



THE COMMUNITY FOUNDATION  
of FREDERICK COUNTY

*For Good. Forever. For Frederick County.*

## THE COMMUNITY FOUNDATION OF FREDERICK COUNTY

### GIFT ACCEPTANCE POLICY

Approved October 28, 2016

The Community Foundation of Frederick County (the “Community Foundation”), a nonprofit organization organized in the State of Maryland, encourages the solicitation and acceptance of gifts to further and fulfill its mission of connecting people who care with causes that matter to enrich the quality of life in Frederick County now and for future generations.

It is the intent and policy of the Board of Trustees to offer diverse gift and/or grant opportunities to all constituencies (1) for recurring annual administrative support, and (2) for support of the Community Foundation’s component funds and specific activities. It is the further intent and policy of the Board of Trustees to communicate aggressively and regularly the various gift opportunities and to provide volunteers and staff resources for a full and effective service program to both donors and potential donors.

All gifts are to be given by donors, including individuals, families, foundations, businesses, civic causes, unincorporated groups, and nonprofits, and received by the Community Foundation within allowable federal, state and institutional guidelines, and according to law.

#### I. Purpose of Policies

This statement articulates the policies of the Board of Trustees (the “Board”) of the Community Foundation concerning the acceptance of charitable gifts and provides guidance to prospective donors and their advisors when making gifts to the Community Foundation. The President/CEO will adopt appropriate procedures to implement these policies.

#### II. Responsibility to Donors

A. *Commitment to a Donor-Centered, Philanthropic Approach:* The Community Foundation, its trustees, volunteers and staff shall endeavor to assist donors in accomplishing their philanthropic objectives in a donor-centered way. In many circumstances, this may involve the donor’s professional advisors, as charitable support is often integrated with a donor’s overall tax, estate and financial planning.

- B. *Confidentiality*: Information concerning all transactions between a donor and the Community Foundation shall be held by the Community Foundation in confidence, and may be disclosed only with the permission of the donor or the donor's designee.
- C. *Anonymity*: The Community Foundation shall respect the wishes of any donor offering anonymous support and will implement reasonable procedures to safeguard such donor's identity.
- D. *Ethical Standards*: The Community Foundation is committed to the highest ethical standards. The Community Foundation, its trustees, volunteers and staff shall adhere to both the [Model Standards of Practice for the Charitable Gift Planner](#), as adopted by the Partnership for Philanthropic Planning ("PPP"), and the [Code of Ethical Principles and Standards](#) as adopted by the Association of Fundraising Professionals ("AFP"). The Community Foundation will not participate in gift discussions if there is a question as to the title/ownership of the asset or the donor's competency to transfer an asset.

### **III. Legal Considerations**

- A. *Compliance*: The Community Foundation shall comply with all local, state and federal laws and regulations concerning all charitable gifts it encourages, solicits or accepts. All required disclosures, registrations and procedures shall be made and/or followed in a thorough and timely manner.
- B. *Endorsement of Providers*: The Community Foundation shall not endorse legal, tax or financial advisors to prospective donors.
- C. *Finder's Fees and Commissions*: The Community Foundation shall not pay fees to any person as consideration for directing a gift by a donor to the Community Foundation.
- D. *Legal, Tax and Financial Advice*: The Community Foundation shall inform prospective donors that it does not provide, legal, tax or financial advice, and shall encourage prospective donors to discuss all charitable gift planning decisions with their own advisors before entering into any commitments to make gifts to the Community Foundation.
- E. *Preparation of Legal Documents*: The Community Foundation shall not prepare legal documents for execution by donors, except forms to create charitable gift annuities. The Community Foundation may provide model language, such as sample bequest language, gift agreements or financial

- illustrations, but shall strongly encourage prospective donors to have this language reviewed by their own advisors.
- F. *Payment of Fees:* It will be the responsibility of the donor to secure an appraisal (where required) and to pay for the advice of independent legal, financial or other professional advisers as needed for all gifts made to the Community Foundation.
  - G. *Service as Executor or Living Trust Trustee:* Unless approved in advance by the Board of Trustees, the Community Foundation will not agree to serve as executor of a decedent's estate nor as trustee of a living trust or other trust intended to serve as a person's primary estate planning document.
  - H. *Trusteeship:* The Community Foundation may serve as trustee of trusts to maintain its gift annuity reserve accounts, as required by relevant state insurance law, in connection with the Community Foundation's gift annuity program. The Community Foundation may serve as trustee of charitable remainder trusts, provided that 100 percent of the remainder interest in the trust is irrevocably dedicated to the Community Foundation, and the charitable remainder trust meets the minimum standards set forth in the Gift Acceptance Procedures. The Community Foundation may serve as a trustee of trusts only in circumstances in which its investment authority as trustee is unrestricted. The Community Foundation may serve as co-trustee of a charitable trust in select circumstances with the approval of its Board of Trustees.
  - I. *Use of Counsel:* The Community Foundation shall seek the advice of legal counsel in matters relating to the acceptance of gifts when appropriate. Review by counsel is recommended for gifts involving: closely held stock transfers that are subject to restrictions; gifts involving contracts, such as bargain sales; reformation of charitable trusts; and transactions involving potential conflicts of interest.

#### **IV. Gift Acceptance**

- A. *Implementation:* Gift acceptance, as outlined in these policies, is delegated by the Board to the President/CEO, who is authorized to accept all gifts permitted by this policy.
- B. *Approval of Exceptions:* Acceptance of gifts outside the scope of this policy requires the approval of the Board of Trustees, with appropriate documentation in the Board minutes.

- C. *Gift Acceptance Committee*: The Community Foundation does not have a formal gift acceptance committee. Instead, all exceptions pertaining to this Gift Acceptance Policy must be approved by the Board of Trustees.
- D. *Gift Acceptance Procedures*: The Board delegates to the President/CEO the responsibility of approving Gift Acceptance Procedures to implement these policies.
- E. *Gift Acceptance Alternatives*: In the event the Board of Trustees rejects a gift, the Community Foundation will attempt to assist the donor in finding a suitable third-party charity to accept the gift and share the proceeds, less costs, with the Community Foundation.
- F. *Gift Agreements*: The Community Foundation generally uses non-binding gift agreements, statements of intent and pledge forms to document gift commitments. The President/CEO shall create and maintain samples for use by staff and volunteers. Other policies regarding gift agreements include:
  - 1. *Commitments Within a Fiscal Year*: The Community Foundation does not require statements of intent for gift commitments within the current fiscal year.
  - 2. *Commitments Covering More Than One Fiscal Year*: If the commitment covers more than one fiscal year, a simple letter or card documenting the gift amount and payment schedule may be substituted for a formal statement of intent.
  - 3. *Commitments Subject to Restrictions*: The Community Foundation requires a written, signed statement of intent for all commitments subject to restrictions.
- G. *Creation of Component Funds*: Funds are created using fund agreements, which include a short profile of the donor, the donor's commitment and timeframe for payments, the Community Foundation's commitment (including restrictions), how the completed gift will be managed, alternative use, spending, and saving language, and stewardship. A donor information kit is also signed when a fund is created, which outlines all current policies pertaining to the administration and management of the fund, donor recognition, fund publicity, gift acknowledgements, and other information pertinent to the donor's understanding of the Community Foundation's practices.
- H. *Unacceptable Gifts*:
  - 1. Those which contain unacceptable restrictions as to relatives or descendants as beneficiaries.

2. Those which contract restrictions which would constitute conflicts of interest or personal benefit of monetary value to the donors.
  3. Those which contain conditions requiring the future employment of any specified person.
  4. Those which contain unreasonable conditions on gifts of partial interest in property.
  5. Any deferred gift permanently committing the Community Foundation to the naming of a fund or activity where the instrument committing the gift is revocable.
- I. *Crediting Gifts:* Pledges and gifts of cash will be credited at face value and securities will be credited at the high-low average of the market value on the date of the gift. For securities, neither losses or gains realized by the sale of securities after their receipt, nor brokerage fees or other expenses associated with the transaction are to affect the gift value.
  - J. *Reporting:* Donors will receive annual reports on uses of their funds, insofar as practicable.
  - K. *Named Component Funds:* Named component funds can be established only for those amounts in excess of \$25,000, as is appropriate for the purpose requested and as defined by the institution. Testamentary gifts to create funds will use the minimum amount to start a fund that was in place at the time the estate provisions were executed. Exceptions to this may be made with the approval of the Board of Trustees.
  - L. *Funds:* Funds are not considered official, active component funds of the Community Foundation until the minimum market value is attained, the Board of Trustees approves the fund, and the fund agreement is executed.
  - M. *Allocation of Gifts:* Gifts may be added to the Community Foundation's component funds at any time and in any amount, at the direction of the donor. All gifts will be allocated first according to donor wishes and/or presumed intent, next in accordance with approved organizational priorities, next in consideration of general operational requirements, and next to build a substantial permanent fund to help secure the Community Foundation's future.

## V. Gift Restrictions

- A. *Unrestricted Gifts:* To provide the Community Foundation with maximum flexibility in the pursuit of its mission, donors shall always be encouraged

- to consider unrestricted gifts or gifts restricted to budgeted priorities of the Community Foundation, including its strategic initiatives.
- B. *Budgeted Programs or Facilities*: The Community Foundation may accept gifts restricted to specific budgeted programs and purposes.
  - C. *Other Restrictions on Gifts*: The Community Foundation may accept gifts restricted to specific component funds. The Community Foundation reserves the right to decline gifts which are too restrictive in purpose, too difficult to administer, or for purposes outside of its mission.
  - D. *Unrestricted Testamentary Gifts*: Donors making unrestricted testamentary gifts generally intend for these gifts to benefit the long-term future of the Community Foundation. For unrestricted testamentary gifts (bequests, retirement plan and life insurance designations, etc.) with a value over the minimum to start a fund, the Board has placed a self-restriction on the use of these monies, with its generally practice to create a named fund with the annual distribution divided equally between the Community Foundation's discretionary grantsmaking, as may be amended from time to time, and the Community Foundation's operating budget. However, the Board of Trustees reserves the right to change its own self-restriction as noted above and may place unrestricted gifts into the funds of its choosing and/or use unrestricted gifts for the purposes it deems is the best fit or in the greatest need.

## **VI. Types of Property**

These assets may be considered for acceptance by the Community Foundation, subject to the following criteria:

- A. *Cash*: Acceptable in any negotiable form, including currency, check and credit card gifts.
- B. *Securities*:
  - 1. *Publicly Traded Securities*: Stocks, bonds and mutual funds traded on an exchange or other publicly reported market are acceptable.
  - 2. *Closely Held Securities and Business Interests*: Debt and equity positions in non-publicly traded businesses, hedge funds, REITs, interests in limited liability companies and partnerships may only be accepted upon Investment Committee review and Board of Trustees approval, after review in accordance with the Gift Acceptance Procedures.

3. *Options and Other Rights in Securities:* Warrants, stock options and stock appreciation rights may only be accepted upon Investment Committee review and Board of Trustees approval.
- C. *Life Insurance:* The Community Foundation will accept a gift of life insurance provided that the policy has a positive cash surrender value and the Community Foundation has been named both beneficiary and irrevocable owner of the policy.
- D. *Real Property:* Personal and commercial real property, real estate interests/derivatives, and remainder interests in property (gifts subject to a retained life estate) may only be accepted upon prior written approval of the Board of Trustees after review in accordance with the Gift Acceptance Procedures, including appropriate environmental screenings. The Community Foundation does not accept debt-encumbered real property, real property subject to a mortgage or lien, or time share interests. For gifts subject to a retained life estate, the donor or primary life beneficiary shall be responsible for all expenses other than capital expenditures during the life tenancy, including but not limited to maintenance, real estate taxes, assessments and insurance.
- E. *Tangible Personal Property:* Jewelry, books, works of art, collections, equipment and other property which may be touched, may only be accepted after review in accordance with the Gift Acceptance Procedures.
- F. *Other Property:* Property not otherwise described in this section, whether real or personal, of any description (including but not limited to mortgages, notes, contract rights, copyrights, patents, trademarks, mineral rights, oil and gas interests and royalties) may be only be accepted upon prior written approval of the Board of Trustees.
- G. *Gifts-in-kind:* Gifts of real property and services may be accepted pending they are a good fit for supporting the Community Foundation's mission and activities. The donor is responsible for obtaining an independent appraisal for the value of the gift.

## **VII. Structured Current Gifts**

- A. *Bargain Sales:* Transactions wherein the Community Foundation pays less than full value for an asset and issues a gift receipt for the difference may only be accepted upon prior written approval of the Board of Trustees after review in accordance with the Gift Acceptance Procedures.
- B. *Charitable Lead Trusts:* The Community Foundation may accept a designation as income beneficiary of a charitable lead trust.

- C. *IRA Charitable Rollover*: The Community Foundation may accept all gifts directly transferred from an IRA.
- D. *Matching Gifts*: The Community Foundation will accept all matching gifts, subject to the terms and conditions of Section VI. The matching gift will be placed into the fund or used for the purpose supported by the original gift.
- E. *Other Structured Current Gifts*: The Community Foundation may only accept other structured current gifts with prior written approval of the Board of Trustees after review in accordance with the Gift Acceptance Procedures.

## **VIII. Future Gifts**

### *A. Future Gifts Subject to a Payment Interest*

1. *Charitable Gift Annuities*: The Community Foundation offers immediate payment, deferred payment, commuted payment and flexible payment charitable gift annuities, provided:
  - i. Minimum funding amount: \$10,000
  - ii. Maximum funding amount: 25 percent of total gift annuity pool [if pool is unrestricted]; (10 percent of total gift annuity pool if pool is restricted)
  - iii. Minimum age(s): None (All proposals for donors with an average age under 60 shall include an option with a hedge against inflation)
  - iv. Maximum number of lives: Two
  - v. Ultimate beneficiary: the Community Foundation or one or more of its component funds for 100 percent, irrevocably
  - vi. Payout rate: American Council on Gift Annuities recommended rates (All proposals shall include offer of 100 percent, 90 percent and 80 percent of the ACGA recommended rate)
  - vii. Payment schedule: Monthly, quarterly, semi-annual or annual
  - viii. Funding assets: Prior written approval of the Board of Trustees is required for assets other than cash or publicly traded securities
2. *Charitable Remainder Trusts When the Community Foundation Serves as Trustee*: The Community Foundation will serve as trustee of charitable remainder trusts, provided:



- i. Minimum funding amount: \$100,000
  - ii. Maximum funding amount: None
  - iii. Minimum age(s): None
  - iv. Maximum number of lives: None
  - v. Ultimate beneficiary: the Community Foundation for 100 percent, irrevocably
  - vi. Payout rate: Per gift acceptance procedures (generally 5 to 7 percent)
  - vii. Minimum charitable remainder: 10 percent of the funding amount (using the income tax charitable deduction methodology) or the minimum amount necessary to be considered a qualified trust by the IRS
  - viii. Payment schedule: Monthly, quarterly, semi-annual or annual
  - ix. Funding assets: Prior review by the Investment Committee and written approval of the Board of Trustees is required for assets other than cash or publicly traded securities, although a broader array of assets will be approved for a charitable remainder trust than a charitable gift annuity
  - x. Costs charged to the trust: Investment management, administration, legal counsel and tax return preparation
3. *Charitable Remainder Trusts When the Community Foundation Does Not Serve as Trustee:* The Community Foundation will accept designation as charitable beneficiary of charitable remainder trusts that do not name the Community Foundation as trustee. Donors who create externally managed and trustee trusts will be asked to provide the Community Foundation with a copy of the trust document and annual investment reports for record-keeping purposes.
4. *Pooled Income Funds:* The Community Foundation offers a pooled income fund provided
  - i. Minimum funding amount: \$10,000
  - ii. Maximum funding amount: None
  - iii. Minimum age(s): None
  - iv. Maximum number of lives: Two
  - v. Ultimate beneficiary: the Community Foundation for 100 percent, irrevocably

- vi. Payout: Net income (capital gains treated as income)
- vii. Payment schedule: Quarterly
- viii. Funding assets: Prior written approval of the Board of Trustees is required for assets other than cash or publicly traded securities.
- ix. Costs charged to the pool: Investment management, administration, legal counsel and tax return preparation

**B. *Future Gifts Not Subject to a Payment Interest***

- 1. *Gifts by Will or Living Trust:* Donors and supporters of the Community Foundation will be encouraged to designate the Community Foundation as a beneficiary of their wills or living trusts.
- 2. *Retirement Plan, Life Insurance and Other Beneficiary Designations:* Donors and supporters of the Community Foundation will be encouraged to designate the Community Foundation as beneficiary or contingent beneficiary of their retirement plans, life insurance policies and other accounts on which they can name a beneficiary.

**IX. Donor Recognition**

- A. *General:* The Board of Trustees establishes criteria for the recognition, honoring and stewarding of donors.
- B. *Buildings:* Except in the case of naming component funds, the Community Foundation shall make no commitments to donors concerning the naming of buildings, facilities, awards, or other items without the approval of the Board of Trustees.
- C. *Listings:* Donor names will be included on listings, including the Widening Circles Society/Partners in Philanthropy donor roles, Women's Giving Circle and other giving circle membership, and other rosters as the Board of Trustees deems appropriate.

**X. Reporting and Valuation Standards**

- A. *Gift Reporting and Counting:* For all gifts, the Community Foundation follows the *Accounting Standards Codification™ and the Hierarchy of Generally Accepted Accounting Principles* issued by the Financial Accounting Standards Board.
- B. *Gift Valuation:* The Community Foundation follows the [PPP Valuation Standards for Charitable Planned Gifts](#).

**XI. Periodic Review**

- A. *Regular Review:* The Executive Committee shall review these policies in national election years to ensure that they continue to accurately describe the policies of the Community Foundation with respect to acceptance of charitable gifts, and shall propose to the full Board of Trustees for ratification those revisions that the Executive Committee shall determine to be necessary or appropriate.
- B. *Special Review:* The President/CEO shall initiate a supplemental review of these policies upon the enactment or promulgation of legislation or regulatory rules affecting fundraising and gift acceptance by the Community Foundation, or prior to the start of a formal fundraising campaign. All proposed changes shall be shared with the full Board for ratification.