



**COMMUNITY FOUNDATION**  
OF LOUISVILLE

# **THE COMMUNITY FOUNDATION OF LOUISVILLE, INC.**

## **Gift Acceptance Policies**

Approved by the Board of Directors on **June 8, 2022**.

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## **I. INTRODUCTION**

The following Gift Acceptance Policies outline the guidelines to be followed by the Gift Acceptance Committee of the Community Foundation of Louisville, Inc. (the “Foundation”). These policies also provide guidelines to the Management of the Foundation and its Development and Stewardship Team to help donors meet their charitable goals while benefiting the communities and organizations served by the Foundation. “Management” of the Foundation is defined as the President & CEO and the relevant leadership staff. The Development & Stewardship Committee will work with Management to review these policies annually to determine whether amendments need to be made. If amendments are recommended, they will be submitted to the Foundation’s Board of Directors for approval. The Foundation will operate in compliance with all federal, state and local laws and regulations.

## **II. GIFT ACCEPTANCE COMMITTEE MEMBERS AND PROCEDURE**

### **A. Committee Members**

Occupants of the following positions will make up the Gift Acceptance Committee:

1. Board Chair,
2. Development and Stewardship Committee Chair,
3. Finance and Audit Committee Chair,
4. President,
5. Chief Financial Officer,
6. Vice President of Development and Stewardship, and
7. Director of Gift Planning.

### **B. Voting Procedure**

1. The Gift Acceptance Committee shall act by majority of voting members reviewing the proposed gift.
2. The presence of four Gift Acceptance Committee members shall constitute a quorum. At least two of the four members present must be members of the Foundation’s Board of Directors. Members may be present in person or by telephone.
3. The Gift Acceptance Committee may review a gift and act by an electronic-mail vote so long as the vote is unanimous by the quorum of members reviewing the proposed gift.

### III. TYPES OF ASSETS

The Foundation may accept contributions of the following types of assets:

#### A. Easily Valued / Marketable Assets, such as:

1. **Cash.** Cash gifts must be in U.S. dollars.
2. **Publicly Traded Securities.** The Foundation will accept gifts of publicly traded stocks and bonds at fair market values as determined under Internal Revenue Service rules. As a general rule, gifts of publicly traded securities will be sold as soon as possible, and the donor's fund will be credited with the proceeds from the sale, after commissions and expenses, if any.
3. **Cryptocurrency.** The IRS regards cryptocurrency as property. Therefore, the donor is required to obtain an appraisal if the gift is more than \$5,000. But for Foundation purposes, management and sale of cryptocurrency is easy because the Foundation engages a national, cryptocurrency payment processor, such as Bitpay or Coinbase, to liquidate these gifts. For that reason, the Foundation has listed cryptocurrency in Category A.

The Foundation will accept only gifts of cryptocurrency that are accepted by the national, cryptocurrency payment processor engaged by the Foundation. The cryptocurrency payment processor will execute the sale of the cryptocurrency and will be instructed to sell as soon as reasonably possible. The donor's fund will be credited with the net proceeds from the sale, after commissions and expenses, if any.

The Foundation will not ordinarily retain or pay for an appraisal, although it may recommend one or more appraiser for the donor to contact.

Easily valued/marketable assets such as those listed above may be accepted by the Foundation staff.

#### B. Complex / Hard to Value Assets, such as:

1. **Real Estate.**
2. **Tangible Personal Property.**
3. **Business Interests / Closely Held Securities.**
4. **Life Insurance Policies.**
5. **Charitable Trusts and Gift Annuities.**
6. **Oil, Gas and Mineral Interests.**

Complex/hard to value assets such as those listed above will be reviewed by the Gift Acceptance Committee or the REAL Foundation Board (for gifts related to real estate)

prior to acceptance. The Board of Directors authorizes the Gift Acceptance Committee to accept such gifts.

#### **IV. GUIDELINES FOR COMPLEX / HARD TO VALUE GIFTS**

A gift to the Foundation should have a high likelihood of being convertible into assets that are consistent with the Foundation's investment portfolios within a foreseeable and reasonable time period and be of ultimate benefit to the community while not placing other assets of the Foundation at risk.

##### **A. Real Estate.**

1. Real Estate gifts made to the Foundation will be held by the Real Estate Asset Legacy Foundation of Kentucky, Inc. (the "REAL Foundation"), a supporting organization of the Foundation. The REAL Foundation will review gifts related to real estate prior to acceptance, and generally, such gifts will not also be reviewed by the Gift Acceptance Committee.
2. Real property that is encumbered by a loan, mortgage or other security interest will be accepted only in exceptional circumstances and upon advice from the Foundation's legal counsel.
3. Real property will be accepted at fair market value as established by a qualified appraisal as defined in the Internal Revenue Code Sec. 170(f).
4. Generally, real property will only be accepted if there is reasonable expectation that it will be sold within one year.
5. Before acceptance of real property as a gift, there must be a written plan for paying expenses associated with the property, such as commissions, taxes and assessments, appraisal fees, environmental evaluations, insurance coverage, and maintenance costs. For example, the property may generate sufficient income to pay those expenses or the donor is willing to advance payment of such expenses.
6. The administrative fees charged by the Foundation will be assessed and will be netted from the income or sales proceeds of the property.
7. In order to avoid potential liability for environmental cleanup and toxic and hazardous waste issues relating to real estate, in most cases a Phase One Environmental Assessment of all proposed gifts of real estate and assets relating to real property (such as real estate held by a limited partnership) will be required. A Phase One Environmental Assessment may not be required if

the real estate is now and has been for many years exclusively residential property.

8. Generally, gifts of real estate may be used only to create an endowment fund. Other non-endowed fund types may be considered provided appropriate gift acceptance and transaction fees are assessed.

**Other real estate transactions include:**

9. **Bargain sale.** After legal review of the transaction and the Gift Acceptance Committee's approval of the proposed sale price, the REAL Foundation may purchase real property as part of a bargain sale. In a bargain sale, the property is sold to the REAL Foundation at a price below its fair market value. Therefore, the transaction is part sale and part charitable gift to the REAL Foundation. The donor is entitled to a charitable deduction in accordance with the IRS statutes and regulations. Funds used by the Foundation to purchase the real estate are reimbursed upon sale of the property. The ability to make any payments required to the donor will be considered carefully before accepting the contribution.
10. **Income-producing property.** Acceptance of income-producing property, other than rental property, may result in the REAL Foundation having to pay unrelated business income tax (UBIT). For this reason, the Gift Acceptance Committee will not normally accept such donations of income-producing real property unless special circumstances consistent with the REAL Foundation's purposes justify paying the UBIT or if the property can be liquidated so that an insignificant amount of UBIT is owed. The fund will be assessed any UBIT incurred by the Foundation.
11. **Testamentary gifts of real property.** Upon becoming aware that the Foundation or the REAL Foundation is a beneficiary under any Will that has been admitted to probate or any trust arrangement, the Foundation will contact the estate's executor, trustee, or other legal representative and determine if the Foundation is likely to receive real property. In general, the Foundation would prefer that that the executor, trustee, or legal representative sell the property and transfer the proceeds to the Foundation rather than the real property. If the property cannot be sold and the Foundation wishes to accept the testamentary gift in kind, the Foundation will require the executor, trustee or other legal representative to transfer title to the REAL Foundation. In all respects, a testamentary gift of real property shall comply with the guidelines set forth in this Section IV(A) for lifetime gifts of real property. The Foundation always may decline a testamentary gift.

**B. Tangible Personal Property.**

Tangible personal property includes but is not limited to art, furniture, coin and stamp collections, livestock, jewelry, equipment, cars, boats, and clothes. Gifts of personal property should be examined in light of the following criteria:

- a. Does the property fulfill the mission of the Foundation?
- b. Is the property marketable within a reasonable period of time?
- c. Are there any undue restrictions on the use, display, or sale of the property?
- d. Are there any carrying costs for the property such as storage and maintenance costs?
- e. Is there any liability associated with the property? For instance, art must be safeguarded but the Foundation could be criticized for doing so inadequately.
- f. Where possible, tangible personal property should be contributed to an entity (such as an LLC) that may be given to the Foundation.

**C. Business Interests / Closely Held Securities.**

1. When considering gifts of a non-liquid business interest, the Foundation should obtain the necessary documents governing the business entity to ensure that the Gift Acceptance Committee has a general understanding of the nature of the entity, any buy-sell requirements and any capital-contribution requirements of the business entity.
2. Expenses incurred by the Foundation (i.e. capital calls, insurance, additional audit fees, appraisals, commissions, etc.) while holding or disposing of the asset will be charged to the respective donor fund.
3. The Foundation will charge its administrative fees from the date the gift is accepted. All such fees and expenses will be accumulated and netted from the income or sales proceeds of the property. Ordinarily the Foundation will not assess an interest charge where payment is delayed but may in appropriate instances.
4. Every effort will be made to sell closely-held interests as quickly as possible. The Foundation will not guarantee or pre-arrange a sale or make any other agreement that might imply or cause a material restriction to be imposed upon the gift.
5. Gifts of closely held securities will be reviewed prior to acceptance to determine that:
  - a. There are no restrictions on the security that would prevent the Foundation from selling the security to an independent buyer;

- b. The security will attract an independent buyer; and
  - c. The security will not generate any undesirable tax consequences for the Foundation.
6. Gifts of closely held securities to a donor fund shall be made and administered in accordance with the following guidelines:
- a. The Foundation may request a copy of a qualified appraisal complying with IRS regulations when the value of the asset(s) exceeds \$5,000.
  - b. The donor's fund is credited with the proceeds from the sale of the securities, after commissions and expenses, if any. The Foundation's administrative fees will be charged to the donor's fund from the date of acceptance of the gift and netted from the sale proceeds.
  - c. All paid dividends will belong to the Foundation and will be used to offset all or a portion of the fee charged to the account in the same year ending with the anniversary date of the gift. Any excess dividend income will not be applied to the following years.
  - d. As closely held stock is sold, the proceeds will be added to the donor's fund net of all accumulated administrative fees, commissions and other expenses of the transaction.

**D. Life Insurance Policies.**

1. The Foundation must be named as both beneficiary and irrevocable owner of an insurance policy before a life insurance policy can be recorded as a gift. The gift is valued at its interpolated terminal reserve value, or cash surrender value, upon receipt. If the donor contributes future premium payments, the Foundation will include the entire amount of the additional premium payment as a gift in the year that it is made. The Foundation will not ordinarily own a policy of which it is not the sole beneficiary.
2. If the donor does not elect to continue to make gifts to cover premium payments on the life insurance policy, the Foundation may in its sole determination:
  - a. continue to pay the premiums,
  - b. convert the policy to paid up insurance, or
  - c. surrender the policy for its current cash value.

**E. Oil, Gas and Mineral Interests.** Criteria for acceptance of the property may include, but not be limited to:

1. Gifts should have a value of at least the minimum set by the Foundation for endowment funds.



2. The property should not have extended liabilities or other considerations that make receipt of the gift inappropriate.
3. If the interest is a working interest, the gift will be analyzed as a business interest.
4. The property should undergo an environmental review to ensure that the Foundation has no current or potential exposure to environmental liability.
5. The Foundation reserves the right to determine on a case by case basis whether the fund created by such a gift will be endowed or non-endowed.

#### **G. Gifts for Donor Advised Funds.**

1. Notwithstanding any other provision hereof, the Foundation shall not accept any gift of an interest in a business enterprise (as such term is defined in the Pension Protection Act of 2006) for a donor advised fund (DAF) that would subject the Foundation to tax under section 4943 of the Internal Revenue Code, concerning “excess business holdings.” The Foundation will seek an opinion from its counsel on the application of Code Section 4943 for a proposed gift that may result in the DAF holding:
  - a. A 20% or greater of voting stock of an incorporated business, interest in a business or entity, or profit interest in a partnership or a joint venture or the beneficial interest of a trust or similar entity;
  - b. An interest in an entity in which any interest is owned by a donor or advisor to the DAF, by a family member of any such person, any person disqualified with respect to that fund, or by an entity in which any of the foregoing has an interest.

#### **V. GENERAL FOUNDATION RESPONSIBILITIES**

The Foundation has established a development program to further the charitable purposes and mission of the Foundation. This requires an active effort on the part of the Foundation’s governing board and staff to promote the programs and opportunities offered by the Foundation and to respond promptly and appropriately to the needs and circumstances of donors and prospective donors to the Foundation.

- A. Advising Donors.** The role of Foundation staff shall be to inform, guide and assist a donor in fulfilling his or her philanthropic wishes, but never to pressure or unduly influence a donor’s decision. In particular, donors should be advised of:

1. the irrevocability of a gift,
2. the Foundation's Variance Power, where applicable,
3. prohibitions on donor restrictions,
4. items subject to variability (market value, investment return, and income yield),
5. the Foundation's responsibility to provide periodic reports detailing transactions affecting the balance of the donor funds and
6. the Foundation's fees.

Donors should be advised to seek the advice of independent financial, investment and legal counsel prior to making a gift. The Foundation does not provide legal or tax advice. Any proposals and tax calculations prepared by the Foundation are for illustrative purposes only.

- B. Confidentiality.** The content of all agreements and all information concerning donors and prospective donors shall be held in strict confidence by the Foundation, subject to legally authorized and enforceable requests for information by governing agencies and courts, unless the donor has authorized the Foundation to release such information.
- C. Minimum Fund Balances.** The minimum gift for a fund or supporting organization shall be determined by the Foundation and may be revised from time to time. If the total assets received for a fund from lifetime and testamentary contributions do not meet the minimum fund balance required by the Foundation, the Foundation reserves the right, in its sole discretion, to (1) make no distribution from the fund until the balance reaches the fund minimum requirement; or, (2) without establishing a permanent endowment fund, to make one or more lump sum distributions to individual charitable organization(s) which in the discretion of the Foundation most closely fulfill the donor's original intent. See section IV for more details about minimum fund balances.
- D. Grant Distributions.** Except as otherwise provided in the agreement governing the fund, distributions from endowed funds will be made in accordance with the Foundation's distribution policy as it may be revised from time to time. Grants from principal are allowed only where this provision is included in the fund agreement or where a fund modification is approved by the Foundation's Board of Directors. In the event a non-endowed fund balance has become so low that the administrative costs exceed the earnings on the fund, the Foundation may use its discretion to allocate such funds either to other funds of the Foundation or to other nonprofit organizations. Where possible, the donor will be contacted prior to such allocation.
- E. Fees.** All funds created by a donor are subject to the Foundation's support fees as adjusted from time to time. The Foundation reserves the right to negotiate fees for larger or unusual gifts on a case by case basis.

**F. Variance Power.** Only the Foundation’s Board of Directors has the right to vary the stated fund name and purpose(s) of a fund created by a donor.

**G. Form 8282.** In the case of the sale of certain donated assets, if required, the Foundation will report to the IRS on Form 8282 the actual sale proceeds of the asset if sold within three years of the date of gift. There may be delays before the asset can be sold. The value of the asset as of the date of gift plus or minus any gains or losses that are incurred during the time between gift transfer and subsequent sale by the Foundation will be reflected in the value of the donor’s fund. In negotiating the sale of an asset, a fair market value will be established at the time of sale. No warranty is given by the Foundation that the valuation will be acceptable to the IRS.

**H. Unrestricted Gifts.** In general, the Foundation receives unrestricted gifts in the following ways:

- 1. Direct Gift from a Donor:** A donor makes a contribution to the Foundation and specifies that the assets should be an unrestricted gift. This instruction from the donor expresses their clear intent that it is up to the Foundation in its sole discretion to determine how the gift should be used.
- 2. Expiration or Termination of all Fund Advisors:** A fundholder specifies in a fund agreement or other documentation that when there are no Fund Advisors left to advise the fund, any remaining balance in the fund becomes an unrestricted gift. A fundholder could also decide not to complete a Letter of Final Disposition for their charitable checking fund, in which case per their fund application form, any remaining balance becomes an unrestricted gift. In these situations, the donor has expressed their clear intent that it is up to the Foundation in its sole discretion to determine how the gift should be used.
- 3. Dormant Funds:** Donor funds with no grant activity for over three consecutive years may be considered unrestricted assets.

In general, unrestricted gifts will be divided equally between the Foundation’s operating endowment fund and the Foundation’s unrestricted grantmaking fund (currently the Fund for Louisville). If the donor has not directed that the gift be endowed, then the Foundation’s Leadership Team may in its discretion allocate the gift to the “funds available” portion of these funds.

For unrestricted gifts that are disproportionately or unusually large (e.g., gifts over \$1,000,000), the Foundation’s Leadership Team may in its discretion recommend a different use or allocation for the gift by presenting a recommendation to the Foundation’s Board of Directors for approval.

**I. Gifts with No Instruction.** In general, the Foundation receives gifts with no accompanying instruction or information in the following ways:

1. A financial institution transfers cash or marketable securities to a Foundation account on behalf of an individual or business, but provides no information regarding who the contribution is from or how the contribution should be used;
2. An individual or estate names the Foundation in their will, estate plan or other legal documents but provides no information regarding how the gift should be used or allocated;
3. An individual or business makes a credit card gift but provides no instruction regarding how the gift should be used or allocated;
4. The Foundation receives assets with no specified purpose in a manner not contemplated herein.

In general, when gifts are received with no instruction as described above, the Foundation will make reasonable efforts to identify the donor's intent surrounding the gift and allocate the gift accordingly to the best of its ability. If reasonable efforts do not produce any information surrounding the donor's intent, the gift will be considered unrestricted and **Section H** above will apply.

## **VI. TYPES OF FUNDS**

**A. Component Endowment Funds.** Donors may establish the following types of funds:

1. **Unrestricted Funds.** Unrestricted funds are available to the Foundation for any of the charitable purposes encompassed by the Foundation's mission. The Foundation's Mission and Impact Committee shall make recommendations to the Board of Directors how unrestricted funds are used. The Minimum amount to set up a named unrestricted fund is \$5,000 and will be listed, unless anonymous, as a component fund in support of the Fund for Louisville.
2. **Field of Interest Funds.** Field of Interest funds are restricted in their use by the donor's preference for a limited charitable purpose, without designation of specific recipient organizations or programs through which such charitable purposes may be served. The Foundation has a process to determine which organizations and programs receive grants from Unrestricted Field of Interest funds and the amount and timing of such grants. Alternatively, the donor may create an Advised Field of Interest Fund and appoint an advisory committee to make such decisions. The minimum amount to set up a field of interest fund is \$25,000.

3. **Donor Advised Funds.** Donors generally establish advised funds for unrestricted charitable purposes. The donor may make recommendations to the Foundation regarding the recipients and amounts of grants from the fund. The Foundation retains final authority to determine distributions. Donors may appoint their children and grandchildren or others to succeed them as advisors and may continue to recommend grants indefinitely except to the extent limited by law, IRS regulation or Foundation policy. The minimum amount to set up a donor advised fund is \$25,000.
  4. **Scholarship Funds.** Scholarship funds are dedicated to providing grants for educational purposes to assist individuals within an identified class, such as residents of a particular region, students attending a specific university or undertaking a selected course of study. All scholarship funds shall be administered in accordance with the Pension Protection Act of 2006 and the resolution adopted by the Board of Directors on June 20, 2007, as it may be amended from time to time. The minimum amount to set up a scholarship fund is \$25,000.
  5. **Designated Funds.** Designated funds are earmarked for one or more charitable organizations or programs, and all grants made from such funds must be made to or for the use of the designated organization or program. If the recipient organization ceases to exist or changes its status or mission as a charitable organization, the Foundation will execute the donor's directive as to an alternate beneficiary. If there is no such directive, the Foundation's Board of Directors may exercise its Variance Power, selecting an alternate use for the fund compatible with its original charitable purpose. The minimum amount to set up a designated fund is \$25,000.
  6. **Agency Endowments.** A non-profit organization may establish an endowment fund and specify itself as the beneficiary of grants from the fund. The organization's assets are invested with the Foundation's other assets. The Minimum amount to set up an agency endowment fund is \$25,000.
  7. **Impact Investing Funds.** Impact investing funds are designated for projects approved by the CFL Impact Capital Committee. The investment returns, impact and return of capital are not guaranteed and may result in a permanent grant of all or a portion of the invested capital to the project investee. The minimum amount to set up an impact investment fund is generally \$10,000.
- B. Charitable Checking Funds.** Individuals, organizations, groups or businesses may establish a non-endowed fund for current giving. There is no fee and no minimum to establish this type of fund. The Foundation retains all income earned on the assets underlying the Charitable Checking Funds.

- C. Supporting Organization.** With the prior approval of the Foundation's Board of Directors, a donor may establish a supporting organization to the Foundation as a separate tax-exempt organization with independent governance. The Foundation will only accept a Type 1 Supporting Organization. The Supporting Organization may adopt its own policies regarding grants, spending, investments and communications.

## VII. PLANNED GIVING ARRANGEMENTS

**A. Forms of Planned Gifts.** The Foundation's planned giving program encompasses gifts whose benefits do not fully accrue to the Foundation until some future time. Donors using planned and testamentary gift techniques may establish any of the component fund types listed above, subject to limitations on minimum value. Will, trust, or other documents should specify the Foundation as the charitable recipient and name the new or existing fund to which the donor's gift will be added. The type and purpose of a new fund may be described in detail in a separate fund agreement. Planned giving opportunities offered by the Foundation include the following:

- 1. Charitable Remainder Unitrust.** Under a charitable remainder unitrust, the donor irrevocably transfers money, securities, or other property to a trustee selected by the donor. The trustee pays the donor (or one or more income beneficiaries designated by the donor) a fixed percentage of the net fair market value of the trust's assets, as determined each year. The payments are made for the life or lives of the income beneficiaries or for a fixed period of years not to exceed 20 years. Upon termination of the income beneficiary's interest, the assets of the unitrust are transferred to the Foundation. The Foundation may serve as trustee of a charitable remainder unitrust when it is irrevocably named as the sole beneficiary.
- 2. Charitable Remainder Annuity Trust.** A charitable remainder annuity trusts identical to a unitrust, except that the income beneficiary receives a fixed dollar amount annually from the trust. The Foundation may serve as trustee of a charitable remainder annuity trust when it is irrevocably named as the sole beneficiary.
- 3. Pooled Income Fund.** The Foundation has established a pooled income fund. A donor irrevocably transfers property to the pooled income fund and retains an income interest for the life or lives of up to two income beneficiaries designated by the donor. Each income beneficiary receives a proportionate share of the net income earned by the assets of the pooled income fund. Upon termination of the income beneficiary's interest, the remaining assets must be used to establish a component fund at the Foundation, subject to any fund minimum set by the Foundation.

4. **Charitable Gift Annuities.** The Foundation and the donor enter into a contract providing a fixed dollar return for life to the donor and/or other beneficiaries, in exchange for a gift of cash or marketable securities to the Foundation. The amount of payment is dependent upon the age of the donor and the value of the assets being gifted to the Foundation. Minimum age requirements and fund minimums shall be as determined by the Foundation from time to time. The date that income payments to the beneficiary begin may be deferred. The annuity contract is a general obligation of the unrestricted assets of the Foundation. Payment rates reflect the recommendations of the American Council on Gift Annuities or such other rate as may be determined by the Foundation from time to time. Upon termination of the income interest, the remaining assets must be used to establish a permanent endowment fund at the Foundation, subject to any component fund minimum set by the Foundation
5. **Charitable Lead Trust.** Under a charitable lead trust, the donor irrevocably transfers money, securities, or other property to a trustee selected by the donor. The Foundation is given an income interest in the trust assets for a period of years or the lives of one or more individuals, at the end of which time the assets of the trust are distributed to noncharitable beneficiaries designated by the donor. The trustee pays the Foundation each year: 1) a fixed amount from the trust; or 2) a fixed percentage of the net fair market value of the trust's assets, as determined each year. The Foundation will not serve as trustee of a Charitable Lead Trust.
6. **Gifts by Will or Trust.** The Foundation may be designated as the beneficiary of a bequest or gift by the terms of the donor's will or by a revocable or irrevocable trust. Sample bequest language for restricted and unrestricted gifts should be made available to donors and their attorneys to ensure that the bequest is properly designated.
7. **Retirement Plan Assets.** Retirement plans owned by the donor may be gifted to the Foundation at death by beneficiary designation. These include Individual Retirement Accounts (IRA), 401(k), 403(b), and defined contribution plans. Donors may name the Foundation as the designated beneficiary of retirement plan assets as a way to add to an existing component fund or establish a component fund within the Foundation.
8. **Remainder Interests in Property.** The Foundation may accept a remainder interest in a personal residence, farm or vacation home subject to the provisions of Section IV(A) ("Real Estate") above. The donor or other occupants may continue to occupy the real property for the duration of the stated life. At the death of the donor or beforehand upon agreement of all parties, the Foundation may use the property or reduce it to cash. Where the Foundation receives a gift of a remainder interest, the Foundation will require a written agreement with the donor regarding the donor's responsibility for payment of related expenses, including but not limited

to maintenance, insurance, Phase 1 environmental assessment, real estate taxes, and property indebtedness.

## VIII. DONOR-INITIATED FUNDRAISING

The Foundation is pleased to work with donors to develop their component funds. Some individual donors, or organizations that are not classified as IRS-approved 501(c)(3) charities, may wish to organize special fundraising events to raise money for a particular component fund. The Foundation is legally responsible for all fundraising undertaken on its behalf, and the Foundation as well as donors may face penalties if procedures are not established and carefully followed. Therefore, the following guidelines apply to special event fundraising activities for component funds within the Foundation.

- A. Foundation Approval of Events.** The fundraising group must submit a Fundraising Application at least 30 days prior to the fundraising event. Advance written approval from the Community Foundation is required. All uses of the Foundation's name in advertising and promotion must be approved in advance. All fundraising materials should indicate that funds are being raised on behalf of rather than by the Foundation. The Foundation may assess an administrative fee agreed upon by both parties in advance to defray the cost of additional services required by the event. The fundraising group is not authorized to bind the Foundation to any contract or agreement unless specifically authorized in writing.
- B. Payment of Expenses.** The fundraising group will be responsible for all expenses and will maintain appropriate financial controls and records related to fundraising events. Prior to the event, it will be determined whether the expenses will be paid by the Foundation or by the group. In all cases, the fundraising group must provide copies of invoices and receipts to the Foundation so that all record keeping and reporting responsibilities are fulfilled. The Foundation will not provide reimbursement of expenses to the fund's donors, advisors and related persons. Where appropriate, the foundation can provide tax acknowledgements allowing donors to deduct reasonable expenses incurred in connection with a fundraiser.
- C. Designation of Checks and Receipt of Cash.** Checks related to the event must be made payable to the Community Foundation of Louisville with the fund name in the memo line. Cash receipts are to be deposited intact. Checks and cash must be delivered to the Foundation within a reasonable amount of time after the conclusion of the fundraising event.
- D. Tax Requirements and Acknowledgements.** The Foundation will provide the appropriate gift acknowledgement to donors who contribute \$250 or more at the event provided the Foundation receives certain detailed information about the donors. The fundraising group must provide the Foundation with:



1. The donor's name and address;
2. Date and amount of contribution;
3. Whether the contribution was cash or property;
4. If property, a description of the type of property and a good faith estimate of its fair market value;
5. Detailed description of any goods and services provided in exchange for the contribution.

If the fundraising group provides goods or services in exchange for a donation, certain disclosures are required so that donors are properly informed of the fair market value of any good or service received. For example, if the group is sponsoring a dinner, the donor can only deduct the excess of the ticket price above the fair market value of the dinner. This limitation is known as "a quid pro quo disclosure" and must be disclosed at the time of the solicitation. Disclosure on the event ticket or invitation is the preferred method.

The Foundation will work with the fundraising group in determining the fair market value amounts and the appropriate disclosure language prior to the event. The fundraising group needs to ensure that the required quid pro quo disclosures are made.

- E. Charitable Gaming.** Charitable gaming in The Commonwealth of Kentucky is regulated by the Department of Charitable Gaming. Charitable gaming events on behalf of funds at the Foundation are prohibited and will not be approved. This includes but is not limited to bingo, charity game tickets, raffles and any form of gambling.
- F. Liability Insurance and Liability for Losses.** The fundraising group will contact the Foundation prior to the event to assess the need to secure liability insurance. The Foundation will determine if liability insurance is required and the fundraising group is responsible for reimbursing the Foundation for the cost of the premium.