



GIFT ACCEPTANCE POLICIES

Purposes

- **To support a program of development which encourages gifts that further the mission of the Foundation**
- **To assist donors effectively and efficiently meet their charitable goals while benefiting the community**
- **To support the gifting process including the receipt of a wide variety of donated assets**
- **To clarify the terms of the gifts which the Board authorizes the staff to accept on behalf of the Foundation**
- **To educate on potential problems which may make a particular gift unacceptable.**

General Statement of Policy

It shall be the practice of Community Foundation of Tompkins County (the “Foundation”) to make this policy available upon request to any donor or prospective donor or professional advisor.

The development program seeks to help donors meet their charitable goals while benefiting the communities and organizations served by the Foundation. The Foundation has the responsibility to ensure that gifts it receives have a charitable purpose and support its mission in the community. The mission of the Foundation is:

To improve the quality of life in Tompkins County by inspiring and support enduring philanthropy. We achieve this mission by:

- making strategic grants as community investments
- encouraging the growth of a permanent charitable endowment
- providing donors with vehicles to make giving easy and effective
- serving as catalyst and convener

Accordingly, the Foundation reserves the right to refuse any gift that it believes is not in the best interests of the Foundation and the community it serves. The Foundation will make every effort to resolve any issues presented in connection with a gift in a manner which fulfills the desires of the donor and is acceptable to the Foundation.

The Foundation maintains a program of investments for all funds. It is the Foundation’s policy to sell any property it receives other than cash and to reinvest the proceeds pursuant to its investment program. If assets offered the Foundation are illiquid and cannot readily be sold, acceptance of the gift may depend on whether, in the judgment of the Board, a buyer is likely to be found within a reasonable period of time.



If the donor requests that the Foundation retain specific assets, the Board must decide whether acceptance and retention of the specific assets serves the mission of the Foundation.

All agreements with donors and all information concerning donors and prospective donors shall be held in strict confidence by the Foundation, subject to legally authorized and enforceable requests for information by governing agencies and courts. All other requests for or releases of information concerning a donor will be honored or allowed only if permission is obtained from the donor prior to the release of such information.

The Foundation reserves the right to refuse any gift that it believes is not in the best interests of the Foundation. In conformity with Treasury Department regulations governing community foundations, gifts to the Foundation may not be directly or indirectly subjected by a donor to any material restriction or condition that prevents the Foundation from freely and effectively employing the transferred assets, or the income derived there from, in furtherance of its exempt purposes.

Delegation of Authority to Accept Gifts

The Board has authorized the Chief Executive Officer and Chief Development Officer to accept tangible personal property valued at \$500 or less and cash or marketable securities without further consideration of the Board. Gifts of real property, tangible personal property valued at more than \$500, closely-held securities, and any other property may be conditionally accepted by the Chief Executive Officer, but the final acceptance remains subject to approval by the Board.

Types of Funds to receive gifts at Community Foundation

Foundation Funds

Endowment Funds represent the sustainable and permanent base of support for the Community Foundation in which gifts are reserved to ensure that the Foundation's work thrives in perpetuity.

Operating Funds enable the Community Foundation to be more immediately responsive to emerging problems and to convene community conversations and collaborations today. These unrestricted gifts support our role as a community building agent.

Field of Interest Funds include defined areas of interest such as: *Children and Youth, Health and Human Services, the Environment, Arts and Culture, Sustainable Communities* and the *Women's Fund*.

Donor Advised Funds (DAFs) enable donors to establish a fund to advise long-term charitable giving in Tompkins County and beyond. Donors, who continue to serve as fund advisors, can be individuals/families, non-profit or for profit corporations or an unincorporated group of community members. The funds may also serve as fitting



memorial or tribute in perpetuity. The beneficiaries of these funds do not need to be identified at the time of fund creation and can change over time to respond to emerging community needs and donor interests.

Designated Funds allow donors to identify and direct the Community Foundation to make gifts automatically to a specific agency or purpose. Donors can be individuals/families, non-profit or for profit corporations or an unincorporated group of community members. The funds may also serve as fitting memorials or tributes in perpetuity. The beneficiaries of these funds shall be identified at the time of fund creation and remain fixed.

Policies for Special Purpose Funds

Permanent Designated Funds: The Foundation encourages the establishment of Permanent Designated Funds, sometimes called endowed funds in which annual distributions are limited in order to preserve the purchasing power of the principal of the fund. To ensure that distributions from a Permanent Designated Fund are of a sufficient size to have a significant impact on the community, the Foundation will accumulate income until the fund reaches a market value of \$20,000.

The Foundation prefers that a Permanent Designated Fund not require an annual distribution of a specific amount. However, if the distribution is required, the Foundation reserves the right to transfer the fund to the unrestricted endowment fund if the Fund's market value falls below \$10,000. The Foundation is very respectful of its donors and will make every attempt to work with/advise donors if action is needed on their parts to bring their funds into good standing with the Foundation.

There are no limits on gifts contributed to the Foundation's Unrestricted Fund or to any previously established Permanent Designated Fund.

Pass-Through Funds (i.e. Directed Funds) is one in which all the gifts made to the fund are to be distributed for designated charitable purposes.

The Foundation will administer a Pass-Through Fund where the role of the Foundation is clearly needed to fulfill the charitable purpose of the donor. The fund must be consistent with the mission of the Foundation and within its administrative capabilities.

Gift Acceptance Policies

Gifts to the Foundation may take a variety of forms. Forms of gifts such as cash, checks, marketable securities, retirement funds, life insurance policies and deferred gifts will be in accordance with the guidelines below.

Guidelines to prevent violation of the excess business holding rules for assets held in donor advised funds



**Gifts to Donor
Advised Funds**

Notwithstanding any other provision hereof, the Foundation shall not accept any gift of an interest in a business enterprise nor hold any unincorporated unrelated business for a donor advised fund ("DAF") that would subject the Foundation to tax under section 4943 of the Internal Revenue Code, concerning "excess business holdings."

The Foundation shall not accept any proposed gift that would result in the DAF holding, together with the holdings of persons who are disqualified persons with respect to that fund a 20% or greater interest in a business or in an entity.

Any interest in an entity in which any interest is owned by a donor or or advisor to the DAF, 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 counsel for an opinion on the possible application of Code section 4943.

Cash

Gifts of cash must be consistent with the Large Currency Transaction Act. The Foundation also accepts checks (personal and bank checks as well as those from other fiduciary organizations), and money orders.

Marketable Securities

When these securities are in nominee name, they may be transferred to the Foundation's account. The Foundation will issue a tax-receipt letter indicating the number of shares and the corporation name. When the gift is in the form of physical securities, the Foundation will sell them at the earliest convenience and the proceeds come to the Foundation in cash form.

***Stock in Privately
Owned Companies***

Gifts of stock in privately held companies may be conditionally accepted by the Chief Executive Officer and Chief Development Officer, but this acceptance remains subject to approval by the Board of Directors. When appropriate, the Foundation may request a valuation statement from the donor. If they are immediately marketable, they are sold. If not, the Foundation will take whatever steps are necessary to find a buyer as soon as possible. Retention of such stocks requires explicit authorization by the Board of the Foundation.

***Tangible Personal
Property/Illiquid Assets***

Gifts of real property, tangible personal property valued at more than \$500, closely-held securities, and any other property may be conditionally accepted by the Chief Executive Officer and Chief Development Officer, but the final acceptance remains subject to approval by the Board based on recommendation of the Financial Administration and the Development committees. These committees shall consider the value of the asset, the



likelihood that the asset can be quickly liquidated, and potential risks to the Foundation.

The Foundation reserves the right to refuse any gift that it believes is not in the best interests of the Foundation and the community it serves. 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 estate appraisal obtained at the donor's or the donor's estate's expense. 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 after conveyance. No commitment will be made to keep gifts of personal property. The Foundation 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 Foundation may ask the donor to cover such expenses with a cash gift or decline to accept the gift.

Partnership Interests

Limited partnerships interests can be accepted, but the partnership agreement will be reviewed to gain an understanding of the activities of the partnership and how allocations are made to the partners. The underlying assets and liabilities of the partnership will be reviewed to help determine the marketability of the partnership interest. Consideration will be given to whether income generated by the partnership is considered unrelated business income subject to income tax.

General partnership interests may not be acceptable due to the potential unlimited liability.

Life Insurance The Foundation accepts fully paid-up life insurance policies for which the donor has relinquished ownership by assigning all rights, title, and interest to the Foundation. If the insurance policy is not fully paid up, the usefulness of the gift is judged on a case-by-case basis. If the policy is accepted, the Foundation may choose either to cash it in for the current surrender value or continue to pay the premiums.

Retirement Funds

Retirement plans owned by the donor may be gifted to the Foundation at death. Such plans include Individual Retirement Accounts (IRA, 401(k), 403 (b)), and defined contribution plans. Methods for gifting retirement assets include:

- a) naming the Foundation as primary, successor or contingent beneficiary for all or part of the assets upon the death of either the retirement asset owner or spouse;
- b) creating a testamentary charitable remainder trust with the assets upon the death of the asset owner, naming the Foundation as remainder beneficiary and non-charitable heirs as income beneficiaries.



Real Estate Such gifts will be reviewed by staff, legal counsel, and the Board of Directors of the Foundation. Concerns include legality, mortgages, easements, restrictions, and environmental problems. The donor must provide for obligations such as taxes and insurance. In considering the acceptance of real estate donations, the Foundation may ask that the following items be provided:

- Exact legal name of donor and federal I.D. number
- Description of property
- Description of any buildings or other structures located on the land
- Boundary survey of property with location of all structures, easements, and encumbrances appearing on the face of the survey
- Information regarding existing zoning status
- Information on all ingress/egress for the property
- Description of prior use of the property
- Description of use of surrounding property, with specific disclosure of any storage tanks or potential environmental factors affecting the property
- Disclosure of any contemplated or anticipated condemnations, rights-of-way, or other actions by municipalities that might affect the subject property
- Phase I environmental report on the property, including environmental report on any structures located on the real estate
- Specimen of title insurance commitment or schedule describing any liens, encumbrances, or title matters affecting the property
- Copy of an appraisal showing the fair market of the property current within 180 days
- Discussion with proposed donor regarding any special arrangements for donor's fund or other sources to address ongoing expenses for taxes, insurance, assessments, maintenance, grass cutting, security, utilities, etc.
- Specimen of proposed Seller's Affidavit disclosing any and all tenants, leases, security instruments, graves, or cemetery parcels, etc.
- Draft of proposed Warranty Deed conveying title from proposed donor to Community Foundation.

PLANNED GIVING or DESIGNED PHILANTHROPY ARRANGEMENTS

Forms of Planned Gifts. The Foundation's planned giving or designed philanthropy program encompasses gifts whose benefits do not fully accrue to the Foundation 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 Foundation are then followed by the interests of noncharitable beneficiaries. Planned giving opportunities offered by the Foundation include the following:



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 Foundation. As indicated below (see Trustee), the Foundation will not serve as trustee of a charitable remainder unitrust.

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. As indicated below (see Trustee), the Foundation will not serve as trustee of a charitable remainder annuity trust.

Charitable Lead Trust.

Under a charitable lead trust, the Donor irrevocably transfers money, securities, or other property to a trustee selected by the donor. The Foundation 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 noncharitable beneficiaries designated by the donor. The trustee pays the Foundation each year: 1) a fixed amount from the trust; or 2) a fixed percentage of the net fair market value of the trust's assets, as determined each year. As indicated below (see Trustee), the Foundation will not serve as trustee of a charitable lead trust.

Pooled Income Fund. The Foundation has established a relationship with Rochester Area Community Foundation (RACF) to invest assets for the Foundation pooled income fund donors. A donor irrevocably transfers property to the RACF pooled income fund and retains an income interest for the life or lives of up to two income beneficiaries designated by the donor. Each income beneficiary receives a proportionate share of the net income earned by the fund. Upon termination of the income beneficiary's interest, the remainder interest in the property is transferred to the Community Foundation of Tompkins County for uses specified by the donor at the time the gift is made, including possible payout of the remainder interest to a charity's own endowment fund.

Gifts by Will or Trust.

The Foundation 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.

Acceptance Policies and Guidelines for Planned and Deferred Gifts

Disclosures to Donor. The Foundation’s staff should disclose to a prospective donor the benefits and liabilities that could reasonably be expected to influence the donor’s decision to make a gift to the Foundation. In particular, the donor should be advised that all gifts other than planned bequests are irrevocable, and items subject to variability (such as market value, investment return, and amount of income payments) should be discussed fully.

Trustee. The Foundation will not serve as trustee of charitable remainder trusts, charitable lead trusts, or other trust arrangements, and will recommend that the donor seek the services of a personal or professional trustee. To avoid personal conflicts of interest, no board member or member of the staff of the Foundation may knowingly serve as trustee or executor for a donor or prospective donor without the prior written permission of the Board Chair or designee of the Foundation.

Distribution of Proceeds. Testamentary bequests and other planned gifts are governed by the language of the wills, trusts, or agreements that created them, by relevant law and regulation, and by the articles and bylaws of the the Foundation. In addition, the Foundation provides written fund agreements that may be prepared in advance by the donor(s) with supplementary details regarding the preferred purpose(s) and management of testamentary and other planned gifts, and these may be updated from time to time during the donor(s)’s lifetime(s). Donors may also submit letters and other signed documents to indicate their wishes.

Given the mission of the Foundation, the Foundation encourages donors to designate a permanent unrestricted fund or fund(s) as the ultimate recipient of the future proceeds of their deferred gift arrangements. However, the donor may designate one or more donor-advised, field of interest, or designated funds to receive the proceeds of deferred gift arrangements at the time of maturity.

Disputes Over Charitable Purpose(s). Once a planned gift matures, only the written statements of the donor may serve as irrefutable evidence of the donor’s selected fund name(s) and charitable purpose(s). While the testimony of professional advisors, family and friends of the decedent maybe considered in the creation of a fund, only the Foundation Board of Directors has



the right to authorize a variation from the stated fund name(s) and purpose(s).

Undesignated gifts. In the absence of written guidance from the donor, the board will accept the gift maintaining greatest flexibility for all purposes and typically will place no restrictions on the gift. The board may consider a voluntary designation setting aside all or a portion of an undesignated gift for grant making and/or operational support including the operational endowment.