



OKLAHOMA CITY
COMMUNITY FOUNDATION

Helping you help the community

Gift Acceptance Policy

August 2016

Goals of Community Foundation

The mission of the Oklahoma City Community Foundation is to encourage donors to establish charitable funds for the benefit of the community and to provide efficient and effective ways for those funds to be administered to serve charitable needs. To that end, the Trustees and staff of the Oklahoma City Community Foundation will solicit charitable gifts from donors for funds and will manage and invest these gifts so that the charitable benefit is maximized. The Community Foundation will seek to provide a fair and appropriate tax-benefit to the donor in keeping with current tax laws. The Community Foundation will utilize its staff and professional resources in an efficient and effective way to derive the benefit from a charitable gift.

The Trustees of the Oklahoma City Community Foundation have established a number of different types of funds to which donors can contribute. The policies for each of these funds describe how the donor can specify the charitable benefit and the scope of operations of the fund. All gifts to the Oklahoma City Community Foundation are contingent upon an appropriate fund agreement being executed for the management of the gift. The Community Foundation will fully disclose to the donor the policies governing any fund for which a gift is intended. It is the intention of the Trustees that all funds will be component funds of the Community Foundation. All fund agreements are subject to final approval by the Trustees of the Oklahoma City Community Foundation.

The Community Foundation will disclose to donors all pertinent information that could influence a donor's decision to make a charitable gift including:

- 1) The irrevocability of the gift;
- 2) The variance power of the Community Foundation;
- 3) The specific operating policies of the fund; and
- 4) The investment policies, guidelines and restrictions related to the fund and the gift.

Gifts should not have material restrictions or conditions which could prevent the Community Foundation from freely or effectively utilizing the gift or could jeopardize the completion of the gift for tax-deductibility purposes. These policies address both current and deferred gifts. The Donor Bill of Rights will be honored by the Trustees and staff of the Community Foundation with respect to all gifts. This Donor Bill of Rights is included as an appendix to this policy.

The donor should provide all appropriate disclosures related to any gift which:

- 1) Could generate any expense or other liability to the Community Foundation;
- 2) Could lessen the gift's charitable benefit to the community; or
- 3) Could prevent the Community Foundation from freely or effectively utilizing the gift.

The donor should seek appropriate legal and tax advice regarding the tax benefits, deductibility, and other financial and estate planning issues related to any gift to the Community Foundation. The donor is responsible for the valuation of all gifts and the filing of any required personal tax return forms.

Donors have a wide-range of assets that they might utilize in making a charitable gift. The Community Foundation will seek to work with donors to help make charitable gifts possible. The guidelines provided in this policy outline the considerations that should be weighed in accepting different types of assets as charitable gifts. All gifts will be reviewed with respect to:

- 1) The charitable intent and community benefit as reflected in the fund agreement;
- 2) For a temporary gift, the value in making the gift through the Community Foundation;
- 3) The administrative oversight and cost required to manage the gift;
- 4) Administrative fees derived from the gift;
- 5) Time expected before charitable benefit would be received; and
- 6) Ability of the Community Foundation to appropriately manage the gift within the scope of its investment guidelines and resources available.

All gifts are subject to final review by the Board of Trustees of the Community Foundation or the Executive Committee. The President and/or the Director of Administration may review and authorize any proposed gift within the scope of this policy and bring the gift to the Executive Committee for final approval. The Community Foundation staff may outline additional internal procedures for the acceptance of gifts that fall within the policy and for which certain documentation and acceptance processes may be required. Any proposed gift that falls outside these

stated policies, that is extraordinary in size or impact, or that may generate a high level of public interest should be brought to the Executive Committee for discussion and approval prior to acceptance.

Notwithstanding anything in this policy to the contrary, the Foundation reserves the right to waive any requirements herein with respect to acceptance of specific gifts.

Specific Gift Guidelines.

Guidelines are provided for acceptance and investment or management of gifts of the following types of assets into funds for which there is a signed fund agreement:

Cash and cash equivalents.

Cash, checks, and online credit card gifts may be accepted from any donor.

Stocks, Bonds, Mutual Funds, and Other Marketable Securities.

Publicly traded securities may be accepted through direct assignment of the security or transfer into a Community Foundation securities account at a securities firm or trust department unless the security is subject to buy-sell agreements or other restrictions. These gifts are generally sold and the proceeds invested according to the general investment policies of the Community Foundation. Each gift will be valued based on the date of contribution. Proceeds to the appropriate fund will be determined by the sale price and any applicable sales cost.

Life Insurance.

Ownership of paid-up policies will be accepted with the understanding that the Community Foundation will be both the owner and the beneficiary. Life insurance policies with premium due will be accepted with the understanding that the donor will provide tax-deductible gifts to pay the premiums or otherwise arrange for premiums to be paid from accumulated dividends or cash value. The Community Foundation may surrender any policy for its cash surrender value at any time.

Business Interests

Closely Held C-Corp Stock. The Community Foundation may accept closely held C-stock with consideration given to the probability of converting the stock to a liquid asset in a reasonable period of time. There should be no liability associated with accepting, holding or selling the stock and the Community Foundation should be able to appropriately review the business interests represented in the corporation. The donor will be responsible for providing an independent appraisal on the value of the stock (within a 60 day time period of the gift) and completing I.R.S. Form 8283 if the value of the stock is greater than \$5,000.

S-Corp Stock. Similar consideration to closely held C-corp stock will be given to gifts of S-corp stock. Additional consideration will be given to the composition of the ownership group. An agreement requiring cash distributions to pay any income tax liability generated by the stock will be necessary.

Partnerships and Limited Liability Companies. The Community Foundation generally does not accept general partnership interests unless a comprehensive examination of all circumstances of the partnership is conducted and reviewed by the Executive Committee. The Community Foundation may accept a limited partnership or limited liability company interest subject to the absence of any liability to the Community Foundation, the full disclosure of the limited partnership agreement or limited liability company operating agreement, and review by the Executive Committee. Consideration should be given to the probability of converting the interest into liquid assets in a reasonable period of time and to the potential for cash calls or other operations that could diminish the value of the gift. All interests must be valued by an independent appraiser as a responsibility of the donor. The Community Foundation should be able to appropriately review the business interests represented in the partnership or Limited Liability Company. Interests that include real estate may also be reviewed with respect to the real estate provisions below. Additional consideration will be given to the composition of the ownership group. An agreement requiring cash distributions to pay any income tax liability generated by the interest will be necessary. If the Community Foundation is not able to liquidate the partnership then the donor must provide information annually to determine the current valuation.

Notwithstanding any other provision hereof, the Foundation shall not accept any gift of a business interest in a business enterprise for a donor advised fund that the Foundation determines would likely subject the Foundation to tax under Section 4943 of the Internal Revenue Code regarding “excess business holdings.” Any potential gift that would result in a donor advised fund holding:

- Twenty percent or greater interest in a business or in an entity (Thirty-five percent if it can be shown that persons who are not disqualified persons have effective control of the business),
- Any interest (other than a 2% of lesser interest in both (x) value of all outstanding interests and (y) voting stock, capital interest, or beneficial interest in an entity in which any interest is owned by a

donor or advisor to the donor advised fund, by a family member of any such person, or by an entity in which any of the foregoing persons has an interest,

Shall be referred to the Foundation's legal counsel for determination on the potential application of Code Section 4943. To the extent that such assets would constitute or become excess business holdings and they are accepted in a donor advised fund, the Foundation will establish procedures to ensure disposal of the assets within the timer periods prescribed by the tax law. The foundation will notify potential donors of such requirements prior to the acceptance of such interest.

Real Estate.

The Community Foundation may accept gifts of real estate where there is a possibility of sale within a reasonable period of time or where there is significant charitable value and/or an income stream that supports any tax and maintenance liability. There should be a reasonable possibility of sale of the property. The property should not be subject to mortgages or other financial liens or obligations, should not have any environmental, health, safety or building code issues, and should not be subject to easements that would restrict the sale or use of the property. The charitable value of the property should be sufficient to justify the management expense. Donor should be able to give clear title to the property and indemnify the Community Foundation for any liability related to the property. A qualified appraisal of the property is the responsibility of the donor and should be provided with the gift. An environmental review may also be required. All real estate gifts are subject to review by the Executive Committee prior to acceptance. The staff may develop guidelines for documents and information needed to accept real estate gifts.

Real Estate subject to a life estate. The Community Formation may accept a remainder interest in a residence or agricultural property under conditions similar to those of other real estate gifts. The life tenant shall be responsible for insurance, taxes, utilities, and maintenance sufficient to maintain the value of the property. The Community Foundation will have a written agreement with the life tenant regarding these responsibilities and other issues that would affect the value of the property

Mineral Interests.

The Community Foundation will accept royalty interests in producing properties and other non-producing mineral interests. Valuation of properties is the responsibility of the donor. The Community Foundation will assign income from any producing property to a specific fund only if the amount of income is material. Working interests are generally not directly accepted unless part of a partnership or corporation where

the operation and tax liability can be isolated. The staff may develop guidelines for management and accounting of producing mineral interests.

Royalty and Intellectual Property Rights.

The Community Foundation may accept gifts of royalties or distribution rights for published works such as books, music, films, or other intellectual property. An independent valuation by a qualified appraiser should be provided by the donor. The Community Foundation generally will not be responsible for the costs of publishing or reproducing intellectual property.

Retirement Plans or IRA Accounts.

Donors may make lifetime gifts of retirement assets or name the Foundation as the beneficiary of their plan. Retirement plans include, but are not limited to, Individual Retirement Accounts (IRA, 401(k), 403(b), and defined contribution plans.

Tangible Personal Property.

The Community Foundation may accept gifts of artwork, vintage cars, jewelry or other household or personal property (exception time share) that is not of use to the Community Foundation if the property can be sold for charitable benefit or transferred to another organization for use in its charitable purpose. For any gift in excess of \$5,000, the donor should provide a qualified appraisal. For any gift with costs related to handling, storage or insurance, provision should be made by the donor to cover these costs until the property is sold or converted to charitable use.

The valuation of a gift for the donor's tax reporting is the responsibility of the donor and the donor is urged to have an independent and qualified appraisal that meets the acceptable standards of the IRS. For gifts of cash, marketable securities, and other gifts that can be readily converted to cash, the value of these gifts will generally be determined according to the Community Foundation's investment policies. The charitable benefit from these gifts will be determined by the specific fund agreement which governs the gift. For gifts that are not readily converted to cash, the charitable grants will be limited to the net income provided by the asset after all expenses and fees. No charitable grant is available from a gift until it can be invested or until it generates a cash that can be used for charitable grants.

The Community Foundation has adopted specific policies regarding split-interests gifts such as charitable gift annuities and charitable remainder and lead trusts. Assets given as part of a split interest gift shall be evaluated with respect to the impact of the gift on the ability of the Community Foundation to fulfill the requirements of the gift without jeopardizing the ultimate charitable benefit. Split-interest gifts funded with

cash and marketable securities will be accepted according to the Community Foundation's policy on planned gifts. Split-interest gifts to be funded with other assets should be approved by the Executive Committee.

All fund policies and fund agreements approved by the Trustees of the Community Foundation are included as part of this gift acceptance policy. Guidelines may be developed by staff for procedures and documentation necessary to accept certain gifts and these guidelines may be included with this policy.

Additional Considerations for Acceptance of Illiquid Assets.

In connection with the acceptance of many types of illiquid assets, the Foundation may incur costs such as unrelated business income tax, fees or commissions associated with the sale or liquidation of assets, asset management and holding costs, consultant fees or other expenses outside the normal scope of the Foundation's administrative costs. Accordingly, as a condition of the Foundation's acceptance of the gift, the Foundation may require a pledge or other written agreement between the donor and the Foundation that provides for the payment of all or a portion of any such costs or expenses, including unrelated business income taxes, to the extent there is insufficient cash in the donor's fund to which the asset(s) have been donated to cover such costs.

Deferred Gifts and Planned Giving.

These are gifts whose benefits does not fully accrue to the Foundation until some future time, or whose benefits are split with non-charitable beneficiaries. Foundation representatives are authorized to solicit direct charitable gifts through wills, as well as contributions to establish gift annuities or charitable trusts.

Donor Bill of Rights

1. To be informed of the Oklahoma City Community Foundation's mission, or the way the Foundation intends to use donated resources and of our capacity to use contributions effectively for their intended purpose.
2. To be informed of the identity of those serving on the Oklahoma City Community Foundation's Board of Trustees and to expect the Trustees to exercise prudent judgment in fulfilling their stewardship responsibilities.

3. To have access to the Oklahoma City Community Foundation's most recent financial statements.
4. To be assured their contributions will be used for the charitable purposes for which they were given unless such purposes become impractical or impossible as defined by the variance power in the governing documents of the Oklahoma City Community Foundation.
5. To receive appropriate acknowledgement and recognition.
6. To be assured the information about their contributions is handled with respect and with confidentiality according to the Oklahoma City Community Foundation's Code of Conduct and Gift Acceptance Policy.
7. To expect that all relationships with individuals representing the Oklahoma City Community Foundation will be professional in nature.
8. To feel free to ask questions when making a contribution and to receive prompt, truthful and forthright answers.