



GREATER POWESHIEK COMMUNITY FOUNDATION GIFT ACCEPTANCE POLICY & GUIDELINES

I. PURPOSE OF POLICY AND GUIDELINES

The purpose of the Gift Acceptance Policy and Guidelines is to guide the efforts of the Board of Directors of the Greater Poweshiek Community Foundation, its donors, and their professional advisor(s) in processing gifts to achieve the donor's charitable goals. This document summarizes the policies and guidelines for accepting various types of assets and the types of gift mechanisms that can be used. The Foundation must ensure that any asset it accepts does not place the Foundation or donor at risk.

II. PURPOSE OF GIFTS

The purpose of all gifts, without exception, shall relate to the mission of the Community Foundation. The purpose of each gift, and procedures for its administration, shall be defined in a letter, agreement or other document signed by the donor. Any gifts under \$1,000 received without donor direction or a fund designation will be added to the Greater Poweshiek Community Foundation Administrative Operations Fund. Gifts at or above \$1,000 received without donor direction or a fund designation will be allocated to a GPCF fund(s) per disposition resolution made at the next full Board meeting.

III. GIFT ACCEPTANCE

A. Gift Factors

The following factors will be considered in determining whether gifts should be accepted by the Foundation:

- Meets IRS qualifications as a charitable gift;
- Nature of and documentation of any donor restrictions or conditions;
- Economic practicality of administering the gift;
- Marketability of the gift;
- Liability risks (financial, legal, nonprofit status); and
- Whether gift is subject to unrelated business income tax ("UBIT").

IV. FUNDS

The Foundation offers several different types of funds and they can be endowed or non-endowed. Only the earnings (maximum of 5%) from endowed funds are distributed and the minimum balance of \$10,000 must be met before distributions can be made. Fund types include:

Unrestricted Funds. Gifts to these funds help the Foundation help our community. The Foundation makes distributions to support effective work of charitable organizations throughout the area we serve.

Field of Interest Funds. These funds support a charitable purpose designated by the fund's donor or donors. Distributions are determined by the Foundation consistent with the fund's purposes. Where appropriate, the Foundation may create an advisory committee to make recommendations for distributions.

Designated Funds. These funds support a charitable organization designated by the fund's donor or donors. Distributions generally are determined by applying the Foundation's spending policy to the assets held in the fund.

Agency Endowments. These funds are created by charitable organizations that designate themselves as the fund's beneficiary. Distributions generally are determined by applying the Foundation's spending policy to the assets held in the fund.

Scholarship Funds. These funds provide financial assistance to students at schools, colleges, and universities. Scholarship funds can also support vocational training and assistance in paying for special courses. Donors recommend eligibility criteria and may serve on selection committees.

Donor Advised Funds. Donors reserve the rights to recommend the organizations and projects to receive grants from their funds. While the GPCF has final authority to approve or disapprove recommendations, donor's wishes are rarely rejected and then only for legal reasons. This type of fund is a great alternative to a private foundation and allows donors to involve their children in the grant making process.

Disaster Relief and Emergency Hardship Funds. Contributions to these funds help people in time of need and help our community recover when disasters strike. The Foundation makes distributions from these funds to support effective organizations that provide assistance to individuals and community organizations.

V. MINIMUM GIFTS

There is no minimum for a non-endowed fund. Subject to the policies set forth in this document, the Foundation may accept gifts to existing funds of any size. The minimum gift for a new endowed fund is \$10,000. A new endowed fund may be established with a lower minimum if the donor arranges regular payments to bring the fund to the minimum level within 5 years. No grants may be made from an endowed fund until the minimum is reached.

Exceptions are subject to the approval of the Foundation's Executive Committee.

VI. COSTS OF ACCEPTING AND ADMINISTERING GIFTS

Generally, costs associated with the acceptance of a gift, such as the donor's attorneys' fees, accounting fees, and appraisal and escrow fees, are borne by the donor. The direct costs of administering gifts are generally paid out of the assets of the individual funds. Custodial, investment, and administrative fees are paid from the respective funds in accordance with the Foundation's guidelines and fee schedules. The Foundation reserves the right to assess a set-up fee.

VII. AUTHORITY TO ACCEPT GIFTS

A. Acceptance by Officers & Designated Employees. Any of the Foundation's officers or employees designated by the Foundation's Executive Committee may accept, for and on the Foundation's behalf, any of the following:

- Cash
- Checks
- Marketable securities

B. Acceptance by Investment Committee. All other gifts, including those listed below, will require review and, if appropriate, approval by the Foundation's Investment Committee. The following gifts require the Committee's review and approval:

- Closely-held and S corporation stock
- Partnership interests
- Limited liability company interests
- Accounts receivable (e.g., gifts of loans, notes, mortgages)
- Real property
- Life insurance policies

C. Emergency Gifts. Notwithstanding the Executive Committee's authority above, gifts requiring immediate action (such as gifts in late December) may be exempted from full Committee review if, in the President's judgment, in consultation with the Investment Chair and Vice-President of the Executive Committee, that gift may be accepted without in any way jeopardizing the Foundation's exempt status.

D. Timing of Review. Gifts requiring Committee's review will be handled promptly. Foundation staff will immediately notify donors if a gift is not accepted.

VIII. EXCESS BUSINESS HOLDINGS

The Pension Protection Act of 2006 amended section 4943 of the Internal Revenue Code to limit ownership of closely-held business interests in a donor advised fund. A fund's holdings, together with the holdings of disqualified persons (donor, advisor, members of their families and businesses they control) may not exceed any of the following:

- 20% of the voting stock of an incorporated business;
- 20% of the profits interest of a partnership, joint venture, or the beneficial interest in a trust or similar entity;
- Any interest in a sole proprietorship.

These limitations do not apply if the donor advised fund holds an interest that does not exceed two percent of the voting stock and two percent of the value of the business.

Donor advised funds receiving gifts of interests in a business enterprise have five years from the receipt of the interest to divest holdings that are above the permitted amount, with the possibility of an additional five years if approved by the Secretary of the Treasury. To prevent a violation of these rules, it is the Foundation's policy is to divest itself of such holdings within five years from the date the Foundation acquired the asset. If that is not possible, the asset will be transferred to a new or existing fund that is not an advised fund.

IX. ILLIQUID ASSETS

The Foundation's general policy is to liquidate all gifts promptly. On occasion, the Investment Committee may decide that it will not liquidate certain gifts immediately. Factors the Committee will consider include:

- Market conditions – a gift may be retained for a reasonable period of time if the likely sales price would be substantially less than the asset's real value. Similarly, a large block of stock might be sold over a period of time in order not to artificially depress the price.

- Use by the foundation – the Foundation may elect to keep gifts that it will employ directly in furtherance of its exempt purposes. For example, the Foundation might keep real property that it will use as its offices.
- Desirability as an investment – on rare occasions, the Foundation may be given property that it wishes to retain as an investment. Considerations in this decision include the projected return and how the asset fits into the Foundation’s investment portfolio.

If a fund’s illiquid assets do not generate a sufficient return to permit grantmaking that is consistent with the assets’ value, the Foundation will seek an additional gift of cash or marketable securities to allow the fund to begin making distributions.

X. DEFERRED GIFTS & PLANNED GIVING.

These are gifts whose benefit does not fully accrue to the Foundation until some future time, or whose benefits are split with non-charitable beneficiaries. Foundation representatives are authorized to solicit direct charitable gifts through wills, as well as contributions to establish gift annuities or charitable trusts. The Foundation will work closely with donors and confer with financial advisors, at the request of the donors, to realize these gifts. In cases where the gifts are complex, the President/CEO may request review by the Executive Committee.

A. Bequests

The Foundation accepts bequests from donors who have directed in their wills that certain assets be transferred to the Foundation and honors the wishes of the donor as expressed, but reserves the right of refusal as necessary and appropriate. Sample bequest language for restricted and unrestricted gifts is available from the Foundation, to donors and/or advisors, upon request. The Foundation may not be named as Executor for a donor in his/her will and will not serve if named. The Foundation may create a named fund in memory of the donor, if there is no stipulation for anonymity.

B. Retirement Plans or IRA Accounts

Donors may make lifetime gifts of retirement assets or name the Foundation as the beneficiary of their plan. Retirement plans include, but are not limited to, Individual Retirement Accounts (IRA), 401(k), 403(b), and defined contribution plans.

C. Life Income Gifts

The Foundation will work closely with donors to implement planned giving options that provide income to a donor or his/her designees, as well as financial benefit to the Foundation (split-interest gifts). Options include:

- **CHARITABLE REMAINDER TRUSTS (CRT).** This trust makes payments to one or more beneficiaries for their lifetimes, or for a fixed term, or a combination of both. Assets are put into a trust, beneficiaries are paid, and when the trust term ends, the remainder in the trust passes to the Foundation for its charitable purposes. The donor names a Trustee to manage the trust and determines whether the payout will be fixed (a charitable remainder annuity trust (CRAT)) or variable (a charitable remainder unitrust (CRUT)). Trusts can be set up during the donor’s lifetime or by will. The Foundation encourages donors to consult their own legal counsel and tax advisors

to create a charitable remainder trust. At the donor's request, the Foundation will confer with his/her advisors to assist in establishing the trust from which it will ultimately benefit.

- **CHARITABLE LEAD TRUST (CLT).** This trust first makes distributions to the Foundation for a specified period, with the remainder reverting to the donor or another beneficiary at the end of the period. It may be set up during one's lifetime or in a will.
- **CHARITABLE GIFT ANNUITY (CGA).** This planned gift is based on a gift of cash or securities in exchange for lifetime income, either immediate or deferred, to the donor. It is a contract between the donor and the Foundation and is backed by our total assets. The gift is in part a charitable gift and in part the purchase of an annuity.
- **LIFE ESTATE.** A donor may wish to contribute a personal residence or farm to the Foundation and retain the right to use the property until death. Upon the donor's death, the Foundation owns the entire interest in the property.

XII. TYPES OF GIFTS

A. Restrictions

In conformance with applicable statutes and regulations governing public charities, gifts to the Foundation may not be directly or indirectly subjected by a donor to any material restriction or condition that prevents the Foundation from employing the transferred assets or the income derived from them in furtherance of its exempt purposes.

B. Asset Types

The Foundation will accept the following gifts using the criteria noted within each gift type. If the donor wishes to have a gift receipt from the Foundation, the donor should provide his/her name and address. Other documents may be necessary for some asset types.

- **CASH, CASH EQUIVALENTS OR CHECK.** Cash is acceptable in any form. Checks may be made payable either to the "Greater Poweshiek Community Foundation," or "GPCF." Information as to the purpose for which the contribution is to be used should also be provided in the memo line.
- **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. The Foundation will also accept marketable shares in mutual funds.

As a general rule, all marketable securities shall be sold upon receipt. Donors will be advised of this practice and may not request the Foundation to engage in market timing. In some cases, applicable securities laws may restrict marketable securities; in such instance, the Investment Committee shall make the final determination on the acceptance of the restricted securities.

- **CLOSELY HELD SECURITIES.** Gifts of closely-held and S corporation stock must be reviewed by the Investment Committee. Subject to the Committee's approval, the Foundation may accept gifts of closely-held or S corporation stock in any amount to any existing fund. Gifts to establish a new component fund at the Foundation must meet the applicable minimum funding requirement. The Foundation may accept gifts of stock in closely-held or S corporation that generate unrelated business income only if certain agreements are reached with the donor and/or the corporation. These include an agreement by the donor that the taxes on the unrelated business income and the Foundation's associated administrative expenses (e.g., accounting and tax return preparation)

will be charged against the fund holding the contributed stock. Further, the donor should agree to contribute additional cash to the fund to pay the foregoing taxes and administrative expenses to the extent there is insufficient cash in the subject fund balance to cover such taxes and expenses.

Appraisal. Each gift of closely-held or S corporation stock giving rise to a charitable deduction of more than \$5,000 must be appraised in accordance with federal tax law. The donor will be responsible for obtaining such appraisal.

Distributions. Distributions from a component fund that consists entirely of closely-held or S corporation stock are limited to the income generated by the securities less fees assessed by the Foundation and any unrelated business tax imposed thereon.

Liquidation. The Foundation will generally seek to redeem or sell closely-held or S corporation stock contributed as soon as possible and generally will not accept gifts that cannot be liquidated within three years.

Procedures for Accepting Gifts of Closely-Held or S Corporation Stock. The following procedures apply to all proposed gifts of S corporation stock:

- The Foundation will review corporate governing documents to determine the rights and obligations associated with the stock and whether or not the Foundation should undertake such obligations in light of such rights.
- The Foundation will review the corporation's most recent tax returns and the donor's most recent K-1 to determine the nature of the income associated with the stock (e.g., unrelated business income, active versus passive business).
- All proposed transfer documents must conform to the Foundation's form or be approved by the Foundation's counsel.
- As a condition for the Foundation's acceptance of the gift, a written agreement between the donor and the Foundation should be in place that provides for the payment of administrative expenses and unrelated business income taxes generated by the stock to the extent there is insufficient cash in the fund to which the stock has been donated to cover such expenses and taxes. The agreement should also require the donor to indemnify the Foundation against all liabilities incurred by the donor on account of the stock up to the date of the gift.

The donor shall provide the Foundation with all documents which outline, discuss or relate to the duties and liabilities which shareholders have, including Shareholder Agreements.

- **TANGIBLE PERSONAL PROPERTY.** The Foundation may accept gifts of personal tangible property (e.g., artwork, coin collections, jewelry) only if: (i) the Foundation determines that the property will be used in furtherance of the Foundation's exempt purposes or (ii) the Foundation will be able to sell the property. If the property is to be sold, the Foundation will accept the gift only if it has sufficient value to justify the expenditure or resources required for such sale. The Foundation may accept gifts of personal tangible property in any amount to any existing fund. Gifts of tangible personal property to establish a new component fund at the Foundation must meet the applicable minimum funding requirement.

Appraisal. Each gift of personal tangible property for which the donor expects a charitable deduction exceeding \$5,000 must be appraised in accordance with federal tax law. The donor will be responsible for obtaining and paying for such appraisal.

Procedures for Accepting Personal Tangible Property. The following procedures apply to all proposed gifts of personal tangible property:

- The Foundation will review all prior appraisals and authentication documents, if any, relating to the property.
- If the property is to be sold, the Foundation will ascertain the market for such property and estimate the costs to be incurred in connection with the sale as well as the costs of holding the property prior to sale.
- All costs incurred by the Foundation in connection with the holding and sale of the property shall be charged against the sale proceeds, with the balance being credited to the fund to which the property has been contributed.
- **LIFE INSURANCE.** The Foundation may accept gifts of life insurance policies so long as:
 - the policy is not encumbered (*i.e.*, there is no outstanding loan against the policy); and
 - the Foundation is made the policy's owner and primary beneficiary. When premium payments can no longer be made because there is insufficient value in the policy to keep it in force, or because the Foundation chooses to discontinue premium payments, the policy will be surrendered. The Foundation may accept gifts of life insurance policy in any amount to any existing fund. Gifts of life insurance policy to establish a new component fund at the Foundation must meet the applicable minimum funding requirement.

Appraisal. Each gift of life insurance policy giving rise to a charitable deduction of more than \$5,000 must be appraised in accordance with federal tax law.

- **REAL PROPERTY.** It shall be the policy of the Foundation to liquidate all real estate gifts as soon as possible unless otherwise instructed by the Investment Committee. Before accepting a gift of real estate, all pertinent items on the Land Donation Checklist must be met; including, clear title, no debt attached, no environmental issues, and readily marketable. Please see Exhibit A.
 - **General Guidelines:** All transactions in real estate will be approved by both the Investment Committee and the Board of Directors.
 - **Policies and Procedures for Farm Land and Other Rental Properties:** Assuming no restriction was placed upon the gift of farm or rental property, the Board of Directors will decide as soon as possible after the gift is accepted whether the property should be rented or liquidated. The decision will be based upon the known factors including market conditions. In the event that property is retained as an investment or until sold, the following procedures may apply:
 1. Farm Leases: All farm properties will be moved to cash rent at the earliest opportunity.
 2. Rental Property other than Farms: The Investment Committee may seek the advice of local real estate companies in arriving at an equitable rent. The Investment Committee is authorized to determine the rental rate, to conclude the rental agreement, and to seek services to administer the property.

Board Secretary: Vickie McDonald

Date approved by the GPCF Board: April 20, 2021

EXHIBIT A

LAND DONATION CHECKLIST - NOT FROM ESTATES

BEFORE ACCEPTING A GIFT:

- _____ Complete real estate inquiry form (Exhibit B) to ensure there is a clear title, no debt, no environmental issues and ready marketability.
- _____ Receive written communication from donor or agent as to their intent to make the gift. Donor must provide the legal description of the property at this time.
- _____ Donor must disclose if there is a current tenant and provide any contract(s) in force.
- _____ Communicate in writing that donor will incur related expenses if transfer does not occur.
- _____ Appraisal done by and paid by donor (appraisal copy to the Foundation)
- _____ Physically inspect the real estate (when possible)
- _____ Investment Committee to consult with real estate agent(s) to determine the potential value and marketability
- _____ Have abstract continued and examined by Foundation's attorney at donor's expense. Determine the transferability and potential problem areas. Verify there is NO debt.

ACCEPTING GIFT:

- _____ Approve leases (if any)
- _____ Acceptance of gift by Investment Committee (via fax or e-mail vote)

AFTER AGREEING TO ACCEPT GIFT AND BEFORE SELLING THE GIFT:

Enter into the following agreements with the donor:

- _____ Fund Agreement, to be reviewed by Foundation attorney, if applicable (if a restricted donation either by purpose or time)
- _____ Subsequent expenses reimbursement and fee agreement (if not covered in pre-acceptance agreement)
- _____ Deed execution
- _____ Title insurance policy
- _____ Obtain liability coverage for the site while held by the Foundation
- _____ Record deed
- _____ Receipt issued for gift

PREPARING TO SELL THE GIFT:

- _____ Contract with real estate agent to sell property
- _____ Investment Committee approve selling price range (via fax or e-mail vote)

AFTER SELLING THE GIFT:

- _____ Place sale proceeds into Foundation Endowment fund (net of expenses, commissions and fees)
- _____ File Form 8282 with the IRS (if sold within two (2) years of gift date and if original gift was over \$5,000)
- _____ Cancel liability coverage

EXHIBIT B

Real Property Inquiry Form

I. General Information

Owner(s) _____ Phone _____

Address _____

Property Location _____

Land area (acres or square feet) _____

Building area (sq. ft. each floor) _____

Zoning _____

Replacement cost of building _____

Current property insurance coverage _____

Date of acquisition/form of acquisition _____

Current cost basis (includes improvements) _____

Principal balance of mortgage _____ Current fair market value _____

Assessed value for real estate taxes _____

Real estate taxes _____

Land value _____ Building value _____

Most recent appraisal (date) _____ Appraised value _____

Appraiser _____

Occupancy status after transfer of title to charity _____

_____ Unimproved (no buildings)

_____ Unoccupied (building, but not occupant

_____ Occupied (building with occupants)

Please indicate by checking "yes" your awareness of any condition or problem which may affect the title or marketability of the property. Use Section VII to provide additional information.

II.	Title/Zoning	Yes	No
	A. Title	_____	_____
	B. Zoning variances, violations or special permits	_____	_____
	C. Zoning violations	_____	_____
	D. Restrictions or easements	_____	_____
	E. Survey available	_____	_____
III.	Condition of Building	Yes	No
	A. Foundations/slab	_____	_____
	B. Basement water/dampness/sump pump	_____	_____
	C. Roof leaks	_____	_____
	D. General structural	_____	_____
	E. UFFI (formaldehyde insulation)	_____	_____
	F. Asbestos	_____	_____
	G. Lead paints	_____	_____
	H. Termites/ants/pests	_____	_____
	I. Swimming pool	_____	_____
	J. Radon	_____	_____
	K. Building systems	_____	_____
	1. Plumbing	_____	_____
	2. Electrical	_____	_____
	3. Heating	_____	_____
	4. Air conditioning	_____	_____
	5. Hot water	_____	_____
	6. Water supply	_____	_____
	7. Sewage; type	_____	_____
	8. Other fixtures	_____	_____
IV.	Rental/Condominium/Cooperative	_____	_____
	A. Building systems	_____	_____
	1. Leases	_____	_____
	2. Rental arrears	_____	_____
	3. Last month's rent/security deposit	_____	_____
	B. Common area fees in arrears	_____	_____
	C. Building or sanitary code violations	_____	_____
	D. Operating/capital budget	_____	_____
V.	Environmental	Yes	No
	A. History of property	_____	_____

- | | | | |
|----|---|-------|-------|
| 1. | Property has prior or current use for industrial, commercial, agricultural, manufacturing, waste disposal or any other non-residential purposes | _____ | _____ |
| B. | Condition of property | | |
| 1. | Stressed or denuded vegetation or unusual barren areas | _____ | _____ |
| 2. | Discoloration, oil sheens, or foul/unusual odors in water | _____ | _____ |
| 3. | Storage drums | _____ | _____ |
| 4. | Above or underground storage tanks; vent or filler pipes | _____ | _____ |
| 5. | Evidence of oil or other chemicals in soil | _____ | _____ |
| 6. | Evidence of PCBs | _____ | _____ |
| 7. | Evidence of toxic air emissions | _____ | _____ |
| C. | Adjacent properties | | |
| 1. | Properties adjacent or close to subject have conditions requiring "yes" answer to any questions in (A) and (B) above | _____ | _____ |
| D. | Flood plain/wetlands/drainage | _____ | _____ |
| E. | Endangered plants or wildlife | _____ | _____ |

Are you aware of any other information concerning any part of the land or buildings which might affect the decision of a buyer or affect value of property or affect use by buyer? _____

VI. Property Expense Budget

To hold this property as a Foundation asset, the following income and expenses are anticipated:

A.	Income	Annual
1.	Rent	_____
2.	Other	_____
B.	Expenses	_____
1.	<u>Real estate taxes:</u>	
	First payment due _____ (date) _____	
	Second payment due _____ (date) _____	
2.	<u>Utilities:</u>	
	Gas	_____
	Oil	_____
	Electric	_____
	Water/sewer	_____
	Other	_____

- 3. Services:
 - Caretaker/property manager _____
 - Landscaping _____
 - Heating/cooling service contract _____
 - Snow removal _____
 - Pool services _____
 - Common area charge (condominium) _____
 - Security _____
 - Other _____
- 4. Maintenance/Repairs _____
- 5. Insurance _____

Total Expenses

Net Income (Loss)

VII. Additional Information on Sections II through VII

VIII. Acknowledgments

Owner(s) hereby acknowledge that the information set forth above is true and accurate to the best of my (our) knowledge

	Date _____
Owner	
	Date _____
Owner	