

COMMUNITY FOUNDATION OF BOONE COUNTY

GIFT ACCEPTANCE POLICIES AND GUIDELINES

The Community Foundation of Boone County, a not for profit organization organized under the laws of the State of Indiana, encourages the solicitation and acceptance of gifts to the Community Foundation of Boone County (hereinafter referred to as *CFBC*) for purposes that will help the CFBC to further and fulfill its mission. The following policies and guidelines govern acceptance of gifts made to the CFBC or for the benefit of any of its programs.

The mission of the CFBC is:

The Community Foundation of Boone County provides pathways for connecting people who care with causes that matter now and in the future.

I. PURPOSE OF POLICIES AND GUIDELINES

The Board of Directors of the CFBC and its staff solicit current and deferred gifts from individuals, corporations, and foundations to secure the future growth and missions of the CFBC. It is the purpose of these policies and guidelines to govern the acceptance of gifts by the CFBC and to provide guidance to prospective donors and their advisors when making gifts to the CFBC. The provisions of these policies shall apply to all gifts received by the CFBC for any of its programs or services.

II. USE OF LEGAL COUNSEL

The CFBC shall seek the advice of legal counsel in matters relating to acceptance of gifts where appropriate. Review by counsel is recommended for:

- a. review of closely held stock transfers that are subject to restrictions or buy-sell agreements
- b. review of documents naming the CFBC as Trustee
- c. review of all gifts involving contracts, such as bargain sales or other documents requiring the CFBC to assume an obligation
- d. review of all transactions with potential conflict of interest that may invoke IRS sanctions
- e. and such other instances in which use of counsel is deemed appropriate by the Executive Committee of the CFBC

III. CONFLICT OF INTEREST

All prospective donors shall be strongly urged to seek the assistance of personal legal and financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences. The CFBC will comply with the [Model Standards of Practice for the Charitable Gift Planner](#) promulgated by the National Committee on Planned Giving.

IV. RESTRICTIONS ON GIFTS

The CFBC will accept unrestricted gifts, and gifts for specific programs and purposes, provided that such gifts are not inconsistent with its stated mission, purposes, and priorities. The CFBC will not accept gifts that are too restrictive in purpose. Gifts that are too restrictive are those that violate the terms of the corporate charter, gifts that are too difficult to administer, or gifts that are for purposes outside the mission of the CFBC. All final decisions on the restrictive nature of a gift, and its acceptance or refusal, shall be made by the Executive Committee of the CFBC.

V. TYPES OF GIFTS

A. The following gifts are acceptable:

1. Cash
2. Tangible Personal Property
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. Charitable Lead Trusts
12. Retirement Plan Beneficiary Designations
13. Bequests
14. Life Insurance Beneficiary Designations
15. Pledges

B. The following criteria govern the acceptance of each gift form:

1. Cash: Cash is acceptable in any form. Checks shall be made payable to The Community Foundation of Boone County and shall be delivered to the Executive Director in the CFBC's administrative offices.
2. Tangible Personal Property: All other gifts of tangible personal property shall be examined in light of the following criteria:
 - Does the property fulfill the mission of the CFBC?
 - Is the property marketable?
 - Are there any undue restrictions on the use, display, or sale of the property?
 - Are there any carrying costs for the property?

The final determination on the acceptance of other tangible property gifts shall be made by the Executive Committee of the CFBC.

3. Securities: The CFBC can accept both publicly traded securities and closely held securities.

Publicly Traded Securities: Marketable securities may 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 shall be sold upon receipt unless otherwise directed by the Investment Committee. 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 shall be made by the Executive Committee of the CFBC.

Closely Held Securities: 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, can be accepted subject to the approval of the Executive Committee of the CFBC. However, gifts must be reviewed prior to acceptance to determine that:

- there are no restrictions on the security that would prevent the CFBC from ultimately converting those assets to cash,
- the security is marketable, and
- the security will not generate any undesirable tax consequences for the CFBC.

If potential problems arise on initial review of the security, further review and recommendation by an outside professional may be sought before making a final decision on acceptance of the gift. The final determination on the acceptance of closely held securities shall be made by the Executive Committee of the CFBC, where necessary. Every effort will be made to sell non-marketable securities as quickly as possible.

4. Real Estate: *refer to Real Estate Gifts Policy*

5. Remainder Interests In Property: The CFBC will accept a remainder interest in a personal residence, farm, or vacation home subject to the provisions of paragraph 4. above. The donor or other occupants may continue to occupy the real property for the duration of the stated life. At the death of the donor, the CFBC may use the property or reduce it to cash. Where the CFBC receives a gift of a remainder interest, expenses for maintenance, real estate taxes, and any property indebtedness are to be paid by the donor or primary beneficiary.

6. Oil, Gas, and Mineral Interests: The CFBC may accept oil and gas property interests, where appropriate. Prior to acceptance of an oil and gas interest the gift shall be approved by the Executive Committee, and if necessary, by the CFBC's legal counsel. Criteria for acceptance of the property shall include:

- Gifts of surface rights should have a value of \$20,000 or greater.
- Gifts of oil, gas and mineral interests should generate at least \$3,000 per year in royalties or other income (as determined by the average of the three years prior to the gift).
- The property should not have extended liabilities or other considerations that make receipt of the gift inappropriate
- If the interest is a working interest the organization should determine the impact on the CFBC so that it may develop a plan to minimize that impact if accepted.
- The property should undergo an environmental review to ensure that the CFBC has no current or potential exposure to environmental liability.

7. Bargain Sales: The CFBC will enter into a bargain sale arrangement in instances in which the bargain sale furthers the mission and purposes of the CFBC. All bargain sales must be reviewed and recommended by the Executive Committee and approved by the Board of Directors. Factors used in determining the appropriateness of the transaction include:

- The CFBC must obtain an independent appraisal substantiating the value of the property.
- If the CFBC assumes debt with the property, the debt ratio must be less than 50% of the appraised market value.
- The CFBC must determine that it will use the property, or that there is a market for sale of the property allowing sale within 12 months of receipt.
- The CFBC must calculate the costs to safeguard, insure, and expense the property (including property tax, if applicable) during the holding period.

8. Life Insurance: The CFBC must be named as both beneficiary and irrevocable owner of an insurance policy before a life insurance policy can be recorded as a gift. The gift is valued at its interpolated terminal reserve value, or cash surrender value, upon receipt. If the donor contributes future premium payments, the CFBC 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 CFBC may:

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

9. Charitable Gift Annuities: The CFBC may offer charitable gift annuities. The minimum gift for funding shall be \$5,000. The Executive Committee may make exceptions to this minimum. The minimum age for life income beneficiaries of a gift annuity shall be 55. Where a deferred gift annuity is offered, the minimum age for life income beneficiaries shall be 45. No more than two life income beneficiaries will be permitted for any gift annuity.

Annuity payments may be made on a quarterly, semi-annual, or annual schedule. The Executive Committee may approve exceptions to this payment schedule.

The CFBC may accept real estate, tangible personal property, or other illiquid assets in exchange for deferred gift annuities so long as there is at least a 5 year period before the commencement of the annuity payment date, the value of the property is reasonably certain, and the Executive Committee of the CFBC approves the arrangement.

Funds contributed in exchange for a gift annuity shall be set aside and invested during the term of the annuity payments. Once those payments have terminated, the funds representing the remaining principal contributed in exchange for the gift annuity shall be transferred to the CFBC's general endowment funds, or to such specific fund as designated by the donor.

10. Charitable Remainder Trusts: The CFBC may accept designation as remainder beneficiary of a charitable remainder trust with the approval of the Executive Committee of the CFBC. The CFBC will not accept appointment as Trustee of a charitable remainder trust.
11. Charitable Lead Trusts: The CFBC may accept a designation as income beneficiary of a charitable lead trust. The Board of the CFBC will not accept an appointment as Trustee of a charitable lead trust.
12. Retirement Plan Beneficiary Designations: Donors and supporters of the CFBC shall be encouraged to name the CFBC as beneficiary of their retirement plans. Such designations shall not be recorded as gifts to the CFBC until such time as the gift is irrevocable. Where the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.
13. Bequests: Donors and supporters of the CFBC shall be encouraged to make bequests to the CFBC under their wills and trusts. Such bequests shall not be recorded as gifts to the CFBC until such time as the gift is irrevocable. Where the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.
14. Life Insurance Beneficiary Designations: Donors and supporters of the CFBC shall be encouraged to name the CFBC as beneficiary or contingent beneficiary of their life insurance policies. Such designations shall not be recorded as gifts to the CFBC until such time as the gift is irrevocable. Where the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.
15. Pledges: Written pledges to make gifts may be made applicable to any fund at the Foundation. A schedule of pledges payable should be included in the fund agreement, letter or other written instructions from the donor.

VI. MISCELLANEOUS PROVISIONS

- a. Securing appraisals and legal fees for gifts to the CFBC: It shall be the responsibility of the donor to secure an appraisal (where required) and independent legal counsel for all gifts made to the CFBC.
- b. Valuation of gifts for development purposes: The CFBC shall record a gift received by the CFBC at its valuation for gift purposes on the date of gift.
- c. Responsibility for IRS Filings upon sale of gift items: The Executive Committee of the CFBC is responsible for filing [IRS Form 8282](#) upon the sale or disposition of any asset sold within two years of receipt by the CFBC where the charitable deduction value of the item was \$5,000 or greater. The CFBC 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 CFBC and compliance with the current IRS requirements in acknowledgement of such gifts shall be the responsibility of the Executive Committee of the CFBC.
- e. More information can be found in [IRS Publication 561](#) *Determining the Value of Donated Property* and [IRS Publication 526](#) *Charitable Contributions*

VII. CHANGES TO POLICIES

These policies and guidelines have been reviewed and accepted by the Board of Directors of the CFBC. The Board must approve any changes to or deviations from these policies.

Approved July 22, 2010

President, Board of Directors, Community Foundation of Boone County