



Canton Community Foundation Gift Acceptance and Charitable Gift Planning Policy

Canton Community Foundation, hereinafter referred to as “the Foundation,” being a recognized 501(c)(3) tax-exempt, charitable organization, in accordance with the regulations of the Internal Revenue Service (the Code), actively seeks gifts of real and personal property to carry out its mission and charitable programs. The policy helps ensure that all gifts contributed to, or for the use of the Foundation is structured to provide maximum benefit for the donor and the Foundation. The policy is applicable to gifts made to the Foundation, both outright and deferred.

It is the policy of the Foundation that the solicitation, evaluation, acceptance, acknowledgement and treatment of all gifts be conducted in accordance with the standards and procedures set forth in the following policy statement.

General Provisions:

I. Administrative Responsibility for Gift Acceptance

It is the overall responsibility of the Staff authorized by the Board of Directors of the Foundation, hereinafter referred to as “Staff,” to maintain and assure compliance with the requirements of this policy. The Staff will maintain an ongoing communication with the governing board and/or all appropriate board and subcommittee members responsible for fundraising activities.

II. The Gift Acceptance Committee

The Board of Directors will create, monitor and maintain a Gift Acceptance Committee. The Committee will be charged with the responsibility to review all gifting situations that may be described in, challenge, or fail to meet, the criteria set forth in these policies. The Committee shall be comprised of the Chair of the Board of Directors of the Foundation, the Chair of the Finance Committee of the Foundation, and the Chair of the Donor Relations Committee of the Foundation. The Board of Directors of the Foundation may appoint different or other members of the Gift Acceptance Committee at any time.

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In addition, any new gifting techniques or additional gift planning vehicles to be included in the infrastructure offered by the Foundation and the policies related to said techniques or vehicles will be developed and reviewed, by said Committee, prior to implementation.

III. Gift Acknowledgement

The Foundation recognizes the integral role of the donor in the achievement of its charitable purposes. Therefore, any donor to the Foundation will be furnished with an acknowledgement of any gift, in accordance with the gift substantiation regulations issued by the Internal Revenue Service, in a reasonable timeframe but no later than 15 April of the calendar year following the gift. It is the overall responsibility of the Staff to assure compliance with the requirements regarding acknowledgement and receipt of gifts.

IV. Authorization to Solicit Gifts

All staff, members of the Board and/or any committee of the Foundation are encouraged to identify, assist and provide educational material on gifting to the Foundation. Only those individuals authorized by the Board of Directors of the Foundation are allowed to solicit gifts. Furthermore, the Staff will ensure that the Foundation has secured appropriate licensing to solicit in all states from which contributions will be solicited, unless it has been accurately determined that the organization is exempt from any such licensing requirement.

V. Appraisal of Real or Personal Property Gifts

To protect the interests of the donor, as well as those of the Foundation, legal and ethical requirements dictate that an appraisal of each gift, if required, be conducted by a qualified, independent appraiser. Generally, the cost associated with the appraisal will be the responsibility of the donor, however, should circumstances warrant, the Staff is authorized to approve payment of said independent appraisal, with the approval of the Foundation's Gift Acceptance Committee.

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VI. Evaluation of Potential Costs Associated with Acceptance of Certain Gifts

Prior to accepting certain types of gifts that carry associated costs, it is essential that the costs be thoroughly evaluated prior to using Foundation resources to meet these expenses. The authority and responsibility for prompt and careful evaluation of such associated costs is placed upon the Staff. After careful consideration of all pertinent factors, if it is determined that use of the resources of the Foundation is not prudent, a recommendation to decline said gift will be made. If it is determined that the arrangement is prudent, then the gift may be accepted. Both, the declination or acceptance of such gifts will be approved by the Foundation's Gift Acceptance Committee.

VII. Acceptance and Administration of Restricted Gifts

In situations in which the donor restricts the use of gifted assets to a particular program, project or portion of the Foundation's mission, it is the responsibility of the Foundation to comply with the requirements, should the gift be accepted. The Staff is responsible for making appropriate arrangements to comply with the agreed upon restrictions in accordance with this policy. Such restricted gifts will be accepted in accordance with any naming or endowment policies of the Foundation.

Types of Donor-Advised Funds Offered:

I. Unrestricted Fund

A fund the Foundation may use freely, without stipulation or conditions. These funds may be endowed or expendable.

II. Field of Interest Fund

This type of fund supports grants in a broad area of interest. These funds may be endowed or expendable.

III. Donor-advised Fund

This is an unrestricted fund in which the donor or designated advisor may recommend grants to eligible recipients. These recommendations may not be binding and are subject to final approval by the Foundation. These funds may be endowed or expendable.

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IV. Designated Fund

This type of fund designates one or more specific qualified charitable organizations at the time of the fund's founding as grantees of the fund. These funds may be endowed or expendable.

V. Organization Endowment Fund

This type of fund is established by a qualified charitable organization to use the income for its own charitable purposes. These funds may be endowed or expendable.

VI. Scholarship

Funds are awarded to individuals or educational institutions to support individuals who are pursuing a training or education opportunity. These funds may be endowed or expendable.

VII. Special Project Fund

A fund established for limited purposes to support the work of specific charitable projects. These funds are generally expendable.

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Procedure for Accepting Gifts and Creating Funds:

I. Gift Acceptance and Fund Creation

The Staff may accept gifts, as described with or without limitations throughout this policy, to existing funds. Donors who wish to create new funds complete a fund application for the fund type they wish to create. Donors who create new funds are given the Terms and Conditions which become part of their fund agreement. The Terms and Conditions are incorporated into this Gift Acceptance Policy. The Terms and Conditions include, among other information, fund fees, minimum amounts to create funds, declaration of Foundation variance power, and granting guidelines.

II. Guidelines to Prevent Violation of Excess Business Holding Rules

The Pension Protection Act of 2006 amended section 4943 of the Internal Revenue Code to limit ownership of closely held business interests in a donor-advised fund. A fund's holdings, together with the holdings of disqualified persons (donor, advisor, members of their families and businesses they control) may not exceed any of the following:

- 20% of the voting stock of an incorporated business
- 20% of the profits interest of a partnership, joint venture or the beneficial interest in a trust or similar entity
- Any interest in a sole proprietorship

These limitations do not apply if the donor-advised fund holds an interest that does not exceed two percent of the voting stock and two percent of the value of the business.

Donor-advised funds receiving gifts of interests in a business enterprise have five years from the receipt of the interest to divest holdings that are above the permitted amount, with the possibility of an additional five years if approved by the Secretary of the Treasury. To prevent a violation of these rules, it is the Foundation's policy to divest itself of such holdings within five years from the date the Foundation acquired the asset. If that is not possible, the asset will be transferred to a new or existing fund that is not an advised fund. The Foundation will define a management strategy prior to receiving such gifts. Gifts of interests in business enterprises must be approved by the Gift Acceptance Committee.

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Because they are not “business enterprises,” the rule will not apply to most gifts of real property, although undeveloped land may become a business enterprise under some circumstances. Interests in investment partnerships and LLCs—including family partnerships, hedge funds, REITs, and so forth—are excluded from the definition of business enterprise as long as 95 percent or more of the entity’s income is from passive sources. Examples of other property gifts that are excluded because they are not business enterprises include: oil and gas interests (non-working); life insurance; tangible personal property (as long as it is not inventory); and remainder interests in personal residences and farms.

Disqualified persons are donors and persons appointed or designated by donors that have or reasonably expect to have advisory privileges with respect to the donor-advised fund.

General Policies Pertaining to Planned Gifts:

I. Protection of Donor Interest

The staff, volunteers and members of the Foundation will always consider matching the interest of the donor with the needs of the Foundation as the main priority in discussions and planning of gifts.

II. Confidentiality of Donor Information

All information – written or otherwise – pertaining to a donor, the donor’s assets, or the gift being presented to the Foundation or the donor’s philanthropic intentions will be held in the strictest of confidence. Personal information on donors will be provided to individuals within the Foundation on a need-to-know basis.

III. Legal Counsel

The Staff may seek advice from legal counsel in all matters concerning planned giving which involve any agreement binding upon the Foundation. The Foundation or any of its staff or representatives is not to provide legal or tax advice to donors. It is the responsibility of donors to request legal or tax advice from their legal and tax advisors.

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IV. Authority for Negotiations

The Staff is authorized to negotiate and execute planned gift agreements with prospective donors or their authorized representatives.

V. Authority for Approval of Planned Gifts

The purpose of this section is to establish reasonable limits for the approval of planned gifts to protect the Foundation, its donors and the staff representatives and volunteers of the Foundation. Planned giving agreements must be approved by the Staff. The Staff is authorized to approve any planned gift made by Last Will and Testament or other estate planning instruments, which is unrestricted in nature and funded with cash, publicly traded securities, or other financial instruments with a ready market value. Gifts of real property, interests in an operating business, or gifts that are unrestricted or restricted to designated purposes will be approved by the Gift Acceptance Committee. These agreements include gifts from Charitable Remainder Unitrusts, Charitable Remainder Annuity Trusts, Charitable Lead Trusts, Charitable Gift Annuities, Pooled Income Funds, and Life Estate Contracts.

The Staff, with the approval of the Gift Acceptance Committee is further authorized to approve agreements, as listed above, which are funded with real property or a percentage interest therein so long as the Foundation has been provided with the following items:

1. An appraisal or market valuation of the property furnished by a licensed real estate broker or agent that the property is readily marketable.
2. An assessment of the property regarding environmental regulations and liabilities (Phase I and potentially Phase II environmental reports).
3. Assurances from the donor that he/she will act as required by applicable laws and regulations to ensure that the resulting trust or other planned gift will qualify as a charitable entity.
4. There must be a liquidation strategy identified prior to the acceptance of the gift.

VI. Trusteeship of Charitable Trusts

To encourage the establishment of charitable trusts, the Foundation may, as is allowed under law, act as a co-trustee, so long as the remainder interest primarily and irrevocably benefits the Foundation.

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VII. Charitable Intent of Donors

Legal and ethical requirements designed to protect both the donor and the Foundation do not allow the Foundation to enter into planned giving arrangements that do not reflect at least some charitable intent on the part of the donor. Therefore, the Foundation will document in its files for each planned gift the scope and nature of the charitable intent expressed by the donor. Furthermore, all charitable remainder trusts created in connection to the Foundation must comply with all legal and regulatory requirements as established by the Internal Revenue Code and the IRS.

VIII. Restricted Gifts

A donor to the Foundation may elect to restrict the use of their planned gift to a specific program or use consistent with the charitable purposes of the Foundation.

IX. Types of Gifts

The Foundation may in general, accept any gift that is compliant with law or custom so long as said gift is consistent with the provisions of these policies and guidelines. The Foundation will not participate in any prohibited transactions as defined by Internal Revenue Code for private foundations. Listed below are the types of gifts that are encouraged and will be accepted.

Types of Gifts:

Outright gifts, Bargain Sales, Charitable Remainder Trusts, Charitable Lead Trusts, Charitable Gift Annuities, Pooled Income Fund, Life Estate Contracts, Gifts of Life Insurance, Bequests and Revocable Trusts, as well as beneficiary designation of a retirement or qualified pension plan.

Services, Costs and Compensation

The solicitation, planning and administration of planned gifts are complex procedures, which involves the donor's philanthropic, personal, tax and financial consideration. To that end, it is in the donor's best interest to seek counsel from his or her own legal, tax and financial advisors. At no time shall any representative, staff member or volunteer of the Foundation accept any compensation or material benefit from a donor resulting from planned gifts to the Foundation.

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Model Standards of Conduct

All charitable gift planning shall be conducted by representatives of the Foundation in accordance with the model standards for gift planners as promulgated by the Partnership for Philanthropic Planning, Indianapolis, Indiana.

Management of Planned Gifts

The Staff will make recommendation to the Gift Acceptance Committee and to the governing board as to how various types of gifts shall be administered. When deemed necessary, the Foundation may use the services of outside service providers for the administration and management of said charitable gift plans.

Additional Considerations in Planned Giving

I. Acceptance of Gifts to a Pooled Income Fund

The Foundation may establish a Pooled Income Fund (herein after referred to as the PIF) enabling donors of the Foundation to irrevocably contribute gifts of cash and marketable securities to the PIF and retain a proportionate income interest in the PIF for the life or lives of up to two income beneficiaries as designated by said donor. The designated income beneficiaries shall receive a proportionate share of the net income earned by the PIF. At the termination of said income interest, the remainder interest of the original contribution will be transferred to the Foundation as the sole remainder charitable beneficiary. The gift agreement for a PIF shall require a minimum contribution of \$15,000 and additional contributions shall be accepted with a minimum amount of \$1,000. Said income interest shall cover no more than two lives, which the income beneficiaries must be a minimum of 50 years of age at the time of the gift. Donor acknowledgement, as established in this policy, shall be the responsibility of the Staff.

II. Acceptance of Charitable Gift Annuities

The Foundation may enter into Charitable Gift Annuity contracts (hereinafter referred to as CGA) enabling donors, who meet the minimum age requirement as established by the Internal Revenue Service Regulations to make an irrevocable gift of cash, property or marketable securities to the Foundation in exchange for a lifetime income annuity payment to the designated annuitant or their designee. The CGA will be managed in accordance with the regulatory code of any State in which the annuitant resides. Prior to acceptance of a

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CGA, it shall be the responsibility of the Staff to ensure that all regulatory issues comply with applicable state laws. Each donor(s) of the CGA shall receive acknowledgement and deduction information gift in accordance with these policies.

The Foundation staff may outsource the administration and ownership of Charitable Gift Annuity contracts to third-party organizations specializing in Charitable Gift Annuity administration but only in the circumstance where the Foundation is named as the charitable beneficiary of the contract residuum. Staff will consult with the Board of Directors in selection of third-party administration organizations and will obtain approval from the Gift Acceptance Committee for the outsourcing of individual contracts.

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