



GIFT ACCEPTANCE POLICY

PURPOSE

The purpose of the fund and gift acceptance policies is to advance the Greater Cedar Rapids Community Foundation's mission of helping donors give in meaningful ways utilizing community knowledge and leadership. By providing guidelines for negotiating and accepting various types of gifts for different types of funds, these policies are designed to serve the best interests of the Community Foundation, donors who support the Community Foundation's programs through charitable gifts and a vibrant community. These policies are established to assure that each gift to the Community Foundation is structured to provide maximum benefits to the community, the donor, the Community Foundation and the beneficiaries of the Community Foundation's charitable programs and activities.

SCOPE

These policies address both current and deferred gifts, with an emphasis on specific types of deferred gifts and gifts of non-cash property. The goal is to encourage financial support for the Community Foundation without encumbering it with gifts which either generate more cost than benefit, or which may be restricted in a manner that is not in keeping with the Community Foundation's charitable purposes or applicable laws governing charitable gifts. These policies also describe the types of funds that the Community Foundation maintains.

ETHICAL STANDARDS IN DEALING WITH DONORS

Every person acting for or on the Community Foundation's behalf will adhere to those standards set forth in *A Donor Bill of Rights*¹ and the *Model Standards of Practice for the Charitable Gift Planner*².

The Community Foundation is committed to the highest ethical standards of philanthropy and development. In all transactions between potential donors and the Community Foundation, the Community Foundation will aspire to provide accurate information and full disclosure of the benefits and liabilities that could influence a donor's decision, including with respect to the Community Foundation's fees, the irrevocability of a gift, prohibitions on donor restrictions, items that are subject to variability (such as market value, investment return, and income yield), the Community Foundation's responsibility to provide periodic financial statements with regard to donor funds, and investment policies and other information needed by donors to make an informed choice about using the Community Foundation as a vehicle of charitable gifts. **In addition, all donors will be strongly encouraged to discuss their gifts with their own financial and tax advisors before signing any fund agreement.** The role of the Community Foundation's staff is to inform, guide, and assist the donor in fulfilling his or her philanthropic goals, without pressure or undue influence.

The Community Foundation recognizes the paramount role of donors and their gifts to the Community Foundation in executing its charitable mission. In carrying out the Community Foundation's development program, staff will recognize and acknowledge donors in appropriate ways, both publicly

and privately, subject to the Community Foundation's Policy on Confidentiality. Donors reserve the freedom to determine the degree and type of recognition that they prefer and the Community Foundation respects the confidentiality of donors who do not wish to be publicly recognized.

¹ http://www.afpnet.org/files/ContentDocuments/Donor_Bill_of_Rights.pdf

² http://www.pppnet.org/ethics/model_standards.html

I. FUNDS

The Community Foundation offers several different types of funds. These include:

Greater Good Fund: Contributions to this fund allow the Community Foundation to strategically respond to the most pressing community issues and opportunities. The Community Foundation makes distributions to support effective work of nonprofit organizations throughout the area we serve.

Field of Interest Funds: Field of Interest Funds allow donors to select particular charitable causes to support, such as the environment, education, arts and culture, human services, health or community development. A donor may contribute to an existing fund or establish a fund for a specific field of interest. The Community Foundation's professional staff monitors changing community needs and opportunities to recommend grants for the greatest charitable impact within the donor's field of interest. Where appropriate, the Community Foundation may create an advisory committee to make recommendations for distributions.

Designated Funds: These funds support a nonprofit organization designated by the fund's donor or donors. The designated nonprofit organization selected by the Donor will receive a distribution from the Donor's designated fund. Distributions generally are determined by applying the Community Foundation's spending policy to the assets held in the fund. Donors may choose one or more organizations to support through a designated fund.

Agency Endowments: An agency fund is established by a local nonprofit organization to provide support for the organization. Partnering with the Community Foundation allows nonprofits to invest in a larger pool of assets; which can offer the nonprofit organization the opportunity to participate in a more diversified investment portfolio. Distributions from the fund are granted back to the agency to be used in the discretion of its governing board. Distributions generally are determined by applying the Community 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. The Community Foundation generally works with committees established at local public schools that select student scholarship recipients. When appropriate under the Community Foundation's guidelines, donors recommend eligibility criteria and may serve on selection committees.

Donor-Advised Funds: Donors recommend grants to nonprofit organizations. Donor-advised Funds can be fully distributed over the donor's lifetime or they can be endowed to create a permanent legacy.

Prairie Funds: A Prairie Fund is an endowed fund which allows donors to establish a fund with an initial gift of \$2,500. With regular contributions over five years, the fund will become a named endowed fund once contributions reach \$10,000. At that point in time the fund will produce grants from the fund to provide support to nonprofits.

Memorial Funds: Any of the preceding funds can be established to honor a loved one or to commemorate a special milestone or event.

Disaster Relief and Emergency Hardship Funds: In response to the 2008 flood, the Community Foundation established fund response and recovery funds. These funds were terminated when the Community Foundation's role in flood relief concluded. If a future disaster occurs, the Community Foundation anticipates it would establish disaster relief and emergency hardship funds. Contributions to these funds would help people in time of need and help our community recover when disasters strike. The Community Foundation would make distributions from these funds to support effective organizations that provide assistance to individuals and community organizations.

Community Betterment Funds: These funds are established by community stakeholders for the purpose of community betterment through philanthropic support of a defined geographic area. Recommendations for grant distributions are made by an advisory committee and funds may be non-endowed or endowed to meet current needs or provide a permanent source of funding to help meet future needs.

II. VARIANCE POWER

Variance power allows community foundations to modify a fund agreement to achieve the charitable goal of a donor in the event of unforeseen circumstances. This power is used to designate a different charitable recipient if the named nonprofit organization in the fund agreement ceases to operate. If a fund is established to achieve a particular goal which is attained in the future, a community foundation may use its variance power to select a new goal that furthers the donor's intent. This power gives the Community Foundation's Board of Directors the ability to make changes to a fund when its purpose is no longer necessary, can no longer be fulfilled, or has become inconsistent with the charitable needs of the community. This power to update funds helps protect donors by avoiding the need for complex and costly legal proceedings.

III. AUTHORITY TO ACCEPT GIFTS

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

- Cash
- Checks
- Marketable securities

Acceptance by Executive Committee: All other gifts, including those listed below, will require review and, if appropriate, approval by the Community Foundation's Executive 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
- Gifts of intellectual property, mineral reserves, precious metals
- Artwork, coin collections, jewelry, etc.
- Transactions involving charitable gift annuities\
- Life insurance policies

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/CEO's judgment, in consultation with the Chair and Chair Elect of the Executive Committee, that gift may be accepted without in any way jeopardizing the Community Foundation's exempt status.

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

IV. AUTHORITY TO NEGOTIATE AND SIGN GIFT AGREEMENTS

Subject to the Executive Committee's review and approval authority, the Community Foundation's President/CEO, will have the authority to handle inquiries, negotiate with donors, assemble documentation, retain expert and technical consultants, and execute agreements on the Community Foundation's behalf.

V. PURPOSE OF GIFTS

The purpose of each gift to the Community Foundation must fall within the Community Foundation's broad charitable purposes. The Community Foundation cannot accept any gift that will be directly or indirectly subject to any material restriction or condition by the donor that prevents the Community Foundation from freely and effectively employing the gift assets or the income from such assets to further its charitable purposes. In addition, the Community Foundation reserves the right to reject any gift that might place the other assets of the Community Foundation at risk or that is not readily convertible into assets that fall within the Community Foundation's investment guidelines. The Community Foundation may also decline a gift if it is not able to administer the terms of the gift in accordance with the donor's wishes.

VI. MINIMUM GIFTS

Subject to the policies set forth in this document, the Community Foundation may accept gifts to the existing Greater Good Fund of any size. Outright gifts to establish a new, named, unrestricted, designated, or donor-advised fund is \$10,000. A donor may establish a Prairie Fund with a \$2,500 contribution if the donor agrees to contribute a total of \$10,000 to the fund over a five-year period. The minimum gift amount for a field of interest or charitable gift annuity is \$25,000. The minimum gift amount for a charitable lead annuity trust or a charitable remainder annuity trust is \$500,000. The Board of Directors may establish additional criteria for certain endowed and non-endowed named funds. Exceptions are subject to the approval of the Community Foundation's President/CEO.

VII. INVESTMENT OF GIFTS

The Community Foundation reserves the right to make any or all investment decisions regarding gifts to it in accordance with its Investment Policy, as amended from time to time. In making a gift to the Community Foundation, the donor gives up all rights, title and interest to the assets contributed. In particular, the donor relinquishes the right to choose investments and investment managers, brokers, or to veto investment choices for the contributed assets.

When the size of the fund warrants separate investment consideration, and when otherwise permitted by law, the Community Foundation will endeavor to accommodate requests from donors for separate investment of fund assets, or use a particular investment manager, broker or agent. A gift eligible for this consideration must comply with the Community Foundation's Investment Policy and the Community Foundation's Outside Investment Advisors Policy, as amended from time to time.

VIII. COSTS OF ACCEPTING AND ADMINISTERING GIFTS

Generally, costs associated with the acceptance of a gift, such as the donor's attorneys' fees, accounting fees, brokerage 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 Community Foundation's guidelines and fee schedules.

IX. FUNDRAISING BY DONORS

Fundraising undertaken by donors in connection with funds of the Community Foundation must be approved in advance by the Community Foundation. All such fundraising activities are also subject to the Community Foundation's supervision as set forth in the Community Foundation's Donor Initiated Fundraising Policy.

X. 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 Community Foundation's policy to divest itself of such holdings within five years from the date the Community 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.

XI. TYPES OF GIFT ASSETS

Generally, gifted assets will be either 1) "liquid" assets such as cash or marketable securities, or 2) "illiquid" assets defined as every asset that is not cash or marketable securities. With respect to non-cash assets, it is the Community Foundation's general policy is to liquidate all gifts promptly. On occasion, the Board of Directors may decide that it will not liquidate certain gifts immediately. Factors the Board 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 Community Foundation:** The Community Foundation may elect to keep gifts that it will employ directly in furtherance of its exempt purposes. For example, the Community Foundation might keep real property that it will use as its offices.
- **Desirability as an Investment:** On rare occasions, the Community 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 Community Foundation's investment portfolio.

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

Subject to Board approval, the Community Foundation may accept the following types of gifts:

1. Liquid Assets
2. Illiquid Assets
3. Planned Giving

LIQUID ASSETS

The Community Foundation accepts gifts of cash

- In currency of the United States and other nations;
- By checks made payable to the Greater Cedar Rapids Community Foundation;
- By automated clearing house (ACH) transfer; or by credit cards or wire transfer to the Community Foundation's account(s).

ILLIQUID ASSETS

Real Estate

- **General:** This policy applies to all gifts of real property, including outright gifts of residential and commercial property and farmland; bargain-sale transactions; and gifts of remainder interests in which the donor retains a life estate. The Community Foundation does not accept gifts of time shares.

Gifts of real property must be reviewed by the Board of Directors. Subject to the Board of Director's approval, the Community Foundation may accept gifts of real property to any fund. In deciding whether to accept real property gifts the Community Foundation will:

- Determine whether the real estate gift is an acceptable minimum value.
- Confirm that the donor has legal capacity and is entitled to convey the property through copies of deed, title report, etc., provided by donor.

- Determine whether, if property is encumbered by debt, the debt is of a level that will not unduly burden the Community Foundation or adversely affect the marketability of the property.
- Perform a market and financial analysis prior to acceptance of the gift to determine whether the gift is a financially sound acquisition.
- Weigh its ability to manage commercial property for the time necessary to sell the property. For example, income producing property may subject the Community Foundation to unrelated business income tax and/or other types of expenses, including but not limited to, upkeep of land, maintenance of buildings and management of property.
- Evaluate whether any restrictions on the gift desired by donor will jeopardize the classification of such gift as charitable.

The Community Foundation may accept gifts of real estate 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 Community Foundation's associated administrative expenses (*e.g.*, accounting and tax return preparation) will be charged against the fund holding the contributed real estate. 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 to cover such taxes and expenses.

- **Appraisal:** Each gift of real property 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 real property are limited to the net income generated by the property less fees assessed by the Community Foundation and any unrelated business tax imposed thereon.
- **Liquidation:** The Community Foundation will generally seek to sell real property as soon as possible, and generally will not accept gifts that cannot be liquidated within three years.
- **Procedures for Accepting Gifts of Real Property:** The Community Foundation will review the documents prepared by legal counsel to transfer the real property interest. The Community Foundation may request additional information or documents when necessary to its evaluation of the proposed gift.

Whenever possible, a member of the Community Foundation staff or an authorized representative will visit the property to determine its nature and type and to identify any potential problems not evident from information supplied by the donor that might hinder or prevent the Community Foundation's sale of the property.

As a condition for the Community Foundation's acceptance of the gift, a written agreement between the donor and the Community Foundation should be in place that provides for the payment of administrative expenses and unrelated business income taxes generated by the real property to the extent there is insufficient cash in the fund to which the real property has been contributed to cover such expenses and taxes. The agreement should also require the donor to indemnify the Community Foundation against all liabilities incurred by the donor on account of the donor's ownership of the real property up to the date of the gift.

- **Environmental Assessment:** Donors will provide at least a Phase I Environmental Report with disclosure of any environmental problems or statement that none exists.

Closely-Held Stock and S Corporation Stock

- **General:** Gifts of closely-held and S corporation stock must be reviewed by the Board of Directors. Subject to the Board's approval, the Community Foundation may accept gifts of closely-held or S corporation stock in any amount to any existing fund. The Community 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 Community 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 Community Foundation and any unrelated business tax imposed thereon.
- **Liquidation:** The Community 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 Community Foundation will review corporate governing documents to determine the rights and obligations associated with the stock and whether or not the Community Foundation should undertake such obligations in light of such rights.
 - The Community 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).
 - Determine whether, if property is encumbered by debt, the debt is of a level that will not unduly burden the Community Foundation or adversely affect the marketability of the stock.
 - All proposed transfer documents must conform to the Community Foundation's form or be approved by the Community Foundation's counsel.
 - As a condition for the Community Foundation's acceptance of the gift, a written agreement between the donor and the Community 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 Community Foundation against all liabilities incurred by the donor on account of the stock up to the date of the gift.
 - The donor will provide the Community Foundation with all documents which outline,

discuss or relate to the duties and liabilities which shareholders have, including Shareholder Agreements.

General Partnership Interests

The Community Foundation can accept gifts of general partnership interests; provided, the Board of Directors will evaluate whether the value of the general partnership interest outweighs the risk and liability associated with the Community Foundation's acceptance of a gift of a general partnership interest. In the event that the Community Foundation's Board of Directors accepts a general partnership interest, the Community Foundation will follow the gift acceptance policy set forth in the limited partnership section.

Limited Partnership Interests

- **General:** Gifts of limited partnership interests must be reviewed by the Board of Directors. Subject to the Board of Director's approval, the Community Foundation may accept gifts of limited partnership interests in any amount to any existing fund. The Community Foundation reserves the right to carefully screen all proposed gifts of limited partnership interests to ensure that they place no undue risk upon the Community Foundation.

The Community Foundation generally does not accept gifts of interests in partnerships that carry on active business. Interests in passive, investment-type limited partnerships such as those holding real estate, stocks and bonds, are preferred.

The Community Foundation will determine whether, if property is encumbered by debt, the debt is of a level that will not unduly burden the Community Foundation or adversely affect the marketability of the limited partnership interest.

The Community Foundation may accept gifts of limited partnership interests that generate unrelated business income only if certain agreements are reached with the donor. These include an agreement by the donor that the taxes on the unrelated business income and the Community Foundation's associated administrative expenses (e.g., accounting and tax return preparation) will be charged against the fund holding the partnership interest. 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 limited partnership interest 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 limited partnership interests are limited to the income distributed to the Community Foundation by the partnership less fees assessed by the Community Foundation and any unrelated business income taxes imposed thereon.
- **Liquidation:** The Community Foundation will generally seek to redeem or sell limited partnership interests.
- **Procedures for Accepting Limited Partnership Interests:** The following procedures apply to all proposed gifts of limited partnership interests:
 - The Community Foundation will review the partnership governing documents to determine the rights and obligations associated with the limited partnership interest and whether or not

the Community Foundation should undertake such obligations in light of such rights. If required, the donor should be asked to obtain the other partners' consent to the gift as a condition to the Community Foundation's accepting the gift.

- The Community Foundation will review the donor's most recent K-1 and the partnership's tax returns to determine the nature of the income associated with the limited partnership interest (e.g., unrelated business income, active versus passive business).
- All proposed transfer documents must conform to the Community Foundation's form or be approved by the Community Foundation's counsel.
- As a condition for the Community Foundation's acceptance of the gift, a written agreement between the donor and the Community Foundation should be in place that provides for the payment of administrative expenses and unrelated business taxes generated by the interest to the extent there is insufficient cash in the fund to which the interest has been donated to cover such expenses and taxes. The agreement should also require the donor to indemnify the Community Foundation against all liabilities incurred by the donor on account of the limited partnership interest up to the date of the gift.

Limited Liability Company Interests

The same considerations given to gifts of limited partnership interests apply to gifts of interests in limited liability companies.

Tangible Personal Property

- **General:** The Community Foundation accepts gifts of personal tangible property (e.g., artwork, coin collections, jewelry) only if: (i) the Community Foundation determines that the property will be used in furtherance of the Community Foundation's exempt purposes or (ii) the Community Foundation will be able to sell the property. If the property is to be sold, the Community Foundation will accept the gift only if it has sufficient value to justify the expenditure or resources required for such sale. The Community Foundation may accept gifts of personal tangible property in any amount to any existing fund.
- **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.
- **Tax Reporting:** A gift receipt shall be provided to the donor by the Community Foundation in compliance with federal law. In addition, if the Community Foundation uses the donated tangible personal property for a related use, it shall describe the use in the receipt letter to support the donor's claim of a charitable deduction for the greater of fair market value and his or her cost basis. The donor shall be responsible for completing IRS Form 8283 to claim a charitable deduction for a noncash gift. This form may be signed by the appropriate staff of the Community Foundation to acknowledge receipt. The Community Foundation shall be responsible for filing IRS Form 8282 to report the sale or other disposition of the noncash gift within three years of the donation with an exception for gifts of publicly traded stock.
- **Procedures for Accepting Personal Tangible Property:** The following procedures apply to all proposed gifts of personal tangible property:
 - The Community Foundation will review all prior appraisals and authentication documents, if any, relating to the property and those that may be shared by donors.
 - If the property is to be sold, the Community 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

- o of holding the property prior to sale.
- o All costs incurred by the Community Foundation in connection with the holding and sale of the property will be charged against the sale proceeds, with the balance being credited to the fund to which the property has been contributed.

Intangible Personal Property

- **General:** The Community Foundation accepts gifts of intangible personal property (e.g., intellectual property, stock, bonds, cryptocurrency, etc.) only if: (i) the Community Foundation determines that the property will be used in furtherance of the Community Foundation’s exempt purposes or (ii) the Community Foundation will be able to sell the property. As a general rule, publicly traded stocks and bonds contributed to the Community Foundation will be sold or redeemed as soon as practicable. If the property is to be sold, the Community Foundation will accept the gift only if it has sufficient value to justify the expenditure or resources required for such sale. The Community Foundation may accept gifts of intangible personal property in any amount to any existing fund.
- **Appraisal:** Each gift of intangible personal property for which the donor expects a charitable deduction exceeding \$5,000 must be appraised in accordance with federal tax law with an exception for publicly traded stock. The donor will be responsible for obtaining and paying for such appraisal. Where appraisal is not required, the value of the gift is determined by calculating the mean of the high and low prices of the securities on the date of the gift.
- **Tax Reporting:** A gift receipt shall be provided to the donor by the Community Foundation in compliance with federal law. The donor shall be responsible for completing IRS Form 8283 to claim a charitable deduction for a noncash gift. This form may be signed by the appropriate staff of the Community Foundation to acknowledge receipt. The Community Foundation shall be responsible for filing IRS Form 8282 to report the sale or other disposition of the noncash gift within three years of the donation with an exception for gifts of publicly traded stock.
- **Procedures for Accepting Personal Intangible Property:** The following procedures apply to all proposed gifts of intangible personal property:
 - o The Community Foundation will review all prior appraisals and authentication documents, if any, relating to the property and those that may be shared by donors.
 - o If the property is to be sold, the Community Foundation will ascertain the marketability 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.
 - o All cost incurred by the Community Foundation in connection with the holding and sale of the property will be charged against the sale proceeds, with the balance being credited to the fund to which the property has been contributed.
 - o For some gifts of intangible personal property such as publicly traded stock and cryptocurrency, a third-party fiduciary vendor may be used to accept the gift and convert to cash on behalf of the Community Foundation.
 - o No gifts can be made in a completely anonymous matter, although donors may request anonymity from Community Foundation publications.

Life Insurance

- **General:** The Community Foundation may accept gifts of life insurance policies, subject to the following conditions:
 - o The Community Foundation prefers to accept life insurance with a “guaranteed death benefit”.
 - o If annual premiums are required, they should be sufficient to guarantee the death benefit

- and they should be kept up to date by the donor.
 - The Community Foundation should have no obligation to pay premiums.
 - The Community Foundation as owner and beneficiary, retains the right to amend the policy and/or sell it if there is insufficient value to keep the policy in force
- **Appraisal:** Each gift of a life insurance policy giving rise to a charitable deduction of more than \$5,000 must be appraised in accordance with federal tax law.

The Community Foundation also accepts gifts of life insurance policy proceeds as a named beneficiary on a life insurance policy. In these instances, the Community Foundation does not accept the risk of the ownership of the policy and no appraisal is required.

Additional considerations for acceptance of illiquid assets

In connection with the acceptance of many types of illiquid assets, the Community Foundation may incur costs such as unrelated business income tax, fees or commissions associated with the sale or liquidation of assets, asset management and holding costs, consultant fees or other expenses outside of the normal scope of the Community Foundation's administrative costs. Accordingly, as a condition of the Community Foundation's acceptance of the gift, the Community Foundation may require a pledge or other written agreement between the donor and the Community Foundation that provides for the payment of all or a portion of any such costs or expenses, including unrelated business income taxes, to the extent there is insufficient cash in the donor's fund to which the assets(s) have been donated to cover such costs.

PLANNED GIVING

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

Bequests and Gifts in Trust

The Community Foundation accepts gifts from donors who have directed in their trusts and wills that certain assets be transferred to the Community Foundation. The Community Foundation honors the wishes of the donor as expressed, but reserves the right of refusal as necessary and appropriate. The Community Foundation may work with a donor to formalize the donor's philanthropic goals by collaboratively drafting a letter of intent for the donor to instruct the Community Foundation about the donor's intent with respect to the use of the funds in the future. The Community Foundation may not be named as Trustee or Executor for a donor in his/her trust or will and will not serve if named. The Community Foundation may create a named fund in memory of the donor, if there is no stipulation for anonymity.

Retirement Plans or IRA Accounts

Donors may make lifetime gifts of retirement assets or name the Community 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 benefit and contribution plans.

Life Income Gifts

The Community 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 Community 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 Community 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 Community Foundation encourages donors to consult their own legal counsel and tax advisors to create a charitable remainder trust. At the donor's request, the Community Foundation will confer with his/her advisors to assist in establishing the trust from which it will ultimately benefit. The Community Foundation will not serve as Trustee of the trust.
- **Charitable Lead Trust (CLT):** This trust first makes distributions to the Community 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. The Community Foundation will work closely with the donor and/or his advisor to create the trust, but will not serve as Trustee.
- **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 Community Foundation and is backed by our total assets. The gift is in part a charitable gift and in part the purchase of an annuity. The minimum gift amount for a charitable gift annuity is \$25,000. The maximum gift amount for a charitable gift annuity is \$250,000. The charitable beneficiary of the charitable gift annuity is the Greater Good Fund at the Community Foundation. The Community Foundation may not enter into a charitable gift annuity transaction with an individual who is a resident of a state other than Iowa.
- **Life Estate:** A donor may wish to contribute a personal residence or farm to the Community Foundation and retain the right to use the property until death. Upon the donor's death, the Community Foundation owns the entire interest in the property.