



Gift Acceptance Policies and Procedures

Gift Acceptance Policy

The Board of Directors of The Lake County Community Foundation has adopted these procedures to maximize the value of gifts to the Foundation, while minimizing costs and risks to the Foundation associated with these gifts. Procedures shall be applied by the development staff in compliance with these policies.

Periodic Review. The Development Committee, in conjunction with Executive Director, Director of Donor Services and Operations and Director of Development, shall review these procedures at least every five years to recommend revisions for approval by the Board of Directors.

Specified Review. These procedures shall be reviewed and ratified by the Development Committee each time that the Board of Directors has determined that the Foundation will embark on a capital or other fundraising campaign. The Development Committee shall also review these procedures upon introduction of new legislation or regulatory rules affecting fundraising and gift acceptance by the Foundation, to assure continued compliance by the Foundation with the legislation and rules.

Supervision and Compliance. Questions regarding interpretation of the policies shall be directed to the Director of Development. If further review is necessary, or if a gift is uniquely complex, the gift will be reviewed by a sub-committee comprised of the Executive Director, Director of Donor Services and Operations, Development Committee Chair and Executive Committee of the Board of Directors.

Discretion. The Foundation reserves the right to accept gifts on a discretionary basis. The Foundation may refuse gifts that are judged too difficult to administer, pose risk to the Foundation or require restrictions that are inconsistent with the Foundation's mission, purposes or priorities. The Foundation reserves the right to outsource the liquidation of complex gifts.

Responsibility to Donors

The Lake County Community Foundation, its staff and representatives shall endeavor to assist donors in accomplishing their philanthropic objectives in providing support to the Foundation.

Confidentiality. Information concerning all transactions between a donor and the Foundation shall be held by the Foundation in strict confidence and may be publicly disclosed only with permission of the donor.

Anonymity. The Foundation shall respect the wishes of donors who choose to support the Foundation anonymously and will take reasonable steps to safeguard those donors' identities.

Acknowledgement. Acknowledgement of all gifts made to The Foundation and compliance with the current IRS requirements in acknowledgement of such gifts is the responsibility of The Foundation. [IRS Publication 561 Determining the Value of Donated Property](#) and [IRS Publication 526 Charitable Contributions](#) provide excellent guidance.

Donor Bill of Rights. To assure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors have full confidence in the not-for-profit entities they support, The Foundation has proudly adopted the [Association of Fundraising Professionals \(AFP\) Donor Bill of Rights](#).

Disclaimer. Each prospective donor to the Foundation shall be informed that the charity does not provide legal, tax or financial advice, and shall be encouraged to discuss all charitable gift planning decisions with their legal, financial or tax advisor before entering into any commitment to make a gift.

Gift Acceptance Procedures: Outright Gifts

Cash: The Foundation accepts cash, checks, money orders and gifts via credit card.

Marketable Securities: The Foundation accepts gifts of publicly traded stocks and bonds. Securities in "street name" may be transferred to the Foundation's account; thereafter the Foundation may choose to sell or hold the securities. When the gift is in the form of physical securities the Foundation may sell or hold the securities.

Cryptocurrency: The Foundation accepts gifts of cryptocurrency. Due to the highly volatile nature of this asset, gifts of cryptocurrency will be immediately outsourced for liquidation.

Stock in Privately Owned Companies: To be accepted, such stocks must have a qualified appraisal performed by an independent professional appraiser. If immediately marketable, the stocks are sold. If not, they are kept until they can be redeemed. Prior to approval, such gifts are reviewed by the Director of Development and legal counsel.

Stock in subchapter S Corporations: To be accepted, such stocks must have a qualified appraisal performed by an independent professional appraiser selected by the donor. Prior to approval, such gifts are reviewed by the Director of Development and legal counsel.

Real Estate: Prior to approval, such gifts are reviewed by the Director of Development and legal counsel. Concerns include legality, mortgages, easements, restrictions and environmental issues. Until the property is sold, the donor must provide for obligations such as taxes and insurance. What follows is a comprehensive list of issues and information that may be relevant. To facilitate the transfer, a donor should make note of those issues relevant to the property they wish to donate.

1. Exact legal name of donor and federal I.D. number.
2. Description of property.
3. Description of any buildings or other structures located on the land.
4. Boundary survey of property with location of all structures, easements and encumbrances appearing on the face of the survey.
5. Information regarding mortgage, if any.
6. Information regarding existing zoning status.
7. Information on all ingress/egress for the property.
8. Description of prior use of the property.
9. Description of use of surrounding property, with specific disclosure of any storage tanks or potential environmental factors affecting the property.
10. Disclosure of any contemplated or anticipated condemnations, rights-of-way or other actions by municipalities that may affect the subject property.
11. Phase I environmental report on the property, including environmental report on any structures located on the real estate.
12. Specimen of title insurance commitment or schedule describing any liens, encumbrances or title matters affecting the property.
13. Copy of appraisal showing the fair market value of the property current within 180 days.
14. Disclosure of amount of existing real estate taxes, insurance premiums and assessments attributable to the property.
15. Discussion with proposed donor regarding any special arrangements for donor's fund or other sources to address ongoing expenses for taxes, insurance, assessments, maintenance, grass cutting, security, utilities, etc.
16. Specimen of proposed Seller's Affidavit disclosing any and all tenants, leases, security instruments, graves or cemetery parcels, etc.
17. Draft of proposed Warranty Deed conveying title from proposed donor to the Foundation.

Vehicles: The Foundation accepts donations of cars, trucks, SUVs, motorcycles, motorboats and planes through a partnership with [Charitable Adult Rides and Services \(CARS\)](#). Donations can be made via the Foundation's CARS [website page](#).

Other Tangible Personal Property: The property must be sellable and the donor must agree that the property can be sold unless the Foundation agrees to use the property for a purpose related to its exempt purpose. At least one qualified appraisal by an independent professional is required. Prior to approval, such gifts are reviewed by the Director of Development and legal counsel.

Partnership Interests and Interests in Limited Liability Companies (LLC): The Foundation does not accept gifts of general partnership interests. Prior to approval of gifts of limited partnership interests or interests in an LLC all relevant partnership and LLC agreements will be reviewed by the Director of Development and legal counsel with particular attention given to the activity of the partnership/ LLC and how allocations are made. Further, the underlying assets and liabilities of the partnership/ LLC will be reviewed.

Retirement Plan Assets: The Foundation will accept funds it receives as the designated beneficiary of a retirement plan (for example, an IRA, 401(K) contribution plan or a defined contribution plan). The Foundation requires a copy of the executed designation form which the donor has submitted to the Retirement Plan Administrator to name the Foundation as the beneficiary. The Foundation can accept Qualified Charitable Distributions (QCDs) from an IRA, however those assets cannot be contributed to a Donor Advised Fund (DAF).

Gift Acceptance Procedures: Deferred Gifts

Bequests: The Foundation receives bequests from persons who have directed in their wills that certain assets be transferred to the Foundation. These bequests are subject to the review of the Director of Development and legal counsel. The Foundation's legal name is *The Lake County Community Foundation*.

Life Insurance: The Foundation accepts life insurance policies for which the donor has relinquished ownership by assigning all rights, title, and interest in the policy to the Foundation. If the insurance policy is not fully paid up, the usefulness of the gift is judged on a case-by-case basis. If the policy is accepted, the Foundation may choose either to cash it in for the current surrender value or continue to pay the premium (e.g., the Foundation has paid the premium on a policy for which the donor provides an annual contribution equal to the premium).

The Foundation may accept life insurance policies as gifts to the Foundation on the following terms:

1. The Foundation shall be both the owner and the beneficiary of any policy accepted by the Foundation. The Foundation may decline to accept any

- insurance policy if it is not in the best interest of the Foundation to accept the proposed gift.
2. The donor agrees that the proceeds from the policy will be the property of The Lake County Community Foundation to be administered by the Foundation for such purposes as designated by the donor, subject to the policies and procedures of the Foundation.
 3. The Foundation shall have no obligation to continue premium payments on insurance policies.
 4. If any insurance policy lapses for non-payment prior to maturity because a donor fails to provide sufficiently for premium payments, the Foundation may redeem the policy and apply the proceeds from any cash settlement to its unrestricted endowment fund.
 5. The minimum dollar amount of the life insurance policies to be considered for acceptance by the Foundation is \$50,000.
 6. As of this writing, the Foundation does not participate in charitable split dollar insurance plans.

Life Income Arrangements: Several types of deferred giving arrangements can be established during one's lifetime or through a will and can be structured to provide a life income for oneself or a loved one. Life income arrangements include: charitable gift annuity, charitable remainder annuity trust, charitable remainder unitrust, and a remainder interest in a residence or farm. Charitable lead trusts provide income over a term of years or a person's lifetime to charity.

Disclaimer: In conformance with the Treasury Department regulations governing community foundations, gifts to the Foundation may not be directly or indirectly subjected by a donor to any material restriction or condition that prevents the Foundation from freely and effectively employing the transferred assets, or the income derived there from, in furtherance of its exempt purposes.

Gift Acceptance Procedures: Split Interest Gifts

Charitable Remainder Trusts. The Foundation may accept gifts from charitable remainder trusts in a form substantially similar to the forms approved by the Treasury Department or are otherwise determined by the Director of Development and legal counsel to be legal trusts for administration by the Foundation on the following terms:

1. The Foundation may accept charitable remainder interest from any charitable remainder trust if the Foundation determines it is in its best interest to accept the gift.
2. The Foundation encourages the use of a Trustee suitable to the donor including banks or other appropriate institutions. The Foundation will consider serving as Trustee at a market rate if the Foundation is the irrevocable remainder

beneficiary. Should the Foundation be selected to serve as Trustee, the Foundation will provide donor's advisors with certain necessary Trustee provisions.

3. The Foundation encourages donors to consult their own legal counsel and tax advisors to create a charitable remainder trust. When desirable, the Foundation will provide sample documents and calculations for the donor and his or her advisors to review.

Family Limited Partnerships. Prior to the Foundation accepting family limited partnership interests, the partnership agreement must be reviewed by the Executive Director and legal counsel. They will review the agreement's structure, function and underlying assets. Issues to be reviewed include but are not limited to the following:

1. Value of the limited partnership interest. Generally, a minimum discounted value of the limited partnership interest, as established by a qualified appraisal of \$10,000 is required.
2. The beneficiary of both the income stream and the liquidation proceeds of the limited partnership interest must be the Foundation.
3. Costs to the Foundation in holding the interest such as administrative responsibilities, tax return preparation and unrelated business income tax. The donor may be asked to cover all or some of these costs, particularly the unrelated business income tax which may be generated by phantom income.
4. Other considerations:
 - Is the Foundation's interest sufficiently liquid?
 - Does the agreement provide the Foundation the power to redeem its interest, either through a preferred interest with a guaranteed return or a series of put options upon the expiration of which the Foundation has a right to absolute redemption or another method agreed upon by both parties?
 - Do the "family" partners intend to liquidate at some point in time?

Gift Acceptance Procedures: Other

The Foundation may accept gifts other than the types of assets indicated above. Other gifts are subject to review by a sub-committee comprised of the Executive Director, Director of Donor Services and Operations, Development Committee Chair and Executive Committee of the Board of Directors.