generally, the Partnership will not advance funds for the payment of such expenses.

F. Donors will be encouraged to discuss contemplated bequests of real estate before finalizing their wills. Property that is bequeathed to the Partnership will be evaluated in accordance with this Policy and Procedure like all other gifts of real property.

Following is the *Community Foundation Partnership, Inc. Real Estate Acquisition Checklist*. This checklist will be utilized for all transactions involving real estate gifts.

**Community Foundation Partnership, Inc.
Real Estate Acquisition Checklist**

Description of property: _____

Task

CONSIDERATIONS BEFORE ACCEPTANCE OF GIFT

Completed by and date

Request that the donor pay all costs associated with acceptance of property including title insurance policy, survey, environmental, and legal costs.

Review gift acceptance policies

EVIDENCE OF CLEAR TITLE

Obtain title insurance commitment before acquiring title

Items to deliver to title company if available:

Recent prior title policy

Abstract

Condominium project

Master deed

Letter from association verifying status of assessments

Obtain title insurance policy after taking title

EVIDENCE OF BOUNDARIES

Assess need for survey

Obtain recent survey and review

Obtain mortgage report and review

Determine if any improvements subsequent to survey

Determine if surrounding properties are improved

Obtain a survey

Residential properties - stake survey

Commercial properties - ALTA survey

EVIDENCE OF CONDITION OF PROPERTY

Environmental

Obtain Phase I Environmental Site Assessment

Have Phase I reviewed by attorney

Obtain Phase II sampling if any "recognized environmental conditions" were identified in Phase I

Have Phase II reviewed by attorney

Obtain Baseline Environmental Assessment if property meets definition as a "facility" - must be performed within 45 days of transfer

Have BEA reviewed

Obtain sellers disclosure statement

Obtain building inspection

Check with local government for code/ordinance violations

Obtain well/septic inspection

TRANSFER OF TITLE

Obtain deed transferring title - usually prepared by donor's attorney

Record deed with county clerk's office -

Obtain assignment of lease

File Property Transfer Affidavit - since property is transferred for less than \$100 there is no tax on transfer

File Real Estate Transfer Tax Valuation Affidavit

Sign Form 8283 for donor's tax return

SALE OF PROPERTY

Listing of property with broker - suggest no more than 10% commission and 6 months in length with a three month protected period following listing term expiration

File Form 8282 if property sold within 2 years of gift

APPENDIX A

A DONOR BILL OF RIGHTS

PHILANTHROPY is based on voluntary action for the common good. It is a tradition of giving and sharing that is primary to the quality of life. To assure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in the not-for-profit organizations and causes that they are asked to support, we declare that all donors have these rights.

<p>I. To be informed of the organization’s mission, of the way the organization intends to use donated resources, and of its capacity to use donations effectively for their intended purposes.</p> <p>II. To be informed of the identity of those serving on the organization’s governing board, and to expect the board to exercise prudent judgment in its stewardship responsibilities.</p> <p>III. To have access to the organization’s most recent financial statements.</p> <p>IV. To be assured their gifts will be used for the purposes for which they were given.</p> <p>V. To receive appropriate acknowledgment and recognition.</p>	<p>VI. To be assured that information about their donations is handled with respect and with confidentiality to the extent provided by law.</p> <p>VII. To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature.</p> <p>VIII. To be informed whether those seeking donations are volunteers, employees of the organization or hired solicitors.</p> <p>IX. To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share.</p> <p>X. To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.</p>
<p style="text-align: center;">DEVELOPED BY</p> <p>AMERICAN ASSOCIATION OF FUND RAISING COUNSEL (AAFRC)</p> <p>ASSOCIATION FOR HEALTHCARE PHILANTHROPY (AHP)</p> <p>COUNCIL FOR ADVANCEMENT AND SUPPORT OF EDUCATION (CASE)</p> <p>NATIONAL SOCIETY OF FUND RAISING EXECUTIVES (NSFRE)</p>	<p style="text-align: center;">ENDORSED BY</p> <p>INDEPENDENT SECTOR</p> <p>NATIONAL CATHOLIC DEVELOPMENT CONFERENCE (NCDC)</p> <p>NATIONAL COMMITTEE ON PLANNED GIVING (NCPG)</p> <p>NATIONAL COUNCIL FOR RESOURCE DEVELOPMENT (NCRD)</p> <p>UNITED WAY OF AMERICA</p>

APPENDIX B

CHARITABLE GIFT ANNUITY (CGA) REQUIREMENTS AND RESTRICTIONS

1. The Partnership may accept current gift annuities, which begin payments within one year of the gift date, as well as deferred payment gift annuities, whose initial payment is at least a year after the gift date. The deferral period will be at the discretion of the donor.
2. The Partnership will accept annuity gifts for one life or two lives.
3. The minimum age for annuitants at the time of the gift is 65.
4. CGAs are charged a one-time fee of 5% of the gift that goes into the CGA Reserve Fund Pool. Additionally, CGAs shall share a fair portion of the total investment and administrative costs of the Partnership. Those costs annually charged against the Fund shall be determined in accordance with the then current fee schedule identified by the Partnership as applicable to the type of fund the CGAs is to ultimately benefit.
5. An endowed fund held by the Community Foundation Partnership, Inc. must be named as the charitable recipient.
6. Gift assets will be limited to cash and securities for which a ready market exists. Gifts of closely held stock will be reviewed on a case-by-case basis. Gifts of real estate will not be accepted for CGAs.
7. The minimum acceptable gift will be cash or the fair market value of securities valued at \$25,000.
8. The gift annuity will be effective on the “gift date” as determined by IRS publication 561.
9. Annuities will be paid annually. Annuity payment amounts will be rounded upward to ensure that each payment will be exactly the same amount.
10. The Partnership will maintain investment and administrative records (either in-house or via a third party) on our gift annuity fund and program.
11. The maximum annuity rates offered will be the current Uniform Gift Annuity rates and in the case of deferred payment gift annuities, the current Uniform Interest Factors, both adopted by the American Council on Gift Annuities, 233 McCrea Street, Suite 400, Indianapolis, IN 46225. We may establish a maximum annuity rate chart that is lower, but never higher than the Uniform Gift Annuity Rates of the American Council on Gift Annuities. To conform to the federally mandated “Clay-Brown Rule,” the annuity rate offered will generate a charitable deduction of more than 10 percent of the fair market value of the assets given, or the annuity rate will be reduced to qualify for the deduction. (We realize that the monthly changing Applicable Federal Rate [AFR] affects the calculated deduction.)