

**THE COMMUNITY FOUNDATION OF ABILENE
GIFT ACCEPTANCE POLICY**

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**THE COMMUNITY FOUNDATION OF ABILENE
GIFT ACCEPTANCE POLICY**

*Revised and Approved on June 23, 2011
Revised and Approved on August 23, 2016*

I. PURPOSE

- a. The purpose of this policy of the Community Foundation of Abilene and affiliated entities (referred to as the “Foundation” in the following sections of this policy), is to serve the best interests of the Foundation, its donors, and a healthy, caring community by providing guidelines for negotiating and accepting various types of gifts for various types of funds. Given the increasing complexity of IRS regulations, the potential increase in volume of real estate and other property gifts, and state and federal environmental laws, the Foundation recognizes the value in carefully screening proposed gifts. A copy of this policy is available upon request.
- b. The purposes of the gift must fall within the mission statement (*See Appendix A*) of the Foundation. The Foundation Board and staff must be able to assure that gifts accepted by the Foundation do not place other assets of the Foundation at risk, and that they can be easily converted into assets that fall within the Foundation’s investment guidelines. The Foundation must also assure that it can administer the terms of the gift in accordance with the donor’s wishes.

II. FOUNDATION RESPONSIBILITIES

- a. The Board of Trustees is responsible for policy-making and oversight of the Foundation’s operations. All gift policies referenced in this gift acceptance policy have been adopted by a majority vote of the trustees. Community Foundation of Abilene Articles of Incorporation (Article Nine) gives the trustees the power to modify fund restrictions and conditions.

The Board of Trustees of the corporation shall have the power, consistent with donor and agency agreements, to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to specified organizations if, in the sole judgment of the Board (without the necessity of the approval of any custodian or agent or advisory group), such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable, benevolent, cultural, civic, health, scientific and educational needs of the Abilene area. The Board shall exercise this power at a meeting by the affirmative vote of two-thirds of the members of the Board.

- b. Foundation staff should disclose to all prospective donors the benefits and liabilities that could reasonably be expected to influence the donors’ decision to make a gift to the Foundation. Donors will be encouraged to consult with legal counsel and financial advisors in making their decision. In particular, donors should be made aware of:
 - 1. the irrevocability of a gift,
 - 2. prohibitions on donor restrictions,
 - 3. items subject to variability (market value, investment return, and income yield),
 - 4. the Foundation’s responsibility to provide periodic financial statements on donor funds.
 - 5. the fee assessed by the Community Foundation for administration and management of the fund.

Staff should maintain a written record of discussions with donors. The role of Foundation staff shall be to inform, guide and assist a donor in fulfilling his or her philanthropic wishes, but never to pressure or unduly influence a donor’s decision.

III. **GIFTS DECLINED**

The Foundation reserves the right to refuse any gift it believes is not in the best interests of promoting a healthy, caring community and will not knowingly accept a significant charitable gift from a donor who:

- a. has insufficient income and assets remaining after making a gift to provide for his/her needs such as personal support and health care.
- b. has insufficient income and assets remaining after the gift to provide for his/her heirs for whom he/she is fiscally responsible.
- c. has an apparent insufficient mental capacity to make a rational decision
- d. has insufficient input from competent financial, legal and/or personal counsel.

IV. **TYPES OF GIFTS**

The Foundation solicits and accepts **outright gifts** with earnings dedicated immediately to the charitable needs of the community, **planned gifts** with split interest of income and principal reserved to charitable or non-charitable beneficiaries, and **testamentary gifts** created by bequest for purposes consistent with the mission of the Foundation.

Foundation staff is authorized to accept gifts consistent with the purposes, bylaws and procedures of the Foundation which are in the following forms: (*Refer to Appendix B for greater detail.*)

- a. Cash or cash equivalents, Checks.
- b. Publicly-Traded Securities and Bonds.
- c. Closely held marketable securities if proper information concerning the value of the gift is included and there are no special requirements. The President will determine if these specifications have been met.
- d. Life Insurance policies which name the Foundation as a beneficiary. Donor continues to pay all premiums.
- e. Individual retirement accounts (IRA's) which name the Foundation as a beneficiary.
- f. Planned gifts: Bequests – in accordance with Appendix C.
- g. Charitable remainder trusts, charitable remainder unitrusts or charitable lead trusts, if funded with cash or publicly traded securities.
- h. Gifts of usable furniture and equipment for the offices or programs of the Foundation.

V. **REVIEW OF GIFTS**

In reviewing gifts to the Foundation, the Executive Committee and/or the President will consider the following criteria:

- a. the charitable intent and ultimate community benefit
- b. the nature of any restrictions
- c. the permanency of the gift; or in the case of a non-permanent fund, the amount of time the fund will remain with the Foundation
- d. projected costs of managing the gift asset
- e. fee revenues to the Foundation for administering the gift

VI. GIFTS REQUIRING EXECUTIVE COMMITTEE APPROVAL

- a. Gifts requiring Executive Committee review will be handled promptly. Foundation staff will deliver to members of the committee all information necessary to make a decision. If a gift is not accepted, the donor will be notified in writing by staff immediately. All gift reviews will be handled with confidentiality.
- b. Time Sensitive Gift Acceptance. In certain instances, a decision regarding gift acceptance must be made immediately. An example is a gift made on December 31. In such a case, the President or duly authorized staff will contact available Executive Committee members immediately. However, given the likelihood that not all of the members will be reached, approval to accept the gift may be made by any one member of the Committee if there is concurrence with staff and that officer that the gift should be accepted without reservation. A further possibility, though unlikely, is that circumstances may require a decision by the President, who was unable to reach any of the Committee members in a December 31st gift situation. The President would be authorized to accept such a gift if in his/her judgment there will be no significant reservations. The President will report for review to the Executive Committee all such action.

With gifts not requiring the December 31st immediacy of action, there may from time to time be an instance where a gift needs to be completed and one or more of the Executive Committee members may not be available for an extended period of time. In such instances, the President shall have authority to take action and will report all such action to the Executive Committee.

- c. Gifts requiring Executive Committee approval include the following (more detailed information on gift acceptance is included in *Appendix B*)
 1. Gifts of real estate. The donor will be required to provide an independent appraisal and an environmental review as well as a description of the property. The Executive Committee will review these documents as well as consider any liabilities, restrictions or other conditions related to the gift. These policies also will apply to any other asset that has real estate holdings as an element of its value (e.g., certain limited partnerships or other business entities).
 2. Interests in business entities (i.e., closely held securities, partnership and limited liability company interests) where, in the opinion of staff, there may be concerns about the following: valuation, long-term disposition, income production, business partnership, charitable intent, requirements or limitations, tax deductibility or other questions which indicate that a review of the Executive Committee is necessary.
 3. Charitable remainder trusts, charitable lead trusts, or charitable gift annuities, if funded with assets other than cash or publicly traded securities.
 4. Tangible personal property that is not readily marketable.
 5. Gifts of intellectual property, mineral reserves and precious metals.

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- d. Additional gifts that require Executive Committee approval:
 1. Life insurance policies requiring future premium payments by the Foundation.
 2. Other property that may be unusual or fall outside the type of gifts usually handled by the Foundation.
 3. Gifts to establish funds for a purpose that may fall outside the mission, bylaws and procedures of the Foundation.

VII. **ACKNOWLEDGEMENT**

Donors shall receive an expression of sincere thanks and gratitude from the Foundation in acknowledgement of the gift in accordance with federal regulations (which includes a tax deduction statement where appropriate). *(See Exhibit E)*

VIII. **PUBLICITY**

No public media exposure with respect to a donor's gift will be generated without the consent of the donor.

IX. **RESTRICTIONS**

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 or condition that prevents the Foundation from freely and effectively employing the transferred assets, or the income derived therefrom, in furtherance of its exempt purposes.

X. **ACTING AS TRUSTEE**

No employee shall serve as a trustee, conservator, executor, or personal representative for one of the Foundation's donors or prospects unless specifically approved by the Foundation President. The Board of Trustees will be made aware of such trusteeships. All officers shall report such relationships in the "Related Parties" section as provided periodically to the Board of Trustees in their Board meeting packets.

XI. **INVESTMENT OF GIFTS**

It is the policy of the Foundation to convert all gifts to cash as soon as possible. The Foundation reserves the right to make any or all investment decisions regarding gifts in accordance with its Investment Policy.

XII. **COSTS OF ACCEPTING AND ADMINISTERING GIFTS**

Generally, costs associated with the acceptance of a gift such as attorney fees, accounting fees, other professional fees as well as other costs to establish a gift such as appraisal, escrow, evaluation, and environmental assessment fees will be borne by the donor.

The direct costs of administering outright and planned gifts of the Foundation will be borne from the assets of the individual funds, except for those special circumstances as determined by the Executive Committee. Custodial, investment, and administrative fees will be paid from the respective funds in accordance with the Foundation's guidelines and fee schedules.

XIII. **CONFIDENTIALITY**

Foundation staff shall maintain strict control over files and information received from or about donors or prospective donors so as to maintain confidentiality of such information.

**Appendix A - Mission Statement
of
The Community Foundation of Abilene**

- *To establish permanent charitable endowments.*
- *To provide a vehicle for donors' varied interests.*
- *To promote local philanthropy*
- *To provide leadership and resources in addressing local challenges and opportunities.*

Appendix B – FORMS OF GIFTS TO THE FOUNDATION
Guidelines on Assets Used to Make Gifts

Gifts to the Foundation may take a variety of forms. Many are outright gifts by living donors either on a one-time or periodic basis. Others are bequests and testamentary gifts that take effect upon the donor's death. Some are other forms of deferred or split-interest gifts.

If the value of a gift other than cash or marketable securities exceeds \$5,000, a donor is required to have a qualified appraisal performed and submitted to the IRS on Form 8283. If such gifts are sold within three years of receipt at a price other than the appraised value, Form 8282 must be filed by the Foundation.

The Foundation reserves the right to accept or reject any gift as it sees fit. In general, it is the policy of the Foundation to convert all gifts to cash as soon as possible. Exceptions can be made upon advice of the President and/or the Investment Committee.

TYPES OF OUTRIGHT GIFTS

Cash

The Foundation accepts cash, checks, or money orders made payable to the Foundation or any of its component funds. It is desirable to obtain written instructions from the donor specifying which fund is to be credited with the gift. In instances where the donor does not specify a fund, gifts will be placed as follows:

- \$100 or less – General Operations Fund
- Greater than \$100 – Unrestricted Endowment Fund

In order to establish a separate fund at the Foundation, the donor must meet the minimum funding requirements set by the Board.

Cash from Donor-initiated Fundraising

Donor-initiated fundraising events refer to those public fundraising events conducted by an individual or a non-exempt organization that are intended to raise dollars for a component fund at the Community Foundation. For example, a golf outing, fundraising dinner, auction, raffle, or other special event would be considered a public fundraising event.

The Foundation is staffed to develop endowment and other funds through the acquisition of major and planned gifts and to cultivate new and existing relationships with donors. The Foundation is not equipped to operate donor-initiated or public fundraising events for its component funds that rely upon the use of the Foundation's tax-exempt status in order to offer contributors a charitable tax deduction for their participation. The Foundation is held accountable for meeting all federal, state and local legal requirements for charitable solicitations related to Funds of the Foundation. It cannot delegate this responsibility to any other parties.

Publicly-Traded Securities and Bonds

The Foundation will accept gifts of publicly traded stocks, bonds and mutual funds at fair market value as determined under Internal Revenue Service rules. As a general rule, gifts of publicly traded securities will be sold as soon as possible. The Foundation will govern the disposition of securities and will make all decisions regarding the sale or retention of securities.

The Foundation will accept gifts of publicly traded securities and bonds for current or deferred gifts. Bonds not routinely reported in financial journals will be valued by a bond specialist. Stock subject to Section 144 restrictions, buy-sell agreements, or other restrictions on sale may be accepted subject to the approval of the Foundation's Board. Such securities and bonds will be valued at fair market value as determined under IRS rules. Securities for which there is

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a recognized market generally will be valued at the arithmetic mean of the highest and lowest selling prices for that stock or bond in its principal sales market on the date of the gift. The value of a share in a mutual fund is its public redemption price (the “bid price”) in effect at the time of the gift.

The date of the gift is the date the security is:

- a. unconditionally delivered or mailed in proper negotiable form to the Community Foundation or its agent;
- b. the date the security is transferred and held in “street name” on the books of a brokerage firm; or
- c. the date the security is transferred on the books of the issuing corporation when delivered to the corporation for transfer in the Community Foundation’s name;
- d. when gifts are transferred directly to one of the Foundation’s existing accounts, **notification should be sent by the donor** so that the Foundation can expeditiously acknowledge receipt of the gift.

Closely Held Stock and Partnerships

Donor wishing to make gifts of stock in a closely-held corporation or S corporation or a gift of a partnership interest, must have it valued by a qualified independent accounting or appraisal company prior to making the contribution. If it is immediately marketable, it will be sold. Otherwise, it will be held by the Foundation until it may be redeemed or sold for cash. Generally, the Foundation does not accept gifts of general partnership interests due to potentially unlimited liability.

The acceptability of this type of gift will depend on the ultimate financial liability of the Foundation, the amount of management attention required, whether the gift provides minority or majority control, or whether the donor requires that such interest not be sold. Consideration will be given to whether the S corporation stock or partnership interest generates unrelated business taxable income, 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.

Limitation on accepting gifts of assets to donor advised funds: The Foundation places a limitation on accepting gifts of assets (e.g. gifts of stock in closely held C corporations, S corporations and limited partnership interests) to a donor advised fund. When the aggregation of assets held by a donor advised fund, donor, donor advisors and related parties exceeds approximately 20% of the voting stock or profit interest in a business entity, the Foundation will divest excess holdings of the donor advised fund within 5 years.

Life Insurance Policies

The Foundation will accept gifts of permanent life insurance policies if the Foundation is named as owner of or is assigned ownership in such policies. Policies continuing on a premium-paying basis will be maintained as such by the Foundation so long as gifts are made to the Foundation in the amount of the premiums due. Premiums can be of a reducing amount if dividends are directed toward future premiums.

Should such premium gifts not be forthcoming, the Foundation may, on the recommendation of the Executive Committee, elect:

To have the Foundation continue the premium payments

To surrender the policy in exchange for its cash surrender value. Proceeds will be added to the Foundation’s Discretionary Grant Fund.

To invoke procedures under which the existing policy values can sustain the policy without further outlay of Foundation funds for the premiums. This can take any of the following forms:

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- Change the dividends to net (use dividends to pay future premiums).
- Use the automatic premium loan feature (borrow against the cash value to pay future premiums).
- Use a combination of the two previous options.
- Change the policy to paid-up, in which case, no more premiums will be due.

The Foundation discourages the contributions of life insurance policies subject to policy loans and reserves the right to accept or reject such policies as well as those carrying assignments to other entities. The Foundation will consider its own interest and the best interest of the donor in the light of tax ramifications in determining on a case-by-case basis the acceptability of encumbered life insurance policies. Particular care will be given to problems of self-dealing, jeopardy investments, and unrelated business income in this regard.

The Foundation does not enter into charitable reverse split dollar agreements.

Retirement Assets

“Account” type retirement plans, in which a balance accumulates as principal, may be gifted to the Foundation. These include Individual Retirement Accounts (IRA), 401(k), 403(b), and defined contribution plans.

TYPES OF GIFTS REQUIRING EXECUTIVE APPROVAL

Gifts of illiquid assets shall be accepted only if they have an intrinsic charitable benefit (e.g. a gift of land for a community park) or if the donor places no restrictions on the disposal of the asset and investment of the proceeds of such disposal to provide charitable distributions. The determination of acceptance of an illiquid asset will be made after an investigation is completed by the Executive Committee with a recommendation to the Board of Trustees and upon an affirmative vote by the Trustees.

Real Property

Unencumbered real property will be accepted at fair market value as established by at least one qualified appraisal, provided by the donor. Appraisal fees are “out of pocket” expenses to be borne by the donor before completion of the gift; said fees are not deducted from the value of the gift or treated as part of the charitable contribution; they may be claimed by the donor as a miscellaneous deduction on Schedule A of Form 1040 (Section 1061). Evidence of clear title to the property must be provided by the donor to the Executive Committee; property with multiple owners will be accepted only if all owners of the property agree in writing to the gift. A completed IRS Form 8283 (Noncash Charitable Contribution) must accompany gifts of real property. No real estate may be accepted as a gift if the donor has already arranged its subsequent sale by the Foundation.

Real property that is encumbered by a trust deed loan or mortgage will be accepted only in exceptional circumstances.

Prior to acceptance of a gift of real property, the Foundation 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, the Foundation may require inspection through an environmental audit of all proposed gifts of real estate and assets related to real property. For example, a Phase 1 Environmental Impact Audit and other studies deemed necessary by the Foundation generally must be completed before real estate may be accepted as a gift, and the Phase 1 fees are “out of pocket” expenses to be borne by the donor before completion of the gift. Said fees are not deducted from the value of the gift or treated as part of the charitable contribution.

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In addition to the considerations listed above, commercial properties and businesses will be examined in relationship to the potential for exposure of the Foundation to unrelated business income tax (UBIT).

Following the appendixes is the Community Foundation of Abilene's Real Estate Acquisition Checklist. (*Exhibit A*) This checklist will be utilized for all transactions involving real estate gifts.

Tangible Personal Property

Gifts of assets such as boats, airplanes, automobiles, artwork, furniture, equipment, jewelry, gems, and metals valued in excess of \$5,000 must be accompanied by a qualified appraisal. Unless the property is to be used in connection with the Foundation tax-exempt purpose, it will be sold at the highest possible price as soon as possible after conveyance. No commitment will be made to keep gifts of personal property. The Foundation discourages gifts of personal property which cannot readily be sold or which require unusual expenses prior to sale. If a lengthy selling period is anticipated, the Foundation may ask the donor to cover such expenses.

A completed IRS Form 8283 (Noncash Charitable Contribution) must accompany gifts of tangible personal property.

Royalties, Distribution Rights

The Foundation may accept gifts of royalties or distribution rights on published works (such as books or films) where there is clear evidence of marketability or assurance of an income stream. A qualified appraisal is required. A completed IRS Form 8283 ("Noncash Charitable Contributions") must accompany gifts of royalties or distribution rights.

Oil, Gas and Mineral Interests

The Foundation may accept oil and gas property interests, when appropriate. Prior to acceptance of an oil and gas interest, the gift shall be approved by the Executive Committee, and if necessary, by the Foundation's legal counsel. Criteria for acceptance of the property shall include:

- The property should not have extended liabilities or other considerations that make receipt of the gift inappropriate.
- A working interest is rarely accepted and only with the Approval of the Board of Trustees. A working interest may only be accepted where there is a plan to minimize potential liability and tax consequences.

Planned Gifts – See Appendix C

- a. Charitable Remainder Unitrust (CRUT)**
- b. Charitable Lead Trust**
- c. Gifts by Will or Trust**
- d. Life Insurance**
- e. Retirement Plan Assets**

APPENDIX C - PLANNED GIFTS

The Foundation's planned giving program encompasses 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 of time), or whose benefits to the Foundation are then followed by the interests of non-charitable beneficiaries. Planned giving opportunities offered by the Foundation include the following:

Charitable Remainder Unitrust (CRUT)

Under a charitable remainder unitrust, 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. Upon termination of the income beneficiary's interest, the assets of the unitrust are transferred to the Foundation.

Charitable Lead Trust

Under a charitable lead trust, the Foundation is given an income interest in the trust assets for a period of years, at the end of which time the assets of the trust are distributed to non-charitable beneficiaries designated by the donor.

Gifts by Will or Trust

The Foundation 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 for restricted and unrestricted gifts will be made available to donors and their attorneys to insure that the bequest is properly designated.

Life Insurance

The Foundation can be designated as a primary or successor beneficiary of a life insurance policy owned by the donor. In addition, the Foundation may accept outright gifts of life insurance policies on which premiums remain due, subject to review by the Executive Committee.

Retirement Plan Assets

The Foundation may accept account type retirement plans, in which a balance accumulates as principal, such as IRAs, 401(k), 403(b), and defined contribution plans. However, the Foundation cannot accept annuity plans, such as defined benefit plans, in which retirement benefits are paid out as income and principal does not accumulate. Methods of gifting retirement plan assets include:

1. Naming the Foundation as primary successor or contingent beneficiary for all or part of the assets upon death of either the retirement asset owner or spouse; and
2. Creating a testamentary CRT upon the death of the asset owner, naming the Foundation as remainder beneficiary and non-charitable heirs as income beneficiaries. The Foundation prefers to obtain a copy of the document naming the Foundation as a beneficiary for files.

The Foundation does not offer **charitable gift annuities**. Donors are encouraged to consider alternate arrangements such as charitable remainder trusts.

Appendix D – Type of Funds

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

Discretionary (or Unrestricted) Funds

Discretionary funds are available to the Foundation for any of the charitable purposes encompassed by the Foundation's mission. The Grant Distribution Committee determines how earnings from discretionary funds are used.

Field of Interest Funds

Field of Interest Funds are restricted in their use by the donor's preference for a limited charitable purpose, without designation of recipient organizations. The Grant Distribution Committee determines which organizations and programs receive grants from field of interest funds. 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
- Health and medicine
- Environment
- Animals

Advised Funds

Donors 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 and amounts of grants from the funds. Advised funds can be endowed or non-endowed.

Scholarship Funds

Scholarship funds are dedicated to providing grants for higher education purposes to assist individuals within an identified class, such as students at a particular high school, students studying at a specific university or undertaking a selected course of study.

Designated Funds

At the time that a designated fund is established, the donor specifies one or more charitable organization which shall receive grants from the fund. All grants from a designated fund must be made to the designee organization(s). Should a recipient organization cease to exist or changes its status or mission as a charitable organization, the Foundation's Board may exercise its variance authority, selecting an alternate use for the fund compatible with its original charitable purpose.

Agency Endowment Fund

Administration of an agency endowment fund is identical to that of a designated fund. The primary difference is that the establishing donor is the agency which will receive grants from the fund. (According to Financial Accounting Standard 136, for accounting purposes only, these funds shall be considered both as an asset and a liability to the Community Foundation.)

Support Foundations

Donors establish support organizations at the Foundation as independently incorporated tax-exempt nonprofit organizations with separate governance. A support organization is a grantmaking organization that is operated in connection with the Foundation. This requirement can be met in part if the Board of Trustees of the Foundation appoints a majority of the board of directors of the support foundation.

Affiliate Community Foundations

Affiliate community foundations are established for the support of charitable purposes and organizations within a specific region. A local advisory board is appointed within each affiliate community and has grantmaking and asset acquisition responsibility for that area. Affiliate community foundations enable smaller communities to enjoy many of the benefits of a community foundation while taking advantage of the Foundation's services, staff and expertise and avoiding the costs and administrative burdens of a separate community foundation. Affiliate community foundations must abide by the Community Foundation of Abilene's gift acceptance policies.

Build-a-Fund Option

The Trustees of the Community Foundation of Abilene recognize that there are families who would like to create a legacy for themselves and their community but are not in a position to donate all at once the \$10,000 minimum required to establish an endowed fund. The Build-a-Fund option, in accordance with *Appendix E* to this policy, allows donors to grow their fund to the \$10,000 level over a maximum of five years. The fund name and purpose are determined when the first contribution to the fund is made. If the \$10,000 minimum is not reached within the five-year window, the Trustees **may** elect to move the fund balance to the unrestricted endowment fund of the Foundation.

Appendix E – Build-a-Fund Procedures
Adopted by the Board of Trustees 6-3-2003

Background:

The Trustees of the Community Foundation of Abilene recognize that there are families who would like to create a legacy for themselves and their community but are not in a position to give all at once the \$10,000 minimum required to establish an endowed fund. The Build-a-Fund concept will allow donors to grow their fund to the \$10,000 level over a period of up to five years.

Policy:

The Community Foundation of Abilene desires to encourage endowed philanthropy and provide user-friendly services to our donors. To this end, the Foundation will incubate growing endowment funds using the following considerations:

Funds established under the Build-a-Fund program are intended to be grown to the \$10,000 minimum over a maximum period of five (5) years. Interested donors will be asked to sign an agreement (See Attachment 1) indicating that they understand this concept.

During the fund incubation period, the Foundation will reinvest all interest, dividends and market gains and will waive its administrative fee until the fund reaches the \$10,000 level, so that the fund will grow more rapidly. Thus, no grants will be made from the fund until fund balance reaches the minimum \$10,000 level.

Donors may name the fund at the time they elect to begin building it. The fund will be recognized in the Foundation's annual report and in all relevant Foundation information.

Should contributions to the fund not reach \$10,000 during the five-year period, the fund balance may be transferred to the Unrestricted Endowment or to an appropriate field of interest fund, at the discretion of the Trustees

A pledge form is included on the following page.

**The Community Foundation of Abilene
“Build-a-Fund” Pledge Form**

I/We pledge to donate \$10,000 over the next five years to fully endow the

_____ Fund
(name of fund)

in the Community Foundation of Abilene. I/We understand that, until the \$10,000 level is reached all interest, dividends and market gains will be reinvested and that the Community Foundation will waive its standard administrative fee. The Community Foundation will recognize the **above named Fund** in its Annual Report and in all relevant Foundation information.

I/We understand that if for some reason I am/ we are unable to complete the pledge by _____*(date)*, all monies contributed will be transferred to the Unrestricted Endowment Fund or an appropriate field of interest fund in the Community Foundation of Abilene and the legal agreement establishing the (name of fund) Fund will be null and void.

This form is made a part of the legal agreement establishing the **above named Fund**.

Dated this _____ day of _____, 20____.

Donor name

Donor Name

Katie Alford, President
Community Foundation of Abilene

The Community Foundation of Abilene Real Estate Acquisition Checklist

I. Basic Information

Donor(s) Names: _____

Donor(s) Address: _____

Donor(s) Phone: _____ Donor(s) e-mail: _____

Address of property: _____

Land area (acres or square feet): _____

Building area (square feet on each floor): _____

Zoning: _____

Replacement cost of building: _____

Current property insurance coverage: _____

Date of acquisition/form of acquisition: _____

Current cost basis (includes improvements): _____

Principal balance of mortgage: _____ Current fair market value: _____

Term of remaining mortgage: _____ Is mortgage assumable? ____ Interest Rate _____

Assessed value for real estate taxes: _____

Fiscal tax year: _____ Amount of real estate taxes: _____

Land value: _____ Building value: _____

Most recent appraisal (date): _____ Appraised Value: _____

Appraiser (name and address): _____

Occupancy status after transfer of title to charity (check one below):

____ Vacant- building has no personal property, no occupants

____ Unoccupied - building has personal property, but no occupants

____ Occupied - building has personal property with occupants

Please indicate by checking "yes" your awareness of any condition or problem which may affect the title or marketability of the property. Use Section VIII to provide additional information.

II. Title / Zoning	Yes	No
A. Title	_____	_____
B. Zoning variances, violations or special permits	_____	_____
C. Zoning violations	_____	_____
D. Restrictions or easements	_____	_____
E. Survey not available	_____	_____

III. Building

Yes No

- A. Foundation /slab _____
- B. Basement water/dampness/sump pump _____
- C. Roof leaks _____
- D. General Structural _____
- E. UFFI (formaldehyde insulation) _____
- F. Asbestos _____
- G. Lead paints _____
- H. Termites/ants/pests _____
- J. Swimming pool _____
- K. Radon _____
- L. Building systems _____
 - 1. Plumbing _____
 - 2. Electrical _____
 - 3. Heating _____
 - 4. Air conditioning _____
 - 5. Hot water _____
 - 6. Water supply _____
 - 7. Sewage _____
 - 8. Other fixtures _____

IV. Rental/Condominium

- A. Building Systems _____
 - 1. Leases _____
 - 2. Rental arrears _____
 - 3. Last month's rent or security deposit _____
- B. Common area fees in arrears _____
- C. Building code violations _____

V. Environmental

- A. History of property _____
Property has prior or current use for industrial, commercial, agricultural, manufacturing, waste disposal or any other non-residential purposes.
- B. Condition of property _____
 - 1. Stressed or denuded vegetation or unusual barren areas _____
 - 2. Discoloration, oil sheens, or foul/unusual odors in water _____
 - 3. Storage drums _____
 - 4. Above or underground storage tanks, vent or filler pipes _____
 - 5. Evidence of oil or other chemicals in soil _____
 - 6. Evidence of PCB's _____
 - 7. Evidence of toxic air emissions _____
- C. Adjacent properties _____
Properties adjacent or close to subject have conditions requiring "Yes" answer to any questions in (A) and/or (B) above.
- D. Flood Plain / Drainage area _____
- E. Endangered plants or wildlife _____
- F. Are you aware of any other information concerning any part of the land or buildings which might affect the decision of a buyer to buy or affect value of property or affect use by buyer? _____

VII. Property Maintenance Budget

To hold this property as a Community Foundation asset the following income and expenses are anticipated:

A. Income	Annual	
1. Rent		_____
2. Other		_____
	Total Income	_____
B. Expenses		
1. Real estate taxes		
1 st payment of \$ _____ due (date) _____		
2 nd payment of \$ _____ due (date) _____		
2. Utilities		
Gas		_____
Electricity		_____
Water/sewer		_____
Other		_____
3. Services		
Caretaker		_____
Landscaping		_____
Heating/Cooling contract		_____
Pool services		_____
Common area charge		_____
Security		_____
Other		_____
4. Maintenance / Repairs		_____
5. Insurance		_____
	Total Expenses	_____
	Net Income (Loss)	_____

VIII. Additional information of Sections II through VII

IX. Acknowledgments

Owner(s) hereby acknowledge that the information set forth above is true and accurate to the best of my (our) knowledge.

Owner

Date

Owner

Date

THE COMMUNITY FOUNDATION OF ABILENE

Checklist of Desired Items in Connection with Consideration of Acceptance of Real Estate Donation

Information to Obtain

Date Received / Received By

- | | | |
|-----|---|-------|
| 1. | Exact legal name of donor and federal identification number. | _____ |
| 2. | Description of property (copy of deed). | _____ |
| 3. | Description of any buildings or other structures located on the land. | _____ |
| 4. | Boundary survey of property with location of all easements, structures, and encumbrances appearing on the face of the survey. | _____ |
| 5. | Information regarding existing zoning status. | _____ |
| 6. | Information on all ingress/egress for the property. | _____ |
| 7. | Description of prior use of the property. | _____ |
| 8. | Description of use of surrounding property with specific disclosure of any storage tanks or potential environmental factors affecting the property. | _____ |
| 9. | Disclosure of any contemplated or anticipated condemnations, right-of-ways or other actions by municipalities that may affect the subject property. | _____ |
| 10. | Phase I environmental report on the property, including environmental report on any structures located on the real estate. | _____ |
| 11. | Evidence of title, such as title examination and report, title insurance commitments, or schedule describing any liens, encumbrances, or title matters affecting the property. | _____ |
| 12. | Copy of appraisal showing the fair market value of the property within sixty (60) days. | _____ |
| 13. | Disclosure of amount of existing real estate taxes, insurance premiums, and assessments attributable to the property. | _____ |
| 14. | Discussion with donor regarding any special arrangements for donor's fund or other sources to address ongoing expenses for taxes, insurance, assessments, maintenance, security, utilities and similar items. | _____ |

Community Foundation of Abilene - Establishment of New Fund

Date _____ Initial \$ Amount _____

Stock Gift? Yes No (if yes, attach stock gift form)

Name of Donor(s) _____

Address of Donor(s) _____

Donor(s) Telephone Number(s) _____

Name of Fund _____

Vital Necessities - Please initial and date when each step is complete.

Thank you letter from CFA dated _____, computer address of letter is _____

Gift recorded in FIMS on _____ (date) by _____. Gift Number is _____

Fund name added to edited copy of previous annual report by _____ (name) on _____ (date).

FIMS standard affiliations added for this client by _____ (initials) on _____ (date).

(Annual Luncheon/Annual Report/Friends Campaign/Newsletter/Fund Holder)

Any specific affiliations required: ____

Gift notecards sent on _____ (3-4 weeks after signed agreements sent)

Profile and fund associations completed by _____ on _____

Checklist - Initial when each item is complete

- Set Up Legal File
 - _____ Copy of check (or fund receipt document) on right side
(X- file to Action File where applicable)
 - _____ Date fund agreement printed
 - _____ Date sent to donor (tickle for return)
 - _____ Date signed by CFA Board Chairman
 - _____ Date one signed copy mailed to donor or agency with transmittal letter
 - _____ One executed agreement filed in legal file (on left side)
 - _____ Executed agreement scanned into FIMS

- Set Up Action File
 - Copy of check on right side (as X-filed above)
 - Copy of thank you note on right side

Name of New Fund: _____

Accounting Information

G/L Segment Report coded as follows by _____ (name) on _____ (date)

Division	9	CFA	C	Coleman County	Fees *	a.	.5%	.5% Average Assets
	A	AVJ	N	Nolan County		b.	75%	.75% Average Assets
	W	Winters Area				c.	1.0%	1.0% Average Assets
						d.	1.5%	1.5% Average Assets
						e.	5%	5% of Income (less Inv.
Exp.)								
Class	00	Operating				f.	10%	10% of Income (less
Inv. Exp)								
	10	Permanent				g.	All	All Net Income/Gains
	20	Non-Permanent DA				h.	None	No Fees Assessed
	22	Non-Permanent				i.	.0015 –	15 basis pts
	40	Quasi Endowment				j.	*Special Fee Assessment	
	90	Deferred Assets						
Type	A	Agency Designated Endowment						
	D	Donor Designated Endowment						
	E	CFA Permanent Endowment						
	F	Funds Held FBO						
	G	Movable Endowment Funds						
	L	Limited Term						
	U	Unrestricted						
Sub-Type	A	Donor Advised						
	D	Designated						
	F	Field of Interest						
	G	General Operations						
	S	Scholarship						
	U	Discretionary						

Fund established in FIMS on _____ (date). Fund Name is _____
If agency or designated endowment, date of first payout of income established as _____

Legal description and fund purpose entered in FIMS by _____ on _____

Miscellaneous paperwork which may be necessary - please initial and date as completed

_____ Notification letter to agency (if applicable) dated _____

_____ Donor information mailed _____ (Verify that this information is not already on file)

_____ If donor-advised fund, two donor recommendation forms and general information sheet on donor-advised funds mailed on _____

_____ Fund Statement to be sent to: _____

If memorial fund, "Suppress Honorary/Memorial Gift Detail Amount" in Fund 2 tab should be checked.

Special Concerns for this Fund _____

Validated Deposit Slip Reviewed by _____

Community Foundation of Abilene Donation or Funds Received Checklist

Date: _____ Amount of Gift or Funds Received: _____

Type of Donation Received (check one)

Future Fund: New Renewal Scholarship Grant Friends: New Renewal

Check _____ Securities _____ Cash _____ PayPal _____ IFT _____ Non-gift _____

Is gift a memorial? Y _____ N _____ If yes, for whom? _____

Is gift an honorarium? Y _____ N _____ If yes, for whom? _____

Investment Information (check one)

FNB Managed Pool _____ CFA Comingled General Pool _____ DA Income Only (#049219) _____

Other (specify) _____

Donor Information:

Name: _____

Address: _____

Fund Name: _____

If needed, Acknowledgment to be sent to:

Name: _____

Address: _____

Check List (Initial when Complete)

Copied Check to Katie _____ FIMS Entry _____ FIMS Gift # _____

Thank You _____ Computer address of thank you note (and date) _____

Acknowledgment _____ Computer address of acknowledgment (and date) _____

Bank Deposit _____ Review of Bank Receipt _____ Affiliation code _____ added _____

Other Instructions (specify) _____

Scanned



Name of Donor: _____

Gift Date: _____

CFA Fund to be Credited: _____

New Fund? _____

Brokerage Firm: Name of Broker: _____

Detail of Stocks Gifted

# of Shares	Name of Stock	Approx. Value High/Low on Date of Gift
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

(The following to be completed by Nita Slaton or Katie Alford)

Stock Receipt

- Received stock certificate on _____ **OR** stock transferred to CFA account on _____
(date) (date)
- Sell order by _____ on _____. To be sold on _____
(initials) (date) (date)
- Check or Wire Redemption requested by _____ on _____
(Initials) (date)
- Thank you letter dated _____, computer address is _____
- Original FIMS entry made by _____ on _____, gift # is _____
(Initials) (date)

Net Proceeds

- Proceeds check # _____ received on _____ in the amount of \$ _____
- FIMS Notation re: Stock Averaging Calculation for Donor Tax Records _____
- If needed proceeds letter dated _____, computer address is _____
- Revised FIMS entry to reflect proceeds amount made by _____ on _____
(initials) (date)

Publicly Traded Stocks

Is this stock (are these stocks) publicly traded? Yes Yes _____ No

SPECIAL NOTES: _____

If no, IRS form 8282 must be filed within 125 days of the date of sale.

IRS form 8282 filed on _____ by _____
(date) (name)

Validated Deposit Slip Reviewed by _____

EXHIBIT E
Examples of acknowledgement letters
for gifts received by the Foundation:

Gift to establish a new donor-advised fund

May 23, 2016

Dr. and Mrs (name)
address
Abilene, TX 79606

Dear (Name)

On behalf of the Trustees of the Community Foundation of Abilene, thank you for your generous contribution of \$20,000 to establish the *(Name) Donor Advised Fund*. All of us at the Community Foundation deeply appreciate your confidence in us and we pledge our very best efforts to administer these funds in an efficient and thoughtful manner.

A copy of the fully executed agreement will be forwarded to you as soon as it is signed by our Board Chairman, (name).

We are also enclosing some donor advisor recommendation forms that you may use to recommend grants. Your grant recommendations may be done by fax, mail, or phone call to (name) Grants Director. We look forward to working with you in your charitable giving!

We deeply appreciate that you've chosen to work with the Community Foundation in your charitable planning. Please let us know if you have any questions or concerns about your grant making.

Sincerely,

Katie Alford
CEO/President

NS16: 044

P.S. In order to ensure your gift as fully tax deductible, please note that the Community Foundation has exclusive legal control over your contribution and warrants that no goods or services were provided in exchange for your donation. Please keep this acknowledgement of your \$20,000 gift for your tax records.

Gift to an existing donor-advised fund

February 11, 2016

Mr. and Mrs. (name)
address
Abilene, TX 79605

Dear (Name),

Thank you so much for your gift of \$10,000 to your donor advised fund. This funding will be available immediately for any grants that you wish to recommend.

Thank you also for wanting to make a difference by helping fund the financial course for high school students. This is an important life skill that has not been passed down. We continue to feel so privileged to be a part of your charitable plans and grateful for your confidence in us.

Sincerely,

Katie Alford
President/CEO

NS16-009

P.S. In order to ensure your gift as fully tax deductible, please note that the Community Foundation has exclusive legal control over your contributions and acknowledges that no goods or services were provided in exchange for your donation. Please keep this acknowledgement of your gift of \$10,000 for your tax records.

Acknowledgement of Stock Gift

June 2, 2016

Mr. and Mrs. (name)
address
Abilene, TX 79604

Dear (name)

On behalf of the Community Foundation Trustees, thank you very much for your generous gift on June 1, 2016 of 1,600 shares of (name of stock) designated for the (name) *Family Donor-Advised Fund* in accordance with your instructions. The net sale proceeds will be placed in this fund. We pledge to administer these funds in a prudent and responsible manner.

I look forward to visiting with you about your charitable distribution of these funds. I know the grantees will be honored that you care about their organizations. We truly appreciate all that you and your family have done for our organization and the community.

Sincerely,

Katie Alford
President/CEO

NS16:050

P.S. In accordance with the 1994 IRS regulations, this letter is the official receipt for your gift of 1,600 shares of (name of stock). In order to ensure your gift is fully tax deductible, please note that the Community Foundation has exclusive legal control over your contribution and warrants that no goods or services were provided in exchange for your donation.

SECOND PAGE OF STOCK GIFT ACKNOWLEDGEMENT:

June 2, 2016

Re: Stock gift

The IRS takes the position that, for non-cash gifts including stock gifts, the donor should establish the value of the gift to a charity.

We are pleased to provide the following information for your accountant.

On June 1, 2016, the official gift date, the gift of

Stock Name	High	Low	Average		Stock Gift Yield
(Name of stock)		\$96.92	\$93.25	\$95.04	\$152,064

The net proceeds (\$147,849.81) from the stock sale will be deposited in the **(name) Family Donor Advised Fund.**

This gift does not include any goods, benefits or services in exchange for the contribution.

Acknowledgement of Gift from IRA Fund

December 10, 2015

Mr. (name)
Address
Abilene, TX 79606

Dear (name):

Thank you for your gift of \$916.85 from your Individual Retirement Account. We are writing to acknowledge that we received your gift directly from A. G. Edwards Brokerage Services, your plan trustee/administrator, and that it is your intention for your gift to qualify as a qualified charitable distribution from your IRA under section 408(d)(8) of the Internal Revenue Code.

In that connection, we warrant to you that the Community Foundation of Abilene is qualified under section 170(b)(1)(A) of the Internal Revenue Code and that your gift was not transferred to either a donor advised fund or a supporting organization as described in section 509(a)(3). Your gift was placed in the *Bob and Elaine Surovik Unrestricted Fund* at the Community Foundation of Abilene.

We further warrant that no goods or services of any value were or will be transferred to you in connection with this gift.

Thank you for your contribution to your unrestricted endowment fund at the Community Foundation. The earnings from your fund will benefit a wide range of the best charitable efforts throughout Abilene. We appreciate so much all you do for Abilene!

Sincerely,

Katie Alford
President/CEO

P. S. Please retain this letter with your important tax documents and provide a copy to your tax preparer. In order to ensure your gift is fully tax deductible, please note that the Community Foundation has exclusive legal control over your contribution and warrants that no goods or services were provided in exchange for your donation.

ADDENDUM
Community Foundation of Abilene Gift Policy
Treatment of Excess Business Holdings

Under the Pension Protection Act of 2006 (PPA), the private foundation excess business holdings rules now apply to donor advised funds as if they were private foundations.¹ That is, 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 any of the following:

- Twenty percent² of the voting stock³ of an incorporated business
- Twenty percent of the profits interest of a partnership or joint venture or the beneficial interest of a trust or similar entity.

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

Donor Advised funds receiving gifts of interests in a business enterprise after the date of the PPA's enactment (August 17, 2006) will have five years 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. Funds that currently hold such assets will have a much longer period to divest under the same complicated transition relief given to private foundations in 1969.⁴

What is a business enterprise?

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. Specifically excluded from the definition are:

- Holdings that take the form of bonds or other debt instruments unless they are a disguised form of equity
- Income from dividends, interest, royalties and from the sale of capital assets
- Income from leases unless the income would be taxed as unrelated business income.
- "Functionally-related" businesses and program-related investments
- Businesses that derive at least 95 percent of their income from passive sources (dividends, interest, rent, royalties, capital gains). This will have the effect of excluding gifts of interests in most family limited partnerships, and other types of holding company arrangements.

What is a disqualified person?

Donors and persons appointed or designated by donors are disqualified persons if they have -- or reasonably expect to have -- advisory privileges with respect to the donor-advised fund by virtue of their status as donors. Members of donors' and advisors' families are also disqualified, but the section does not define "family" and does not cross-reference either section 4958 or 4946 for the definition. Finally, the term includes 35-percent-controlled entities as defined in section 4958(f)(3).

Community Foundation policy with regard to assets categorized under the PPA as "excess business holds"

Community Foundation will identify and monitor any new gift to a donor advised fund of any interest qualifying as an "excess business holding" under the PPA. Community Foundation will exercise its best effort to dispose of the contributed interest at the best possible price within five years of the date of the gift, as required under the PPA. In any event, the Community Foundation will dispose of any excess business holding prior to the five year time limit, except in the event that the Treasury Department grants an additional five year holding period. The Community Foundation will notify potential donors of such interests of this requirement prior to the contributions of such interest.

¹The language is clear that it is only the donor advised fund -- not the sponsoring charity -- that is to be treated as a private foundation. Accordingly, it appears that this section does not apply to assets held by the sponsoring charity's investment pools, or assets held by funds that are not donor advised.

²Thirty-five percent if it can be shown that persons who are not disqualified persons have effective control of the business.

³Additionally, the donor advised fund will be barred from holding non-voting stock of an incorporated business unless the disqualified persons collectively own less than 20 percent of the voting stock. Under the *de minimis* rule, the donor advised fund could continue to hold an interest that did not exceed two percent of the voting stock and two percent of the value. Additional rules apply to cover situations such as mergers, redemptions, and acquisitions.

⁴Excess holdings acquired by purchase must be disposed of immediately. If purchases by disqualified person cause the donor advised fund to have excess holdings, the donor advised fund will have 90 days to dispose of the excess.