

Southfield Community Foundation

Gift Acceptance Policy

PURPOSE

The purpose of this policy of the Southfield Community Foundation and any affiliated entities (referred to as the “Foundation” in the following sections of this policy), is to serve the best interests of the Foundation, its donors, and a healthy, caring community by providing guidelines for negotiating and accepting various types of gifts for various types of funds. 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 purpose of the gift must fall within the broad charitable purpose of the Foundation. In addition, the Foundation Board and staff 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 easily 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.

To facilitate this purpose, 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 on Gift Annuities. This code of ethics for planned giving practitioners is Appendix A of this policy.

FOUNDATION RESPONSIBILITIES

Foundation staff should 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, donors should be made aware of:

- 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 periodic financial statements on donor funds, and,
- the Foundation’s responsibility to provide a donor bill of rights to donors.

Variance Power: All funds shall be accepted subject to the variance power in the Articles of Incorporation and/or the Bylaws of the Southfield Community Foundation.

Staff should maintain a written record of discussions with donors. The role of Foundation staff 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 Treasurer, Executive Director and the Finance Committee, hereafter known as the “Committee,” shall comprise the Gift Acceptance Committee.

In circumstances where a clear determination cannot be made by the Committee, the matter will be submitted to the Executive Committee. A decision will be made at this level or advice will be sought from legal counsel or other professionals or the matter will be addressed by the Board of Directors.

FORMS OF GIFTS TO THE FOUNDATION

Gifts Requiring 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 structure fall outside the ordinary purposes, bylaws, and procedures of the Foundation

Gifts Not Requiring 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 B for detail on each gift category

GIFTS DECLINED

The Foundation reserves the right to refuse any gift it believes is not in the best interests of promoting a healthy, caring community. In addition, the Foundation will not knowingly accept a charitable gift from a donor who:

- A. Has insufficient income and assets remaining after making a gift to provide for his/her needs such as personal support and healthcare.
- B. Has insufficient income and assets remaining after the gift to provide for his/her heirs for whom he/she is fiscally responsible.

- C. Has an apparent insufficient mental capacity to make a rational decision.
- D. Has insufficient input from competent financial, legal, and/or personal counsel.

TYPES OF FUNDS

The Foundation offers a continuum of funds designed to be responsive to donor needs. While all philanthropy adds value to the community, each type of Foundation fund can provide added value to philanthropy in the community. The fund types are listed in the order of maximum added value.

A standard letter of direction is required to establish a fund with the Southfield Community Foundation. The minimum fund balance for each fund type (whether endowed or non-endowed) shall be \$10,000. The minimum amount for endowed funds may be attained over an up to five-year period as described in the fund development agreement. No grants will be distributed until the fund has reached its minimum.

Endowed Discretionary Funds. The funds with which the Foundation adds the highest value to the community.

Discretionary Funds

Broad Field-of-Interest Funds

Endowed Restricted Funds. The funds with which the Foundation adds moderate value to the community.

Narrow Field-of-Interest Funds

Advised Funds – The donor retains an advisory capacity in making grants from the fund. The minimum level of individual grant distribution shall be \$100. All grants made from advised funds will be distributed to other charitable entities provided they meet the qualifications set forth by sections 501(c)(3) and 170(b)(1)A) of the Internal Revenue Service Code. A grant from an advised fund cannot be used to satisfy an irrevocable personal or corporate pledge or obligation of the donor, or to provide a benefit to the donor such as paying some membership dues. In addition:

- Generally, when an advised fund is established, the fund may, upon the donor's request, be advised by persons representing up to two generations – the donor's and one additional generation.
- At such time as advisors from the second-generation become active advisors, the fund, if not already endowed, will become an endowed fund and the Foundation's spending policy will determine the amount available for distribution annually.
- In addition, the donor (and the successor advisors) will be encouraged to take advantage of the knowledge and expertise of the Foundation's grantmaking staff. It is hoped, but not required, that the fund's grants will give priority to Southfield area

- projects, Metro Detroit area projects, and Michigan area projects, in that order.
- The Committee will consider an exception to the above policy upon the request of the donor to involve a third generation. The response to a donor who has requested that a third generation be included as successor advisors will take into account the desire of the donor to encourage/expect that:
 - A. Successor advisors (whether residing within the Southfield area or not) will be active participants in the fund's grant disbursement decisions.
 - B. A significant portion of the advised fund grants will remain within the Metro-Detroit region.

Supporting Organization Funds

Designated Funds

Broad Scholarship Funds

Field-of-Interest Scholarship Funds

Designated Scholarship Funds

Non-Endowed Restricted Funds. The funds with which the Foundation adds lower value to the community.

Broad Field-of-Interest Funds

Narrow Field-of-Interest Funds

Advised Funds – The same guidelines apply as with endowed advised funds.

Supporting Organization Funds

Non-Endowed Restricted Funds. The funds with which the Foundation adds minimal value to the community.

Designated Funds

Capital Campaign Funds – The Southfield Community Foundation will accept and administer capital campaign funds when a significant portion of the campaign provides for the establishment of an endowed fund. The cost of administering the non-endowed portion of the campaign will be estimated up front and an appropriate fee will be agreed upon at the inception of the campaign.

Scholarship Funds – The Foundation will not receive or administer funds of this type except for the initial year's award for an endowed scholarship.

Designated One-Time Funds – The Foundation will not receive or administer gifts of this type except under extenuating circumstances as approved by the Committee, Executive Committee, or Board of Directors.

Geographical Component or Affiliated Funds. The funds with which the Foundation ads unknown value to the community.

Geographical component or affiliated funds will not be actively sought by the Foundation. However, the Board of Directors has indicted its willingness to be involved in conversations about Foundation boundary extensions with communities which are located in Oakland County. These types of funds must:

- meet all Foundation policies and standards
- have a local advisory committee with appropriate and competent leadership
- be established by formal agreement with the Foundation

ACKNOWLEDGMENT

Donors shall receive an expression of sincere thanks and gratitude from the Foundation and an acknowledgment of the gift in accordance with Federal and State regulations.

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 its exempt purposes.

ACTING AS TRUSTEE

By opinion of Legal Counsel, the Foundation may not serve as a trustee. Further, no employee shall serve as a trustee, conservator, executor, or personal representative for one of the Foundation’s donors or prospects unless specifically approved by the Foundation President/CEO. The Board of Directors will be made aware of such trusteeships. All officers shall report such relationships in the “Related Parties” section as provided periodically to the Board of Directors.

INVESTMENT OF GIFTS

It is the policy of the Foundation to convert all gifts to cash as soon as possible. The Southfield Community 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 give up all rights, title, and interest to the assets contributed. In particular, donors give up the right to choose investments and investment managers, brokers, or to veto investment choices for their gifts.

However, when the size of a fund warrants separate investment consideration, the Foundation will endeavor to accommodate requests from donors for separate investment of fund assets, or use of a particular investment manager, broker or agent in accordance with the Investment Policy, and may consult with donors on investment options for such funds.

COSTS OF ACCEPTING AND ADMINISTERING GIFTS

Generally, costs associated with the acceptance of a gift such as attorney fees, accounting fees, other professional fees as well as other costs to establish a gift will be born 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

Foundation staff 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 FUNDRAISING

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

AUTHORITY TO NEGOTIATE

The Foundation management and administrative officer authorized to accept letters of direction and amendments thereto and to negotiate and sign charitable given agreements with prospective donors is the Executive Director.