Greater Tacoma Community Foundation

Gift Acceptance Policy

PURPOSE:

The purpose of this policy is to serve the best interests of Greater Tacoma Community Foundation (GTCF) and its donors 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, GTCF recognizes the value in carefully screening proposed gifts.

The purposes of the gift must fall within the broad charitable purpose of GTCF. In addition, the Complex Gifts Committee, Board of Directors and staff must be able to ensure that gifts accepted by GTCF do not place other assets at risk, and that they can be easily converted into assets that fall within GTCF's investment guidelines.

GTCF must ensure that it can administer the terms of the gift in accordance with the donor's wishes. It is also important that the cost of managing funds be recouped from the funds themselves and that all gifts accepted by GTCF contain provisions which allow for the payment of administrative fees to GTCF.

In alignment with GTCF's value of integrity, honoring donor intent is a fundamental value of GTCF. GTCF endorses and subscribes to the Donor Bill of Rights (Appendix A) and the Model Standards and Practice for the Charitable Gift Planner (NACGP) (Appendix B). GTCF is certified in compliance with the National Standards for US Community Foundations™ (Appendix C) and follows all applicable laws.

POLICIES:

<u>General:</u>

- GTCF reserves the right to accept or reject any gift as it sees fit.
- GTCF will not knowingly accept a charitable gift which it believes is not in the best interest of GTCF.
- It is the policy of GTCF to convert all gifts to cash as soon as possible.
- The establishment of a new fund requires the approval of the President & CEO.

<u>Unrestricted gifts:</u>

- All unrestricted gifts including bequests received by GTCF shall be allocated to GTCF's Catalyst Fund.
- Bequest gifts of $250,000 or more may be used to establish an endowment fund in the name of the donor. The fund will be designated to the Catalyst Fund.

Limitation on accepting gifts of assets to donor advised funds

GTCF places a limitation on accepting gifts of assets (e.g. gifts of stock in closely-held C corporations, S corporations and limited partnership interests) to a Donor-Advised fund. When the aggregation of assets held by a donor advised fund, donor, donor advisors and related parties exceeds 20% of the voting stock or profit interest in a business entity, GTCF will divest excess holdings of the donor advised fund within 5 years.

Restrictions

In conformance with Treasury Department regulations governing community foundations, gifts to GTCF may not be directly or indirectly subjected by a donor to any material restriction or condition that prevents GTCF from freely and effectively employing the transferred assets, or the income derived from them, in furtherance of its exempt purposes.

Minimum Balances

GTCF offers a continuum of funds designed to be responsive to donor needs. Each fund type has unique characteristics which determine the minimum acceptable balance. In general, small funds require the same amount of management and accounting effort as large funds. While it is not the policy of GTCF to discourage small gifts, it is not practical for GTCF to manage funds with balances below a minimum level. The minimum fund balance for each fund type is as follows:

Fund Type	Minimum Amount
Special Project	$10,000
Donor-Advised	$10,000
Designated	$10,000
Field of Interest	$10,000
Agency	$10,000
Scholarship (New scholarships paused as of 8.1.22)	Negotiated
Charitable Gift Annuity	$25,000
Charitable Remainder Trusts	Negotiable, but generally $150,000
Supporting Organizations	$5,000,000

Building a fund over a specified time is allowed under certain circumstances, but distributions from an endowment fund will not be made until the minimum balance is reached.

Types of Gifts

Gifts to GTCF take on a variety of forms. Many are outright gifts by living donors, either on a one time or periodic basis. Others are testamentary gifts that take effect upon a donor's death or other forms of deferred gifts.

Complex Gifts

As a general policy, contributions of assets other than cash and securities will be received by the Asset Stewardship Foundation, which is a supporting organization of GTCF. It is the duty of management to ensure that all assets accepted by Asset Stewardship Foundation contain provisions which allow for the payment of costs incurred in their management (e.g., service fees, utilities, property taxes) and for the payment of other fees which may be assessed.

The Complex Gifts

Committee will be convened as necessary to perform adequate review and analysis of certain non-cash assets prior to their acceptance.

In deciding whether or not to accept the gift, the Committee will consider the following:

- The legal and tax-related issues involved in the transaction and underlying assets
- The social and moral issues as well as community perception
- The charitable intent and ultimate community benefit
- The nature of any restrictions, including the path to liquidity, timing and donor intentions regarding liquidation
- The permanency of the gift or, in the case of a non-permanent fund, the amount of time the fund will remain with GTCF
- Projected costs of managing the gift asset (e.g., insurance, property taxes)
- Fee revenues to GTCF for administering the gift
- Projected income from the gift if GTCF holds it as an investment (e.g., rental income stream)
- Risks to GTCF (e.g., environmental hazards, potential liability)
- Unrelated business income tax consequences

Gifts Not Requiring Complex Gifts Committee Review and Approval

- Cash or cash equivalents
- Crypto-currency (acceptance through intermediary)
- Publicly Traded Securities and Bonds

- Gifts of personal property for use in GTCF offices or programs
- Life insurance policies not requiring future premium payments by GTCF
- Charitable Gift Annuities (policy can be found in Appendix D)
- Charitable Remainder Unitrusts

Gifts Requiring Complex Gifts Committee Review and Approval

- Closely-held C corporation and S corporation stock
- Partnership interests, LLC interests
- Life insurance policies requiring future premium payments by GTCF
- Real Estate/Real Property, including retained life tenancies
- Tangible personal property that is not readily marketable
- Intangible property: Gifts of intellectual property
- Gifts to establish funds for a purpose that may fall outside the mission, Bylaws and/or procedures of GTCF
- Split interest gifts, if funded with assets other than cash or publicly traded securities
- Promissory notes
- Arrangements where the donor receives fees for services to GTCF
- Mineral interests and Royalties

After the review and analysis, the Complex Gifts Committee will recommend to the Asset Stewardship Foundation Board whether to accept or reject the donation of the complex gift.

Gifts GTCF/Asset Stewardship Foundation Will Not Accept

- Time shares
- Wrapped token and NFTs
- Animals
- Automobiles, motorcycles, airplanes, boats, or other vehicles
- Cemetery plots
- Any asset that would be illegal per applicable state law

GTCF may make exceptions on a case-by-case basis.

Board approved 10/19/22

APPENDICES

APPENDIX A:

The Donor Bill of Rights was created by the Association of Fundraising Professionals (AFP), the Association for Healthcare Philanthropy (AHP), the Council for Advancement and Support of Education (CASE), and the Giving Institute: Leading Consultants to Non-Profits. It has been endorsed by numerous organizations.

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 to 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 nonprofit organizations and causes that 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 donations 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 financial statements.
- To be assured their gifts will be used for the purposes for which they were given.
- To receive appropriate acknowledgement and recognition.
- To be assured that information about their donation is handled with respect and with confidentiality to the extent provided by law.
- To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature.
- To be informed whether those seeking donations are volunteers, employees of the organization or hired solicitors.
- To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share.
- To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.

APPENDIX B: Model Standards for the Charitable Gift Planner

A code of ethical practice for all professionals who work together to structure gifts that balance the interests of the donor and the purposes of the charitable institution.

Preamble

The purpose of this statement is to encourage responsible gift planning by urging the adoption of the following Standards of Practice by all individuals who work in the charitable gift planning process, gift planning officers, fund raising consultants, attorneys, accountants, financial planners, life insurance agents and other financial services professionals (collectively referred to hereafter as "Gift Planners"), and by the institutions that these persons represent. This statement recognizes that the solicitation, planning and administration of a charitable gift is a complex process involving philanthropic, personal, financial, and tax considerations, and as such often involves professionals from various disciplines whose goals should include working together to structure a gift that achieves a fair and proper balance between the interests of the donor and the purposes of the charitable institution.

I. Primacy of Philanthropic Motivation

The principal basis for making a charitable gift should be a desire on the part of the donor to support the work of charitable institutions.

II. Explanation of Tax Implications

Congress has provided tax incentives for charitable giving, and the emphasis in this statement on philanthropic motivation in no way minimizes the necessity and appropriateness of a full and accurate explanation by the Gift Planner of those incentives and their implications.

Ill. Full Disclosure

It is essential to the gift planning process that the role and relationships of all parties involved, including how and by whom each is compensated, be fully disclosed to the donor. A Gift Planner shall not act or purport to act as a representative of any charity without the express knowledge and approval of the charity, and shall not, while employed by the charity, act or purport to act as a representative of the donor, without the express consent of both the charity and the donor.

IV. Compensation

Compensation paid to Gift Planners shall be reasonable and proportionate to the services provided. Payment of finder’s fees, commissions or other fees by a donee organization to an independent Gift Planner as a condition for the delivery of a gift are never appropriate. Such payments lead to abusive practices and may violate certain state and federal regulations. Likewise, commission-based compensation for Gift Planners who are employed by a charitable institution is never appropriate.

V. Competence and Professionalism

The Gift Planner should strive to achieve and maintain a high degree of competence in his or her chosen area, and shall advise donors only in areas in which he or she is professionally qualified. It is a hallmark of professionalism for Gift Planners that they realize when they have reached the limits of their knowledge and expertise, and as a result, should include other professionals in the process. Such relationships should be characterized by courtesy, tact and mutual respect.

VI. Consultation with Independent Advisors

A Gift Planner acting on behalf of a charity shall in all cases strongly encourage the donor to discuss the proposed gift with competent independent legal and tax advisors of the donor's choice.

VII. Consultation with Charities

Although Gift Planners frequently and properly counsel donors concerning specific charitable gifts without the prior knowledge or approval of the donee organization, the Gift Planners, in order to ensure that the gift will accomplish the donor's objectives, should encourage the donor, early in the gift planning process, to discuss the proposed gift with the charity to whom the gift is to be made. In cases where the donor desires anonymity, the Gift Planners shall endeavor, on behalf of the undisclosed donor, to obtain the charity's input in the gift planning process.

VIII. Description and Representation of Gift

The Gift Planner shall make every effort to assure that the donor receives a full description and an accurate representation of all aspects of any proposed charitable gift plan. The consequences for the charity, the donor and, where applicable, the donor's family, should be apparent, and the assumptions underlying any financial illustrations should be realistic.

IX. Full Compliance

A Gift Planner shall fully comply with and shall encourage other parties in the gift planning process to fully comply with both the letter and spirit of all applicable federal and state laws and regulations.

X. Public Trust

Gift Planners shall, in all dealings with donors, institutions and other professionals, act with fairness, honesty, integrity and openness. Except for compensation received for services, the terms of which have been disclosed to the donor, they shall have no vested interest that could result in personal gain.

Adopted and subscribed to by the National Committee on Planned Giving and the American Council on Gift Annuities, May 7, 1991. Revised April 1999.

APPENDIX C: National Standards for U.S. Community Foundations

Council on Foundations

1. A Board that Approves and Monitors Policies and Grants

A community foundation's governing body approves and monitors policies regulating the ethical operations of the community foundation, ensures that the community foundation meets all legal requirements, and approves all grants.

2. A Board that is Independent

A community foundation's governing body is not controlled by any other nonprofit foundation; by any single family, business, or governmental entity; or by any narrow group within the community it serves.

3. Board and CEO Compensation

A community foundation's governing body oversees a clearly articulated process for board governance and serves without compensation (exclusive of the chief executive officer).

4. A Board with Oversight and Control of Geographic Affiliates

A community foundation's governing body maintains oversight and control over geographic affiliates. A geographic affiliate is a component fund (or collection of component funds), established within or by the community foundation, serving a defined geographic region and under a common advisory group.

5. A Board and Staff Actively Developing Broad Support

A community foundation has, or is actively working to develop, broad support in the form of contributions from many separate, unrelated donors with diverse charitable interests and accepts and administers diverse gift and fund types to meet the varied philanthropic objectives of donors and the needs of the community it serves.

6. The Board Secures Discretionary Resources

A community foundation has a long-term goal of securing discretionary resources to address the changing needs of the community it serves.

7. The Board Demonstrates Legal and Fiduciary Control

A community foundation's governing body has legal and fiduciary control over all contributions received, adopts appropriate gift and fund acceptance policies, and makes these policies available upon request.

8. A Board Oversees Fund Management and Financial Records

A community foundation is a steward of charitable funds, which invests and prudently manages funds and maintains accurate financial records.

9. The Board is Accountable and Transparent about Programs and Finances

A community foundation is accountable to the community it serves and demonstrates this accountability by regularly disseminating information on its programs, finances, investment, and spending policies.

10. The Foundation Maintains Fund Records

A community foundation maintains a written record of the terms and conditions of each component fund and all applicable records must reference the variance power.

11. Board and Staff Honors Donor Intent and the Law

A community foundation honors the charitable intentions of its donors, consistent with community needs, and maintains a balance between donor involvement and governing board control, in accordance with all applicable laws and regulations.

12. The Board Has and Makes Public the Annual Audit

A community foundation has an annual audit (or financial review, when assets total less than $5 million) that is performed by an independent public accountant, reviewed and accepted by the governing body, and made available to the public upon request.

13. The Board Oversees Diverse Grantmaking

A community foundation operates a broad grants program to multiple grantees that is not limited by mission to a single focus or cause or exclusively to the interests of a particular constituency, and widely disseminates grant guidelines to ensure the fullest possible participation from the community it serves.

14. The Board's Discretionary Grants Respond to Community Needs

A community foundation awards some grants from its discretionary resources through open, competitive processes that address the changing needs of the community.

15. The Community Foundation Oversees Grantmaking Due Diligence

A community foundation performs due diligence to ensure that grants will be used for charitable purposes and assesses the impact of its grantmaking.

16. The Board Oversees Donor Education and Engagement

A community foundation educates and engages donors in identifying and addressing community issues and grantmaking opportunities.

17. Foundation Provides Gift Acknowledgement and Fund Statement for Donors

A community foundation promptly and accurately acknowledges gifts and provides fund statements, at least annually, to those donors who wish to receive them.

18. Privacy and Confidentiality

A community foundation keeps all private information obtained with respect to donors and prospects confidential to the fullest extent possible. If a community foundation uses an online giving portal, it must ensure that it protects donor data, honors donor intent, and discloses any transaction fees.

19. The Board Displays Community Leadership

A community foundation identifies and addresses community issues and opportunities. It strives to serve in leadership roles, including convening, and to assess the impact of its community leadership.

20. The Board Oversees Social Media and Communications

A community foundation communicates openly and transparently on a regular basis. If social media is used by employees or in foundation communications, the community foundation develops a social media policy.

21. The Board Oversees Advocacy and Lobbying Activities

When involved in advocacy or lobbying activities, a community foundation ensures it is in compliance with applicable federal and state regulations.

APPENDIX D: CHARITABLE GIFT ANNUITY (CGA) Policy
(GTCF Board approved 2/19/2014)

As a service to our donors and the Pierce County nonprofit community, Greater Tacoma Community Foundation (the “Foundation” or “GTCF”) offers a Charitable Gift Annuity (CGA) Program. The Foundation and each gift annuity donor enter into a contract providing a fixed dollar return for life to the donor and/or other beneficiaries in exchange for a contribution to the Foundation. The amount of payments is dependent upon the age of the donor and the size of the gift. The date that income payments to the beneficiary begin may be deferred. The annuity contract is a general obligation of the Foundation.

STRUCTURE OF CHARITABLE GIFT ANNUITIES:

1. The Foundation accepts Immediate CGAs, which begin payments within one year of the gift date, as well as Deferred CGAs, whose initial payment is at least one year after the gift date. The deferral period is at the discretion of the donor, with approval of the Foundation.

2. The Foundation adheres to the American Council on Gift Annuities (ACGA) Uniform Annuity Rates as the maximum rates offered to donors. The Foundation will also adhere to ACGA’s Uniform Interest Factors. The Foundation may allow a lower annuity rate in exchange for a higher charitable deduction but shall not allow a rate that exceeds the Uniform Gift Annuity Rates of the American Council on Gift Annuities.

3. The minimum contribution amount required to establish an initial and repeat (additional) CGA contract (immediate or deferred) is $25,000.

4. Gift assets will be limited to cash, readily marketable securities, and other liquid assets.

5. The minimum age for immediate life income beneficiaries shall be 65 and for deferred annuities, 55 years, with annuity payments beginning on or after age 65.

6. A CGA may benefit one life, two lives in succession or two lives joint and survivor.

7. Annuity payments are made no more often than quarterly (at the end of the quarter). The Foundation will issue a check or make a direct deposit to the donor’s account in a timely manner to be reasonably expected to arrive on the payment due date, as specified in the CGA contract.

8. Both the donor(s) and the President/CEO of the Foundation must sign the CGA contract.

ADMINISTRATION AND INVESTMENT OF CHARITABLE GIFT ANNUITIES:

1. The Foundation is subject to CGA regulatory requirements of the Office of the Insurance Commissioner of the state of Washington. Due to the complexity and restrictive nature of the regulations, the Foundation will write gift annuity contracts only for residents of Washington,unless the Finance Committee approves a CGA contract with a resident(s) of another state. Because regulations differ in every state, a CGA contract with a donor residing outside of Washington State may be considered on a case-by-case basis. Foundation management will review the applicable state regulations and may consult legal counsel prior to making a recommendation to the Finance Committee. The recommendation regarding the out-of-state annuity will be voted on by the Finance Committee for approval. The Foundation will be aware of and comply with applicable regulations.

2. In accordance with the Philanthropy Protection Act of 1995, each CGA donor shall be given the Foundation's Charitable Gift Annuities Disclosure Statement at the time of the gift.

3. Each CGA annuitant shall submit a CGA application to the Foundation stating the intended beneficiary agency(ies) of the endowment fund established with the residuum.

4. Each CGA annuitant shall be advised by the Foundation to seek professional financial and/or legal advice before signing the CGA contract.

5. A CGA contract is effective as of the date of the postmark on the envelope in which the gift is received or the date that an electronic transfer reaches the Foundation's accounts AND the CGA contract has been signed by both the donor and the President/CEO of the Foundation.

6. All CGAs under contract are invested and administered by the Foundation.

7. The Foundation will charge a fee of .5% per year for the administration of each Charitable Gift Annuity. The fee will be calculated on the average market value as of December 31st for each year the annuity fund was in existence and will be charged upon termination of the annuity. The fee will be deducted from the residuum after it has been received by the Foundation. The cumulative fee calculated at termination will be reduced by any administrative fee previously charged to the fund. The CGA administrative fee policy shall be stated in the CGA application.

8. The Foundation maintains a commingled asset pool under the oversight of the Foundation's Investment Committee. The Foundation maintains an individual accounting for each gift annuity contract invested in the asset pool.

9. Because CGAs ultimately benefit permanent funds of the Foundation and are unlikely to be used for the Foundation's operations directly, the Foundation retains the entire CGA contribution in reserve until the death of the sole or surviving annuitant.

10. The Foundation's annuity investment policy is followed for all CGA funds unless exempted by the Finance Committee.

11. Charitable gift annuities are **not** reinsured but are backed by the full faith and credit of Greater Tacoma Community Foundation.

12. Exceptions to this policy require the approval of the Finance Committee.

RESIDUUM:

1. The residuum of a CGA must stay at the Foundation in a permanent fund. Any type of permanent fund available through the Foundation can be the residuary beneficiary of a CGA. Such permanent funds include unrestricted, field of interest, designated and permanently endowed Donor-Advised Funds. The Foundation's policy regarding successor donor advisors shall apply to endowed donor advised funds established through a CGA.

2. The Foundation makes its CGA program available to agencies that have endowments with the Foundation, provided that the residuum remains at the Foundation in a permanent endowment fund.