**ROCK ISLAND COMMUNITY FOUNDATION**

**POLICIES FOR FUNDRAISING AND GIFT ACCEPTANCE**

As the Rock Island Community Foundation (“Foundation”) engages in fundraising activities, a number of policy matters will have to be approved by the Board of Directors. The following statements specify how gifts might be credited toward the Foundation’s fundraising objectives, and the allocation of gift income.

These policies and objectives are intended to guide Foundation staff and volunteers in the cultivation, management, and acceptance of gifts.

The responsibility of the Foundation staff and volunteers is to inform, guide, and assist a donor in fulfilling his or her philanthropic wishes, but never to improperly influence such a decision. The Foundation encourages potential donors to consult with an attorney, tax advisor, and/or tax preparer with questions regarding any aspect of their gifts.

The Foundation will accept unrestricted and restricted gifts that are consistent with its stated mission, purposes, and priorities. The Foundation reserves the right to decline gifts that are not in the furtherance of its purposes, mission, or priorities; gifts that are likely to generate little or no financial gain; gifts that might inhibit future gifts; and/or gifts that cause the Foundation to violate legal or ethical principles.

At all times the Foundation will work with donors to honor their philanthropic priorities at the Foundation, as well as live up to the highest ethical standards in our industry. Furthermore, all Foundation staff and volunteers will abide by the Principles of Practice for Fund-Raising Professionals at Educational Institutions, approved by the Association of Fundraising Professionals (AFP).

(Appendix A)

The Foundation carefully stewards donors and gifts to the Foundation, abiding by the industry-standard Donor Bill of Rights (Appendix B). The Donor Bill of Rights was created by the American Association of Fund Raising Counsel, Association for the Healthcare Philanthropy, the Association of Fundraising Professionals, and the Council for the Advancement and Support of Education, and is endorsed by numerous organizations.

**General Policies**

 1. All gifts, grants, estate notes, pledges, and other written commitments toward the Foundation’s fundraising objectives shall be counted toward the achievement of the campaign’s total goals.

2. No agreement shall be presented to, urged upon, or entered into with a donor, which knowingly benefits the Foundation to the detriment of the donor. Subject to reasonable protection of the Foundation’s interests, the rights and interests of the donor will always come first. Representatives of the Foundation, in communicating with prospective donors shall exercise caution in urging the donor to take action. Each representative is obligated, before a gift is made, to provide the donor with as much information as possible regarding the benefits, limitations, and tax implications with respect to the agreement, preferably in writing.

3. Gifts for an endowment for specific restricted purposes must equal the amount of the capital required to produce annual income adequate to fulfill the donor(s) purposes over an indefinite period of time. To help assure the integrity of such endowment funds, a substantial portion of the fund income should be returned to the principal of the fund rather than expended. Therefore, calculations to determine the amounts necessary to endow particular purposes will normally assume a “spendable” income return of four and one half percent, with the balance being reinvested to perpetuate the fund.

4. Gifts to the Foundation shall be reported in a manner consistent with the standards recommended by the Association of Fundraising Professionals and the American institute of Certified Public Accountant

5. All gifts from living donors to an endowed or capital purpose will be documented through a properly executed gift agreement. The Executive Director, the President of the Foundation (who is the President of the Foundation Board of Directors) and an officer of the Foundation (Vice President, Secretary, or Treasurer) have the authority to sign gift agreements on behalf of the Foundation. The gift agreement will describe the gift and provide a name for the fund created by the gift, if applicable. The gift agreement will provide the Foundation with any specific guidelines for use of the gift, based upon criteria provided by the donor. The gift agreement will include a change of purpose clause to provide the Foundation ultimate flexibility in rare circumstances.

6. The Foundation will not under any circumstance knowingly or through negligence be a party to inflating the value of a gift above the true fair market value to obtain a tax advantage for a donor.

7. All information obtained from or about donors or prospective donors shall be held in strictest confidence by the Foundation.

8. The Foundation will abide by IRS Publication 526 (Appendix C) in determining the date upon which a gift has been made.

9. The Foundation recognizes that the accurate and timely processing of gifts is important to both the donor and to the Foundation. The Foundation records gift and commitment receivables in accordance with Financial Accounting Standards Board (FASB) Rules 116 and 117. The Foundation assumes primary responsibility to ensure gifts and commitments are recorded correctly.

10. The Foundation promptly provides a gift receipt in accordance with IRS regulations. The donor is informed of any quid pro quo arrangements in the gift transaction, if applicable.

**Proposed Standards for Reporting Types of Gifts and Pledges**

|  |  |  |
| --- | --- | --- |
| **GIFT TYPE** | **NOTES** | **FUNDRAISING TOTAL/FACE VALUE** |
|  |  |  |
| **PLEDGE AND PLEDGE PAYMENTS** | * Must be in writing
* Specific dollar amount
* Fixed time schedule
* Not to exceed 5 years
 | * Pledges counted at 100%
* Pledge payments not counted
* Pledge payments made on pledges prior to campaign start date not counted
 |
| **CASH, CHECKS, CREDIT CARDS** | 100% | Amount received |
| **MARKETABLE SECURITIES** | Average of high or low on gift date | Fair Market Value |
| **CLOSELY HELD STOCK** | * Fair market value
* Appraisal needed if greater than $10,000
 | Fair Market Value |
| **REAL PROPERTY** | Appraised value determines Fair Market Value | Fair Market Value |
| **TANGIBLE PERSONAL PROPERTY** | Fair Market Value (Donor may be limited to lesser of cost or fair market value; appraisal needed if greater than $5,000) | Fair Market Value |
| **CHARITABLE GIFT ANNUITY** | Valued based on funding asset | Fair Market Value |
| **CHARITABLE REMAINDER TRUST (CRUT/CRAT)** | Value based on funding asset | Fair Market Value |
| **CHARITABLE LEAD TRUST** |  | Fair Market Value |
| **LIFE ESTATES** | Appraised value determines Fair Market Value | Fair Market Value |
| **REALIZED BEQUESTS AND OTHER TESTAMENTARY DISTRIBUTIONS** |  | Amount received |
| **TESTAMENTARY INTENTIONS** | Face Value | Face Value |
| **GIFTS-IN-KIND** | Estimated value except services not counted | Fair Market Value |
| **LIFE INSURANCE (Foundation is owner and beneficiary)** |  |  |
|  | ***Paid-up life insurance policy*** | Face Value |
|  | ***Existing policies not fully paid up*** | Face Value |
|  | ***New policies*** | Face Value |
|  | ***Realized Death Benefit*** | Cash Settlement Amount (if not counted in previous campaign) |
| **LIFE INSURANCE (Foundation is beneficiary, but not owner)** |  | Death Benefit |

1. **Cash, Checks, Credit Cards**: The Foundation will accept gifts of cash (currency) and cash equivalents (including checks, money orders, credit card or electronic transfers, and wire transfers). The Foundation will also accept gifts in foreign currencies and will be responsible for any exchange fees resulting therein.

2. **Marketable Securities**: The Foundation may accept gifts of readily marketable securities (including mutual funds and government securities) that are traded on any recognized stock exchange. The Foundation encourages electronic transfers whenever possible. In certain circumstances, the transfer or disposal of publicly traded securities may be restricted by applicable securities laws; in such cases, the Executive Director and/or the Foundation Board Chair shall determine whether the Foundation will accept the securities. The Foundation reserves the right to sell gifted securities upon or at any time after receipt.

3. **Closely Held Stock**: The Foundation may accept gifts of closely held securities, including debt and equity positions in non-publicly traded companies, interests in general and limited partnerships, and interests in limited liability companies and similar entities, subject to the approval of the Executive Director or Foundation Board Chair. Such gifts generally will not be approved if the securities are likely to generate unfavorable tax or financial consequences (including a likely inability to convert the securities to cash within a reasonable timeframe) for the Foundation. The Foundation reserves the right to sell or otherwise dispose of gifted securities upon or at any time after receipt.

4. **Real Property**: The Foundation may accept gifts of real estate, including residential, commercial, and undeveloped property, upon recommendation of the Executive Director or the Foundation Board Chair. In evaluating such gifts, these individuals may require that a member of the Foundation Board or their designee conduct a site visit. Unless otherwise agreed prior to approval of the gift, contributions of real estate generally will not be approved if the property is encumbered by a mortgage or similar debt, if the donor cannot provide clear title, if the property is subject to significant carrying costs (such as maintenance or taxes), or if the property shows signs of environmental damage.

To determine the existence of environmental damage, the Foundation will require the donor to provide a formal environmental site assessment (Phase I and/or Phase II) prepared by a qualified engineering or environmental firm. Any environmental damage confirmed as a result of such assessment must be remediated and certified as such by the appropriate governmental authority, again at the donor’s expense, prior to approval of the gift.

Unless otherwise agreed prior to approval of the gift, the Foundation reserves the right to sell or otherwise dispose of gifted real estate upon or at any time after receipt. The Foundation also reserves the right to develop the real estate in any way it deems appropriate to further the goals of the Foundation.

The Foundation may accept oil, gas, and mineral property interests, when appropriate. Prior to acceptance of oil, gas, or mineral interests, the gift should be reviewed by the Foundation Board Chair. The property should undergo an environmental review at the donor’s expense to ensure that the Foundation has no current or potential exposure to environmental liability. Such gifts should not have extended liabilities or other considerations that make the gift inappropriate. A working interest may only be accepted when there is a plan to minimize potential liability and tax consequences.

5. **Personal Property**: At the discretion of the Foundation Board Chair, the Foundation may accept gifts of tangible personal property. Factors affecting the evaluation of such gifts include the extent to which the property relates to the Foundation’s purposes, the marketability of the property, the carrying costs of the property (such as transportation, storage, maintenance, and insurance), and the effect of any existing or proposed restrictions on the use, display, or disposition of the property. Unless otherwise agreed prior to approval the gift and unless the gifted assets are directly related to the Foundation’s purposes, the Foundation reserves the right to sell or otherwise dispose of the gifted tangible property upon or at any time after its receipt.

Proposed gifts of tangible personal property, such as objects of art, jewelry, antiques or other collectable items, shall be accompanied by a statement of provenance and a full description of the property to the offered to the Foundation. A current qualified independent appraisal of the property must be made available prior to the Foundation’s acceptance of such gifts. Obtaining an appraisal and any related expenses are the responsibility of the donor of the property.

6. **Life Estates**: The conveyance, not in trust, of such property by which the donor retains a life tenancy in the property, and can realize a significant income tax deduction without having to part with income-producing assets.

7. **Realized Bequests and other Testamentary Distributions**. All bequests realized during the defined duration of the campaign should be counted at full value in campaign totals so long as no gift amount was counted in a previous campaign.

8. **Testamentary Intentions**. Testamentary pledge commitments in fundraising totals should satisfy the following three requirements:

a. Credit commitments that have a specified amount or percentage of the estate stated

 in the will based on a credible estimate of the future value of the estate at the time

 the commitment is made;

b. Have verification of the commitment in one of the following forms: a letter from the

 donor or the donor’s attorney affirming the commitment and stating that the

 institution will be informed of any changes in the will that might be made in the

 future; or,

c. The amount specified or estimated should be reported at both the discounted present

 value and at face value in the deferred/future commitments portion of campaign

 reports.

9. **Gifts in Kind**: Any proposed gifts not described above must be approved by the Foundation Board Chair. Factors affecting the evaluation of such gifts include the extent to which the gift (or any sales proceeds thereof) could be used for the Foundation’s purposes, the marketability and/or carrying costs of the gift, and any legal, financial, or other risks related to the gift. Unless otherwise agreed prior to the approval of any such gift, the Foundation reserves the right to sell or otherwise dispose of the gifted asset upon or at any time after receipt.

 10. **Life Insurance**: Gifts of life insurance are included when the Foundation is made the owner and irrevocable beneficiary of the policy, with the exception of realized death benefits.

a. Paid-up Life Insurance Policy. Paid-up life insurance policies will be credited at the

 death benefit value, counted at the face value.

b. Existing Policies Not Fully Paid Up. A life insurance policy that is not fully paid up on

the date of contribution, which is given to the institution during the period of the fundraising campaign, should be counted at face value.

c. New Policies. The face value on policies for which donors apply and contribute to

 the institution during the period of the campaign should be counted in the current

 gifts and pledges in campaign totals.

d. Realized Death Benefit. The insurance company’s settlement amount for an insurance

 policy whose death benefit is realized during the campaign period, whether the policy

 is owned by the institution or not, should be counted in campaign totals, provided no

 gift amount was counted in a previous campaign.

**Non-Government Grants and Contracts**

Grant income from private, non-government sources should be reported; contract revenue should be excluded. The difference between a private grant and contract should be judged on the basis of the intention of the awarding agency and the legal obligation incurred by an institution in accepting the award. A grant, like a gift, is bestowed voluntarily and without expectation of any tangible compensation. It is donative in nature. A contract carries an explicit “quid pro quo” relationship between the source and the institution.

**Government Grants**

While not private gifts, funds awarded to institutions by government entities are very important to helping institutions achieve their strategic goals. They often are secured competitively with the help of fundraising staff and they may be specifically intended to leverage private gifts.

However, by its very nature, government funding differs fundamentally from private philanthropy and so government funds will not be included in campaign reports where their omission is required.

Where competitively awarded government grants support campaign and Foundation priorities, the Foundation will recognize government support and encourage public-private partnership in that support the Foundation’s priorities.

**Special Circumstances**

If a deferred gift by bequest, or life insurance, has been counted for the campaign as a future commitment and the insured (on a life insurance policy), or the testator (of a bequest) dies within the reporting period for the campaign, resulting in the institution receiving the gift in full, the institution may revise its crediting of the gift to reflect that the gift is fully paid.

**Appendix A**

**Principles of Practice for Fund-Raising Professional**

Philanthropy is a voluntary exchange in which the values and aspirations of donors are matched with the values and aspirations of those they benefit.

Fund-raising professionals work on behalf of those served by their institutions during this exchange of values and represent their organizations to donors, volunteers, and the larger public. In doing so, they also represent the integrity of the institution and of the fund-raising profession. They must, in discharging responsibilities, observe and promote the highest standards of personal and professional conduct and continually strive to increase their knowledge of the profession.

These ethical principles go hand-in-hand with the expectation that fund-raising professionals are expected to comply with the letter and the spirit of the all laws relevant to charitable giving.

**Appendix B**

**A Donor’s Bill of Rights**

Philanthropy is based on voluntary action for the common good. It is a tradition of giving and sharing that is primary to the quality of life. To assure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in the not-for-profit organizations and causes that they are asked to support, we declare that all donors have these rights:

1. To be informed of the organization’s mission, of the way the organization intends to use donated resources, and of its capacity to use donations effectively for their intended purposes.

2. To be informed of the identity of those serving on the organization’s governing board, and to expect the board to exercise prudent judgment in its stewardship responsibilities.

3. To have access to the organization’s most recent financial statements.

4. To be assured their gifts will be used for the purposes for which they were given.

5. To receive appropriate acknowledgment and recognition.

6. To be assured that information about their donation is handled with respect and confidentiality to the extent provided by law.

7. To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature.

8. To be informed whether those seeking donations are volunteers, employees of the organization, or hired solicitors.

9. To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share.

10. To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.

**Appendix C**

**WHEN TO DEDUCT**
(From IRS Pub 526)

You can deduct your contributions only in the year you actually make them in cash or other property (or in a succeeding carryover year, as explained under How to Figure Your Deduction When Limits Apply). This applies whether you use the cash or an accrual method of accounting.

Time of making contribution. Usually, you make a contribution at the time of its unconditional delivery.

**Checks.** A check that you mail to a charity is considered delivered on the date you mail it.

**Credit Card**. Contributions charged on your bank credit card are deductible in the year you make the charge.

**Pay-by-phone account**. If you use a pay-by-phone account, the date you make a contribution is the date the financial institution pays the amount. This date should be shown on the statement the financial institution sends to you.

**Stock certificate**. The gift to a charity of a properly endorsed stock certificate is completed on the date of mailing or other delivery to the charity or to the charity’s agent. However, if you give a stock certificate to your agent or to the issuing corporation for transfer to the name of the charity, your gift is not completed until the date the stock is transferred on the books of the corporation.

**Promissory note.** If you issue and deliver a promissory note to a charitable organization as a contribution, it is not a contribution until you make the note payments.

**Option.** If you grant an option to buy real property at a bargain price to a charitable organization, you cannot take a deduction until the organization exercises the option.

**Borrowed funds**. If you make a contribution with borrowed funds, you can deduct the contribution in the year you make it, regardless of when you repay the loan.

**Conditional gift**. If your contribution is a conditional gift that depends on a future act or event that may not take place, you cannot take a deduction. But if there is only a negligible chance that the act or event will not take place, you can take a deduction. If your contribution would be undone by a later act or event, you cannot take a deduction. But if there is only a negligible chance that act or event will take place, you can take a deduction.