



FM Area Foundation

Connecting people and purpose.

GIFT ACCEPTANCE POLICIES

The Fargo-Moorhead Area Foundation (hereinafter “Foundation”) encourages donors to make both outright and deferred gifts in furtherance of the Foundation’s charitable mission. A Gift Acceptance Policy defines the types of assets the Foundation will receive, the forms that these gifts can take and, lastly, the role of the Foundation in accepting the assets contributed. These policies are designed to provide guidance to prospective donors and their advisors when making gifts. All solicitations for and acceptance of any gift and/or fund in the Foundation shall be subject to the policies and guidelines articulated hereafter, and as may be amended at any time.

Policies

1. All gifts, contributions or donations to the Foundation are irrevocable and become, upon their formal acceptance, the sole property of the Foundation
2. The Foundation, through its Trustees, reserves the right to make all investment decisions regarding gifts received subject to the applicable provisions of its Resolution and Declaration of Trust, including any amendments thereto; in making a gift to the Foundation, the donor gives up the right to choose investments, or to veto investment choices for their gifts.
3. No gift, contribution or donation will be accepted by the Foundation if the donor, a member of the donor's family or any donor advisor receives any material benefit, directly or indirectly, from the gift.
4. The Foundation reserves the right to accept or decline any proposed fund or gift to the Foundation. If a gift is not accepted, Foundation staff shall notify in writing the prospective donor within two (2) business days after the determination to decline the gift has been made.
5. If required by the nature of a gift, a qualified appraisal of the property is the obligation of the donor. The Foundation staff will work with the donor through the valuation process.
6. Accepted gifts will be acknowledged by staff in accordance with the normal practices of the Foundation which will, at all times, comply at a minimum with federal regulations.
7. As a general rule, the purpose of any gift establishing a new fund shall be defined in a written Fund Agreement signed by the donor, an officer of the Foundation and a Trustee.
8. In all cases and at all times, Foundation shall comply with all legal requirements, including by way of example and not limitation, its variance power.
9. It is anticipated that these polices govern all gifts, and that marketable gifts (cash, cash equivalents, and publicly traded securities) require no prior review by the Board of Governors on acceptance, so long as the purpose and form of those gifts is in keeping with the standards set out herein. Every gift of a non-marketable asset (tangible personal property, real estate, life insurance, non-publicly traded securities, oil and gas, and all other gifts) or gifts not in compliance with these polices shall be reviewed and approved by the Board of Governors prior to the acceptance.

10. The Foundation will work with each donor to accept any reasonable gift. However, the following types of gifts are generally acceptable, subject to review of the Foundation:

- Cash and Cash Equivalents
- Securities
- Real estate
- Life insurance
- Charitable remainder trusts
- Charitable lead trusts
- Retirement plan beneficiary designations
- Bequests
- Tangible personal property
- Bargain sales
- Intellectual property
- Beneficial ownership in various legal entities
- Gas, Oil, and/or Mineral rights
- Any other form of gift deemed acceptable by the Foundation

The following guidelines are established to provide assurance that all gifts meet, within reason, the policies outlined above.

Gift Acceptance Guidelines

These Guidelines are prepared to provide guidance to prospective donors and their advisors, in contemplating a gift to the Foundation. The Foundation will work with each donor in order to accomplish his or her gift in compliance with the Policies adopted by the Foundation. The omission of any particular asset from the following guidelines does not preclude the acceptance by the Foundation of such a gift.

All federal regulations shall be followed by the donor including, but not limited to, a qualified independent appraisal, execution of all transfer documents, completion of IRS Form 8283, etc.

I. Outright Gifts

An outright gift refers to a contribution of property in which the donor retains no interests or rights and that which can be used currently by the Foundation. The Foundation will accept an outright gift of any size for its general, unrestricted purposes.

1. **Cash and Cash Equivalents.** Cash is acceptable in any form. Checks shall be made payable to the Fargo-Moorhead Area Foundation. Cash equivalents include certificates of deposit or other assets readily converted to a stable, determinable cash value. Credit card donations are accepted. Fees may be charged to the Fund.

2. **Securities Marketable and Non-Marketable.**

a. Publicly Traded

Publicly traded stocks and/or bonds may be electronically transferred, re-registered in the name of the Foundation, or conveyed through the use of a stock power form. Foundation will also accept interest in mutual funds. Generally securities will be sold upon receipt.

b. Closely Held

Foundation accepts gifts of interests in business entities (i.e. closely-held marketable securities, partnership interests, interests in limited liability entities, etc.). Any such interest will be accepted provided that the Foundation assumes no liability in receiving the interest. Holdings will be liquidated as soon as possible. Each closely held interest will be reviewed by a Trustee on behalf of the Foundation prior to acceptance in order to assess liquidity and liability potential.

3. **Real Estate.** Gifts of real estate may be made in various ways: outright, charitable remainder trusts, retained life estate, or as a bargain sale. The following guidelines apply to gifts of real estate in general.

Guidelines

- i. The donor shall provide the Foundation with a qualified, independent appraisal of the property's fair market value.
- ii. The donor must provide the Foundation with proof of clear title to the property.
- iii. Property accepted by the Foundation is subject to immediate liquidation and/or sale, as determined appropriate by the Foundation.
- iv. Gifts of real estate shall be subject to further review by a Trustee regarding environmental concerns, legality, mortgages, easements, or other restrictions on the property.
- v. All gifts of real property subject to life estate shall be considered by a Trustee prior to acceptance.

4. **Life Insurance.** There are various methods by which a donor may make a contribution of life insurance to the Foundation.

- i. Assign irrevocably a paid-up life insurance policy to the Foundation;
- ii. Assign irrevocably a life insurance policy on which the premiums remain to be paid,
- iii. Name the Foundation as a primary beneficiary or successor beneficiary of the policy proceeds.

Guidelines

- i. Any of the above described life insurance gifts are acceptable. For policies on which premiums remain to be paid, the Foundation will pay the premiums provided the donor makes an annual contribution to the Foundation for at least the full amount due on the premium. Foundation reserves the right to make premium payments on a policy for which no annual contribution has been made.
- ii. The Foundation will not accept gifts of any "charitable split-interest" policies, "charitable limited partnerships", etc. without first assurance as to the legality of the gift.

5. **Personal Property.** Gifts of personal property to the Foundation are certainly encouraged, however, shall be reviewed on a case-by-case basis. All gifts of personal property shall be liquidated as soon as possible after their receipt.

6. **Bargain Sales.** A "bargain sale" is the sale of real estate or other property to the Foundation for an amount less than the property's ascertained fair market value. The excess of the fair market value, as determined by a qualified, independent appraisal, over the actual sale price is the allowable deductible amount or charitable contribution.

Guidelines

- i. All "bargain sale" transactions must be approved first by the Foundation's Trustee.
- ii. The property's fair market value must be supported by a qualified, independent appraisal, which is an expense incurred by the donor.

- iii. "Bargain sales" may include real estate, securities, or other forms of real property.
- iv. The price paid for the property should not, as a general rule, exceed 60% of the appraised fair market value.

II. **Deferred Gifts**

A deferred gift refers to a contribution of property in which the donor retains the rights currently and at some point in the future and/or upon the happening of an event the donor will transfer all such rights to the Foundation. The Foundation will accept a deferred gift of any size, subject to the provisions regarding establishing a new named fund articulated in the Foundation's New Fund Policy.

1. **Retirement Plans.** The Foundation accepts gifts from retirement plans and encourages its donors to name it as a beneficiary in an IRA, 401(k), 403(b) or any other retirement scheme.
2. **Bequests.** A bequest may be from a donor in his or her Last Will and Testament, a trust or any other dispositive document. The nature of the bequest may be specific or contingent in nature.

Guidelines

- i. Sample bequest and assignment language for restricted and unrestricted gifts are made available to donors and their professional advisors by the Foundation.
- ii. Donors are encouraged to notify the Foundation when it is included in their estate plan, and when appropriate, to supply a confidential copy of the specific section of the Last Will and Testament and/or appropriate dispositive document naming the Foundation.

III. **Life-Income Gifts**

Life-Income gifts are those that are structured in such a way so that a stream of income will be paid to the donor or another for a term of years or for their lifetime. These types of gifts can be made during the donor's life or through a testamentary vehicle. There are several types of life-income gift arrangements, a few of which are discussed in the following paragraphs. All life-income gift arrangements will be approved the Trustee accepting the governing document. All governing documents shall comply with all federal regulations and any other applicable legal requirements.

1. **Charitable Remainder Trusts:** The Foundation accepts revocable or irrevocable beneficiary appointments under charitable remainder trusts. These appointments may be for the Foundation's Community Funds, for any of its component funds or for a supporting organization.
2. **Charitable Lead Trusts** The Foundation accepts income distributions from charitable lead trusts. These distributions from charitable lead trusts. These distributions may be assigned to the Foundation's Community Funds, for any of its component funds, or supporting organizations.

IV. **Miscellaneous Provisions**

Valuation of gifts: The Foundation shall record a gift received by the Foundation at its value for gift purposes on the date of gift. The Foundation requires that donors making a gift requiring a Form 8283 (Non Cash Charitable Contributions) supply a copy of Form 8283 and appraisal used to support the gift value at the time the gift is made.

Excess Business Holdings: Donor-advised funds are subject to the rules governing excess business holdings of private foundation's.

Fund Options

Component Funds

The Foundation is comprised of a variety of grantmaking funds. All assets conveyed by a donor for the purposes of creating or augmenting a Fund are wholly owned by the Foundation and constitute an irrevocable gift. Donors may add to existing funds in any amount. The minimum contribution to establish a new Fund is \$25,000, unless otherwise noted and approved by the Executive Director.

Agency Funds can be established by a 501(c)(3) organization to support their work. Individual donors are not permitted to augment or establish an Agency Fund.

Designated Funds are earmarked by the donor(s) for one or more 501(c)(3) organizations. If the recipient organization ceases to exist or changes its status or mission as a charitable organization, the Foundation's Board of Directors may exercise its variance power, selecting an alternate use for the Fund compatible with its original charitable purpose.

Donor Advised Funds are convenient, flexible tools for individuals, families, or businesses that want to be personally involved in suggesting grant awards made possible by their gifts. A Donor Advised Fund is ideal for donors who have a range of community interests or have a desire to engage the next generation in their philanthropic planning.

Field of Interest Funds are restricted in use to a charitable cause or purpose of importance to the donor (without designation of recipient organizations or programs through which such charitable purposes may be served). The Foundation's Grants Committee determines which organizations receive grants from Field of Interest Funds.

Scholarship Funds provides access to educational opportunities for a wide variety of students—from pre-school to post-graduate; for unlimited areas of study, locally statewide or regionally; or for special populations. The Foundation administers three basic types of Scholarship Funds:

Non- Component Funds

Supporting Organizations can be established as an independently incorporated tax-exempt nonprofit organization with separate governance. A Supporting Organization is a grantmaking organization that avoids private foundation status by being operated, supervised, controlled by, or in connection with the Fargo-Moorhead Area Foundation. This requirement can be met in part if Board of Governors appoints a majority of the Board of Directors of the Supporting Organization. The minimum amount recommended for establishing and maintaining a Supporting Organization is \$1,000,000.

Charitable Remainder Trusts appointments are accepted as a revocable or irrevocable beneficiary of a charitable remainder trust. The Foundation will not accept appointment as a Trustee of a charitable remainder trust. Donors establishing charitable remainder trusts shall be encouraged to use professional fiduciaries in that role.

Charitable Lead Trusts appointments as income beneficiary will be accepted. The Foundation will not accept appointment as a Trustee of a charitable lead trust. Donors establishing charitable lead trusts shall be encouraged to use professional fiduciaries in that role.