Community Foundation™
GRAND FORKS, EAST GRAND FORKS & REGION

# GIFT ACCEPTANCE POLICIES AND GUIDELINES

## AUTHORIZATION

The Community Foundation of Grand Forks, East Grand Forks and Region (hereinafter referred to as "the Foundation") is authorized to encourage donors to make both outright and deferred gifts. The types of deferred gifts to be offered include bequests, charitable gift annuities (immediate and deferred), charitable remainder trusts, charitable lead trusts, retained life estates, gifts of life insurance policies and proceeds, pooled income funds, and such other gift arrangements as the Board of Directors (hereinafter referred to as "the Board") may from time to time approve. All programs, solicitation plans, and activities shall be subject to the oversight of the Board or additional committees appointed by the Board.

All gifts accepted by the Foundation become assets of the Foundation, subject to its Articles of Incorporation, Bylaws, and the authority of the Board. Consistent with the Treasury Regulations governing community foundations, the Board retains the power to modify any restriction or condition on the distribution of funds for any specified charitable purpose if, in its sole judgment, that restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or area served. Funds established with donor advisory privileges are subject to the exclusive legal control of the Foundation, and donor recommendations regarding distributions are advisory only.

## POLICIES

1. The policy of the Foundation is to inform, serve, guide, or otherwise assist donors who wish to support the Foundation's activities but never under any circumstances to pressure or unduly persuade.

2. No gift will be accepted, or program promoted, which is not in the best interests of the donor or violates the policies or bylaws of the Foundation.

3. The Foundation reserves the right to decline any gift for any reason. Reasons may include, but are not limited to, gifts inconsistent with the Foundation's mission or values; gifts carrying unacceptable financial, legal, reputational, or environmental risk; gifts with restrictions the Foundation cannot reasonably administer or that are too narrow to fulfill; and gifts requiring expenditures disproportionate to their value. A decision to decline a gift is a judgment about the gift and not about the donor and shall be communicated with care.

4. Persons acting on behalf of the Foundation shall in all cases encourage the donor to discuss the proposed gift with independent legal, financial, and/or tax advisors of the donor's choice and shall insist that the donor seek such counsel when the gift is irrevocable. This policy is designed to ensure that the donor receives a full and accurate explanation of all aspects of the proposed charitable gift and its appropriateness to the donor's objectives and circumstances.

5. The Foundation should always seek to serve the charitable giving needs and objectives of its donors by encouraging contributions and volunteerism and properly recognizing the material and personal contributions of its donors.

6. The Foundation should remain accessible to its donors, providing full communication of its activities, use of funds, and policies and procedures.

7. The Foundation must always strive to maintain the highest level of integrity with its donors, always acting in the best interest of philanthropy and scrupulously avoiding actual or apparent conflicts of interest or any conduct that would tend to bring discredit to the donor and/or the Foundation.

8. The President & CEO, Director of Development, and other persons designated by that office are authorized to negotiate planned gift agreements with prospective donors, following the program guidelines approved by the Board.

9. All planned giving arrangements requiring execution by the Foundation shall first be reviewed and approved as to form by the Foundation's legal counsel. However, each particular agreement need not be reviewed by legal counsel provided it is based on a prototype agreement that has been reviewed and approved. Where the timing of a proposed gift requires action between regularly scheduled meetings, the Board may act by special meeting or by any other method of voting permitted under the Foundation's bylaws.

10. The following gifts must be reviewed and approved by the Board. Before acceptance, relevant information about the gift shall be ascertained, including a copy of any appraisal secured by the donor. The Foundation also reserves the right to secure its own appraisal.

    a. Outright gifts of real estate, closely held stock, tangible personal property, partnership interests, and other property interests, real and personal, not readily negotiable.
    b. Charitable remainder trusts, if the Foundation is serving as trustee or co-trustee. Refer to number 12 below.
    c. Charitable lead trusts.
    d. Charitable gift annuities, immediate and deferred.
    e. Retained life estate in a residence or farm.
    f. Bargain sales and arrangements other than charitable remainder trusts where the donor receives an income or other payment from the Foundation.

11. Outright gifts of cash, publicly traded securities, and life insurance do not require approval by the Board.

12. The Foundation is authorized to offer and accept charitable gift annuities, immediate and deferred, and shall invest assets contributed for annuities. The Foundation may employ agents and advisors to facilitate the investment of these assets. A regular report of charitable gift annuities, immediate and deferred, will be presented to the Board.

13. The Foundation prefers not to serve as trustee of charitable remainder trusts except when it is in the best interest of the donor and the Foundation or when it is impractical to name another trustee. Agreement to act as trustee shall be subject to prior approval of the Board and/or the Board in consultation with the Foundation's legal counsel. The Foundation is authorized to



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arrange for a trust institution to manage charitable remainder trusts where the Foundation is the remainder beneficiary.

14. The Foundation will not serve as sole trustee for charitable lead trusts and will not serve as trustee for irrevocable life insurance trusts.

15. The costs of administration of charitable remainder trusts and charitable lead trusts may be an expense of the respective trusts.

16. The Foundation is permitted to accept gifts and contributions only as authorized in these policies. The following guidelines are established to ensure that planned gifts accepted by the Foundation will be cost-effective and beneficial to all parties involved. Exceptions to these policies shall be approved by the Board.

17. These policies and guidelines shall be reviewed at least every three years.

18. Existing planned gift arrangements shall be audited periodically, and a report submitted to the Board.

19. The Foundation or its representatives shall not engage in offering legal or tax advice to donors or gift prospects. Information on giving arrangements shall be supplied, and donors and prospects shall be urged to contact their personal professional advisors.

**SPENDING (DISTRIBUTION) POLICY**

Over periods of 12 months, charitable distributions (net of fees assessed by the Foundation) from any fund are limited to no more than 5% of the average market value of the assets on hand, unless prior Board approval is obtained. The average market value of assets is calculated using the market value of the fund over the prior 12 quarters. In the case of new funds, the market value of the fund at time of gift is used and the average market value of assets over the available quarters, up to 12 quarters, over subsequent years. This does not apply to flexible funds, which have an annual review of donor recommendations and board approval.

Annually, the Board will review the method used to determine the spending rate, so that it is consistent with long-term net total return expectations for the Foundation.

**EXCESS BUSINESS HOLDINGS**

The Pension Protection Act of 2006 (PPA), states that the private foundation excess business holdings rule applies to donor advised funds as if they were private foundations. This means the holdings of a donor advised fund in a business enterprise, together with the holdings of persons who are disqualified persons with respect to that fund, may not exceed any of the following, in order to comply with PPA:

1. Twenty percent of the voting stock of an incorporated business;
2. Twenty percent of the profits interest of a partnership or joint venture; or

3. Twenty percent of the beneficial interest of a trust or similar entity.

A de minimis exception applies where the donor advised fund itself holds no more than two percent of the voting stock and no more than two percent of the value of all outstanding shares of the business enterprise.

**Other Guidelines**

Ownership of unincorporated businesses that are not substantially related to the fund's purposes is also prohibited.

Donor advised funds that receive gifts of interests in a business enterprise after August 16, 2006 will have five years to divest holdings that are above the permitted amount. (An additional five years may be possible if approved by the Secretary of the Treasury.)

**Definitions**

*"Disqualified Person(s)"* are donors and persons appointed or designated by donors that are disqualified persons if they have (or reasonably expect to have) advisory privileges with respect to the donor advised fund by their status as donors. Members of donors' and advisors' families are also disqualified, but the section does not define "family" and does not cross reference either section 4958 or 5946 for definition. The term includes 35-percent-controlled entities as defined in section 4958(f)(3).

*"What contributions will be affected?"* The new rule mainly affects contributions of closely-held businesses and in most cases will require the donor advised fund to dispose of the contributed interest within five years of the date of gift because the disqualified person will generally own more than 20 percent of the business.

Information taken from the Council on Foundations "Excess Holding Rule" Document, pages 1 and 2, accessible on their website (www.cof.org).

**GUIDELINES FOR ACCEPTING GIFTS**

1. **Outright Gifts**

   a. Description: An outright gift refers to a contribution of cash or property in which the donor retains no interest, and which can be used currently by the Foundation. Securing outright gifts is the Foundation's highest priority, and donors who can make an outright gift will be encouraged to do so.

   b. Guidelines

      1) The Foundation will accept an outright gift of any amount, though gifts to establish a

named endowment must meet the minimum funding requirements set by the Board.
2) Outright gifts of real estate, closely held stock, tangible personal property, partnership interests, and other property interests, real and personal, not readily negotiable must be reviewed and approved by the Board.
3) A donor may complete a gift in a single transaction or make a pledge to be paid over whatever period of time is mutually acceptable to the donor and the Foundation.
4) No gift may be received that is subject to any conditions or prearrangements, unless full disclosure has been made to the Board in accordance with policies in the manual.

2. **The Charitable Gift Annuity - Immediate and Deferred**

a. Description: The charitable gift annuity is a contract between the Foundation and the donor. The Foundation agrees to pay the donor (legal and/or other person named by the donor) a lifetime annuity in return for a gift of cash, securities, or other property. The payment may continue for the life of a second individual, such as a spouse. The immediate payment charitable gift annuity's annual payment is a fixed sum. The amount is based on the size of the gift and the number and ages of the beneficiaries.

The receipt of payments from an annuity may be deferred for a specified term of years. The deferred payment charitable gift annuity entitles the donor to select a year in the future in which to begin receiving the annual income payments. The donor is also entitled to an immediate charitable income tax deduction in the year in which the gift is created. The income tax deduction is influenced by the number of years the income to the donor(s) is deferred. Like the immediate payment charitable gift annuity, the deferred charitable gift annuity is a contract between the Foundation and the donor. The deferred payment may continue for the life of a second individual, such as a spouse. The deferred payment charitable gift annuity's annual payment is a fixed sum, the amount of which is based on the size of the gift, the number and ages of the beneficiaries, and the duration of the deferment.

Rates of return under a charitable gift annuity are lower than the rates offered by commercial insurance companies so that a significant residuum will remain for the Foundation. Written notice of this fact will be documented for the donor in two documents. First, the donor will be notified in writing during the gift negotiation stage. Second, the gift annuity contract cover letter will also contain this information for the donor.

b. Guidelines

1) The preliminary minimum amount for an annuity agreement is $10,000.00.
2) For new contracts, the Foundation will be guided, although not bound, by the suggested payout rates recommended by the American Council on Gift Annuities.
3) Agreements shall be limited to one or two lives, and ordinarily the minimum age for the annuitants shall be 65 for immediate payment annuities and 50 for deferred payment annuities. In the case of deferred payment charitable gift annuities, the donor(s) shall be age 65 before the annual income payments may commence. Exceptions may be made subject to the prior approval of the Board.

4) Gift annuities may be managed by the Foundation, and the Foundation may employ agents and advisors to assist with the administration and investment of gift annuity assets.
5) Gift annuities must comply with the laws of the individual states governing gift annuities.
6) The Foundation prefers to provide quarterly payments to gift annuity donors.
7) Gift annuities issued in the state of North Dakota shall comply with North Dakota State law and meet the disclosure requirements under the Philanthropy Protection Act of 1995.

3. **Charitable Remainder Trusts**

a. Description: The charitable remainder trust is a separately administered trust established by the donor. It provides for payments to the donor and/or other named beneficiaries either for life or a term of years (not exceeding twenty), whereupon the remaining trust assets are distributed to one or more charities.

A charitable remainder annuity trust pays a fixed amount (at least 5 percent) of the original fair market value of the assets initially contributed to the trust. This amount does not change, and no additional gifts may be made to the annuity trust after its creation.

A charitable remainder unitrust pays a fixed percentage (at least 5 percent) of the fair market value of trust assets, as valued annually. Because the value of assets can be expected to change from year to year, the unitrust payment will vary in amount each year. Additional contributions may be made to the trust after it is established.

The present value of the Foundation's remainder interest in charitable remainder unitrust must equal 10% (or more) of initial fair market value of trust. This rule also applies to additions to existing charitable remainder unitrusts.

There are four varieties of a unitrust. A "straight" unitrust pays the stipulated amount, even if it is necessary to invade principal to do so. A "net-income" unitrust pays the lesser of the stipulated amount or the actual net income, so principal would not be invaded. A "net-income with makeup provision" unitrust is similar to the net income unitrust except that excess earnings can be applied to cover accrued deficiencies resulting from the net income being less than the stipulated amount. A fourth variety, the "Flip" unitrust, should be considered for trusts funded with real estate or family corporations. A "Flip" trust has two specific provisions:

1) 90% of the fair market value of the trust assets immediately after a contribution (original or subsequent) must consist of "unmarketable" assets; and the trust document must provide that the income exception method continues until the earlier of 1) the sale of a specified asset or group of assets contributed when the trust was created or 2) immediately following a sale of assets, any remaining unmarketable assets total 50% or less of the fair market value of the total trust assets; and
2) The trust switches exclusively to the fixed percentage method (standard unitrust) for calculating unitrust payments beginning with the first taxable year after the year the earlier of the two events occurs; and any make-up deficiencies are forfeited when the

trust switches to the fixed percentage method for calculating the unitrust payment.

b. Guidelines

1) Where the Foundation is named as trustee or co-trustee, the minimum amount for funding a charitable remainder trust will ordinarily be $100,000. But a trust may be funded with a smaller amount subject to prior approval by the Board. If the donor selects an external trustee, the minimum will be whatever amount is acceptable to that trustee.
2) Where the Foundation is named as trustee or co-trustee, the Foundation will provide full disclosure to the donor on the investment portfolio as required by the Philanthropy Protection Act of 1995.
3) Payments made in any one year by a charitable remainder annuity trust to individual beneficiaries may not exceed 50% of initial fair market value of the trust.
4) Payments made in any one year by charitable remainder unitrust to individual beneficiaries may not exceed 50% of fair market value of trust on most recent valuation date.
5) The Foundation recommends that beneficiaries be age appropriate unless the trust is for a term of years.
6) The Foundation recommends limiting the number of beneficiaries to two where payments are to be made for the life of the beneficiaries.
7) Ordinarily the Foundation will not accept responsibility as a trustee of a charitable remainder trust instrument that is or will be funded with the following assets:
   - encumbered real estate
   - margined securities
   - sole proprietorships
   - limited partnerships (unless the Board has given specific approval)
   - working interests in oil and gas fields
   - general partnership interests

4. **Charitable Lead Trusts**

a. Description: A charitable lead trust is a trust in which the income, or “lead” interest, is paid to the Foundation, and the ‘remainder” interest is given to one or more non-charitable beneficiaries, who could be either the donor or family members. The amount paid to the Foundation may be either a fixed sum (an “annuity trust” interest) or a percentage of trust assets as valued each year (a “unitrust’ interest).

b. Guidelines

1) The Foundation will not serve as sole trustee of a charitable lead trust. The Foundation may serve as co-trustee only with prior approval of the Board in consultation with the Foundation’s legal counsel.

2) The trust term may be at the discretion of the donor.

5. **Flexible Funds**

   a. Description – A flexible fund is for the donor who wishes to make larger donations to nonprofits than the 5% annual distribution from a permanent endowed fund allows. Donors have the choice to distribute all of the funds from a flexible (non-endowed) fund in any calendar year or they may choose not to distribute funds for that year.

   b. Guidelines

      1) Minimum contribution of $25,000 is required to establish a flexible fund
      2) Minimum balance of $10,000 maintained for distribution purposes.
      3) Distributions will be made three to ten (3-10) days from date of request.
      4) A minimum distribution of $1,000 is recommended.
      5) Fees:
         - .25% - Administrative Fee charged at deposit
         - .325% quarterly thereafter. (1.25% annually)
      6) Distribution Transaction Fee: 1%, Minimum $50, Maximum $250

6. **Life Insurance**

   a. Description: A gift of a life insurance policy is a leveraged gift, meaning that for a relatively small sum of money (the premium) a donor can produce a large death benefit for the Foundation. Gifts of life insurance policies may allow a donor to make a substantially larger ultimate gift with a much smaller current cash outlay.

      The following terms describe some of the elements associated with gifts of life insurance policies:
      1) The subscriber or insured is the person who takes out a life insurance policy.
      2) The beneficiary is the one who receives the benefit upon the death of the insured. For charitable gifts of life insurance, the Foundation would be the beneficiary.
      3) The premium is the cost of the policy paid to secure coverage.
      4) The owner of the policy is the one who has the right to select the beneficiary and the right to cash in the policy.
      5) The death benefit or face value reflects the amount of money that is paid to the beneficiary upon the death of the insured.
      6) The cash surrender value is the amount the insured will receive from the insurance company if the policy is cashed in. The cash surrender value reflects the value of premiums paid and any investment growth minus administrative expenses.
      7) A revocable gift of a life insurance policy occurs when the insured retains ownership/control of the policy and is therefore free to change the designated beneficiary.
      8) An irrevocable gift of a life insurance policy occurs when the Foundation is designated as the owner and beneficiary.

   There are various methods by which a life insurance policy may be contributed to the Foundation. Each method requires a thorough evaluation of policy, insurance company and benefit to the Foundation.

A donor may:

1) Assign irrevocably a paid-up policy to the Foundation;
2) Assign irrevocably a life insurance policy on which premiums remain to be paid if the Foundation is owner and beneficiary:
3) Name the Foundation as a primary or successor beneficiary of the proceeds; or
4) Establish a new life insurance policy with the Foundation as the applicant, owner and beneficiary.

b. Guidelines

1) The Foundation may accept any gift of a life insurance policy if it is under no prearranged obligation to expend its assets to maintain the policy. No portion of the proceeds may be paid to anyone or any organization that is not qualified as a tax-exempt entity under IRS Code Section 501(c)(3). The Foundation has the unrestricted right to fully exercise its powers as the owner, including the power to surrender, select payment options, designate beneficiaries, and withdraw or borrow cash values.
2) In the event a policy is contributed on which premiums remain to be paid, the donor must pledge to continue paying premiums or give the Foundation permission to surrender the policy for cash value.
3) The Foundation will not participate in split dollar or reverse split dollar plans or other partial interest programs. Any charitable insurance program, such as those promoted by the life insurance industry, or individual insurance agent(s), shall be entered only after a thorough explanation has been provided to the Board and the Board has voted to proceed with the program.
4) No policy should be accepted if there is a loan against the policy. Under extraordinary circumstances the Foundation may choose to provide for a payment of premium or premiums for the policy.

7. **Retained Life Estate**

a. Description: A retained life estate contains two components: the life estate interest and the remainder interest. A gift of a retained life estate occurs when a donor transfers title of a personal residence or farm to the Foundation and retains the life estate interest while the Foundation retains the remainder interest. The life estate interest represents the donor's right to use the property for a term of years or his/her lifetime and/or another person. The remainder interest is the Foundation's right of ownership to the property after the life estate has expired.

b. Guidelines

1) The donor shall continue to be responsible for real estate taxes, insurance, utilities, and maintenance after transferring title to the property unless the Foundation, upon prior approval of the Board, agrees to assume responsibility for any of these items.
2) The donor shall also be responsible for obtaining a qualified appraisal.
3) Each retained life estate gift will be individually negotiated and approved by the Board.

8. **Bargain Sale**

   a. Description: A "bargain sale" is a sale of property to the Foundation for an amount less than the property's current fair market value. The excess of the value over the sales price represents a contribution. The bargain sale price may be paid either in a lump sum or in installments.

      A gift of mortgaged property will constitute a bargain sale. Since the amount of indebtedness is treated as a relief of liability, there could be adverse tax consequences to the donor. The donor should be properly informed of this and told to consult with his or her tax advisor.

   b. Guidelines

      1) In order to determine the true fair market value of the asset, it must be adequately appraised. In most cases, the donor will be responsible for appraisal costs.
      2) The Foundation, upon approval of the Board and legal counsel, may purchase real estate, securities, or other property on a bargain sale basis. Ordinarily the price paid for the property should not exceed 60 percent of its appraised value.
      3) A gift should not be encouraged from a donor unless it is clear that there is donative intent.

9. **Gifts of Real Estate (Real Property)**

   a. Description: A gift of real estate is a gift of real property (not a gift of tangible personal property such as art, jewelry, collections, automobiles or equipment), which may include residences, vacation homes, businesses, or commercial property (developed or undeveloped).

      Gifts of real estate may be made in various ways: outright, charitable remainder trust, retained life estate, and a bargain sale. These guidelines pertain to gifts of real estate in general. For further reference, please refer to the Foundation's detailed Gift Acceptance Policy for Gifts of Real Estate.

   b. Guidelines

      1) The donor shall secure a qualified appraisal of the property.
      2) The Foundation (or trustee in case of a charitable remainder trust) shall determine if the donor has clear title to the property.
      3) The donor shall secure a Phase I environmental audit and the results shall be given to the Board. (Please see the Foundation's detailed Gift Acceptance Policy for Gifts of Real Estate.) No property containing toxic wastes shall be accepted prior to their removal or other remedies assuring that the Foundation assumes no liability whatsoever in connection with such toxic wastes.
      4) Ordinary mortgaged property will not be accepted as an outright gift; however, exceptions may be made when the property has enough equity to justify assumption of the liability

and provided the property is marketable.

5) Mortgaged property shall not be accepted for a charitable remainder trust unless the trust would not be disqualified and the income from the property is sufficient to cover all liabilities.
6) If a donor wants to give real estate and retain income, a “net income”, net-income with make-up provision”, or a “Flip” charitable remainder unitrust is the preferred instrument. Usually real estate will not be accepted for a charitable remainder annuity trust or a charitable gift annuity.
7) The Foundation will not manage real property and the property must be readily marketable.

10. **Gifts of Closely Held Stock and Other Business Interests**

a. Description: Closely held stock is most often found in family-run businesses or in private businesses with relatively few stockholders. Closely held stock, unlike publicly traded stock, is not freely marketable nor is its value as apparent or as easily determined.

A partnership is an entity created to hold title of a variety of assets - real estate, family businesses, family investment portfolios, etc. Gifts of partnership interests to charity often involve transfer of the limited partnership interest while the general partnership interest is retained by the donor.

Donors may make gifts of closely held stock and limited partnership interests. These can be accepted by the Foundation so long as the Foundation assumes no liability in receiving them, and the property can be sold within a reasonable period of time. Additionally, such gifts must not have adverse consequences for the Foundation.

b. Guidelines

1) To be considered for acceptance, partnership interests must not subject the Foundation to cash calls or other liability.
2) Closely held stock may be accepted if the probability exists of selling it within a reasonable period of time to the corporation, other stockholders, or to others interested in acquiring the corporation. Contributions of ‘S” Corporation stock will be carefully discussed with the donor and his or her advisors.
3) Royalty interests will be considered but working interests will not be accepted.
4) Outright gifts of real estate, closely held stock, tangible personal property, partnership interests, and other property interest, real and personal, not readily negotiable must be reviewed and approved by the Board.

11. **Bequests**

a. Description: A bequest is a testamentary gift (a gift received after death) generally received through a donor’s will or other estate-planning document.

Bequests have historically been the most important kind of deferred gift, and they have contributed significantly to the fundraising revenue of the Foundation. The encouragement of bequests will be one of the highest priorities of the Foundation.

b. Guidelines

1) Sample bequest language for restricted and unrestricted gifts, including endowments, will be made available to donors and their attorneys to ensure that the bequest is properly designated. Donors will be urged to obtain the advice of a professional advisor to create a bequest that is in their best interest. Donors will also be invited to provide a confidential copy of that section of their will(s) naming the Foundation.
2) During the probate of estates containing a bequest to the Foundation and during the post-death administration of revocable trusts containing dispositive provisions benefiting the Foundation, the manager of the bequest program, in consultation with the Foundation's legal counsel and President & CEO of the Foundation or chairperson of the Board shall represent the Foundation in all dealings with the attorney and personal representatives of the estate.

12. **Publicly Traded Securities**

a. Description: Publicly traded securities include stocks, bonds, and mutual fund shares traded on an established exchange. Gifts of appreciated securities held longer than one year generally allow the donor to deduct fair market value while avoiding capital gains tax on the appreciation.

b. Guidelines

1) Publicly traded securities may be accepted by staff without prior approval of the Board.
2) The value of a gift of securities shall be the mean of the high and low trading prices on the date the securities are irrevocably transferred to the Foundation, consistent with Internal Revenue Service valuation rules.
3) It is the policy of the Foundation to sell publicly traded securities promptly upon receipt. The Foundation will not hold donated securities in anticipation of market movement, and donors may not place conditions on the timing or manner of sale.
4) Restricted or control securities, securities subject to lockup or trading restrictions, and securities in thinly traded issues require review by the President & CEO before acceptance and may require additional time to transfer.
5) Proceeds net of transaction costs shall be credited to the fund designated by the donor.

13. **Tangible Personal Property**

a. Description: Tangible personal property includes art, jewelry, collections, vehicles, equipment, and similar items. The charitable deduction available to a donor depends in part on whether the property is put to a use related to the Foundation's exempt purpose, and donors should be referred to their own advisors on that question.

b. Guidelines

1) The Foundation will accept gifts of tangible personal property only when the property can be readily sold, is intended for a use related to the Foundation's exempt purpose, or is otherwise of clear benefit to the Foundation.
2) The donor is responsible for obtaining a qualified appraisal for property valued above the threshold set by federal law and for completing the donor portion of Internal Revenue Service Form 8283.
3) The Foundation will not accept property that requires ongoing storage, insurance, maintenance, security, or specialized care unless the Board approves an arrangement providing for those costs.
4) Unless the Board agrees otherwise in writing, the Foundation retains full discretion to sell donated property at any time and in any manner. Donors shall be informed of this before the gift is completed.
5) The Foundation will not accept property subject to liens, restrictions on transfer, or unresolved questions of title or provenance.
6) The Foundation does not appraise property or assign values to gifts of property for donor tax purposes.

14. **Gifts of Grain, Livestock, and Other Agricultural Commodities**

a. Description: A gift of grain, livestock, or other agricultural commodity allows a farm donor to transfer the commodity itself to the Foundation before sale. Because the donor does not report the sale as income, such a gift may produce a benefit even for donors who do not itemize deductions. Proper sequencing is essential. The donor must transfer ownership of the commodity to the Foundation before any sale is arranged, and the Foundation must control the timing, terms, and proceeds of the sale.

b. Guidelines

1) The commodity must be transferred to the Foundation by written notice of gift, warehouse receipt, or comparable documentation naming the Foundation as owner. The Foundation will not accept a gift of sale proceeds, or a gift of a commodity that has already been sold or is subject to a binding sale agreement.
2) The Foundation shall be free to sell, store, or otherwise dispose of the commodity at its own discretion. No prearrangement, written or verbal, may obligate the Foundation to sell to a particular buyer, at a particular time, or at a particular price.
3) Storage, transportation, insurance, and marketing costs incurred by the Foundation will be deducted from sale proceeds unless the Board approves otherwise.
4) The Foundation will provide the donor written acknowledgment describing the type and quantity of commodity received. The acknowledgment shall not state a dollar value.
5) Gifts of livestock will be evaluated individually, taking into account care, transport, insurance, and marketability, and require approval of the President & CEO in consultation with the chairperson of the Board.
6) Donors will be urged to consult their own tax advisors. Different rules may apply to

donors operating as C corporations, to commodities raised in a prior tax year, and to donors with outstanding crop loans or liens.

15. **Cryptocurrency and Other Digital Assets**

    a. Description: Cryptocurrency and other digital assets are treated by the Internal Revenue Service as property rather than currency. Gifts of appreciated digital assets held longer than one year may allow the donor to deduct fair market value while avoiding capital gains tax.

    b. Guidelines

        1) The Foundation may accept gifts of cryptocurrency through a third-party processor that converts the asset to cash upon receipt. The Foundation will not hold digital assets.
        2) Gifts of digital assets valued above the threshold set by federal law require a qualified appraisal obtained by the donor. The Foundation's acknowledgment will describe the asset and quantity received but will not state a dollar value.
        3) The Foundation will not accept digital assets whose source, ownership, or value cannot be verified and documented to the satisfaction of the President & CEO.
        4) Nonfungible tokens and similar assets will not be accepted absent prior approval of the Board.

16. **Retirement Plan Assets and Beneficiary Designations**

    a. Description: A donor may name the Foundation as primary or contingent beneficiary of a retirement plan, individual retirement account, commercial annuity, life insurance policy, or similar account. Because retirement assets carry income tax consequences for individual heirs that they do not carry for charitable beneficiaries, they are often well suited to charitable designation.

    b. Guidelines

        1) Beneficiary designations are revocable during the donor's lifetime and will be recorded by the Foundation as expectancies rather than as completed gifts.
        2) Donors will be encouraged to notify the Foundation of a beneficiary designation and to provide a copy of the designation form, though notification is not required and anonymity will be honored.
        3) Where a designation is intended to create a fund at the Foundation, staff will work with the donor during the donor's lifetime to execute a fund agreement documenting the fund's name, type, and charitable purpose.
        4) Donors will be urged to use the Foundation's full legal name and federal tax identification number on all designation forms.

17. **Qualified Charitable Distributions**

    a. Description: Federal law permits individuals who have reached the required age to direct

qualified charitable distributions from an individual retirement account to certain qualified charities. A qualified charitable distribution counts toward the donor's required minimum distribution and is excluded from taxable income.

b. Guidelines

1) Qualified charitable distributions may not be directed to donor advised funds, supporting organizations, or private foundations. The Foundation may accept qualified charitable distributions to designated funds, field of interest funds, scholarship funds, unrestricted funds, and the Foundation's operating fund.
2) Staff shall confirm the fund type before accepting a qualified charitable distribution and shall not accept one directed to an ineligible fund.
3) The Foundation will provide written acknowledgment stating that no goods or services were provided in exchange for the distribution.
4) Federal law also permits a one-time election to fund a charitable gift annuity or charitable remainder trust with a qualified charitable distribution, subject to dollar limits and additional requirements. Any such arrangement shall be reviewed by the Foundation's legal counsel before acceptance.
5) Donors will be referred to their own advisors regarding eligibility, age requirements, and annual limits.

**GENERAL PROVISIONS**

1. **Gift Substantiation and Reporting**

a. The Foundation will provide written acknowledgment for every gift, stating the amount of cash received or describing any noncash property received, and stating whether goods or services were provided in exchange. The Foundation does not assign or confirm values for gifts of noncash property.
b. The Foundation will sign the donee acknowledgment section of Internal Revenue Service Form 8283 when presented by a donor for a noncash gift requiring a qualified appraisal. Signature acknowledges receipt of the described property only and does not represent agreement with the appraised value.
c. If the Foundation sells, exchanges, or otherwise disposes of charitable deduction property within three years of receipt, it will file Internal Revenue Service Form 8282 within the period required by law and provide a copy to the donor.
d. For quid pro quo contributions above the threshold set by federal law, the Foundation will disclose in writing the fair market value of goods or services provided and the deductible portion of the contribution. Event tickets, sponsorship benefits, and similar arrangements shall be valued before solicitation materials are distributed.

2. **Anonymous Gifts**

a. The Foundation will honor a donor's request for anonymity in press releases, annual reports, donor listings, and other public recognition materials.

b. Donor identity will be maintained in the Foundation's records as required for legal, audit, and tax purposes, and will be disclosed only as required by law or as necessary for Board and staff administration of the fund.
c. The Foundation will not accept a gift where the identity of the donor or the source of the funds cannot be determined.

3. **Naming**

a. Naming of a fund, program, event, or physical space is subject to approval by the Board and, where applicable, to minimum funding levels established by the Board.
b. The Foundation reserves the right to modify or remove a name if the named individual or entity engages in conduct that, in the judgment of the Board, is materially inconsistent with the Foundation's mission or values, or if circumstances otherwise arise that would compromise the Foundation's reputation or the purposes of the fund. This provision shall be disclosed to the donor and included in the naming or fund agreement.
c. Naming does not confer any right of control over grantmaking, investment, staffing, or administration.