



## **Gift Acceptance Policy**

The Greater Alliance Foundation (GAF) solicits and accepts outright gifts with income dedicated immediately to the charitable needs of the community, planned gifts with split interest of income and principal reserved to charitable and non-charitable beneficiaries, and testamentary gifts created by requests for all purposes consistent with the objectives of GAF.

### **Gift Acceptance Policy**

This policy has been reviewed and approved by the Greater Alliance Foundation Board of Trustees. Except otherwise stated within these written policies, the Gift Acceptance Committee must approve any exceptions to policy revisions to the Board of Trustees. Any changes in these written policies require approval of the Board.

### **Authorization**

It is the policy of the GAF Board of Trustees to encourage donors to make outright, planned, and testamentary gifts for the benefit of the greater Alliance area. Planned and testamentary gift types include bequests, charitable gift annuities, charitable remainder trusts, charitable lead trusts, retained life estates, gifts of life insurance or retirement assets, and such other gift arrangements as the Board may from time-to-time approve. It is the Board's directive that staff shall actively seek such gifts, and that adequate staff and resources for an effective program are maintained. All programs, solicitation plans, and activities shall be subject to the oversight of the Board.

### **Purpose of Policy**

The purpose of this policy is to define the practices and policies governing the acceptance of gifts by GAF. This policy will provide guidance to prospective donors and their professional advisors regarding the processes and procedures used by GAF when accepting gifts to effectively facilitate the gift giving process for donors.

These policies will be reviewed at least annually by the Gift Acceptance Committee and updated as appropriate by the Board. Procedures outlining mechanics of gift acceptance, including tax implications, shall be maintained by GAF staff to assist staff as they work with donors.

#### **Greater Alliance Foundation, Inc.**

Douglas R. Schwarz, Executive Director  
960 West State Street, Suite 130, Alliance, Ohio 44601  
Telephone: 330.823.8650

The purposes of gifts must fall within the mission of GAF. In addition, GAF staff and board must be able to ascertain that gifts accepted by GAF do not place other assets of GAF at risk, and that they can be easily converted into assets that fall within GAF's fund management policy. GAF must also be assured that it can administer the terms of the gift in accordance with the donor's wishes.

### **Committee**

The GAF Gift Acceptance Committee shall consist of:

- Board President - *Committee Chairperson*
- Executive Director
- Treasurer
- Investment Committee Chair

### **Foundation Responsibilities**

The Greater Alliance Foundation is committed to the highest ethical standards of philanthropy and development. The role of the Foundation staff shall be to inform, guide and assist a donor in fulfilling their philanthropic wishes, but never to pressure or duly influence a donor's decision.

In all transactions between potential donors and the Foundation, GAF will aspire to provide accurate information and full disclosure of the benefits and liabilities that could influence a donor's decision. GAF will consider the interests of the donor as the priority in planning gifts. GAF pays no fees or commissions of any kind to any party as consideration of directing gifts to the Foundation, nor does GAF endorse any professional or fiduciary services. In addition, all donors will be strongly encouraged to discuss their gifts with their own financial and tax advisors. In particular, donors should be made aware of the following:

- The irrevocability of a gift
- IRS prohibitions on donor restrictions
- Items subject to variability (market value, investment return, yield)
- GAF's responsibility to provide periodic financial statements on donor funds
- Fees for managing charitable contributions

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## **Donor Responsibilities**

Donors are advised to seek the advice of independent financial, investment and legal counsel prior to making a gift. Any proposals and tax calculations prepared by GAF are for illustration purposes only.

Donors are responsible for deciding whether to secure an appraisal and engage the advice of independent legal and financial counsel for all gifts made to GAF. Prior to acceptance, GAF reserves the right to obtain an appraisal at its own expense, on any tangible property or real estate offered for donation. Any appraisals obtained by GAF shall not be used for the purpose of establishing the value of the gift for donors' income tax purposes.

When advisors retained by GAF prepare documents or render advice in any form to GAF and a donor, it shall be disclosed in writing to the donor that the professional involved is in the employ of GAF and is not acting on behalf of the donor.

## **Confidentiality**

All agreements and all information concerning donors and prospective donors shall be held in strict confidence, subject to legally authorized and enforceable request for information by governing agencies and courts. In carrying out the Foundation's development program, staff will recognize and acknowledge donors in appropriate ways, both publicly and privately. Donors can determine the degree and type of recognition they prefer, and GAF respects the confidentiality of donors who wish to remain anonymous.

## **Funds**

All endowed funds are placed into an investment pool and a portion of each fund's earnings may be used to make grants in accordance with the fund agreement. GAF offers several types of funds which include:

### ***Unrestricted Funds***

Unrestricted funds enable GAF to address the changing and most critical needs of the community. These funds provide maximum flexibility and allow the Foundation to address the greatest need in our community.

### ***Donor Advised Funds***

Donor advised funds are convenient, flexible tools for donors who want to personally recommend grant awards to charitable organizations from a fund they have established at GAF.

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**Agency Endowment Funds**

Agency endowment funds are established by specific non-profits or educational/religious organizations with a 501(c)3 IRS designation to provide a source of income for years to come.

**Donor Designated Funds**

Designated Funds, temporarily or permanently restricted, are established by donors to benefit specific charities or programs of a nonprofit organization.

**Field of Interest Funds**

Field of Interest Funds allow donors to support the issues and causes they care about most. The donor chooses the field for which the fund can be used, and GAF makes grants to address needs within that field.

**Scholarship Funds**

Scholarship Funds help students in the community from birth through adulthood achieve their educational goals.

**Gift Acceptance Process**

All final decisions regarding the donor's intent for the gift and its acceptance or refusal, shall be made by the Gift Acceptance Committee. Certain gifts including, but not limited to, those involving unusual funding arrangements will be reviewed by the Gift Acceptance Committee.

**Acceptance by Officers and Designated Employees**

The Greater Alliance Foundation Executive Director or any other staff designated by the Executive Director may accept for and on the behalf of GAF, any of the following:

- Checks or Money Orders
- Marketable Securities
- Paid Up Life Insurance Policies

**Acceptance by GAF Executive Committee or Investment Committee**

All other gifts including those listed below, will require review and, if appropriate, approval by the GAF Executive Committee or Investment Committee.

The following gifts require Committee review and approval:

- Gifts of intellectual property, mineral reserves or precious metals
- Artwork, coin collections, jewelry

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- Real property including residential, commercial, industrial, agricultural or timberland (improved or unimproved)
- Highly appreciated stock
- Proceeds from dissolution of a private foundation

### ***Acceptance of Emergency Gifts***

Some gifts may be exempted from Committee or Board approval.

### **Gift Types for Committee Review**

Types of gifts which may be referred to the Gift Acceptance Committee include, but are not limited to the following:

- ✓ Gifts requiring unusual funding arrangements or other commitments;
- ✓ Gifts which may subject GAF to substantial budgetary commitments or potential liability;
- ✓ Gifts of real estate;
- ✓ Gifts of non-publicly traded securities;
- ✓ Gifts with special restrictions that may be difficult or costly to administer, and
- ✓ Any gifts that are exceptions to existing guidelines or which fall outside the definition of acceptable gifts as defined by this policy statement or other stated GAF Articles of Incorporation and Code of Regulations.

### **Gift Purpose**

Gifts, or their proceeds, may be used to establish new funds or may be directed to existing funds at GAF, according to the donor's wishes. If no instructions are received by GAF regarding the charitable purpose, or if minimum funding requirements cannot be satisfied, the gift will be used at the discretion of the Board of Trustees.

### **Use of Legal Counsel**

GAF may seek the advice of legal counsel in matters related to acceptance of gifts when appropriate. Such matters include, but are not limited to the following:

- Closely-held stock transfers that are subject to restrictions, buy-sell agreements or other arrangements that limit the marketability of the securities;
- Arrangements and documents pertaining to such arrangements where GAF is named as a Trustee;
- Gifts involving bargain sales or documents requiring GAF to take or refrain from taking some action or assume an obligation; and
- Transactions with potential conflicts of interest that involve IRS or other legal sanctions.

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## **Variance Power**

Variance power gives the Greater Alliance Foundation Board of Trustees the ability to make changes to a fund when its purpose is no longer necessary, can no longer be fulfilled or has become inconsistent with the charitable needs of the community.

## **Current and Deferred Gifts**

GAF accepts the following forms of assets subject to the conditions described by each asset type. Donors must provide a legal name and a complete address so that GAF can comply with Internal Revenue Service and the State of Ohio gift substantiation requirements.

### ***Current Gifts***

A current gift involves the irrevocable transfer of money or property by a donor. Such gifts are placed at the immediate disposal of GAF and may be either restricted or unrestricted in purpose. Most types of property may be donated as current gifts, although gifts and other publicly-traded securities must comply with the provisions and guidelines contained within this policy statement.

### ***Deferred Gifts***

A deferred gift involves the irrevocable transfer of an asset. The donor generally retains either an income interest or a remainder interest. Prospective donors are encouraged to seek the assistance of personal legal and financial advisors in matters relating to their deferred gifts and the resulting tax and estate planning consequences.

## **Types of Acceptable Gifts**

### ***Cash***

GAF may accept cash in the form of money orders, checks made payable to “Greater Alliance Foundation”, or electronic transfer (either through a wire transfer to the GAF bank account, or by a verified credit card transaction). Gifts should include a statement of purpose and identify the specific fund to which the contribution will be directed. Gifts are receipted on the date received at the Foundation’s office.

### ***Tangible Personal Property***

Tangible personal property must be saleable, and the donor must agree that the property can be sold, unless GAF agrees to use the property for a specific use related to GAF’s tax-exempt status. Any costs incurred by GAF in the process of selling the personal property will be deducted from the gift proceeds.

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## **Securities**

GAF may accept both publicly-traded securities and closely-held securities under the conditions described below:

- **Publicly-Traded Securities**

These are securities regularly tracked on a public stock exchange. GAF will accept gifts of marketable, publicly-traded stocks and bonds. As a general rule, gifts of publicly-traded securities will be sold as soon as possible, and the component funds will be credited with the proceeds from the sale, less any commissions and expenses.

- **Closely-Held Securities**

Acceptance of closely-held securities, which may include debt and equity positions in non-publicly-traded companies, must be approved by the GAF Gift Acceptance Committee. Consideration will be given to any restrictions on the security that would prevent its conversion to cash, the marketability of the security, and the potential for other undesirable consequences for GAF.

## **Real Estate**

GAF may accept gifts of real estate, which will be evaluated on a case-by-case basis. Property that is subject to liens, unpaid mortgages, deeds of trust, judgement liens, unpaid taxes or assessments, mechanics' liens or other encumbrances will be accepted only in exceptional circumstances and upon advice from GAF's legal counsel. If accepted, property that is subject to encumbrances will be evaluated as a "bargain sale".

## **Remainder Interests In Property, or Retained Life Estate Gift (RLE)**

GAF may accept remainder trust interest in a personal residence, farm, or vacation property. The Gift Acceptance Committee will determine whether to accept such gifts on a case-by-case basis.

## **Oil, Gas and Mineral Interests**

GAF may accept such interests upon review and recommendation of GAF's legal counsel. Factors to be considered include: any extended liabilities or other considerations that make receipt of the gift inappropriate, whether the proposed gift is a working interest (an expense bearing interest for which acceptance would require approval of the Gift Acceptance Committee), and any other current or potential exposure to environmental liability, cleanup, or restoration obligations under relevant law.

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### **Life Insurance Policies and Designations**

GAF may accept gifts of unencumbered life insurance (i.e., no policy loan) if GAF is made irrevocable owner and primary beneficiary of the policy. If premium payments can no longer be made (if there is insufficient value in the policy to keep the policy in force - or GAF chooses to discontinue premium payments), then the policy will be surrendered. No insurance products and no insurance companies or agents are endorsed by GAF for use in funding gifts to GAF.

### **Retirement Plan Assets**

GAF may accept qualified retirement plans and individual retirement accounts (IRAs), which may represent a substantial portion of a donor's assets. Since retirement assets passing to individuals other than a spouse may be heavily taxed at death (except ROTH IRAs), testamentary charitable gifts of retirement plan and IRA proceeds are recommended. Donors may name GAF as the beneficiary of a retirement plan (IRA, 401K, 403B, etc.).

### **Charitable Gift Annuities**

GAF may issue charitable gift annuities. A charitable gift annuity (CGA) is a contractual arrangement between a donor and GAF for which GAF accepts a transfer of cash, cash equivalents, or publicly traded securities from the donor in return for periodic payments to the donor and/or one other named beneficiary for life. A portion of the annual payment to the donor and/or annuitant may be tax-free income to the donor, being considered return of principal. Since the gift annuity is in-part gift, in addition to the purchase of the annuity, the donor may be allowed an income tax deduction.

The rate of return used by GAF is determined from tables provided by the American Council on Gift Annuities. The rates in these tables consider the age of the donor and/or beneficiary at the time of the gift and are actuarially calculated to provide approximately fifty percent of the market value of each gift to remain at the death of the last annuitant. There may be no more than two annuitants designated by the charitable gift annuity contract. GAF may enter into CGA contracts with minimum funding of \$10,000 and a minimum age for the life income beneficiaries of 60. Exceptions to minimum requirements require the approval of the Gift Acceptance Committee.

### **Charitable Lead Trusts**

GAF may either benefit from, or act as trustee for, charitable lead trusts. Under a charitable lead trust, the donor irrevocably transfers cash, securities, or other property to a trust. The trustee pays GAF either a fixed percentage of the trust's market value, or a fixed dollar amount, depending on the type of trust. Upon termination of the income interest, the assets of the trust are transferred to the noncharitable beneficiary as

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determined by the donor. Lead trusts are appealing wealth transfer vehicles for donors with significant estate assets.

GAF will accept charitable distributions from a charitable lead trust in any amount. However, if the donor to the charitable lead trust wishes to create a fund with the charitable distributions, they must meet the minimum amount for the type of fund the donor wishes to create.

### **Charitable Remainder Trusts**

GAF may accept designation as income beneficiary and/or remainder beneficiary of charitable remainder trusts. GAF may serve as trustee for which at least 50 percent of the remainder is irrevocably designated for GAF. Under a charitable remainder trust, the donor irrevocably transfers cash, securities or other property to a trustee selected by the donor. The trustee pays the donor, or income beneficiaries designated by the donor, either a fixed percentage of the trust's market value, or a fixed dollar amount, depending on the type of trust. The payments are made for the life or lives of the income beneficiary or beneficiaries or for a fixed period of years not to exceed twenty years. Upon termination of the income interest, the assets of the trust are transferred to GAF to create a component fund as determined by the donor or to augment an existing fund.

The minimum contribution to fund a Charitable Remainder Unitrust or Annuity Trust of which GAF is to be Trustee is \$100,000. Donors can make additional contributions to Charitable Remainder Trusts.

### **Commercial Annuities**

GAF may accept gifts of commercial annuities in any amount as an outright gift or to augment an existing fund, or to meet the minimum funding requirement to establish a new fund or planned gift.

### **Gifts Following Death**

Donors are encouraged to make gifts to GAF following death through their wills or estate plans. This type of gift may be unrestricted or may be restricted to a purpose or program designated by the donor. A donor can make a post-death gift to GAF by creating a new will, adding a codicil to their current will or by naming GAF as a beneficiary in their revocable or irrevocable trust or qualified retirement plan.

The following language may be inserted in the donor's will or other estate planning document to accomplish a post-death gift to the Greater Alliance Foundation.

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1. For a gift of a specific amount:

“I hereby give the sum of \$ \_\_\_\_\_ (or describe property to be given) to the Greater Alliance Foundation, a non-profit 501(c)3 organization currently located at 960 W. State St., Suite 130, Alliance, Ohio, or its legal successor.”

2. For a gift of all or a portion of the remainder of an estate:

“I hereby give \_\_\_% of the rest, residue and remainder of my estate to the Greater Alliance Foundation, a non-profit 501(c)3 organization currently located at 960 W. State St., Suite 130, Alliance, Ohio, or its legal successor.”

### **Pass-Through Gifts**

GAF may accept an outright gift in any amount as a pass-through gift. Pass-through gifts which come to the Foundation with a clear designation of destination to a 501(c)3 public charity. A fee may be assessed for handling this type of transaction.

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