



Gift and Fund Acceptance Policy

Policy Statement

This policy is provided to guide staff and the Board in determining whether and how gifts will be accepted and whether and how funds will be established at The Alaska Community Foundation (hereinafter “Foundation”).

Purpose and Scope

The Foundation actively solicits support from a broad range of donors to establish or increase funds to further the Foundation’s mission.

The Foundation seeks to establish all types of funds to address a wide variety of fields and issues. The Foundation works with donors to accept gifts or established funds that best support the donor’s intent.

There is a potential that the acceptance of certain gifts and funds could compromise the ability of the Foundation to accomplish its goals or could jeopardize its exempt status. Hence, the following gift and fund acceptance policy shall apply to gifts and funds offered to the Foundation before acceptance of said gifts and funds. The Board shall designate a Gift and Fund Acceptance Committee to review and approve gifts and funds as needed.

Gifts

Acceptable Gifts

- A. Cash. The Foundation accepts currency, checks, money orders and gifts by credit card.
- B. Retirement Account Distribution. Donors may make current gifts of retirement assets, including charitable rollovers, or name the Foundation as the beneficiary of their plan. Retirement plans include but are not limited to, IRA, 401(k), 403(b), and defined contribution plans. The assets contained within the retirement accounts must be otherwise acceptable in accordance with this policy.
- C. Marketable Securities. The Foundation accepts gifts of publicly traded stocks and bonds. When the securities are in "street name," they are transferred to the Foundation's custodial account; to be sold or held for the benefit of the endowment. When the gift is in the form of physical securities, those securities may be sold or held for the benefit of the endowment and the securities must be transferred to the entity managing the Foundation’s securities for conversion to electronic ownership.

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- D. Stock in Privately Owned Companies (including Subchapter S Corporations). To be accepted, such stocks must have a qualified appraisal performed by an independent professional appraiser. The donor is responsible for obtaining such appraisal. Redemption or liquidation should occur as quickly as possible but no less than five years after the gift is accepted. Prior to approval, such gifts and any proposed variance from the normal redemption period are reviewed by the Foundation Board (and legal counsel if deemed necessary). Any gifts that would be subject to rules related to excess business holding (26 USC Sec 4943) must be divested within the time period established under the excess business holding rules.
- E. Real Estate. All real estate gifts are directed to the Foundation Board for review and approval. For more details refer to the Real Estate Acceptance section of this policy.
- F. Tangible Personal Property. The property must be readily saleable and the donor must agree that the property can be sold unless the Foundation agrees to use the property for a purpose related to its exempt purpose. Prior to approval, such gifts must be reviewed by the Foundation Board (and legal counsel if deemed necessary).
- G. Partnership Interests and Interests in Limited Liability Companies (LLC). These will be considered by the board on a case-by-case basis.
- H. Life Insurance. The Foundation will accept life insurance policies as gifts only when the Foundation is named as the irrevocable owner and sole beneficiary of the policy. The Foundation prefers life insurance policies that are fully paid. Fully paid policy gifts will be valued at the replacement cost of the policy. The Foundation may elect to sell or redeem a fully paid life insurance policy gift. All partially paid policies must have written explanation of how further premiums are to be paid. Said proposed gifts must be presented to and approved by the President/CEO prior to gifting. Said gifts will be valued at the surrender value of the policy the day the gift transaction is completed. Further premiums of policies accepted shall be paid through gifts received annually by the original donor as memorialized in a long term donor agreement. Such agreement would generally provide that the donor agrees to provide a gift each subsequent year at least equivalent to the premium expected to be due in each subsequent year on the policy that is then the property of the Foundation. Each gift of life insurance policy giving rise to a charitable deduction of more than \$5,000 must be appraised in accordance with federal tax law.
- I. Other Gifts
- a. Charitable Remainder Trusts (CRT's) are established when a donor irrevocably transfers money or securities to a trustee (not affiliated in any way with the Foundation) who invests the assets to pay annual lifetime income to the donor or others chosen by the donor. At the end of the beneficiaries' lives, the remaining assets are distributed to the Foundation.
 - Charitable Remainder Annuity Trusts (CRAT's) provide the tax advantages of current contributions with the security of fixed, lifetime incomes, generally for the donor and spouse. The agreed-upon annual payments remain unchanged regardless of how CRAT investments perform.
 - Charitable Remainder Unitrusts (CRUT's) differ from the annuity trust as they provide variable income to the donor. Payment in this case is based on a

fixed percentage of the net fair market value of the trust's assets as valued on a certain day annually.

- b. Charitable Lead Trusts (CLT's) provide an income stream to the Foundation for a specified period of time. The Foundation receives the income from the trust and applies it, usually to a pre-determined project. The principal is then returned at the end of the set period to whomever the donor designates (this gift is commonly called an "estate freeze" vehicle).
- c. Charitable Gift Annuities (CGA) are based on a gift of cash or securities in exchange for lifetime income, either immediate or deferred, to the donor. It is a contract between the donor and the Foundation and is backed by our total assets. The gift is in part a charitable gift and in part the purchase of an annuity.
- d. Life Estates are from donors who wish to contribute a personal residence or farm to the Foundation and retain the right to use the property until death. Upon the donor's death, the Foundation owns the entire interest in the property.

Authority to Accept Gifts

The President/CEO of the Foundation shall have the authority and discretion to solicit and accept or decline gifts on behalf of the Foundation in accordance with this policy. If there is a question regarding whether or not the gift is within the Foundation policy or there is a special reason why the gift should be accepted or declined, staff will bring the issue to the Gift and Fund Acceptance Committee. Gifts requiring Committee review will be handled at the next quarterly Board of Directors meeting. Foundation staff will promptly notify donors if a gift is not acceptable. Staff will periodically report all gift acceptances and declines to the Board.

Gift Acceptance Procedures

The Foundation will bring all gifts into alignment with the Investment Policy in a prudent and timely manner, unless the Investment Committee determines it is strategic to act otherwise, or the Board of Directors accepts a gift with different parameters.

The Foundation reserves the right to decline any financial commitment, gift, or bequest, as well as the right to determine how a gift will be credited and/or recognized without explanation.

The Foundation will pay no commissions or finder's fees as consideration for directing a gift to the Foundation or to any of the Foundation's affiliates.

Donors are responsible for obtaining their own appraisals of contributions for tax purposes and for any fees or other expenses related to such appraisals.

The Foundation retains the right to obtain its own qualified appraisals of real property or tangible or intangible personal property being offered as a gift at its own expense.

The President/CEO shall cause an acknowledgement and receipt of the gift to be sent to the donor. The acknowledgement will only issue a receipt of a dollar amount if the gift is in cash or marketable securities or is accompanied by an appraisal or sales invoice (on smaller items). If these documents are not available, the receipt will state that The Foundation has received the gift and the Foundation will send an IRS Non-cash Charitable Contributions Form 8283 for the donor to fill out and have signed. Once returned to the Foundation it will be sent to the appropriate persons for signature and then be returned to the donor for tax purposes.

Prospective donors shall be strongly encouraged in all cases to consult with their own independent legal and/or tax advisors about proposed gifts, including tax and estate planning implications of the gifts. No representative of the Foundation shall provide legal or tax advice to any donor or prospective.

All gifts to the Foundation are irrevocable.

Donors must relinquish the right to claim or control any portion of the gift and may not make any illegal or prohibited restrictions on the gift.

Gift Processing and Acknowledgement

1. Checks should be made payable to: The Alaska Community Foundation. The donor should further identify the specific charitable fund of the Foundation on the memo line of the check or in an accompanying letter.
2. All gifts should be dropped off at or mailed directly to the Foundation's office by the donor. Gifts given to third parties such as fund advisors or advisory boards will be acknowledged as soon possible after receipt and recording through the Foundation's gift recording and accounting system in the Foundation's office.
3. Donors wishing to make gifts of stock, mutual funds or cash via electronic transfer should contact the Foundation office to alert staff to the gift and to receive proper instructions for making an electronic transfer.
4. All gifts received by the Foundation will be recorded through the Foundation's gift recording and accounting system and acknowledgement sent to the donor as soon as possible.

Gifts received in the Foundation's office after December 31 will be acknowledged for the previous year if the envelope was postmarked by or before December 31.

5. Acknowledgement letters may not be sent for gifts of \$50 and under or for the sale of non-gift items.
6. Only the donor (and spouse or partner) of the gift will receive the letter acknowledging the gift. "On behalf of" parties identified by the donor will not receive a separate letter but may, at the discretion of the Foundation, be recognized in a comment in the gift acknowledgement. The gift originator is identified by the printed name on the check or the name on the credit card. Exception: employee payroll deduction plans that have been approved by the Foundation.
7. The Foundation may accept the proceeds from fundraising into the funds as per the Foundation's Fundraising Policy.

Funds

Gifts to the Foundation are grouped into component 'funds'. Component funds are individual funds treated as part of the Foundation and permitted by the Internal Revenue Service to be included among the exempt assets of the Foundation. The Foundation's Board of Directors has total control over all of the assets – principal and income – of all component funds.

Fund Types

- A. Unrestricted Fund. The Foundation has an unrestricted fund. Gifts of any size are accepted into this fund. The donor imposes no restrictions on the gift purpose and the Foundation has full discretion on use of the funds.
- B. Named Unrestricted Fund. A donor or donors may establish a fund in their name or in any name they choose (unless the Board of Directors deems the name would be offensive) for the general benefit of Alaska. The donor imposes no restrictions on the gift purpose and the Foundation has full discretion on use of the funds.

- C. Donor-Advised Funds (DAF). A donor or donors who wish to remain involved in the grantmaking process from their fund may establish a DAF and have the privilege of making recommendations on grants during their life-time(s). They also may designate successor advisors including members of the next generation (such as children). If the donor(s) wish to recommend grants from the principal of the fund, they must indicate this when the fund is established.

DAF are subject to the Excess Business Holdings Rule. Under the Pension Protection Act of 2006, the private foundation excess business holdings rule applies to DAF as if they were private foundations. That is, holdings of a DAF 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, joint venture or, the beneficial interest of a trust or similar entity;
- any interest in a sole proprietorship.

Additionally, ownership of unincorporated businesses that are not substantially related to the Fund's purposes is also prohibited.

In addition, the donor may not recommend grants, loans, compensation or similar payments from the fund to the donor, advisors, or related parties. The donor may not recommend grants that result in more than incidental benefit to the donor, advisors or related parties or are in payment of pledges or other obligations. Authority for the final approval of all recommended grants rests with the Foundation.

- D. Field of Interest. A donor or donors may establish a fund in their name or in any name they choose (unless the Board of Directors deems the name would be offensive) to provide grants in support of a specific focus area or charitable purpose such as arts & culture, education, healthy families. The focus area can be local, regional or statewide. A donor may establish a field of interest fund that could attract additional gifts from other donors.

The donor has no continuing advisory role in the field of interest fund once it is established. The Foundation's Board may select the grantees or may designate an advisory committee to make recommendations. The Foundation may decline to accept a field of interest fund gift if, in the judgment of the Foundation, the focus area is too narrow.

- E. Community/Affiliate Funds. The Foundation may establish field of interest funds to benefit specific geographic regions or communities within Alaska. The Foundation may designate local advisory committees to make grant recommendations for the fund and to promote the fund, the Foundation, and philanthropy in their communities or regions. The Foundation's Board of Directors is the governing entity with fiscal and legal responsibility to accept all funds on behalf of the geographic affiliate(s).
- F. Scholarship Funds. A donor or donors may establish a fund in their name or in any name they choose (unless the Board of Directors deems the name would be offensive) for the purpose of providing competitive awards for education and/or youth

participation in arts, culture or athletic activities. The Board of Directors must review the scholarship criteria to determine that there is a viable charitable class, that the selection criteria and selection process are objective and non-discriminatory, and that all legal rules and regulations are met in the scholarship review process. The donor may recommend individuals or a class of individuals to serve on the selection committee but the Board of Directors in their sole discretion will appoint the selection committee members.

The donor, donor appointees, related parties or disqualified persons as defined by the IRS may participate in the selection committee but may not control the committee either directly or indirectly. The donor's advice may be given solely as a member of the selection committee. For more detailed information, please see the Foundation's Policy for Awarding Scholarships and Awards to Achieve a Specific Objective.

The Foundation's policy is to make scholarship award payments to the educational institution rather than the individual. Some exceptions may be made on a case by case basis only when the Foundation exerts expenditure authority for such scholarships.

- G. Designated Funds. A donor or donors may establish a fund in their name or in any name they choose (unless the Board of Directors deems the name would be offensive) and designate one or more public charity(s) or a unit of government to receive periodic general operating grants from the fund. Alternatively, a donor or donors may choose to designate their gift to an already established ACF agency fund. Once the gift is made, the donor cannot change the designation of the gift at a later date. The donor can advise on recommendations with respect to the purpose of a distribution, the amount to be distributed (subject to the spending policy if the fund is endowed) and the distribution's timing.
- H. Agency/Organization Funds. A nonprofit agency may establish a fund in its name or in any name the agency chooses (unless the Board of Directors deems the name would be offensive) for the general charitable purposes of the agency itself. The agency does not retain the power to unilaterally withdraw the funds from the Foundation. The major purpose of an agency fund is to build an endowment that will provide operating support for the organization in perpetuity; however, the Foundation will accept non-endowed funds from which an agency may recommend the authorization of grants from the original donation.
- I. Project Funds. A group or an unincorporated organization established to carry-out a charitable purpose may apply to the Foundation to establish a fund in their name or in any name they choose (unless the Board of Directors deems the name would be offensive) to support a specific charitable activity. Such funds are not usually endowed (but could be for long term projects). The President & CEO must affirmatively agree to receive gifts for projects as project funds require substantial work by Foundation staff. For projects over \$500,000 the President & CEO will consult with the Gift & Fund Acceptance Committee. Project funds may include fiscal sponsorship or project oversight. Sponsorship services include basic administrative support. Additional services such as extensive administrative support, fundraising or financial support may be provided if agreed to in advance, in writing. For more detailed information on Fees and Fund Minimums, please see the Special Projects/Fiscal Sponsorship Policy.

Authority to Accept Funds

The President/CEO of the Foundation shall have the authority to solicit and accept or decline funds on behalf of the Foundation in accordance with this policy. If there is a question regarding whether or not the fund is within the Foundation's policy or there is a special reason why the fund should be accepted or declined, staff will bring the issue to the Gift and Fund Acceptance Committee. Gifts requiring Committee review will be handled at the next quarterly Board of Directors meeting. Foundation staff will promptly notify donors if a gift is not acceptable. Staff will periodically report all fund acceptances and declines to the board.

Fund Acceptance Procedures

1. The Foundation will pay no commissions or finder's fees as consideration for directing a fund to the Foundation or to any of the Foundation's affiliates.
2. All gifts to establish funds are subject to the gift policies described herein.
3. Prospective donors shall be strongly encouraged in all cases to consult with their own independent legal and/or tax advisors about proposed funds, including tax and estate planning implications of the funds. No representative of the Foundation shall provide legal or tax advice to any donor or prospective donor.
4. The Foundation reserves the right to decline any fund without explanation.

Fund Minimum Size & Fees

Fund Minimums

The Foundation has established minimum initial contributions for the various types of funds described above. The minimum initial contribution for each type of fund is designed to ensure that each fund is of sufficient size to be an effective vehicle for philanthropy and to ensure that the administrative fees generated by each fund are sufficient to cover the operating costs of the funds. The minimum initial contributions are subject to change at the discretion of the Foundation. A complete listing of the required minimum initial contributions is contained in the Foundation's Administrative Fee Chart.

Administrative Fees

The Foundation shall charge Fund fees, including investment and management fees, to the extent sufficient for reasonable and proper compensation for services and expenses of the Foundation. Fees differ based on the type of fund. The current amounts to be charged against the fund are set forth in the Foundation's Administrative Fee Chart.

Variance

The Foundation's Board of Directors have the power of variance to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to specific organizations if in the board's sole judgement, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the communities within and the State of Alaska. ACF will make every effort to follow the original intent of the donor(s) when using variance power.

Real Estate

Real Estate Acceptance

This policy applies to all gifts of real property, including outright gifts of residential and commercial property and farmland; bargain-sale transactions; and gifts of remainder interests in which the donor retains a life estate. The Foundation does not accept gifts of time shares. Gifts of real property must be reviewed by the President & CEO and are subject to the Board approval in accordance with the Foundation's Gift and Fund Acceptance Policy. The Foundation may accept gifts of real property to any fund. Gifts to establish a new component fund at the Foundation must meet the applicable minimum funding requirement. In deciding whether to accept real property gifts the Foundation will:

- Determine whether the real estate gift is an acceptable minimum value.
 - Confirm that the donor has legal capacity and is entitled to convey the property through copies of deed, title report, etc., provided by donor.
 - Determine whether, if property is encumbered by debt, the debt is of a level that will not unduly burden the Foundation or adversely affect the marketability of the property.
 - Perform a market and financial analysis prior to acceptance of the gift to determine whether the gift is a financially sound acquisition.
 - Weigh its ability to manage commercial property for the time necessary to sell the property. For example, income producing property may subject the Community Foundation to unrelated business income tax and/or other types of expenses, including but not limited to, upkeep of land, maintenance of buildings and management of property.
 - Evaluate whether any restrictions on the gift desired by donor will jeopardize the classification of such gift as charitable.
- A. Appraisal. Each gift of real property giving rise to a charitable deduction of more than \$5,000 must be appraised in accordance with federal tax law. The donor will be responsible for obtaining such appraisal.
- B. Distributions. Distributions from a component fund that consists entirely of real property are limited to the net income generated by the property less fees assessed by the Foundation and any unrelated business tax imposed thereon.
- C. Liquidation. The Foundation will generally seek to sell real property as soon as possible in accordance with the Foundations Gift and Fund acceptance Policy
- D. Procedures for Accepting Gifts of Real Property. Donors will provide the information and documents requested in the Information and Checklist for Real Estate Gifts at the earliest possible time prior to the acceptance of the gift. A copy of this form is appended to this policy. The Foundation may request additional information or documents when necessary to its evaluation of the proposed gift. A member of the Foundation staff or an authorized representative shall undertake an onsite inspection of the property before it is accepted. The site visit will be used to determine the nature and type of property and to identify any potential problems not evident from information supplied by the donor that might hinder or prevent the foundation's sale of the property. These problems may include environmental conditions, boundary issues, structural and soil conditions any evidence of occupancy or encroachment.

- E. Environmental Assessment. If the property type warrants, Donors will provide at least a Phase I Environmental Report with disclosure of any environmental problems or statement that none exists.
- F. Costs. Donor is requested to contribute an amount sufficient to pay for obtaining any costs associated with obtaining the necessary documents to transfer the property including but not limited to surveys, appraisals, assessments and title reports.

Real Property Donation Checklist – For ACF

(Sections I, II, III)

I. Donor Information

	Exact legal name of donor and federal identification number
	Discussion with proposed donor regarding any special arrangements for donor's fund or other sources to address ongoing expenses for taxes, insurance, assessments, maintenance, grass cutting, security, utilities, and similar items.
	Fund Agreement

II. Property Information

	Property - Description (copy of deed).
	Building(s) or other structures located on the land - Description
	Survey (staked) of property with location of all structures, easements, and encumbrances appearing on the face of the survey
	Zoning status
	Ingress/egress for the property - Description
	Prior use of the property - Disclosure
	Description of use of surrounding property, with specific disclosure of any storage tanks or potential environmental factors affecting the property
	Disclosure of any contemplated or anticipated condemnations, right-of-ways or other actions by municipalities that may affect the subject property
	Phase I environmental report on the property, including environmental report on any structures located on the real estate
	Preliminary Title Report
	Appraisal showing the fair market value of the property current within sixty days
	Amount of existing real estate taxes, insurance premiums, and assessments attributable to the property – Disclosure

III. Property Expense Budget

To hold this property as a Foundation asset, the following income and expenses are anticipated:

A. Income	Annual
1. Rent	_____
2. Other	_____
B. Expenses	_____
1. <u>Real estate taxes:</u>	
First payment due _____ (date) _____	
Second payment due _____ (date) _____	
2. <u>Utilities:</u>	
Gas	_____
Oil	_____
Electric	_____
Water/sewer	_____
Other	_____
3. <u>Services:</u>	
Caretaker/property manager	_____
Landscaping	_____
Heating/cooling service contract	_____
Snow removal	_____
Pool services	_____
Common area charge (condominium)	_____
Security	_____
Other	_____
4. Maintenance/Repairs	_____
5. Insurance	_____
Total Expenses	
Net Income (Loss)	

Information and Checklist for Real Estate Gifts - For Donors
(Sections I, II, III, IV, V, & Real Property Environmental Statement)

I. Donor Information

Donor's Name

Address

Phone/Cell

Email

Personal Representative or Agent/Alternate Contact

Address

Phone/Cell

Email

II. Property Information

Owner of Record

Type of Ownership (sole, joint, tenants in common, etc.)

Co-Owner (Name/Address/cell/email)

Cost Basis and Length of Ownership

Property Location

Land area (square feet or acres)

Zoning

Building(s) (number)

Building(s) (square feet)

Building(s) Replacement Costs (for insurance purposes)

Legal description

Assessed Value

Real Estate Taxes

Mortgage/Lease/Liens/Encumbrances etc. (explain)

Appraised Value (buildings/land)
Occupancy Status after Title transfer
Description of Prior Use

III. Documents to Provide

	State of Alaska Residential Real Property Transfer Disclosure Statement
	Preliminary Title Report (include chain of title for preceding 50 years)
	Copy of Deed
	Appraisal (current within 60 days)
	Property Tax Bill
	Survey (within the last 6 months)
	Comparative Market Analysis
	Mortgage/Notes/Other Debts (if applicable)
	Lease or Rental Agreements (if applicable)
	Association Agreement and/or Conditions, Covenants and Restrictions (if applicable)
	Association Financial Information (if applicable)
	Fund Agreement
	Real Property Environmental Statement (attached)
	Phase 1 Environmental Site Assessment (if applicable)

IV. Rental/Condominium Cooperative

Please indicate by checking “yes” your awareness of any condition or problem which may affect the title or marketability of the property.

	Yes	No
Building systems	___	___
1. Leases	___	___
2. Rental arrears	___	___
3. Last month's rent/security deposit	___	___
Common area fees in arrears	___	___
Building or sanitary code violations	___	___
Operating/capital budget	___	___

Are you aware of any other information concerning any part of the land or buildings which might affect the decision of a buyer or affect value of property or affect use by buyer?

Do you agree to retain liability and indemnify the Foundation for environmental/pollution matters, whether known or unknown?

Signature of Owner

Date

V. Additional Information on Sections I through IV.

Acknowledgments

Owner(s) hereby acknowledge that the information set forth above is true and accurate to the best of my (our) knowledge

Owner

Date

Owner

Date

Real property environmental statement – For Donors

To: The Alaska Community Foundation

Ladies and Gentlemen:

To induce The Alaska Community Foundation (“Transferee”) to accept a donation of real property, the undersigned (“Donor”) hereby represents and warrants to Transferee that, to the knowledge of Donor, after reasonable inquiry, (a) there is not constructed, deposited, placed or located on the real property to be donated (“the Property”) any material, element, compound, solution, mixture, substance or other matter of any kind, including solid, liquid or gaseous material which (i) is a contaminant of soil or groundwater or a cause of degradation of the soil and/or water to the extent that mitigation methods are needed to restore the soil or water to its natural state, or (ii) a cause or contributor of damage to human health or the environment; and (b) there are no regulated wetlands located on the Property, nor any asbestos or lead-based paint in any buildings or other improvements located hereon. Donor further represents and warrants that (x) Donor has not received any notice of alleged violations, and to the best of Donor’s knowledge, there are no existing violations, of any law, ordinance or regulations pertaining to the environment, including those related to hazardous waste, noise or air or water pollution, and (y) there are no underground storage tanks located on the Property. Notwithstanding the foregoing, Donor is aware of the following exceptions to the statements above (if none, state “None”):

Sincerely,

Printed Name of Donor

Signature

Date

Printed Name of Donor

Signature

Date

Policy Adoption, Review, and Revision History

Policy: Gift and Fund Acceptance Polices

Date	Action taken	Comments
2012.06.01	Approved by ACF Board	
2014.09.19	Submit for approval by Board	Approved
2016.05.18	Approved by the Board	

Next Bi-Annual Review Date: May 2018