

GIFT ACCEPTANCE POLICIES

Indiana Bar Foundation



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Revised: 05/15/17

Introduction

The Indiana Bar Foundation (hereafter, the Foundation) works to accept and maximize the value of all gifts and donations to support its programs. The following policies are designed to guide the Foundation's Staff and Board of Directors on dealing with specific types of gifts while ensuring the ability to redirect those potential donations that may be restricted in a manner inconsistent with the goals of the Foundation or for which the underlying value or difficulty in liquidation makes the gift inappropriate for acceptance.

Donor Guidance

The Foundation's relationship with its donors is at the core of these policies. Because of the sometimes-complicated nature of these relationships, flexibility may be necessary in applying these policies. There may also be times when questions arise regarding a donor's title to a gift asset, a donor's mental competency to transfer a gift, or other extenuating circumstances that make the gift inappropriate to accept. Therefore, consideration by the Gift Acceptance Committee (hereafter, the "Committee") may be required in specific instances as noted below.

Gift Acknowledgement

The Foundation will issue gift acknowledgements to donors as required by the Internal Revenue Service as they exist at the time of gift. The date of any gift acknowledgement will be based upon the date of receipt or transfer of title to the Foundation.

General Gifts

A. **Cash or Cash Equivalents** – Cash, checks, or other cash equivalents of any amount shall be accepted and acknowledged unless sent to the Committee for review by staff.

B. **Publicly Traded Securities** – Publicly traded securities shall be accepted and immediately liquidated by the Foundation unless sent to the Committee for review by staff.

C. **Private or Closely Held Securities** – Securities not traded publicly shall be accepted after approval of the Committee and verification that the securities can be successfully liquidated.

D. **Real Property** – Gifts of residential or commercial real property shall be accepted and liquidated after approval of the Committee. In deciding whether to accept a gift of real property, staff and the Committee shall consider the following factors:

1. Proof of title to the subject property;
2. Independent appraised value of the property;
3. Location and ease of liquidation of the property;
4. Encumbrances, such as mortgages or liens, that might reduce the value of the property;
5. Any environmental concerns that might reduce the value of the property or complicate liquidation.

Generally, costs to complete any required due diligence should be covered by the donor unless the Committee determines it is in the best interest of the Foundation to bear such costs.

E. **Tangible Personal Property** – Tangible personal property, such as jewelry or artwork, shall be accepted and immediately liquidated unless sent to the Committee for review by staff. The Foundation typically will not accept a gift that has a value less than \$500 or that cannot easily be liquidated. The Foundation does not maintain title to or hold personal tangible property after receipt. This guidance is not intended to limit solicitations for silent auction or similar fundraising related items.

F. **Other Types of Property or Financial Instruments** – Gift types not mentioned above will be accepted and immediately liquidated unless referred to the Committee for review by staff.

Planned Giving

A. **Bequests** – Estate gifts shall be encouraged by the Foundation. If a prospective donor informs the Foundation of their intention to create an estate gift, the Foundation will provide information to the donor on this Gift Acceptance Policy to help ensure any future bequest can be accepted by the Foundation to support its programs. Gifts made known to the Foundation after the death of a donor will be accepted and liquidated as noted above. If a bequest has associated contingencies or restrictions, the Committee will determine if it is in the best interest of the Foundation to accept the gift. It is acceptable to reject a gift if it is not in the best interest of the Foundation.

B. **Other Estate Planning Instruments** – Many donors use a variety of financial instruments to avoid eventual probate of their estate, obtain present-time tax benefits, or provide income during their lifetime. These tools presently include charitable remainder trusts, pooled income funds, charitable gift annuities, life estate gifts, or life insurance products. Gifts to the Foundation utilizing these or other generally accepted instruments shall be encouraged by the Foundation. If a prospective donor informs the Foundation of their intention to create such a gift, the Foundation will provide information to the donor on this Gift Acceptance Policy to help ensure any gift can be accepted by the Foundation to support its programs. To accomplish this goal, the Committee shall consider the following factors:

1. Any administrative burden placed on the staff of the Foundation;
2. Any costs or fees associated with the gift that might lessen or eliminate value to the Foundation;
3. Age of the beneficiary or annuity holder;
4. Number of intended recipients or related beneficiaries;
5. Estimated value of the gift at anticipated asset transfer.

The Foundation will typically utilize appropriate investment entities, corporate fiduciaries, and professional advisors to manage any deferred gifts of this nature. If such a gift is made known to the Foundation only after the death of the donor, the gift will be accepted and liquidated after approval by the Committee using the factors above. If a gift has associated contingencies or restrictions, the Committee will determine if it is in the best interest of the Foundation to accept the gift. It is acceptable to reject a gift if it is not in the best interest of the Foundation.

Gift-Related Fees and Payments

- A. **Finder's Fees or Commissions** -- The Foundation will pay no fee to any outside person as consideration for directing a gift to the Foundation in compliance with appropriate ethics regulations. Any variance from this policy must be approved by the Board.
- B. **Professional Fees** -- The Foundation may pay reasonable fees for professional services in connection with the completion of a gift to the Foundation or to support the planned giving efforts of the Foundation. The payment of such fees shall be disclosed to the related donor as appropriate. If the Foundation chooses to utilize the services of a professional initially employed by the donor, the Foundation will execute a separate retainer and inform the donor before incurring fees. If the Foundation allows professionals it employs to advise donors, the donor shall be informed that the professional is acting on behalf of the Foundation and that any guidance provided should be reviewed with the donor's own professional advisor or attorney prior to the completion of a relevant gift. To ensure compliance with appropriate ethics and securities regulations, any professional compensated by the Foundation shall be free of inappropriate conflicts of interest and have no personal financial stake in the outcome of any related gift.

Gift Restrictions

- A. **Temporary Donor Designations and Restrictions** -- It is common for donors to restrict the use of a non-endowed gift to a specific program or effort of the Foundation. It is the policy to accept, acknowledge, and book such temporarily restricted gifts unless sent to the Committee for review by the staff.
- B. **Planned Gift Designations and Restrictions** -- Gift restrictions contained in planned gifts will be dealt with using the guidance in the Planned Giving section above.
- C. **Unrestricted Gifts** -- Gifts received without restriction shall be used as directed by the Foundation's Board of Directors.

Endowed Gifts

- A. **Endowments** -- The Foundation accepts and encourages endowed gifts to benefit the on-going work of the Foundation and its programs. Donors can choose to support an existing endowed fund within the Foundation or create one of their own subject to the Foundation's general gift acceptance policies. Funds held in endowment are done so consistent with the Uniform Prudent Management of Institutional Funds Act, the Pension Protection Act of 2006, and other relevant state and federal regulations (or their successor regulations) designed to protect the integrity of permanently endowed funds.
- B. **Fund and Gift Agreements** -- All permanently endowed funds shall be accompanied by an appropriate fund agreement or gift acknowledgment that contains information required by state and federal regulations at the time of the gift.

C. **Gift Minimum** – While the Foundation will accept a gift of any size to support an existing endowed fund held by the Foundation, new funds will be subject to a \$10,000 minimum unless waived by the Committee.

D. **Spending Policy** – In order to protect the corpus of any original endowed gift, the Foundation’s general policy is to spend the lesser of a fund’s total annual income (less any associated fees) or 5%. Income received in excess of the 5% will be reinvested in the endowed fund’s corpus. Should a fund suffer an overall loss in a given year, the Board of Directors may choose to distribute no more than 1% despite the loss. The Board of Directors may change this spending policy in the future based upon market and other factors impacting the long-term stability of endowed funds. The Board also maintains appropriate variance policies as contained in existing regulations. Newly created funds will not pay out until held for at least five quarters.

E. **Administrative Fees** – Endowed funds that directly benefit the core operations of the Foundation will not be subject to an administrative fee. Funds that benefit related outside parties, such as scholarships or loan forgiveness programs that require substantial staff resources, will be subject to an administrative fee of up to 1% as determined by the Board of Directors.

End of Document
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