



Gift Acceptance Policy

PURPOSE

The purpose of this policy is to serve the best interests of the Foundation, its donors, and the community by providing guidelines for negotiating and accepting various types of gifts. Given the increasing complexity of IRS regulations, state and federal laws, the Foundation recognizes the value in carefully screening proposed gifts.

The purpose of the gift must fall within the broad charitable purpose of the Foundation. In addition, the Foundation Board and staff must be able to assure that gifts accepted by the Foundation do not place other assets of the Foundation at risk, and that they can be easily converted into assets that fall within the Foundation's investment guidelines. The Foundation must also assure that it can administer the terms of the gift in accordance with the donor's wishes.

FOUNDATION RESPONSIBILITIES

Foundation staff should disclose to all prospective donors the benefits and liabilities that could reasonably be expected to influence the donor's decision to make a gift to the Foundation. In particular, donors should be made aware of:

- That a gift to the Foundation is irrevocable
- The prohibitions on donor restrictions
- Items subject to variability (market value, investment return, and income yield)
- The Foundation's responsibility to provide periodic financial statements on donor funds
- The Foundation's responsibility to provide a Donor Bill of Rights to donors (attached as "Appendix B").

Staff should maintain a written record of discussions with donors. The role of Foundation staff shall be to inform, guide and assist a donor in fulfilling his or her philanthropic wishes, but never to pressure or unduly influence a donor's decision.

RESPONSIBILITIES OF THE DONOR

- Donors will be required to secure the advice of independent legal and tax counsel in all matters pertaining to a gift to the Foundation.
- Donors will be required to establish a value for the gift and to provide, at the donor's expense, a qualified appraisal required by the IRS in the case of gifts of tangible personal property valued in excess of \$5,000. The Foundation will inform the donor that the IRS requires the filing of Form 8283 attached to his/her tax return for gifts of tangible personal property valued at more than \$5,000 and the preparation of this form by his/her accountant is the donor's responsibility. The Foundation will not appraise or assign a value to the gift property.
- Generally, costs associated with the acceptance of a gift such as attorney fees, accounting fees, other professional fees as well as other costs to establish a gift such as appraisal, escrow, evaluation, and environmental assessment fees will be borne by the donor.
- It will be the responsibility of the donor's legal counsel to prepare any charitable trust agreements so that they will be available for execution at the time the gift is made. Legal counsel for the Foundation will review agreements before the execution of any trust agreements.

GIFT ACCEPTANCE COMMITTEE

The gift acceptance committee (GAC) will be determined by the Executive Committee of the Foundation and will meet on an as-needed basis, in person, via telephone or via e-mail to review the details of unique or complex gifts. The committee will have the following responsibilities:

- Determine whether a specific gift contributes to the mission of the Foundation
- Outline steps to be taken in the acceptance/rejection process
- Advise staff how to protect the Foundation from any possible repercussions
- Recommend to the Foundation Board of Directors whether or not to accept the gift

Gifts requiring review by the GAC will be handled promptly. Foundation staff will deliver to the committee all information necessary to make a decision. If a gift is not accepted, the donor will be notified in writing by staff immediately. All gift reviews will be handled with the utmost confidentiality. The GAC shall report its recommendation to accept or reject a gift or bequest to the Board of Directors for action at its next regular meeting.

Gifts requiring Review

- Tangible personal property that is not readily marketable
- Real Estate
- Life insurance policies requiring future premium payments by the Foundation
- Charitable Trusts
- Gifts whose structure fall outside the ordinary purposes, bylaws and procedures of the Foundation

Gifts not requiring Review

- Cash or cash equivalents
- Checks
- Marketable securities
- Gifts of personal property for use in Foundation offices
- Life insurance policies except as noted above

GIFTS DECLINED

The Foundation reserves the right to refuse any gift it believes is not in the best interests of the community or the donor. In addition, the Foundation will not knowingly accept a charitable gift from a donor who:

- Has insufficient income and assets remaining after making a gift to provide for his/her needs such as personal support and healthcare.
- Has insufficient income and assets remaining after the gift to provide for his/her heirs for whom he/she is fiscally responsible.
- Has an apparent insufficient mental capacity to make a rational decision.
- Has insufficient input from competent financial legal and or personal counsel.

AUTHORITY FOR NEGOTIATION

The Foundation's Board Chair and the Executive Director are authorized to negotiate planned gift agreements with prospective donors. The Chair may also delegate authority to other board and/or staff members.

UNRESTRICTED GIFTS TO THE FOUNDATION

Gifts received by the Foundation which are not restricted or directed by the donor for a specific Fund shall be allocated as follows:

- Gifts up to \$1,000 shall be directed to the Operating Fund

- Gifts over \$1,000: The first \$1,000 shall be directed to the Operating Fund and the remainder shall be directed 20% to the Operating Fund and 80% to the Community Fund (General Endowment).

Contributions received upon death through a legacy bequest, annuity or other form for which the donor has not provided direction, restriction or completed a CFDC Statement of Intent, shall be allocated as follows:

- Gifts up to \$1,000 will be directed to the Operating Fund;
- Gifts over \$1,000 up to \$9,999; the first \$1,000 to the Operating Fund, then
 - 80% of the remainder to the Community Fund (General Endowment)
 - 20% of the remainder to the Operating Fund
- Gifts of \$10,000 or more; the first \$10,000 shall be held in a board established unrestricted named fund; the remaining amount shall be allocated
 - 80% to the Community Fund (General Endowment)
 - 20% to the Operating Fund

For contributions received upon death through a legacy bequest, annuity or other form of gift that is amortized over time, the value of the estimated gift will be used for administering the above allocation.

For contributions received through a legacy gift where the donor has not completed a CFDC Statement of Intent, regardless of the amount of the gift, the decedent's name will be added to the Legacy Society.

INVESTMENT OF GIFTS

It is the policy of the Foundation to convert all gifts to cash as soon as possible. The Foundation reserves the right to make any or all investment decisions regarding gifts in accordance with its Investment Policy.

In making a gift to the Foundation, donors give up all rights, title, and interest to the assets contributed. In particular, donors give up the right to choose investments and investment managers, brokers, or to veto investment choices for their gifts. The Foundation's Investment Policy does provide exceptions for other investment considerations for funds over \$500,000.

ACKNOWLEDGMENT

Donors shall receive acknowledgement from the Foundation of the gift promptly and in accordance with federal regulations.

PUBLICITY/CONFIDENTIALITY

No public media exposure with respect to a donor's gift will be generated without the consent of the donor. Foundation staff shall maintain strict control over files and information received from or about donors or prospective donors so as to maintain confidentiality of such information.

Gift Acceptance Policy Reviewed and Adopted December 19, 2012 by the Board of Directors (Note: Drafted and rewritten in its entirety and replaces any all previously adopted policies pertaining to gift acceptance.); Amended May, 2016. Amended August 2017.

Gift Acceptance Policy

APPENDIX A

GIFTS REQUIRING REVIEW BY THE GIFT ACCEPTANCE COMMITTEE

TANGIBLE PERSONAL PROPERTY

Gifts of tangible personal property such as boats, airplanes, automobiles, artwork, furniture, equipment, jewelry, gems, and metals valued in excess of \$5,000 must be accompanied by a qualified estate appraisal. Unless the property is to be used in connection with the Foundation's tax-exempt purpose, it will be sold at the highest possible price as soon as possible. No commitment will be made to keep gifts of personal property. A completed IRS Form 8283 must accompany gifts of tangible personal property. The donor will consult with their tax advisor on the tax implications of donated tangible personal property.

REAL ESTATE

When a donor expresses the desire to donate a gift of real estate, the Board and the Gift Acceptance Committee will refer to the document *Gift Acceptance Procedures for Real Property* and its related appendices and checklists.

In general, the following guidelines will be followed:

- The Foundation staff and donor should meet to visually evaluate the property or have an independent person visually evaluate the property and develop appropriate gift arrangements with the donor. The arrangements will be subject to the approval of the GAC.
- An appraisal is to be performed by an independent appraiser according to IRS regulations.
- A financial analysis will be performed prior to acceptance to determine whether the gift makes financially sound investment for the Foundation.
- Depending on the complexity and value of the property being donated, the staff should discuss an appropriate fee/gift arrangement with the donor to help cover the overhead costs of accepting the gift. This may include realtor commissions, title work, closing costs, legal fees, property taxes, insurance and environmental assessments.

Considerations for Accepting Real Estate Gifts

- The Foundation will consider encumbered property for acceptance only if the evaluation convincingly demonstrates that the property can be sold at a price that substantially exceeds the aggregate amount of encumbrances and any costs associated with satisfying them.
- The Foundation must weigh carefully whether or not it has the desire and ability to manage the property for whatever length of time is necessary to consummate the sale. If the property produces income, the Foundation must consider the amount of income it receives against the ongoing cost of the encumbrances
- The donor must bear the cost of an environmental audit to protect the Foundation from potential liability for environmental conditions. A Phase 1 Environmental Impact Audit or comparable environmental analysis will be completed prior to the acceptance of the gift.
- Generally, the Foundation will sell property as quickly as possible after the gift is completed at market value.
- The Foundation should avoid selling property at a distressed price.

LIFE INSURANCE POLICIES

The Foundation will accept outright gifts of life insurance policies on a case-by-case basis contingent on board approval.

CLOSELY-HELD STOCK, LIMITED PARTNERSHIP (LP) AND LIMITED LIABILITY COMPANY (LLC)

While at this time the Foundation does not accept closely-held stock, assets of or interest in, Limited Partnership and Limited Liability Company gifts, we do not preclude ourselves from accepting them and the Board may direct the Executive Director to develop policies and procedures for their acceptance at any time.

Excess Business Holdings:

The Pension Protection Act of 2006 (“PPA”) precludes DAFs from holding more than a minor interest in a business when the donor, fund advisor or a related party (“disqualified person”) also holds an interest in the business. This is known as the “excess business holdings” rule. Generally, the excess business holdings rule states that a DAF and persons who are disqualified persons with respect to the DAF may not together hold more than a twenty percent interest in a business enterprise (twenty percent of the voting stock of an incorporated business; twenty percent of the profits interest of a partnership or joint venture or the beneficial interest of a trust or similar entity; or any interest in a sole proprietorship or unincorporated entity). DAFs receiving gifts of interests in a business enterprise

after the effective date of the PPA (August 17, 2006) will have five years to divest holdings that are above the permitted amount.

Although the Foundation does not currently accept gifts of interests in a business enterprise, should that policy change, the Foundation will adhere to IRC 4943 by identifying any potential gift to a DAF that would qualify as an excess business holding and will notify the prospective donor of the PPA requirements prior to the contribution. In addition, should the Foundation accept the gift, the Foundation will monitor any such holding and will dispose of any excess business holding prior to the five-year time limit (or within ten years if the Treasury Department grants an additional five-year holding period), as required by law.

OIL GAS AND MINERAL INTERESTS

At this time the Foundation does not accept oil, gas and mineral interests.

CHARITABLE TRUSTS

A charitable trust is a planned gift that provides an income interest in assets for certain beneficiaries for a period of time and a remainder interest to other beneficiaries at the end of the income interest period. There are several types of charitable trusts.

Charitable Remainder Unitrust (CRUT). CFDC can be the charitable beneficiary of a CRUT to establish a new fund or to add to an existing endowment fund. 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 CFDC. CFDC will not serve as trustee of a charitable remainder unitrust to avoid any conflict of interest.

Charitable Remainder Annuity Trust (CRAT). CFDC can be the charitable beneficiary of a CRAT to establish a new fund or to add to an existing endowment fund. A charitable remainder annuity trust is identical to a unitrust, except that the income beneficiary receives a fixed dollar amount annually from the trust. CFDC will not serve as trustee of a charitable remainder annuity trust to avoid any conflict of interest.

Charitable Lead Trust (CLT). CFDC can be the charitable beneficiary of a CLT to establish a new fund or to add to an existing endowment fund. Under a charitable lead trust, CFDC is given the initial income interest in the trust assets for a period of years or the lives of one or more individuals. When the trust terminates, it pays the accumulated assets to one or more beneficiaries designated by the donor. CFDC will not serve as trustee of a charitable lead trust to avoid any conflict of interest.

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APPENDIX B

Community Foundation of Dunn County
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 Community Foundation of Dunn County, we declare that all donors have these rights:

1. 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.
2. 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.
3. To have access to the organization's most recent financial statements.
4. To be assured their gifts will be used for the purposes for which they were given.
5. To receive prompt acknowledgment and appropriate recognition for all gifts.
6. To be assured that information about their donations is handled with respect and with confidentiality to the extent provided by law.
7. To expect that all relationships with individuals representing organizations of intents to the donor will be professional in nature.
8. To be provided with disclosure of all significant parties involved with the Community Foundation of Dunn County.
9. To be assured that the Community Foundation of Dunn County will not share mailing lists with any other entity.
10. To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.