Kiwanis
LaMissTenn Foundation

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FOUNDATION POLICIES

No. 1: GIFT ACCEPTANCE POLICY

Approved by Board Action March 14, 2014

Statement of Policy
Individual giving helps ensure the Louisiana-Mississippi-West Tennessee Kiwanis District (here to referred to as the District) serves the children of the world. Individual gifts allow the Louisiana-Mississippi-West Tennessee Kiwanis District Foundation (here to referred to as Foundation) to fund District Projects, scholarships for Key Club and Circle K, and general programs to serve the needs of the Kiwanis Clubs in the District.

The Foundation is organized as a corporation, exempt from federal tax liability by Internal Revenue Code Section 501(c)(3), and qualifies as a Public Charity under Internal Revenue Code Section 509.

All gift acceptance policies and procedures of the Foundation shall be interpreted in light of two overriding principles:

Principle 1:
A gift shall not be accepted by the Foundation if such acceptance would not be in the best interest of the donor. A determination of the donor's "interest" shall include, but not be limited to, the donor's financial situation and philanthropic interests, as well as any tax or other legal matters revealed while planning for a gift. The Foundation shall not encourage any gifts that are inappropriate in light of the donor's personal or financial situations. In certain unique cases, a gift may be considered inappropriate due to particular restrictions imposed by the donor. By its very definition, a gift cannot be associated with a private benefit that would jeopardize the charitable contribution deduction under IRC Section 170 if the donor and beneficiary of the restriction have less than an arms-length relationship. There must be a distance between the donor and recipient such that the recipient does not receive benefits that are otherwise not available to colleagues of similar status and interest. For example, in the capacity of donor, an individual cannot subsidize his/her own salary, travel funds, or fringe benefits.

Principle 2:
A gift shall not be accepted by the Foundation unless there is a reasonable expectation that acceptance of the gift will support the Foundation's mission as stated in the Foundation's By-Laws.

Reason for Policy
While this document is intended to provide guidance to the Foundation and District personnel regarding acceptance of prospective gifts, donors are ultimately responsible for ensuring that the proposed gift furthers their charitable, financial, and estate planning goals. The Foundation and District Personnel do not provide legal, accounting, tax, or other advice to prospective donors. Therefore, each prospective donor is urged to seek the advice of independent legal counsel in the gift planning process.

Types of Gifts
Gifts to the Foundation may be in the form of outright gifts, pledges, or deferred commitments.

Outright Gifts

Cash and cash equivalents. Cash is often the easiest way to give and the most frequently received form of gift accepted by the Foundation. These gifts can take the form of check, or credit card contribution. Cash may be delivered in person, by mail, by Electronic Funds Transfer (EFT), or by wire transfer. Cash gifts are reported the date the cash is received in the Foundation processing area. If gifts are transferred by EFT or wire, the date of the gift is the date that the money is transferred into the Foundation's bank account. Credit card gifts are reported on the date that the credit card charges are processed and approved.

Publicly-traded securities. (1) Securities listed on an exchange in which quotations are published daily; (2) regularly traded in national or regional over- the-counter markets for which published quotations are available; or (3) that are shares of a mutual fund for which quotations are published on a daily basis in a newspaper of general circulation throughout the United States, will be accepted as outright gifts or toward pledges. The value of securities is determined on the recognized gift date, which is established when the donor relinquishes control of the securities. The average of the high and low trading prices on the gift date determines the value of securities for reporting purposes.

Closely held securities (non-public). The Foundation shall examine any issue that is not publicly traded prior to its acceptance as a gift and may decline a gift of such securities if it deems them difficult to value or not easily marketable. The Foundation Board must approve gifts of non-publicly held securities prior to acceptance.

Real property. Real property includes improved or unimproved land, personal residences, farmland, commercial property, and rental property. If it is the intention of the donor that the Foundation not immediately dispose of real property, an agreement must be made in writing between the Foundation and the donor before the Foundation may accept such property. Gift real estate must be tested to be in conformity with state and federal laws, including EPA regulations and the donor must provide satisfactory evidence of environmental compliance.

Personal property. The Foundation may consider gifts of personal property, including but not limited to works of art, patents, copyrights, antiques, stamp and coin collections, jewelry, furniture, rare books, manuscripts, or any other item that has a determinable value. The Foundation Board may approve such contributions only after a review indicates that the property is either readily marketable or needed by the District. It is the policy of the Foundation to sell or otherwise dispose of all gifts of personal property, unless the items can be used by the District in a manner related to serving children. The Foundation's intentions to either resell the property or to retain and use it to further its charitable activities shall be communicated to the donor in writing at the time of the gift.

Gifts-in-kind. Gifts-in-kind for which donors are eligible for a charitable gift deduction in accordance with current IRS regulations should be reported at the fair market value placed on them by an independent, expert appraiser. Only those gifts-in-kind that can be converted to cash, or items such as equipment, books, medical supplies, etc. that can be used in support of serving children, should be reported. The Foundation must agree to use the in-kind materials before accepting the gift.

Pledges

Pledges are commitments to give a specific dollar amount according to a fixed time schedule. The following minimum information must exist to substantiate a pledge:

- the amount of the pledge must be clearly specified;
- there should be a clearly defined payment schedule;
- the donor may not prescribe contingencies or conditions;
- the donor must be considered to be financially capable of making the gift;
- changes to original pledges must be documented in writing.

Pledge recording:

- anticipated matching gifts will not be included in pledge amounts.
- Pledges and expected matching gifts will qualify for donor recognition in appropriate giving level groups.
- Under- and over-paid pledges (as a result of either rounding, gift valuation, or incremental giving) will be noted as paid in full when donors' intents are clearly to pay commitments in full.
- before defaulted pledges are written off, pledge deactivation requests must be reviewed and approved by the Board President and Treasurer of the Foundation.
- pledge balances will be written off when the Foundation is notified of a donor's death, unless there are provisions in the donor's will or the family has indicated an intent to complete the pledge.

Planned Gifts

Charitable Bequests. Donors can make charitable bequests to the Foundation in wills or living trusts.

Charitable Gift Annuities. A charitable gift annuity is a contract between the Foundation and the donor, not a trust agreement, whereby the donor makes an initial payment of cash or marketable securities to the Foundation and the Foundation agrees to pay the donor an annuity for the rest of his/her lifetime.

Charitable Remainder Trusts. A charitable remainder trust is established when a donor irrevocably transfers money or securities to a trustee who invests the assets to pay annual lifetime income to the donor or others chosen by the donor. At the end of the beneficiaries' lives, the remaining trust assets are distributed to the Foundation. Annuity trusts provide the tax advantages of current contributions with the security of fixed, lifetime incomes, generally for the donors and their spouses. The agreed-upon annual payments remain unchanged regardless of how the investments perform. The unitrust differs from the annuity trust by providing a variable income. Payment is based on a fixed percentage of the net fair market value of the trust assets as valued annually.

Charitable Lead Trusts. This type of gift provides an income stream for a specified period of time to the Foundation. The Foundation receives the income from the trust and applies it to the specific project. The principal is then returned at the end of the set period to whomever the donor designates.

Gifts of Life Insurance. Gifts of life insurance may name Foundation beneficiary of the policy or as beneficiary and owner.

Revocable Trust. Through a written agreement, the donor transfers assets to a trustee. Income is paid to the donor for the term of the trust.

Procedures

A Gift Acceptance Committee (GAC) has been created to facilitate the gift acceptance process. The GAC is responsible for accepting all. Once a gift has been accepted, the District Office is responsible for recording and acknowledging it.

Gift Acceptance Committee
The Gift Acceptance Committee (GAC) shall consist of the following:

- Foundation President
- Foundation Vice President
- Foundation Treasurer
- Foundation Immediate Past President
- Foundation Finance Committee Chair

The Gift Acceptance Committee shall review all gifts of significant risk. All such gifts shall be documented by a written understanding between the donor and the Foundation, and must be approved by the Gift Acceptance Committee before the Foundation may accept the gifts.

Gifts of Significant Risk

- Non-publicly traded securities
- All gifts of real property
- Gifts of personal property if not to be used by the Foundation
- All gifts of real or tangible personal property subject to donor restriction regarding the disposal of such property
- Any bargain sale of property where a donative element is associated with the acquisition of property by the Foundation below its fair market value.
- Cash gifts with significant donor restrictions
- All gifts of unusual items or gifts of questionable value

The committee shall meet as necessary via telephone conference call, unless otherwise specified, to approve specific gifts.

Special Situations

Conditional Gifts
Conditional gifts are those gifts that, because of some qualifier or restriction, are considered non-routine. Conditional gifts may commit the Foundation to act within a specified time or use a gift for a specific purpose. If, in any instance, a gift offered by a donor would put the Foundation in an embarrassing or untenable position with the Kiwanis membership, the Foundation will decline acceptance. Time limits for holding a conditional gift may be reviewed by the Gift Acceptance Committee. Gift acceptance agreements should specify a time period for meeting the conditions for the gift and should also indicate what will happen to the gift if conditions are not met.

Refunding of Gifts
In rare instances, the Foundation may deem it necessary to refund gifts, either because it is in the best interest of the Foundation or because conditions agreed to in accepting a gift cannot or will not be met. Requests for refunds may come either from the donor or from the Foundation and must include a statement of reason addressed to the Gift Acceptance Committee.

Conditions under which gifts may be refunded:

- When conditions of acceptance cannot be met or cannot be agreed to.
- When it is in the Foundation’s interest and when continuing to hold a gift would not enhance Kiwanis’ reputation either with the donor or with the membership.

Recognition of Discounts and Services

The Foundation recognizes that corporations or private individuals may offer significant discounts on materials or services to the Foundation. While these "gifts" do not qualify as tax-deductible contributions, it is important to acknowledge and recognize these items through the Foundation's formal stewardship programs. Donor acknowledgement of a significant discount on materials or services will be made by the District Office.