

# **GIFT ACCEPTANCE POLICY**

## **THE FOOTHILLS COMMUNITY FOUNDATION (dba THE HOLLAND COMMUNITY CENTER)**

The Foothills Community Foundation (FCF), is a private, non-profit organization located in Scottsdale, AZ serving the communities of North Scottsdale, North Phoenix, Cave Creek, Carefree and the wider Desert Foothills region. Known as the Holland Community Center, we are a unique partnership dedicated to enriching the Desert Foothills community by celebrating arts and culture, treasuring our desert environment, assisting those in need, and encouraging lifelong learning. The Holland Community Center provides support, opportunity, and connection for area residents through a diverse array of programs, ranging from intriguing classes to fine arts exhibits to community theater and more. We also offer six well-equipped rooms available to rent for various community events.

As a 501(c)(3) nonprofit organization, the Holland Community Center is proud to receive 100% of our funding through the generosity of our donors. We do not receive any support from government entities. We are forever grateful for our donors and are passionate about maximizing our funds to enhance the quality of life for all residents in our community.

To assist donors and their advisors, the FCF has developed this Gift Acceptance Policy to set forth policies and procedures for acceptance of charitable gifts to the Holland Community Center and its affiliated Foundation. It is our hope that this document will help guide donors as they consider including the Holland Community Center in their charitable giving and we have included information and opportunities to commemorate and recognize our donors.

### **I. Purpose of Policy**

This statement articulates the Policy of the Board of Directors of the FCF concerning the acceptance of charitable gifts and provides guidance to prospective donors and their advisors when making gifts to the FCF. The Executive Director of the FCF will implement appropriate procedures to apply these policies.

### **II. Responsibilities to Donors**

- A. *Commitment to a Donor-Focused, Philanthropic Approach:* The FCF, its staff and volunteer representatives endeavor to assist donors in accomplishing their philanthropic objectives in a donor-focused manner. In many circumstances, this may involve the donors' professional advisors, as charitable support is often integrated with overall tax, estate and financial planning.
- B. *Confidentiality:* Information concerning all transactions between a donor and the FCF is held by the FCF in confidence, and may be disclosed only with the permission of the donor or the donor's designee.
- C. *Anonymity:* The FCF respects the wishes of any donor offering anonymous support and will implement reasonable procedures to safeguard such a donor's identity.
- D. *Ethical Standards:* The FCF is committed to the highest ethical standards. The FCF, its staff and volunteer representatives adhere to the highest ethical standards. The FCF will not accept gifts if there is a question as to the title/ownership of the asset or the donor's competency to transfer an asset.

### III. Responsibilities of Donors

- a. Any information provided by the FCF concerning gift or estate planning is for illustration purposes only and is not to be relied upon as a basis for advice.
- b. All potential or proposed planned gifts or restricted gifts may be individually reviewed by the Gift Acceptance Committee (GAC) comprised of the FCF Executive Director, the Chair of its Board of Directors and one or more members of the FCF Development Committee. Prospective donors are encouraged to request, and may expect to receive, a letter from the Executive Director regarding agreements to any restrictions, if applicable, placed upon the proposed gift by the donor.
- c. Although representatives of FCF will provide appropriate assistance, the ultimate responsibility regarding evaluations, tax deductibility, and/or legal issues is borne completely by the donor.
- d. To avoid any conflict of interest, the unauthorized practice of law, the rendering of investment advice, or the dissemination of income or estate tax advice, all donors of property gifts must indicate the professional advisors rendering opinion(s) concerning their gift(s).

### IV. Legal Considerations

- A. *Compliance:* The FCF shall comply with all local, state and federal laws and regulations concerning all charitable gifts it encourages, solicits or accepts, including the Arizona Management of Charitable Funds Act. All required disclosures, registrations and procedures will be made and/or followed in a thorough and timely manner.
- B. *Endorsement of Providers:* The FCF shall not endorse legal, tax or financial

advisors to prospective donors.

C. *Finder's Fees and Commissions:* The FCF shall not pay fees or commissions to any person as consideration for directing a gift by a donor to the FCF.

D. *Legal, Tax and Financial Advice:* The FCF shall inform prospective donors that it does not provide legal, tax or financial advice, and shall encourage prospective donors to discuss all charitable gift planning decisions with their own advisors before entering into any commitments to make gifts to the FCF.

E. *Preparation of Legal Documents:* The FCF shall not prepare legal documents for execution by donors. The FCF may provide model language, approved by FCF counsel, such as sample bequest language, or gift agreements, but shall encourage prospective donors to have this language reviewed by their own advisors.

F. *Payment of Fees:* It will be the responsibility of the donor to secure an appraisal (where required) and to pay for the advice of independent legal, financial, professional advisors, or corporate Trustees, as needed for all gifts made to the FCF.

G. *Service as Executor or Living Trust Trustee:* The FCF will not agree to serve as executor of a decedent's estate or as trustee of a living trust or other trust intended to serve as a person's primary estate planning document.

H. *Use of Counsel:* The FCF shall seek the advice of legal counsel in matters relating to the acceptance of gifts when appropriate, and as directed by the FCF Board Chair and/or Executive Director.

## V. Gift Acceptance

A. *Gift Acceptance Committee (GAC):* The GAC is made up of the Chair of the Board, a (different) appointed member of the Development Committee on a case-by-cases basis, and the Executive Director of the FCF. The FCF's legal and financial counsel shall be consulted as needed.

B. *Gift Acceptance Procedures:* The FCF is authorized to accept all gifts permitted by this policy based on review and approval of the GAC.

C. *Approval of Exceptions:* Acceptance of gifts outside the scope of this policy requires the unanimous, written approval of the Gift Acceptance Committee as comprised. Any exceptions made to this policy must be reviewed by the Board of Directors. Such exceptions shall be based upon sound reasons such as the age of the donor(s), the amount of the gift and the likelihood of additional gifts by the donor(s).

D. *Agreements:* The FCF generally uses gift agreement forms to document gift commitments. The GAC shall create and maintain samples for use by staff and volunteer leadership. All such agreements shall include a short profile of the donor, the donor's commitment and time frame for payments, the FCF's commitment (including any restrictions) and how the completed gift will be managed. The FCF encourages

written pledge agreements on a **Gift Commitment Form**, especially for larger or one-off gifts, although a simple letter, pledge card, or email documenting the gift amount and payment schedule may be substituted for a formal pledge agreement. **No verbal pledges will be recognized as having been made.** Either a signed Gift Commitment Form or letter of intent must be received by the FCF before a pledge is recorded. All commitments of more than \$100,000 must be formalized on a Gift Commitment Form. All commitments subject to restrictions, including restricted endowment gifts, must also be documented on a Gift Commitment Form agreed to by the GAC. Donors who have established their own private foundations and/or donor advised funds should consult their advisors concerning any proposed charitable pledge agreement. *All completed gifts will be acknowledged with a written receipt.*

- a. Only the Executive Director or Chair of the Board of Directors are authorized to accept cash gifts of \$1,000 or more, with the exception of events where donations may exceed \$1,000.
- b. All gifts of real property or closely-held securities to the FCF require the formal approval of the Board of Directors in addition to the GAC.
- c. The GAC may decide upon and accept gifts on behalf of the FCF other than real estate or closely-held securities in accordance with this Policy.

## VI. Gift Restrictions

While generally the FCF encourages unrestricted gifts, it seeks to strike a balance with gift development that includes all types of gifts, including unrestricted gifts, restricted gifts and grants, as well as other endowment gifts to the FCF to support its operations, providing both donor confidence and protection.

- A. *Unrestricted Gifts:* In order to provide the FCF with maximum flexibility in the pursuit of its mission, donors will be encouraged to consider unrestricted gifts or gifts restricted to budgeted priorities of the Holland Community Center. As a general rule, gifts or pledges of less than \$10,000 shall be managed as unrestricted gifts by the FCF, although donors may elect to designate such gifts to pooled funds for specified purposes.
- B. *Budgeted Programs or Facilities:* The FCF may accept gifts restricted to specific budgeted programs, purposes, facilities, or endowments. All gifts of \$10,000 or more may be restricted for budgeted programs, and gifts of \$100,000 or more may be managed as named funds, recognizing the name of the donor.
- C. *Other Restrictions on Gifts:* The FCF may accept gifts restricted to non-budgeted programs and purposes only upon the prior, written consent of the Gift Acceptance Committee (GAC). The FCF reserves the right to decline gifts which are too restrictive in purpose, too difficult to administer, or for purposes outside of its mission.

D. *Unrestricted Future/Planned Gifts:* All unrestricted gifts and bequests of less than \$100,000 shall be allocated at the discretion of the GAC. Unrestricted gifts and bequests of \$100,000 or more shall be designated as to their use by the GAC with the approval of the FCF Board of Directors.

## VII. Asset Types of Gifts

These assets may be considered for acceptance by the FCF subject to the following criteria:

A. *Cash:* Acceptable in U. S . Legal tender, including currency, check and credit card gifts. Checks must be made payable to "**Foothills Community Foundation**" only.

B. *Securities:*

1. *Publicly Traded Securities:* Stocks, bonds and mutual funds traded on an exchange or other publicly reported market that are easily converted to cash on receipt, and that do not incur financial obligations to FCF.

2. *Closely-Held Securities and Business Interests:* Debt and equity positions in non-publicly traded businesses, hedge funds, REITs, interests in limited liability companies and partnerships upon prior written approval of the GAC after review by FCF legal counsel and the FCF Board of Directors.

3. *Options and Other Rights in Securities:* Warrants, stock options and stock appreciation rights upon prior written approval of the GAC and subject to our ability to liquidate them without incurring potential obligations to the FCF.

C. *Life Insurance:* The FCF will consider accepting a gift of ownership of life insurance after review of all relevant information regarding the policy. The valuation will be considered to be the surrender value as of the date of transfer. The FCF is appreciative of being named as a beneficiary of any Life Insurance policy but is unable to accept ownership status of term insurance or policies on which there are unpaid loans or ongoing premiums due.

D. *Real Property:* Personal and commercial real property, real estate interests, and remainder interests in residential property (gifts subject to a retained life estate) may only be accepted upon prior written approval of the GAC after FCF Board of Directors approval and review and consultation with counsel, including appropriate environmental screenings and conservation easements. For gifts subject to a retained life estate, the donor or primary life beneficiary shall be responsible by written agreement for all expenses during the life tenancy, including but not limited to maintenance, real estate taxes, assessments and insurance.

E. *Tangible Personal Property:* Jewelry, books, works of art, collections, musical instruments, equipment and other tangible personal property may only be accepted after review by the GAC.

F. *Other Property:* Property not otherwise described in this section, whether real or personal, of any description (including but not limited to mortgages, notes, contract rights, copyrights, patents, trademarks, mineral rights, oil and gas interests and

royalties) may only be accepted upon prior written approval of the GAC after consultation with counsel and in all cases shall be considered in relation to our ability to convert it to cash or income to FCF's benefit.

G *Gifts-In-Kind:* Tangible gifts other than cash, marketable/private held securities, or real property of an undetermined value will be reported as one dollar (\$1.00) and acknowledged as "received with no values stated."

H *Services:* Gifts of services are contributions of actual billable service directly related to the business or profession of the provider. Gifts of services will be recognized at the actual expenses invoiced but not to be paid. Evidence of a gift of service will be a canceled or voided invoice stating the date, type of service rendered, quantity cost, total cost and amount contributed or forgiven.

### **Stock and Equity Issues**

a. In the event of a gift or pledge payment in the form of marketable securities, the stock will be sold as soon as practicable upon transfer of ownership. Donors should not be told that a gifted security will be held for any particular period of time. Securities should always be endorsed to Foothills Community Foundation to meet negotiability requirements.

b. The gift will be evaluated on the basis of the average market value of the stock on the date of transfer. Closely-held stock will be accepted only when conversion to cash within a one-year timeframe is expected.

c. Any gain or loss in the value of the stock resulting from the timing of the sale will not be added to or subtracted from the gift evaluation.

d. It is understood that the donor, in transferring ownership of the stock, is making a charitable contribution and, as such, has no rights concerning the disposition, sale or retention of any stocks given to the FCF.

e. As noted, gifts of closely-held securities shall only be accepted with the approval of the FCF Board of Directors.

### **Real Estate Issues**

a. In general, mortgage-free Arizona residential real property meeting criteria will be accepted. Mortgage-free real property outside the State of Arizona will be decided on a case-by-case for property values in excess of \$50,000. Exceptions to the "free of mortgage debt" requirement may be made by the FCF Board of Directors.

b. A current search of title by a professional examiner of titles shall be obtained prior to the acceptance of all gifts of real property.

c. Because of potential for legal liability, commercial real property, real property that may be contaminated by hazardous wastes and industrial real property, are all ineligible for acceptance as gifts unless a current environmental assessment shows the property to be free of such contamination.

d. Leasehold real property and idle or unimproved real property in remote areas will be decided by the GAC with the FCF Board of Directors approval on a case by case basis

considering current market value, real property taxes liability and marketability.

e. Fractional or divided interests in real property are typically not acceptable as gifts except where a plan is approved by the FCF Board of Directors upon legal review for the conveyance of partial interests in the total property over a period of time, or where the donation is made in contemplation of a pending sale of the whole property and the donor is maximizing the tax advantage of the donation.

f. All real property gifts received will be converted to cash at the earliest opportunity, and should be free of mortgage debt, delinquent taxes, environmental hazards (such as asbestos) and real property assessments or liens of any kind. Generally, property gifts will not be accepted by the FCF where conversion to cash is not likely prior to one year, unless the donor guarantees such a conversion.

g. Where real property is subject to existing tenancies or leases, the donor must provide copies of all leases and tenancy agreements, an accounting of all security deposits and a satisfactory accounting of rents and other tenant obligations.

h. Associated expenses of any property gifts are to be borne by the donor, including environmental testing, appraisal fees, and title searches.

i. As noted, no gift of real property shall be accepted without approval by the FCF Board of Directors.

## **Appraisal Issues**

a. As required by the tax code, gifts of property other than publicly-traded securities must be accompanied by an appraisal, if the estimated value exceeds \$5,000. The appraisal must be provided by a qualified independent appraiser, chosen by the FCF, in accordance with IRS regulations. The appraiser cannot be associated with the FCF or any of its employees. When the gift is to fund a specific recognition opportunity, the donor must agree to make up any shortfalls resulting from the conversion to cash.

b. Donors of property gifts must seek their own legal and tax counsel in regard to all property gifts. FCF reserves the right to refuse gifts of property when it is determined that the donor has not complied with IRS appraisal requirements or the advice of an independent counsel is not being obtained.

c. All costs associated with obtaining a qualified appraisal will be borne by the donor.

## **VIII. Structured Current Gifts**

A. *Bargain Sales*: Transactions wherein the FCF pays less than full value for an asset and issues a gift receipt for the difference may only be accepted upon prior written approval of the GAC after review with counsel.

B. *Charitable Lead Trusts*: The FCF may accept a designation as an income beneficiary of a charitable lead trust administered by a trust company, or other fiduciary. The FCF will not serve as trustee of a charitable lead trust.

- C. *IRA Charitable Rollover*: The FCF may accept all gifts directly transferred from an IRA.
- D. *Matching Gifts*: The FCF will accept all matching gifts, subject to the terms and conditions of this Policy.
- E. *Other Structured Current Gifts*: The FCF may only accept other structured current gifts with prior written approval of the GAC after review by counsel.

## IX. Future Gifts

### A. *Charitable Remainder Trusts*

- i. Minimum funding amount: \$100,000
- ii. Minimum age(s): 55
- iii. Maximum number of lives: Two
- iv. Ultimate beneficiary: The FCF for 50% or more irrevocably with the FCF share at least meeting the minimum funding amount.
- v. Payout rate: Appropriate market rate at the time the trust is created.
- vi. Minimum charitable remainder: 25% of the funding amount (using the income tax charitable deduction methodology)
- vii. Payment schedule: Quarterly, semi-annual or annual
- viii. Funding assets: Prior written approval of the GAC is required for assets other than cash or publicly traded securities.
- ix. The FCF retains the right under the trust agreement to name a corporate trustee.
- x. Costs charged to the trust: Investment management, administration, legal counsel and tax return preparation.

### B. *Future Gifts Not Subject to a Payment Interest*

- 1. *Gifts by Will or Living Trust*: Donors and supporters of the FCF wishing to do so will be encouraged to designate the FCF as a beneficiary of their wills or living trusts.
- 2. *Retirement Plan, Life Insurance and Other Beneficiary Designations*: Donors and supporters of the FCF will be encouraged to designate the FCF as a beneficiary or contingent beneficiary of their retirement plans, life insurance policies and other accounts on which they can name a beneficiary.

### **Bequests**

- a. A gift from the estate of a deceased donor shall be subject to the same review as it



would have been if offered by the donor during the donor's lifetime, including specifically, the FCF Board of Directors' approval of gifts requiring such approval.

b. Gifts of more than £10,000 received through unrestricted bequests will be designated to a FCF reserve fund rather than for general operating funds.

c. When restricted bequests are received, representatives of the donor will be provided all necessary information and documentation of the execution of the donor's wishes.

## X. Donor Recognition

A. *General:* The Board, upon recommendation of the GAC and the FCF Development Committee, will establish criteria for the recognition, honoring and stewarding of donors.

B. *Naming Opportunities:* The FCF Board of Directors, upon recommendation of the GAC shall review and approve a schedule of naming opportunities which may be offered to FCF patrons. Such opportunities may include named spaces within the Holland Community Center and other recognition opportunities. Recognition must be provided in accordance with the schedule approved by the FCF Board. Except in the case of naming opportunities that appear on a schedule approved by the Board, the staff of the FCF shall make no commitments to donors concerning the naming opportunities without the approval of the FCF Board as recommended by the GAC. Naming opportunities shall be offered to donors based on the value of their contribution and the order in which such commitments are received by the FCF in written gift agreements. Campaign recognition will be given in consideration of a donor's lifetime giving.

C In no event shall lists of the FCF's donors be furnished to anyone for the purpose of marketing products for the benefit of donors or the FCF.

## XI. Reporting and Valuation Standards

*Gift Reporting and Counting:* Outright gifts shall be valued at their fair market value on the date of the gift and in accordance with this Policy.

## XII. Periodic Review

A. *Regular Review:* The GAC shall review and amend this Policy at its discretion to ensure that it continues to accurately describe the desired policies of the FCF with respect to the acceptance of charitable gifts, and shall propose to the full Board for

ratification those revisions that the GAC shall determine to be necessary or appropriate.

B. *Special Review:* The GAC shall initiate a supplemental review of these policies upon the enactment or promulgation of legislation or regulatory rules affecting fundraising and gift acceptance by the FCF, or prior to the commencement of a formal fundraising campaign. All proposed changes shall be shared with the full Board for ratification.

## Appendix I

### **Donor Bill of Rights**

Philanthropy is based on voluntary action for the common good. It is a tradition of giving and sharing that is primary for the quality of life. To assure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in the not-for-profit organizations and causes they are asked to support, we declare that all donors have these rights.

- To be informed of the organization's mission, of the way the organization intends to use donated resources, and of its capacity to use donation effectively for their intended purposes.
- To be informed of the identity of those serving on the organization's governing Board, and
- To expect the board to exercise prudent judgment in its stewardship responsibilities.
- To have access to the organization's most recent annual financial statements.
- To be assured their gifts will be used for the purposes for which they were given.
- To receive appropriate acknowledgment and recognition.
- To be assured that information about their donations is handled with respect and with confidentiality.
- To expect that all relationships with individuals representing the organization will be professional in nature.

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