



Huntingdon County Foundation
Foundation for the Future

POLICIES FOR RECEIVING AND RECORDING GIFTS

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The policies outlined herein have been developed to provide guidance to the Foundation Trustees and those to whom the Trustees may delegate the solicitation and acceptance of gifts. The policies include information on the kinds of gifts that will be accepted by the Foundation and credited toward achievement of its mission. Any gift, gift circumstance or gift purpose not explicitly covered by these policies must be confirmed by the Trustees before acceptance can be treated as final.

A. Gifts

1. A gift is a voluntary, irrevocable, gratuitous transfer to, and acceptance by, the Foundation of cash, securities, or property of value, or the execution of an instrument that legally vests an interest of value to the Foundation.
2. If a gift is for multiple purposes, unless the donor indicates the distribution percentage, the Foundation would need to define clearly the basis for distribution so that the amounts can be properly recorded in the accounting records. A multipurpose gift shall be divided by purpose and counted by purpose. Multiple payments for a single gift purpose shall constitute a single gift in the accounting procedures.
3. Gifts may be made by individuals during their lifetimes, or by testamentary disposition, by corporations, by foundations, and by other legal entities.
4. It is the responsibility of the Secretary of the Foundation to receive, receipt, and report on all gifts to the Foundation.
5. The source of a gift for reporting purposes is defined as those entities that transferred the gift to the Foundation. Exceptions include:
 - a. Gifts from business-sponsored foundations are considered as gifts from the business themselves.
 - b. Situations where the donor specifies otherwise.

B. Basic Guidelines

1. Conduct of Solicitations

Responsibility for coordination and conducting of all solicitations or appeals is reserved to the Trustees of the Foundation who may delegate for specific periods and purposes the conducting of an appeal.

2. Appeals by Charitable and Civic Organizations

From time to time, the Trustees may agree to receive and disburse gifts solicited by a civic or charitable organization when the purpose of that appeal is consistent with the mission of the Foundation. The terms under which that appeal may be made and receipts issued by the Foundation will be detailed in a memorandum of understanding signed by both parties.

C. Acceptance of Gifts

1. The preservation of the tax exempt status of the Foundation requires the acceptance and administration of only those gifts which will not jeopardize that legislative privilege. Where such an issue arises, it will be resolved by the Board of Trustees and, as required, by legal counsel.
2. The purpose and use of a gift as specified by the donor must be appropriate to the functions and character of the Foundation, as determined by statutes, by-laws, and other governing instruments.
3. A restricted use imposed by a donor must not require the Foundation to act contrary to law or public policy.
4. When gifts of tangible personal property are accepted, unless restricted by the donor, the Foundation will dispose of the asset at a time and in a manner which the Foundation believes will maximize the funds realized by the disposal.

5. Gift valuations shall conform to the provisions of the Internal Revenue Code and related regulations.
6. Gifts-in-kind, non-marketable securities, works of art and other gifts of tangible personal property shall be acknowledged with a description of the property and a statement of value for gift credit (not accounting) that represents the dollar value of the gift recorded by the Foundation. Donors of certain properties that exceed \$5,000 must obtain an independent third-party appraisal by a qualified appraiser at the donor's personal expense. Donors of assets whose value falls below \$5,000 may provide a dollar value in writing along with the gift.
7. A gift for endowment purposes should include a contingency clause which states, "In the event the stated purpose of this gift is rendered obsolete or contrary to law or public policy, as shall be determined by the Trustees of the Foundation acting in good faith, the principal and proceeds here from shall be paid and applied to further the intent of the donor insofar as possible and shall otherwise be used by the Foundation where most needed."
8. New gifts and additions of \$10,000 or more to the endowment will be assessed a one-time fee of 2% of the gift value to help cover operating expenses of the Foundation.
9. A gift should be sufficient to carry out the specified use; provided, however, that exception may be made when it is reasonable to assume that additional gifts by the donor or by other donors within a reasonable period of time (normally a year or less) will be made and will be sufficient to fund the purpose. By action of the Trustees, extensions may be granted. However, if no extension is granted, the gifts received will be utilized by the Trustees for similar purposes and may be combined with other, existing, restricted gift funds. See Attachment "A" for the types of restricted gifts and the minimum requirements to establish named endowments.
10. A gift requiring a commitment on the part of the Foundation to spend Foundation funds, either upon receipt or in the future, in addition to the amount donated or pledged, must receive prior approval from the Trustees. Examples of such gifts are gifts that require:
 - a. matching funds from the Foundation;
 - b. a commitment to continue a project after the termination or the exhaustion of gift;
 - c. a commitment to finance and/or administer an undertaking outside the routine functioning and operation of the Foundation.
11. Gifts-in-kind, as well as any other gifts to be used for restricted purposes, other than those approved by earlier action of the Trustees, must be approved by the Foundation.
12. Gifts of non-marketable securities for any purpose must receive advance approval by the Foundation.
13. Gifts of IRA accounts and other qualified plans may be made. The Foundation must be notified when named as the beneficiary of such accounts or when named the remainderman in a charitable remainder unitrust to be funded by the proceeds of a qualified plan.

D. Gift Valuation and Dating

1. Outright gifts of cash will be credited in the amount of the gift. Cash gifts are usually made in the form of a check made payable to Foundation. Certain credit card gifts may be accepted by the Foundation with prior approval. The gift date recorded by the Foundation for outright gifts of cash shall be as follows:
 - a. The postmark date on the envelope used to mail the contribution.

- b. The date hand delivered to the Foundation or solicitor or the date on the check, whichever is later.
 - c. The date the credit card account number, expiration date, and donor's name and address are recorded by the Foundation.
 - d. The gift date recorded by the Foundation may or may not be the date recognized by the Internal Revenue Code.
2. Securities will be valued as of the date of delivery. The delivery, to be effective, must be unconditional and the stock certificate properly endorsed. If the stock certificate is not endorsed, the donor should give the Foundation a properly endorsed stock power in addition to the stock certificate. The Foundation encourages donors to use a properly endorsed stock power rather than delivering a signed stock certificate. The delivery date is conditioned on the type of delivery made by the donor. Note the following table for details:

<u>Type of Delivery</u>	<u>Delivery Date</u>
Personally delivered to the Foundation.	Date received the Secretary of the Foundation or a Trustee.
Mailed to the Foundation.	Date securities are mailed (providing securities are received by the Foundation in the ordinary course of the mail).
Delivered to donor's broker, and the broker mails to the Foundation	Date securities are mailed by the agent to the Foundation (providing securities are received in ordinary course of the mail).
Delivered by donor to his bank or broker (as donor's agent) or to issuing corporation (or its agent) instructing corporation to reissue in the Foundation's name.	Date stock is transferred to the Foundation's name on corporation's books (this is the date on the new certificate having the Foundation's name).
Electronic transfer	Date funds arrive in Foundation owned account.

- 3. When there is a market for securities on the stock exchange, in over-the-counter trading or otherwise, the fair market value is the mean between the highest and lowest quoted selling price on the date of delivery of the gift.
- 4. The value of stock in a closely-held corporation must be determined by an appraisal meeting IRS standards.
- 5. Neither losses nor gains realized upon the sale of the securities after receipt nor brokerage fees, appraisal fees or other expenses associated with the transfer should affect the value reported.

6. A gift of real estate must be approved by the Foundation and will be credited at the property's qualified appraisal value. The following special guidelines apply:
 - a. The donor must pay the qualified appraiser's fee.
 - b. If the gift is deemed to be subject to transfer tax, the donor must pay the "seller's" portion of the tax.
 - c. Real estate taxes assessed by local governing authorities shall be prorated as of the date the deed is executed.
 - d. The donor shall prepare the deed and will be responsible for his or her attorney fees.
 - e. The Foundation will bear the costs associated with recording the deed.
 - f. The property must be inspected by the Foundation or its agent for present or past hazardous waste and/or other environmental liabilities.
 - g. The date a deed is recorded defines the gift date.
7. Tangible personal property (i.e., antiques, books, works of art, stamp or coin collections, furniture, etc.) accepted by the Foundation will be credited at the item's fair market value.
8. Ordinary income property (i.e., short-term capital assets, property held for sale in the course of the donor's trade or business such as inventory, copyrights, or artistic property created by the donor, depreciable property which was depreciated via the use of accelerated depreciation) will be credited at the allowable charitable income tax deduction. The deduction is usually limited to the donor's cost or tax basis in the property.
9. Life insurance policies for which the Foundation is named owner and irrevocable beneficiary will be credited as follows:
 - a. Paid-up life insurance policies will be counted at the policy's accumulated cash surrender value and counted as a current outright gift.
 - b. An existing life insurance policy that is not fully paid up on the date of its contribution to the Foundation will be credited at the policy's cash surrender value.
 - c. A donor of life insurance may make gifts to the Foundation for the payment of life insurance premiums. The amount for the premium may be entered as a pledge and recorded as a gift when received by the Foundation. However, premium payments may not extend more than five years from the date of the gift of the life insurance policy.
 - d. The Foundation will not recognize the increase of the cash value during the life of the policy as a gift or a pledge.
 - e. Realized death benefits (an insurance company's settlement) will be recorded as a gift.

10. The Foundation may also accept gifts which it may use in its operations. When a gift-in-kind or gift of tangible personal property could result in substantial additional expenses to the Foundation, approval to accept the gift must be given in advance by the Foundation.
 - a. Donors of gifts-in-kind must be willing to allow the Foundation to use its discretion in deciding to retain or to dispose of the items.
 - b. Gifts with fair market values exceeding \$5,000 must be counted at the values placed on them by qualified independent appraisers as required by the IRS for valuing non-cash charitable contributions.
 - c. Gifts of \$5,000 and under may be credited for gift recognition purposes at the value declared by the donor or placed on them by a qualified expert.
11. Other types of gifts may be received by the Foundation including gifts of limited partnerships, mortgages and notes, patents, and copyrights. These gifts must be assigned a fair market value and must be negotiable for sale. Such gifts will be credited to the campaign at fair market value as determined by IRS appraisal standards.
12. The following will not receive gift credit:
 - a. Investment earnings on gifts.
 - b. Income from ticket-based operations, except for any amount equal to that permitted as a charitable deduction by the IRS.
 - c. Contributed services, except for those permitted as a charitable deduction by the IRS.

E. Bequests and Other Deferred Gifts

1. With regard to the use of the funds received by bequests, the Foundation commits itself to following the donor's intentions to the greatest degree possible consistent with the mission of the Foundation and will not accept payments from a bequest where the intentions are inconsistent with the Foundation's mission.
2. The Foundation may from time to time receive realized, unrestricted bequests. The Trustees may elect to apply the proceeds from the bequest to the general endowment of the Foundation, distribute the proceeds to current programs or activities of the Foundation, or reserve the funds for a specific future purpose.
3. A confidential record of estate intentions form documents a planned bequest in such a way that the bequest intention may be altered or revoked in the event that future circumstances cause the donor to make this alteration or revocation. The confidential record of estate intentions allows a donor who has planned a bequest to indicate the present day value of that bequest. The bequest's value will be reported in the future commitments section of any Foundation report in which future bequests are tabulated at both present value and face value.

ATTACHMENT “A”

Restricted Gifts and Minimum Requirements for Named Endowments

The Foundation welcomes restricted gifts with purposes that are consistent with the Mission of the Foundation. When a gift is proposed for any other purpose, acceptance of the gift will be contingent upon approval by the Foundation Board.

Restricted gifts are often made to create memorials to the ideals and work of dedicated community members and honored employees and family.

The table below lists some of the broad types of endowments supported by the Foundation, and the minimum funding requirements for named endowments.

<u>GIFT USE</u>	<u>REQUIREMENTS</u>
Community & Youth Leadership Programs	\$ 25,000
Civic Improvements & Beautification	\$ 50,000
Educational & Recreational Facilities & Programs	\$ 100,000
Scholarship Programs	\$ 25,000
Police & Emergency Medical Equipment	\$ 25,000
Cultural & Historical Society Programs	\$ 50,000
Community Health	\$ 25,000