



COMMUNITY FOUNDATION FOR THE ALLEGHENIES

COMMUNITY FOUNDATION FOR THE ALLEGHENIES

GIFT ACCEPTANCE POLICIES AND PROCEDURES

The purpose of these policies and procedures is to provide guidelines for staff members, volunteers, and others who engage in fundraising activities for the benefit of and under the auspices of the Community Foundation for the Alleghenies. These policies and procedures apply to all fundraising, gift acceptance, and communication with donors or prospective donors. These policies intend to ensure that donor's wishes can be honored, community needs will be addressed and the provisions of gifts are consistent with the Foundation's overall mission.

All efforts within the Community Foundation to raise funds from private and public sources (individuals, corporations, foundations, trusts, and others) for endowed or pass-through funds must be coordinated through the Executive Director and/or the Senior Director of Donor Relations.

Failure to coordinate fundraising activities may result in more than one individual or organization approaching a potential gift source at the same time. The result can be confusion; embarrassment to the Community Foundation, an agency, and the potential donor; and duplication of effort. Donors expect the Community Foundation to determine its priorities and make a single coordinated approach. Within the framework of priorities established by the Board of Directors and various committees of the Board, staff members will consult with those wishing to approach a funding source to determine the appropriate timing in light of Community Foundation, as well as community-wide, priorities.

I. GIFT POLICY

As a public community foundation rendering an important public service, the Foundation strongly encourages the solicitation and acceptance of gifts that enable it to fulfill its community service mission. The mission of the Community Foundation for the Alleghenies is

to serve the best interests of our donors in perpetuating their philanthropic support of our community using the Foundation's integrity, accountability, and community knowledge. The cultivation and solicitation of gifts are essential to the Community Foundation's effectiveness and growth.

In accepting gifts, however, the Community Foundation values and will protect its integrity and independence.

In seeking gifts, several necessary conditions must be kept in mind. Gifts can only be sought for purposes, positions, and programs that already have appropriate approval. Donors wishing to fund the creation of a new organization or a specific position not already within an organization's operating budget will be guided through a process to determine that the gift will fulfill organizational priorities and avoid duplication of any conflict of interest. All fundraising activities to be conducted by the Community Foundation require the approval of the Board of Directors and the Executive Director.

Gifts may be sought from individuals, corporations, foundations, clubs, and any federal, state or local government. Whenever a gift, because of its source, conditions or purpose, could expose the Community Foundation to adverse publicity, extend the organization's resources beyond their strength, or involve the Foundation in new and unexpected responsibilities, the matter should be referred to the Executive Director who will confer with the Gift Acceptance Committee. This Committee shall consist of the Foundation's Executive Director, Finance Committee Chair, Investment Committee Chair, and legal counsel or other qualified persons appointed by the Board of Directors.

The primary responsibility of the Gift Acceptance Committee shall be to review (and determine action on) proposed gift transactions which: (1) the Executive Director refers to the Committee, or (2) consist of assets that require Committee review. The Committee may consider these issues through meetings, telephone discussions, mailings, or other appropriate means.

The Executive Director shall be authorized to carry out decisions made by the Committee with no further action by the Board of Directors. All such decisions shall, as a matter of normal operations, be reported to the full Board of Directors no later than its next scheduled meeting. If, in the judgment of the Committee, a potential gift falls outside the parameters outlined in these Gift Acceptance Policies, the Committee will refer consideration of the potential gift to the full Board of Directors.

Under normal circumstances, the President of the Board of Directors will delegate authority to solicit and accept gifts to the Executive Director and the Senior Director of Donor Relations, and in appropriate cases, will accept them himself or herself. When the gift has implications that could be serious for the Foundation, staff, and volunteer leadership may withhold approval of a gift pending a review.

The Community Foundation will not accept a gift that bears with it discrimination based on race, religion, or sex.

The most useful kind of support for the Community Foundation is unrestricted funds or funds with as few restrictions as possible. Such funds enable the Community Foundation to ensure that the most pressing needs of the entire community and region are adequately met. Thus, unrestricted funds for operating expenses and unrestricted endowment are the most desirable. Funds designated for the support of a particular field of interest, agency, or project are also sought.

A. Code of Conduct

Staff members of the Community Foundation endorse and subscribe to the Code of Ethical Principles of the Association of Fund Raising Professionals.

B. Confidentiality

All agreements with donors and all information concerning donors and prospective donors shall be held in strict confidence by the Foundation, subject to any legally enforceable requests for information made by regulatory bodies and/or courts. All other requests for donor information will be allowed only if permission is obtained from the donor prior to the release of such information.

II. LEGAL AND PROFESSIONAL COUNCIL

Foundations staff will encourage prospective donors to have the terms of proposed fund agreements (and other documents related to a proposed gift) reviewed by the donor's own legal or financial advisers and encourage donors to seek professional advice regarding all tax-related matters. It shall be the responsibility of the donor to obtain any necessary appraisals, file appropriate tax returns, and defend against any challenges to claims for tax benefits.

The Foundation shall, when deemed appropriate, seek the advice of legal counsel in matters about gift acceptance. Legal counsel shall review all agreements, contracts, and other legal documents relating to gifts to the Foundation before execution or use, except pre-approved standard form documents described below in section A. Standard Form Documents.

A. Standard Form Documents

For administrative ease, the Foundation has developed standard forms of fund agreements and other related documents. Legal counsel has reviewed all such standard forms. The Foundation will provide standard forms to a prospective donor and the donor's advisors upon request and encourage the use of these forms whenever practical.

III. GIFT OPPORTUNITIES

Staff members and volunteer leaders of the Community Foundation should be familiar with the following types of gift opportunities that are of frequent interest to potential donors.

A. Donor Designated and Donor Advised Funds

Donor Designated Funds and Donor Advised Funds permit the donor to support specific charitable organizations. The fund remains relevant over time and is responsive to changing circumstances. Donors may elect to have children or other family members participate in philanthropic decisions, thereby teaching them the importance and the joys of giving to others.

B. Field of Interest Funds

Field of Interest Funds focus on issues of concern, such as health services, the environment, human services, education, children and youth, family and the arts. The Foundation identifies appropriate organizations within the field of interest.

C. Agency Funds

Agency Funds support specific nonprofit organizations. The income earned promotes the ongoing purposes of those organizations while earning a nest egg and attracting future endowment gifts.

D. Scholarship Funds

Scholarship Funds recognize achievement and provide financial support to students who wish to further their education. Donors may specify the selection procedure, subject to Board approval and on an objective and nondiscriminatory basis as required by law. Some funds may be tailored to specify a variety of criteria such as attendance at a specific university, college, or technical school. Donors, including alumni and professional groups, and memorial or charitable organization representatives, may not serve as the entire selection committee. A fund committee empowered to accept or reject suggestions must be appointed by the Foundation Board that may include advisors but advisors may not constitute a committee majority. Committees must be reapproved annually by the Board.

E. Unrestricted Funds

The donor does not restrict unrestricted Funds for any one purpose. Rather, these funds are used to support the changing needs of our communities. This is the most flexible type of fund.

F. Administrative Funds

Administrative Funds are for donors who wish to assist in the work of the Foundation by helping to defray expenses. Income is used to further the charitable purposes of the Foundation by supporting its administrative expenses. The long-term goal of the Community Foundation is to be completely supported by its administrative endowment.

G. Revolving Loan Funds

A Revolving Loan Fund is a special category of student financial aid that has some of the permanent characteristics of an endowment fund. Such a fund is a practical way to enable well-qualified students to obtain an education. Revolving short-term loan funds differ from scholarship funds in that the monies are repaid by the student and re-loaned to other students. Many donors appreciate the full utilization of their gift that a loan fund offers.

IV. METHODS OF GIVING

A variety of methods of giving to the Community Foundation allows donors to choose the most advantageous method of giving.

Donors often appreciate the convenience of pledging significant gifts over time. Pledges will be accepted, provided they are documented in writing, including pledge amount, designation, payment schedule, donor signature, and date.

A. Gifts of Cash or Securities

The Community Foundation welcomes gifts in the form of cash, checks, or marketable securities. Checks should be made payable to the Community Foundation for the Alleghenies or to a specific fund held by the Community Foundation. Gifts of securities may be made by contacting the Foundation office.

Securities also may be transferred to the Foundation by a transfer agent who then delivers them to the Foundation office.

Listed securities will be credited at the mean between the high and low market prices, and over-the-counter securities at the mean between bid and asked prices, on the date of the gift. This date is defined as the date the securities are delivered or mailed (postmark date) in negotiable form to the Community Foundation or its agent, or the date they are placed in an account or registered in the name of the Community Foundation. Brokerage fees, as well as changes in value of securities after their receipt, are considered operating costs of the Community Foundation and do not affect the value credited to the gift.

B. Closely Held Securities

Gifts of closely held securities are subject to prior approval of the Gift Acceptance Committee of the Board of Directors. This committee consists of the Chairman of the Board of Directors; a member of the finance committee; the Executive Director and the Fiscal Officer. The valuation of securities that are not publicly traded is the responsibility of the donor, and such gifts must be accompanied by an independent qualified appraisal.

C. Planned and Deferred Giving

Planned and deferred giving allows a donor to make a gift commitment to the Community Foundation, but to delay delivery of the final benefit until a later time. Donors who make planned or deferred gifts to the Community Foundation may receive tax and/or income

benefits. Some types of planned gifts result in lifetime incomes for the donor and/or other beneficiaries. Some may entail a reduction of income taxes, capital gains taxes, and estate taxes.

Donors may make planned or deferred gifts to the Community Foundation in the following ways: through a bequest; through a charitable remainder trust, gift annuities, and deferred payment gift annuities; by making the Community Foundation the beneficiary and owner of an insurance policy; through gifts of remainder interest in a personal residence, farm, or other real property; and through charitable income trusts. It should be noted that the laws governing such gifts are frequently revised, and it is therefore extremely important to have up-to-date information on the tax consequences of such benefactions.

For more detailed information on planned and deferred giving opportunities, please contact the Community Foundation for the Alleghenies.

D. Gifts of Real Estate

The Community Foundation for the Alleghenies welcomes opportunities to explore with donors' gifts of real estate. Real estate can often bring a significant charitable gift within the reach of many donors.

The Foundation will not accept property that would jeopardize its tax-exempt status or expose it to expenses for which no source of funds has been identified.

The Gift Acceptance Committee must review community Foundation policies for the acceptance of gifts of real estate. Before review of the property by the Gift Acceptance Committee, the Community Foundation's staff members will complete an analysis of the transaction and present a report to the Gifts Acceptance Committee. The analysis shall include the following:

1. Ownership
2. Location
3. Description including a list of improvements made to the property, if any
4. Current appraisal
5. List of leases, if any
6. Title report
7. Hazardous waste inspection
8. Disposition plans and all terms of the transaction

After determining the initial acceptability of the property, an independent appraisal is necessary to determine the potential gift value for the donor. The donor's attorney shall prepare a warranty deed to the Community Foundation. When the property is transferred, the donor must pay the taxes pro-rated to the date of the gift, as well as any other expenses normally charged to the seller of real estate.

Some donors may wish to give real estate to the Community Foundation and retain a life interest for themselves and/or their spouse. Gifts subject to a retained life estate normally will carry a requirement that the life tenant bear all expenses of the property during the life tenancy.

Real estate, under certain conditions, may be used to fund a life income trust, whereby the donor retains a life income interest in the earnings of the trust.

E. Gifts of Art and Other Tangible Personal Property

In general, the Community Foundation is pleased to receive gifts of art and other tangible personal property, such as antique furniture, rare books, and collections.

Gifts of tangible personal property, such as artwork, collections, antiques, etc., are subject to prior approval of the Gift Acceptance Committee if they are intended for resale to benefit the Community Foundation.

Gifts of property to be used by the Community Foundation or an agency holding an endowed fund with the Foundation, including rare books, journals, scientific equipment, etc., do not require committee approval. Such gifts, except corporate gifts of inventory, must be accompanied by an appraisal of the fair market value obtained by the donor from an independent appraiser. In the case of corporate gifts of equipment and other inventory, the corporation will provide the gift value. Restrictions imposed by the donor regarding the sale, maintenance, administration, or display of such items will be reviewed by the Gifts Acceptance Committee. Normally, such gifts can be accepted only if the donor underwrites the additional expenses associated with such restrictions.

Donors should be made aware of the fact that if they give tangible personal property that is appreciated, their charitable deduction may be reduced somewhat if the gift is not consistent with the programs and activities of the Community Foundation or agency receiving the gift. For this reason, and to ensure the donor's satisfaction with the Foundation's use or disposition of the gift, prior consultation with the Community Foundation is necessary. The requirements

of the Internal Revenue Code are complex regarding the tax deductibility of gifts of tangible personal property. Donors are encouraged to seek consultation from their tax advisors.

The gift terms of any collection of items should expressly authorize the sale or exchange of duplicate items owned or held by the Community Foundation, and of items subsequently deemed inappropriate or not useful to the Foundation. The proceeds from any such sale would be applied consistent with the original objectives of the donor.

F. Tax Benefits to Donors of Property

Community Foundation staff members do not intend to render opinions on questions or issues under the Internal Revenue Code. The Community Foundation is an exempt charitable institution under the Internal Revenue Code, and contributions to it are deductible under the tax laws of the Internal Revenue System.

Nevertheless, as to the nature of the individual deductions or other tax planning of the donor or contributor, it is recommended that the donor or contributor seek the opinion of her or his attorney or accountant.

The tax benefits available to a donor for a gift to the Community Foundation are determined by the appropriate sections of the U.S. tax code. For nearly every type of gift, a donor is entitled to a charitable deduction for the full market value of the gift. To establish the most valid market value for gifts of real estate and tangible personal property, an independent appraiser retained by the donor should render an appraisal. The cost of the appraisal is also tax-deductible.

When a donor elects to give property on which he or she would realize a long-term capital gain if sold, including gifts of securities, it is usually unwise to sell the property and give the proceeds to the Community Foundation. It is usually more beneficial to the donor to give the property to the Foundation.

In the case of property on which a donor has incurred a capital loss, particularly securities, it is usually more advantageous for tax purposes to sell the property and give the proceeds to the Foundation.

G. Excess Business Holding Rules

The foundation reserves the right to decline gifts to any funds, including donor advised, that may be offered from a disqualified person holding more than 20 percent of a voting stock of a

business enterprise. Alternatively, the Foundation may accept a gift under Investment Policies that provide guidelines to ensure divestment of such funds. A disqualified person for this purpose means the donor, a donor advisor, a member of the family of a donor or donor advisor, and a 35 percent controlled entity of any disqualified person.

H. Bargain Sales

A bargain sale gift is one in which the Community Foundation is allowed to purchase a property at less than its fair market value. The gift is deemed the difference between the sale price and the market value. A gift of real property subject to a mortgage is also considered a bargain sale.

Acceptance of a bargain sale gift requires the prior approval of the Gift Acceptance Committee. The amount credited to an existing or new endowed fund will be determined by the charitable deduction. Because of the tax consequences and complexities of bargain sale gifts, the donor should be urged to secure a tax counsel when considering such a gift.

I. Insurance Policies

The Community Foundation must be designated as both the irrevocable beneficiary and owner of an insurance policy before the policy can be credited as a gift.

The date of the gift is the date of transfer of ownership and naming the Community Foundation as an irrevocable beneficiary.

J. Limited Partnerships. Mortgages and Notes. Patents and Copyrights

Acceptance of these types of gifts requires prior approval by the Gift Acceptance Committee and will be determined on a case-by-case basis. Those that can be assigned a fair market value will be credited as a gift to the Community Foundation.

K. Charitable Remainder Trust and Gift Annuities

Several charitable instruments allow the donor to transfer assets to the Community Foundation and receive income in return, either for life or for a fixed period of years. A gift annuity provides a guaranteed life income to the donor and/or another beneficiary. The charitable deduction for such gifts is based on the value of the property transferred, the age of beneficiaries, and the payout rate. Remainder trusts and annuities are particularly appropriate for donors who wish to give the appreciated property while retaining income from their gift.

Gifts made in exchange for an annuity are technically outright gifts subject to a condition that the Community Foundation pays an annuity for the life or lives of one or more annuitants. Thus, there is a "remainder interest." However, because the Community Foundation may ultimately receive less than the entire amount transferred - only the excess of the gifted value over the actuarially determined cost to the Foundation of producing the annuity - gift annuities will be credited at both the face amount transferred and the present value of the gift calculated in accordance with Community Foundation guidelines.

L. Charitable Lead Trust

The charitable lead trust is the converse of the charitable remainder trust in that the Community Foundation receives the income rather than the principal of the trust. The donor irrevocably transfers the assets to a trustee and provides that the income be paid to the Foundation for a pre-established number of years, after which the trust principal reverts to the donor.

V. GIFT PROCESSING AND ACKNOWLEDGEMENT PROCEDURES

Procedures to transmit process and acknowledge gifts have been established to aid Community Foundation staff members in properly crediting gifts to funds, graciously thanking donors, and providing accurate gift recording.

When a gift solicitation results in a gift of any amount to the Foundation, or when an unsolicited gift is received, the gift should be deposited on the same business day it is received. When this is not possible, checks and their accompanying correspondence must be placed in a secure location.

Within 48 hours of receiving a gift, it should be entered into the donor's record and a copy of the check and any correspondence, as well as a copy of the remittance envelope, provided to the staff member preparing the acknowledgment letter(s). This is important so that the donor receives a timely, accurate thank you letter, and that anyone being memorialized or honored receives a proper acknowledgement. When there is an address change, this information should be made on the donor's record at the time the gift is entered.

In the case of honor or memorial gifts, a letter mentioning the name and address of the donor is sent to the family of the deceased or the person being honored. A letter is also sent to the donor expressing appreciation and informing him or her that a letter of acknowledgment has been sent, as requested.

Donor representatives are to be sent fund statements biannually.

These guidelines will, of course, not meet every case and contingency that may arise. Further information on the suitability of an acknowledgment to a donor should be sought from the staff member securing the gift.

VI. POLICIES AND PROCESS FOR DONOR ADVISED FUNDS

(To be shared with all donor-advised fund representatives)

The Pension Protection Act of 2006 defines a donor advised fund as having the following three characteristics:

- It must be separately identified with reference to the contribution of a donor or donors
- It must be owned and controlled by a sponsoring organization (i.e., the Community Foundation for the Alleghenies)
- The donor or person appointed by the donor must have or must reasonably expect to have the privilege of providing advice with respect to the fund's investments or distributions.

The rights and limits of donors as described in the advised and scholarship gift agreements and by-laws of the Foundation are to be provided to donors. All gifts are subject to Board approval and the Board reserves the right to refuse any gifts that may be in violation of its by laws and policies.

Funds held at the Community Foundation may not be used to fulfill pledges and/or secure benefits from the distribution recipient. Nor may donors, advisors and related parties receive benefits. Donors, advisors, or related parties may not receive grants, loans, or compensation, including expense reimbursements from donor advised funds.

Grants may not be made to individuals or an entity for the benefit of a specified individual. However, grants may be made that are qualified scholarships and fellowships that pay for tuition, room and board, and books; prizes or awards that are chosen from the general public, without any action to enter a contest or proceeding; grants to achieve a specific literary objective, produce a report or other similar product, or improve or enhance a literary, artistic, musical, scientific, testing or other similar capacity, skill, or talent of grantee. All scholarships must conform to established scholarship policies and procedures.

January 1, 2020

