



Keokuk Area Community Foundation

For Good. For Ever.

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Contribution and Fund Acceptance Policy

The Keokuk Area Community Foundation (*The Foundation*) is a publicly supported charitable and philanthropic 501 C (3) charitable foundation governed by a volunteer Board of Directors principally serving the Tri-State area of Lee County Iowa, Hancock County Illinois, and Clark County, Missouri, but also receiving gifts and contributions from donor(s) throughout the United States of America.

The Foundation seeks to enrich the quality of life for the residents and communities of this Tri-State area by efficiently and responsibly exercising its fiduciary responsibility for all funds entrusted to it.

The Foundation (*through its Board of Directors*) generally manages gifts, pledges and contributions as permanent endowments of the Foundation administrated through Donor Advised Funds, Scholarships, Designated Funds, Trusts and other endowed funds established for the charitable and philanthropic purposes of the donor(s) and according to rules and regulations of the IRS and the By-Laws of the Foundation. In some cases, the Foundation also manages gifts and contributions which are non-endowed.

This Contribution Acceptance Policy will govern the acceptance of charitable contributions and provide guidance to the donors and their professional advisors in the establishment of endowed funds. This is to insure the Foundation fulfills its mission which is: *“Connect donors with community needs, enrich life in the greater Keokuk Area for past, present and future generations, and foster growth for emerging leaders.”*

Donor(s) should consider seeking advice of their attorney or other professional advisors when taxes are a consideration in making a charitable contribution. The Foundation seeks to serve the charitable interests of its donors and the community by informing, guiding and otherwise assisting donor(s) in fulfilling his or her philanthropic and charitable giving intent. In order to accomplish its mission, the Foundation Board and its Executive Director can at its discretion and according to this policy and the Foundation’s By-Laws refuse any gift or contribution. Accordingly, gifts and contributions that are deemed too narrow and restrictive, too difficult or ponderous to administer, or gift and contributions proposed for purposes outside the mission of the Foundation will usually not be received.

A. Accepted Gifts and Contributions

1. Cash: The Foundation accepts cash, checks, and money orders.
2. Marketable Securities: The Foundation accepts contributions of publicly traded stocks and bonds. The securities should be electronically transferred to The Foundation, if possible. Upon receipt in the Foundation's brokerage account the securities will be sold as soon as is practical. If a donor(s) holds a stock certificate in their name(s), a stock power form with a signature guarantee is required. The form will be available at the Foundation office and the signature guarantee will be completed by a bank or other appropriate financial institution. The donor(s) may then bring the stock or security to the Foundation's office or present them to an appropriate employee or officer of the Foundation.
3. Privately held securities: Stock in privately held companies or subchapter (S) corporations, interests in limited liability companies and partnerships will be considered on a case by case basis and may or may not be accepted. Only interests which will not create a liability for the Foundation will be considered for acceptance. To be accepted, such stocks must have a qualified appraisal performed by an independent professional appraiser. Prior to approval by the Foundation Board, such contributions will be reviewed by the Foundation's Executive Director and legal counsel.
4. Life Insurance: These primary means by which donor(s) may give a life insurance policy:
 - a. Irrevocably assign a paid-up life insurance policy to the Foundation, naming the Foundation owner and beneficiary of the policy.
 - b. In some cases, donor(s) may irrevocably assign a whole life or a term policy to the Foundation and continue paying the annual premiums until the policy is paid-up.
 - c. Name the Foundation as primary beneficiary, but retain ownership of life insurance policy. The donor may reserve the right to revoke the beneficiary designation should family circumstances necessitate.
 - d. Name the Foundation as successor beneficiary to receive the proceeds, if other beneficiaries are not living. The donor reserves the right to revoke the beneficiary designation.
5. Real Estate and Tangible Personal Property: The Foundation will consider the acceptance of tangible personal property on a case by case basis and all such contributions must be approved by the Board. In making a decision, the Foundation will consider the difficulty and expense of selling the items, the expertise required to sell the items, issues of storage interim to sale, and the general overall benefit to the Foundation.
6. Deferred (or Planned Gifts): The Foundation generally accepts gifts and contributions whose benefits do not fully accrue to the Foundation until some future time (such as the death of the donor or other beneficiaries, or the expiration

of a predetermined period of time), or whose benefits to the Foundation are then followed by the interests of non-charitable beneficiaries. All deferred gifts will be coordinated through the Executive Director and reviewed and approved by the Board. Donor(s) contemplating a deferred gift should consult with their attorney and professional tax advisors. Types of deferred gifts include:

- a. Bequests: A charitable gift made through an Estate Plan or 'Last Will and Testament' which is revocable during the donor's life and receivable only upon the donor's death. A bequest can be for a specific gift, a specific asset or property, or a specific percentage of the donor(s) estate.
- b. Charitable Remainder Trust(s): A Charitable Remainder Trust is a contractual agreement between donor(s) and the Foundation under which the donor(s) makes an irrevocable contribution of cash, securities or property to the Trust. In exchange for the property, the Foundation agrees to provide income for a specific period (the donor(s) lifetimes or for a period not to exceed 30 years).
 - i. The minimum gift or contribution to establish a Charitable Remainder Trust will be cash or the fair market value of an asset valued at least \$50,000.
 - ii. The minimum age of the establishment of a Charitable Remainder Trust will be at least be 55 years for each income beneficiary at the time the trust is established.
 - iii. Number of Income Beneficiaries will be no more than two.
 - iv. The maximum trust rate paid to the beneficiaries will be set by the Foundation.
 - v. The Foundation will provide semi-annual payments unless otherwise designated by the donor(s). Total payments may not exceed twelve per year.
 - vi. The Foundation may administer the trust or have a second party administer the trust. The Foundation's legal counsel will review the proposed trust and make a recommendation to the board for approval, including the fee structure if a second party is recommended. Such fees will be deducted from the earnings of the fund or the fund corpus, and not from the payment to the beneficiary(s).

B. Unrestricted Gifts and Contributions

Donors may make contributions and designate that the Foundation is to decide how the funds will be used. These funds may be used for administration expenses, or unrestricted grant making. A written document or letter detailing the donor's intent is required. It must include that the contribution is unrestricted and whether or not it is to be endowed. If the unrestricted contribution is to be endowed, it will be

administered in accordance with the Affiliation Agreement between The Foundation and The Greater Cedar Rapids Community Foundation (GCRCF):

1. Friends Fund (donor eligible for Endow Iowa Tax Credits).
2. Affiliates Fund (donor not eligible for Endow Iowa Tax Credits).

If the contribution is not to be endowed, it will be placed in our General Fund and managed locally. These funds are usually used for the annual budget. If the General Fund accumulates funds in excess of the budget requirements, the Board may decide to move the some or all of the excess to the Quasi Endowment Fund managed by the GCRCF.

C. Restricted Gifts and Contributions

Both endowed and non-endowed contribution may be accepted, although the Foundation encourages gifts used to create endowed funds whenever possible.

1. Endowed Gifts and Contributions:

Restricted contributions may be used to create an endowed fund with approval by the Foundation Board. Endowed Funds are intended to exist in perpetuity and only the investment growth from the Fund is used for distributions.

- a. Minimum Endowment: The minimum amount to establish a fully endowed fund is \$5000. Gifts or contributions of \$250 or greater will be accepted with the expectation that over a reasonable period of years, the 'Fund' will become fully endowed at \$5,000. (Distributions from the 'Fund' will not occur until the fund is fully endowed.)
- b. Fund Purpose: The purpose or donor(s) intent when establishing an endowment must be defined within the context of a written fund agreement or deferred gift instrument signed by the donor(s), or the donor's legal representative and an authorized representative of the Foundation (*the Executive Director or an officer of the KACF Board*). Standard fund agreements, as approved by legal counsel and the Foundation Board of Directors will be used. Any deviation from these standard agreements must receive legal approval by Foundation Counsel prior to execution. In most cases, additional contributions may be made to existing funds of the Foundation without restating the original purpose of the gift.
- c. In conformance with IRS regulations governing Community Foundations, gifts and contributions to the Foundation may not be directly or indirectly subjected by a donor(s) 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.

2. Types of Endowed Funds

- a. *Donor Advised Fund*: Established to benefit any non-profit organization with distributions from the fund suggested by donor(s) and approved by The Foundation Board. (Currently all Donor Advised Funds are administered in accordance with the Affiliation Agreement between The Foundation and The Greater Cedar Rapids Community Foundation).
- b. *Designated Fund*: Established to benefit a specific non-profit organization with distributions from the fund suggested by donor(s) and approved by The Foundation Board. (Currently all Donor Designated Funds are administered in accordance with the Affiliation Agreement between The Foundation and The Greater Cedar Rapids Community Foundation).
- c. *Scholarship Fund*: Established by donor(s) to benefit Schools, Colleges and Universities for the purpose of assisting students with their education. (Currently all Scholarship Funds are administered in accordance with the Affiliation Agreement between The Foundation and The Greater Cedar Rapids Community Foundation).
- d. *Agency Fund*: Established by a nonprofit organization for the benefit of that organization. Distributions from the Agency Fund are received by that particular Agency upon approval of The Foundation Board. (Currently all Agency Funds are administered in accordance with the Affiliation Agreement between The Foundation and The Greater Cedar Rapids Community Foundation).
- e. *Field of Interest Fund*: Established to permit donor(s) to help fund particular charitable causes and organizations. Generally these causes are of state, national or international scope such as the environment, education, arts and culture, human services, health or community development. (Currently all Field of Interest Funds are administered in accordance with the Affiliation Agreement between The Foundation and The Greater Cedar Rapids Community Foundation).
- f. *Memorial or Honor*: Gifts or contributions given in memory or in honor of an individual(s) or family(s). Such gifts or contributions may be made to any fund of the Foundation.

3. Non-Endowed Gifts and Contributions

A contribution may be used to create a Non-Endowed Donor Advised Fund when the donor(s) intends to distribute the entire gift in a specified time period. The Foundation Board must approve creation of a Non-Endowed Fund. The following guidelines will govern these funds:

- a. The Foundation shall only accept such contributions in those instances where, in the opinion of the Executive Director or Officers of the Board, acceptance will likely lead to receipt of a significant endowment from the donor(s) at some future date.
- b. Contributions used to create Non-Endowed Funds will normally be in excess of \$50,000 with an expected life of at least five years.
- c. Investment responsibility will be given to the Finance Committee of the Foundation who will contract with a reputable national organization like (The National Philanthropic Trust) for the investment and administrative management of the fund.
- d. Grant recommendations reside with donor. Distributions will be to non-profit organizations, churches, schools, health care organizations (all of whom are 501 c (3) organizations) within a specific time-frame defined by the Fund Agreement. Maintenance of all records and administration of each particular fund rests with the organization contracted to manage the fund.
- e. The Keokuk Area Community Foundation will only accept contributions to establish a Non-Endowed Fund when the Donor(s) have no interest in actively managing investment of the fund. Donor(s) seeking to actively manage investment of a non-endowed fund(s) will be guided to a donor advised program, where the donor, not The Keokuk Area Community Foundation, is the account holder.
- f. There will be rare occasions that a gift from \$10,000 up to \$50,000 may be accepted to establish a non-endowed fund. Usually these contributions are accepted to permit a donor to make distributions anonymously. These contributions will be deposited in local bank savings accounts. Grant recommendations reside with donor(s). Maintenance of all records and administration of each such fund rests with The Keokuk Area Community Foundation. It is expected that The Keokuk Area Community Foundation will charge a portion or all administrative costs to the Fund.

D. Confidential Information

All information concerning prospective donors, including names and addresses, names of beneficiaries, nature and worth of estates, amounts of provisions, etc. shall be kept strictly confidential by the Foundation and its authorized personnel unless the donors grant permission to use selective information for purposes of referral, testimonial or example at the discretion of the donor or authorized representatives.

E. Investment of Gifts and Contributions

The Foundation reserves the right to make any or all investment decisions regarding contributions received. In making a contribution to the Foundation, donors give up all right, 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.

The Foundation shall not make any investment which constitutes excess business holdings. Section 4943 of the IRS Code's provisions for private foundations is to prevent a foundation from controlling a for-profit business for any extended period of time.

F. Greater Cedar Rapids Community Foundation (GCRCF)

In accordance with terms of the Affiliation Agreement between the Foundation and GCRCF, the GCRCF has legal control of the assets invested with them and is acting on behalf of the Foundation.

G. Contribution Acknowledgement

The Foundation's staff will prepare and send to each donor a letter of acknowledgement with appropriate IRS wording regarding charitable contributions. The KACF Certified Public Accountant or KACF Accounting Firm will prepare the appropriate IRS form 8283's to be mailed to donor(s) for noncash contributions or contributions of tangible property over \$500 when the Foundation has proper documentation as to the value of the gift. The KACF Certified Public Accountant or KACF Accounting Firm will prepare IRS form 8282 to be mailed to the IRS for a contribution of tangible property that is disposed of within two years of the date of the original contribution.

H. Contribution Acceptance Authority

If a Board meeting cannot be scheduled within 30 days of a contribution which requires review and approval, the Foundation's Executive Committee will have authority to act on the Board's behalf. All gifts of real estate will require approval of the Executive Committee before being presented to the Board.

I. Annual Review of Contribution Acceptance Policy

The Gift Acceptance Committee shall review this policy annually to determine if any amendments are necessary to reflect changes in the law or the Foundation and to address new situations not previously addressed by the Board.