



**COMMUNITY  
FOUNDATION**  
*of Northern Nevada*

## **COMMUNITY FOUNDATION OF NORTHERN NEVADA GIFT ACCEPTANCE POLICY STATEMENT**

### **I. Purpose**

The purpose of this Gift Acceptance Policy Statement is to establish an understanding for the Community Foundation of Northern Nevada ("Community Foundation"), its Board of Trustees ("Board"), its officers and employees, donors, and professional advisors as to the general terms and conditions under which gifts may be accepted.

This policy statement shall be supplementary to any other policies that may be considered with respect to particular gifts and programs.

### **II. General**

All gifts are subject to approval by staff in accordance with Board-ratified policies and in accordance with applicable state and federal laws.

Gifts to the Community Foundation will generally be accepted unless:

- Acceptance of the gift may be seen as a conflict of interest;
- Acceptance of the gift conflicts with the Community Foundation's charitable purposes;
- Acceptance of the gift exposes the Community Foundation to uninsurable risk to long-term illiquidity or to expend resources independent of the gift; or
- The Community Foundation cannot meet guidelines related to a restriction placed on the gift or on a request for recognition.

If there are contributions that are not identifiable as to the donor and/or the fund:

- All such gifts to be credited may be held for up to five days before being posted to any fund while such information is sought.
- Unrestricted gifts not designated to any particular fund will be investigated by first trying to match to an existing opportunity, then by contacting the donor or estate trustee/executor.
- If the unrestricted gift donor resides in a community with an Affiliate Fund,

the gift will be credited to that Affiliate's endowment fund.

- Should a fund not be identified to receive the contribution, then disposition will be determined per the Community Foundation's Unrestricted Funds Policy.
- Contributions not accepted by the Community Foundation will be returned to the donor as soon as is practical.
- For all gifts where the donor cannot be identified, the gift shall be held in the Community Advised Fund until after the October 15<sup>th</sup> tax filing deadline for the year in which the gift was received. If no donor has contacted the Community Foundation by that date, disposition will be handled per the Community Foundation's Unrestricted Funds Policy.

The Community Foundation will provide written acknowledgment based on its Gift Acknowledgement Policy.

- Acknowledgement of a contribution to the Community Foundation will include the amount of the contribution of any mutual funds of publicly traded stock, bonds, and other securities, and the average fair market value on the date when the contribution is made.
- The Community Foundation does not value private securities. In cases of gifts of non-cash or cash equivalent gifts of \$500 or more, prior to making such a contribution the donor should obtain an independent appraisal prior to making such a contribution by a qualified appraiser that complies with applicable law and regulations and is acceptable to the Community Foundation.

The Community Foundation will accept contributions from individuals, companies, organizations, trusts, and estates. Multiple donors may pool their contributions into a single fund.

- Prior to accepting contributions from private foundations, the Community Foundation shall verify the private foundation's nonprofit status to ensure it is in good standing with the IRS. Verification may be done through GuideStar or IRS Publication 78.
- Initial contributions made for the purpose of establishing a fund must be accompanied by a completed New Fund Information Sheet, which can be delivered to the Community Foundation via mail or fax.
- Contributions of cash, mutual fund shares, stocks bonds, other securities, including certain private and restricted stock, and illiquid assets are eligible for contribution to the Community Foundation.

- Cash contributions must be denominated in U.S. dollars or any other currency which is easily convertible to U.S. dollars, and delivered by check, wire, or other form acceptable to the Board of Trustees.
- A formal, signed, and dated fund agreement is required for all funds.
- In general, the minimum size for a permanently endowed fund is \$50,000. A “step-up” fund may be established with an initial gift of \$25,000 and pledge to build the fund to the \$50,000 minimum fund level over five years. During the five-year build-up, all earnings will be compounded into the fund. Any fund with less than \$50,000 at the end of a five-year build-up will automatically roll into the Community Fund. Exceptions may be made to the step-up period, but no grants will be made until the fund reaches \$50,000.
- Fund advisors, if any, must be named in the original agreement and may extend for two generations. Thereafter, the donor-advised fund reverts to the Community Endowment Fund, permanently held at the Community Foundation. Fund advisors may be added or removed if allowed by the fund agreement.
- Donors to the Community Foundation, to existing or to newly established funds, shall be given the option to make a contribution of a fixed amount or percentage of each or all gifts in the future, which shall be added to either the Community Endowment Fund or the Northern Nevada Endowment Fund, as requested by the donor.
- Gifted assets will be relocated from the custody of the donor or his/her broker to the Community Foundation.
- All decisions on whether to hold or sell gifted assets rests with the Community Foundation.
- IRS rules require the Community Foundation to retain the right to direct all distributions of spendable returns of donor-advised funds.
- Grants from donor-advised funds may not be made to fulfill advisors’ personal pledges.
- All property, excluding cash and publicly traded securities, valued at over \$5,000 must have an acceptable appraisal to support the deduction. Appraisal is at the donor’s expense. In some cases, where the donor retains no interest in the gift, the Community Foundation may elect to pay the appraisal costs.

The Community Foundation may be written in as executor/trustee for a donor only if the following conditions are met:

- The Community Foundation is beneficiary of at least 60% of the estate.

- The Community Foundation may choose to receive the customary executor fee.
- The estate plan must provide that the Community Foundation can nominate an independent trustee if we so choose.
- Upon receiving notification that a donor has passed and the Community Foundation is asked to serve as executor/trustee, the Board of Trustees must approve the Community Foundation serving in that role.

### **III. Gifts of Marketable Securities**

The Community Foundation will govern the disposition of securities and will make all decisions regarding the sale or retention of securities. Typically, all gifts will be sold within 14 days of receipt.

The value of a gift of securities is the mean between the high and low price per share on the date of the gift, multiplied by the number of shares gifted.

### **IV. Gifts of Non-Marketable Securities and Illiquid Assets**

Non-marketable securities will be carried at value as long as audited financial statements are provided to the Community Foundation to substantiate the value.

In the absence of financial information that would enable determination of value, gifts of non-marketable securities, including but not limited to closely held corporate stock, will be carried on the Community Foundation's books at a value of \$1.00.

Securities that are assessable, or that could in any way create a liability for the Community Foundation, will not be accepted.

Securities that by their nature may not be assigned will not be accepted.

### **V. Gifts of Tangible Personal Property**

Gifts of tangible personal property will generally be accepted if the property is either usable by the Community Foundation or can be quickly sold for an amount approximating the fair market value.

All such gifts will be placed in the Community Foundation's books at a value of \$1.00 unless a valid independent appraisal is supplied.

Establishment of value is the responsibility and expense of the donor. If the value is presumed to be in excess of \$5,000, the donor must have a qualified appraisal done, with the appraisal summary on the back of the IRS Form 8283 filled in and signed by the appraiser and the Community Foundation. The Community Foundation shall keep a copy on record in the fund folder, year and gift folder.

For non-cash, non-publicly traded stock gifts in excess of \$5,000, if the asset is sold within three years of receipt, the Community Foundation shall file form 8282 with the IRS within 125 days of the sale and shall provide a copy to the donor.

Gifts of art will generally be accepted; however, the decision whether the art is put to a related use rests with the Foundation.

Gifts of vehicles will be valued by the Community Foundation at the retail "Blue Book or Gold Book (if applicable) price, less any necessary repairs." The vehicle must be currently registered, insured, and in drivable condition with proof of title. The Community Foundation will report the condition of the vehicle and range of value per the above methods to the donor.

In accepting gifts of tangible personal property, the Community Foundation will take into consideration transportation costs, storage costs, costs associated with selling, maintenance, repair, and usefulness to the Community Foundation.

The donor can receive a charitable deduction only for the cost basis for gifts of tangible personal property not related to the Community Foundation's purpose.

## **VI. Gifts of Real Property and Real Estate Related Assets**

Gifts of real property will be considered by the Community Foundation after the Community Foundation has had the opportunity to assess the character of the property, its physical condition, its salability, to observe any apparent hazards or other liabilities, and has received a preliminary title report.

An IRS qualified appraisal of the property must be completed, at donor's expense, within 60 days of donation unless delivery time is extended by the President & CEO or Board Chair.

For commercial properties, a Phase I Environmental Review is required, and if necessary, a Phase II report must be completed, both at the donor's expense. For residential properties, a Phase I report may be required at donor's expense following a site review.

The Community Foundation will generally not accept property encumbered with debt greater than 30% of the value of the property.

A title insurance policy in favor of the Community Foundation is required at the donor's expense with title in a form and upon terms acceptable to the Community Foundation. In some cases, where the donor retains no interest in the gift, the Community Foundation may elect to pay the title insurance costs.

Upon acceptance of a gift of real property, the Community Foundation will determine if the property is to be held or sold. If held, the Community Foundation may choose to appoint a person or firm to manage the property.

The Community Foundation will utilize nominee entities to take actual title to the real estate.

Real property shall be recorded at the current appraised value. If there is no current appraisal, real property shall be recorded at the fair market value as determined by the county tax assessor's office that the property is located in.

Real estate related assets shall be recorded in accordance with the above and shall be assessed a marketability allowance discount. A real estate related asset is ownership interest in a limited liability corporation or a promissory note or other assets secured by real estate. Real estate related assets shall be assessed a discount to reflect the expected real estate market for the following 12 months (the marketability allowance discount).

Real estate related assets where there is not a majority interest shall be recorded in accordance with the above and shall be assessed a minority interest allowance discount to reflect the lack of control of the asset.

Real estate related assets shall be valued at the lower of the invested value (plus any accrued earnings) or the net fair market value (adjust for minority interest).

Water rights shall have two classes, composed of surface water rights and underground water rights. They shall be valued in addition to the land values for real property and real estate related assets. Surface water rights shall be valued at the last known marketable rate per acre foot or not be more than 12 months old. Underground water rights shall be valued at the last known marketable per acre foot or not be more than 12 months old.

## **VII. Gifts of Life Insurance**

Only life insurance policies in which the Community Foundation is irrevocable owner and beneficiary will be recorded and reported. The donor must relinquish all incidents of ownership in the policy.

A donor may contribute an existing life insurance policy or recommend that the Community Foundation purchase a new policy (from an agent and insurance company recommended by the donor). Fund assets, or ongoing donor contributions endorsed by enforceable pledges to provide for the payment of all premiums, shall be used to pay annual premiums.

## **VIII. Gifts of Cryptocurrencies**

The Community Foundation may accept cryptocurrencies as gifts, subject to a number of conditions. Should the conditions be met, then cryptocurrency gifts may be accepted to fund any and all charitable activities, as recommended by the donor.

At this time, the Community Foundation may accept Bitcoin. Other cryptocurrencies shall be evaluated on a case-by-case basis.

For gifts of cryptocurrency:

- The donor shall acknowledge and confirm that the gifted cryptocurrency comes from the donor's personal cryptocurrency wallet and not from a third party.
- The donor agrees that, to the best of his or her knowledge, the cryptocurrency being gifted is not derived from unlawful sources or activities.
- A charitable gift of cryptocurrency to the Community Foundation is only complete once the cryptocurrency has been successfully delivered to the Community Foundation's cryptocurrency wallet and the Community Foundation has accepted the cryptocurrency. Upon acceptance, the Community Foundation will provide the donor with a Gift Acceptance Letter or receipt which substantiates the charitable gift.
- The Community Foundation is not under any legal obligation to sell the cryptocurrency.
- Once the donor transfers the cryptocurrency, the Community Foundation acquires the entire economic interest in the cryptocurrency and the cryptocurrency is exclusively owned and controlled by the Community Foundation.
- The donor may not gift the cryptocurrency until the Community Foundation has determined it can accept the contribution of cryptocurrency.
- If the donor holds a fund with the Community Foundation, that fund will be credited by the Community Foundation with the proceeds received from the sale of the cryptocurrency when the proceeds have been transferred to a Community Foundation bank account. The proceeds may not be invested or granted in programs until this process is complete.
- The donor acknowledges that the cryptocurrency and the exchanges on which the cryptocurrency trades may be volatile and that the proceeds received by the Community Foundation may be different (higher or lower) from the appraised value, fair market value, or other measure of the value of the cryptocurrency at the time of the gift.
- Unless otherwise predetermined, the value of the gift of cryptocurrency shall be used following the same methodology as that for marketable securities.

## **IX. Gifts of Mineral Rights**

Before accepting, a full and independent appraisal of the mineral interests and royalty rights should be secured using the following procedure:

1. Obtain and review all mineral deeds, quitclaim deeds, and/or warranty deeds.
2. Seek a copy of the last independent reserve report and review who made the report. If the report is more than two years old, find out the approximate costs for an update. Determine whether it is feasible to perform an update, if desired.
3. Determine who the primary operators are and procedures to transfer ownership and collect revenue checks. Determine if there are any revenue-sharing or cost-sharing provisions.
4. Obtain bid price for selling the mineral and royalty rights, should liquidation of the assets be desirable.
5. All mineral rights must be held in a LLC of the Community Foundation and, if possible, be received directly to the LLC rather than through the Community Foundation chain of title.

#### **X. Charitable Remainder Trusts**

A minimum of \$500,000 is required to establish a charitable remainder trust. The Community Foundation will generally not act as trustee of a charitable remainder trust; however, each donor's gift will be individually considered.

#### **XI. Charitable Gift Annuities**

The Community Foundation will establish and guarantee charitable gift annuities up to a maximum of \$100,000 per person. **The Community Foundation will use the American Council on Gift Annuity rates for all annuities.**

The residuum of annuities must go to a permanent endowment at the Community Foundation.

The Community Foundation issues charitable gift annuities by approval of the State of Nevada, Division of Insurance, regulated by NRS, Section 668A.281 through 688A.285.

Compliance with state regulatory requirements requires that donors establishing charitable gift annuities must be residents of the State of Nevada.

#### **XII. Pooled Income Funds**

The Community Foundation will generally accept a pooled income fund if the initial contribution is at least \$50,000 with subsequent contributions of \$1,000 or more.