

# Gift & Fund Acceptance Policy

## Community Foundation of North Central Massachusetts

### 1. Purposes

- To support a program of development which encourages gifts that further the mission of the Foundation
- To clarify the terms of the gifts which the Board authorizes the staff to accept on behalf of the Foundation

### 2. General Statement of Policy

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

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

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. They will also be provided with a written fund agreement and encouraged to read the fund agreement and attached documents thoroughly prior to signing. It is the policy of the Foundation to encourage all donors to share their plans with their families and loved ones.

In particular, donors should be made aware of the following:

- The irrevocability of a gift
- The Foundation's variance/safeguarding power
- The Foundation's spending policy and definition of endowment funds
- In the case of donor-advised funds, applicable policies and limitations
- Limitations on donor restrictions
- Items subject to variability: market value, investment return, and income yield
- Applicable administrative and investment management fees

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

### 3. Delegation of Authority to Accept Gifts

The Board has authorized the Foundation President or the Development Committee to accept cash or marketable securities in any amount. Gifts of real property, tangible personal property, closely-held securities, and any other property may be conditionally accepted by the Foundation President, but the final acceptance remains subject to approval by the Board.

## 4. Gift Acceptance Policies -

The Community Foundation prefers gifts of cash, checks, marketable securities, retirement funds, and life insurance policies. Gifts of other assets will be accepted in accordance with the guidelines below.

### a. Checks

The Foundation accepts checks (personal and bank checks as well as those from other fiduciary organizations) and money orders.

### b. Marketable Securities

When securities are transferred to the Foundation's account, the Foundation will issue the appropriate tax receipt letter based on IRS Guidelines.

### c. Stock

Gifts of stock in privately held companies may be conditionally accepted by the President and immediately sold, but this acceptance remains subject to approval by the Board of Trustees. The Foundation will request a valuation statement from the donor. Only gifts of stock that can be readily sold will be accepted.

### d. Tangible Personal Property

The donor must agree that the property can be sold unless the Foundation agrees to use the property for a purpose related to its tax-exempt purpose. The Board of Trustees may request a certified valuation. The donor is responsible for the costs associated with the valuation. The Board of Trustees may agree that these costs may be subtracted from the proceeds of the sale and the donor's tax deduction would be reduced by the cost of the valuation.

### e. Life Insurance

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

### f. Retirement Funds

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

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

## **g. Real Estate**

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

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

## **i. Gifts Declined**

The Foundation reserves the right to refuse any gift that it believes is not in the best interest of the Foundation. If a gift is not accepted, Foundation staff will contact the prospective donor immediately.

## **j. Acknowledgment**

Accepted gifts will be acknowledged as they are posted through the FIMS software, on a minimum of a weekly basis, and in accordance with federal regulations.

## **k. Pass-Through Funds (i.e. Directed Funds):**

A Pass-Through Fund is one in which all the gifts made to the fund are to be distributed for qualifying charitable purposes. The Foundation will administer a Pass-Through Fund where the role of the Foundation is clearly needed to fulfill the charitable purpose of the donor. The fund must be consistent with the mission of the Foundation and within its administrative capabilities.

Pass-Through Accounts are intended to be short-term in nature (defined and subject to annual review by the Foundation). The goal of establishing such funds is to provide a pathway for those wishing to establish a more permanent fund in time or for those projects or activities that, by nature, will only be short in duration (a year or less). Fees for Pass-Through accounts differ from other funds of the Foundation.