

Mt. Pleasant Area

community foundationSM

Gift Acceptance Policy

I. PURPOSE AND SCOPE OF THE POLICY STATEMENT

A. GENERAL PURPOSE

The need for such a policy as this arises from the fact that donors of charitable gifts must assign a value to their gifts to establish their charitable income tax deduction bases. The tax regulations relating to valuations of charitable gifts are complex, and tax deductions are dependent on how the donor acquired the property, its current value, and the use to which the gift is being put by the Mt. Pleasant Area Community Foundation (MPACF). To avoid misunderstanding or conflict between a donor and the Mt. Pleasant Area Community Foundation as to valuation when a gift is made to the MPACF, the MPACF will follow the guidelines set forth below. However, the MPACF cannot give assurance that any valuations given will be acceptable to the Internal Revenue Service for charitable tax deduction purposes. In every case, donors must rely on their professional legal and tax consultants. The MPACF will abide by the substantiation rules for valuing charitable gifts as outlined in the IRS Code and regulations.

B. SCOPE OF THE STATEMENT

The basic items to be covered in this policy are:

1. Circumstances under which a gift will be accepted.
2. Circumstance under which a financial valuation amount will be acknowledged to the donor in the form of a receipt.
3. Circumstances under which no financial valuation amount will be acknowledged, but under which only a description of the item received will be issued to the donor in the form of a receipt.

II. DEFINITION OF KINDS OF GIFTS AND THE AGENCY FOR ADMINISTRATION

A. CONTRIBUTIONS REVIEW PROCESS

1. *Contributions Review Process is the responsibility of the Finance Committees.*

2. Function of the Contributions Review Process:

Of prime importance to the MPACF in the acceptance of the gift is the identification and motivation of the donor. If there is any question about the source or the appropriateness of the funds or the donor, e.g., the gift might derive from sources inconsistent with the philosophy of the MPACF, the decision to accept such a gift must be made by through the Contribution Review Process. Because of the varied nature of charitable gifts,

proposed or offered gifts which have unusual restrictions or which have limited application to the mission of the MPACF must be reviewed by the Contribution Review Process before acceptance. The Contribution Review Process must evaluate both if the acceptance of a given gift is in the best interest of the MPACF, and if the MPACF can administer the terms of the gift to meet the wishes of the donor. All gifts must have a charitable benefit to the MPACF. Generally, donors should be encouraged to make unrestricted gifts to the MPACF.

3. The Finance Committee shall advise the Executive Committee and/or the Board of Trustees as to the acceptance of gifts requiring approval. (See II.B)

B. PROCEDURES FOR GIFTS REQUIRING APPROVAL

In conjunction with their tax and financial planning, some donors may be interested in making gifts of specific assets that create more risk for the Foundation. Those types of gifts (e.g. identified below) will require a review by staff and the Finance Committee prior to being accepted by the Board or Executive Committee. In addition, the Executive Director may, at his or her discretion refer any other proposed gift transaction to the Finance Committee for review and advice if he or she has any concerns about the valuation, disposition, or other issue which suggests a review of the proposed gift is warranted.

Gifts that require Finance Committee Review and Board or Executive Committee approval are:

1. *Non-Public Securities*
2. *Real Property*
3. *Tangible Property which is not readily needed for the Foundation's use or related to its purpose*
4. *Life Insurance policies*
5. *Gifts received through Charitable Gift Annuities*
6. *Any gift proposed to be made pursuant to an agreement that is substantially or materially different from the standard Fund Agreements approved by the Executive Director and the Foundation's legal counsel.*
7. *Any gift that includes a restriction or suggestion regarding the Foundation's use of funds that would raise legal, ethical, policy or practical concerns for the Foundation*

C. PROCEDURES FOR GIFTS NOT REQUIRING APPROVAL

Some gifts pose little threat to the assets of the Foundation, and authorized staff members may accept those type of gifts (e.g. identified below) without the prior review or, subject only to the gift being consistent with these Policies and the purposes and By-laws of the Foundation. The Executive Director, or staff member designated by the Executive Director, from time to time, shall be authorized to accept gifts that do not require prior review and approval and to negotiate the terms of and execute any gift agreement related thereto on behalf of the Foundation.

Gifts that may be accepted without Finance Committee approval are:

1. *Cash and Cash Equivalents*
2. *Publicly-Traded Securities*
3. *Gifts of Tangible Property for Foundation Use*

D. GENERAL DEFINITIONS OF KINDS OF GIFTS

Most donors give gifts to the MPACF for use by the MPACF as the MPACF determines (“unrestricted gifts”), or for some specific purpose within the pale of the MPACF’s charitable mission (“restricted gifts”). Gifts, whether restricted or unrestricted, are either made outright allowing the MPACF to use the gift immediately (“current gifts”), or the gifts are made subject to some manner of deferral resulting in the MPACF being unable to use the gifts until some certain or indeterminable time has past (“deferred gifts”). Deferred gifts are usually personal will and trust charitable bequests although other gifts may involve the payment of income from the donated gift assets to individuals over their lifetimes (“life income gifts”). Where life income deferred gifts are involved, in order to determine the value of the income to be paid to the income beneficiaries and the value of the charitable income tax deduction taken by the donor, a valuation of the gift assets will need to be established in accordance with IRS regulations.

III. POLICY STATEMENTS CONCERNING SPECIFIC TYPES OF GIFTS

The MPACF will issue gift receipts of various types depending on the nature of the charitable gift made.

- A. CASH** (including cash equivalent, such as Certificates of Deposit and savings accounts)
Receipts including gift value will be issued to donors making cash gifts.

- B. MARKETABLE SECURITIES** (stocks, bonds, U.S. Government securities)
Gifts of publicly traded securities will be accepted and will be acknowledged by receipt for the number of shares given. The donor will be acknowledged by letter stating the average value of the high and low selling price of the securities on the date of the gift; however, donor must consult with their tax advisor for further determination.

- C. NON-PUBLICLY TRADED SECURITIES** (closely held stock)
The Contributions Review Process will review the advisability of accepting gifts of closely held stock. Usually, receipt for a gift of such stock will reflect only on the description, omitting valuation.

D. INSURANCE POLICIES

“Term” insurance policies are not usually accepted by the MPACF; however, if the MPACF is made the owner of such a contract, a receipt (without gift valuation) which describes the policy will be issued to the donor. If a permanent life insurance policy has a cash surrender value at the time of the gift (whole life or endowment insurance), a

receipt containing the policy description and the amount of the policy interpolated terminal reserve plus unearned premium, plus accumulated value of dividends as of the date of the gift will be issued to the donor. If a new whole life insurance policy is given, a receipt will be issued for the value of the initial premium paid by the donor or paid by the MPACF from funds received by the donor.

E. REAL ESTATE (Non-Income Producing)

An offer of real estate to the MPACF must be reviewed by the Contributions Review Process. Generally, if the real estate has potential resale value, the gift will be accepted. If the real estate has questionable potential disposition, consideration should be given to declining the gift. To be acceptable, gift property shall have been a subject of a recent acceptable environmental study. If accepted, the MPACF will issue a receipt containing only the legal description of the real estate.

F. REAL ESTATE (Income Producing)

The potential receipt of income producing property must be reviewed carefully by the Contributions Review Process together with the MPACF auditors. The receipt of unrelated business income and its effect on the on the nonprofit status as well as the administrative burden of the MPACF must be completely understood before such a gift is accepted. To be acceptable, gift property shall have been a subject of a recent acceptable environmental study. If accepted, the MPACF will issue a receipt containing the legal description of the real estate.

G. TANGIBLE PERSONAL PROPERTY

There are several types of tangible personal property that could be received by the MPACF. In general, no gift value will be included in a receipt for personal property. Because of the complications of the decision to accept personal property gifts, the Contributions Review Process must review all personal property gift offers prior to acceptance and if acceptable, advise the donor if the MPACF intends to retain or make immediate disposition of the object.

H. MISCELLANEOUS

Receivables, debt instruments, land contracts promissory notes, etc. An offer of such instruments to the MPACF must be reviewed by the Contributions Review Process.

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