



POLICY: GIFT ACCEPTANCE GUIDELINES
RELATED POLICIES: DONOR ADVISED FUND POLICY
STATUS: ACCEPTED NOVEMBER 13, 2014
REVISION recommended by the Investment Committee to be consistent with the IPS revisions on 2/6/2020

PURPOSE

The purpose of these Gift Acceptance Guidelines is to serve the best interest of both the donor and the Otsego Community Foundation (OCF) in any particular gift giving opportunity.

These guidelines cannot cover the circumstances of every current and planned gift. Those charged with the development, attraction, and maintenance of gifts to the OCF must be given wide latitude in assessing the conditions of a gift, and at the same time, must insure that the dignity, integrity, and legal status of the OCF and the donor is not compromised.

To that end, the OCF subscribes to the Model Standards of Practice for the Charitable Gift Planner as adopted by the Partnership for Philanthropic Planning. This code of ethics is hereby incorporated by reference.

AUTHORIZATION

The Executive Director is authorized to accept gifts on behalf of the Board of Directors of the OCF in accordance with the gift acceptance guidelines, and the provisions of the OCF's By-laws and Articles of Incorporation, as amended. Gifts to the OCF must be reviewed by the Executive Director prior to its acceptance or confirmation by the Board of Directors. Any potential gift that is not covered by these guidelines must be reviewed by the Finance Committee and approved by the Board prior to final acceptance.

GIFT PURPOSE

The purpose of all gifts received by the OCF must be consistent with the mission of the OCF.

TYPES OF GIFTS

The OCF generally accepts current and deferred gifts as specified below. Donors must provide a legal name and a complete address so that the OCF can comply with the IRS and State of Michigan gift substantiation requirements. The OCF will maintain donor anonymity if so requested. However, the OCF cannot give assurances that any valuations given will be acceptable to the IRS for charitable tax deduction purposes. In every case, donors must rely on their own professional, legal tax consultants. The OCF will abide by the substantiation rules for valuing charitable gifts as outlined in the IRS Code and regulations.

Current Gifts

Securities, tangible personal property, and real property will be sold as soon as possible after conveyance, unless it is to be used in connection with the OCF's tax exempt purpose. Closely held stock will be evaluated on an individual basis.

- Cash (and cash equivalents--checks, CDs, savings accounts)
- Marketable securities (publicly traded stocks, bonds, U.S. Government securities)
- Tangible personal property
- Closely held stock
- Life insurance
- Real estate
- IRA roll-overs

Planned and Deferred Gifts

All planned and deferred gifts to the OCF will be negotiated/coordinated through the Executive Director. All donors contemplating a deferred gift to the OCF should consult their own financial, legal, and/or tax advisors.

- Charitable Gift Annuities
- Charitable Remainder Trusts
- Charitable Annuity Trusts
- Charitable Lead Trusts
- Retained Life Estate
- Bequests

RIGHT TO REFUSAL

The OCF reserves the right to refuse gifts. Some examples where the OCF would refuse a gift are:

- The cost to manage the asset exceeds the eventual benefit of the gift
- The gift, or the gift purpose would potentially jeopardize the OCF's tax exempt purpose or status

EXCESS BUSINESS HOLDINGS FOR DONOR ADVISED FUNDS

The Pension Protection Act of 2006 amended section 4943 of the Internal Revenue Code to limit ownership of closely-held business interests in a donor advised fund. A fund's holdings, together with the holdings of disqualified persons (donor, advisor, members of their families and businesses they control) may not exceed any of the following:

- 20% of the voting stock of an incorporated business;
- 20% of the profits interest of a partnership, joint venture, or the beneficial interest in a trust or similar entity;
- Any interest in a sole proprietorship.

These limitations do not apply if the donor-advised fund holds an interest that does not exceed two percent of the voting stock and two percent of the value of the business.

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. To prevent a violation of these rules, it is the Foundation's policy to divest itself of such holdings within five years from the date the Foundation acquired the asset. If that is not possible, the asset will be transferred to a new or existing fund that is not an advised fund.

Because they are not “business enterprises,” the rule will not apply to most gifts of real property, although undeveloped land may become a business enterprise under some circumstances. Interests in investment partnerships and LLCs—including family partnerships, hedge funds, REITs, and so forth—are excluded from the definition of business enterprise as long as 95 percent or more of the entity’s income is from passive sources. Examples of other property gifts that are excluded because they are not business enterprises include: oil and gas interests (non-working); life insurance; tangible personal property (as long as it is not inventory); and remainder interests in personal residences and farms.

The Executive Director and the Board of Directors has the authority to refuse gifts that clearly do not benefit the Foundation. If the future benefit of a gift is questionable or difficult to determine, the Finance Committee and eventually the Board of Directors will make the final decision whether to accept or refuse the gift. When necessary, the advice of legal counsel shall be sought.