GIFT ACCEPTANCE PROCEDURES

The Community Foundation of Northeast Alabama (CFNEA) receives a variety of charitable funds from immediate and deferred gifts, both endowed and non-endowed. These gifts from generous donors, friends and supporters provide broad-based grants and scholarship awards to enhance the quality of life in communities throughout the nine-county service area.

This document is intended to guide staff in accepting and managing gifts suitable to the needs and the interests of our donors and in keeping with our capacity to support and steward these contributions. CFNEA’s Board of Trustees has sole control and oversight over all assets; therefore, these procedures are subject to their approval and any future amendments or modifications.

I. IMPLEMENTATION.

A. Policies and Guidelines. It is the role of the Board of Trustees to consider and adopt general gift acceptance and development policies for CFNEA. Such policies may include the general statement of gift policy, as well as other policies, guidelines, and procedures applicable to specific types of gifts and development efforts that may be adopted by the Board from time to time.

B. Tax Deductibility of Gifts. CFNEA is a 501(c)(3) qualified public charity recognized by the Internal Revenue Service and the Office of the Alabama Attorney General. Donors who file an itemized tax return are entitled to receive a charitable income tax deduction equal to the full value of the gift, subject to the 30% (capital gains effected gifts) and 50% (cash gifts) adjusted gross income limitation established by the IRS. However, donors may carry over any excess deduction for an additional five years.

C. Investments. CFNEA reserves the sole right to make any or all investment decisions regarding gifts in accordance with its Investment Policy. In exchange for a gift, donors receive a charitable tax deduction and give up all rights, title, and interest to the assets contributed. In particular, donors give up the right to choose investments and investment managers, brokers, or to veto investment choices for their gifts.

D. Authority to Negotiate. The President & CEO and/or his/her designee, have the authority to handle inquiries, receive gifts, negotiate with donors, assemble documentation, retain expert and technical consultants, and execute charitable agreements on behalf of CFNEA. Assuming such activities follow approved procedures and assuming CFNEA's legal counsel approves such agreements. This authority to act will not require review or further approval by the Board. The President & CEO may refer any proposed gift transaction to other volunteer professional advisors for review and advice.

E. Donor Recognition. CFNEA recognizes the paramount role of donors and their gifts enabling CFNEA to achieve its charitable purposes. Staff will recognize and acknowledge donors in appropriate ways both publicly and privately, subject to the confidentiality provisions of Section
II. G below. CFNEA’s staff will establish appropriate ongoing programs and systems for educating and informing donors and prospective donors about the organization, its activities, and the public impact of its grants and scholarships.

F. Confidentiality. All donations and charitable agreements with donors and information concerning donors and prospective donors shall be held in strict confidence by CFNEA, subject to the Confidentiality Policy, Privacy Policy and legally authorized and enforceable requests for information by governing agencies and courts. All other requests for or releases of information concerning a donor will be honored or allowed only if permission is obtained from the donor prior to the release of such information.

G. Standard Forms/Documents. For administrative ease and convenience, CFNEA has developed standard donor forms, pledges, contracts and charitable agreements and other documents relating to CFNEA’s development program as deemed appropriate. CFNEA will provide standard forms to a prospective donor and the donor’s advisers upon request and encourage their use whenever practicable.

H. Donor’s Counsel/Responsibilities. CFNEA’s staff will encourage prospective donors to have the terms of all proposed gift agreements reviewed by the donor’s own independent legal or financial advisers. The donor should also understand that it is the donor’s responsibility to read and review all agreements, seek counsel from professional advisers, obtain at their expense any necessary appraisals, file appropriate tax returns, and maintain charitable donation records to substantiate all charitable gifts and tax benefits.

I. Promotion and Public Education. CFNEA’s mission and activities are actively promoted through marketing and other educational or fundraising communications. Accordingly, CFNEA staff shall regularly develop and implement, with appropriate Board supervision and involvement, events and materials to secure immediate, regular and deferred charitable donations. The policy of CFNEA is to inform, serve, guide, or otherwise assist donors who wish to support CFNEA’s charitable work, but never, under any circumstances, to pressure or unduly persuade donors to make gifts.

J. Material Restrictions. CFNEA reserves the right to refuse any gift that it believes is not in the best interests of the organization. Gifts to CFNEA may not be directly or indirectly subject to any material restriction or condition that prevents CFNEA from freely and effectively employing, utilizing or liquidating the transferred assets or the income derived from the assets in furtherance of its charitable purposes.

K. Disqualified Person: The IRS defines a disqualified person “as any person who is in a position to exercise substantial influence over the affairs of the applicable tax-exempt organization. It is not necessary that the person actually exercise substantial influence, only that the person be in a position to do so.” Therefore, donors and persons appointed or designated by donors are “disqualified persons” if they have, or reasonably expect to have, advisory privileges with respect to a Donor Advised Fund. Likewise, members of a donors’ and an advisors’ family are disqualified persons.

L. Under the Pension Protection Act of 2006, the excess business holdings rule applies to donor-advised funds as if they were private foundations. Therefore, the holdings of a donor-advised fund in a business enterprise, together with the holdings of persons who are disqualified persons with respect to that fund, may not exceed either of the following:
• Twenty percent of the voting stock of an incorporated business, or
• Twenty percent of the profits interest of a partnership or joint venture or the beneficial interest of a trust or similar entity.

1 A Business Enterprise is the active conduct of a trade or business, including any activity which is regularly carried on for the production of income from the sale of goods or the performance of services.
2 See Section I. K. Disqualified Person

Ownership of unincorporated businesses that are not substantially related to the fund’s purposes is also prohibited.

The rule does not apply to most gifts of real property, life insurance, non-inventory personal property, and a remainder interest in a personal residence or farm because these assets are not “business enterprises.” In addition, the rule does not apply to a gift of an interest in a business enterprise being made to any other type fund (such as a designated endowment fund or field of interest fund) at the CFNEA.

The CFNEA Investment Committee in conjunction with the President & CEO shall be responsible for monitoring the assets accepted and held in donor-advised funds to ensure compliance with this rule. If purchases by disqualified persons cause the donor-advised fund to have excess holdings, the donor-advised fund will have 90 days to dispose of the excess.

M. Gift Restrictions: In 2008 the State of Alabama adopted the Uniform Prudent Management of Institutional Funds Act of 2006 which enables CFNEA to release or modify a restriction contained in a gift instrument (such as a fund agreement) under certain circumstances. Every CFNEA fund agreement explicitly states this information in the section titled Variance Authority.

III. FUND TYPES.

The Foundation establishes component funds and support foundations in response to community needs and donors’ charitable concerns. The Board of Trustees of CFNEA has responsibility for acceptance, management and disposition of component funds. Options for fund structures at the Foundation include the following:

A. Unrestricted Funds. Also known as discretionary funds, unrestricted funds are available for donor gifts for any charitable purposes encompassed by the Foundation’s mission. The Board of Trustees determines how unrestricted funds are used. Donors can also have their own named fund that has an unrestricted designation.

B. Field of Interest Funds. Field of Interest funds are designated to broad areas defined by the donor’s preference around a defined charitable purpose, without designation of recipient organizations or programs through which such charitable purposes may be served. Permanently endowed field of interest funds hold competitive grant processes to award not-for-profit organizations. The Board of Trustees determines which organizations and programs receive grants from field of interest funds and the amount and timing of such grants. Examples of field of interest funds include but are not limited to:

- Children, Youth and Families
- Arts and Culture
- Education
- Community and Neighborhood Development
- Social Justice
C. **Donor Advised Funds.** Donors make tax-deductible gifts to establish advised funds for unrestricted charitable purposes. The donor, or persons identified by the donor, maintains the ability to offer recommendations to the Foundation regarding the recipients (qualified charitable organizations) and amounts of grants from the fund. Advised funds typically treat donations as permanent endowments, and do not permit grants to be made from the donation of principal. In some cases, however, donors may choose to establish an advised fund that permits the invasion of principal as a non-endowed fund.

D. **Scholarship Funds.** Scholarship funds are dedicated to providing grants for educational purposes to assist individuals within an identified class, such as residents of a particular region, students attending a specific university or undertaking a selected course of study.

E. **Agency Funds:** Endowments build a permanent source of dependable income for an organization. This permanent pool of assets is intended to both grow and help financially stabilize a not-for-profit organization forever. Endowments are created by the not-for-profit organization itself.

F. **Designated Funds.** Designated funds are created by donors for one or more charitable organizations, and all grants made from such funds must be made to or for the use of the designated recipient organization. If the recipient organization ceases to exist or changes its status or mission as a charitable organization, the Foundation’s Board of Trustees may exercise its variance authority, selecting an alternate use for the fund compatible with its original charitable purpose.

G. **Fiscal Sponsor Funds:** These funds support a Foundation approved charitable project or program over a long period of time or requiring significant administrative support.

H. **Special Projects Funds:** These funds are in support of a Community Foundation approved charitable project or program over a long period of time or requiring significant administrative support.

I. **Pass-Through Funds.** CFNEA often serves as the fiscal sponsor for charitable activities in its nine-county region with groups and not-for-profit organizations that could benefit from CFNEA’s financial expertise. Pass-Through Funds support a Foundation approved charitable project or program of a short duration with minimal administrative support required.

J. **Charitable Gift Annuities (CGA):** These funds are in support of a Foundation approved charitable project or program. Ultimately the CGA will mature and become an endowed fund.

K. **Forging Funds:** Donors will accumulate assets to reach the minimum amount required to establish an endowment fund ($10,000) or a scholarship fund ($50,000),

L. **Supporting Organizations.** Supporting Organizations, such as family or private foundations (minimum of $1 million dollars) may retain their unique charitable character while benefiting from the Foundation’s investment and administrative services. Supporting organizations are independently incorporated tax-exempt not-for-profit entities with separate governance. A supporting foundation is a grant making organization that avoids private foundation status by
being operated, supervised, controlled by, or in connection with CFNEA. This requirement can be met in part if the Board of Trustee of CFNEA appoints a majority of the board of directors of the support foundation.

IV. MANAGEMENT.

Permanently Endowed Funds. The minimum required contribution for a permanently endowed fund with CFNEA is ten thousand dollars ($10,000) for all funds except scholarship funds, which require a minimum of fifty thousand dollars ($50,000). Donors may accumulate funds to reach the minimum amount in compliance with the Forging Funds Policy.

Non-Endowed Funds. There is no minimum balance required for non-endowed funds.

Inactive Funds: Any Inactive Fund that has no new contributions or grants for a period of three years may be terminated unless the fund agreement states another provision. Foundation staff shall communicate with the donor to ascertain the donor’s goals. In the event the fund remains inactive, the assets shall be distributed for charitable purposes in support of grants or scholarship based on the donor’s original intent. If no intent was communicated or documented, the assets may be added to The Longleaf Fund.

V. OUTRIGHT GIFTS.

A. Forms of Gifts. Gifts to CFNEA may take a variety of forms. Many are outright gifts of cash or stock by donors either on a one-time or regular basis. Deferred and planned gift contributions are mostly made through bequests and testamentary gifts that take effect upon the donor’s death. The remaining gifts generally include the distribution of a gift in the form of a contract, such as life insurance, annuity, certificate, charitable trust, qualified retirement account or property deed.

B. Acceptance Policies for Outright Gifts. CFNEA may accept the following types of outright contributions:

1. **Cash.** CFNEA will accept a gift of cash in any amount and may be in the form of currency, money orders, checks, and electronic debit or via wire transfer to CFNEA’s bank or a verified credit card transaction. All checks should be made payable to the Community Foundation of Northeast Alabama and should not be made payable to an employee, specific fund name or volunteer for credit to CFNEA. All checks payable to the CFNEA shall be deposited in the ordinary course of business and existing internal financial controls. No employee shall be authorized to delay deposit.

2. **Non-Cash Gifts.** Gifts other than cash must meet state and federal requirements regarding determination of fair market value, appraisals, documentation, and other requirements as applicable. Generally, these gifts have an easily established fair market value and may be readily sold.

Non-cash gifts with a value of $5,000 and greater must be accompanied by a written appraisal by a qualified independent appraiser acceptable to CFNEA and meeting IRS professional guidelines. To avoid any conflict of interest or undue inducement, the donor is required to pay all costs associated with the valuation of a gift.
The charitable deduction available to the donor is greater for a gift that furthers the mission of CFNEA, and is lower for a gift that is not related to the Foundation’s mission. For example, gifts of art and other collectibles would obtain a higher charitable deduction if donated to a museum and used by the museum.

3. **Publicly-Traded Securities.** CFNEA will accept gifts of appreciated publicly-traded stocks, mutual funds and bonds at fair market values as determined by the Internal Revenue Code. As a general rule, gifts of publicly traded securities will be sold upon receipt with the proceeds from the sale, after commissions and expenses, distributed to CFNEA. No condition shall be made with a donor prior to or subsequent to a gift that contributed securities will be held for any period of time. Staff has detailed instructions available for donors or their advisors in the transfer of various types of equity, bond and mutual funds. Staff will confirm in writing the mean value (high and low selling prices of the stock) on the day the gift is received by CFNEA’s brokerage firm to complete IRS Form 8283 and 8282.

4. **Tangible Personal Property.** Tangible personal property (items that can be held, touched or moved) such as jewelry, artwork, coins, collections and other similar items may be accepted as a gift depending on the donor’s objective and the intended use of the gift. These include assets that have an easily established fair market value and may be readily sold or used by the organization. The property must be saleable and the donor must agree that the property can be sold unless CFNEA agrees to use the property for a related exempt purpose. Gifts of tangible personal property with a fair market value greater than $5,000 must be accompanied by a written appraisal by a qualified independent appraiser acceptable to CFNEA and meeting IRS standards in order to receive a charitable deduction. To avoid any conflict of interest or undue inducement, the donor is required to pay all costs associated with the valuation of a gift.

5. **Life Insurance Policies.** CFNEA may accept gifts of life insurance policies. After reviewing the policy declarations, CFNEA will accept donor gifts to pay for life insurance policies in which CFNEA is the both the owner and beneficiary of the policy. Prior to accepting a policy requiring ongoing premium payments, CFNEA and the donor must agree in writing on arrangements for the payment of such premiums. CFNEA also maintains the right to liquidate a policy based on its cash value if other viable means cannot maintain the policy in force.

6. **Real Property.** Gifts of real estate are accepted including primary residence, secondary or vacation homes, developed and undeveloped land, commercial property, farms and condominiums. Generally, gifts of real property are accepted both in Alabama and outside of Alabama upon approval by the President & CEO. Gifts of real property will be sold at the highest possible price as soon as possible after conveyance.

Unencumbered real property will be accepted at fair market value as established by at least one qualified appraisal, provided by the donor. Evidence of clear title to the property must be provided by the donor to CFNEA. Property with multiple owners will be accepted only if all owners of the property agree in writing to the gift.

Real property that is encumbered by a loan or mortgage will only be accepted under exceptional circumstances. Prior to acceptance of a gift of real property, CFNEA and the donor must agree, in writing, on arrangements for paying expenses associated with the property, including taxes and assessments, insurance coverage, and maintenance costs.
In order to avoid potential liability for environmental cleanup and toxic and hazardous materials issues related to real estate, CFNEA shall have the right to require a Phase I environmental audit of any proposed gifts of real estate. The donor shall be responsible for all expenses related to an environmental study.

In addition to the considerations listed above, commercial properties and businesses will be examined in relationship to the potential for exposure of CFNEA to unrelated business income tax (UBIT). Proposed gifts of real estate must be reviewed and approved by the President & CEO or a designated professional advisor and must satisfy the requirements of CFNEA’s separate Gifts of Real Estate Acceptance, Management and Sale Policy. Please see this document for a list of requirements and additional details.

7. **Royalties.** Royalty gifts can include songs, plays, movies, software, trademarks, patents, copyrights, franchises, and mineral rights (such as oil, natural gas, and other extractable minerals). Proposed royalty gifts of must be reviewed and approved by the President & CEO.

8. **Closely-Held Stock and Partnership Interests.** Proposed gifts of closely-held stock must be reviewed and approved by the President & CEO and must satisfy the requirements of the Foundation’s separate Gifts of Closely-Held Stock Policy and Procedures. The acceptability of a gift of closely-held stock, S Corporation stock, or a partnership interest will depend on the ultimate financial liability of CFNEA and the amount of management attention required.

Consideration will be given to whether the S corporation stock or partnership interest generates unrelated business income tax, if there is corresponding revenue to pay such taxes, the nature of the business, recordkeeping and accounting requirements, and how quickly the gift can be converted to cash.

The Foundation does not accept gifts of general partnership interests due to potentially unlimited liability.

9. **Bargain Sales.** A “bargain sale” is a sale of property to CFNEA for an amount less than the property’s current fair market value. The excess of the value over the sales price represents a contribution. CFNEA, upon approval of the President & CEO and legal counsel, may purchase property on a bargain sale basis. The amount of the allowable deduction for a bargain sale will be subject to the rules and calculations of the Internal Revenue Service relating to bargain sales.

10. **Timeshares.** Due to the difficult appraisal standards and marketability of timeshare property, CFNEA usually does not accept these gifts.

**VI. PLANNED GIVING ARRANGEMENTS.**

A. **Forms of Planned Gifts.** CFNEA welcomes and invites deferred or planned gifts in support of ongoing operations or one of our funds, or to sustain CFNEAs future by supporting our endowment. CFNEA’s planned or deferred giving program encompasses gifts whose benefits do not fully accrue to CFNEA until some future time such as the death of the donor or the expiration of a predetermined period of time.
B. Allocation of Planned Gifts. Planned gifts will be recorded as realized contributions upon their receipt and acceptance by CFNEA. Contributions shall establish a fund or be added to an existing fund as pre-arranged by the donor or instructed in the delivery documents.

The Fee Policy further instructs that five percent (5%) of the balance of all estate gifts, that do not include an unrestricted component, shall be contributed to The Longleaf Fund to support unmet community needs. The balance of the gift shall be used as designated by the terms of an existing fund agreement or as stipulated by a document defining the donor intent. All undesignated contributions made to CFNEA shall be added to The Longleaf Fund.

C. Variance Authority. Limited only to community foundations by the IRS, all permanently endowed gifts are subject to a variance authority as incorporated in the fund agreement or by virtue of the Gift Acceptance Policy if the gift is received through other means of conveyance. This uniquely allows funds at a community foundation not to be subject to future probate court and legal fees should the donor’s intention require modification based on the following events:

The Donors agree and acknowledge that the terms and conditions of the Fund shall at all times be subject to provisions for modifying any restriction or condition on the distribution of funds for any specified charitable purpose to any specified charitable organization if, in the sole judgment of the Board of Trustees, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or the mission of the Foundation.

D. Gift Valuation. For a donor to receive a charitable tax deduction, the gift must be irrevocably given, assigned or conveyed to CFNEA and have a definable value. For valuation, counting and reporting purposes, the applicable national standards set by the Partnership for Philanthropic Planning and IRS guidelines will be used to provide appropriate information to document the gift as required by IRS regulations. Gifts that require an appraisal or other format for determining the donor’s charitable tax deduction shall be the responsibility of the donor.

E. Anvil Society. Donors, who execute a planned or deferred gift benefiting CFNEA, or an endowed fund at the Foundation, are entitled to be enrolled as members of The Anvil Society as a perpetual recognition of their generosity. Any named member, who revokes or does not fulfill the terms of their planned gift, after being enrolled in The Anvil Society, shall be deleted from the list of recognized members. A member may also be deleted from the list for causes defined in Section G, 12.

F. Deferred Giving Options. CFNEA offers the following opportunities in structuring a planned gift:

1. Gifts by Will or Trust. CFNEA may be designated as the beneficiary of a bequest or gift by the terms of the donor’s will or by a revocable or irrevocable trust. Sample bequest language is available to donors and their attorneys to ensure that the bequest is properly designated. This gift may be an unrestricted gift to CFNEA or the donor may execute a fund agreement defining the long-term objectives of the donor’s charitable intent.

2. Life Insurance. CFNEA can be named as a full or partial beneficiary, and also the owner of a universal or whole life insurance policy. Contributions can be used to establish a new fund or make an additional contribution to an existing fund. CFNEA will
accept contributions to pay for life insurance policies in which CFNEA is both the owner and beneficiary of the policy.

3. **Bank Accounts, Financial Accounts, or Certificates of Deposit.** CFNEA can be named as the beneficiary of these accounts through a payable-on-death provision.

4. **IRA or Qualified Retirement Plan.** CFNEA can receive all or part of a defined contribution plan, retirement account, pension plan, or annuity where the donor names CFNEA as the beneficiary. As a public charity, 100% of a qualified retirement plan transfers to CFNEA by contract and avoids all income, gift and estate tax.

5. **Charitable Remainder Unitrust.** CFNEA can be the charitable beneficiary of a Charitable Remainder Unitrust (CRUT) to establish a new fund or to add to an existing endowment fund. Under a CRUT, the donor irrevocably transfers money, securities, or other property to a trustee selected by the donor. The trustee pays the donor (or one or more income beneficiaries designated by the donor) a fixed percentage of the net fair market value of the trust’s assets, as determined each year. The payments are made for the life or lives of the income beneficiaries or for a fixed period of years not to exceed 20 years. Upon termination of the income beneficiary's interest, the assets of the unitrust are transferred to CFNEA. CFNEA will not serve as trustee of a charitable remainder unitrust to avoid any conflict of interest.

6. **Charitable Remainder Annuity Trust.** CFNEA can be the charitable beneficiary of a Charitable Remainder Annuity Trust (CRAT) to establish a new fund or to add to an existing endowment fund. A charitable remainder annuity trust is identical to a unitrust, except that the income beneficiary receives a fixed dollar amount annually from the trust. CFNEA will not serve as trustee of a charitable remainder annuity trust to avoid any conflict of interest.

7. **Charitable Lead Trust.** CFNEA can be the charitable beneficiary of a Charitable Lead Trust (CLT) to establish a new fund or to add to an existing endowment fund. Under a CLT, CFNEA is given the initial income interest in the trust assets for a period of years or the lives of one or more individuals. When the trust terminates, it pays the accumulated assets to one or more beneficiaries designated by the donor. CFNEA will not serve as trustee of a charitable lead trust to avoid any conflict of interest.

8. **Pooled Income Fund.** CFNEA does not offer a pooled income fund.

9. **Charitable Gift Annuities.** CFNEA is licensed by the Alabama Securities Commission to offer charitable gift annuities. This vehicle allows one or two donors to make a gift of cash or appreciated stock in return for payments during the donor's life or lives, or the payments can be made to another named beneficiary. Upon the death or resignation of the donor(s), CFNEA receives the residue which supports the grant making objectives of The Longleaf Fund.

CFNEA also offers charitable gift annuity contracts for donors who wish to support a not-for-profit organization that has an Institutional Endowment Fund at the Foundation. Under this arrangement, fifty percent (50%) of the residue is designated to support The Longleaf Fund and fifty percent (50%) is allocated to the endowment fund of the named beneficiary charity.
10. **Retained Life Estate Agreement.** CFNEA will enter into life estate agreements with donors. Under the agreement, a donor may contribute a personal residence, vacation home or farm to CFNEA, receive an immediate tax deduction and retain the right to live on the property for the remainder of their life. Upon the donor’s death, CFNEA will own the entire interest in the property without the lengthy delay and property devaluation during the probate period. For more details, see the *Gifts of Real Estate Acceptance, Management, and Sale Policy*.

G. **CFNEA’s Responsibilities and Goals.** Ultimately, CFNEA’s staff and Board of Trustees are committed to the organization’s short and long-term objectives to further the Foundation’s charitable work. In support of these goals, the Foundation fostering the following values:

1. **Design of Gifts.** Many gifts are disclaimed by charitable organizations each year for various reasons. These unfortunate results, often after the death of a donor, can be avoided by planning and understanding the donor’s intention and CFNEA’s ability to meet or maintain donor conditions. CFNEA staff and volunteers involved in the cultivation of a gift may have conversations with the donor about their intended gift either immediate or deferred. CFNEA will work with the donor’s professional advisors to design a gift that meets the needs of the donor and is in keeping with CFNEA gift acceptance policies and procedures. The donor should always seek advice from their legal, tax, investment, and philanthropic professionals when structuring a complicated charitable gift.

2. **Decline Donor Gifts.** CFNEA reserves the right to decline a gift that may not be in the donor’s best interest or if the Foundation cannot meet or fulfill a donor’s charitable objectives. Likewise, some gifts may not be in the best interest of CFNEA due to marketability or additional costs in maintaining a gift. For example, gifts cannot be accepted if liabilities attributable to the gift substantially exceed its value; if the gift is subject to potentially burdensome liabilities; or if the acceptance of the gift would result in unfavorable tax consequences to CFNEA or harm its continued qualification as a charitable organization. A review by CFNEA legal counsel will be conducted as needed to evaluate potential issues associated with any unusual gift.

In addition, CFNEA will not knowingly accept the following charitable gifts from donors:

   a) When income and assets remaining after making a gift knowingly harm a donor’s personal financial needs or economic freedom.

   b) When assets remaining after the gift are insufficient to provide for heirs for whom a donor is fiscally responsible.

   c) When a donor has apparent insufficient mental capacity to make or execute rational and sound decisions.

   d) When the gift would result in a known loss or understood unfavorable tax consequence to the donor.

   e) When the acceptance of a gift would be illegal.
f) When liabilities or carrying costs attributable to the gift substantially exceed its value.

g) When the gift has a restricted use that may not be attainable.

h) When the gift would deviate CFNEA from its mission or harm its qualification as a 501(c)(3) public charity.

i) When there is insufficient ability to value the gift.

j) When the gift will be difficult to market or liquidate.

k) When the gift might subject CFNEA to potential liability.

l) When the gift would be subject to potential liabilities that cannot be determined.

3. Disclosures to Donor. CFNEA’s staff will disclose to a prospective donor the benefits and liabilities that could reasonably be expected when making a gift to CFNEA. In particular, the donor shall be advised that all gifts, other than testamentary gifts, are irrevocable, and clarify that many types of property are subject to variability (such as market value, investment return, and amount of income payments).

4. Trustee. CFNEA will not serve as trustee of charitable remainder trusts, charitable lead trusts, or other split-interest trust arrangements, and will recommend that the donor seek the services of a personal or professional trustee. To avoid personal conflicts of interest, no member of the staff of CFNEA may knowingly serve as trustee or executor/personal representative for a donor or prospective donor without the permission of the Board of Trustees. CFNEA may serve as the executor/personal representative only in the event the donor names CFNEA as the sole beneficiary of their entire estate.

5. Gift Expenses. No expenditure for the purpose of a gift should be made without the approval of CFNEA’s Board of Trustees unless there are actual returns such as dividends or rent income, and until the gift is liquidated or income from the gift is earned.

6. Fees. CFNEA publishes a current Fee Policy that defines both the investment fees and the administrative fees charged for donor services. Costs associated with the acceptance of a gift such as attorney fees, accounting fees, and other professional fees such as appraisals, inspections, surveys, and environmental assessments will be paid by the donor. This is to ensure that no undue influence is exercised in the contemplation or execution of a charitable gift to CFNEA. CFNEA will provide up to 15 hours of staff time to liquidate tangible personal property or real property gifts. Time spent over 15 hours will be paid by the fund.

Except as otherwise described in this Policy, the donor will not be charged administrative or other costs for processing cash gifts such as a credit card processing fee. Likewise, the donor will not receive a rebate or refund for an asset that generates a larger benefit than either party envisioned.

Direct costs of administering outright and planned gifts will be paid from the donated assets. Custodial, investment, and administrative fees will be paid from the respective gift
in accordance with CFNEA’s fund agreements and Fee Policy. CFNEA adheres to ethical standards in fund development; therefore, no "finder's fee", stipend, commission or other compensation is paid to any person, including CFNEA employees or volunteers, in consideration for any gift in any amount to the Foundation.

7. **Professional Advice.** CFNEA is not engaged in rendering legal or tax advice for donors. Individuals considering gifts to CFNEA should obtain the services of their independent financial or professional adviser. CFNEA’s staff welcomes working with donors and their advisers to determine the appropriate course for completing a gift that meets their charitable goals and furthers the Foundation’s mission.

8. **Documenting Gifts.** Acceptance of all gifts will be documented by a written acknowledgment, signed pledge, fund agreement, contract or other receipt or written communication signed by the donor and an authorized representative of CFNEA. Documentation will include information that is required by state or federal law as well as information that sets forth any conditions associated with the gift, including the terms of the gift, any restrictions or obligations imposed by the donor and clearly define any rights held or maintained by CFNEA to facilitate proper administration of the gift. For example, stating a specific purpose in either the use or duration of a gift (a material restriction).

9. **Recording and Acknowledging Gifts.** All gifts that are accepted will be promptly entered into the CFNEA donor database. The gift entry will include gift conditions, restrictions, dedications and other information to assure the gift is both documented accurately and managed according to the agreed intentions or conditions. Written acknowledgments will be sent for all gifts based on applicable IRS guidelines and CFNEA’s Gift Acknowledgement Policy.

10. **Reports.** CFNEA will create quarterly reports of contributions received for review and approval by the Board of Trustees.

11. **Honoring Gifts with Conditions.** CFNEA will document and assure that gifts accepted with restrictions be used solely for their intended purpose. A gift with a condition which does not become effective until a specified event has occurred may not be used until the condition is satisfied.

12. **Good Name & Character.** CFNEA has built a reputation based on its public service, sound governance and ethical standards. In the event an individual associated with CFNEA (board members, volunteers, staff or donors) is convicted of a crime or engages in activities that would reflect negatively on CFNEA, the Board of Trustees may by a written resolution remove the individual’s name from any building, sign, plaque, list or publication regardless of the amount or level of prior giving.

13. **Anonymous Gifts.** CFNEA will accept anonymous gifts and maintain the anonymity of a donor. Standard gift acknowledgment and correspondence with donors will include a written statement that informs donors that CFNEA assumes the permission to publicly recognize donors and their gifts unless the donor requests anonymity. CFNEA will not publish gift amounts without the permission of a donor.

14. **Reconciliation with Accounting.** CFNEA recognizes that gifts may be recorded differently for fundraising and accounting purposes; therefore, the Board or its designee periodically will review development and financial records and make any adjustments
that are appropriate. In addition, any accounting or auditing requirement established by state or federal law will govern the recording of gifts. Best practices used by nationally recognized organizations such as the Federal Accounting Standards Advisory Board and the American Council on Gift Annuities will be used to guide the documentation and valuation of gifts.

15. **Separate Accounting.** Pledges or other commitments to a specific CFNEA fundraising initiative will be accounted for independently on a separate ledger or account by the Finance Director.

**VII. POWERS.**

The Board of Trustees exercises control over all CFNEA assets and has the sole authority to establish, amend or supplement the Gift Acceptance Policy, Gift Acceptance Procedures, and all related Policies on accepting and managing gifts.

*Approved August 17, 2017
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