

THE FOUNDATION POLICY & PROCEDURE MANUAL

SUBJECT: GIFT & FUND ACCEPTANCE POLICY

POLICY/PROCEDURE NO. 607

ORIGINATION DATE: 11/14/1997, 3/3/1999 (Previously called Principles Governing Donor Relations)

REVISION DATE: 7/2013, 5/19/14, 10/17/17

APPROVED BY BOARD OF TRUSTEES: 5/30/2014

POLICY

The purposes of all gifts to the Foundation must relate to the mission of the Foundation and the roles and relationships of all parties involved will be fully disclosed during the gift planning process. The purpose of the gift and the procedures for its administration shall, when feasible, be defined in a letter of intent or fund agreement signed by the donor.

It is the policy of the Foundation Board of Trustees (hereinafter Board) to encourage donors to make outright and planned gifts. It is the Board's directive that staff and Board shall actively seek such gifts, and that adequate staff and resources for a fully effective program are maintained. All programs, solicitation plans and activities shall be subject to the oversight of the Board.

The policy of the Foundation is to inform, serve, guide or otherwise assist donors who wish to support the Foundation's activities, but never under any circumstances to pressure or unduly persuade.

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 government agencies and courts. All other requests for or releases of information concerning a donor or prospective donor will be honored or allowed only if permission is obtained from the donor prior to the release of such information.

Persons acting on behalf of the Foundation shall encourage the donor to discuss the proposed gift with the legal and/or tax advisors of the donor's choice, at the donor's expense. This is to ensure that the donor receives a full, accurate and independent explanation of all aspects of the proposed charitable gift.

Persons acting on behalf of the Foundation shall advise the donor that it is the donor's responsibility to obtain any necessary appraisals, file appropriate personal tax returns and defend against any challenges to claims for tax benefits.

Staff and Board Responsibilities:

Be an outstanding leader in organized philanthropy throughout the service area and operate efficiently and effectively in all aspects of operations. We will:

- provide donors with an understanding of community needs and opportunities and earn the Foundation a widely-recognized reputation for excellence and credibility;
- serve as a trusted steward of donors' charitable intentions;
- preserve, manage and grow financial assets to provide a competitive return that benefits the community;
- build and nurture philanthropic capacity in our service area;
- help to identify the communities' critical needs and shape initiatives to address them;
- initiate efforts to build collaborations and partnerships with other local and state philanthropic organizations, nonprofits, the public sector and business;
- convene diverse individuals and groups to work together to address a range of community needs;
- create and maintain a challenging, rewarding and high-performing Foundation environment where employees, board members, volunteers and Foundation partners are valued and share a deep sense of mission;
- bring together and challenge a Board of Trustees to use their resources to guide and contribute to the Foundation.

GIFTS

Asset Types

The Foundation will accept gifts in the form of the following assets, subject to the conditions described below in this policy. In order to provide written substantiation, the donor's name and address must be provided.

Checks and cash	Pledges	In-kind donations
Marketable Securities	Interests in Business Entities	Remainder Trusts
Insurance policies and proceeds	Retirement Assets	Gift Annuities
Real Estate		

Planned Gifts

The Foundation's planned giving program encompasses all forms of 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 non-charitable beneficiaries, such as the following:

Bequests	Charitable Remainder Trusts: Unitrusts, Annuity Trusts
Charitable Lead Trusts	Charitable Gift Annuities

PROCEDURES

The primary responsibilities of the Board of Trustees and Executive Committee shall be to serve as the committee to review gifts and review proposed gift transactions.

In reviewing gifts to the Foundation, the Board of Trustees, Executive Committee and/or staff will consider the following criteria:

- the charitable intent and ultimate community benefit;
- the nature of any restrictions;
- the permanency of the gift; or in the case of a non-permanent fund, the amount of time the fund will remain with the Foundation,
- projected costs of managing the gift asset,
- any potential risks to The Foundation and its constituents.

Acceptance by staff of gifts consistent with the purposes, by-laws and procedures of the Foundation shall not require review by the Board of Trustees if the gifts are in any of the following forms:

- marketable securities
- cash and checks
- life insurance
- gifts of usable furniture and equipment for the offices or programs of the Foundation
- gifts of precious metals, where the value is easily established
- charitable remainder trusts, charitable lead trusts, or charitable gift annuities, if funded with cash or publicly traded securities

Gifts requiring review and approval of the Executive Committee and/or the Board of Trustees include the following:

- gifts of real estate. The donor will be required to provide an independent appraisal and an environmental review (in most cases a Phase I) as well as a description of the property. The Board will review these documents as well as consider any liabilities, restrictions or other conditions related to the gift. These policies also will apply to any other asset that has real estate holdings as an element of its value, e.g., certain limited partnerships or other business entities;
- interests in business entities, i.e., closely-held securities, partnership and limited liability Foundation interests, where, in the opinion of staff, there may be concerns about the following: valuation, long-term disposition, income production, business partnership, charitable intent, requirements or limitations, tax deductibility or other questions which indicate that a review of the Board is necessary;

- charitable remainder trusts, charitable lead trusts or charitable gift annuities, if funded with assets other than cash or publicly traded securities;
- retained life tenancy in a residence, ranch, farm or other real estate;
- arrangements where the donor receives fees for services to the Foundation;
- other property that may be unusual or fall outside the type of gifts usually handled by the Foundation, including tangible personal property unrelated to The Foundation's charitable purpose;
- gifts to establish funds for a purpose that may fall outside the mission, by-laws and procedures of the Foundation.

The Board review will be handled promptly. The Foundation staff will deliver to the Board Chair 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 confidentiality.

Note: Gifts requiring immediate action, e.g., gifts on December 31, or pending sale of property, may be exempted from full Board review if, in the judgment of the Board Chair, in consultation with designated members of the Executive Committee, that gift may be accepted without significant reservations or in any way jeopardizing the Foundation's tax-exempt status.

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 Foundation and causes that they are asked to support, we declare that all donors have these rights.

- I.** To be informed of the Foundation's mission, of the way the Foundation intends to use donated resources and of its capacity to use donations effectively for their intended purposes.
- II.** To be informed of the identity of those serving on the Foundation's governing board and to expect the board to exercise prudent judgment in its stewardship responsibilities.
- III.** To have access to the Foundation's most recent financial statements, Finance Committee members, investment managers and fees charged.
- IV.** To be assured their gifts will be used for the purposes for which they were given.
- V.** To receive appropriate acknowledgment and recognition.
- VI.** To be assured that information about their donations is handled with respect and with confidentiality to the extent provided by law.
- VII.** To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature.
- VIII.** To be informed whether those seeking donations are volunteers, employees of the Foundation or hired solicitors.
- IX.** To have the opportunity for their names to be deleted from mailing lists that the Foundation may intend to share.
- X.** To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.

ESTABLISHMENT AND ADMINISTRATION OF FUNDS

The Foundation provides a variety of funds to assist donors in achieving multiple charitable goals. All assets conveyed by a donor for the purposes of creating or augmenting a fund are wholly owned by the foundation, and constitute an irrevocable gift.

The minimum contribution to establish a new fund is listed in the Foundation's Fund Administration Policy and varies by fund type. Donors may contribute any amount to augment an existing fund, subject to the acceptance of any such contribution by the Foundation.

Distributions from all discretionary funds under the Foundation's responsibility are currently made at an annual rate of 5% of the rolling 12 quarter average of the market value of un-restricted assets, as noted in the Foundations Investment Policy. The Foundation encourages all donor advised funds to use a similar payout.

Direct expenses of fund administration, including expenses involved with obtaining investment advice and services related to holding assets of the fund, will be charged against the fund. The Foundation may also collect as a charge against the fund a portion of the administrative cost of The Foundation.

The types of funds provided by Grand Island Community Foundation are summarized below:

Community Endowment/Expendable Funds

These are unrestricted funds not specifically designated for use by a particular agency, cause or interest but rather they address the greatest needs of the community at any given moment. The Foundation's Board of Trustees oversees the use of these funds, setting priorities for their use and determining how grants will be distributed to support the charitable needs of the community.

Donor Advised Funds

Donor advised funds are established by donors who wish to actively participate in the grant-making process. Individuals who establish a donor advised fund recommend charitable projects or organizations they want to support. A sample agreement and procedures for establishment and operation of donor advised funds are located on the Foundation's internal server.

Designated Funds (Individual and Corporate)

Donors who wish to support a specific qualified charitable organization can establish a designated fund. If the original charity ceases to exist, becomes obsolete or is unable to perform its charitable purpose, the Foundation's Board of Trustees can redirect the funds to an organization providing similar services without the cost of expensive legal action. A sample agreement for designated funds is located on The Foundation's internal server. Procedures for establishment and operation of these funds are covered by the same procedures for donor advised funds referenced above.

Field of Interest Funds (Individual and Corporate)

Field of interest funds are established to support particular interest areas, program initiatives, causes or geographic areas. At the donor's request, use of the funds is restricted to a specified area of interest, but flexibility remains to meet changing situations. A sample agreement for designated funds is located on The Foundation's internal server. Procedures for establishment and operation of these funds are covered by the same procedures for donor advised funds referenced above.

Scholarship Funds (Individual and Corporate)

The creation of a scholarship fund can be structured to benefit students at any education level, or for a specific institution, or to honor an individual. Some donors choose to stay involved through advisory relationships, while others utilize the Foundation's advisory committees to assist in the selection of recipients. One fund representative may participate in the online scholarship review process if the review group consists of four or more reviewers. The IRS prohibits donors from exclusively choosing recipients. Selection of recipients is a blind process. A sample agreement and procedures for establishment and operation of scholarship funds are located on the Foundation's internal server.

Agency Endowment Fund

Charitable organizations serving the Grand Island area may create endowment funds within the Foundation as a means of protecting and building their funds for the future. The Foundation undertakes all administrative and reporting details for the effective investment and efficient management of the endowment. Ownership of the assets is transferred to the Foundation under these agreements. The agreement may be terminated and funds returned to the charitable organization if the value of the fund does not maintain a minimum level of \$25,000. A sample agreement and procedures for establishment and operation of agency endowment funds are located on the Foundation's internal server.

Agency Flex Fund

Charitable organizations serving the Grand Island area may create flex funds within the Foundation. The Foundation undertakes all administrative and reporting details for the effective investment and management of the Fund. Legal ownership of the assets is transferred to the Foundation under these agreements, however the nonprofit may advise grants from the fund in any amount, at any time, to itself or other nonprofits. Agencies can direct the Foundation to treat the fund as an endowment, subject to the Foundation's spending policy and still retain complete access to all funds.

Special Projects/Pass-Through/Fiscal Sponsorship Funds

Start-up organizations and committees who do not have an IRS 501(c)(3) designation and require legal status, fiscal management, and support for a project can enter into an agreement with the Foundation for the administration of these funds. Projects must be formally approved by the Foundation Board of Trustees and are subject to the Fiscal Sponsorship Guidelines adopted by the Foundation. Up to two advisory committee members may be designated to manage and approve transactions with the Foundation.

Incubation Funds (Individual and Corporate)

Incubation funds are opened when a donor is unable to gift the minimum amount needed to open an endowment fund. No distributions are permitted from a fund while it is in incubation. Donors must gift the minimum amount needed to move to an endowment fund within five years.

Affiliate Funds

Affiliate funds are led by a broad group of representatives raising funds from multiple donors for purposes focused on a specific geographic area that utilizes the formal structure and expertise of the Foundation to maximize efficiency and resources. Services covered include: annual independent audit; annual IRS 990;

accounting services for all deposits, disbursements, and transactions; quarterly reporting; promotion and recognition; professional staff, software and equipment, and investment management in a larger pool of funds. The Foundation Board of Trustees and geographic affiliate representatives will determine the spending policy, dormant fund guidelines and minimum amounts required to establish a fund.

AUTHORITY

The Grand Island Community Foundation's Chief Executive Officer is authorized to negotiate fund agreements with prospective donors and their professional advisors in accordance with the guidelines set forth in these policies and subject to Grand Island Community Foundations Bylaws. As with gifts, funds and projects are evaluated prior to their acceptance to determine any risk associated with the fund and the charitable nature of the fund and the final acceptance of the fund is authorized by the Board of Trustees. Any fund agreements or fund requests that are deemed atypical will be presented by the Chief Executive Officer to the Executive Committee for recommendation to the Board of Trustees.