



GIFT ACCEPTANCE POLICY INCOURAGE COMMUNITY FOUNDATION, INC.

Originally Approved by Board of Directors on August 4, 2010, and as updated through 1-1-2024

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- Community Property, Inc. Guidelines for Acceptance of Donated Real Property
- Incourage Investment Policy Statement

GIFT ACCEPTANCE POLICY INCOURAGE COMMUNITY FOUNDATION, INC.

PURPOSE

The purpose of this policy is to serve the best interests of the Incurage Community Foundation (“Incurage” or “Community Foundation”) and its donors by providing guidelines for negotiating and accepting various types of gifts for various types of funds. Given the increasing complexity of IRS regulations, the volume of real estate and other property gifts, and state and federal environmental laws, Incurage recognizes the value in carefully screening proposed gifts.

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

COMMUNITY FOUNDATION RESPONSIBILITIES

Incurage Board of Directors is responsible for policymaking and oversight of the Community Foundation’s operations. All gift policies referenced in this gift acceptance policy have been adopted by a majority vote of the Board of Directors (the “Board”). Incurage bylaws give the Board the power to modify fund restrictions and conditions. This variance power states the Community Foundation’s Board is permitted to amend, modify, or vary any of the directions, restrictions, or conditions on distribution of funds for any specified charitable purpose or specified organization if such restriction or condition becomes in effect, unnecessary or incapable of fulfillment.

Incurage 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 Community Foundation. Donors will be encouraged to consult with legal counsel and financial advisors in making their decision. In particular donors should be made aware of:

- the irrevocability of a gift,
- prohibitions on donor restrictions,
- items subject to variability (market value, investment return, and income yield),
- the Community Foundation’s responsibility to provide periodic fund statements on donor funds, and
- the Community Foundation’s variance power.

Staff should maintain a written record of discussions with donors. The role of Community 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.

GIFT ACCEPTANCE COMMITTEE

The Chief Financial Officer, the Community Investment Specialist and the Board Treasurer shall constitute the Gift Acceptance Committee, hereafter known as the "Committee."

In circumstances where a clear determination cannot be made by the Committee, the matter will be submitted to the Managing Director/President/CEO. A decision will be made at this level, or advice will be sought from legal counsel or other professionals, or the matter will be addressed by the Board of Directors.

FORMS OF GIFTS TO THE COMMUNITY FOUNDATION

Guidelines on Assets Used to Make Gifts

Gifts to the Community Foundation take on a variety of forms. Many are outright gifts by living donors, either on a one-time or periodic basis. Others are testamentary gifts that take effect upon a donor's death or other forms of deferred gifts. It is the policy of the Community Foundation, in general, to convert all gifts to cash as soon as practicable.

Gifts Not Requiring Committee Review

- Cash or cash equivalents, checks - *except as noted below*
- Marketable securities
- Gifts of Qualified Charitable Distributions ("QCDs") from certain types of qualified retirement plans (such as IRAs) to qualifying types of funds - *except as noted below*
- Gifts of personal property for use in Community Foundation offices or programs
- Life insurance policies - *except as noted below*
- Planned gifts: Bequests - in accordance with Appendix A and B guidelines

See Appendix A - "Forms of Gifts to Incentive Community Foundation"

Gifts Requiring Committee Review

- Gifts of cash from public or donor initiated fundraising
- See Appendix B - "Public Fundraising for Funds of Incentive Community Foundation"**
- Gifts of Qualified Charitable Distributions ("QCDs") from certain types of qualified retirement plans (such as other than IRAs)
 - Other business interests
 - Pooled income funds and gift annuities
 - Life insurance policies requiring future premium payments by the Community Foundation
 - Tangible personal property that is not readily marketable
 - Intangible property: Gifts of intellectual property
 - Accounts receivable (gifts of loans, notes, mortgages, etc.)

See Appendix A - "Forms of Gifts to Incentive Community Foundation"

- Gifts whose structure fall outside the ordinary purposes, bylaws, and procedures of the Community Foundation

Gifts of Real Estate

- Real Estate/Real property – *See Community Property, Inc. Guidelines for Acceptance of Donated Real Property*

GIFTS DECLINED

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

- A. Has an apparent insufficient mental capacity to make a rational decision.
- B. Has insufficient input from competent financial, legal, and/or personal counsel.

TYPES OF FUNDS

The Community Foundation offers a continuum of funds designed to be responsive to donor needs. While all philanthropy adds value to the community, each type of Community Foundation fund provides differing added value to philanthropy in the community. A fund agreement is required to establish an individually named fund with the Community Foundation.

See Appendix C - *"Incorporate Community Foundation – Types of Funds and Fund Minimums"*

See Appendix D - *"Incorporate Community Foundation – Service Fee Schedule"*

ACKNOWLEDGMENT

Donors shall receive an expression of sincere thanks and gratitude from the Community Foundation and an acknowledgement of the gift in accordance with federal regulations.

PUBLICITY

Names of donors may be listed in Incourage publications, on our website, and/or at the Incourage office unless donor requests to remain anonymous. Other public media exposure would not be generated without the consent of the donor.

RESTRICTIONS

In conformance with Treasury Department regulations governing community foundations, gifts to Incourage may not be directly or indirectly subjected by a donor to any material restriction or condition that prevents the Community Foundation from freely and effectively employing the transferred assets, or the income derived therefrom, in furtherance of its exempt purposes.

ACTING AS TRUSTEE

No employee shall serve as a trustee, conservator, executor, or personal representative for any of the Community Foundation's donors or prospects unless specifically approved by the Community Foundation's Managing Director/President/CEO. The Board will be made aware of such trusteeships. All Directors and staff shall report such relationships in the "Related Parties" section of the Duality & Conflict of Interest Policy of Incourage completed annually by each member.

INVESTMENT OF GIFTS

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

In making a gift to the Community Foundation, donors give up all rights, title, and interest to the assets contributed. Donors give up the right to choose investments and investment managers, brokers, or to veto investment choices for their gifts.

In unusual and exceptional circumstances, the Community Foundation will consider requests from donors for separate investment of fund assets subject to Incurage's Investment Policy Statement. Such requests may be made only at the time a fund is established. However, donors give up all rights, title, and interest to the assets contributed. Such gifts shall be reviewed and accepted by the Committee.

COSTS OF ACCEPTING AND ADMINISTERING GIFTS

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.

The direct costs of administering outright and planned gifts of the Community Foundation will be borne from the assets of the individual funds, except for those special circumstances as determined by the Committee. Custodial, investment, and service fees will be paid from the respective funds in accordance with the Foundation's guidelines and service fee schedules. Also see **Appendix D – "Incurage Community Foundation – Service Fee Schedule."**

CONFIDENTIALITY

Community 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.

AUTHORITY TO NEGOTIATE

The Community Foundation management and administrative officers authorized to accept letters of transmittal and amendments thereto and to negotiate and sign charitable giving agreements with prospective donors are:

- Managing Director/President/CEO, or
- Chief Financial Officer, or
- Community Investment Specialist

Appendix A

Forms of Gifts to the Community Foundation **Guidelines on Assets Used to Make Gifts**

Gifts to the Community Foundation take on a variety of forms. Many are outright gifts by living donors, either on a one-time or periodic basis. Others are testamentary gifts that take effect upon a donor's death or other forms of deferred gifts.

If the value of a gift other than cash or marketable securities exceeds \$5,000, a donor is required to have a qualified appraisal performed and submitted to the IRS on Form 8283. If such gifts are sold within two years of receipt at a price other than the appraised value, Form 8282 must be filed by the Community Foundation.

The Community Foundation reserves the right to accept or reject any gift as it sees fit. It is the policy of the Community Foundation, in general, to convert all gifts to cash as soon as practicable. Real estate and other assets which have potential liability associated with them will only be accepted by Community Property, Inc.

Cash

The Community Foundation accepts cash, checks, money orders, electronic payments, or credit card payments made payable to the Community Foundation or any of its funds.

Marketable Securities

The Community Foundation will add the securities and/or the net proceeds of a marketable securities contribution to a fund of the Community Foundation. The Community Foundation will govern the disposition of securities and will make all decisions regarding the sale or retention of securities.

Qualified Charitable Distributions

Gifts of Qualified Charitable Distributions ("QCDs") from certain types of qualified retirement plans (such as IRAs) will be evaluated on a case-by-case basis and will be subject to approval by the Committee, as needed. Note that donor advised funds are not eligible recipients of QCDs. Other types of Foundation funds, such as unrestricted, community grants, field of interest, designated and scholarship, can generally receive QCDs (either to contribute to an existing qualifying fund or to establish a new qualifying fund).

Other Business Interests

Gifts of stock in closely held C corporations, S corporations and limited partnership interests for current or deferred gifts will be evaluated on a case by case basis and will be subject to approval by the Committee. All such gifts must be valued by a qualified appraiser. The qualified appraiser cannot be the donor, taxpayer, donee, nor an agent of any of these. The cost of an appraisal shall be paid by the donor. Incourage will accept a business interest only subject to the absence of any liability by the Community Foundation, including cash calls on limited partnerships or other liabilities that would have adverse consequences for the Foundation. In the case of a business interest that is to be sold, Incourage generally will not join in or participate in the issuance of warranties, representations, indemnification agreements, or covenants not to compete.

Incourage will charge the resulting fund its costs associated with accepting the business interest (e.g. unrelated business income and attorney fees), upon assurance from the donor that there will be enough in the fund to pay these costs. Otherwise, the donor must agree to contribute additional cash to the fund to pay such costs.

Limitation on Accepting Gifts of Assets to Donor Advised Funds

Incourage places a limitation on accepting gifts of assets (e.g. gifts of stock in closely held C corporations, S corporations and limited partnership interests) to a donor advised fund. When the aggregation of assets held by a donor advised fund, donor, donor advisors and related parties exceeds approximately 20% of the voting stock or profit interest in a business entity; the Community Foundation will divest excess holdings of the donor advised fund within 5 years. In addition, IRS rules do not allow gifts of Qualified Charitable Distributions from certain types of qualified retirement plans (such as IRAs) to be made to donor advised funds.

Pooled Income and Gift Annuities

The Community Foundation offers pooled income funds and gift annuity contracts. Income beneficiaries are limited to two and should be at least 55 years old when entering into the contract. The charitable remainder interest must be designated for an existing or new endowed fund at the Community Foundation.

Life Insurance Policies

The Community Foundation will accept gifts of permanent life insurance policies if the Community Foundation is named as owner of or is assigned ownership in such policies. Policies continuing on a premium-paying basis will be maintained as such by the Community Foundation so long as gifts are made to the Community Foundation in the amount of the premiums due. Premiums can be of a reducing amount if dividends are directed toward future premiums. Should such premium gifts not be forthcoming, the Community Foundation may, on the recommendation of the Committee, elect:

- To have the Community Foundation continue the premium payments.
- To surrender the policy in exchange for its cash surrender value.
- To invoke procedures under which the existing policy values can sustain the policy without further outlay of Community Foundation funds for premium. This can take on any of the following forms:
 - Change the dividends to net (have the dividends pay future premiums)
 - Use the automatic premium loan feature (borrow against the cash value to pay future premiums)
 - Use a combination of the two previous options (have the dividends pay as much of the premium as possible and borrow against the cash value for the remainder amount)
 - Change the policy to paid-up in which case, no more premiums will be due

The Community Foundation discourages the contributions of life insurance policies subject to policy loans and reserves the right to accept or reject such policies as well as those carrying assignments to other entities. The Community Foundation will consider its own interest and the best interest of the donor in light of tax ramifications and determine on a case-by-case basis the acceptability of encumbered life insurance policies. The necessary due diligence will be conducted to avoid self-dealing, jeopardy investments, and unrelated business income.

Real Estate/Real Property

Incourage, through its supporting organization, Community Property, Inc., will accept gifts of real estate for current or deferred gifts subject to the review and approval of Community Property, Inc. Gifts of real estate will be subject to Community Property, Inc.'s Guidelines for Acceptance of Real Property.

Tangible Personal Property

The donor will be advised whether the gift will be retained and used by the Community Foundation or disposed of as soon as practicable.

Intangible Personal Property

Incourage may accept gifts of royalties or distribution rights on published works (such as books or films) where there is clear evidence of marketability or assurance of an income stream. A qualified appraisal is required and paid for by the donor.

Accounts Receivable

Incourage will consider gifts of loans, notes, and mortgages, subject to review by the Committee.

Appendix B

Public Fundraising for Funds of Incentive Community Foundation

The Community Foundation is staffed to develop endowment and other funds through the acquisition of major and planned gifts and to cultivate new and existing relationships with donors. The Community Foundation is not equipped to operate public fundraising events for its funds. In general, the Community Foundation will administer a public fundraising event in association with a fund only under extenuating circumstances.

Public fundraising events refer to those special events that are intended to raise dollars for funds. For example, a golf outing, fundraising dinner, raffle, or other special event would be considered a public fundraising event. The term is not intended to encompass the annual giving to funds through the Community Foundation's year-end letter and other solicitations for purely charitable purposes.

Community Foundation Approval of Events

In the event the Community Foundation approves a fundraising event, the guidelines listed below must be adhered to. These guidelines encompass the legal and other requirements the Community Foundation is subject to and, therefore, must be abided by.

Before undertaking public fundraising events, the fundraising event coordinator will define to the Community Foundation each program, event, or other effort to raise money for the fund. The fundraising event coordinator will then obtain Community Foundation approval to proceed according to Community Foundation guidelines. All uses of the Community Foundation's name in advertising and promotion must be approved in advance by the Community Foundation's Managing Director or Community Investment Specialist.

Responsibilities of the Community Foundation

The Community Foundation is held accountable for all public fundraising events related to funds of the Community Foundation. It cannot delegate this responsibility to any other parties. In considering whether to approve the event, staff should take into account the following responsibilities:

- Budget and financial reporting
 - Who will prepare a budget?
 - Who will be responsible for authorization for and payment of expenses?
 - Who will oversee the budget and ensure that the budget is adhered to?
 - Will the Community Foundation assess a special administrative fee for this service?
 - Who will prepare a full income and expense report for the Community Foundation's regulatory reporting requirements?

- Compliance with laws
 - Is the event included under the scope of the annual solicitation license?
 - Is there a need for a special raffle or gambling license?
 - Are the appropriate sales taxes being collected on items sold and who will file the sales tax return?
 - Is there a clear understanding that the expenses of fundraising events are not exempt from sales tax?

- Liability covering the Community Foundation
 - Is there a need for additional general liability or other insurance due to the event?
 - Should a letter of credit or a written personal guarantee be provided?
- Acknowledgements
 - If the contributors receive goods or services in return for their payment, who will determine the appropriate charitable portion of the payment so that correct tax acknowledgements will be prepared?
- Management of money and property received from the event
 - Will all checks be made payable to the fund at the Community Foundation?
 - Where should checks and other forms of payment be sent?
If someone else is collecting cash, what safeguards need to be in place?
- Application of income and principal to charitable uses
 - Can the fund be administered in the manner in which it is advertised?

Right to Refuse Gifts: Incurage reserves the right to refuse any gift that it believes is not in the best interests of the Community Foundation.

Appendix C

Incourage Community Foundation Types of Funds and Minimums

What types of funds are available? Incourage Community Foundation currently administers more than 390 individual charitable funds. Each of these funds is a reflection of its founding donor(s) and every fund benefits from the economies of scale achieved when charitable assets are pooled for administrative and investment purposes. Each individual fund can be broadly defined as ‘Unrestricted’ or ‘Restricted’. Donors make the choice based on personal preference and charitable interests. All fund types may be established anonymously if so desired.

Unrestricted – this is either a non-endowed or an endowed fund, that either can be expended in full or generates an annual spending policy amount. Rather than being designated for a specific purpose, unrestricted funds can be used at the discretion of the Community Foundation in support of its mission and vision. The minimum required to establish a named, endowed unrestricted fund is \$5,000. The Community Foundation also maintains a general unrestricted fund that accepts contributions of any size.

Community Grants (unrestricted) – this is an endowed fund that generates an annual spending policy amount for grants. The Grants Committee of the Community Foundation determines who the beneficiaries of these grants are through an ongoing grant application process open to all charitable organizations serving the south Wood County area. These grants support changing needs in broadly defined areas such as: education, health & human services, arts & culture and community development. The minimum required to establish a named, endowed unrestricted fund is \$5,000. The Community Foundation also maintains a general community grants fund that accepts contributions of any size.

Unrestricted donations are the most flexible and can be used by the Foundation to meet the immediate and changing needs of our community.

Restricted funds are any of the fund types listed below. They are termed “restricted” because they have a donor-imposed restriction (i.e. a designated purpose, etc.) when established that must be honored by the Community Foundation.

Field of Interest – this endowed fund is for the donor who has an area of interest they would like to support such as youth, the arts, elderly, education and so forth. The grant suggestions are generally left to the Grants Committee of the Community Foundation who must award the grants in the area of interest specified by the founding donor. These grants are available to area charitable organizations through the ongoing grant application process. Grantees receive their awards in the name of the fund, as determined by the founding donor(s). The minimum required to establish an endowed field of interest fund is \$10,000.

Designated or Agency – this endowed fund appeals to the donor who knows which organization(s) they would like to perpetually support. Up to three charitable organizations may be named as the permanent beneficiaries of the grant awards from a designated fund. Each year (or as often as the donor stipulates) the organization(s) receives a grant distribution check in the name of the fund, as determined by the founding donor(s).

Organizations choosing to set up a designated fund for their own benefit, and with their own funds, are known as agency funds. The minimum required to establish an endowed designated or agency fund is \$10,000.

Scholarship – this endowed fund generates scholarship awards to students in the name of the fund, as determined by the founding donor(s). The fund may be as specific (i.e. designated school, career, grade point, financial need, etc.) or general as the donor wishes. Foundation staff works with donors to establish criteria specific to the fund. The minimum required to establish an endowed scholarship fund is \$10,000. A balance of at least \$12,500 is needed to generate the minimum scholarship amount of \$500 annually. Encourage partners with International Scholarship and Tuition Services (ISTS) to administer the scholarship application and award process in a non-biased manner and in compliance with IRS requirements.

Donor Advised – this is the most flexible type of restricted fund available to a donor through the Community Foundation. It may be endowed (grants are determined by an annual spending policy calculation) or pass-through (grants are generated by the principal itself and spent down to zero). Donors that prefer to be more involved in their giving and who support changing charitable organizations and areas of interest, often choose advised funds. Up to 50% of the grants from this type of fund can support charities outside of the south Wood County area, if the donor desires.

The donors are able to make suggestions regarding the recipients of the grants generated by the fund, with the Foundation vetting each suggestion to ensure the charitable organization and the grants meet IRS requirements. Grant distributions are then forwarded to the organizations of choice in the name of the fund, as determined by the founding donor(s). Donors often use this fund type for tax planning by making lump sum contributions to the fund and then suggesting grant distributions over time.

The advisory role can be passed on to a second generation or designee of the founding donor, after “which the perpetual purpose of the fund will apply. The minimum required to establish a named, endowed donor advised fund is \$10,000. Establishing a pass-through donor advised fund is subject to review by the Committee and may require Foundation Board approval.

Build-A-Fund – All of the fund types listed above, unrestricted and restricted, may be built over time through the foundation’s “Build-A-Fund” program. This program allows donors to build a fund over time through contributions and investment net earnings. The minimum to establish a “Build-A-Fund” of any type is \$1,000. The amount is then invested where it will grow through investment net earnings as well as additional contributions until such time as it matures into a grant-making fund. Minimum fund endowment levels must be achieved within five years of the initial contribution to the fund.

Fiscal Sponsorship/Pass Through Fund – these non-endowed funds are for a specified short-term project to which all gifts will be expended in support of a charitable purpose. Fiscal sponsorship and pass through funds typically do not exist in perpetuity. Establishing these types of funds is subject to review by the Committee and may require Foundation Board approval.

Special fund requests: The Community Foundation will consider special requests for accepting funds below the fund minimums subject to review by the Committee and may require approval of the Managing Director/President/CEO and/or the Foundation Board. This is most often the case with fiscal sponsorship funds, memorial funds, or funds established in conjunction with a bequest.

Fees are outlined in **Appendix D – “*Incorporate Community Foundation – Service Fee Schedule.*”**

Appendix D

Incourage Community Foundation – Service Fee Schedule (as of 1/1/2024)

Incourage service fees are detailed in the schedule below. These fees collectively support about 40% of Incourage’s operating budget. The remaining 60% is supported by funds established specifically by donors to support the operational needs and growth of the Foundation. These amounts support the Foundation’s ability to serve as your philanthropic connection to our south Wood County area, connecting ideas and resources to creatively support the community you care about. Board and committee members serve without compensation. The following fees will apply until revised by the Foundation Board.

1) ENDOWMENT FUNDS:

Unrestricted Funds	1.0% (annual fee calculated on the average daily fund balance, assessed monthly)
Community Grant Funds	1.0%
Field of Interest Funds	1.0%
Designated Funds	1.0%
Agency Funds	1.0%
Scholarship Funds	1.0%
Donor Advised Funds	1.0%
“Build A Funds”	1.0% if making grants, otherwise fee waived for up to 5 years until the fund exceeds the endowed minimum

2) NON-ENDOWMENT/SPEND-DOWN/TEMPORARY ACCOUNTS:

Administration of “spend-down” type funds is a valuable service to the community; although, in many cases, this service does not advance the Community Foundation’s goal of building endowments to benefit the area. A “spend-down” type fund may demand the same, or more, investment of time and effort to administer as does an endowed fund. Therefore, these funds are assessed higher fees.

Fiscal Sponsorship Funds

5.0% of incoming gifts and deposits, plus 1.0% annually of the average daily fund balance, assessed monthly. Minimum annual fee is \$250 and can be met through the above fees on gifts and balances. (A short-term fund that is generally established to support community projects.)

Non-Endowment Funds and Pass Thru Gifts

1.0% of incoming gifts and deposits, plus 1.0% annually of the average daily fund balance, assessed monthly. Minimum annual fee is \$100 and can be met through the above fees on gifts and balances. (Generally includes non-endowed donor advised funds and “pass through” gifts in any fund.)

3) ALL FUNDS:

- Other direct costs (such as appraisal fees, legal fees, probate costs and unusual administrative tasks) attributable to the activities of any fund will also be passed directly to the fund with prior notification to the fund holders.
- Funds are also subject to investment management fees, which are the aggregation of the various costs charged by the investment advisors, managers, custodians, and the underlying investments (like mutual fund fees) and will vary from year to year as the specific investments and their balances change.
- Additional fees may apply for highly transactional funds.
- The Foundation reserves the right to change the service fees and structure.