

BARRINGTON AREA COMMUNITY FOUNDATION

GIFT ACCEPTANCE POLICY

Document 20 Response and Amendment

(The following was approved by the Board at its meeting November 3, 2008)

PURPOSE

This Gift Acceptance Policy has been adopted by the Board of Directors of the Barrington Area Community Foundation (the “Foundation” or “BACF”) to serve the best interests of the Foundation and its donors by providing guidelines for negotiating and accepting various types of gifts. Given the increasing complexity of IRS regulations, the volume of real estate and other property gifts, and state and federal environmental laws, the Foundation recognizes the value in carefully screening proposed gifts.

The purposes of any gift to the Foundation must fall within the broad charitable purpose of the Foundation. In addition, the Foundation Board must be able to assure that gifts accepted by the Foundation do not place other assets of the Foundation at risk and that they can be readily converted into assets that fall within the Foundation’s investment guidelines. The foundation must also assure that it can administer the terms of the gift in accordance with the donor’s wishes. The purpose of the gift and the procedures for its administration shall, whenever possible, be established and set forth in a letter or agreement signed by the donor.

The goal is to encourage funding of the Foundation without encumbering the organization with gifts that may prove to generate more cost than benefit, or which are restricted in a manner that is not in keeping with the mission of the Foundation.

It is understood that except where stated otherwise, these policies are intended as guidelines, and that flexibility must be maintained since some gift situations can be complex, and decisions only made after careful consideration of a number of interrelated factors. Therefore, these policies will in some instances require that the Gift Acceptance Committee considers the merits of a particular gift and a final decision be made only by that Committee.

The Foundation will comply with all federal, state and local laws in the conduct of development of activities, including acceptance of gifts. The Foundation endorses and subscribes to A *Donor Bill of Rights* set forth in *Appendix A* hereto.

To further the purpose of this Gift Acceptance Policy, the Foundation follows the *Model Standards of Practice for the Charitable Gift Planner* adopted by the National Committee on Planned Giving and the American Council of Gift Annuities. The code of ethics for planned giving practitioners is set forth in *Appendix B* hereto.

FOUNDATION RESPONSIBILITIES

The Foundation shall use its best efforts to disclose to all prospective donors the benefits and liabilities that could reasonably be expected to influence the donor's decision to make a gift to the Foundation. Donors will be encouraged to consult with legal counsel and financial advisors in making their decision. In particular, prospective donors should be made aware of the following factors:

- the irrevocability of a gift
- prohibitions on donor restrictions
- items subject to variability (market value, investment return, and income yield)
- the Foundation's responsibility to provide a donor bill of rights to donors and
- both parties are aware of and will abide by the provisions of the Pension Protection Act of 2006.

The Foundation should to the extent practicable maintain a written record of discussions with prospective donors. The role of the Foundation shall be to inform, guide and assist a donor in fulfilling his or her philanthropic wishes, but never to pressure or unduly influence a donor's decision.

GIFT ACCEPTANCE COMMITTEE

The Board of Directors of the Foundation shall establish as an *ad hoc* subcommittee a Gift Acceptance Committee, which will meet on an as-needed basis to review the details of unique or complex gifts. Members of the Gift Acceptance Committee shall include the Foundation President and four other member of the Board of Directors designated by the President and such other persons (board members or not) as might offer professional expertise in the cost/benefit analysis of a potential gift. The Gift Acceptance Committee shall have the following responsibilities:

- The Gift Acceptance Committee shall determine whether a specific gift contributes to the mission of the Foundation;
- The Gift Acceptance Committee shall outline steps to be taken in the acceptance/rejection/ process; and
- The Gift Acceptance Committee shall recommend to the Foundation Board of Directors whether or not to accept the proposed gift.

FORM OF GIFTS TO THE FOUNDATION

Gifts Requiring Gift Acceptance Committee Review

- Tangible personal property that is not readily marketable
- Real property
- Closely-held and S corporation stock
- Partnership interests
- Accounts receivable (gifts of loans, notes, mortgages, etc.)

- Gifts of intellectual property, mineral reserves, precious metals, and other types of assets carrying their own challenges
- Gifts whose structures fall outside the ordinary purposes, bylaws, and procedures of the Foundation
- Life insurance policies requiring future premium payments by the Foundation

Gifts Not Requiring Gift Acceptance Committee Review

- Cash or cash equivalents
- Checks
- Marketable securities
- Gifts of personal property for use in Foundation offices or programs
- Life insurance policies except as noted above

See *Appendix C* for detail no each gift category

GIFTS DECLINED

The Foundation reserves the right to refuse any gift it believes is not in the best interests of promoting the mission and purposes of the Foundation. In addition, the Foundation will not knowingly accept a charitable gift from the following persons:

1. A donor who has insufficient income and assets remaining after the gift to provide for his/her needs such as personal support and healthcare.
2. A donor who has insufficient income and assets remaining after the gift to provide for his/her heirs for whom he/she is fiscally responsible.
3. A donor who has an apparent insufficient mental capacity to make a rational decision.
4. A donor who has insufficient input from competent financial, legal and/or personal counsel.

TYPES OF FUNDS

The Foundation has since its founding approached its constituency with an offer to discuss various forms of restricted and unrestricted funds. The Foundation has also offered to manage endowment funds for other charities in the Barrington area. The Foundation has built its endowment with unrestricted funds with the exception of a field-of-interest fund established *For Best Use of Volunteers* when the Volunteer Center of the Greater Barrington Area dissolved and gave its treasury to the Foundation. This fund was managed by the Investment Committee and administered by the Grant Review Committee. Two other field-of-interest component funds were established by the Board in 2008 for *Endowment to Pay Administrative Costs* and for *The Most Innovative Grant Request Plan* each year. In addition, the Foundation has continued to indicate in its marketing materials, most recently in the third quarter 2008 letter to donors, that it welcomed discussion of donor-advised funds. Each quarter for the past 10 years the mailing included a remittance envelope that allowed the donor to indicate he or she wished to discuss a restricted fund within the Foundation. In summary, the Foundation offers three types of component

funds: unrestricted, field-of-interest and donor-advised funds. As of December, 2008, the Foundation has no donor-advised funds. Documents relating to donor-advised funds, should one be offered, are prepared and ready.

EXCESS BUSINESS HOLDINGS

Under the Pension Protection Act of 2006, the private foundation excess business holdings rule applies to donor-advised funds as if they were private foundations. That is, 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:

- Twenty percent of the voting stock of an incorporated business
- Twenty percent of the profits interest of a partnership or joint venture on the beneficial interest of a trust or similar entity.

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

Donor-advised funds receiving gifts of interests in a business enterprise after the date of the Pension Protection Act's enactment (August 17, 2006) will have five years 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.

This summary is intended to indicate the Foundation's awareness of and intention to comply with the current and any future provisions of this Act and its amendments, if any. Any donor-advised fund offered will be subject to review by the Foundation's attorney, which review will be provided to the prospective donor and the Board of the Foundation.

ACKNOWLEDGMENT

Donors shall receive an expression of appreciation and gratitude from the Foundation and an acknowledgment of the gift in accordance with federal regulations. These requirements are met by a formal acknowledgment from the Secretary of the Foundation within a few days and a personal letter from a director within a month.

PUBLICITY

No public media exposure with respect to a donor's gift will be generated without the consent of the donor.

RESTRICTIONS

In conformance with Treasury Department regulations governing community foundations, gifts to the Foundation may not be directly or indirectly subjected by a donor to any material restriction or condition

that prevents the Foundation from freely and effectively employing the transferred assets, or the income derived therefrom, in furtherance of the Foundation's exempt purposes.

ACTING AS TRUSTEE

The Foundation may not serve as a trustee. Further, no director of the Foundation shall serve as a trustee, conservator, executor or personal representative for any of the Foundation's donors or prospects unless specifically approved by the Foundation President/CEO. The Board of Directors shall be made aware of such trusteeships.

INVESTMENT OF GIFTS

It is the policy of the Foundation to convert all gifts to cash as soon as is reasonable practicable. The Foundation reserves the right to make any or all investment decisions regarding gifts in accordance with its Investment Policy.

In making a gift to the Foundation, donors surrender all rights, title, and interest to the assets contributed. In particular, donors shall not have the right to choose investments and investment managers, brokers, or to veto investment choices for their gifts.

COSTS OF ACCEPTING AND ADMINISTERING GIFTS

Generally cost associated with the acceptance of a gift such as attorneys' fees, accounting fees, other professional fees as well as other costs to establish a gift such as appraisal, escrow, evaluation, and environmental assessment fees shall be borne by the donor.

The direct costs of administering outright and planned gifts of the Foundation will be borne from the assets of the individual funds, except for those special circumstances as determined by the Gift Acceptance committee. Custodial, investment, and administrative fees will be paid from the respective funds in accordance with the Foundation's guidelines and fee schedules.

CONFIDENTIALITY

The Foundation shall maintain strict control over files and information received from or about donors or prospective donors so as to maintain confidentiality of such information.

PUBLIC FUND RAISING

Fundraising undertaken by donors in connection with funds of the Foundation requires special consideration. See *Appendix C*.

AUTHORITY TO NEGOTIATE

The President of the Board of Directors and at least one other officer of the Foundation shall be the sole persons authorized by the Foundation to accept letter of direction and amendments thereto and to negotiate and execute charitable giving agreements with prospective donors.

MINIMUM SIZE OF GIFTS

Unless specifically approved by the Board, the following are the minimum sizes by which component funds may be accepted:

- Donor-advised Funds: \$50,000 to be received within 15 months of accepting the fund, with a minimum initial payment of \$25,000 by the committing donor or donors. As stated elsewhere, costs of administering a donor-advised fund will be borne by the fund.
- Field-of-Interest Funds: \$25,000 to be received within six months of approving the fund with a minimum initial payment of \$10,000 by one or more donors.