

The Community Foundation of Grant County Indiana, Inc. (The Foundation) a nonprofit organization encourages the solicitation and acceptance of gifts to The Foundation for purposes that will help further and fulfill its mission. The following policies and guidelines govern acceptance of gifts made to or for the benefit of any of its funds or programs.

**1. Use of Legal Counsel**

The Foundation may seek the advice of legal counsel as appropriate on matters relating to acceptance of gifts.

**2. Communications with Donors**

The Foundation holds all communications with donors and information concerning donors and prospective donors in strict confidence, subject to legally authorized and enforceable requests for information by government agencies and courts. Donors may request to keep their donation anonymous if they would prefer their name not be used in any foundation materials.

**3. Conflict of Interest (See our current COI Policy)**

The Foundation does not provide personal legal, financial or other professional advice to donors or prospective donors. Donors and prospective donors should seek the assistance of their own professional advisors in matters relating to their gifts and the resulting tax and estate planning consequences. The Foundation endorses the Donor Bill of Rights promulgated by the Association of Fundraising Professionals) (attached as Appendix A).

**4. Restrictions on Gifts**

Unrestricted gifts and gifts for specific programs and purposes may be accepted, provided they are consistent with The Foundation's mission, purposes and priorities. The Foundation will not accept gifts that are inconsistent with its mission, purposes or priorities or are judged too difficult to administer.

**5. The Compliance Committee of the Foundation**

The Compliance Committee will review all non-marketable gifts to The Foundation, and those gifts referred to it by the Executive Director.

The Compliance Committee is responsible for regularly reporting its decisions on gift acceptance to the Board of Directors. The Committee is also responsible for reviewing this policy and

procedure periodically to ensure that they remain consistent with applicable laws and the programs of The Foundation.

## 6. Types of Funds and Minimum Fund Balances

- A. The following types of funds may be opened at The Foundation as Endowed Funds or Pass-Through Funds with a minimum fund balance of \$5,000 established within 24 months:
1. Unrestricted Fund (also called Discretionary Fund)
  2. Designated Fund
  3. Field of Interest Fund
  4. Scholarship Fund
  5. Donor Advised Fund
  6. Agency Fund

## 7. Types of Gifts

- A. The following gifts *may* be considered for acceptance by The Foundation:
1. Cash, Debit, Credit, Checks, Online Donations
  2. Tangible personal property, including in-kind gifts
  3. Securities
  4. Real estate
  5. Remainder interests in property
  6. Oil, gas, and mineral interests
  7. Bargain sales
  8. Life insurance
  9. Charitable gift annuities
  10. Charitable remainder trusts
  11. Revocable trust agreements
  12. Charitable lead trusts
  13. Retirement plan beneficiary designations
  14. Bequests
  15. Life insurance beneficiary designations
  16. Intellectual property rights
  17. Any other item with value
- B. The following criteria apply to the acceptance of gifts in these categories.
1. Cash: Cash may be accepted in any negotiable form such as debit, credit, online donations, checks, etc. Checks must be made payable to The Community Foundation of Grant County and should be delivered to the foundation's administrative offices.
  2. Tangible Personal Property: The Foundation may accept tangible personal property if the gift will generate adequate revenue for the organization, and meet the purposes for which the gift is intended. In assessing the

appropriateness of the gift, The Foundation should address the following questions:

- Is the property marketable? What is the market for and costs of transportation to market and sale?
- Are there any undue restrictions on the use, display, or sale of the property?
- Are there any carrying costs (insurance, storage, ongoing maintenance) for the property?

3. Securities: The Foundation may accept both publicly traded securities and closely held securities.

a. Publicly Traded Securities: Marketable securities will be transferred to an account maintained at one or more brokerage firms or delivered physically with the transferor's signature or stock power attached. As a general rule, all marketable securities will be sold upon receipt unless otherwise directed by the Finance Committee of The Foundation. In some cases marketable securities may be restricted by applicable securities laws; in such instance the final determination on the acceptance of the restricted securities will be made by Board of Directors with a recommendation from the Finance Committee.

b. Options and Other Rights in Securities: The following questions apply to acceptance of warrants, stock options and stock appreciation rights:

- Is The Foundation required to advance funds upon exercise of the gift? If so, does The Foundation have the required funds?
- Is The Foundation at risk of loss of funds in accepting the gift?
- Are the rights restricted? And if so, does the restriction affect the ability of The Foundation to dispose of the asset? Does the restriction materially impact the value of the gift to The Foundation?
- Will acceptance of the gift and/or exercise of the option trigger any tax consequences to the donor?

c. Closely Held Securities: Proposed gifts of closely held securities, which include not only debt and equity positions in non-publicly traded companies but also interests in LLPs and LLCs or other ownership forms, will be reviewed by addressing the following questions:

- What type of entity is represented by the gift? (For example, C Corporation, S Corporation, LLC, LLP.)
- Will the security generate unrelated business taxable income to The Foundation? If so, does The Foundation have the funds to pay this tax?

- Will the gift trigger any negative tax consequences to the donor? If the donor is unsure, please advise him to talk with his accountant.
- Are there restrictions on the security that would prevent The Foundation from ultimately converting those assets to cash?
- How does the company operate? Does its operation of the gift interest create liability for The Foundation?
- Is the security marketable? If so, what is the market for sale, and estimated time required for sale?

If potential problems arise on initial review of the security, further review and recommendations may be sought from an outside professional before making a decision whether to accept the gift. Every effort will be made to sell non-marketable securities as quickly as possible.

4. Real Estate: The Foundation may consider real property gifts. Prior to acceptance of real estate, The Foundation may require an initial environmental review of the property to ensure that the property is free of environmental damage. In the event that the initial inspection reveals a potential problem, The Foundation may retain a qualified inspection firm to conduct an environmental audit. The following criteria apply to gifts of real estate:
  - Is the property useful for the purposes of The Foundation?
  - Is the property marketable?
  - Are there any restrictions, reservations, easements, or other limitations associated with the property?
  - Are there acquisition or carrying costs, which may include insurance, property taxes, mortgages, or notes, etc., associated with the property?
  - Does the environmental review reflect that the property is free of issues?
  - Is the property marketable within 1 year of closing?
  - Does the donor have a qualified appraisal?
  - Is the zoning appropriate for resale?
5. Remainder Interests In Property: The Foundation may accept a remainder interest in real property subject to the provisions of paragraph (4). At the death of the life tenants, The Foundation may use the property or reduce it to cash. Where The Foundation receives a gift of a remainder interest, expenses for maintenance, real estate taxes, and any property indebtedness may be paid by the donor and/or primary beneficiary.
6. Oil, Gas, and Mineral Interests: The Foundation may accept oil, gas, or mineral interests, when appropriate. In accepting oil, gas or mineral interests, The Foundation will determine whether the following criteria have been met:

- The property should not have extended liabilities or other considerations that make receipt of the gift inappropriate.
- A working interest is rarely accepted. A working interest may only be accepted when there is a plan to minimize potential liability and tax consequences.
- The property must undergo an environmental review to ensure that The Foundation has no current or potential exposure to environmental liability. The cost of the environmental review may be borne by the donor.

7. Bargain Sales: The Foundation may enter into a bargain sale arrangement in instances where the bargain sale furthers the mission and purposes of The Foundation. All bargain sales must be reviewed and recommended by the Finance Committee . In determining the appropriateness of the transaction, The Foundation will consider whether:

- The value of the property has been substantiated by an independent appraisal.
- Any debt ratio assumed with the property is less than 50% of the appraised market value.
- To use the property, or if there is a market for sale of the property allowing sale within 12 months of receipt.
- The costs to safeguard, insure, and expense the property (including property tax, if applicable) during the holding period have been determined

8. Life Insurance: The Foundation must be named as both beneficiary and irrevocable owner of an insurance policy before a life insurance policy can be recorded as a gift. If the donor contributes future premium payments, The Foundation will include the entire amount of the additional premium payment as a gift in the year that it is made.

If the donor does not elect to continue to make gifts to cover premium payments on the life insurance policy, The Foundation may:

- continue to pay the premiums,
- convert the policy to paid up insurance, or
- surrender the policy for its current cash value

Once the policy is accepted, life insurance holdings will be reviewed annually to determine whether it is best to continue to pay the premiums, convert the policy to paid-up insurance, surrender the policy for its current cash value, or change the underlying investment structure.

9. Charitable Gift Annuities: Pursuant to the gift annuity policy. [See attached Appendix B.]

10. Charitable Remainder Trusts: The Foundation encourages its donors to name the organization as a remainder beneficiary of a charitable remainder trust and will work with its donors to structure such agreements. However, The Foundation will not serve as trustee of a charitable remainder trust and will instead encourage the donor to use a professional fiduciary.
11. Revocable Trust Agreements: The Foundation encourages its donors to name the organization as a beneficiary of all or a portion of a revocable trust agreement. However, The Foundation will not serve as trustee of a revocable trust agreement and will instead encourage the donor to use a professional fiduciary.
12. Charitable Lead Trusts: The Foundation may accept a designation as income beneficiary of a charitable lead trust. The Foundation will not accept an appointment as Trustee of a charitable lead trust.
13. Retirement Plan Beneficiary Designations: Donors and supporters of The Foundation will be encouraged to name The Community Foundation of Grant County as beneficiary of their retirement plans. Such designations will not be recorded as gifts to The Foundation until such time as the gift is irrevocable.
14. Bequests: Donors and supporters of The Foundation will be encouraged to make bequests to The Community Foundation of Grant County under their wills and trusts. Such bequests will not be recorded as gifts to The Foundation until such time as the gift is irrevocable.
15. Life Insurance Beneficiary Designations: Donors and supporters of The Foundation will be encouraged to name The Community Foundation of Grant County as beneficiary or contingent beneficiary of their life insurance policies. Such designations shall not be recorded as gifts to The Foundation until such time as the gift is irrevocable.
16. Intellectual Property Rights: Intellectual property rights, which include royalties, patents, copyrights, contract rights or other similar interests, will be examined in light of the following criteria:
  - Is the intellectual property right related to the mission of The Foundation?
  - Can the ownership of the intellectual property right be clearly transferred or assigned to The Foundation?
  - Is the intellectual property right a full or fractional interest? If fractional, who are the other owners of the property and percentage interests? Is the gift deductible to the donor under the IRS partial interest gift rules?
  - How much income do the rights to the intellectual property have the potential to generate?

- Is there a market for the sale or licensing of the intellectual property right?
- Are there any costs associated with acceptance of the intellectual property right? (i.e., is the gift a patent application that will require further action to secure, are there any claims, liens or other contests associated with the property, or are there likely to be costs associated with defending the intellectual property right?)
- Are there any restrictions on the retention or use of the property?
- What agreements or other legal documents would The Foundation be required to execute in order to obtain patents, market the property and grant licenses in the name of The Foundation?

17. Any other item with value. The Foundation may consider acceptance of any other item with value, such as personal, real, tangible property, or property not listed in 1-16.

## **8. Miscellaneous**

- A. *Securing appraisals and legal fees for gifts to The Foundation:* It will be the responsibility of the donor to secure an independent appraisal (where required). However, the advice of independent legal, financial or other professional advisers, as needed, for all gifts made to The Foundation will be the responsibility of the donor.
- B. *Valuation of gifts for development purposes:* The Foundation will record a gift received at its valuation for gift purposes on the date of gift.
- C. *Responsibility for IRS Filings upon sale of gift items:* The Foundation's CFO is responsible for filing IRS Form 8282 upon the sale or disposition of any non-marketable asset sold within three years of receipt by The Foundation when the charitable deduction value of the item is more than \$5,000. The Foundation must file this form within 125 days of the date of sale or disposition of the asset.
- D. *Acknowledgement of all gifts made to The Foundation and compliance with the current IRS requirements in acknowledgement of such gifts is the responsibility of The Foundation.* IRS Publication 561 Determining the Value of Donated Property and IRS Publication 526 Charitable Contributions provide excellent guidance and can be downloaded from [www.irs.gov](http://www.irs.gov).
- E. *Disclosure provided for pooled funds.* The Foundation will provide all appropriate disclosures as required by the Philanthropy Protection Act of 1995 for gifts contributed to pooled funds.

## **APPENDIX A**

*The Donor Bill of Rights was created by the American Association of Fund Raising Counsel (AAFRC), Association for Healthcare Philanthropy (AHP), the Association of Fundraising*

*Professionals (AFP), and the Council for Advancement and Support of Education (CASE). It has been endorsed by numerous organizations.*

## The 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 ensure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in the nonprofit organizations and causes they are asked to support, 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 appropriate acknowledgement and recognition.
6. To be assured that information about their donation is handled with respect and with confidentiality to the extent provided by law.
7. To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature.
8. To be informed whether those seeking donations are volunteers, employees of the organization or hired solicitors.
9. To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share.
10. To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.

### **APPENDIX B**

#### CHARITABLE GIFT ANNUITY POLICY

*The Board of Directors commits itself to establishing and maintaining the highest governance standards.*

Accordingly,



1. The Foundation 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 Foundation will accept annuity gifts for one life only.
3. The minimum age for annuitants at the time of the gift is 65.
4. A fee of 3.5% will be charged annually and on each transaction.
5. A dissolution clause indicating the charitable beneficiaries is required. An endowed fund at The Community Foundation 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.
7. The minimum acceptable gift will be cash or the fair market value of securities valued at: One Life: (\$50,000); Deferred Payment Gift Annuities: (\$50,000).
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 Foundation 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.)

Board Adopted: October 20, 2016

Compliance Committee Last Revised Recommendations: October 5, 2016