



GIFT ACCEPTANCE POLICY

PURPOSE

This policy serves as a guideline to members of the First Community Foundation Partnership of Pennsylvania (FCFP) staff involved with accepting gifts, to outside advisors who assist in the gift planning process, and to prospective donors who wish to make gifts to the FCFP. This policy is intended only as a guide and allows for some flexibility on a case-by-case basis as directed by the Gift Review Committee (GRC), which consists of the President & CEO, Chief Financial Officer (CFO) and the Chair of the Investment Committee. Gift Acceptance Policy exceptions must be approved by the FCFP Board of Directors.

PROTECTION OF DONOR'S INTERESTS

Never shall a charitable gift be urged upon a donor which shall benefit FCFP at the expense of or adverse to the donor's interest.

A donor shall not be encouraged to make a gift which is inappropriate, in light of the donor's personal or financial situation, and shall be advised if a gift proposed by another party or parties is contrary to this policy.

A donor may expect any representatives of FCFP to reflect dignity and respect the charitable purposes of the FCFP.

Confidentiality Information:

Information learned by any representative of FCFP about a donor or the donor's assets or philanthropic intentions shall be held in strict confidence.

Donors will be encouraged to notify FCFP of their planned gifts, including bequests, and all such information will be kept confidential unless written permission to release it is obtained from the donor or his or her counsel.

All details related to gift negotiation are to be considered confidential by all parties involved. This shall include, but not be limited to, the donor's financial situation and philanthropic interests, as well as any tax or other legal matters discovered by our representatives while planning for a gift.

All information concerning donors or prospective donors, including their names, the names of their beneficiaries, the amounts of gifts, size of estates, and any other personal or financial information will be kept strictly confidential, unless permission

is obtained from the donor to release such information, or unless use of such information is required in the administration of the gift.

Biographical and financial records stored in any computer data base should be treated as confidential information and should not be released or accessed without specific written approval of the President. Under no circumstances shall data be released for the primary purpose of private enterprise or gain.

USE OF LEGAL COUNSEL AND CONFLICT OF INTEREST

Each prospective donor shall be urged to seek the advice of independent legal counsel prior to FCFP acting in any way as a party to a planned gift. The donor should be specifically encouraged to consult independent counsel on matters related to the tax implications of a gift and matters related to estate planning. Legal counsel should review and approve the language of any document and the viability of the planned gift design within the context of the donor's financial and estate plans.

If the donor wishes to receive a recommendation for legal counsel, the President, Vice President of Planned Philanthropy, or Director of Strategic Philanthropy can provide the donor with suggested names.

If the donor wishes to proceed with his or her gift without the benefit of his or her own attorney, the staff member above must make clear to the donor that his or her interests are not being represented by counsel. A donor who chooses not to engage counsel must acknowledge this decision in writing before FCFP may accept a planned gift.

It is neither the province of FCFP nor its volunteer or staff representatives to give legal, accounting, tax, or other advice, which is reserved to the donor's counsel. This policy does not preclude any duly licensed person representing FCFP from advising a donor or such donor's counsel regarding a gift with appropriate disclosure to the donor that the professional involved is in the employ of FCFP and is not acting on behalf of the donor.

Any computations made by FCFP volunteers or staff members are only estimates, since FCFP may not be fully aware of the donor's circumstances.

UNRESTRICTED GIFTS

Any contributions made to FCFP shall be allocated to the unrestricted general account unless otherwise restricted by the donor or unless the gift is made in response to a designated request.

RESTRICTED GIFTS

Before accepting a restricted gift, it is necessary that the nature and extent of the restriction be clearly understood. For this reason, the terms of each restricted gift will be reviewed with the utmost care to ensure that they do not hamper the usefulness and desirability of the gift to FCFP.

If a gift is deemed unacceptable because of the restrictions the donor has placed in its use, the donor will be counseled to remove or modify the restrictions. Gifts will be refused or returned when the purpose (1) is illegal or contrary to regulations applicable to FCFP; (2) is inappropriate or not conducive to the best interest of FCFP, (3) is clearly a commercial endeavor, or (4) involve responsibilities, financial or otherwise, which FCFP may not be capable of meeting for the period required by the terms of the gift.

Gifts and bequests may be restricted by a donor for use in any specific service area, and/or for any stated purpose or program of FCFP.

CASH

1. All gifts by check shall be accepted by the FCFP regardless of amount.
2. Checks shall be made payable to the FCFP. In no event shall a check be made payable to an individual who represents the FCFP. Cash gifts may also be made by credit card, automatic debit and electronic transfer.

PLEDGES

A pledge is a signed and dated commitment to make a gift over a specified period of time; payable according to terms set by the donor and accepted FCFP. Pledges may be payable in single or multiple installments. The pledge may not exceed 5 years in duration. All donors must complete a pledge form or confirm the pledge in writing.

ILLIQUID ASSETS

For gifts of illiquid assets (examples of illiquid assets include real property and closely held stock, and may include tangible personal property, such as gift of artwork), special consideration will be given to evaluate the potential charitable benefit of the proposed gift. This consideration may include, but not be limited to:

1. Reason to believe the proposed gift asset is marketable.
2. Identification of future gift asset liquidation opportunities.
3. Precedent created by the proposed donation influencing future similar donations.
4. The donor's long-term grantmaking intentions and objectives.
5. Alignment with FCFP's strategic priorities.

PUBLICLY TRADED SECURITIES

1. Readily marketable securities, such as those traded on a stock exchange, can be accepted by the FCFP.
2. Gift securities will generally be sold immediately, but may be held for investment, as appropriate and as determined by the Board of Directors.
3. For gift crediting and accounting purposes, the value of the securities is the average of the high and low on the date of the gift. Publicly traded securities should be transferred in such a manner that the donor and representative of FCFP sign documentation verifying the specific date of the actual transfer.

SECURITIES WHICH ARE NOT READILY MARKETABLE

1. Non-publicly traded securities may be accepted after consultation with the (GRC).
2. Prior to acceptance, the CFO shall explore methods of liquidation for the securities through redemption or sale. If the securities are of a closely held corporation, the CFO shall try to contact the corporation to determine:
 - An estimate of fair market value
 - Any restrictions on transfer
 - Any recent sales
3. No commitment for repurchase of closely held securities shall be made prior to completion of the gift of the securities.

REAL ESTATE

1. Gifts of real estate must be approved by the GRC.
2. The donor is responsible for obtaining an appraisal by a totally independent appraiser of the property. The appraisal will perform three functions: establish the donor's tax deductions; give FCFP a reasonable value at which to carry the asset on its books; and establish an asking price for the property.
3. A member of the staff must conduct a visual inspection of the property. If the property is located in a remote area, a local real estate broker can substitute for a member of the staff in conducting the visual inspection. Depending on the results of the initial inspection, a professional inspection may be required.
4. For gifts of real estate other than residential real estate, prior to acceptance of the gift, FCFP may require an initial environmental review of the property to ensure that the property has no environmental damage and/or liability.
5. Title insurance may be required prior to acceptance of the real property gift.
6. Due to the expenses associated with gifts of real estate, only gifts in excess of \$100,000 will be considered.
7. Prior to acceptance, the donor must provide copies of the following documents:
 - Real estate deed
 - Real estate tax bills for the most recent fiscal year
 - Plot plan, if there is one
 - Substantiation of zoning status

- Any known or suspected environmental concerns
 - Title insurance policy or title report, if there is one
8. Depending on the value and desirability of the gift, the donor's connection with FCFP, and the donor's past gift record, the donor may be asked to pay for all or a portion of the following, if applicable:
- Maintenance costs
 - Real estate taxes
 - Insurance
 - Property Inspection costs
 - Title Insurance costs
 - Appraisal costs
 - Environmental review costs and other costs of sale
9. If the donor is giving a retained life estate gift, the donor shall enter into an agreement with FCFP to pay for all or a portion of the following during the donor's life time.
- Maintenance costs
 - Real estate taxes
 - Insurance
 - Other carrying costs
 - Real estate broker's commission and costs of sale
10. For gift crediting and accounting purposes, the value of the gift is the appraised value of the real estate.
11. In addition to the above, criteria for acceptance of real property shall also include:
- Marketability of the property
 - Any restrictions, reservations, easements or other limitations associated with the property
 - Carrying costs, which may include insurance, property taxes, mortgages or notes associated with the property

LIFE INSURANCE

1. FCFP will accept gifts of whole/universal life insurance policies when FCFP is named as the owner and beneficiary of 100% of the policy. The policy must be financially self-sustaining or the donor must assume responsibility for paying the remaining premiums until the policy is self-sustaining.
2. If the policy is a paid-up policy, the value of the gift for gift crediting and accounting purposes is the cash surrender value as determined in writing by the life insurance company. If the policy is new or not fully paid up at the time of gifting, future premium payments made by the donor are reported as a gift at the full value of the premium payment. The donor will make the payment to FCFP and FCFP will make payment to the insurance company.
3. Partially paid policies must be self-sustaining within 7 years of the original gift.

TANGIBLE PERSONAL PROPERTY

1. Gifts of tangible personal property should have a use related to the FCFP's exempt purpose.
2. Gifts of jewelry, artwork, collections, equipment, software, may be accepted after review and approval of the GRC.
3. Such gifts of tangible personal property defined above shall be used by or sold for the benefit of FCFP.
4. No property that requires special display facilities or security measures shall be accepted without consultation of the GRC.
5. A qualified outside appraiser shall value gifts over \$5,000 before it is accepted.
6. FCFP adheres to all IRS requirements related to valuing, disposing of gifts of tangible personal property and filing appropriate forms.

INTELLECTUAL PROPERTY; PROPERTY RIGHTS

Gifts of intellectual property (such as patents, copyrights, oil, gas or mineral rights) may be considered and shall require the review and approval of the Board of Directors and in the Board of Directors' discretion, review by qualified experts in the industry.

GIFTS-IN-KIND

Gifts in Kind for which the donor is eligible for a charitable gift deduction, in accordance with current IRS standards, will be reported at fair market value. Gifts in Kind are generally defined as non-cash donations of property or services other than real and personal property.

PLANNED GIFTS

FCFP offers the following planned gift options when FCFP is a beneficiary/remainderman.

1. Charitable gift annuities
2. Deferred gift annuities
3. Charitable remainder trusts
4. Bequests
5. Retained life estates

CHARITABLE GIFT ANNUITIES

1. Administrative fees shall be paid from the income earned on the charitable gift annuity.
2. There shall be no more than two beneficiaries on a charitable gift annuity.
3. The minimum gift accepted to establish a charitable gift annuity is \$25,000.
4. No income beneficiary for a charitable gift annuity shall be younger than 60 years old.
5. FCFP follows the American Council on Gift Annuities suggested rates.
6. FCFP must be 100% remainderman.

7. No gift annuities will be issued to donors who are residents of New York state.
8. All gift annuities must be funded by cash or marketable securities unless other assets are approved by the Board of Directors.

DEFERRED GIFT ANNUITIES

1. Administrative fees shall be paid from the income earned on the charitable gift annuity.
2. There shall be no more than 2 beneficiaries on a deferred gift annuity.
3. The minimum gift accepted to establish a deferred gift annuity is \$25,000.
4. No income beneficiary for a deferred gift annuity shall be younger than 55 years old.
5. FCFP follows the American Council on Gift Annuities suggested rates.
6. FCFP must be 100% remainderman.
7. No gift annuities will be issued to donors who are residents of New York state.
8. All gift annuities must be funded by cash or marketable securities unless other assets are approved by the Board of Directors.

CHARITABLE REMAINDER TRUSTS

1. The minimum gift to establish a charitable remainder trust is \$100,000.
2. Management fees for the administration of a charitable remainder trust when FCFP is named as trustee or co-trustee shall be paid from the income of the trust.
3. Investment of a charitable remainder trust shall be determined by the fiduciary hired to manage the trust. No representations shall be made by a FCFP employee or person acting on behalf of FCFP as to the management or investment of such charitable remainder trust.
4. The payout rate of a charitable remainder trust shall be determined in consultation with the donor and FCFP's investment advisor. By law the payout rate cannot be lower than 5% of the net fair market value of the trust assets, valued annually (a charitable remainder uni-trust) or on the initial net fair market value of all property placed in trust (a charitable remainder annuity trust). The payout rate shall be negotiated between the donor and FCFP and shall reflect the number of beneficiaries, their ages, and the size of the trust.
5. FCFP's remainder interest must qualify as a component fund of the foundation.

BEQUESTS

1. FCFP shall encourage assets transferred through bequests have immediate value or can be liquidated. Gifts that appear to require more cost than benefit shall be discouraged and may not be accepted.
2. Donors who have indicated that they have made a bequest to FCFP may, depending upon the individual situation, be asked to disclose, in writing or by copy of the will, the relevant clause that benefits FCFP as evidence of their gift.
3. The bequest must qualify as a component fund of FCFP.
4. When FCFP receives an unrestricted bequest, the bequest will be allocated as follows:
 - A. If the bequest is an amount that is less than \$25,000 and the donor does not designate a specific county, the bequest will be placed under FCFP's general community fund for the region. If the bequest designates a specific county, then the bequest will be placed in the unrestricted community fund for that county.
 - B. If the bequest is \$25,000 to \$49,999 and the donor does not designate a specific county, the bequest will create a named unrestricted endowment for the region. If the bequest designates a specific county, the bequest will create a named endowed fund based on the county identified within the document.
 - C. If the bequest is \$50,000 or more and the donor does not designate a specific county, the bequest will create two named endowed funds for FCFP's region. Fifty Percent of the bequest creates an unrestricted fund for the region and 50% creates a fund for FCFP's administrative endowment. If the bequest designates a specific county, the bequest will create two named endowments credited to the county specified. 50% of the bequest creates an unrestricted named fund for the county identified and 50% creates a named FCFP administrative endowment.

RETAINED LIFE INTEREST

The GRC must review and approve any type of retained interest gift.

ENDOWED FUNDS (PERMANENT)

To establish an endowed (permanent) funds, the following minimum levels must be achieved within five years of receiving the first gift:

Unrestricted	\$ 25,000
Field-of-Interest	\$ 25,000
Donor Advised	\$ 25,000
Designated	\$ 25,000
Scholarship	\$ 25,000
Organizational Endowment	\$ 25,000

Note – permanent funds established prior to December 31, 2010 shall be grandfathered in under the minimum thresholds established in the 2004 Gift Acceptance Policy.

BUILD TO ENDOW

Funds established at FCFP under \$25,000 with the intention of becoming endowed funds will be considered non-permanent funds. These Funds must reach the permanent endowed level within five (5) years of the date the Fund is established. The governing agreement must specify a distribution allocation in the event the Fund does not reach the endowment level. For purposes of calculating whether the minimum level has been met, the Foundation will use the total amount of gifts to that Fund.

UNACCEPTABLE GIFTS

1. Gifts which restrict beneficiaries to relatives or descendants of the donor.

ADMINISTRATIVE ISSUES

1. FCFP shall not act as an executor (personal representative) for a donor's estate.
2. FCFP may act as co-trustee on a charitable remainder trust when the trust names FCFP as the beneficiary of 100%.
3. FCFP may pay for the drafting of legal documents for a charitable remainder trust when FCFP is named as a beneficiary of 50% or more of the trust. The donor's own counsel must review the documents at the donor's cost.

MULTIGENERATIONAL SUCCESSOR ADVISORS FOR DONOR ADVISED FUNDS

The original donor—who is, often, the original advisor—has the opportunity to name successor advisors at the time the donor advised fund is established. Frequently, these are the children of the original advisor.

Unless the criteria stated below is met, when an advised fund is established, the fund may, upon the donor's request, be advised by the donor or another initial adviser and one successor adviser.

If the original donor wishes to provide for successive advisors beyond the above, the following criteria must be met:

- ❖ The Fund is (or will become) an endowed fund of \$1,000,000 or more.
- ❖ Successor advisors must be designated as advisors by a majority of the then-serving advisors.
- ❖ Successor advisors must be at least 18 years of age.
- ❖ Successor advisors must remain active by recommending grants every year.
- ❖ If more than one successor advisor is named, one advisor shall be identified as the primary contact with the Foundation.

Following the death of the last advisor or if the advisor no longer desires to make recommendations, the fund will continue to be listed as a component fund of the Foundation.

At the time the fund is established, the original donor may direct that the donor advised fund may establish any of the additional fund services provided by the Foundation (i.e., designated, field of interest, scholarship or unrestricted) created by the donor, at such time the last advisor dies, resigns or ceases to make recommendations, subject to the Foundation's variance power. If the donor did not exercise this option, the fund will be used to meet the most pressing community needs (unrestricted) as determined from time to time by the Foundation's Board of Directors.

GIFT ACCEPTANCE AND ACKNOWLEDGMENT

- Upon receipt of a gift and/or any gift related documents, FCFP will record the gift and acknowledge the donor.
- A complete record of every individual donor's contributions will be maintained.
- Once a gift is accepted a written acknowledgment of the gift will be mailed as soon as practicable under the circumstances. Honor/memorial gifts are to be acknowledged as soon as practicable under the circumstances.

- Written acknowledgments are to be in full compliance with Internal Revenue Service regulations.

RESPONSIBILITY FOR IRS FILINGS UPON SALE OF GIFT ITEMS

The CFO is responsible for filing IRS Form 8282 upon the sale or disposition of any asset sold within three years of receipt by FCFP when the charitable deduction value of the item is more than \$5,000. FCFP must file this form within 125 days of the date of sale or disposition of the asset. Acknowledgment of all gifts made to FCFP and compliance with the current IRS requirements in acknowledgment of such gifts shall be the responsibility of the Board of Directors, or its delegee.

APPRAISAL

Generally, if a donor intends to claim a deduction of more than \$5,000 for a non-cash gift either outright or in trust, the IRS requires the donor to obtain a qualified appraisal and report a summary of that appraisal on IRS Form 8283. Exceptions to this general rule are: (1) if the gift consists of publicly traded securities, no appraisal is required; and (2) if the gift consists of closely held stock, an appraisal is required for gifts exceeding \$10,000. The CFO will acknowledge the appraisal summary on Form 8283. A copy of the signed appraisal will be retained in the fund file. (The IRS qualified appraisal rules should be reviewed before processing a gift requiring an appraisal)

FCFP's President/CEO reserves the right to obtain and pay for an additional appraisal if he/she determines that it is prudent to do so.

FCFP must inform donors that if a non-cash gift for which the donor was required to file the Form 8283 is sold within two years of the date of gift, the FCFP, as required by law, will complete and submit IRS Form 8282 to the IRS, reporting the amount for which the asset was sold.

Generally, unless special circumstances exist, FCFP will use its best efforts to sell a non-cash gift as soon as possible and at the highest value available.

MISCELLANEOUS

Gifts not described above or gifts that place any unusual responsibilities or risks on FCFP will be reviewed with the GRC before any commitment is made.

February 2, 2012: Approved by the FCFP Executive Committee

June 25, 2015: Approved by the FCFP Board of Directors

December 17, 2015: Amended and Approved by the FCFP Board of Directors

March 23, 2017: Amended and Approved by the FCFP Board of Directors