

## **JOHN RANDOLPH FOUNDATION GIFT ACCEPTANCE POLICY**

John Randolph Foundation, Inc. (hereinafter referred to as “the Foundation”) is a Virginia not-for-profit charitable corporation with its principal business at 112 N Main Street, Hopewell, Virginia 23806, FEIN 54-1649268. The Foundation welcomes the interest of prospective donors. As the Tri-City area’s only community foundation, John Randolph Foundation partners with donors and organizations to build healthy communities and bright futures.

The following policies govern the solicitation and acceptance of gifts made to the Foundation. To prevent misunderstandings and conflicts, these guidelines should be viewed as flexible in order to accommodate unpredictable fundraising situations and donor expectations. Special situations will be evaluated on a case-by-case basis by the Gift Acceptance Committee.

Prospective donors to John Randolph Foundation are encouraged to seek the assistance of independent legal, financial, and tax advisors relating to their gifts, gift agreements, and the resulting tax and estate planning consequences.

### **Solicitation, Ethical Considerations, and Conflicts of Interest**

The Foundation is committed to ethical engagement. The role of Foundation employees, trustees, advisors, and volunteers is to inform, serve, or otherwise assist donors in fulfilling their philanthropic wishes, but never to pressure or unduly persuade. No person acting in any capacity on behalf of the Foundation shall receive commissions or finders’ fees with respect to gifts generated. All solicitations on behalf of the Foundation shall comply with the Donor Bill of Rights (see appendix) as developed by the Council for Advancement and Support of Education (CASE) and other national organizations. All employees, trustees, advisors, and volunteers will comply with Foundation policies on confidentiality, conflicts of interest, and will sign the Code of Ethics Affirmation (see the Policy & Procedure Manual).

### **Use of Legal Counsel**

When appropriate, the Foundation may seek the advice of legal counsel in matters relating to the acceptance of certain gifts. The decision to consult legal counsel may be made by the Executive Director. Review by legal counsel may generally occur in the case of:

- Closely held stock transfers that are subject to restrictions or buy-sell agreements;
- Gifts that require John Randolph Foundation to make payments or assume obligations (other than standard charitable gift annuity contracts);
- Transactions with potential conflicts of interest; and
- Transactions that raise tax issues regarding the tax-exempt status of the Foundation.

### **Donor Confidentiality**

In general, information concerning donors or prospective donors shall be kept confidential by the Foundation employees, trustees, advisors, and volunteers. Donor names may be published in

Foundation publications, on the website, on social media, and on other recognition walls, plaques, etc. for recognition purposes, unless a donor requests anonymity.

### **Gift Acceptance Committee**

**PURPOSE:** The purpose of the Gift Acceptance Committee is to review and approve the Gift Acceptance Policy. All non-standard gifts, special gifts, conditional gifts, and any gift that represents an exception to the Foundation's policies may be reviewed by the Committee to determine if they will be accepted. In the instructions to IRS Form 990, the IRS defines a non-standard gift to include an item that is not reasonably expected to be used to further the organization's exempt purpose (other than the need for funds) and for which there is no ready market to liquidate the item and the value of the item is highly speculative or difficult to ascertain.

**DECISION-MAKING AUTHORITY:** The committee reviews and recommends appropriate policies and procedures for consideration by the Board of Trustees.

**STATUS:** The Gift Acceptance Committee is an ad hoc committee of the Board of Trustees.

**MEMBERSHIP:** Membership consists of the Chairperson of the Scholarship Committee, the Chairperson of the Development Committee, the President of the Board of Trustees (who is ex-officio on all committees).

**RESPONSIBLE STAFF:** Director of Programs

**MEETING SCHEDULE:** The committee meets as needed to review non-standard gifts.

### **Definition of a Gift**

To qualify as a gift, the following conditions must be met:

- The transfer of cash or other assets must be unconditional;
- The transfer must be in furtherance of the Foundation's charitable purpose; and,
- The transfer must be non-reciprocal, which means there must be no implicit or explicit statement of exchange, purchase of services, or provision of exclusive information to the donor in exchange for his or her gift.

If a donor receives benefits in return for his or her gift, the amount of the benefit he or she receives is deducted from the gift in any receipting, reporting, and gift crediting in accordance with IRS regulations.

### **General Gift Acceptance Conditions**

The Foundation will accept only gifts that are consistent with its values and are:

- Compatible with its mission and its programs;
- In compliance with the state and federal statutes, regulations, rulings, or court decisions that stipulate the conditions under which contributions can be tax favored; and
- Compatible with the tax-exempt status of the Foundation.

The Foundation will not accept any gift that:

- Violates any federal, state, or local statute or ordinance;
- Gives the donor the right to designate an individual as the recipient of the funds;
- Commits the Foundation to name a fund where the gift is potentially revocable in any way;
- Requires the Foundation to employ a specified person now or at a future date;
- Knowingly exposes the Foundation to litigation or other liabilities;
- Requires the payment of maintenance costs or other expenses (e.g. debt service) for which no specific provision has been made;
- Generates unrelated business income to the Foundation which may jeopardize its tax-exempt status, or otherwise appears to be financially unsound.

John Randolph Foundation retains the right to sell immediately all gifts of stock or property so that it can invest the proceeds. The Foundation recognizes that the donor must have philanthropic intent and is willing to accept the gift's fair market value as determined by a mutually agreed upon third party with relevant expertise.

The Foundation accepts cash and checks, gifts of securities, real property, and personal property.

Deferred gifts, also called planned gifts, are arranged with the Foundation during the donor's lifetime, but the benefits do not accrue until a later time, usually after the death of the donor or his/her beneficiaries. Bequests are the most common deferred gift. Other gifts include naming the Foundation as the beneficiary of a life insurance policy or the beneficiary of a charitable remainder trust.

### **Acceptance of Outright Gifts**

#### Cash / Check / Credit Card / Debit Card

Donations are payable to "John Randolph Foundation". We encourage unrestricted gifts, which allow the Foundation to apply the gift to the area of greatest need as identified by the Board of Trustees. Donors should specify how they intend their gift to be used (e.g. a specific scholarship, award, or endowment fund) in the memo line of the transaction or with an accompanying letter or giving card.

#### Matching Gifts

Donors are encouraged to ask their employers or other entities to match their personal contributions as a way to maximize the benefit of their gift. The individual's gift plus the matching gift is credited to the individual's record. The individual's charitable tax deduction is limited to the individual's gift. The individual and the matching entity are credited on recognition lists.

#### Publicly Traded Securities

Securities that are traded on the New York and American Stock Exchanges, as well as other major U.S. and foreign exchanges and the NASDAQ, corporate bonds, government issues, and agency securities may be accepted by the Foundation.

The Foundation will sell such securities as soon as possible after the securities have been transferred. In no event will an employee, trustee, advisor, or volunteer working on behalf of the Foundation commit to a donor that a security will be held unless authorized by the Executive Director.

The value of a gift of securities is the average of the high and low of the stock(s) or bond(s) on the day the transfer is made by the donor to the Foundation. The value of the securities will be the gift value credited to the donor. Donors wishing to use publicly traded securities to establish a named endowment or a scholarship should refer to the Statement of Endowment Policy or to the Scholarship Fund Administration document.

#### Closely Held Securities

Non-publicly traded securities may be accepted only after approval of the Gift Acceptance Committee. Such securities subsequently may be disposed of only with the approval of the Gift Acceptance Committee. Prior to completion of any gift of this kind, the Foundation will not commit to resell it to any specific party or parties.

#### Real Property

No gift of real estate will be accepted without prior approval of the Gift Acceptance Committee. No gift of real estate will be accepted without first receiving a qualified appraisal by a party chosen by the Foundation who will have no business or other relationship to the donor. Expenses incurred to obtain an appraisal will be the responsibility of the donor.

In general, real estate located within the United States of America will be considered for acceptance unless the Gift Acceptance Committee determines otherwise. In general, real estate located outside the United States of America will not be considered for acceptance. The Gift Acceptance Committee may make exceptions to this specific policy statement if conditions warrant.

Regarding a gift of real property, the Gift Acceptance Committee will review an acceptable deed and necessary documentation. The cost of obtaining necessary documents and fees associated with environmental studies; property taxes; maintenance, management and insurance appraisals; title reports; and legal fees will be the responsibility of the donor.

The Foundation will not accept real estate to fund a charitable gift annuity without seeking an opinion as to the permissibility of this action under the laws of the state or states involved.

#### Tangible Personal Property and In-Kind Gifts

The Foundation gratefully accepts appropriate in-kind contributions of skilled services and tangible personal property consistent with its mission and non-profit status. No personal property will be accepted unless there is reason to believe the property can be sold in a reasonable amount of time. No personal property will be accepted that obligates the Foundation to ownership of it in perpetuity. No perishable property or property that will require special facilities or security to safeguard the property will be accepted without prior approval of the Gift Acceptance Committee.

The donor is responsible for obtaining a qualified appraisal to determine fair market value. This appraisal can be done up to 60 days before the gift is made, or any time after the donation preceding the filing of the tax return for the tax year in which the gift was made. Expenses incurred to obtain an appraisal will be the responsibility of the donor.

#### Intangible Personal Property

Intangible property of any description—including mortgages, notes, copyrights, royalties, easements—whether real or personal, will be accepted only by action of the Gift Acceptance Committee.

### **Acceptance of Deferred Gifts**

#### Bequests

Gifts through wills (bequests) are encouraged. Gifts from the estates of deceased donors consisting of property that is not acceptable will be rejected only by action of the Gift Acceptance Committee. We encourage donors to notify the Foundation about a bequest so that we may document the donor's intended use of the funds, especially if the bequest will create a named or restricted fund. Where possible, intended bequests of property other than cash or marketable securities should be brought to the attention of the Gift Acceptance Committee.

#### Life Insurance

Donors will be encouraged to name John Randolph Foundation as the “last beneficiary” to receive all or a portion of the benefits of insurance policies they have purchased on their lives. In no event will the Foundation furnish lists of its donors to anyone for the purpose of marketing life insurance for the benefit of donors and/or the Foundation, as this practice represents a potential conflict of interest, may cause donor relation problems, and may subject the Foundation to state insurance regulation should the activity be construed as involvement in the marketing of life insurance.

#### Retirement Plan Beneficiary Designations

Donors are encouraged to designate the Foundation in their retirement plans, which include IRAs (both traditional and Roth), 401(k) plans, 403(b) plans, KEOGH plans, and company-based pension plans and annuities.

#### Payable-On-Death (POD)/Transfer-on-Death (TOD) Gifts

The Foundation accepts POD and TOD gifts, which include designations for bank accounts and securities accounts.

#### Charitable Gift Annuities

The Foundation offers gift annuities to donors age 60 and older. In the case of a two-life annuity, the minimum age would apply to the younger of the two annuitants. The initial contribution for a gift annuity is \$10,000. Gift annuities may be funded with contributions of cash or marketable securities. Real estate and other assets that either are not readily marketable or hard to value are not acceptable assets for funding a gift annuity. The Foundation follows the maximum rates recommended by the American Council on Gift Annuities and invests 100% of the gift amount

during the annuitant's lifetime in a commingled Gift Annuity Fund. The Gift Acceptance Committee oversees compliance of the gift annuity program with respect to state regulation of charitable gift annuities. The Foundation voluntarily complies with the recommendations of the American Council on Gift Annuities when devising gift annuity agreements.

#### Charitable Trusts and Charitable Lead Trusts

John Randolph Foundation may be named a beneficiary or remainder beneficiary in charitable remainder trusts and charitable lead trusts. The Foundation is not authorized to act as a trustee of charitable trusts.

#### Life Estate Gifts

The Foundation generally will not accept gifts of real property under which donors maintain a life interest in the property. Any exceptions to this will be reviewed and approved by the Gift Acceptance Committee.

#### **Establishing Named or Restricted Funds**

Donors are encouraged to make their gifts unrestricted, allowing the Foundation to apply their gift to the area of greatest need as identified by the Board of Trustees. Donors may establish a fund that may or may not be named for or by the donor, require that the corpus in whole or in part be invested permanently (endowed), and be restricted as to its purposes. Distribution from the named, or restricted fund, shall be the rate deemed prudent by the Board of Trustees and established in the Statement of Endowment Policy or Scholarship Fund Administration document.

The wishes of donors will be loyally observed, so long as such wishes do not conflict with the proper administration of the Foundation. When changes occur making it impractical for the Foundation to adhere to the original wishes of the donor, in the opinion of the Board of Trustees, the fund shall be used for other purposes aligned as closely as possible with the original donor wishes. This is known as variance power. Such modifications will be communicated to the donor whenever possible and practical.

#### **Processing, Administrative, and Legal Fees**

At its discretion, and to provide a strong financial base for the Foundation, the Board of Trustees may apply an administrative fee on a named or restricted fund. It may be used to cover the expenses of administration and investment management of the fund. Donors wishing to establish a named scholarship should refer to the Scholarship Fund Administration document for current fees and guidelines. Donors wishing to establish a named endowment should refer to the Statement of Endowment Policy for current fees and guidelines.

Legal fees and expenses incurred in establishing, managing, or administering funds including inquiries, challenges, or litigation to the fund or its terms shall be an expense of the fund.

## **Gift Agreements**

Donations to the Foundation are generally accompanied by a donation card which specifies how the gift is to be used, or this is indicated in the memo line of the transaction. The Foundation provides a receipt to the donor that confirms the donor's intended purpose of the gift as well as whether the gift was made in memory of or in honor of someone. Donors wishing to establish a named scholarship should refer to the Sample Scholarship Agreement, and donors wishing to establish a named endowment should refer to the Sample Endowment Agreement.

## **Variance Power**

The Board of Trustees has the authority to vary the terms of any gift agreement if continued adherence to any condition or restriction is, in the judgment of the Board, unnecessary, incapable of fulfillment or inconsistent with the charitable or other exempt purposes of the Foundation or the gift agreement. In this regard, it is understood that John Randolph Foundation is explicitly granted unilateral variance power, which is the power to redirect the use of the gift to another beneficiary and to override the original intent of the gift without approval of any interested party. No distribution shall be made from a fund to any individual or entity if such distribution will, in the judgment of the Foundation, endanger its Code Section 501(c)(3) status.

## **Acknowledgment of Gifts**

In accordance with IRS regulations, the Foundation provides a donor with a receipt for a contribution with a statement as to whether any goods or services, i.e. benefits, were given to the donor in exchange for his or her contribution. A description and good faith estimate of the value of such goods and/or services is provided to the donor by the Foundation. The Foundation also includes donor restrictions on the use of the gift (e.g. a specific scholarship, award, or endowment fund) as well as whether the gift was given in honor of or in memory of someone.

Approved by the Board

December 2017

## **APPENDIX**

### **Donor Bill of Rights**

Philanthropy is based on voluntary action for the common good. It is a tradition of giving and sharing that is primary to the quality of life. To assure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in the not-for-profit organizations and causes they are asked to support, we declare that all donors have these rights:

1. To be informed of the organization's mission, of the way the organization intends to use donated resources, and of its capacity to use donations effectively for their intended purposes.
2. To be informed of the identity of those serving on the organization's governing board, and to expect the board to exercise prudent judgment in its stewardship responsibilities.
3. To have access to the organization's most recent financial statements.
4. To be assured their gifts will be used for the purposes for which they were given.
5. To receive appropriate acknowledgment and recognition.
6. To be assured that information about their donations is handled with respect and with confidentiality to the extent provided by law.
7. To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature.
8. To be informed whether those seeking donations are volunteers, employees of the organization or hired solicitors.
9. To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share.
10. To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.

The text of this statement in its entirety was developed by the American Association of Fund-Raising Counsel (AAFRC), Association for Healthcare Philanthropy (AHP), Council for Advancement and Support of Education (CASE), and the Association of Fundraising Professionals (AFP), and adopted in November 1993.