

The Community Foundation for the Twin Tiers

GIFT ACCEPTANCE POLICY



**Approved by the Board of Directors
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GIFT ACCEPTANCE POLICY

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1. SCOPE

In order to protect the interests of the Community Foundation for the Twin Tiers (CFTT) and the persons and other entities that support this organization, these policies are designed to assure that all gifts to, or for the use of, the CFTT are structured to provide maximum benefits to all parties. The asset development program of the CFTT encompasses the solicitation and acceptance of gifts, which may be current, planned, or testamentary.

The goal is to encourage funding of the CFTT without encumbering the organization with gifts which may prove to generate more cost than benefit, or which are restricted in a manner which is not in keeping with the mission of the CFTT.

It is understood that except where stated otherwise, these policies are intended as guidelines, and that flexibility must be maintained since some gift situations can be complex, and decisions only made after careful consideration of a number of interrelated factors. Therefore, these policies will in some instances require that a gift acceptance committee consider the merits of a particular gift with the final decision reserved to the Board. The CFTT will comply with all federal, state, and local laws in the conduct of development activities, including acceptance of gifts. The Foundation endorses and subscribes to A Donor Bill of Rights, **Appendix A**.

2. AUTHORIZATION

It is the policy of the CFTT's Board of Directors to encourage donors to make outright, planned and testamentary gifts. Planned and testamentary gifts include bequests, charitable gift annuities, charitable remainder trusts, charitable lead trusts, retained life estates, gifts of life insurance or retirement assets, interest in business entities such as partnerships, limited liability companies, or closely-held corporations, and such other gift arrangements as the Board may from time to time approve. It is the Board's directive that staff shall 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.

3. PURPOSE OF GIFTS

The purposes of all gifts to the Foundation must fall within the broad charitable purposes of the Foundation. In addition, the Foundation Board and staff must be able to assure that gifts accepted by the Foundation do not place other assets of the Foundation at risk, and that they can be easily converted into assets that fall within the Foundation's investment guidelines. The Foundation must also assure that it can administer the terms of the gift in accordance with the donor's wishes. The purpose of the gift and the procedures for its administration shall, whenever possible, be defined in a letter or agreement signed by the donor.

To facilitate this purpose, the Foundation follows the *Model Standards of Practice for the Charitable Gift Planner* adopted by the National Committee on Planned Giving and the American Council of Gift Annuities. This code of ethics for planned giving practitioners is in **Appendix B** of this policy.

4. FOUNDATION RESPONSIBILITIES

Foundation 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 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 Foundation's responsibility to provide periodic financial statements on donor funds, and
- The Foundation's responsibility to provide a Donor Bill of Rights to donors.

Staff should maintain a written record of discussions with donors. The role of the Foundation's 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.

5. RESPONSIBILITIES OF GIFT ACCEPTANCE COMMITTEE

This committee, organized as an ad hoc subcommittee of the Foundation Board of Directors, will meet on an as-needed basis to review the details of unique or complex gifts. Members may include some foundation staff (President/CEO, Chief Financial Officer, etc.), appropriate board members and such other persons (board members or not) as might offer professional expertise in the cost/benefit analysis of a potential gift. The committee will assume the following responsibilities:

- Determine whether a specific gift contributes to the mission of this foundation;
- Outline steps to be taken in the acceptance/rejection process;
- Advise how to protect the foundation from any possible repercussions; and
- Recommend to the Foundation Board of Directors whether or not to accept the gift.

The Gift Acceptance Committee is charged with the responsibility of reviewing unique or complex gifts made to the Community Foundation, properly screening and accepting those gifts, and making recommendations to the Board on gift acceptance issues where appropriate. It is expected that the members of the Gift Acceptance Committee will abide by the Community Foundation's Conflict of Interest Policy and will recuse themselves from reviewing a gift should they be unable to make an objective decision due to an interest in or relationship with any of the parties involved in the gift.

In reviewing gifts to the Foundation, the Gift Acceptance Committee and/or staff will consider the following criteria:

- The charitable intent and ultimate community benefit
- The nature of any restrictions, if any
- 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
- Fee revenues to the Foundation for administering the gift

6. THE GIFT APPROVAL PROCESS

It is anticipated these policies will govern all gifts: marketable (cash, cash equivalents, checks, publicly traded securities, etc.) or non-marketable (tangible personal property, real estate, life insurance, non-publicly traded securities, oil and gas, and all other gifts). So long as the purpose and form of these gifts is in keeping with the standards set out herein, marketable gifts will not be reviewed by the Gift Acceptance Committee. Every gift of a non-marketable asset or gifts not in compliance with these policies shall be reviewed and approved by the committee prior to acceptance by the Board of Directors. In the case of complex gifts the CFTT legal counsel must also approve of accepting the gift. The Board of Directors will have final approval on all gifts to the Foundation.

Gifts requiring committee review will be handled promptly. Foundation staff will deliver to the committee all information necessary to make a decision. If a gift is not accepted, the donor or prospective donor will be notified in writing by staff immediately. All gift reviews will be handled with confidentiality.

In case of illiquid assets, the Community Foundation will not release any monies from a fund prior to the liquidation of the assets. Fees for illiquid assets may be assessed in arrears upon liquidation of the asset.

Any recommendations to the Gift Acceptance Committee shall be made through written memorandum. The committee may meet in person or by telephone to consider recommendations and approve or disapprove the gift.

7. GIFTS REQUIRING COMMITTEE REVIEW

The following gifts will require review and approval of the Gift Acceptance Committee:

- Tangible personal property
- Real property
- Charitable remainder trusts, charitable lead trusts, or charitable gift annuities, if funded with assets other than cash or publicly traded securities
- Closely-held and S corporation stock
- Partnership interests
- Accounts receivable (gifts of loans, notes, mortgages, etc.)
- Gifts of intellectual property, mineral reserves, precious metals, and other types of assets carrying their own challenges
- Gifts whose structure fall outside the ordinary purposes, bylaws, and procedures of the Foundation
- Life insurance policies requiring future premium payments by 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.

Note: Gifts requiring immediate action (e.g., gifts on December 31 or pending sale of property) may be exempted from full Gift Acceptance Committee review if, in the judgment of the CEO, in consultation with designated members of the Gift Acceptance Committee, that a gift may be

accepted without significant reservations or in any way jeopardizing the Foundation's tax exempt status.

8. GIFTS NOT REQUIRING COMMITTEE REVIEW

Acceptance by staff of gifts consistent with the purposes, bylaws and procedures of the Foundation shall not require review by the Gift Acceptance Committee if the gifts are in any of the following forms:

- Cash or cash equivalents
- Checks
- Marketable securities
- Gifts of personal property for use in Foundation offices or programs
- Life insurance policies except as noted above

9. GIFTS DECLINED

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

- Has insufficient income and assets remaining after making a gift to provide for his/her needs such as personal support and healthcare.
- Has insufficient income and assets remaining after the gift to provide for his/her heirs for whom he/she is fiscally responsible.
- Has an apparent insufficient mental capacity to make a rational decision.
- Has insufficient input from competent financial, legal, and/or personal counsel.

10. USE OF LEGAL COUNSEL

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

- Closely held stock transfers that are subject to restrictions or buy-sell agreements.
- Documents naming the Community Foundation as Trustee.
- All gifts involving contracts, such as bargain sales or other documents requiring the Community Foundation to assume an obligation.
- All transactions with potential conflict of interest that may invoke IRS sanctions (including any transaction to which a board member is a party).
- Such other instances in which use of counsel is deemed appropriate by the Gift Acceptance Committee.

11. BUSINESS PRACTICES

It is the business practice of the Foundation to inform, serve, guide or otherwise assist donors who wish to support the Foundation's activities, but never under any circumstance to pressure or unduly persuade.

The Foundation will provide disclosure statement and/or gift information, to every donor before a fund agreement is executed. It is the Foundation's intention to properly acknowledge all completed gifts within five business days.

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 advisor 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.

The CEO of the Foundation, Chief Financial Officer, and third parties (such as attorneys) retained by the Foundation for this purpose are authorized to negotiate planned gift agreements with prospective donors, following program guidelines approved by the Board.

All planned giving agreements requiring execution by the Foundation shall first be reviewed and approved as to form by the Foundation's legal counsel. However, each agreement need not be reviewed provided it is based on a prototype agreement that has been reviewed and approved.

The Foundation will accept charitable gift annuities but only under conditions described below. The Foundation may employ agents and advisors to facilitate the investment of annuity assets.

The Foundation may serve as trustee of irrevocable charitable remainder trusts and charitable lead trusts or as co-trustee with a trust institution, when it is irrevocably named as the sole beneficiary. However, it may serve in select circumstances when it is not the sole beneficiary if, in the judgment of the Gift Acceptance Committee, the interests of the Foundation will be best served. The Foundation may employ one or more financial managers for the administration and investment of trust assets. Expenses related to investments and administrative services shall be charged to the respective trusts.

The Foundation will not serve as trustee or co-trustee of any revocable trusts or of other trusts that are not qualified charitable remainder trusts or charitable lead trusts.

12. RESTRICTIONS ON GIFTS

All prospective donors will be informed that in making a gift to the Community Foundation, they give up all right, title, and interest to the assets contributed; that the Community Foundation Board has variance power; and that the fund created by the gift may contain no material restriction that would prevent the fund created by the gift from being considered as a component fund of the Community Foundation under the Internal Revenue Code and regulations thereto.

The Community Foundation will not accept gifts that are too restrictive in purpose. Gifts that are too restrictive are those that violate the terms of its trust document or corporate charter, gifts that are too difficult to administer, or gifts that are for purposes outside the mission of the Community Foundation.

Further, the Community Foundation will not accept gifts that are directly or indirectly restricted by a donor through a material restriction or condition that prevents the Community Foundation from freely and effectively employing the transferred assets, or the income derived there from, in furtherance of its exempt purposes.

Finally, the Community Foundation will not accept gifts that jeopardize its tax-exempt status and reserves the right to decline any gift that it believes is not in the best interest of the Community Foundation. All final decisions on the restrictive nature of a gift, and its acceptance or refusal, shall be made according to the Gift Approval Process of the Community Foundation outlined in this document.

13. FUND OPTIONS

The Foundation establishes both permanent and temporary funds and supporting organizations and affiliates in response to community needs and donors' charitable concerns. Donors have the opportunity to build Donor Designated and Organizational Endowments, Field of Interest, Scholarship and Discretionary Funds to their minimum sizes over a period of ten years. For these four types of funds \$1,000 is the minimum needed to open a fund. While these funds may be built in increments, the minimum balance for distributions to begin is \$12,500. The Board of Directors has responsibility for acceptance, management and disposition of component funds.

A. MINIMUM SIZE OF COMPONENT FUNDS

The Community Foundation has these minimum sizes for setting up funds within the Foundation:

- ❖ Charitable Gift Annuities - \$25,000 (\$10,000 with Board approval)
- ❖ Charitable Lead Trusts - \$100,000
- ❖ Charitable Remainder Trusts - \$100,000
- ❖ Donor Advised Fund - \$25,000
- ❖ Donor Designated and Organizational Endowments - \$12,500
- ❖ Field of Interest - \$12,500
- ❖ Project Funds - \$50,000
- ❖ Pass-Through - \$25,000
- ❖ Scholarship Funds - \$12,500
- ❖ Discretionary - \$12,500

B. ACORN FUNDS

An Acorn fund is a start-up version of any fund that is allowed to reach the minimum fund amount for distributions over a period of years. All earnings will be reinvested by the Foundation until the minimum size of a fund is reached and a yearly administrative fee will be charged on the fund.

Any fund that has not meet its initial agreed upon fund size in **five years** will be evaluated by the Foundation’s Board of Directors, who may continue the fund without change, or transfer the pending fund to the Foundation’s discretionary funds.

C. PERMANENT FUNDS

Permanent funds are held by the Foundation in perpetuity. Gifts to the Foundation for current use, either discretionary or restricted, may be accepted by the Foundation for use within its mission statement. Once a fund is established additions may be made to that fund in any amount. For policies covering Public Fundraising for Component Funds see **Appendix H**. The options for fund structures at the Foundation follow.

1.) Discretionary Funds

Discretionary funds are available to the Foundation for any of the charitable purposes encompassed by the Foundation’s mission. The County Advisory Boards recommend to the Foundation Board of Directors how discretionary funds might best be used.

2.) Restricted Funds

The donor directs the Foundation to pay annual income to a specific area of charitable purpose in perpetuity. They fall within the five categories of funds listed below.

a.) Field of Interest Funds

Field of Interest funds are limited in their use by the donor’s stated preference for a specific area of charitable purpose. The County Advisory Boards recommend to the Foundation Board of Directors which organizations and programs might receive grants from field of interest funds and the amount and timing of such grants. Examples of field of interest funds include but are not limited to:

Arts & Culture	Social Justice
Education	Health and Medicine
Community and Economic Development	Environment
Children, Youth and Families	Natural Disaster/Emergency Relief

b.) Donor Advised Funds

Donors establish advised funds when they wish to actively participate in the grant activity of the fund. Donors of advised funds may offer recommendations to the Foundation regarding the recipients and amounts of grants from the fund. When the donor and spouse are deceased or no longer wish to serve in an advisory capacity, the advised fund will become discretionary in nature unless the original fund agreement specifies an alternate type of fund. Donors establishing advised funds may name children or other designees to succeed them as advisors. This successor provision will extend for one generation only. **Appendix G** has details on Donor Advised Fund Policies.

c.) Scholarship Funds

Scholarship funds are dedicated to providing grants for educational assistance to individuals seeking post-secondary education.

d.) Donor Designated Funds and Organizational Endowments

Designated funds are earmarked for one or more charitable organizations, and all grants made from such funds will be made to (or for the use of) the designated recipient organization. If the recipient organization ceases to exist or changes its status or mission as a charitable organization, the Foundation's Board of Directors may exercise its variance power, selecting an alternate use for the fund compatible with its original charitable purpose.

D. TEMPORARY FUNDS

Temporary funds are held by the Foundation for a limited amount of time. They can be either pass-through or project funds.

1.) Pass-Through Funds

These are funds held by the Foundation for a limited amount of time, usually a year. Distributions from these funds to qualified non-profit organizations for purposes that fall within the mission of the Foundation can be made throughout the year. The donor of these funds can make recommendations to the Foundation Board of Directors on qualified organizations to receive these funds.

2.) Project Funds

The Community Foundation may serve as fiscal sponsor for various community projects designed to improve the quality of life for residents in the five counties served by the Foundation. These non-endowed funds are created to hold contributions raised for a specific purpose until disbursements are made to cover the costs of the project. When the money for the project has been expended, the temporary fund ceases to exist.

E. SUPPORTING ORGANIZATION FUNDS

Donors may establish supporting organizations at the Foundation as independently incorporated tax-exempt nonprofit organizations with separate governance, **Appendix D**. A supporting organization is a grantmaking entity that is operated, supervised, controlled by, or in connection with the Foundation.

F. AFFILIATE FUNDS

Affiliate funds are established to support a variety of charitable purposes and organizations within a specific community or region. A local advisory board is appointed within each affiliate community, which has grantmaking and asset acquisition responsibility for that area.

Affiliate funds enable smaller communities to enjoy many of the benefits of a community foundation while taking advantage of the Foundation's services, staff and expertise and avoiding the costs and administrative burdens of a separate community foundation. Affiliate funds must abide by the Foundation's Gift Acceptance Policies.

14. GIFT OPTIONS

A. ASSET TYPES

The Foundation will accept gifts in the form of the following assets, subject to the conditions described in this policy. In order to provide written substantiation for gifts over \$250, the donor's name and address must be provided.

1.) Cash

Cash is acceptable in any form. Gifts of cash should be paid to the Foundation accompanied by a written document (fund agreement, letter or other written instruction) signed by the donor indicating to which fund the contribution should be credited. Cash equivalents include certificates of deposit or other assets readily converted to a stable, determinable cash value.

2.) Check

Checks shall be made payable to the Community Foundation for the Twin Tiers (CFTT). The specific fund for which the check is intended should be noted in the bottom left corner of the check, or in attached correspondence.

3.) Marketable Securities:

The Community Foundation can accept both publicly traded securities and closely held securities. Securities that shall not be accepted include those which are assessable or which in any way may create a liability; those that, by their nature, may not be assigned (such as series E savings bonds); those that have no apparent value.

a) Publicly Traded Securities

Publicly traded stocks and bonds may be electronically transferred, re-registered in the name of the Foundation, or conveyed through use of a stock power form. Marketable securities may be transferred to an account maintained at one or more financial institutions or delivered physically with the transferor's signature or stock power attached. The Foundation also will accept interests in mutual funds. As a general rule, all marketable securities shall be sold upon receipt. Stock controlled under Securities and Exchange Commission Rule 144 will be held until the restriction on sale expires and then will be sold. Gifts of bonds that require a holding period may be accepted and cashed when the holding period has expired.

Options and Other Rights in Securities: The Community Foundation may receive warrants, stock options, and stock appreciation rights only upon review and

acceptance of the Gift Acceptance Committee. In considering acceptance, the committee must consider the following issues:

- Is the Community Foundation required to advance funds upon exercise of the gift? If so, does the Community Foundation have the required funds?
- Is the Community 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 Community Foundation to dispose of the asset? Does the restriction materially impact the value of the gift to the Community Foundation?
- Will acceptance of the gift and/or exercise of the option trigger any tax consequences to the donor?

b) **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 Gift Acceptance Committee of the Community Foundation. Interest in any closely held entity requires legal documentation (such as Partnership and Operating Agreements) setting forth the rights and legal obligations of the owner. The Community Foundation will not accept general partnership interests because of potential liability. However, gifts will be reviewed prior to acceptance using the following checklist and the criteria identified on the Gift Acceptance Checklist, **Appendix E:**

- 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 Community Foundation? If so, does the Community Foundation have the funds to pay this tax?
- Will the gift trigger any negative tax consequences to the donor? (If the donor is unsure, he should be advised to talk with his accountant.)
- Are there restrictions on the security that would prevent the Community Foundation from ultimately converting those assets to cash? Does the restriction materially impact the value of the gift to the Community Foundation?
- Describe the operation of the company. Does it create a legal or public relations liability for the Community Foundation?
- Is the security marketable? If so, describe the market for sale, and estimated time required for sale.

Closely held C Corporation stock is generally acceptable on condition that the Community Foundation assumes no liability by accepting it, the corporation's buy-back policies are acceptable, there is an expectation to liquidate the stock in a reasonable timeframe, and that no monies will be dispersed from a fund until such time as the stock is liquidated.

The initial acceptance of a closely held stock requires Gift Acceptance Committee approval. After a closely held stock has been "approved" for acceptance by the Gift Acceptance Committee, future gifts of that same closely held stock are deemed to be

acceptable so long as the conditions under which future gifts are made do not vary in substance.

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. It is generally the goal of the Community Foundation to sell non-marketable securities within a reasonable timeframe unless the income that is generated is sufficient to justify holding them. (See **Appendix E**, Gift Acceptance Checklist).

4.) Insurance Policies and Proceeds

Donors may transfer ownership of a paid-up policy to the Foundation and take a tax deduction for the interpolated terminal reserve (typically cash surrender value). The Community Foundation must be named as both beneficiary and irrevocable owner of an insurance policy before a life insurance policy can be recorded as a completed gift. The gift is valued at its interpolated terminal reserve value, or cash surrender value, upon receipt. Paid-up policies of any value may be accepted by the Foundation.

Donors may also transfer ownership of premium-due policies to the Foundation and make income tax deductible contributions in the amount of the premiums. Premium-due policies must have a minimum face value equal to the amount specified by the Foundation for a fund to be eligible for payout. If the donor contributes future premium payments, the Community Foundation will include the entire amount of the additional premium payment as a gift in the year that it is made.

In either case, the Foundation shall be the owner and permanent beneficiary of the policy and retain the policy in its offices. Upon redemption, the value of the policy may establish a new fund, or contribute to any existing fund at the Foundation.

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

- Continue to pay the premiums.
- Convert the policy to paid-up insurance.
- Surrender the policy for its current cash value

The Foundation does not enter into charitable reverse split dollar agreements.

5.) Interests in Business Entities (i.e., Closely-held Corporations, Partnership Interests, Interests in Limited Liability Companies)

Donors may make gifts of interests in business entities (i.e., closely-held corporations, partnership interests, interests in limited liability companies). These can be accepted if the Foundation assumes no liability in receiving them. In evaluating a gift proposal of such assets, the Gift Acceptance Committee may consider the probability of conversion to a liquid asset within a reasonable period of time, projected income that will be available for distribution and administrative fees, and the nature of the business from which the asset is derived.

A completed IRS Form 8283 (“Noncash Charitable Contributions”) and/or a letter from the attorney drafting the partnership agreement or articles of organization must accompany gifts of limited partnership interests or interests in limited liability companies, providing the following information:

- Independent appraisal of value of the subject entity and statement of the percentage of the entity to be gifted to the Foundation;
- Assurance that the Foundation will be held harmless in the event the entity becomes bankrupt or is otherwise unable to satisfy its obligations;
- Assurance that the Foundation will be held harmless in the event the entity is sued.

The Foundation does not accept gifts of general partnership interests due to potential unlimited liability.

When an interest in a business entity cannot be promptly liquidated, and the documented present value of the interest is equal to the amount specified by the Foundation for a fund to be eligible for payout, that interest may be credited to a new, named component fund at the Foundation. The fund may be treated as an advised, designated, scholarship, field of interest, or discretionary fund as requested by the donor. Grants may be made only from income generated by the business interest or from other liquid assets in the component fund, provided the fund’s documented present value remains at least equal to the amount specified by the Foundation for a fund to be eligible for payout.

In cases where an interest gifted to the Foundation is promptly liquidated, but its value is less than the amount specified by the Foundation for a fund to be eligible for payout, the gift generally shall be directed to the Foundation’s discretionary funds or to one of the Foundation’s field of interest funds.

6.) Real Property

Gifts will be subject to the Gift Acceptance Policies of the CFTT and the approval of the Board of Directors of the CFTT. However, the Community Foundation retains the option to accept gifts of real estate that include developed property, undeveloped property, or gifts subject to a prior life interest, from time to time as appropriate. Unencumbered real property will be accepted at fair market value as established by at least one qualified appraisal, provided by the donor. Appraisal fees are “out of pocket” expenses to be borne by the donor before completion of the gift; said fees are not deducted from the value of the gift or treated as part of the charitable contribution; they may be claimed by the donor as a miscellaneous deduction on Schedule A of Form 1040 (Section 1061). The donor must provide evidence of clear title to the property to the Foundation; property with multiple owners will be accepted only if all owners of the property agree in writing to the gift. No real estate may be accepted as a gift if the donor has already arranged its subsequent sale by the Foundation.

Real property that is encumbered by a trust, deed, loan, or mortgage will be accepted only in exceptional circumstances. Prior to acceptance of a gift of real property, the Foundation and the donor must agree, in writing, on arrangements for paying expenses

associated with the property, including taxes and assessments, insurance coverage, and maintenance costs.

A Phase I Environmental Impact Audit and other studies deemed necessary by the Foundation must be completed before real estate may be accepted as a gift and the Phase I fees are “out of pocket” expenses to be borne by the donor before completion of the gift. Said fees are not deducted from the value of the gift or treated as part of the charitable contribution. The Community Foundation shall require an initial environmental review of the property to ensure that the property is not contaminated with environmental damage. Environmental inspection forms are attached to this document as **Appendix F**, Environmental Review Forms. In the event that the initial inspection reveals a potential problem, the Community Foundation shall retain a qualified inspection firm to conduct an environmental audit. The cost of the environmental audits shall generally be an expense of the donor.

Where appropriate, a title binder shall be obtained by the Community Foundation prior to the acceptance of the real property gift. The cost of this title binder shall generally be an expense of the donor.

In addition to the considerations listed above, commercial properties and businesses will be examined in relationship to the potential for exposure of the Foundation to unrelated business taxable income.

A completed IRS Form 8283 (“Noncash Charitable Contributions”) must accompany gifts of real property. Further details related to gifts of real property are included in **Appendix C**.

Prior to acceptance of the real property, the gift shall be approved by the Gift Acceptance Committee of the Community Foundation and by the Community Foundation’s legal counsel. Queries for acceptance of the property shall include:

- Does the environmental audit reflect the property is undamaged?
- Is the property useful for the purposes of the Community Foundation?
- Is the use or image of the property consistent with the Community Foundation’s purposes?
- Is the property marketable? If so, describe the market and estimated time of sale.
- Are there any restrictions, reservations, easements, or other limitations associated with the property?
- Are there carrying costs, which may include insurance, property taxes, mortgages, or notes, etc., associated with the property? Provide an estimated budget for the period of time expected until sale.

7.) Remainder Interests in Property

The Community Foundation will accept a remainder interest in a personal residence, farm, or vacation home subject to the provisions of Section 6 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 Community Foundation may use the property or reduce it to

cash. Where the Community Foundation receives a gift of a remainder interest, the following expenses are generally to be paid by the donor or primary beneficiary:

- Payment of utilities
- Pest control
- Lawn/landscaping maintenance
- Homeowners insurance (including liability)
- Cosmetic changes such as redecorating, painting, wallpapering, etc.
- Maintenance, repair and replacement of personal property
- General maintenance, repair and upkeep of property
- Property taxes
- Amortization of debt on property

8.) Oil, Gas, and Mineral Interests

The Community Foundation may accept oil, gas, or mineral property interests, where appropriate. Prior to acceptance of an oil, gas, or mineral interest the gift shall be approved by the Gift Acceptance Committee, and if necessary, by the Community Foundation's legal counsel. Criteria for acceptance of the property shall include:

- Do the surface rights have a value of \$20,000 or greater? (Provide a copy of the qualified appraisal.)
- Does the gift of oil, gas or mineral interest 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)? Provide income from last three years.
- What is the form of the interest? The Community Foundation will not accept general partnership interests. If the interest is a Sub-S corporation, or working interest generating unrelated business taxable income, project the tax cost upon sale of the asset.
- Is there environmental liability associated with receipt of the asset?
- Is the asset readily marketable? If so, describe the market and estimated timetable for sale.

Oil, gas, and mineral interests shall be sold as soon as practical upon receipt unless the income generated from holding the interests is deemed sufficient to justify holding them. No monies will be distributed from a fund until the oil, gas, or mineral interest is liquidated and fees have been assessed in arrears.

9.) Bargain Sales

A bargain sale is a hybrid of a gift and a sale. In essence, the donor who sells an asset to a charity at a price that is less than the property's fair market value intends to make a gift of the discounted portion of the selling price. The Community Foundation will enter into a bargain sale arrangement in instances in which the bargain sale furthers the mission and purposes of the Community Foundation. All bargain sales must be reviewed and recommended by the Gift Acceptance Committee and approved by the Board of Directors. Factors used in determining the appropriateness of the transaction include:

- The Community Foundation must receive an independent appraisal substantiating the value of the property, validity of the title, and any possible environmental liability.
- If the Community Foundation assumes debt with the property, the debt ratio must be less than 50% of the appraised market value.
- The Community Foundation 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 Community Foundation must calculate the costs to safeguard, insure, and expense the property (including property tax, if applicable) during the holding period and adjust the estimated value by such amount.

10.) Tangible Personal Property

Gifts of such assets as boats, airplanes, automobiles, artwork, furniture, equipment, jewelry, gems, and metals valued in excess of \$5000 must be accompanied by a qualified estate appraisal. 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.

A completed IRS Form 8283 ("Noncash Charitable Contributions") must accompany gifts of tangible personal property.

11.) Royalties, Distribution Rights

The Foundation 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.

A completed IRS Form 8283 ("Noncash Charitable Contributions") must accompany gifts of royalties or distribution rights.

12.) Retirement Assets

Account type retirement plans, in which a balance accumulates as principle, may be gifted to the Foundation. These include Individual Retirement Accounts (IRA), 401(k), 403(b), and defined contribution plans. (Annuity plans, such as defined benefit plans, in which retirement benefits are paid out as income and principal does not accumulate, generally cannot be used for charitable gifts.)

Methods for gifting retirement assets include:

- Naming the Foundation as successor or contingent beneficiary for all or part of the assets upon death of either the retirement asset owner or spouse (***Note: this direction is made on the beneficiary designation form of the retirement account, not by last Will & Testament***);

- Creating a testamentary charitable remainder trust with the assets upon the death of the asset owner, naming the Community Foundation for the Twin Tiers as remainder beneficiary and noncharitable heirs as income beneficiaries.

B. PLANNED AND TESTAMENTARY GIFTS

The Foundation's planned and testamentary 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 noncharitable beneficiaries.

Donors using planned and testamentary gift techniques may add to or establish any of the fund types listed above. Will, trust, or other documents should specify the Community Foundation for the Twin Tiers as the charitable recipient and name the fund to which the donor's gift will contribute. The type of fund and purpose of the fund may be described in detail in a separate fund agreement.

1.) Bequests

Bequests may be from a will or trust and may be specific or contingent in nature.

Representatives of the Foundation are authorized to solicit direct testamentary charitable contributions through wills or trusts, as well as testamentary contributions to establish gift annuities and charitable remainder and lead trusts. Advice offered by representatives of the Foundation must be accompanied by a written recommendation that the prospect consult his/her own attorney and/or tax counsel.

A bequest through will or trust to the Foundation should include the following:

- The name of the Community Foundation for the Twin Tiers, a Pennsylvania nonprofit corporation located at 104 W. Lockhart Street, Sayre, PA 18840;
- The name of the fund to which the bequest is made (this may be a new or existing fund). In the case of a new fund, the Foundation will, upon notification that the bequest has been included in a will or trust, prepare a separate fund agreement defining the purpose for which the fund has been created.

2.) Charitable Remainder Trusts

a.) Unitrusts

The basic form of a Unitrust provides for payment to the donor and/or beneficiary of an amount equal to a set percentage of fair market value of the assets of the trust, valued annually. The percentage is determined at the time the trust is created, is stated in the trust, and is permanent. The payout must equal no less than 5% of the fair market value of the assets placed in the trust when it is created, and may be made quarterly, semiannually or annually. If the annual income and/or realized capital gains do not equal the committed Unitrust percentage, principal is used to

supplement the short fall. If there is any excess income or appreciation in excess of the stipulated payment, it is added to the principal. Additional contributions may be made to Unitrusts.

The present value of the remainder interest must be equal to or greater than 10% of the original contribution to the trust.

A variation of the basic Unitrust, known as the Net Income with Make-Up Unitrust, may be used if the donor and the Foundation agree on its use. When the trust is created, it includes a provision that defines the Unitrust's payments to be the lesser of the specified payout rate or the actual annual income generated from the investments in the Unitrust. In subsequent years, any income generated from the Unitrust in excess of the specified payout percentage is used to make up any deficit from previous years and is paid to the income beneficiary/donor prior to being added to the Unitrust corpus. The Unitrust can also be structured to be a Net Income Unitrust. In this case the payout is made from income only; principal is not accessed for payout.

Another variation of the basic Unitrust is known as the Flip Unitrust. A Flip Unitrust starts as a Net Income Unitrust or a Net Income with Make-Up Unitrust. Upon the occurrence of certain specified events (e.g., a specific date, sale of real property, etc.), a Flip Unitrust "flips" to function as a basic Unitrust. A flip provision typically may be attractive to donors who intend to fund their Unitrust with assets that are not producing income, such as undeveloped real property.

b.) Annuities

Donor and/or beneficiary annually receive a payout that is fixed irrevocably at the time of the gift and stated in the trust agreement. The payout must equal at least 5% of the fair market value of the assets placed in the trust when it is created. Income in excess of the annual payment is added to principal. If the income in any year is less than the annual payment the difference is derived from realized capital gain or principal. Additions may not be made to Annuity Trusts.

The present value of the remainder interest must be equal to or greater than 10% of the original contribution to the trust.

c.) Administration of Remainder Trusts

Representatives of the Foundation are authorized to solicit gifts in the form of Charitable Remainder Trusts (including basic Unitrusts, Annuity Trusts, Net Income Unitrusts, Net Income with Make-Up Unitrusts and Flip Unitrusts) with annual payout rates ranging from 5% to 10% of fair market value of trust assets; payout rates of more than 10% must be reviewed for approval by the Chief Financial Officer, and the Chair of the Gift Acceptance Committee.

Sample trust agreements provided by the Foundation to the donor shall be accompanied by a letter indicating that the sample does not constitute legal advice and strongly advising that the donor seek legal counsel prior to completing the trust.

3.) Charitable Lead Trust

Income earned from the assets within the Charitable Lead Trust is donated for a period of years, or for the remaining life of the donor or beneficiary. The remainder interest is either retained by the donor or given to a non-charitable beneficiary.

A contribution of the income generated from the assets within the trust must be in the form of either an annuity or unitrust interest.

a.) Administration of Lead Trusts

Representatives of the Foundation are authorized to solicit gifts for Charitable Lead Trusts. The donor may select any annuity or fixed payout percentage.

Sample trust agreements provided by the Foundation to the donor shall be accompanied by a letter indicating that the sample is not a completed legal document and strongly advising that the donor seek legal counsel prior to completing the trust.

4.) Charitable Gift Annuity

The Foundation and the donor enter into a contract providing a fixed dollar return, for the life of the donor and/or other beneficiaries, in exchange for a contribution to the Foundation. The amount of payment is dependent upon the age of the donor and the size of the gift. The date that income payments to the beneficiary begin may be deferred. The annuity contract is a general obligation of the Foundation.

a.) Administration of Charitable Gift Annuities

Representatives of the Foundation are authorized to solicit gift annuity agreements with these conditions:

- ❖ If the Foundation is to serve as trustee, then the Foundation must be at least a 50% beneficiary of the Charitable Gift Annuity (CGA). Such annuities will always be administered in conformity with applicable state and federal tax laws.
- ❖ The Foundation retains the right to refuse to accept any or all charitable gift annuities if deemed not in the best interest of the Foundation.
- ❖ The gift annuity remainder must benefit the Foundation and/or one or more new or existing Endowment Funds at the Foundation.
- ❖ The Uniform Annuity Rates as published by the American Council on Gift Annuities will not be exceeded without Gift Acceptance Committee approval.

- ❖ Disclosure to the Donor must follow state and federal regulations.
- ❖ Gift assets are limited to liquid assets such as cash and securities for which a ready market exists.
- ❖ The gift annuity will be effective on the date the Foundation first controls the asset.
- ❖ The payout for CGAs will generally begin when the donor is age 60 or more; in the case of two successive life beneficiaries, the younger of the two must be at least 60.
- ❖ Agreements may provide for income payments to no more than two successive life beneficiaries.
- ❖ The CGA will generally require an initial contribution of at least \$25,000 (\$10,000 with Board approval) if the remainder interest is designated for deposit to an existing Foundation Endowment Fund. If the remainder interest is intended to establish a new Endowment Fund, then the residuum must meet the Foundation fund minimum at the time of death. If the residuum does not meet the fund minimum, it will be deposited in memory of the donor to the Foundation's discretionary funds.
- ❖ The CGA Pool shall be separate from the Foundation Endowment Pool and subject to Investment Policies set by the Foundation. The assets of the CGA Pool shall serve as self-insurance against losses on individual annuities.
- ❖ The Community Foundation for the Twin Tiers assumes ultimate responsibility for the risk of all annuities and may, at its discretion, reinsure any or all annuities for which it acts as trustee.
- ❖ Annuities may be charged a reasonable administrative fee and a proportional share of investment costs.
- ❖ Generally, annuity payments will be made either annually, semi-annually, or quarterly at the donor's discretion.

b.) Risk Avoidance

The Community Foundation for the Twin Tiers will generally not accept illiquid assets in exchange for a gift annuity (e.g., real property and closely held stock), but any such offer may be referred to the Gift Acceptance Committee for review and recommendation.

APPENDIX A: A 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 Community Foundation for the Twin Tiers, we declare that all donors have these rights.

<p style="text-align: center;">I.</p> <p>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.</p> <p style="text-align: center;">II.</p> <p>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.</p> <p style="text-align: center;">III.</p> <p>To have access to the organization’s most recent financial statements.</p> <p style="text-align: center;">IV.</p> <p>To be assured their gifts will be used for the purposes for which they were given.</p> <p style="text-align: center;">V.</p> <p>To receive prompt acknowledgment and appropriate recognition for all gifts.</p>	<p style="text-align: center;">VI.</p> <p>To be assured that information about their donations is handled with respect and with confidentiality to the extent provided by law.</p> <p style="text-align: center;">VII.</p> <p>To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature.</p> <p style="text-align: center;">VIII.</p> <p>To be provided with disclosure of all significant parties involved with the Community Foundation for the Twin Tiers.</p> <p style="text-align: center;">IX.</p> <p>To be assured that the Community Foundation for the Twin Tiers will not share mailing lists with any other entity.</p> <p style="text-align: center;">X.</p> <p>To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.</p>
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**APPENDIX B:
MODEL STANDARDS OF PRACTICE FOR THE CHARITABLE GIFT PLANNER**

Preamble

The purpose of this statement is to encourage responsible gift planning by urging the adoption of the following Standards of Practice by all individuals who work in the charitable gift planning process, gift planning officers, fund raising consultants, attorneys, accountants, financial planners, life insurance agents and other financial services professionals (collectively referred to hereafter as “Gift Planners”), and by the institutions that these persons represent.

This statement recognizes that the solicitation, planning, and administration of a charitable gift is a complex process involving philanthropic, personal, financial, and tax considerations, and often involves professionals from various disciplines whose goals should include working together to structure a gift that achieves a fair and proper balance between the interests of the donor and the purposes of the charitable institution.

I. Primacy of Philanthropic Motivation

The principal basis for making a charitable gift should be a desire on the part of the donor to support the work of charitable institutions.

II. Explanation of Tax Implications

Congress has provided tax incentives for charitable giving, and the emphasis in this statement on philanthropic motivation in no way minimizes the necessity and appropriateness of a full and accurate explanation by the Gift Planner of those incentives and their implications.

III. Full Disclosure

It is essential to the gift planning process that the role and the relationships of all parties involved, including how and by whom each is compensated, be fully disclosed to the donor. A Gift Planner shall not act or purport to act as a representative of any charity without the express knowledge and approval of the charity, and shall not, while employed by the charity, act or purport to act as a representative of the donor, without the express consent of both the charity and the donor.

IV. Compensation

Compensation paid to Gift Planners shall be reasonable and proportionate to the services provided. Payment of finder’s fees, commissions or other fees by a donee organization to an independent Gift Planner as a condition for the delivery of a gift is never appropriate. Such payments lead to abusive practices and may violate certain state and federal regulations. Likewise, commission-based compensation for Gift Planners who are employed by a charitable institution is never appropriate.

V. Competence and Professionalism

The Gift Planner should strive to achieve and maintain a high degree of competence in his or her chosen area, and shall advise donors only in areas in which he or she is professionally qualified. It is a hallmark of professionalism for Gift Planners that they realize when they have reached the limits of their knowledge and expertise, and as a result, should include other professionals in the process. Such relationships should be characterized by courtesy, tact, and mutual respect.

VI. Consultation with Independent Advisors

A Gift Planner acting on behalf of a charity shall in all cases strongly encourage the donor to discuss the proposed gift with competent independent legal and tax advisers of the donor's choice.

VII. Consultation with Charities

Although Gift Planners frequently and properly counsel donors concerning specific charitable gifts without the prior knowledge or approval of the donee organization, the Gift Planner, in order to insure that the gift will accomplish the donor's objectives, should encourage the donor early in the gift planning process, to discuss the proposed gift with the charity to whom the gift is to be made. In cases where the donor desires anonymity, the Gift Planner shall endeavor, on behalf of the undisclosed donor, to obtain the charity's input in the gift planning process.

VIII. Description and Representation of Gift

The Gift Planner shall make every effort to assure that the donor receives a full description and an accurate representation of all aspects of any proposed charitable gift plan. The consequences for the charity, the donor and, where applicable, the donor's family, should be apparent, and the assumptions underlying any financial illustrations should be realistic.

IX. Full Compliance

A Gift Planner shall fully comply with and shall encourage other parties in the gift planning process to fully comply with both the letter and spirit of all applicable federal and state laws and regulations.

X. Public Trust

Gift Planners shall, in all dealings with donors, institutions and other professionals, act with fairness, honesty, integrity and openness. Except for compensation received for services, the terms of which have been disclosed to the donor, they shall have no vested interest that could result in personal gain.

APPENDIX C: REAL ESTATE POLICIES & ACQUISITION CHECKLISTS

The Foundation accepts most unencumbered real property. Many donors appreciate the tax benefits and the simplicity of making a gift of real property to the Foundation.

The Role of the Donor

- Establish a permanent charitable fund or life-income producing fund with a gift of real property valued at \$100,000 or more.
- Avoid capital gains on the sale of property donated to the Foundation, provided the property was not subject to a binding agreement to sell created prior to the gift.
- Take a charitable tax deduction for the fair market value of the real property. Long-term capital gain property is deductible at its fair market value up to 30 percent of Adjusted Gross Income (AGI). Short-term capital gain real property (held for one year or less) is deductible at cost, subject to the 50 percent of AGI limitation.
- Work with the Foundation to make arrangements for expenses associated with the property, including taxes and assessments, appraisal fees, environmental evaluations, insurance coverage, title search expenses and maintenance costs.

Role of the Foundation

- Work with the donor to make arrangements for expenses associated with the property, including taxes and assessments, appraisal fees, environmental evaluations, insurance coverage, title search expenses and maintenance costs.
- Inspect all proposed gifts of all residential and non-residential real property in order to avoid potential liability for environmental cleanup and toxic and hazardous waste issues relating to real estate.
- At its earliest convenience, sell donated property that the Foundation does not plan to use as part of its charitable activities.
- Complete the acknowledgment section of IRS Form 8283 and submit it to the donor so that it may be filed with his/her federal income tax return.
- Recognize the gift and establishment of fund in its annual report (unless anonymity has been requested).

Disposition of Property

Generally, the Foundation will sell property as quickly as possible after the gift is completed.

1. The Foundation should consider its investment objectives before selling.
2. The Foundation should avoid selling property at a distressed price. A quick distress sale may jeopardize the donor's charitable contribution deduction and might negatively impact the market values in the area.

Environmental/Pollution Concerns

In most cases, a Phase One Inquiry will be required prior to acceptance of proposed real estate gifts. The inquiry should include site observations, building observations, interviews with the current owners and adjacent site reconnaissance.

If concerns are raised by the Phase I Inquiry, additional assessment may be required.

Final Documents for Gift Acceptance Should Include

- A seller/donor agreement containing environmental/pollution disclosure and liability.
- Known and unknown liabilities from transfer documents should be included in the agreements.

Gifts Related to Real Estate

The Foundation may accept trust deed notes and mortgages as gifts. In most cases, a qualified appraisal would determine the value, taking into account the unpaid principal balance, the interest rate payable under the loan, and the current interest rates.

Bargain Sale of Real Estate and Personal Property

Gifts in the form of a bargain sale need to be appraised by an independent appraiser with the fee to be paid by the donor.

In addition, the asset will be readily marketable (maximum estimated selling period of one year) or a reasonable current use to the Foundation. The minimum gift valuation should be \$50,000 net of the Foundation's investment.

Gifts of Real Estate with Retained Life Tenancy

Consideration of a life tenancy gift requires the Foundation staff to follow the stated guidelines for acceptance of real property. The donor pays for the appraisal and all transfer fees and costs. The gift value and anticipated value of property at the end of the life tenancy will be calculated by the Foundation when the gift is made.

There should be reasonable expectation that the property can be sold within one year after the death of the donor or donor's relinquishment of the property.

In accepting gifts of real estate with retained life tenancy, the Foundation will also take into consideration the potential use of the property during the life tenancy to avoid acceptance of a property that may become a liability in future years.

The Foundation should agree to participate in a gift of real estate with retained life tenancy only if the life tenancy beneficiary is age 55 or older, the property value initiating the life tenancy is a minimum of \$150,000 and the Foundation is named as irrevocable remainder beneficiary, for endowment purposes, for a minimum of 50% of the remaining assets.

Real Estate Acquisition Checklist

Description of property: _____

Task

Completed by
and date

CONSIDERATIONS BEFORE ACCEPTANCE OF GIFT

Request that the donor pay all costs associated with acceptance of property including title insurance policy, survey, environmental, and legal costs

Review gift acceptance policies

EVIDENCE OF CLEAR TITLE

Obtain title insurance commitment before acquiring title

Items to deliver to title company if available:

Recent prior title policy

Abstract

Condominium project

Master deed

Letter from association verifying status of assessments

Obtain title insurance policy after taking title

EVIDENCE OF BOUNDARIES

Assess need for survey

Obtain recent survey and review

Obtain mortgage report and review

Determine if any improvements subsequent to survey

Determine if surrounding properties are improved

Obtain a survey

Residential properties - stake survey

Commercial properties - ALTA survey

EVIDENCE OF CONDITION OF PROPERTY

Environmental

Obtain Phase I Environmental Site Assessment

Have Phase I reviewed by attorney

Completed by
and date

Obtain Phase II sampling if any "recognized environmental conditions" were identified in Phase I

Have Phase II reviewed by attorney

Obtain Baseline Environmental Assessment if property meets definition as a "facility" - must be performed within 45 days of transfer

Have BEA reviewed by MDEQ - fee is \$750 (2007)

Obtain sellers disclosure statement

Obtain building inspection

Check with local government for code/ordinance violations

Obtain well/septic inspection

RENTAL PROPERTIES

Confirm zoning compliance with local government including use, setbacks, parking, square footage, and city registration

Obtain copies of leases

Verify Lessor right to assign

Verify no pending real estate commissions

Verify existence and amount of security deposits

Obtain copies of service contracts and management contracts

Obtain estoppel certificate

Verify no lessor defaults

Verify no oral agreements

Obtain copy of approved site plan

TRANSFER OF TITLE

Obtain warranty deed transferring title to the Community Foundation for the Twin Tiers - usually prepared by donor's attorney

Record deed with county clerks office – fee charged

Obtain assignment of lease

Completed by
and date

File Property Transfer Affidavit - since property is transferred for less than \$100 there is no tax on transfer

File Real Estate Transfer Tax Valuation Affidavit

Upon presentation by the donor, sign Form 8283 for donors tax return

SALE OF PROPERTY

Listing of property with broker – suggest no more than 10% commission and 6 months in length with a three month protected period following listing term expiration

Prepare and file Form 8282 if property sold within 2 years of gift

LIABILITY AND CASUALTY INSURANCE

Obtain liability and casualty insurance. In instances where partial ownership is conveyed the primary owners are required to name the Community Foundation for the Twin as an additional named insured with evidence of such being remitted to the Foundation.

APPROVAL

The Foundation should be apprised of the pending gift and subsequently approve the acceptance of the gift with minutes of the meeting either in person or by written/verbal communication being prepared and signed by the Foundation.

APPENDIX D: SUPPORTING ORGANIZATION'S BENEFITS, POLICIES & SERVICES

A supporting organization provides family members with a mechanism to demonstrate their individual and collective interests. It builds on family relationships and offers significant estate and financial planning advantages. It is the public embodiment of a family's philanthropy.

The Donor who establishes a supporting organization gains

- Establishment of a philanthropic institution to perpetuate a family's legacy. The minimum amount to establish a fund is \$3 million.
- Control and retention of family assets through a board of directors established by the donor and Foundation to oversee financial and grant matters.
- An investment strategy, managers and policy that reflect the donor's investment values
- Board meeting arrangements and facilitation.
- Administration services including obtaining directors' and officers' liability insurance, arranging an annual audit, filing the applicable tax returns, and providing financial reports.
- The benefits of partnership with a public foundation with none of the private foundation's excise taxes, minimum payout requirements, jeopardy investments and self-dealing rules, and regulations concerning excess business holdings.
- Ability to make grant recommendations from fund that reflects the family's values while receiving access to innovative community projects, including major philanthropic initiatives.
- Development of the family's philanthropic "voice" and passage of this philosophy to children and grandchildren.
- Recognition in annual report.
- Invitation to Foundation Advisor Briefings and other special events.

In addition, The Community Foundation for the Twin Tiers will

- Recognize the fund in its annual report (unless anonymity has been requested).
- Provide publicity for the fund and grants as desired.
- Process disbursements, mail checks to recipients and grant reports to the donor.
- Charge a modest annual fee based on the Foundation's current fee schedule in the amount of 75 basis points for funds with assets from than \$3-4 million and 50 basis points for funds with assets greater than \$4 million.

Please note: Donors may choose to establish a Donor-Advised Fund with more than \$50,000 and receive the same benefits, without establishing a 509(a)3 Supporting Organization.

POLICIES FOR SUPPORTING ORGANIZATIONS

These policies are intended to assist charitable individuals and their professional advisors in establishing a supporting organization (“SO”) of the Community Foundation for the Twin Tiers (“CFTT”).

1. **Types of SOs.** CFTT will entertain relationships with all types of SO’s:
 - a. **Type I Supporting Organization** (“operated, supervised, and controlled by”): As set out in IRC §509(a)(3) and accompanying regulations, a Type I SO relationship is typically demonstrated by a majority representation of CFTT-appointed members on the SO Board of Directors.
 - b. **Type II Supporting Organization** (“supervised and controlled in connection with”): As set out in IRC §509(a)(3) and accompanying regulations, a Type II SO relationship will be demonstrated if the SO and CFTT have common control, or share a Board of Directors.
 - c. **Type III Supporting Organization** (“operated in connection with”): In order to qualify as a Type III SO under §509(a)(3) of the Internal Revenue Code, the SO and the CFTT should maintain an appropriate relationship in accordance with IRS regulations governing Type III SO’s. The CFTT may or may not be the “lead” supported organization, but if not, the following expectations should be satisfied:
 - At least one of the board members of the SO must be selected and appointed by the CFTT’s Board of Directors, and
 - The SO must maintain significant involvement in the operation of the CFTT or another supported public charity and the CFTT or the lead supported public charity must in turn depend on the SO for the type of support it provides (the attentiveness test).
2. **Designating the Community Foundation for the Twin Tiers as the Supported Organization.** The Board of the CFTT must approve all SO relationships prior to IRS approval. Once approved, the documents establishing the SO should identify the CFTT as a supported organization. Other grantees may be listed by name or purpose, but must be 501(c)3 charitable entities. All supporting organizations to the CFTT must operate in compliance with IRS rules and regulations for SO’s and also comply with the policies and procedures established by the CFTT, as amended by its board from time to time.
3. **Size.** The minimum suggested size for a SO at the CFTT is \$3 million. The SO should anticipate achieving that minimum within 3 years of establishing its supporting organization relationship with the CFTT.
4. **Funding.** A variety of assets may be used to fund the SO as permitted by law and in accordance with the CFTT’s Gift Acceptance Policies.
5. **Grantmaking.** The board of the SO is responsible for periodically determining the grantees and grant amounts to be distributed. SO’s may make grants from income or income and principal, to the extent of exhausting all the SO’s assets.

6. **Termination.** The CFTT or the SO may terminate their relationship at their discretion or upon occurrence of a specified event, in accordance with federal and state laws applicable at that time. Should the CFTT not receive direction from the trustee(s) of the Supporting Organization on how the remainder is to be handled, the CFTT will seek to perpetuate the charitable objectives of the SO by supporting similar charitable causes in the field(s) of interest demonstrated by the SO's grantmaking history. This may be accomplished by granting the remaining assets outright to appropriate organizations or by forming a component fund to carry on such grantmaking.
7. **Compensation of Board and Staff.** Consistent with the practice of the CFTT's Board of Directors, the governing board members of an SO should be volunteers, serving without compensation. Only reasonable and permissible reimbursements for expenses related to the SO should be made.
8. **Conflict of Interest Policies.** Supporting organizations to the CFTT must adopt conflict of interest policies, investment management policies, and other applicable policies to ensure that the awarding of grants and employment of service providers is free of self-dealing and is based entirely on the best interests of the SO.
9. **Investment Management.** A supporting organization may select its own custodian and direct its own investments or may participate in any of the CFTT's investment programs. All investment costs are the responsibility of the SO.
10. **Grantmaking Funds Maintained at the CFTT.** SO's may wish to conduct their grantmaking through a component fund of CFTT. In these circumstances, SO's maintaining component funds at the Community Foundation as part of the supporting relationship should abide by CFTT's Fundraising Policies for Component Funds.
11. **Liability Insurance.** The CFTT encourages SO's to have Director and Officers liability insurance coverage. Should it be mutually desirable to the CFTT and the SO, CFTT's D&O liability insurance coverage may be modified to include the board of the SO.
12. **Fees.** The base administrative fees for SO's will be assessed according to the fee schedule in effect at the CFTT and may be made in the form of a grant to CFTT:

<u>SO ASSETS</u>	<u>FEES</u>
• \$3 – 4 million	75 basis points
• Over \$4 million	50 basis points
• Above \$25 million	Negotiable

These administrative fees cover:

- Collaboration on grantmaking joint ventures,
- Assistance in verifying the non-profit status of potential charitable recipients,
- Coordination of joint communications activity, and
- Periodic assistance with administrative, management, and grantmaking issues.

13. **Additional Fees.** In some cases, the SO may wish to have the CFTT handle other administrative requirements such as investment management, the design and implementation a grantmaking program, arranging for insurance, audit, and tax returns, or assisting with

extraordinary matters that require the CFTT to incur legal expenses, etc. Fees for these services are determined on an individual basis and can be found on the attached menu of services.

14. **Audited Financial Statements.** Each SO should supply the CFTT with annual audited financial statements. The statements should be GAAP basis, comparative year, with an unqualified opinion. The CFTT's auditor can conduct the audit at negotiated fees, or the SO can hire its own auditor to provide the information outlined above.
15. **Tax Filings.** Supporting organizations to the CFTT must adopt a calendar fiscal year unless otherwise approved by CFTT. The SO is responsible for filing an IRS Form 990 each year and should provide a copy of such to the CFTT, or the CFTT's auditor can provide this service as described in the audit information above.
16. **Jeopardizing Activities.** SO's should not engage in any activities that might jeopardize the CFTT's tax-exempt status or which have the potential to incur undesirable legal or public relations consequences.
17. **Publication of Relationship.** All publications of the supporting organization should note the relationship to "the Community Foundation for the Twin Tiers." The CFTT reserves the right to approve any publicity generated by the SO that pertains to the CFTT. Unless instructed otherwise by the SO, the CFTT may publish the name of the SO in its periodicals, newsletters, annual report, website and other publications.
18. **Amendments to Policies.** These relationship guidelines may be amended from time to time at the sole discretion of the CFTT's Board of Directors, which reserves the right to negotiate the terms and operational procedures with its SO's accordingly.
19. **Legal Advice.** Neither the CFTT nor its Board of Directors have provided any legal or tax advice and make no representation whatsoever with respect to the compliance with applicable laws and regulations of the proposed transaction creating the supporting organization and offer no opinion as to whether the transaction achieves the tax or other objectives the donor(s)/creator(s) desire.

SO's vary considerably in their operational structure and charitable mission, and the CFTT recognizes that these guidelines may not be appropriate for all SO's. Substantial deviation from these guidelines require the CFTT Board approval. All the CFTT-SO relationships are expected to comply with federal and state law, and accepted standards provided by the Council on Foundations.

SERVICES FOR SUPPORTING ORGANIZATIONS

The following is a menu of services the Community Foundation for the Twin Tiers can provide. This list is intended as a guide for donors and families considering the different services they require to accomplish their philanthropic objectives.

Grantmaking and Donor Services

- Assist in preparation of grantmaking guidelines
- Grant processing service
- Grant proposal review assistance
- Grant evaluations
- Preparation of grant award and denial letters
- Grant tracking
- Facilitate next generation family member training
- Joint philanthropic venture opportunities
- Charitable and planned giving services

Financial Services (if consolidated)

- All state and federal filings such as tax returns
- Financial asset management
- Investment performance monitoring and fee review
- Arrange audit and prepare Form 990
- Quarterly financial statements

General/Administrative Services

- Meeting space
- Board meeting management services including preparation of agenda and minutes
- Document preparation; stationary and letterhead design
- Directors and officers insurance

Public Relations Services

- Press release preparation and distribution
- Preparation and printing of newsletters, brochures, and annual report

APPENDIX E: GIFT ACCEPTANCE CHECKLIST

All Gifts

_____ Delivery of property.
 _____ Fund agreement in file/clear instructions on additions.
 _____ Prior approval when required by form of gift.

Donor's attorney: _____ Phone: _____
 Donor's accountant: _____ Phone: _____
 Appraiser: _____ Phone: _____
 Other professional: _____ Phone: _____

Public Securities

Form of delivery: Electronic Physical.
 Estimated date of gift: _____
 If electronic, firm and contact: _____
 If physical, stock power? _____
 Any restrictions on sale? If so, describe: _____

 Value on date of gift: _____

Private Securities

Form of delivery: Electronic Physical
 Form of holding: C Corporation S Corporation
 FLP LLC LLP Partnership
 Are there costs to the Foundation on acceptance or sale?
 Donor's basis: _____
 Are there consequences to the donor on disposition?
 Is the asset subject to a buy-sell agreement? _____
 Are there other restrictions on sale? _____
 What is the likely market for sale? _____
 Copy of appraisal in file: _____
 Approval of gift acceptance committee: _____
 Will ownership create liability risk? _____

Real Estate

Form of gift: Outright Retained Life Interest
 Bargain Sale Testamentary
 Form of ownership: Sole Joint/Survivor
 Undivided/Ten. In Common
 Location: _____
 Legal description in file: _____
 Date of delivery of deed: _____
 Appraisal in file: _____
 Separate appraisal required?
 Environmental review in file? Date of review: _____
 What type of property? Residential Commercial
 Undeveloped Farmland Oil/gas
 Mineral Rights Air Rights Timber
 Annual income from property? _____ If commercial, provide financials from last 3 years. If leased, provide copy of lease agreement.
 Annual costs of property: Insurance
 Maintenance Property taxes
 Is there debt on the property? If yes, provide copy of current statement. Describe: _____
 Are there any easements, liens, lawsuits, regulatory designation or other restrictions on the property? If so, please describe: _____

 Approval of gift acceptance committee: _____
 Other comments: _____

Tangible Personal Property

Is the property related use or unrelated use? _____
 If property is related use, are there any restrictions on use of the item? _____
 Will the property be sold on receipt? _____
 If so, what is the likely market? _____
 What are the costs of sale? _____
 Description of object: _____
 Location of object: _____
 Value (appraisal in file, if available): _____
 Cost of holding item (insurance, safeguarding, transport, other) _____.

APPENDIX F: ENVIRONMENTAL REVIEW FORMS

This interview is designed for use with current and/or prior owners or managers of the property.

Date of Interview _____	Interviewer _____
Person Interviewed _____	Relation to Property _____
Property Description _____ _____	
Age of Buildings _____	

Type of Property	Agricultural _____	Timber _____
	Commercial _____	Manufacturing _____
	Age of Buildings _____	Undeveloped Land _____
	Residential _____	Other _____

1. Indicate prior uses of property. _____
2. Are you aware of any environmentally sensitive situations on the property? (Gas stations, drycleaners, companies using solvents, garbage dumps, battery reclamation, etc. Describe:

3. For uses identified in question 1, has an environmental license or permit ever been issued?
___ No ___ Yes
4. Are there, or have there ever been, any oil, fuel or chemical storage tanks on the property located above or below ground? ___ No ___ Yes
5. Has an environmental assessment been previously conducted? ___ No ___ Yes. **If yes,** provide a copy of the report.
6. If available, attach maps or surveys that describe the property to this questionnaire. ___ attached ___ none available
7. If you are unable to furnish the information requested above, please advise us if there is a reliable source that may be able to furnish this information.
_____ Unable to furnish information requested above.
Reliable source available ___ Yes ___ No. If yes, provide name _____

PROPERTY INSPECTION CHECKLIST FOR CURRENT ENVIRONMENTAL CONDITIONS

Name of Inspector _____	Date of Inspection_____
Owner of Property _____	Estimated Size_____
Location of Property _____	Current Use_____
Number of years the current use has been in effect _____	
Brief history of property use (list past use and former tenants, and source of information)	

ENVIRONMENTAL SITE INSPECTION CHECKLIST

Note: Comments on the condition of the adjoining property or hazards related to sites closely situated to the subject property should be noted.

	Yes	No
I. An on-site inspection revealed the following:		
A. Stressed or denuded vegetation or unusual barren areas	___	___
B. Discoloration, oil sheens or foul/unusual odors in water	___	___
C. Dump site	___	___
D. Tire/battery/chemical storage or disposal	___	___
E. Storage drums	___	___
F. Above or below ground storage tanks, vent or filler pipes	___	___
G. Evidence of petroleum or oil products	___	___
H. Evidence of PCBs (electrical transformers, capacitors)	___	___
I. Subject or adjoining property used for industrial purposes	___	___
J. Existing structures: If yes, indicate if there is:	___	___
1. Evidence of chemical spills/leaks	___	___

	Yes	No
2. Evidence of asbestos	___	___
3. Any source of air emission	___	___
K. Does property appear on National/State Hazardous Site list?	___	___
L. If "yes" to any of the above, describe: _____		

II. () Based on the evaluation of known, discovered or observed environmental factors, there is no evidence of environmental contamination on this or neighboring properties, and no further action is recommended.

() Based on the evaluation of known, discovered or observed environmental factors, there is evidence of possible environmental contamination on this or neighboring properties and further investigation is recommended. *(Complete "Evaluation of Known Environmental Factors Form" if this block is checked.)*

_____	_____	_____
Person Completing Form	Title	Date

_____	_____	_____
Acceptance of Form Approved By	Title	Date

EVALUATION OF KNOWN ENVIRONMENTAL FACTORS
--

Check the appropriate response to each statement based on all sources of information, including the Environmental Site Inspection Checklist.

	Yes	No
A. This property (or adjacent property) appears on federal, state or other environmental agency list of sites identified for environmental investigation or cleanup.	___	___
B. This property is developed and used for an industrial or manufacturing purpose.	___	___
C. This property is undeveloped land used for landfill or waste dump purpose.	___	___
D. The prior, current or proposed use of this property involves the generation, storage, treatment or disposal of any potentially hazardous materials, oil/petroleum products or other substances regulated by environmental laws and agencies. Specify: _____	___	___
E. Activities on adjacent properties may have contributed to the environmental contamination of the subject property.	___	___
F. This property is near a flood plain, wetland or ecologically sensitive area.	___	___
G. The Environmental Site Inspection revealed evidence of possible environmental contamination.	___	___
H. The donor has revealed potential sources or causes of environmental contamination.	___	___

APPENDIX G: DONOR/FAMILY ADVISED FUND POLICIES

These guidelines and procedures have been promulgated by the Board of Directors of the Community Foundation for the Twin Tiers (CFTT) for the acceptance and administration of endowed funds established by donors who desire to retain the privilege of making recommendations as to distributions from such funds (hereinafter "Donor-Advised Funds" or Funds").

The CFTT welcomes the opportunity to partner with people who wish to be actively involved in grantmaking. The IRS allows community foundations to offer donors the opportunity to make tax-deductible gifts at the most advantageous time for them and then to recommend grants over a prolonged period of time through an advised grantmaking fund. The IRS expects that the Community Foundation will administer its advised funds in a manner that will maximize the benefits to the community and ensure effective charitable giving.

1. Establishment of Funds

The CFTT provides a vehicle for the establishment of Donor-Advised Funds. Such Funds are designed to provide donors with the privilege of making recommendations to the Foundation's Board of Directors with respect to the distribution from such Funds.

2. Ownership and Control by Foundation

a) Each Donor-Advised Fund shall be the property of the Foundation, owned by it in its normal corporate capacity. The Foundation shall have the ultimate authority and control of all property in the Fund, and the income derived therefrom, for the charitable purposes of the Foundation or for such specific charitable purpose as designated by the Donor at the time of the Agreement.

b) Each Donor-Advised Fund shall be the subject of a separate written instrument which shall provide for the holding of the Fund by the Foundation on their terms and subject to the conditions set forth in the Foundation's governing instruments, including its Articles of Incorporation and By-laws, as amended from time to time, any resolutions and procedures, and proper compensation for services and expenses.

c) Each Donor-Advised Fund may be recorded on the books and records of the Foundation as an identifiable or separate fund and may be given a name or other appropriate designation as requested by the donor.

3. Minimum Fund Size

Donor Advised Funds must be established and maintained at \$25,000.*

4. Donor's Recommendations

Donors or their spouses or their designees may submit written recommendations regarding the distributions of income to be made from a Donor-Advised Fund and may consult with the Foundation's staff concerning the use of distributions from the Fund for the general

charitable purposes of the Foundation or the particular charitable purpose(s) stated in the Agreement. While these recommendations will be given careful and thoughtful attention by the Foundation's Board and staff, the recommendations will be solely advisory and will not be binding upon the Foundation.

1) In the case of individual donors, the privilege of making recommendations regarding distributions from a Donor-Advised Fund, unless sooner relinquished by the donor, shall be limited to the lifetimes of the donor and the donor's spouse or, if the donor in the written instrument establishing the Fund designates another to exercise the privilege, then for the lifetime of the designee.

b) In the case of corporations and other non-individual donors, the privilege of making recommendations regarding distributions from a Donor-Advised Fund, unless sooner relinquished by the donor, shall continue as long as the corporation is doing business in Bradford, Sullivan, or either Tioga County. Non-individual donors may designate from time to time, in a written notice to the Foundation, an individual who is to exercise the recommendation privilege on behalf of the non-individual donor.

(Reference hereinafter to recommendations by donors shall apply equally to recommendations by a donor's spouse or a donor's designee.)

5. Preferred Recommendations: Independent Study

Donors of Donor-Advised Funds are encouraged to focus recommendations to those particular charitable organizations, projects and programs which are from time to time identified by the Foundation as deserving of the Foundation's support.

If a donor recommends a distribution to an organization, project or program which is not known to the Foundation, the staff of the Foundation may make an independent investigation to evaluate whether the recommendation is consistent with the specific charitable needs most deserving of support by the Foundation and to report the results of the investigation to the Board of Directors. In addition, the staff may bring to the attention of the Donor those projects and/or organizations which may be of particular interest to the Donor-Advised Fund.

6. Grants Distributions and Limitations

Distributions from a Donor-Advised Fund shall be made only following formal consideration by the Board of Directors. The Foundation will not make any distribution from a Donor-Advised Fund except as a distribution from the Foundation for its charitable purposes. Below are guidelines and procedures for grants from the Fund:

- Grants may be recommended at any time. A grant request form is included in the Handbook for Donor Advisors. You may copy the form or request additional copies.
- Minimum grant size is \$500, with the suggestion that any grant below \$500 be made from personal giving instead of from Fund.
- Each grant recommended is evaluated with final approval by the Board of the Community Foundation.
- Grants may not be used to pay membership dues and/or fulfill personal pledges and/or to secure benefits from the distribution recipient. However, an advisor may indicate to a

charitable institution that he or she will recommend a grant from the Fund.

- Donors, advisors or related parties may not receive grants, loans, compensation or similar payments (including expense reimbursements) from donor advised funds.
- Grants may not be earmarked for a specific individual by the donor advisor. This includes checks written directly to an individual or checks written to an entity for the benefit of a specified individual.
- Grants can be made beyond the five-county area served by the Foundation; however, grants from the Community Foundation are generally made within this area.
- No goods or services (i.e. tables, tickets to events) may benefit the donor or advisors or their family members.

7. Annual Payout Requirement

No specific annual grant payout is required but the mission of the Community Foundation *is* grantmaking.

8. Fund Recognition

All grants are made in the name of the Fund, unless the donor requests to remain anonymous. It is also the practice of the Community Foundation to list all funds in its annual report, unless the donor requests otherwise.

9. Fund Management

Control over investment and asset management of the Fund shall be exercised exclusively by the Foundation since it is important for both donors and the Community Foundation that advised funds not be considered private foundations. The Foundation will follow its normal policies and procedures, and the donor shall have no control over such investment or asset management, including the retention or sale of any assets contributed.

10. Remainder Plan

If there has been no communication within a 12-month period from a fund's advisor, he or she will be notified by letter and then every six months thereafter. If, at the end of the second year, no response has been received, the advised fund will be converted to a named Community Fund.

11. Termination

Upon termination of the Donor's privilege to make recommendations, the Fund shall continue as part of the endowment funds of the Foundation. The Fund shall become a Named Discretionary Fund unless the Donor, at the time the Fund is established, states a specific charitable purpose or agency(ies), in which case it becomes a Field-of-Interest or Designated Fund for that purpose. Regardless of the status, the Fund continues to carry the name specified by the Donor.

12. Reports

A report of all distributions from all Donor-Advised Funds shall be included in the annual report of the Foundation and such additional reports regarding such Funds as may be published by the Board of Directors.

* **Non-Endowed Donor/Family Advised Funds:** Available to donors interested in establishing a nonpermanent advised fund. These funds have a \$25,000 minimum. A fee, as outlined in the Handbook for Donor Advisors and the most recent CFTT Fee Schedule is assessed on non-endowed funds. This fee also applies to Donor Advised Funds that fall below \$25,000.

APPENDIX H: PUBLIC FUNDRAISING FOR COMPONENT FUNDS

The Foundation has a separate and more complete policy governing fundraising for component funds that takes precedence over this summary that is provided here for your convenience.

The 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 Foundation is not equipped to operate public fundraising events for its funds. In general, the 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 Foundation's year-end letter and other solicitations for purely charitable purposes.

Foundation Approval of Events

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

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

Responsibilities of the Foundation

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

Budget and payment of expenses

- 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 Foundation assess a special administrative fee for this service?

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 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

- All checks must be made payable to the fund at the Foundation?
- Where checks and other forms of payment should 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?