

## **GIFT ACCEPTANCE POLICY**

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### **General**

One of the advantages of a community foundation is that it provides a vehicle for people of all economic means to contribute to the betterment of their own community. The Foundation offers a variety of giving tools to help people achieve their charitable goals and receive maximum tax benefits. Gifts of all sizes are encouraged.

### **Purpose**

The purpose of this Gift Acceptance Policy is to provide guidelines relating to the acceptance and processing of gifts consistent with the mission of the Foundation. This document is not intended to provide detailed descriptions of various giving instruments, or offer advice to prospective donors regarding the most effective means of achieving their philanthropic goals. The Foundation will refrain from providing advice about the tax or other treatment of gifts, and encourages donors to seek guidance from their own professional advisors to assist them in the process of making their gifts. The Foundation abides by the substantiation rules for valuing charitable gifts as outlined in the Internal Revenue Service Code and Regulations. Expenses associated with the transfer of gifts to the Foundation are the responsibility of the donor. Acceptance of any contribution is at the discretion of the Foundation. Gifts of property will be converted into cash at the earliest opportunity. The Foundation accepts the following types of contributions:

### **Types of Gifts**

- **Cash.** Gifts in the form of cash (including checks and credit cards) will be accepted regardless of the amount, and will be deposited into the appropriate investment account. All cash donations qualify for a federal income tax deduction.
- **Publically Traded Securities.** With a gift of marketable securities – such as stocks, bonds or mutual funds, that are given to the Foundation, donors receive income tax benefits and avoid the payment of capital gains taxes. Securities may be sold at the discretion of the fund manager in consultation with the Foundation's Investment Committee. The best way for prospective donors to transfer securities is to contact the Foundation for instructions. The donor will be given the following information to provide to their investment manager:

Receiving Firm Name Charles Schwab & Co.  
101 Montgomery Street  
San Francisco, CA 94104  
Tax ID 94-1737782

Adopted on 4/21/03  
As Amended 5/31/07  
As Amended 08/04/11  
As Amended 5/19/14  
As Amended 12/2/14  
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DTC Eligible Securities DTC Clearing Code 0164, Code 40

For the Account of the Leelanau Township Community Foundation

Account Number 5481-4463 – for permanent funds

Account Number 3173-8747 – for temporary funds

- **Life Insurance.** A gift of life insurance is a simple way to make a significant gift and insure the ongoing work of the Foundation. For example, as the donor's children mature, the mortgage is paid off, a business interest is sold, or a beneficiary predeceased the policyholder, protection may no longer be needed. These "used" life insurance policies can bring satisfaction to motivated givers who receive an immediate income tax deduction, usually in an amount equal to the cash surrender value. If the donor keeps the policy in force, irrevocably names the Foundation as beneficiary and assigns all incidents of ownership to the Foundation, then premium payments are thereafter tax deductible and the proceeds are not subject to estate tax. When planning a gift of this type it is important for donors to consult their own personal tax and legal advisors.
- **Planned Giving.** Donors are encouraged to make bequests to the Foundation under their wills, and to name the Foundation as a beneficiary under their trusts and retirement plans.
- **Real Estate.** Commercial real estate or a private home can be given outright to the Foundation. For property that has appreciated in value, donors receive a federal income tax deduction for the present fair market value, thus saving capital gains tax. However, if the property has a present fair market value less than the original cost, donors should consider selling it themselves, giving the proceeds to the Foundation and deducting the capital loss from their taxes. Whenever real estate is used to fund a current or deferred planned gift, special attention should be given to environmental and other concerns. Advice of counsel should be sought on all transfers of real estate.
- **Other Possessions.** Donors may consider giving other possessions to the Foundation, such as heirlooms, intellectual property, paintings, patents, and the like. Antiques, jewelry and collections are very common and popular gifts to charitable institutions, and donors generally receive an income tax deduction for the fair market value. One word of caution, however: Many givers are disappointed when institutions receive only what they view as a small percentage of the gift's fair market value. To avoid this, donors are encouraged to

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have their valuables appraised and get a written appraisal for each item, and then decide if it is better to sell the items and give the proceeds or give the items themselves to the Foundation. It is essential to have competent counsel to advise on unusual gifts of possessions. Please contact the Foundation when considering this type of charitable giving.

**Approval of Gifts**

Due to the complexity of governmental regulations the Foundation must carefully screen proposed gifts to ensure they meet all state and federal laws and that they fall within the broad charitable scope of the Foundation. Some gifts can be highly illiquid, costly to maintain, or have pre-existing conditions attached to them. Those gifts must be reviewed prior to acceptance due to the special obligations raised, or liabilities they may pose to the Foundation. Gifts accepted by the Foundation must not put any other of the Foundation's assets at risk. Therefore, any gifts, other than cash and securities, must be approved by the Board of Trustees prior to the receipt of the gift.

**Rule for Donor Advised Funds**

Under the Pension Protection Act of 2006 (PPA), the excess business holdings rule apply to donor-advised funds. 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 or the beneficial interest of a trust or similar entity
- Any interest in a sole proprietorship

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.

**Confidentiality**

Foundation staff and Trustees maintain strict control over all information received from donors and perspective donors; maintaining confidentiality is of the utmost importance. All public exposure with regards to a donor's gift will be kept in confidence if it is the wishes of the donor.

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