



**WESTERN COLORADO  
COMMUNITY FOUNDATION**  
**GIFT ACCEPTANCE POLICY**

*Revised policy reviewed and adopted by Board of Directors 5/14/19*

## **INTRODUCTION**

**Purpose:** This gift policy is intended to guide the staff at Western Colorado Community Foundation (WCCF) when discussing current and deferred gifts with individual donors, their advisors, and organizations. Ideally, a donor will communicate with WCCF, as a gift is being planned, to formalize and document the donor's charitable intent. This policy establishes processes for reviewing and accepting gifts. WCCF reserves the right to not accept a gift for any reason.

WCCF promotes charitable giving, builds and manages charitable endowment funds, and provide grants and resources to benefit the residents and communities of western Colorado.

**Status:** Western Colorado Community Foundation is a tax-exempt organization as defined in Section 501(c)(3) of the Internal Revenue Code of 1986. The federal tax identification number for WCCF is 84-1354894. (See Appendix A).

**Approved:** These policies were last approved May 14, 2019. These policies will be reviewed annually by the WCCF development team and periodically by the WCCF Board of Directors.

**Amendments:** Any proposed amendments will be presented to the WCCF Board of Directors for approval. A written description of the proposed change(s) will be provided to the Board at least one week prior to the meeting at which the vote will take place.

**Authorization:** Authorization to negotiate planned gift agreements is granted to the President and Executive Director of WCCF and appropriate members of its staff. As needed, a Special Assets Committee, appointed by the board and reporting to the Executive Committee, will be used as a resource prior to approving the receipt or acceptance of certain current and planned gifts. All planned gifts shall be negotiated in accordance with this Gift Acceptance Policy and shall be consistent with the charitable intent of WCCF. WCCF shall seek the advice of legal counsel as appropriate. Variance from established guidelines and policies requires Board approval.

**Gift Processing:** WCCF recognizes that accurately processing a planned gift in a timely manner is important to both the donor and to WCCF. Therefore, coordination between development, accounting, general counsel and related functions is important.

Should anyone (such as a trustee or personal representative) need to know about the gift and the acceptance process, he or she will be notified promptly. A letter of thanks will be sent to the donor upon completion of the transfer.

**Legal Fees:** WCCF shall not pay fees related to drafting of legal documents for the benefit of a donor.

**Accounting and Financial Reporting:** WCCF will adhere to applicable accounting and financial reporting standards regarding all gifts made to WCCF.

## **DONATED ASSETS**

### **Gifts of Cash**

1. All gifts by check shall be accepted by WCCF regardless of amount.
2. Checks shall be made payable to Western Colorado Community Foundation. A program or project or fund at WCCF should be noted in the memo line. In no event shall a check be made payable to an individual who represents WCCF.
3. WCCF accepts third party checks from a donor IRA account to meet his/her Required Minimum Distribution as well as simple transfers. Qualified Charitable Distributions may not be allocated to a Donor Advised Fund where the donor is the advisor.

### Pledges

Pledges may be payable in single or multiple installments and must have a value of at least \$1,000. Generally, the pledge may not exceed five years in duration. All donors must complete a pledge form or confirm the pledge in writing.

### **Gifts of Publicly Traded Securities**

1. Readily marketable securities, such as those traded on a stock exchange, can be accepted by WCCF.
2. Gifts of securities shall be sold immediately by WCCF, unless circumstances otherwise dictate.
3. For WCCF gift crediting and accounting purposes, the value of the securities is the average of the high and low on the date of the gift, which is the date on which the security is transferred to WCCF ownership and not the date of sale of the security.

### **Gifts of Closely Held Securities**

1. Non-publicly traded securities may be accepted after consultation with the Executive Committee and Special Assets Committee. WCCF will consult with investment managers and/or its legal counsel as necessary.
2. Prior to acceptance, WCCF shall explore methods or plans of liquidation for the securities through redemption or sale. A representative of WCCF shall contact the closely held corporation to determine:

- An estimate of fair market value
  - Any restrictions on transfer
3. No commitment for the sale of closely held securities shall be made prior to completion of the gift of the securities.
  4. No restriction on the sale of closely held securities shall be made as a condition for the gift.
  5. The donor is responsible for the cost of obtaining a qualified, independent appraisal to determine the value of the gift for tax purposes.

### **Gifts of Real Estate**

1. Gifts of real estate must be reviewed by WCCF's Executive Committee and Special Assets Committee before acceptance. Special consideration will be given to any past or present environmental issues.
2. The donor is responsible for obtaining an appraisal of the property. The cost of the appraisal is borne by the donor or estate. The donor may be required to obtain a Level I or Level II environmental study and a radon study.
3. Prior to presentation to the Special Assets Committee, a staff member or designated representative of WCCF must conduct a visual inspection of the property. If the property is in a geographically isolated area, a local real estate broker can substitute for a member of the staff in conducting the visual inspection. Special consideration should be given to any potential past or present environmental issues.
4. Due to the expenses associated with gifts of real estate, only gifts valued in excess of \$50,000 will be accepted.
5. Prior to presentation to the Special Assets Committee, the donor must provide copies of the following documents:
  - Real estate deed, including full legal description of property
  - Preliminary title report
  - Most recent property tax bill
  - Insurance policies in force
  - Substantiation of zoning status, as appropriate
  - Mortgages or other encumbrances
6. Depending on the value and desirability of the gift, the donor's connection with WCCF, and the donor's past gift record, the donor or estate may be asked to pay for all or a portion of the following:
  - Maintenance costs
  - Real estate taxes
  - Insurance premiums

- Real estate broker's commission and other costs of sale
  - Appraisal costs
7. For WCCF's gift crediting and accounting purposes, the value of the gift is the appraised value of the real estate. (Note: WCCF may choose to exclude from the value of the gift any costs for maintenance, insurance, real estate taxes, broker's commission, and other expenses of sale that it incurs.)
  8. Any unclaimed personal property accompanying a real estate gift will be treated on a case by case basis for purposes of determining value, if any.
  9. Encumbered properties would be given special scrutiny before being accepted as a gift.

### **Gifts of Oil, Gas or Other Mineral Interests**

Western Colorado Community Foundation may accept oil, gas, mineral and other similar interests when appropriate. Prior to acceptance of such gifts, the asset will be reviewed and approved by the WCCF's Special Asset Committee and Executive Committee. WCCF will consult with its legal counsel and appropriate experts as necessary.

Criteria used to evaluate acceptance may include:

- Value of asset;
- Royalties or other income;
- Liabilities or expenses, or other considerations that make receipt of the gift inappropriate
- Marketability.

A working interest will rarely be accepted. A working interest may only be accepted when there is a plan in place to minimize potential liability and tax consequences.

It is the Western Colorado Community Foundation's policy to liquidate such interests as soon as practical unless the income generated from holding the interests is deemed enough to justify holding them. Assets of limited current value but with significant potential future value may also be accepted and held, after a thorough review process.

A plan to address management of the asset, coverage for related expenses, and distributing income for charitable purposes in Western Colorado will be established at the time of the gift. Such assets will be held in one or more LLC's, or another appropriate vehicle, in order to protect the Western Colorado Community Foundation from potential liabilities.

WCCF may require that the donor cover some or all the expenses incurred by the Foundation to perform due diligence activities, establish the value of the anticipated income from the asset, or form an LLC or other vehicle to hold the asset.

### **Gifts of Life Insurance**

1. Gifts of life insurance can be made in the following ways:

- Irrevocably assign a paid-up policy
  - Irrevocably assign a policy in which premiums are still due, determined on a case by case basis
  - Establish a new life insurance policy for which WCCF will be the owner and beneficiary
  - Name WCCF as a beneficiary of a policy in which a donor retains ownership
2. WCCF will accept outright gifts of life insurance policies as gifts only when WCCF is named as the owner and beneficiary of 100% of the policy. WCCF may accept a partial ownership and beneficiary after review of the policy and the obligations to maintain.
  3. WCCF will retain all power in accordance with ownership, including the rights to surrender a policy and select payment options.
  4. WCCF may not accept life insurance gifts that include any prearranged obligation to maintain the policy by paying premiums from Foundation assets.
  5. If the policy is a paid-up policy, the value of the gift for WCCF's gift crediting and accounting purposes will be the policy's replacement cost at the time of the gift.
  6. If the policy is partially paid up, the value of the gift for WCCF's gift crediting and accounting purposes is the policy's cash surrender value at the date of the gift. (Note: For IRS purposes, the donor's charitable income tax deduction is equal to the interpolated terminal reserve, which is an amount slightly in excess of the cash surrender value.)
  7. WCCF will not enter into any charitable split-dollar, charitable reverse split-dollar, or partial interest agreements.

### **Gift of Tangible Personal Property**

1. Gifts of tangible personal property to WCCF should have a use related to WCCF's tax-exempt purpose or be readily saleable to secure cash for the support of that purpose.
2. Gifts of jewelry, artwork, collections, equipment, and software may be accepted after review and approval by the Executive Committee and the Special Assets Committee.
3. Such gifts of tangible personal property may be used by or sold for the benefit of WCCF.
4. No property that requires special display facilities or security measures shall be accepted by WCCF without consultation with the Executive Committee and the Special Assets Committee.
5. Depending upon the anticipated value of the gift, the donor may be required to obtain a qualified independent appraisal prior to WCCF's acceptance. The cost of the appraisal will be borne by the donor or the estate.
6. WCCF adheres to all IRS requirements related to disposing gifts of tangible personal property and filing appropriate forms.

7. The Special Assets Committee will be convened for any proposed gift not currently covered in this policy to determine further action and acceptance.
8. The donor will be responsible for obtaining any required appraisal and securing appropriate title documents if any.

## **PLANNED GIFTS**

WCCF currently offers the following planned gift options:

1. Bequests
2. Beneficiary Designations
3. Charitable remainder trusts
4. Charitable lead trusts
5. Retained life estates
6. Life Insurance

### **Bequests**

1. Assets transferred through bequests that have immediate value to WCCF or can be liquidated (e.g., bank accounts, retirement accounts) shall be encouraged by the development staff. Gifts that appear to require more cost than benefit shall be discouraged or rejected after review by the Executive Committee and Special Assets Committee on a case by case basis.
2. Donors who have indicated that they have made a bequest to WCCF may, depending upon the individual situation, be asked to disclose, in writing or by copy of the will or living trust provision, the relevant clause that benefits WCCF as evidence of their gift. However, this request shall be made judiciously and is not a condition for any gift. Such information will be used for internal financial purposes and is not binding to the donor.
3. WCCF will not act as an executor (personal representative) for a donor's estate but may nominate a suitable individual to perform this role, including an employee of WCCF.

### **Beneficiary Designations**

1. Donors who have indicated that they have named WCCF as a beneficiary may, depending upon the individual situation, be asked to disclose, in writing or by copy of the designation form, the relevant clause that benefits WCCF as evidence of their gift. However, this request shall be made judiciously and is not a condition for any gift. Such information will be used for internal financial purposes and is not binding to the donor.
2. While WCCF does not market, initiate or issue Charitable Gift Annuities, WCCF may be named as a beneficiary of the annuity.

### **Charitable Remainder Trusts**

1. A Charitable Remainder Trust (CRT) is a separately administered trust created by a donor. The trust will make income payments to the donor and/or other named beneficiaries for life or a term of years (20-year maximum). Upon termination of the trust, all assets are distributed to the named charitable remainder beneficiaries.
2. WCCF will not serve as trustee for a CRT.
3. A CRT may be established by a donor in consultation with WCCF, or independently by the donor with his or her advisors. WCCF will actively solicit CRTs in which it is named as a beneficiary, and which are deemed to further the charitable mission of WCCF.
4. Investment of a CRT shall be determined by the fiduciary hired to manage the trust. Neither WCCF nor any employee or representative of WCCF will provide management or investment advice or services to any CRT of which WCCF is a beneficiary.
5. The donor will be responsible for securing and compensating independent tax and legal counsel to provide guidance and preparation of trust documents.
7. In some situations, the payout rate of a CRT may be negotiated by the donor and WCCF. By law the payout rate cannot be lower than 5 percent, and the remainder interest must equal or exceed 10 percent. The payout rate shall reflect the number of beneficiaries, their ages, and the size of the trust.

### **Charitable Lead Trusts**

1. A Charitable Lead Trust (CLT) is a separately administered trust created by a donor. The trust will make income or “lead” interest payments to WCCF for a period measured by a fixed term of years, the lives of one or more individuals, or a combination of the two. After this time, the trust assets are paid to either the donor or to one or more named beneficiaries.
2. WCCF will not serve as trustee for a CLT.
3. A CLT may be established by a donor in consultation with WCCF, or independently by the donor with his or her advisors. WCCF will actively solicit CLTs in which it is named as an income beneficiary, and which are deemed to further the charitable mission of WCCF.
4. Investment of a CLT shall be determined by the fiduciary hired to manage the trust. Neither WCCF nor any employee or representative of WCCF will provide management or investment advice or services to any CLT of which WCCF is a beneficiary.
5. The donor will be responsible for securing and compensating independent tax and legal counsel to provide guidance and preparation of trust documents.

6. In some situations, the payout rate of a CLT may be negotiated by the donor and WCCF. The income level to WCCF should be decided based upon the donor's wishes to help WCCF, the amount of assets a donor wishes to transfer to heirs (or in the case of a grantor trust, back to the donor), and transfer taxes (including potential generation skipping transfer taxes).