

United Way of Portage County, Inc.

**United Circle of Caring Endowment
and United Circle of Caring Fund**

Gift Acceptance Policy



The United Way of Portage County inspires people to work together to improve lives and build stronger communities.

PURPOSE

The purpose of this Gift Acceptance Policy is to establish administrative processes to accept and administer gifts in a prudent and efficient manner

DATE APPROVED

This Gift Acceptance Policy for the United Circle of Caring Fund and the United Circle of Caring Endowment was adopted by the United Way of Portage County, Inc. (hereafter "United Way of Portage County") Board of Directors (hereafter "Board") at its 9/19/2007 meeting.

POLICY GUIDELINES

Gifts and endowment development are critical to United Way of Portage County's mission. The Board recognizes the importance of establishing policies and procedures to meet the development needs of United Way of Portage County and of directing vigorous efforts to promote and foster a reserve fund and build a permanent endowment.

This policy serves as a guideline to the United Way of Portage County staff and volunteers involved with accepting gifts, to outside advisors who assist in the gift planning process and to prospective donors who wish to make gifts to United Way of Portage County. This policy is intended as a guide and allows for some flexibility on a case-by-case basis.

GIFT ACCEPTANCE COMMITTEE (GAC)

When not addressed in these policies, the Gift Acceptance Committee (hereafter "GAC") has the authority to accept or reject gifts offered to the United Way of Portage County. The GAC must have the ability to respond quickly and responsibly. The committee will be composed of the Board President, 1st Vice President, Chair of Resource Development, and Treasurer. The attorney for United Way of Portage County should be consulted where gifts may carry significant risks or in unique situations. The GAC may ask for Board approval or recommendations.

UNITED CIRCLE OF CARING FUND AND ENDOWMENT

The United Way of Portage County offers two ways to make a lasting and valuable contribution to the future of our community.

The United Circle of Caring *Fund* is a restricted fund in which income and principal will be used and applied to meet special needs or to fund special projects in our community as and when determined appropriate by approval of at least seventy-five percent (75%) of the Board of Directors.

The United Circle of Caring *Endowment* is an endowment fund where the donor's initial gift – along with similar endowment gifts by other donors - is preserved and invested, and only the income, growth and appreciation may be used and disbursed, by approval of the Board of Directors, to match pressing community needs with donor interests.

In addition to successfully raising annual funds for ongoing operations it is important for nonprofit organizations to plan for future needs and growth. These funds, separate from the annual campaign, are a vital resource for our community. The Fund and the Endowment will be used in the following areas, depending upon the wishes of the donor:

- Funding for special grants or initiatives to address emerging issues
- Support for United Way of Portage County initiatives apart from the partner programs currently supported
- Designated by the donor to a supported field of interest (e.g., youth, elderly, homelessness, etc.)

United Way of Portage County is committed, above all, to honoring the wishes of our donors with regard to the specific use of the contributions received.

SPECIAL DONOR RESTRICTED ENDOWMENTS

A donor restricted endowment may be created with the approval of the GAC. All restrictions must be compatible with and supportive of United Way of Portage County's mission. The GAC may establish a minimum gift amount to be required to establish a donor-restricted endowment.

Distributions shall be subject to the terms of the donor restricted endowment agreement.

CASH

1. All gifts by check may be accepted by United Way of Portage County regardless of amount.
2. No checks made payable to an individual will be accepted.

PUBLICLY TRADED SECURITIES

1. Readily marketable securities, such as those traded on a stock exchange, may be accepted by United Way of Portage County.
2. Gift securities may be and are likely to be sold immediately following receipt.

CLOSELY HELD SECURITIES

1. Non-publicly traded securities may be accepted only with the approval of the GAC.
2. Prior to acceptance, United Way of Portage County may explore methods of liquidation for the securities through redemption or sale. A representative of United Way of Portage County may try to contact the closely held corporation to determine:
 - An estimate of fair market value
 - Any restrictions on transfer
 - Liquidation opportunities
3. No binding 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 reviewed and approved by the GAC before acceptance. Real estate gifts may be accepted based upon projected financial benefit to United Way to include projected sales price, anticipated time to sell the property and financial obligations associated with the property.
2. Prior to presentation to the GAC, a member of the United Way of Portage County staff must conduct a visual inspection of the property. If the property is located in a geographically distant or isolated area, a qualified real estate broker may be substituted for a member of the United Way of Portage County staff in conducting the visual inspection.
3. Due to the expenses associated with gifts of real estate, the GAC shall establish a minimum value of real estate to be considered.
4. Prior to presentation to the GAC, the donor must provide to United Way of Portage County the following documents:
 - Real estate deed
 - A schedule of financial obligations associated with the property
 - Real estate tax bill
 - A survey or other map of the property, if available
 - Substantiation of zoning status

- Current appraisal
- Environmental assessments/testing for hazardous substances that have been conducted

5. Depending on the value and desirability of the gift, the donor's connection with United Way of Portage County, and the donor's past gift record, the donor may be asked to pay for all or a portion of the following:

- Maintenance costs
- Real estate taxes
- Insurance
- Real estate broker's commission and other costs of sale
- Appraisal costs
- A survey or other map
- Environmental surveys / tests
- Special assessments
- Inspection by a licensed building inspector

LIFE INSURANCE

1. United Way of Portage County may accept gifts of life insurance by being named as beneficiary, secondary beneficiary or contingent beneficiary of a life insurance policy.

2. United Way of Portage County may accept gifts of life insurance as the owner of a life insurance policy so long as the policies are fully paid or an acceptable annual funding agreement has been made with the donor.

TANGIBLE PERSONAL PROPERTY

1. Except for gifts of office furniture and equipment, any gifts of tangible personal property to United Way of Portage County might not be related to its exempt purpose. If the gift is not related to the United Way's exempt purpose, the donor's income tax deduction may be limited to the original cost rather than current market value.

2. Gifts of jewelry, artwork and collections may be accepted only with the approval by the GAC.

3. All gifts of tangible personal property may be used by or sold for the benefit of United Way of Portage County.

4. No property which requires special display facilities or security measures may be accepted by United Way of Portage County without the approval of the GAC.

5. United Way of Portage County may have a qualified outside appraiser value the gift before accepting it. Such appraisal shall be done independently of the donor's own appraisal.

6. United Way of Portage County shall adhere to all IRS requirements related to disposing of gifts of tangible personal property and file appropriate forms.

DEFERRED GIFTS

United Way of Portage County may accept deferred gifts such as:

1. Bequests
2. Charitable gift annuities
3. Deferred gift annuities
4. Pooled income funds
5. Charitable remainder trusts
6. Charitable lead trusts
7. Retained life estates

1. Bequests

- A. Assets transferred through bequests that have immediate value to United Way of Portage County or can be liquidated may be encouraged by the development staff. Gifts that appear to require more cost than benefit may be discouraged or rejected.
- B. Donors who have indicated that they have made a bequest to United Way of Portage County may, depending upon the individual situation, be asked to disclose, in writing or by copy of the will or other document, the relevant clause that benefits United Way of Portage County as evidence of their gift. Such information is used for internal financial purposes and is not binding on the donor.
- C. Donors may be encouraged when establishing their charitable bequest to designate their bequest to **United Way of Portage County Inc. United Circle of Caring Fund** or **United Way of Portage County Inc. United Circle of Caring Endowment**. All unrestricted or undesignated bequests will be placed in United Way of Portage County Inc. United Circle of Caring Fund.

2. Charitable Gift Annuities

- A. United Way of Portage County may, without limitation, utilize United Way of America (hereafter "UWA") National Charitable Gift Annuity Program.
- B. Generally United Way of Portage County will adhere to the policies of the UWA National Charitable Gift Annuity Program and will follow the American Council on Gift Annuities suggested rates.
- C. Provided however, exceptions to such policies may be made with the approval of GAC.

3. Deferred Gift Annuities

- A. United Way of Portage County may utilize the UWA National Charitable Gift Annuity Program.
- B. Generally, United Way of Portage County will adhere to the policies of the UWA National Charitable Gift Annuity Program and will follow the American Council on Gift Annuities suggested rates.
- C. Provided however, exceptions to such policies may be made with the approval of GAC.

4. Pooled Income Funds

- A. United Way of Portage County may utilize the UWA National Pooled Income Fund.
- B. Generally, United Way of Portage County will adhere to the policies of the UWA National Pooled Income Fund.
- C. Provided however exceptions to such policies may be made with the approval of GAC.

5. Charitable Remainder Trusts

- A. Due to the cost of drafting and administration, the minimum suggested amount to establish a charitable remainder trust is \$100,000.
- B. Investment of a charitable remainder trust shall be determined by those hired by the donor. No representations shall be made by a United Way of Portage County employee or person acting on behalf of United Way of Portage County as to the management or investment of such charitable remainder trust. United Way of Portage County may provide the donor a list of organizations providing trustee, administrator or investment services without recommending one.
- C. The payout rate of a charitable remainder trust shall be determined by the donor in conjunction with the donor's advisor(s). By law the payout rate cannot be lower than 5% nor greater than 50%. The value of the charitable remainder benefit must be at least 10% of the initial fair market value of the Trust. United Way of Portage County may illustrate to the donor and donor's advisor(s) how proposed payout rates may impact the ultimate remainder amount received by United Way of Portage County.

6. Charitable Lead Trusts

- A. A charitable lead trust is an arrangement where assets are transferred to a trust paying income to the United Way of Portage County for a fixed number of years. At the end of the fixed term, the donor's chosen beneficiaries, such as children or grandchildren, will receive the trust assets.
- B. Investment of the trust shall be determined by those hired by the donor. No representations shall be made by a United Way of Portage County employee or person acting on behalf of United Way as to the management or investment of such trust. United Way of Portage County may provide the donor a list of organizations providing trustee, administrator or investment services without recommending one.

7. Retained Life Estates

- A. You may transfer your residence, farm or vacation home to the United Way of Portage County, subject to a life estate. Under this arrangement, you continue to live in the property for life or a specified term of years, while continuing to be responsible for all taxes, insurance, repairs and upkeep. The property passes to United Way when your life estate ends.
- B. All life estate arrangements must be approved by the GAC. Refer to the discussion above regarding real estate gifts.

ADMINISTRATIVE ISSUES

- 1. United Way of Portage County shall not act as an executor (personal representative) for a donor's estate.
- 2. United Way of Portage County shall not act as trustee of any trust, including without limitation, any charitable remainder or lead trust.
- 3. **All prospective donors shall be advised to seek legal and/or tax advice from their own counsel.**
- 4. The United Way of Portage County shall not under any circumstances (a) furnish property appraisals or valuations to donors for tax purposes or (b) knowingly participate in a transaction in which the value of a gift is inflated above its true fair market value to obtain a tax advantage for a donor.
- 5. In accordance with the provisions of the *Internal Revenue Code* and related regulations, proper records will be kept and required tax returns filed by the United Way of Portage County for all gifts processed and/or administered by United Way of Portage County. The Board President or his/her designee(s) shall

execute all necessary IRS forms, including IRS forms 8282 and 8283, that relate to gifts processed and/or administered by the United Way of Portage County.

6. All donative instruments will be deemed confidential to the extent permitted by law. However, a donor may authorize public announcement of any feature of a contribution. All files will be made available upon request to agents of the Internal Revenue Service. All other requests for information will be honored only if the donor approves the release of information or if current law requires release of the information.

7/25/07