

Cape Eleuthera Foundation, Inc.

Gift Policies

November 2019: updated and approved October 11, 2019

Policy Overview

The Cape Eleuthera Foundation, Inc. (“the Foundation”) is dedicated to the mission of leadership effecting change and living well in a place on the island of Eleuthera and throughout the world. Private gifts help provide financial support necessary to achieve this goal. All contributions made to the Foundation are considered unrestricted funds that will be used to support the mission of the organization. The Board of Directors review all grants to ensure the funds are being used in the furtherance of the mission. The gift acceptance policies in this document are designed to offer guidance to the Foundation community and facilitate giving. The intent of these policies is to provide prospective donors with flexibility in making gifts to the Foundation while ensuring that all gifts are consistent with the law and the governing policies and mission of the Cape Eleuthera Foundation, Inc (CEF).

This document does not anticipate all possible gift scenarios, but will serve as a guide for the Foundation in navigating the complexities of gift acceptance and management. Staff should direct all questions regarding exceptions and items not found in this manual to the Executive Director.

Gift Acceptance Guidelines

Except as otherwise specifically set forth in these Gift Policies, the Executive Director and Director of Annual Fund & Stewardship (“the authorized senior officers”) are the only persons authorized to enter into any agreement with respect to the gifts and pledges on behalf of the Cape Eleuthera Foundation, Inc. The Executive Director will enter into agreements with respect to most significant gift transactions, including all gift transactions related to annual giving, endowment and/or capital support. All agreements with respect to gifts and pledges must be in writing.

In addition, any/all gifts received directly by the Foundation offices should be directed to the Executive Director for acceptance and processing; specific acceptance guidelines for works of art, Archives or Library as well as Planned Gifts are noted below.

While individual fundraisers will frequently participate in the negotiation of gifts, it is understood that they are expected to exercise appropriate judgement in reviewing proposed gift transactions with the authorized senior officers, who retain ultimate responsibility for decision making.

To this end, all gift-related documents will get reviewed by the Executive Director, who will consult with any other pertinent partners and grantees as necessary. Gift documentation will include specific, outlined plans for pledge and other payments with the intent of having all commitments completed within five years. Only the Executive Director can approve exceptions to the above.

Types of Gifts

1. **Monetary Gifts are the most frequent gifts to CEF. Whether for Annual Giving or capital purposes, the most common methods of making monetary contributions to the Foundation are via check or credit card; CEF also accepts wire transfers and cash.**
 - Cash gifts of foreign currency and checks drawn on foreign banks in currencies other than U.S. dollars will be valued utilizing the daily conversion rate (www.oanda.com) at the time of gift processing to determine the U.S. dollar value of the gift for donor crediting.
2. **Marketable Security Gifts include common stock and mutual funds which are traded on the recognizable national exchanges, as well as other types of securitized gifts including restricted securities which are acquired in transactions not involving a public offering.**
 - For publicly traded and restricted stock, such securities will be valued and credited at the average high and low quoted selling prices on the date of gift. The standard expectation for all gifts of marketable securities is that the Foundation will sell them as soon as possible.
 - Mutual fund shares will be valued and credited at the Net Asset Value on the date of the gift, calculated to the third decimal place.
 - In special cases where the gift size or pledge payment is at least \$2 million and the donor requests that the Foundation hold the securities, the Executive Director will decide whether to do so based on the circumstances and will consult with the Finance Committee, and Directors as appropriate. If CEF does hold the stock at the request of the donor, the donor will get credit and purchasing power for any appreciation in value but will be responsible for making the Foundation whole in the event the value declines.
3. **Closely-Held Asset Gifts are stocks or other financial interests that are not broadly or publicly traded and there is no guarantee that the stock or interest can, or ever will be sold.**
 - Gifts of closely-held assets may be accepted by the Executive Director or Director of Annual Fund & Stewardship, in consultation with the Finance Committee and Directors as appropriate. Ordinarily, there should be a reasonable expectation that the asset will be subject to sale or other disposition within 36 months of the date of gift.
 - Acceptance will be contingent upon CEF completing due diligence, which includes review of background information, documents, and agreements pertaining to the closely-held asset.
 - Closely-held assets exceeding \$5,000 in value will be credited at the fair market value placed on them by a qualified independent appraiser as required by the IRS; gifts under \$5,000 may also be reported at the per-share cash purchase price of the most recent (within 12 months) bona fide transaction involving such stock.
 - A donor will receive gift credit for the fair market value as of the date of gift and, in all cases, purchasing power for naming opportunities will be actual sale proceeds received by the Foundation at the time of sale or other disposition.

- 4. Real Estate may be accepted as long as the property donated has tangible value to the Foundation, is free from environmental liabilities, and is readily marketable.**
 - All gifts of real estate may be accepted by the Executive Director, in consultation with the Finance Committee and Directors as appropriate. Proposals for gifts of real estate should initially be referred to the Executive Director for preliminary review.
 - Gifts of real estate are to be valued at fair market value determined by a qualified appraiser; losses and gains are not reflected. Appraisal costs are the responsibility of the donor.
 - Acceptance will be contingent upon CEF completing due diligence, which includes review of background information, documents, and agreements pertaining to the real estate as well as an environmental assessment.
 - A donor will receive gift credit for the appraised value as of the date of gift and, in all cases, purchasing power for naming opportunities will be actual sale proceeds received by the Foundation at the time of sale.
- 5. Personal Property/Gifts-in-Kind may be accepted as long as the property donated has tangible value to the Foundation.**
 - Donors receive credit for the fair market value of their in-kind gift only if they provide a qualified independent appraisal or IRS Form 8283 indicating that they have obtained an appraisal to substantiate their charitable deduction. Appraisal costs are the responsibility of the donor.
 - Estimates or unqualified valuations will not be counted, and gifts with such information will be credited at \$1.00.

Planned Gifts

- 1. Revocable Planned Gifts (including bequest intentions, beneficiary designations under retirement plans and life insurance policies, revocable remainder and lead interests under externally-managed trusts)**
 - A. Will be recorded and counted at face value (separately from outright gifts and irrevocable planned gifts); \$1.00 if face value is unknown
 - B. In the case of charitable lead trusts, will be recorded as a pledge at face value of payment stream (separately from outright gifts and irrevocable planned gifts), regardless of the term of the trust; annual income will be recorded and counted as pledge payments when received
 - C. Acceptable documentation will include copy of relevant document or portion thereof, completed Loggerhead Society membership form or other written notification from the donor
- 2. Irrevocable Planned Gifts**
 - A. Charitable gift annuities (immediate payment)**
 - One or two lives
 - Minimum age of 65
 - Minimum initial funding amount of \$25,000
 - Minimum subsequent funding amount of \$10,000 (new agreement required)
 - Cash or marketable securities only

- AGCA recommended payout rates
- Will be recorded and counted at face value (separately from outright gifts and revocable planned gifts)

B. Charitable gift annuities (deferred payment)

- One or two lives
- Minimum age of 55 at funding and 65 at commencement of payments
- Minimum initial funding amount of \$25,000
- Minimum subsequent funding amount of \$10,000 (new agreement required)
- Cash or marketable securities only
- ACGA recommended payout rates
- Will be recorded and counted at face value (separately from outright gifts and revocable planned gifts)

C. Charitable remainder trusts (CEF as trustee)

- One or two lives or term of up to 20 years
- Minimum initial funding amount of \$100,000
- Minimum subsequent additions of \$10,000 (CRUTs only)
- Cash, marketable securities for CRUTs or CRATs; real estate, closely-held stock, partnership interests and other assets for CRUTs subject to approval by the Executive Director in consultation with other persons they deem appropriate
- Payout rate between 5% and 7% (donor's choice); subject to IRS requirements
- Additional charitable remainder beneficiaries allowed so long as CEF's interest is at least 51%
- Will be recorded and counted at face value (separately from outright gifts and revocable planned gifts)

D. Charitable remainder trusts (externally managed)

- Will be recorded and counted at face value in irrevocable planned gift totals if donor provides documentation showing that CEF's interest is irrevocable

E. Charitable lead trusts (CEF as trustee)

- Minimum funding amount of \$1,000,000
- Cash or marketable securities only
- Payout rate and term at discretion of donor, in consultation with CEF
- Will be recorded as a pledge at face value of payment stream (separately from outright gifts and revocable planned gifts), regardless of the term of the trust; annual income will be recorded and counted as pledge payments when received

F. Charitable lead trusts (externally managed)

- Will be recorded as a pledge at face value of payment stream in irrevocable planned gift totals if donor provides documentation showing that CEF's interest is irrevocable, regardless of the term of the trust; annual income will be recorded and counted as pledge payments when received

G. Pooled income funds

- One or two lives
- Minimum age of 55

- Minimum initial funding amount of \$25,000
- Minimum subsequent additions of \$10,000
- Cash or marketable securities only
- Will be recorded and counted at face value (separately from outright gifts and revocable planned gifts)

H. Life insurance policies

- CEF must be designated both owner and beneficiary of the policy
- If the policy is not fully paid up, CEF may choose to accept the gift if the donor agrees to pay the premiums needed to keep the policy in force
- CEF reserves the right to redeem the policy for the cash surrender value at any time
- Will be recorded and counted at face value on the date of transfer (separately from outright gifts and included in irrevocable planned gifts if fully paid up, otherwise in revocable planned gifts)

I. Persons authorized to accept planned gifts

- The Executive Director will ordinarily determine whether to accept a planned gift unless, as noted above, the gift is proposed to be funded with assets other than cash or marketable securities
- In accordance with resolutions adopted from time to time by the Board of Directors, other officers of the Foundation may also sign documents with respect to planned gifts

J. Treatment of Undesignated Planned Giving Proceeds

- Undesignated planned giving proceeds shall be applied by the Foundation in accordance with the resolution adopted by the Board of Directors on October 11, 2019 (see attached)

Types of Funds

1. Endowed Funds

- An endowed fund is a permanently invested fund which will provide support of a general or specific purpose in perpetuity. Endowed funds are created for evergreen needs as well as approved capital fundraising priorities, as set by the Directors, in consultation with the Executive Director and the Chair of the Development Committee.
- When an endowed gift is made, the funds are placed in the Foundation's endowment, which is managed by the Finance Committee in consultation with the Executive Director and CEF's investment advisor.
- The endowment spending policy shall be set by the Directors upon recommendation of the Finance Committee. To be eligible for a distribution, a new endowed fund (or a new addition to an existing endowed fund) must have been invested in the endowment for a minimum of one full fiscal year (July 1 – June 30). Once this requirement has been met, the fund (or the addition) will be eligible for a distribution commencing July 1 of the next fiscal year.

Example 1: An endowed fund is created on September 1, 2018. The fund must be invested in the endowment through June 30, 2020. Distributions from the fund may commence July 1, 2020.

Example 2: An addition to the fund in Example 1 is made on September 1, 2019. The addition must be invested in the endowment through June 30, 2021. Distributions from the addition may commence July 1, 2021.

No distributions may be made from an endowed fund that is subject to a multi-year pledge until all pledge payments have been invested in the endowment for a minimum of one full fiscal year. A donor who has made a multi-year pledge for an endowed fund may request in writing that the Foundation make distributions from the fund before such time and such request will be subject to approval in writing by the Executive Director. During the period that a fund or addition is unavailable for distributions, total investment return (net of fees) will be added to the endowed fund to support future distributions from the fund. The donor's primary prospect manager will inform the financial office of the donor's request for an exception to the general rule by appropriate notation on the gift transmittal form.

- Spendable income is generated on an annual basis; estimates of the spendable income are available in April, while the final audited financial statements are released following the October Board meeting.
- The Executive Director will accept endowed funds.
- An unrestricted endowed fund may be created with a pledge or gift starting at \$100,000; additions can be made in any amount.
- An endowed fund stipulating a preference for use may be created with a pledge or gift starting at \$250,000.
- An endowed fund may not be named for a corporation or similar entity.
- A newly created endowed fund must be documented with a gift agreement (see attached) as well as a letter of intent (see attached), signed by both the donor and an authorized Foundation official.
- Any donor-requested changes to the designation purpose specified in the gift agreement must be approved by the Executive Director.
- Earned income will not be credited toward the gift value or "purchasing power" for naming opportunities.
- Endowed funds of \$100,000+ will be stewarded on an annual basis by the Director of Annual Fund & Stewardship, including but not limited to individual fund and overall endowment performance, and letters from scholarship and teaching chair recipients. Endowed funds of \$25,000+ since and select "grandfathered" funds are also stewarded annually.

2. Term Funds

- Term funds are non-permanent funds from which both principal and income, if any, may be spent by the Foundation. Typically, term funds are used for immediate support of current operations, although donors sometimes request that a term fund be spent over a limited number of years.

- Annual Giving is the most visible kind of term support, as these unrestricted funds flow directly to the operating budget. Gifts can count for Annual Giving only if they are unrestricted and for current use. However, some term funds are restricted as to purpose and are essential to many capital projects, such as building projects, scholarships, and special academic or co-curricular programs.

Pledges and Gift Intentions

1. Non-Legally Binding

- A pledge is a promise to make a gift in the future. A gift intention is a promise to recommend or make a gift in the future. The period in which donors may fulfill their pledges and gift intentions should not exceed five years. This does not, however, mean that longer period commitments cannot be accepted on an exceptions basis. Most pledges and gift intentions are not legally binding, although the Foundation does view them as moral commitments.
- Pledges and gift intentions are documented with a letter of intent that includes the donor's name, source of funds (i.e. personal and/or other charitable entities), commitment amount, payment schedule, gift purpose, and reference to the accompanying gift agreement if applicable.
- A pledge can be made only by the entity exercising legal control over the assets to be given.
- A pledge or gift intention may be accepted by the Executive Director or Director of Annual Fund & Stewardship.

2. Legally-Binding Pledges

- A legally binding pledge is a promise to make a gift in the future that is legally enforceable. The period in which donors may fulfill their pledges should not exceed five years. This does not, however, mean that longer period commitments cannot be accepted on an exceptions basis.
- A legally binding pledge by an individual cannot be fulfilled by funds from a charitable foundation, a donor-advised fund or a charitable remainder trust. If a donor signs a legally binding pledge and later requests the option to make payments through a donor-advised fund or charitable foundation, the Foundation will work with the donor's advisors to see if some mutually acceptable alternative can be arranged.
- Donors will be asked to make legally binding pledges only in a few select cases, usually because the size of the gift is very large or because the gift requires the Foundation to make a significant outlay of funds (such as would be required to construct a building). The decision to require a legally binding pledge will be made by the Executive Director, in consultation with the Finance Committee and legal counsel.
- A pledge can be made only by the entity exercising legal control over the assets to be given.
- A charitable deduction is not allowed until the pledge is fulfilled by payment.

3. Conditional Pledges

- Conditional pledges are gifts that require CEF to meet certain circumstances or events to occur in order for the gift to be completed. A conditional pledge generally becomes a legally-binding pledge enforceable against the donor upon the Foundation's fulfillment of the conditions.
- Only pledges with a high likelihood of collectability will be accepted. The conditions required to trigger the associated pledge payments must be clearly measurable.
- A pledge can be made only by the entity exercising legal control over the assets to be given.
- The decision to accept a conditional pledge will be made by the Executive Director, in consultation with the Finance Committee and legal counsel.
- Conditional pledges are not credited until a payment is made. In some cases, conditional pledges will be tracked for fundraising reporting purposes.

Donor Crediting

1. Legal Credit

- A gift is an unconditional and irrevocable transfer of property given with true philanthropic or donative intent that must be complete. The contribution is a non-reciprocal transfer, meaning that the value given is in excess of any value or benefit received. For legal purposes, the donor is the individual or organization who has ownership of the asset (the gift) at time of transfer to the Foundation.
- The Executive Director and legal counsel are responsible for applying legal credit appropriately to all gifts.

2. Soft Credit

- Soft credit can be given to one or more individuals associated with a gift or pledge as long as the total soft credit does not exceed the legal credit. Soft credit is a recognition mechanism often designed to acknowledge the true source of a gift or the persons responsible for making the gift happen.
- The Accounting Associate is responsible for applying soft credit appropriately to all gifts.
- Accounting Associate will assign individual soft credit based on donor and prospect manager instructions. Soft credit can be given to:
 - individuals named as "on behalf"
 - spouses
 - donors and their spouse, if applicable, who have recommended a gift from a donor-advised fund
 - individuals who have recommended a gift from a personal or family foundation
 - individuals who have recommended a gift or a matching gift from a corporation

Date of Gift

A gift is considered “complete” for tax purposes on the day it is delivered to the charity, or in some cases, when the gift is beyond the donor's control. The IRS and tax courts have determined the date of gift in the following circumstances. Note: it is the responsibility of the donor to determine gift dates.

Method of Delivery	Date of Gift (Generally)
Hand delivered	Date of receipt by CEF (assuming the donor has imposed no conditions on the sale or transfer of the gift).
Mailed via U.S. Postal Service	Postmark date of mailing (outside donor’s control when mailed).
Delivered via FedEx, DHL, UPS, American Express, or other private delivery service (PDS)	Date received by CEF. The IRS has not formally agreed to accept the “postbox rule” for PDS transfer.
Transfer via DTC or wire transfer	Date of receipt in CEF account.
Letter sent by donor to donor’s broker	Date of receipt in CEF account, not donor’s account (outside donor’s control when actually transferred). Note: CEF discourages transfers to a CEF account at donor’s brokerage.
Registration of stock with issuing company	When transferred to CEF on company’s books. Note: May encounter long delays; not recommended.
Gift of real estate	When transfer of title is recorded with the county or other appropriate authority. State laws may vary; see the Executive Director.

Naming of Facilities and Spaces

CEF recognizes the importance of naming opportunities for buildings and outdoor and interior spaces. Naming actions shall not detract from the Foundation’s values, dignity, integrity, or reputation, nor shall any such actions create a conflict of interest, or the appearance of a conflict of interest, or confer special privileges. The following guidelines will apply to naming a facility and/or space, new or existing, or a portion thereof:

- Philanthropic naming will not be granted in perpetuity and must be done in conjunction with monetary support in an amount determined by the Foundation staff, with approval by the Development Committee and, where appropriate, the Directors, when the

development goals and guidelines for a particular construction project are set, which may include an operating/maintenance endowment as well.

- The name will generally remain on a facility for its lifespan and, separately, on an outdoor space for 25 years. If at some future time the building or space is replaced (which may include major reconstruction necessary to prevent obsolescence or that substantially changes the function or appearance of a space or a building's interior and/or exterior), the use of the existing or a new name for the replacement facility will be subject to the approval of the Directors. In this case, the donor will be informed and retain the right of first refusal and the Foundation will endeavor to honor their past support in the new facility or space.
- By approval of the Directors, a minimum gift of \$1 million is required to name an outdoor space.
- An existing or new facility or space, or a portion thereof, may not be named for a corporation or similar entity.
- De-naming facilities or spaces will be at the discretion of the Directors, for instances including failure to pay a pledge, acceptable donors or philanthropic naming replacing an honorific naming.
- The Executive Director will bring all naming opportunities in connection with new construction or renovation at the Foundation to the Development Committee and, when appropriate, the Directors for approval.
- This policy presupposes careful coordination and consultation by the Development Committee and the Advancement Office, with Finance Committees, and other relevant committees, to insure all angles have been considered.