



## Gift Acceptance Policy

Pikes Peak Community Foundation, (“PPCF” or “the Foundation”), a nonprofit organization organized under the laws of the State of Colorado, encourages the acceptance of gifts that will help the Foundation further and fulfill its mission. The following policies and guidelines govern acceptance of gifts made to the Foundation for the benefit of any of its programs.

### Mission:

PPCF will boldly commit to dramatically improve the quality of life in the Pikes Peak region. Through education and our actions, we will improve the understanding of, appreciation for, and the practice of philanthropy. To accomplish our mission of advancing community philanthropy, we will build our foundation in assets and capabilities. We will strive to become a dynamic focal point of public philanthropy in our community.

### **I. Purpose and Policies**

PPCF supports current and deferred gifts to secure the future growth and mission of the organization. These policies and guidelines govern the acceptance of gifts and provide guidance to prospective donors and their advisors.

PPCF may seek the advice of legal counsel in matters relating to the acceptance of gifts when appropriate. As the Foundation does not offer tax or legal advice, it is highly recommended that the donor consult with legal counsel and/or financial/tax advisors in matters resulting in tax and estate planning consequences.

The purpose of a gift to the Foundation, other than cash or publicly traded stock that is to be immediately liquidated, will be defined in a written fund agreement signed by the donor, or his/her appointed representative and, if appropriate, the CEO or Director of Philanthropy of PPCF. The Foundation should have a signed fund agreement prior to receiving a current outright gift to establish a fund valued at more than \$5,000, or in the case of a planned gift in which the donor is living, as soon as possible as PPCF becomes aware of its existence.

### Conflict of Interest

PPCF Staff seeks to disclose the benefits and liabilities that could reasonably be expected to influence the donor’s decision to make a gift to any fund at the Foundation. (Including but not limited to: Donor Advised Funds, Designated Funds, Scholarship Funds, and Fiscal Sponsored Funds.)

## Restrictions on Gifts

Gifts will not be accepted that are too restrictive in purpose and violate the terms of the organization's charter or IRS codes, gifts that are too difficult to administer, or gifts that are outside PPCF's mission. All final decisions on the restrictive nature of a gift, and its acceptance or refusal, will be made by the Board of Trustees after presentation by the Director of Philanthropy or CEO.

## Finance Committee

In general, the Staff will be authorized by the board to accept new gifts and funds subject to these policies. To assist Staff in the evaluation of complex gifts and funds, the Board of Trustees has authorized the Finance Committee to consider and accept or reject complex gifts and funds. The Pikes Peak Real Estate Foundation, a supporting organization of PPCF, will be consulted prior to receiving any real estate assets. PPCF's Board of Trustees will have the final authority of any gift acceptance. The Staff and Finance Committee are charged to ensure that gifts received are consistent with these policies, and with all laws and IRS Guidelines. In the case of disagreement or hesitancy on the part of this Committee, the Committee will present the proposed gift to the PPCF Board of Trustees for further consideration.

## II. Simple Gifts

Gifts received in the following forms can be accepted by Foundation Staff and will not require prior review and approval by the Finance Committee:

- Cash or cash equivalents and checks

The Foundation accepts cash, checks or money orders made payable to the Foundation or any of its Funds.

- Marketable Securities

The Foundation will add the proceeds (sale price per share multiplied by number of shares minus sales expense) of a securities contribution to a fund of the Foundation. In the event the Foundation receives actual stock certificates, these should be properly endorsed by the donor and the Foundation. It is general policy to sell securities immediately upon receipt, unless otherwise agreed to and directed by the Finance Committee. The Foundation will govern the disposition of securities and will make all decisions regarding the sale or retention of securities. In some cases, securities may be restricted by applicable securities law; in such instance the final determination of the acceptance of the restricted securities shall be made by the Finance Committee.

- Gifts of personal property for the Foundation's offices or programs

### III. Property Gifts including Real Estate

The following gifts may require review or approval by the Finance Committee including:

- Closely Held Securities

Donors wishing to make gifts of stock in a closely held corporation must have it valued by a reputable independent accounting or appraisal company prior to making a contribution. If the stock is immediately marketable it may be accepted and will be sold. If the stock is not immediately marketable, the committee may recommend non-acceptance of the gift or may authorize that the stock be held by the Foundation until it may be redeemed or sold for cash. In order to be in compliance with Federal excess business holding rules for assets in Donor Advised Funds, Donor Advised Funds are prevented from holding business interests in which the Donor/Advisor holds interest in excess of 20% unless there is a plan in place to divest said interest within 5 years.

- Tangible personal property

Tangible personal property may be accepted as a gift. In general, PPCF will only accept a personal property gift if it can identify an end user prior to acceptance of the gift. If the value exceeds \$5,000, a donor is required to have a qualified appraisal done as determined by the IRS and submit IRS Form 8283. If the property is sold within three years, IRS Form 8282 must be filed by the Foundation, informing the donor and IRS of the sale price of the item(s) only is less than the appraised value of that donation.

Criteria to be used when evaluating the acceptance of personal property:

- Marketability of the property;
- Undue restrictions on the use, display, or sale of the property; and/or
- Carrying costs for the property.

#### Real property

If a donor wishes to contribute real property or an interest in real property, whether as an outright gift or through a deferred giving arrangement, the Staff and Finance Committee shall consider all facts and circumstances whether to recommend accepting the gift. Donors will always be advised to confer with their own counsel to review the terms of the gift.

#### Policies for the Acceptance of Gifts of Real Estate

Gifts of real estate may be accepted on behalf of the Foundation in accordance with the policies stated below. The Pikes Peak Real Estate Foundation, a supporting organization of PPCF, will also be consulted prior to acceptance of any real estate gift.

## Authority to Accept Gifts of Real Estate

The following officers of the Foundation are authorized to accept gifts of real estate that are permitted by these policies: the President of the Board or the CEO — only after review by the Finance Committee and/or Real Estate Foundation.

## Conditions for Acceptance

In general, it is the policy of PPCF to accept gifts of real estate only if that property is to be sold as soon as possible with the proceeds used for the general purposes of the Foundation or a specific fund. A gift of real estate may also be accepted under the following conditions: if it is to be used by the Foundation in connection with approved programs; or if it is to be held for the production of income. (Examples may include: water rights, rental properties or cell phone tower leases) The following questions will be answered prior to the acceptance of any real estate:

- Does the asset have a clear title?
- Are there any encumbrances (loans, liens, notes, unpaid taxes, etc.)?
- Are there any covenants on the property?
- Are there any concerns with water or mineral rights?
- Has there been a proper survey?
- Are there any environmental concerns?
  - If deemed necessary, prior to formal acceptance, a Stage I Environmental Assessment may be made by an individual or firm competent to advise the Foundation whether further investigation is needed. The expense of this assessment will be the responsibility of the donor.
- Are there any restrictions due to existing conservation easements?

## Prohibited Transactions

PPCF will not accept property which would jeopardize its tax-exempt status or expose it to expenses for which no source of funds has been identified.

## Procedure

Prior to acceptance, the following shall be obtained:

- Preliminary title report covering the subject property (the title report shall reflect that title is vested in the donor on the form represented, and is subject to no claims, liabilities or major defects of title;

- A suitable property valuation by a qualified appraiser as defined in the Pension Protection Act of 2006. The donor may be asked to pay the costs associated with obtaining any necessary final appraisal;
- A list of improvements to the property;
- A current list of leases, if any;
- A list of encumbrances, liens, and current expenses, if any;
- A commitment for title insurance; and
- A professional physical inspection of the property.

Conditional acceptance may be made subject to satisfactory completion of each of the foregoing. Other matters may also be considered as deemed appropriate.

#### Grant Deed

Upon acceptance of the gift of real estate, it is the responsibility of the Finance Committee and the CEO to ensure that the grant deed is properly conveyed to the Foundation. This includes having the donor sign the deed and recording it with the appropriate county. All closing paperwork shall be handled by a Title Company or attorney. The CEO has the responsibility for the proper safeguarding of all deeds.

#### Internal Revenue Service Form 8283

IRS requires that Form 8283 be completed to be filed with the donor's tax return. Upon acceptance of the gift, the CEO shall be responsible for completing the "Donee Acknowledgement section" of IRS Form 8283, mailing the original form to the donor and a copy subsequently filed.

#### Internal Revenue Service Form 8282

IRS requires that Form 8282 be completed and filed (with respect to any real estate for which a Form 8283 has been filed) within three years of the date of gift.

#### Maintenance, Upkeep, Insurance, etc.

Prior to acceptance of any gift of real estate, a source of funds must be identified for maintenance, upkeep, insurance, etc. of the donated property. It is desirable to ask the donor for funds to meet these costs.

## **IV. Gifts by beneficiary designation**

### Life Estates

In the case of property donated to a life estate, the life tenant shall enter into an agreement in writing providing that the life tenant shall pay all the costs of maintenance and upkeep of the property including but not limited to repairs, improvements, taxes, insurance, etc.

- a. Cost Recovery: Funds to cover costs such as appraisals, hazardous substance assessments, taxes, insurance, maintenance, and unanticipated expenses may be advanced from other funds of the Foundation and recovered at the time disposition of the property is made. The cost of recovery shall include interest on PPCF's funds, normally equal to earnings of the pooled funds account.
- b. Death of Donor: Upon the death of the donor, the Foundation may use the property or reduce it to cash. Where the Foundation receives a gift of a remainder interest, expenses for maintenance, real estate taxes and any property indebtedness are to be paid by the donor's estate.

#### Partnership Interest

The Foundation does not accept gifts of general partnership interest.

#### Planned Gifts

PPCF's 1928 Society planned giving program encompasses all types of gifts whose benefits do not fully accrue to the Foundation until some future time (such as the death of the donor or other income beneficiaries or the expiration of a predetermined period) or whose benefits are then followed by the interests of non-charitable beneficiaries. These include:

- Gifts by Will or Living Trust  
Donors and supporters are encouraged to make bequests to the Foundation under their wills and trusts. PPCF encourages such donors to contact the Foundation during their lifetime to discuss their charitable intent. Sample bequest language is available upon request; donors are encouraged to consult a professional advisor for additional assistance.
- Gifts of Life Insurance  
A donor may make a gift of life insurance in various ways. The Donor may choose to give a life insurance policy irrevocably designating the Foundation as owner and beneficiary and further pledging to make annual gifts to the Foundation in the amount of the annual premium. Premiums would then be paid by the Foundation. The Foundation can also be designated as a percentage or dollar specific beneficiary of a life insurance policy owned by the donor. The Foundation also accepts tax deductible gifts of insurance policy dividends. Gifts of life insurance policies may be accepted without special approval if the premiums for the

insurance policy are fully paid up and when the donor intends to cancel the policy immediately for its cash surrender value.

### Life Income Gifts

The Foundation will work closely with donors to implement planned giving options that provide income to a donor or his/her designees, as well as financial benefit to the Foundation (split-interest gifts).

Options include:

- Charitable Remainder Trust (CRT): This trust makes payments to one or more beneficiaries for their lifetimes, or for a fixed term, or a combination of both. Assets are put into a trust, beneficiaries are paid, and when the trust term ends, the remainder in the trust passes to the Foundation for its charitable purposes. The donor names a Trustee to manage the trust and determines whether the payout will be fixed (a charitable remainder annuity trust (CRAT)) or variable (a charitable remainder unitrust (CRUT)). Trusts can be set up during the donor's lifetime or by will. The Foundation encourages donors to consult their own legal counsel and tax advisors to create a charitable remainder trust. At the donor's request, the Foundation will confer with his/her advisors to assist in establishing the trust from which it will ultimately benefit.
- Charitable Lead Trust (CLT): This trust first makes distributions to the Foundation for a specified period, with the remainder reverting to the donor or another beneficiary at the end of the period. It may be set up during one's lifetime or in a will. The Foundation will work closely with the donor and/or his advisor to create the trust but will not serve as Trustee.

The Foundation may accept designation as remainder beneficiary or lead beneficiary of a charitable trust if the charitable piece of the trust funds either an unrestricted gift to the foundation or an endowed fund held at the foundation. Trusts falling outside of these parameters may be presented to the finance committee for consideration and approval before acceptance.

### Foundation Serving as Trustee

The Foundation will only accept appointment as Trustee of a charitable remainder trust or charitable lead trust when the foundation is named as irrevocable beneficiary of 80% or more of either the income or remainder interest, the charitable interest is unrestricted in regards to use by the foundation and at the discretion of the foundation as to use, and the charitable piece of the trust is calculated to be greater than \$1,000,000 at the time the trust is established. The foundation will only accept trustee designation of a Charitable Remainder Unitrust. Acceptance of trustee designation requires a separately signed trustee services agreement. Trusts falling outside of these parameters may be presented to the finance committee for consideration and approval before acceptance.

## Gift Annuities

The Foundation may accept designation as an income beneficiary in gift annuities.

## Retirement Plan Beneficiary Designation

Donors and supporters of the Foundation are encouraged to name the Foundation as beneficiary of their retirement plans.

## **V. Provisions that apply to all gifts**

### Gifts Declined

The Foundation reserves the right to refuse any gift that it believes is not in the best interest of the Foundation. If a gift is not accepted, Foundation Staff will contact the prospective donor immediately.

**Acknowledgement** The Foundation shall acknowledge all gifts in compliance with the current IRS requirements.

### Restriction

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

### Appraisals and Legal Fees

It is the responsibility of the donor to get an appraisal where required, as well as legal counsel when necessary. The Foundation does not pay legal, accounting or appraiser fees for any future gift.

### Valuation

PPCF will record a received gift at its valuation for gift purposes on the date the gift is completed.

### Investment of Gifts

The Board of Trustees and the Finance Committee reserve the right to make any or all investment decisions regarding gifts received.

### Changes to Gift and Fund Acceptance Policies

These policies have been approved by the Board of Trustees, as recommended by the Finance Committee. The Board of Trustees must approve any changes to or deviations from these policies. The exception is when IRS regulations change; the current IRS policies shall become part of these policies replacing those included without action of the Board. These policies will be reviewed annually by the Finance Committee.