



## **Gift Acceptance Guidelines**

The Community Foundation for South Central New York, a not for profit organization organized under the laws of the State of New York, encourages the solicitation and acceptance of gifts to CFSCNY (hereinafter referred to as the Foundation) for purposes that will help the Foundation to further and fulfill its mission: "The CFSCNY offers caring individuals an effective way to endow their community in a manner that is responsible, responsive, and lasting." The following guidelines are to be followed when accepting gifts made to the Foundation or for the benefit of any of its programs.

### **I. Purpose of Guidelines**

The board of directors of the Foundation and its staff solicit current and deferred gifts from individuals, corporations, and foundations to secure the future growth and mission of the Foundation. These guidelines govern the acceptance of gifts by the Foundation and provide guidance to prospective donors and their advisors when making gifts to the Foundation. The provisions of these guidelines shall apply to all gifts received by the Foundation for any of its programs or services.

### **II. Use of Legal Counsel**

The Foundation shall seek the advice of legal counsel in matters relating to acceptance of gifts when appropriate. Review by counsel is recommended for:

- 1) Closely held stock transfers that are subject to restrictions or buy-sell agreements.
- 2) Documents naming the Foundation as Trustee.
- 3) Gifts involving contracts or other documents requiring the Foundation to assume an obligation.
- 4) Transactions with potential conflict of interest that may invoke IRS sanctions.
- 5) Other instances in which use of counsel is deemed appropriate by the Gift Acceptance Committee.

### **III. Conflict of Interest**

The Foundation will urge all prospective donors to seek the assistance of personal legal and financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences.

### **IV. Restrictions on Gifts**

The Foundation will accept unrestricted gifts, and gifts for specific programs and purposes, provided that such gifts are not inconsistent with its stated mission, purposes, and priorities. The Foundation will not accept gifts that are too restrictive in purpose. Gifts that are too restrictive are those that violate the terms of the corporate charter, gifts that are too difficult to administer, or gifts that are for purposes outside the mission of the Foundation. All final decisions on the restrictive nature of a gift, and its acceptance or refusal, shall be made by the gift acceptance committee.

### **V. The Gift Acceptance Committee**

The gift acceptance committee shall consist of the Executive Committee of the Board and the Chair of the Development Committee. Ex-officio members shall include the Executive Director, the Finance Officer and the Development Officer of the Foundation.

The gift acceptance committee is charged with the responsibility of reviewing the form of gifts, with the exception of cash and publicly traded stocks; properly screening and accepting those gifts; and making recommendations to the Board on gift acceptance issues when appropriate.

## VI. Types of Gifts

The following gifts are acceptable:

- Cash.
- Tangible Personal Property
- Securities
- Real Estate
- Remainder Interests in Property
- Oil, Gas, and Mineral Interests
- Life Insurance
- Charitable Gift Annuities
- Charitable Remainder Trusts
- Charitable Lead Trusts
- Retirement Plan Beneficiary Designations
- Bequests
- Life Insurance Beneficiary Designations

The following criteria govern the acceptance of each gift form:

1) Cash. Cash is acceptable in any form. Checks shall be made payable to The Community Foundation for South Central New York and shall be delivered to the Foundation's administrative offices.

2) Tangible Personal Property. All other gifts of tangible personal property shall be examined in light of the following criteria:

- Does the property fulfill the mission of the Foundation?
- Is the property marketable?
- Are there any undue restrictions on the use, display, or sale of the property?
- Are there any carrying costs for the property?

The gift acceptance committee of the Foundation shall make the final determination on the acceptance of other tangible property gifts.

3) Securities. The Foundation can accept both publicly traded securities and closely held securities.

Publicly Traded Securities Marketable securities may be transferred to an account maintained at one or more brokerage firms or delivered physically with the transferor's signature or stock power attached. As a general rule, all marketable securities shall be sold upon receipt unless otherwise directed by the investment committee. In some cases marketable securities may be restricted by applicable securities laws; in such instance the final determination on the acceptance of the restricted securities shall be made by the gift acceptance committee of the Foundation.

Closely Held Securities Closely held securities, which include not only debt and equity positions in non-publicly traded companies but also interests in limited partnerships and limited liability companies, or other ownership forms, can be accepted subject to the approval of the gift acceptance committee of the Foundation. However, gifts must be reviewed prior to acceptance to determine:

- there are no restrictions on the security that would prevent the Foundation from ultimately converting those assets to cash;
- the security is marketable; and
- the security will not generate any undesirable tax consequences for the Foundation.

If potential problems arise on initial review of the security, further review and recommendation by an outside professional may be sought before making a final decision on acceptance of the gift. The gift acceptance committee of the Foundation and legal counsel shall make the final determination on the acceptance of closely held securities when necessary. Every effort will be made to sell non-marketable securities as quickly as possible.

4) Real Estate. Gifts of real estate may include developed property, undeveloped property, or gifts subject to a prior life interest. Prior to acceptance of real estate, the Foundation shall require an initial environmental review of the property to ensure that the property has no environmental damage. In the event that the initial inspection reveals a potential problem, the Foundation shall retain a qualified inspection firm to conduct an environmental audit. The cost of the environmental audit shall generally be an expense of the donor.

When appropriate, a title binder shall be obtained by the Foundation prior to the acceptance of the real property gift. The cost of this title binder shall generally be an expense of the donor.

Prior to acceptance of the real property, the gift shall be approved by the gift acceptance committee of the Foundation and in consultation with the Foundation's legal counsel. Criteria for acceptance of the property shall include:

- Is the property useful for the purposes of the Foundation?
- Is the property marketable?
- Are there any restrictions, reservations, easements, or other limitations associated with the property?
- Are there carrying costs, which may include insurance, property taxes, mortgages, or notes, etc., associated with the property?
- Does the environmental audit reflect that the property is not damaged?

5) Remainder Interests in Property. The Foundation will accept a remainder interest in a personal residence, farm, or vacation property subject to the provisions of paragraph 4 above. The donor or other occupants may continue to occupy the real property for the duration of the stated life. At the death of the donor, the Foundation may use the property or reduce it to cash. Where the Foundation receives a gift of a remainder interest, expenses for maintenance, real estate taxes, and any property indebtedness are to be paid by the donor or primary beneficiary.

6) Oil, Gas, and Mineral Interests. The Foundation may accept oil, gas and mineral property interests, when appropriate. Prior to acceptance of oil, gas or mineral interests the gift shall be approved by the gift acceptance committee, and in consultation with the Foundation's legal counsel. Criteria for acceptance of the property shall include:

- Gifts of surface rights should have a value of \$20,000 or greater.
- Gifts of oil, gas, and mineral interests should generate at least \$3,000 per year in royalties or other income (as determined by the average of the three years prior to the gift).
- The property should not have extended liabilities or other considerations that make receipt of the gift inappropriate
- A working interest is rarely accepted. A working interest may only be accepted when there is a plan to minimize potential liability and tax consequences.
- The property should undergo an environmental review to ensure that the Foundation has no current or potential exposure to environmental liability.

7) Life Insurance. The Foundation must be named as both beneficiary and irrevocable owner of an insurance policy before a life insurance policy can be recorded as a gift. The gift is valued at its interpolated terminal reserve value, or cash surrender value, upon receipt. If the donor contributes future premium payments, the Foundation will include the entire amount of the additional premium payment as a gift in the year that it is made.

If the donor does not elect to continue to make gifts to cover premium payments on the life insurance policy, the Foundation may:

- continue to pay the premiums;
- convert the policy to paid up insurance; or
- surrender the policy for its current cash value.

8) Charitable Gift Annuities. The Foundation may offer charitable gift annuities. The minimum gift for funding is \$10,000. The gift acceptance committee may make exceptions to this minimum. The minimum age for life income beneficiaries of a gift annuity shall be 60. Where a deferred gift annuity is offered, the minimum age for life income

beneficiaries shall be 50. No more than two life income beneficiaries will be permitted for any gift annuity. Annuity payments may be made on a quarterly, semi-annual, or annual schedule. The gift acceptance committee may approve exceptions to this payment schedule. The Foundation will not accept real estate, tangible personal property, or any other illiquid asset in exchange for current charitable gift annuities. The Foundation may accept real estate, tangible personal property, or other illiquid assets in exchange for deferred gift annuities so long as there is at least a 5-year period before the commencement of the annuity payment date, the value of the property is reasonably certain, and the gift acceptance committee approves the arrangement.

Funds contributed in exchange for a gift annuity shall be set aside and invested during the term of the annuity payments. Once those payments have terminated, the funds representing the remaining principal contributed in exchange for the gift annuity shall be transferred to the Foundation's general endowment funds, or to such specific fund as designated by the donor.

9) Charitable Remainder Trusts. The Foundation may accept designation as remainder beneficiary of a charitable remainder trust with the approval of the gift acceptance committee of the Foundation. The Foundation will not accept appointment as trustee of a charitable remainder trust.

10) Charitable Lead Trusts. The Foundation may accept a designation as income beneficiary of a charitable lead trust. The board of the Foundation will not accept an appointment as Trustee of a charitable lead trust.

11) Retirement Plan Beneficiary Designations. Donors and supporters of the Foundation will be encouraged to name the Foundation as beneficiary of their retirement plans. Such designations will not be recorded as gifts to the Foundation until such time as the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

12) Bequests. Donors and supporters of the Foundation will be encouraged to make bequests to the Foundation under their wills and trusts. Such bequests will not be recorded as gifts to the Foundation until such time as the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

13) Life Insurance Beneficiary Designations. Donors and supporters of the Foundation will be encouraged to name the Foundation as beneficiary or contingent beneficiary of their life insurance policies. Such designations shall not be recorded as gifts to the Foundation until such time as the gift is irrevocable. Where the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

## **VII. Miscellaneous Provisions**

Securing appraisals and legal fees for gifts to the Foundation It will be the responsibility of the donor to secure an appraisal (where required) and independent legal counsel for all gifts made to the Foundation.

Valuation of gifts for development purposes The Foundation will record a gift received by the Foundation at its valuation for gift purposes on the date of gift.

Responsibility for IRS Filings upon sale of gift items The gift acceptance committee of the Foundation is responsible for filing IRS Form 8282 upon the sale or disposition of any asset sold within two years of receipt by the Foundation when the charitable deduction value of the item is more than \$5,000. The Foundation must file this form within 125 days of the date of sale or disposition of the asset. Form 8282 with Filing Instructions is attached as an appendix to these policies.

Acknowledgement of all gifts made to the Foundation and compliance with the current IRS requirements in acknowledgement of such gifts shall be the responsibility of the board of the Foundation.

## **VIII. Changes to Gift Acceptance Guidelines**

These guidelines have been reviewed and accepted by the Board of Directors of the Foundation. The Board of Directors of the Foundation must approve any changes to, or deviations from, these guidelines.