



Battle Creek **Community** Foundation

For good. For ever. For all.

Gift Acceptance Policy of the Battle Creek Community Foundation

**Approved September 29, 2020
Amended September 28, 2021
Amended February 28, 2023
Amended October 22, 2024**

(These policies supersede and replace the Gift Acceptance Policy of the Battle Creek Community Foundation, bearing a date of March 27, 2012, and amended in September 2016)

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1. General Information

a. About the Battle Creek Community Foundation and the Purpose of these Policies

The Battle Creek Community Foundation is a non-profit corporation organized under the laws of the State of Michigan in 1974. The Battle Creek Community Foundation was established to receive and administer funds to be used to support and encourage religious, charitable, scientific, literacy, and educational programs of all kinds, that will foster improvement of the physical environment, improvements to living, working and social conditions, improvement of public health, prevention of crime or vice, and the amelioration of conditions resulting from crime, vice or disaster in the greater Battle Creek community.

These policies and procedures are approved by and will apply to the Battle Creek Community Foundation, its geographic and educational affiliates, and to supporting organizations of the Battle Creek Community Foundation, including but not limited to: Encourage BC! and the Battle Creek College Access Network. "BCCF" in these policies and procedures incorporates by reference all of these other organizations.

The BCCF encourages the solicitation and acceptance of gifts for purposes that will assist it in accomplishing its charitable mission. These policies are intended to assist the Board, staff, and committees of the BCCF as to gift acceptance decisions. These policies may also be used by a donor and/or the professional advisor in making charitable gifting decisions. The BCCF will provide a copy of its Gift Acceptance Policies to any individual, foundation, corporation, business, government entity, or organization requesting it.

b. Vision and Mission of the BCCF

The Strategic Plan for the BCCF was adopted and approved by the Board of Trustees on March 29, 2011. This Strategic Plan sets forth the following vision and mission statement:

Vision Statement: To build a vibrant, healthy, and engaged community.

Mission Statement: To promote giving, build endowment, and provide leadership to improve quality of life.

c. Authorization to Negotiate

The President and CEO and other staff as authorized by the President and CEO may negotiate and enter into gift agreements with prospective donors in accordance with policies and procedures contained herein. Additional staff and legal counsel may be consulted and informed as fund and/or gift agreements are negotiated, particularly as their expertise is needed to evaluate the appropriateness and cost efficiency of potential gifts.

d. Signatory Authority

All forms, agreements, and other documents necessary to accept and enter into fund, gift, and planned gift arrangements, will be signed on behalf of the BCCF by the President and CEO, the designee of the President and CEO, and others, as provided by the BCCF's annual signatory policies.

e. Legal Counsel

The BCCF may obtain the advice of legal counsel in matters relating to acceptance of gifts when appropriate. Review by legal counsel is recommended for:

- Closely-held business interest transfers, particularly those that are subject to restrictions or buy-sell agreements.
- Documents naming the BCCF as Trustee.
- Gifts involving contracts, such as bargain sales, requiring the BCCF to assume an obligation.
- Transactions with potential conflict of interest.
- Other instances in which use of counsel is deemed appropriate by the President and CEO or by the Gift Acceptance Committee.

f. Recommendation to Seek Outside Professional Advice

To avoid conflicts of interest, the unauthorized practice of law, the rendering of investment advice, or the dissemination of income or estate tax advice, the BCCF will take actions to inform donors and potential donors that they should consult with their tax and legal professionals and that the BCCF is not acting as a professional advisor, or rendering opinions on a gift. All information concerning gift planning from the BCCF is to be for illustrative purposes only and is not to be relied upon in individual circumstances.

g. Conflict of Interest

The BCCF strives to maintain the highest ethical standards in all policies, procedures, and programs to avoid any conflicts of interest. As such a conflict of interest policy has been adopted to prevent the institutional or personal interests of the BCCF volunteers, board members, officers, and staff from interfering with the performance of their duties to the BCCF, and to ensure that there is no personal, professional, or political gain at the expense of the BCCF.

The BCCF conflict of interest policies are available upon request.

h. Gift Acceptance Committee

To assist staff in the evaluation and acceptance of gifts, the Executive Committee of the BCCF will serve as a Gift Acceptance Committee.

The Gift Acceptance Committee will review proposed gift transactions referred to it by the President and CEO, as well as:

- Gifts requiring review as required in these Gift Acceptance Policies or other policies of the BCCF.
- Transactions that may involve financial, reputational, or other risk to the BCCF or its staff.
- Transactions where the staff may lack objectivity.
- Transactions for which there is a potential staff, board, or other conflict of interest.

The Gift Acceptance Committee may request that a specific gift be reviewed by the Investment Committee (or other BCCF Committee) as part of gift evaluation. The Gift Acceptance Committee may also request an external review or opinion from legal, accounting, or other professionals.

The Committee should review potential gifts referred to the Gift Acceptance Committee utilizing criteria appropriate for the specific gift including:

- Market Value and Marketability: The Gift Acceptance Committee should consider the fair market value of the property, including any current appraisal, and the type of interest in the property the BCCF would receive if the proposed gift were approved. In the event that there is no immediate use for the proposed gift, the Gift Acceptance Committee should ascertain that there is a market for the gifted property under consideration and that the asset may be sold within a reasonable period of time.
- Limitations and Encumbrances: The Gift Acceptance Committee should consider the existence of any and all mortgages, deeds of trust, restrictions, reservations, easements, mechanic liens and other limitations of record. No gift of an interest in such property will be accepted until all mortgages, deeds of trust, liens and other encumbrances have been discharged, except in very unusual cases where the fair market value of the BCCF's interest in the property net of all encumbrances is substantial or where a separate agreement to pay any such encumbrances which might be charged to the BCCF has been executed by a financially responsible party.
- Carrying Costs: The existence and amount of any carrying costs, including but not limited to taxes, insurance, maintenance, association dues, membership fees, and other expenses.

i. Philanthropic Development, Marketing, and Communication Committee

The Philanthropic Development, Marketing, and Communication Committee (PDMC) will pursue, through initiating education and awareness efforts, the coordinated use and increase of human and financial resources for the benefit of all. In addition, the responsibilities of the PDMC include periodic review and recommendation for approval by the Board of acceptance policies and guidelines for gifts consistent with established policies and guidelines.

j. Restrictions on Gifts/ Gift Designations

The BCCF will accept unrestricted gifts and gifts for specific programs and purposes, provided that such gifts are consistent with its stated mission, purposes, and priorities. The BCCF will not accept gifts that are too restrictive in purpose. Furthermore, gifts to the BCCF may not be directly or indirectly subjected by a donor to any material restriction or condition that prevents the BCCF from freely and effectively employing the transferred assets or the income derived therefrom, in furtherance of its tax-exempt charitable purpose. The President and CEO may refer to the Gift Acceptance Committee any gift with a restrictive nature.

k. Undesignated Gifts

To provide the BCCF with maximum flexibility in the pursuit of its mission, donors will be encouraged to make unrestricted gifts to the BCCF. Any contributions that are made which carry no designation as to fund or use will be allocated to “unrestricted,” and added to the Fund for Battle Creek, unless the Board directs otherwise.

l. Gift Purpose

The purpose of all gifts received by the BCCF must be consistent with the BCCF’s established purpose, vision, and mission as described above. Additionally, the gift purpose must be consistent with the BCCF’s qualification as a public charity under Internal Revenue Code Section 501(c)(3). In order to protect the intent of the donors and the BCCF, the purpose of each gift, along with restrictions and operating procedures, will be enumerated in the signed fund agreement, gift agreement, or letter of transmittal in the absence of a fund agreement.

m. Right of Refusal

The BCCF reserves the right to refuse any gift that is not consistent with its purpose, vision, and mission. Some examples of when the BCCF would be required to refuse a gift include:

- The cost of managing and/or preserving the gift far exceed any potential benefit provided by the gift.
- The gift or the gift’s purpose is in irreconcilable conflict with the BCCF’s tax exempt status.
- The gift or its purpose is contrary to, or violates, a local, state or federal regulation or statute.
- The gift is inconsistent with or detrimental to the BCCF’s purpose, vision, mission or desired image.
- Gifts that could expose the BCCF to liability.
- BCCF does not accept donations, grants or other funding from entities or individuals known to directly derive most or all of their funding from conducting cannabis-related activities that are illegal under federal law (e.g., sale, cultivation, distribution).

n. Variance Power

The Board of Trustees has the power under the Bylaws of the BCCF to:

- Modify any restriction or condition on the distribution of funds for any specified charitable purposes or to specified organizations, if in their judgment, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the communities served.
- Replace any trustee, custodian or agent for breach of fiduciary duty under the laws of the State of Michigan.
- Replace any trustee, custodian or agent for failure to produce a reasonable return with due regard to safety of principal, over a reasonable period of time.

If the Board of Trustees determines that possible grounds for exercise of one or more of these variance powers exist, the Board will notify the affected person or persons and give them a reasonable opportunity to provide an explanation or correction. The Board may only act under

one or more of these variance powers upon the vote of a majority of the members of the Board.

Upon the exercise of one or more of the powers in the foregoing section, the Board of Trustees will determine the appropriate alternative use of the gift or fund.

o. Confidentiality/ Donor Privacy

The BCCF takes donor confidentiality very seriously. The BCCF does not sell, rent or exchange lists of names to any individual or organization for any purpose.

Furthermore, in accordance with the BCCF Confidentiality Policy, except as required by law, the BCCF will not disclose information about a donor or a donor's gift. However, unless otherwise requested by the donor, the BCCF may publish the names of individual donors in the BCCF's Annual Report and other reported listings. In the case of memorial gifts, the BCCF will provide the names and addresses of donors to members of the immediate family unless the donor has requested anonymity. With the exception of reporting to Fund Advisors, the BCCF will not disclose the amount of any gift without the donor's consent.

Fund names are published in communication material and media, unless a donor chooses not to list their fund.

The BCCF may accept anonymous gifts on a case-by-case basis. Names of anonymous donors will not be shared with staff, board members, other fund advisors, or the public except as reasonably necessary with staff and as otherwise required by law. However, names may appear on internal reports or event lists shared with limited staff members without gift amounts or fund information referenced. For any grant recommendation from a donor-advised fund, donors may decide whether or not to be anonymous to the grantee organization.

p. Investment of Gifts

All gifts to the BCCF are irrevocable. The donor relinquishes all right, title, and interest to the contributed assets. In particular, the donor relinquishes the right to choose asset allocation, investments, bank, investment agent, broker, or to veto investment choices for any gift or funds. The BCCF reserves the right to make any and all investment decisions regarding gifts in accordance with its Investment Policy. However, the BCCF will consider suggestions of the donor for use of a particular bank, investment agent, or broker in accordance with the BCCF's Investment Policy Statement and the BCCF may consult the donor on the investment options for the assets of a fund. The BCCF's Investment Committee will review and recommend to the Board of Trustees for approval use of any investment agent not currently on the approved list of the BCCF.

q. Donor Initiated Fundraising

The BCCF is legally responsible for all fundraising undertaken on its behalf and on behalf of any fund of the BCCF. Fundraising undertaken by donors in connection with funds of the BCCF must

be approved in advance by the BCCF pursuant to the BCCF's Donor Initiated Fundraising Policy (Appendix C).

r. Gift Acknowledgement

The BCCF will acknowledge, in writing, the receipt of all gifts in a manner that satisfies the substantiation requirements of the Internal Revenue Code. The donor will provide the BCCF a current mailing address for such purpose.

s. Recognition/ Special Recognition

The Annual Report is the BCCF's main recognition tool. The following special recognition opportunities are also available.

- Heritage Society: Donor who have designated the BCCF as a beneficiary of a planned gift, or who have current gifts totaling \$10,000 or more for individuals/\$25,000 or more for for-profit businesses more will be invited to join the Heritage Society. Members are recognized in the Annual Report and invited to an annual recognition event.
- Fund for Battle Creek Honorary Donors: Gifts to the Fund for Battle Creek (our unrestricted fund) provide increased grant-making opportunities to address the broadest range of local needs. All grants are reviewed and selected by a committee of diverse community volunteers. If a donor contributes a total of \$5,000 or more to this unrestricted grant-making fund, their name is listed in an ongoing tribute.
- Memorial, honorary, and "on behalf of" gifts: Memorial and honorary gifts are encouraged by the BCCF as generous and thoughtful ways to recognize people's lives, milestones, and accomplishments.
- Fund Names: Donors may request a name for a fund they establish at the BCCF. The President and CEO reserves the right to approve or disapprove those fund names.

t. Ethical Standards in Dealing with Donors

The BCCF is committed to the highest ethical standards of philanthropy and development. In all transactions between potential donors and the BCCF, the BCCF will aspire to provide accurate information and full disclosure of the benefits and liabilities that could influence a donor's decision, including with respect to the BCCF's fees, the irrevocability of a gift, prohibitions on donor restrictions, items that are subject to variability (such as market value, investment return, and income yield), the BCCF's responsibility to provide periodic financial statements with regard to donor funds, and investment policies and other information needed by donors to make an informed choice about using the BCCF as a vehicle of charitable gifts. In addition, all donors will be encouraged to discuss their gifts with their own financial and tax advisors before signing any gift or fund agreement. The role of the BCCF's staff is to inform, guide, and assist the donor in fulfilling his or her philanthropic goals, without pressure or undue influence.

In support of these standards, the BCCF has adopted the Association of Fundraising Professionals' Donor Bill of Rights, and the eDonor Bill of Rights which may be found in Appendix A.

u. National Standards for U.S. Community Foundations

The BCCF will take reasonable efforts to make the public and donors aware that the Battle Creek Community Foundation is Confirmed in Compliance with National Standards for U.S. Community Foundations.

2. Types of Gifts and Gift Properties

The BCCF accepts gifts in the form of outright gifts, pledges, planned gifts, and endowment gifts. The details of gift acceptance by gift type follow.

Gifts not requiring Gift Acceptance Committee Review

While the President and CEO may refer any gift to the Gift Acceptance Committee for review, the following gifts will typically not require that review. Rather these gifts may be accepted by the President and CEO or the designee of the President and CEO.

a. Cash/ Cash Equivalents

Cash and Cash Equivalents may be accepted by the President and CEO and the designees of the President and CEO including:

- Currency of the United States.
- Checks or money orders made payable in United States currency to the BCCF. A Fund name may be referenced on the memo line of the check to identify the fund to which the gift is to be added.
- Gifts by credit cards, debit cards, and EFT, ACH, or wire transfer to the BCCF's account.

b. Tangible Personal Property

Tangible Personal Property (e.g., artwork, coin collections, jewelry) may be accepted by the President and CEO or referred to the Gift Acceptance Committee for approval.

Tangible personal property gifts will be accepted by the BCCF when it is determined that:

- The property will be used in furtherance of the BCCF's exempt purposes.
- The BCCF will be able to sell the property. If the property is to be sold, the BCCF will accept the gift only if it has sufficient value to justify the expenditure or resources required for such sale. The BCCF may accept gifts of personal tangible property in any amount to any existing fund. Gifts of tangible personal property to establish a new component fund at the BCCF must meet the applicable minimum funding requirement for establishing the intended fund.

c. Publicly Traded Securities and Mutual Funds

The President and CEO and the designees of the President and CEO are authorized to accept publicly traded securities and mutual funds. As a general rule, all marketable securities will be sold upon receipt unless otherwise directed by the Investment Committee.

Note: In some cases, marketable securities may be restricted by applicable securities law. Acceptance of such restricted securities should be referred to the Gift Acceptance Committee.

Gifts that Require Gift Acceptance Committee Approval

Acceptance of the following gifts can only be made with the approval of the Gift Acceptance Committee, or the Board of Trustees of the Battle Creek Community Foundation.

d. Closely Held Securities/ Business Interests

Gifts of closely-held businesses, which include not only debt and equity positions in non-publicly traded corporations but also interests in limited partnership and limited liability companies, or other ownership forms, may be accepted subject to approval of the Gift Acceptance Committee.

The review of such gifts will be based on the following criteria:

- Are restrictions imposed on the business interests that would prevent the BCCF from ultimately converting the security to cash?
- Is the security marketable and if so, how easily?
- Will the security generate any unfavorable tax consequences, such as unrelated business income tax, for the BCCF?
- What are the time, administration, management, and other costs or responsibilities that will be incurred during the holding period?
- Whether the interest to be gifted is a “business enterprise” to which the excess business holding rule will apply?

As a condition of the gift, the donor will provide corporate governance documents, tax returns (including schedule K-1s), regulatory filings, shareholder agreements, operating agreements, and other documents as requested by the BCCF. Further, the gift agreement that formalizes the gift will provide for the payment of administrative expenses, unrelated business income taxes, and other costs associated with holding the property. Donor will also agree to indemnify the BCCF against all liabilities incurred by the donor on the gift prior to donation. Donors should be advised as to the BCCF’s policy that every effort will be made to sell non-marketable securities as quickly as possible.

e. Real Estate

Real Estate may be accepted subject to the approval of the Gift Acceptance Committee.

Gifts of real estate may include developed property, undeveloped property, or gifts subject to a life estate. Prior to acceptance of real estate, the BCCF will require an initial environmental review of the property to ensure that the property has no environmental issues. If the initial inspection indicates that potential environmental issues exist, a Phase I Environmental Audit must be performed on the property.

When appropriate, a title binder will be obtained, prior to acceptance by the BCCF of the real property gift.

Criteria for acceptance of property will include:

- Is the property useful for the purposes of the BCCF?
- Is the property marketable?
- Is the property of an acceptable minimum value?
- Are there any restrictions, reservations, easements, liens, or other limitations associated with the property? Would such restrictions jeopardize the classification of such gift as charitable?
- Are there carrying costs, which may include insurance, property taxes, mortgages, notes, or other debts associated with the property?
- Will income generating property expose the BCCF to unrelated business income tax or other expenses including but not limited to marketing of property, lease preparation, maintenance, repairs, utilities, and property management?
- What are the relevant disposition costs that are the responsibility of the BCCF?
- Does the environmental audit reflect that the property is free from environmental issues?

The review of real estate gifts will include an evaluation of the usefulness of the property for the organization's purposes, marketability, physical condition, zoning restrictions, appraised value, appreciation potential, management responsibilities, related expenses, environmental issues, and risk. Donors considering a current gift of real estate will work with staff or the BCCF's agent to provide the following:

- Qualified Appraisal: Each gift of real property must be appraised in accordance with federal tax law as it exists at the time of the gift.
- Phase I Environmental Audit: Where deemed necessary by the President and CEO or the Gift Acceptance Committee a phase I environmental audit will be conducted as part of the "due diligence" process to protect against liability exposure under Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA). If the environmental audit comes back with findings of concern and it is determined that additional testing is needed, the gift will need to be reviewed by the Gift Acceptance Committee before proceeding.
- Disclosure of all restrictions: Reservations, easements, mechanic liens, title searches, encumbrances (such as mortgage) must be disclosed.
- Disclosure of all Carrying Costs: Carrying costs, including but not limited to, taxes, insurance, maintenance, association dues, membership fees, and other expenses, must be disclosed.

The BCCF will generally accept a remainder interest in property to the extent an outright gift of the property would have been accepted. However, the risk, administrative, disposition, and other costs of the BCCF holding a future interest must also be examined.

The donor or other occupant may generally continue to occupy the real property for the duration of the stated life or term. At the death of the donor or end of the term, the BCCF may use the property or reduce it to cash. Where the BCCF receives a gift of a remainder interest,

expenses of maintenance, real estate taxes, and any indebtedness are to be paid by the donor or primary beneficiary during the life estate or term.

For both of the options listed below, the BCCF will perform due diligence in accepting the gift in order to make every effort to assure that the gift does not provide liabilities or extra management/risk that could result in a negative financial or other outcome for the BCCF.

- Remainder Interest in a Personal Residence or Farm: An individual may make a gift to the BCCF of a personal residence or farm subject to a retained “life estate.” The donor may, after transferring deed and title to the BCCF, continue to live on the property for a term of years or for the lifetime of the donor and/or a loved one. However, the donor will remain responsible for paying real estate taxes, and for the general maintenance and upkeep of the property during the life estate term.
- Undivided Portion of an Individual’s Entire Interest in Property: An individual may make a gift of an undivided portion of an entire interest in property, such as an undivided one-half interest in real estate or a fractional interest in an oil or gas well. This entitles the donor to a charitable income tax deduction, subject to certain limitations and provides the BCCF with a producing asset or potential revenue.

Note: The BCCF will not accept gifts of timeshare interests.

f. Oil, Gas, and Mineral Interest

Oil, Gas, and Mineral Interests may be accepted subject to approval of the Gift Acceptance Committee.

Criteria for acceptance of oil, gas, and mineral interests include:

- Whether the property involves extended liabilities or other considerations that make receipt inappropriate.
- Whether the interest to be accepted is a working interest. Working interests are rarely accepted and should only be accepted where a plan exists to minimize potential liability and tax consequences.
- Whether an environmental review disclosed any potential environmental issues.
- What the carrying, administrative and disposition costs are.

g. Life Insurance

Life Insurance may be accepted subject to the approval of the Gift Acceptance Committee.

The BCCF must be named as both the beneficiary and irrevocable owner of an insurance policy before the policy may be recorded as a gift. The policy must also be unencumbered by outstanding loans or other liabilities. It is the general rule that all policies will be liquidated as soon as is feasible.

Gifts of life insurance policies may be accepted at any value into existing fund. Gifts of life insurance policies that are intended to establish new funds at the BCCF must have a gift value that meets the minimum funding requirement of the fund type to be established.

If premium payments are still due on the policy, the BCCF may:

- Continue to pay the premiums.
- Convert the gifted policy to paid up insurance.
- Surrender the policy for its current cash value.

h. Bargain Sales

Bargain Sales may be accepted subject to the approval of the Gift Acceptance Committee.

The BCCF may enter into a bargain sale arrangement in instances in which the bargain sale furthers the mission and purposes of the BCCF.

i. Patents and Other Intellectual Property

Patents and other intellectual property, including qualified intellectual property, may be accepted subject to the approval of the Gift Acceptance Committee.

j. Miscellaneous Gifts of Property

The BCCF acknowledges that many forms of property exist that may not be specifically described in the Policy and Guidelines. The BCCF reserves the right to consider and evaluate acceptance of other forms of gifts on a case-by-case basis and such gifts may be referred by the President and CEO to the Gift Acceptance Committee.

k. Gifts of Digital Assets (i.e. Cryptocurrency)

Digital assets, such as cryptocurrency is defined by the IRS as property. Gifts of Digital Assets may be accepted subject to approval of the Gift Acceptance Committee. Gifts of digital assets will be accepted via a third-party giving account, and BCCF shall sell all digital assets received as soon as possible.

3. Deferred Gifts and Planned Gifts

The BCCF will accept deferred gifts and planned gifts. These are gifts whose benefit does not fully accrue to the BCCF until some future time, or whose benefits are split with non-charitable beneficiaries. A minimum of 51% of any deferred or planned gift must remain in funds at the BCCF.

Further, the BCCF staff and representatives are encouraged to solicit charitable gifts through wills and trusts, beneficiary designation and contributions to establish gift annuities. The BCCF will work closely with donors and confer with financial, legal, and tax advisors, at the request of the donors, to realize these gifts.

Deferred gifts and planned gifts may be accepted by the President and CEO. The President and CEO may request the approval of a deferred or planned gift by the Gift Acceptance Committee

and should do so when the gift arrangement is complex or involves assets that otherwise require Gift Acceptance Committee approval.

a. Charitable Gift Annuities/ Deferred Charitable Gift Annuities

Typically, the BCCF will accept only gifts of cash or marketable securities to establish a charitable gift annuity. The BCCF may accept real estate, tangible personal property, or any other illiquid asset in exchange for a current or deferred charitable annuity, provided the gifted property will provide sufficient cash flow to pay the annuity payments when due under the gift annuity agreement. Charitable gift annuities that will be funded with other than cash or marketable securities may only be accepted with the approval of the Gift Acceptance Committee.

A charitable gift annuity is a contract between the BCCF and the donor wherein the BCCF agrees to pay an one or two individuals, typically one or both of which are the donor(s) a lifetime annuity in return for gifted assets. The annual payment is a fixed sum, the amount of which is based on the value of the initial gift and the number and ages of income recipients and current interest rates.

Rates of return under a charitable gift annuity are lower than the rates offered by commercial insurance companies with the intent that a significant residuum will remain for the BCCF. Written notice of this fact will be documented for the donor in two documents. First, the donor will be notified in writing during the gift negotiation stage. Second, the gift annuity contract cover letter will also contain this information for the donor.

Gift annuities issued in Michigan shall comply with Michigan's state law and meet the disclosure requirements under the Philanthropy Protection Act of 1995.

Gift annuities issued in other states will only be undertaken with the approval of the Gift Acceptance Committee and must meet the requirements of the state laws in which the annuity is issued.

The following guidelines pertain to gift annuities:

- The market value of any gifted property to the BCCF to establish a gift annuity must be at least \$10,000.00.
- The BCCF will issue charitable gift annuities with annuity payout rates equal to or less than the rates recommended by the American Council on Gift Annuities for the charitable gift annuity to be issued.
- Agreements shall be limited to two lives as required by Federal tax law, and ordinarily the minimum age for the annuitants shall be 60 for immediate annuities and 50, with the initial payment at 60, for deferred annuities. Exceptions may be made subject to the prior approval of the Gift Acceptance Committee.
- Gift annuities will be managed and administrated by the BCCF and the BCCF may employ agents and advisors to assist with the administration and investment of gift annuity assets and the charitable gift annuities.
- The BCCF prefers to provide quarterly payments to gift annuity donors.

b. Bequests and Beneficiary Designations

Donors are encouraged to make bequests to the BCCF under their wills, and to name the BCCF as the beneficiary under trusts, life insurance policies, commercial annuities, and retirement plans.

The BCCF accepts these gifts and strives to honor the wishes of the donor as expressed in the transferring document. However, the BCCF reserves the right to refuse any such gifts when necessary or appropriate in the interests of the BCCF and consistent with these Gift Acceptance Policies. Sample bequest language for restricted and unrestricted gifts is available from the BCCF, to donors and/or advisors, upon request.

The BCCF should not be named as personal representative of the estate nor as trustee or successor trustee of a trust and BCCF will generally not serve in those capacities if nominated.

c. Charitable Lead Trusts

The BCCF may accept a designation as current beneficiary of a charitable lead trust.

d. Charitable Remainder Trusts/ Unitrusts

The BCCF may accept designation as remainder beneficiary of a charitable remainder trust or unitrust.

e. Pooled Income Fund

As of 2020 the BCCF no longer maintains a pooled income fund. The BCCF reserves the right to establish a pooled income fund in the future with the approval of the Board of Trustees.

4. Types of Funds

A donor may establish a named endowed or non-endowed fund, subject to the BCCF's endowment, investment, and spending policies, for the general purposes of the BCCF or for restricted purposes approved in accordance with these Policies and the other policies and procedures of the BCCF. Funds may be established with current or planned gifts.

There are different types of funds available at the BCCF to address a variety of philanthropic interests and opportunities of interest to donors. Each fund type has slightly different guidelines to best support the charitable purpose of the fund. All funds established at the BCCF are listed in the BCCF Annual Report, website, and may appear in other printed or electronic media.

In all funds, the investment management of the fund is in the control of and is a responsibility of the BCCF. Distributions from any fund are subject to the policies, procedures, and approval of the BCCF and must be made to support charitable purposes.

a. Unrestricted Funds

Unrestricted Funds do not address a specific area, their purpose is to meet changing community needs, support the creation of innovative responses to community problems, and enhance the quality of community life. The Fund for Battle Creek is the BCCF's unrestricted fund. Named unrestricted funds may also be established.

The minimum gift (or intent to build to) level is \$10,000 for named unrestricted funds.

b. Donor Advised Funds

With a donor advised fund, a donor or others designated by the donor, retain the ability to make recommendations regarding grants from the fund. The fund advisor(s) can make a grant recommendation to a charitable organization or cause, even if it serves a population outside the greater Battle Creek area, if made during the donor's life. Upon making the initial gift, the donor establishes the mechanism such as a committee or successor to the donor, to provide the grant and investment recommendations for the fund. Donors establishing a Donor Advised Fund can recommend the engagement of one successor generation as advisors to the fund. Please see Appendix B Donor Advised Funds Policy for further information.

- To set up a donor advised fund, a minimum gift of \$10,000, or intent to grow to \$10,000, is necessary.
- All fund assets in excess of \$10,000 are available to make gifts.
- The residual assets of a donor advised fund at the death, incapacity or resignation of the sole or final advisor shall be transferred to the Fund for Battle Creek, unless otherwise designated.
- The assets of donor advised funds are owned and controlled by the Battle Creek Community Foundation. Donor advised funds are subject to the variance power of the BCCF as described above.
- Donor advised funds may engage in donor initiated fundraising activities, however, the foundation cannot 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 the fundraiser.

All gifts to create a donor advised fund must be at least \$10,000. The minimum level recommended for individual grant distributions shall be \$100. Pursuant to Battle Creek Community Foundation policy, grants made from the advised funds may only be distributed to other charitable entities that meet the qualifications set forth by sections 501 (c)(3) and 170 (b)(1)(A) of the Internal Revenue Service Code.

Grants from a Donor Advised Fund cannot result in a benefit to any individual, including but not limited to the donor, advisors, or any related parties including receiving an exchange of goods or services or any personal or material benefit that is not provided to the general public. Donor Advised Fund grants also cannot be used to satisfy all or a portion of a pre-existing personal pledge, or other personal pledge, or other financial obligation of the donors, advisors, or any

related parties. Donors, advisors, or any related parties may not receive grants, loans, compensation or similar payments (including expense reimbursements) from Donor Advised Funds. The provisions of the Pension Protection Act of 2006, prohibit Donor Advised Funds from making any grants to individuals such as scholarships, emergency hardship grants, or disaster relief grants. This includes checks written directly to an individual or checks written to an entity for the benefit of a specified individual. For example, a grant to a university for the benefit of a designated student is prohibited.

In addition:

The Pension Protection Act of 2006 (PPA) provides that the private foundation excess business holdings rule applies to donor advised funds as if they were private foundations. That is, the holdings of a donor advised fund in a business enterprise, together with the holdings of persons who are disqualified persons with respect to that fund, may not exceed any of the following:

- Twenty percent of the voting stock of an incorporated business.
- Twenty percent of the profits interests of a partnership or joint venture or the beneficial interest of a trust or similar entity.

These limitations do not apply if the donor advised fund holds an interest that does not exceed two percent of the voting stock and two percent of the value of the business.

Ownership of unincorporated businesses that are not substantially related to the fund's exempt purposes is also prohibited.

What is a business enterprise?

A business enterprise is the active conduct of a trade or business, including any activity which is regularly carried on for the production of income from the sale of goods or the performance of services. Specifically excluded from the definition are:

- Holdings that take the form of bonds or other debt instruments unless they are a disguised form of equity.
- Income from dividends, interest, royalties, and from the sale of capital assets.
- Income from leases unless the income would be taxed as unrelated business income.
- "Functionally-related" businesses and program-related investments.
- Business that derive at least 95% of their income from passive sources (dividends, interest, rent, royalties, capital gains). This will have the effect of excluding from the definition, gifts of interests in most family limited partnerships, and other types of holding company arrangements.

What is a disqualified person?

Donors and persons appointed or designated by donors are disqualified persons if they have or reasonably expect to have advisory privileges with respect to the donor advised fund by virtue of their status as donors. Members of donors' and advisors' families are also disqualified, but

the section does not define “family” and does not cross-reference either Internal Revenue Code (“Code”) section 4958 or 4946 for the definition. Finally, the term 35% controlled entities are disqualified persons as defined in Code section 4958(f)(3).

The BCCF Policy with regard to assets categorized under the PPA as “excess business holdings”

The Battle Creek Community Foundation will identify and monitor any new gift to a donor advised fund of any interest qualifying as an “excess business holding” under the PPA. The BCCF will exercise its best effort to dispose of the contributed interest at the best possible price within five years of the date of the gift, as required under the PPA. In any event, the BCCF will dispose of any excess business holdings prior to the five-year time limit, except in the event that the Treasury Department grants an additional five-year holding period. The BCCF will notify potential donors of such interests of this requirement prior to the contribution of such interest.

c. Scholarship Funds

A scholarship is financial support awarded to an individual, based on academic achievement or other criteria that may include financial need, for the purpose furthering one’s education or training. Scholarships are awarded based upon various eligibility and selection criteria, such as academic merit, financial need, field of study among others. Donors recommend eligibility criteria and may serve on selection committees, provided the requirements of federal and state laws are met including those found in the Pension Protection Act of 2006. Any scholarship fund at BCCF must comply with the “Battle Creek Community Foundation Scholarship Policy” as the same may be amended from time to time.

The minimum gift (or intent to build to) level is \$10,000 for scholarship funds. Unless the scholarship fund agreement provides to the contrary, scholarships should not be paid until the fund balances reaches \$10,000. Funds with anticipated fund balances of less than \$25,000 shall have eligibility and criteria that mirror’s larger established scholarship funds.

d. Field of Interest Funds

A Field of Interest Fund provides permanent support for a specific field of interest where funds are not committed to a particular organization. A donor may choose to support a specific area such as the arts, education, health, human services, or other. Where appropriate, the BCCF may create an advisory committee to make recommendations for distributions.

The minimum gift (or intent to build to) level is \$5,000 for Field of Interest Funds. Funds with anticipated fund balances of less than \$25,000 shall mirror procedures for administration of select community impact funds.

e. Organizational Endowment Funds

Organizational Endowment Funds are established by the nonprofit organization for which they benefit. These permanent endowments are designed to maintain the purchasing power of the gifts made to the endowment fund as the fund grows over time but allow the nonprofit to use a portion of the fund to support its mission annually.

The minimum gift (or intent to build to) level is \$5,000 for Organizational Endowment Funds.

Named Organizational Endowment Funds (Donor Named Designated Funds) are established by an individual or group of donors in support of a nonprofit organization. At the request of an individual, their gift may carry the individual's or family name with the designation that all grant distributions be designated to a selected nonprofit organization for general operating support or for a particular program or activity of the nonprofit organization.

The minimum gift (or intent to build to) level is \$10,000 for these Named Funds.

f. Organizational Support Funds

Many organizations wish to accumulate funds for long-term objectives, but do not wish to give up the access to principal as is necessary in the traditional endowment. The Organizational Support Fund, formerly referred to as Organizational Endowment Type II Fund, is designed to provide this type of flexibility. Please note that this fund, which requires a separate fund agreement for its establishment, allows for the distribution of up to the entire value of the fund at the organization's request and subject to the approval of the BCCF. The assets of the Organizational Support Fund are invested in the same manner as all other endowment funds; therefore, the BCCF staff recommends a 30 to 45-day time period for liquidating a large balance held within an Organizational Support Fund. Only an organization may establish this type of fund.

An organization must establish an Organizational Endowment Fund prior to establishing an Organizational Support Fund.

g. Affiliate Foundation Funds (Geographic and Educational)

A geographic affiliate foundation is a component fund (or collection of funds) established within the BCCF that serves a defined geographic area – and is advised by a group of people from the area it serves.

An educational affiliate foundation is a component fund (or collection of funds) established within the BCCF that serves a defined educational service area - and is advised by a school district or its appointed educational foundation committee.

h. Supporting Organizations

A Supporting Organization is a separate entity that is incorporated under state law and is a tax-exempt public charity pursuant to a letter of determination by the IRS. A supporting organization is an entity that avoids private foundation status by being operated, supervised, and controlled by the BCCF. In a Type I supporting organization the Board of Trustees of the BCCF appoints a majority of the separate board of directors of the supporting organization. (See Appendix E for additional information).

A minimum asset base of \$500,000 or intent to build the supporting organization to this level is required.

5. Additional Ways to Give

Staff will take reasonable actions to inform donors of other potential ways to give to the BCCF, including but not limited to:

a. IRA Charitable Rollover

The IRA Charitable Rollover allows individuals age 70½ and older to make direct transfers totaling up to approximately \$105,000 per year (annually indexed for inflation) to 501(c)(3) charities, without having to count the transfers as income for federal income tax purposes. IRA Charitable Rollovers are not tax deductible and may not be used to establish charitable gift annuities. Additionally, supporting organizations and donor advised funds are not qualified charities as it pertains to charitable IRA rollover contributions.

b. Matching gifts

A matching gift is a charitable donation provided by a third-party, typically an employer matching an employee's donation to the BCCF that matches a gift to the BCCF made by a donor. Some of these matching gifts are provided on a dollar for dollar basis. The BCCF honors each organization's matching gift policies while optimizing matching opportunities as fully as possible. Unless explicitly prohibited by the matching organization, these matching fund gifts will be allocated to the same purpose as the individual donor's gift.

c. Charitable Giving Technology

The BCCF is committed to maximizing the use of technology to support charitable giving. The acceptance of donations online via the BCCF website is our most common use of online giving technology. To help facilitate online giving, the BCCF can create links that direct donors to specific funds or groups of funds.

The BCCF also utilizes Text to Give to facilitate charitable giving. Through Text to Give, individuals may make donations to a specific fund at the BCCF, by sending a text on their cell phone to a key word or code provided by the BCCF. Donor names and addresses are not provided by the Mobile Giving Foundation or the cell phone service provider, so there is no individual receipting or acknowledgement by the BCCF.

d. Pledges

Pledges are commitments to give to the BCCF in the future and sometimes on a fixed schedule. Pledges of gifts other than cash and marketable securities will be recorded in the donor's gift history after review by the Gift Acceptance Committee. However, a pledge does not result in a charitable gift until paid.

A pledge will be considered unfulfilled if it is unpaid after 12 months of the pledge date, or after 12 months of the last scheduled payment, whichever is applicable. The BCCF regularly sends

reminders and statements to donors with outstanding pledge balances. Once a pledge becomes unfulfilled, a last collection attempt in writing is made with the donor.

e. Recurring Gifts

A recurring gift is a gift that is paid in installments over a period of time without a pledge made by the donor. It is not a one-time transaction. A donor agrees to make an automatic contribution monthly, annually, quarterly, or other schedule. Donors may make automatic recurring gifts payments using their credit or debit cards, or via E-checks through ACH.

6. Miscellaneous Provisions

a. Costs of Accepting and Administering Gifts

The direct costs of administering gifts are generally paid out of the assets of the individual funds. Custodial, investment, and administrative fees are paid from the respective funds in accordance with the BCCF's guidelines and fee structures. The BCCF reserves the right to assess a set-up or processing fee to accept any gift or establish a fund at the BCCF.

Costs associated with the acceptance of a gift, such as the donor's attorneys' fees, accounting fees, and appraisal and escrow fees, are borne by the donor, where possible. The BCCF may, on occasion, provide a limited amount of support to help defray these costs, however any support in excess of \$5,000 must go to the Gift Acceptance Committee for approval.

b. Gifts by Bequest or Trust Distributions Requiring Review

Upon being notified that the BCCF has been named to receive a gift under any will that has been admitted to probate or as a beneficiary under any trust arrangement, the President and CEO, or their designee, will contact the personal representative, trustee, or other legal representative to gather additional information and will work with the personal representative, trustee or other legal representative and the BCCF Gift Acceptance Committee in concluding the bequest or distribution to the BCCF.

c. Appraisals and Donor Reporting Requirements

Donors are required to file Form 8283 to report information about certain charitable contributions. It is the responsibility of the donor to prepare Form 8283 and provide it to the BCCF for signature in a timely fashion so that the donor may include the form when filing the donor's tax return. BCCF will make reasonable efforts to timely return Form 8283 to the donor.

Gifts of property (other than publicly traded securities) that exceed \$5,000 must have a qualified appraisal from a qualified appraiser, per IRS guidelines. In no case will the BCCF staff provide a valuation or appraisal for such gifts for purposes of donors completing the 8283 form or to claim charitable income tax deductions.

d. Donee Reporting Requirements

The BCCF will file form 8282 to report information to the IRS and donors about dispositions of certain charitable deduction property made within three years after the donor contributed the property.

e. Security Liquidation

It is the policy of the BCCF as a fiduciary to liquidate publicly traded securities as soon as possible after receipt to avoid unnecessary market fluctuation. Realized gains or losses on security sales will be reported as such by the BCCF and do not have an effect on the amount credited to the donor's gift record. Only the net proceeds of any gift will be credited to the fund to which the gift is designated.

f. Serving as Trustee or Personal Representative

As provided elsewhere in these policies, the BCCF generally does not serve or act as personal representative of any estate or as trustee for any trust including charitable remainder trusts, charitable lead trusts, revocable or irrevocable trusts, nor does the BCCF generally serve as co-trustee to any trust.

In addition, the staff of the BCCF should not knowingly serve as a trustee, conservator, guardian, executor, or personal representative for a donor of the BCCF, except with the express approval of the President and CEO. In the instance that staff of the BCCF is appointed or requested to serve for a family member that is also a donor, the staff member will disclose this to the President and CEO and seek waiver by all interested parties of any potential conflict of interest. The Board of Trustees or Gift Acceptance Committee should be made aware of any such relationships.

g. Adoption of Fund Agreements and Other Documents

The Gift Acceptance Committee or Board of Trustees from time to time may approve standard fund or other agreements and documents to be used by the staff of the BCCF to accept gifts to and establish funds at the BCCF. To the extent those standard fund and other agreements and documents include additional requirements with respect to a gift or fund not found in these Gift Acceptance Policies, the requirements of those approved agreements are incorporated by reference to these Gift Acceptance Policies and these policies are amended to accommodate same.

h. Amendments to the Gift Acceptance Policies

These policies will periodically (but no less frequently than every five years) be reviewed to ensure that they accurately describe the policies and practices of the BCCF with respect to acceptance of charitable gifts and the establishing of funds at the BCCF. These policies will also be reviewed upon the enactment or promulgation of legislation or regulatory rules affecting charitable gifts and organizations, to assure compliance by the BCCF with the legislation and rules.

These policies and guidelines have been reviewed and approved by the Philanthropic Development and Marketing Committee, Gift Acceptance Committee and the Board of Trustees. The Board of Trustees must approve any changes or deviations.

Reviewed by the Philanthropic Development and Marketing Committee on: August 5, 2020

Reviewed by Executive Committee on: August 18, 2020

Revised and Approved on September 29, 2020

Effective on October 1, 2020.

Appendix A – Donor Bill of Rights and eDonor Bill of Rights

The 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:

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

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The Donor Bill of Rights was created by the Association of Fundraising Professionals (AFP), the Association for Healthcare Philanthropy (AHP), the Council for Advancement and Support of Education (CASE), and the Giving Institute: Leading Consultants to Non-Profits.

eDonor Bill of Rights

The "eDonor Bill of Rights" was created by the Association of Fundraising Professionals to address concerns and challenges arising from Internet charitable giving. In addition to the rights outlined in the Donor Bill of Rights, online donors should demand the following of their online solicitors:

- I. To be clearly and immediately informed of the organization's name, identity, nonprofit or for-profit status, its mission, and purpose when first accessing the organization's website.
- II. To have easy and clear access to alternative contact information other than through the website or email.
- III. To be assured that all third-party logos, trademarks, trustmarks and other identifying, sponsoring, and/or endorsing symbols displayed on the website are accurate, justified, up-to-date, and clearly explained.
- IV. To be informed of whether or not a contribution entitles the donor to a tax deduction, and of all limits on such deduction based on applicable laws.
- V. To be assured that all online transactions and contributions occur through a safe, private, and secure system that protects the donor's personal information.
- VI. To be clearly informed if a contribution goes directly to the intended charity or is held by or transferred through a third party.
- VII. To have easy and clear access to an organization's privacy policy posted on its website and be clearly and unambiguously informed about what information an organization is gathering about the donor and how that information will be used.
- VIII. To be clearly informed of opportunities to opt out of data lists that are sold, shared, rented, or transferred to other organizations.
- IX. To not receive unsolicited communications or solicitations unless the donor has "opted in" to receive such materials.

Appendix B – Donor Advised Fund Policy

BATTLE CREEK COMMUNITY FOUNDATION

DONOR ADVISED FUND POLICY

Adopted September 29, 2020

Revised October 22, 2024

Effective October 22, 2024

The following policies will govern the administration of donor advised funds by the BCCF.

1. **Reporting.** The BCCF will provide the Donor with a written financial report of the Fund on an annual basis. The BCCF may, in its discretion, provide more frequent reports. The BCCF will provide all routine accounting reports to the Michigan Attorney General and the Internal Revenue Service with respect to the Fund.

2. **Impracticality.** If, in the discretion of the BCCF, from time to time, the Fund is reduced to such an amount as renders it impractical to maintain, then the BCCF may terminate the Fund and transfer the Fund balance to other accounts and funds of the BCCF, for use as determined by the BCCF.

3. **Personal Benefit.** The BCCF cannot make distributions that result in a personal benefit to any individual including those that fulfill any pledge, obligation, or membership, or to support any activity from which a donor, advisor or related party will receive a benefit. Donors, advisors, or any related parties may not receive grants, loans, compensation or similar payments (including expense reimbursements) from donor advised funds.

4. **Fiscal Sponsorships.** No grant can be made to a fiscal sponsor unless the BCCF staff has reviewed the fiscal sponsorship agreement and has confirmed that it meets the legal requirements that apply.

5. **Excess Business Holdings.** Federal tax law limits ownership of closely held business interests by donor advised funds. The holdings of a donor advised fund in a business enterprise, together with the holdings of donors, advisors and related parties may not exceed:

- 20% of the voting stock of an incorporated business;
- 20% of the profits interest of a partnership, limited liability company or joint venture;
- 20% of the beneficial interest of a trust or similar entity; or
- Any interest in a sole proprietorship.

Donor advised funds receiving gifts of business interests have five years from receipt of the gift to divest holdings above the permitted amount.

A detailed description of the Excess Business Holdings rules can be found in the BCCF's Gift Acceptance Policy.

6. Fund Activity and Exceptions. The following definitions of fund activity and distributions apply to funds that have more than the Foundation's minimum required balance to maintain a donor advised fund, including advised field of interest funds. If this policy ever conflicts with federal law or state law (including UPMIFA), relevant law controls.

A fund is considered active when a donor recommends grants or an interfund transfer to another grantmaking fund held by Battle Creek Community Foundation within a 3-year period. Exceptions may be made in certain scenarios, such as:

- ***Developing a Philanthropic Program:*** Fund advisor makes a substantial contribution to donor advised fund, for example, upon the sale of a business, and refrains from recommending grants for a given initial period while consulting with the sponsoring charity and/or doing research to determine what types of grants will best meet community needs and/or their philanthropic goals. This period is not to exceed **five** years.
- ***Long-term Giving Plan:*** Donor/fund advisor deliberately reduces the frequency or size of grant recommendations from fund, to:
 - build the fund balance to ensure grantmaking during retirement and/or when income changes.
 - build the fund balance to leave a charitable legacy for the next generation to advise. This period is not to exceed **five** years.
 - grantmaking is deferred for a set period in order to make a larger grant or grants for a specific project.
- ***Legal Issues:*** In some cases, legal issues may require suspension of grantmaking from a Fund until resolution. The Foundation will document steps being taken toward clarifying advisory authority and the fund's grantmaking ability. Examples might include:
 - Donors/fund advisors are in the process of divorce. Grants may be suspended until the fund's status is resolved.
 - Assets are being transferred to the fund during an estate settlement process; grants will not be made until the estate is fully settled.
- ***Other Issues:*** Other exceptions to this Fund Activity Policy made for an individual fund must be approved by the Battle Creek Community Foundation's CEO and documented in the Fund record.

- a. Communication: By March 31 of each year, or as soon as possible thereafter, staff will review the grant-making activity of each Donor Advised Fund. Should any Donor Advised Fund that falls within this policy have not made any grants in the previous three fiscal years, a member of the staff of the BCCF will contact a current Advisor to the Fund to discuss the projected grant activity and intentions for the Fund.

For funds that have not made a grant in the previous 1 year, the foundation will contact the donor by email, phone, or written communication to:

- Remind the donor about the inactivity policy,
- Provide information on how to initiate a grant,
- To discuss and document the Advisor's philanthropic goals for the fund including any allowable fund activity exceptions if applicable.

For funds that have not made a grant in the previous 2 years, the foundation will contact the donor by phone to:

- Remind the Advisor about the inactivity policy,
- Provide information on how to initiate a grant,
- To discuss and document the Advisor's philanthropic goals for the fund including any allowable fund activity exceptions if applicable,
- To inform the Advisor that either grant making must be initiated within the next 12 months, or a fund activity exception must be on file with the foundation to retain advisory privileges over this fund.

In the event that a current Advisor(s) cannot be contacted, an attempt will be made to contact a named successor Advisor, if any, listed in the BCCF's records.

- b. Activating Grantmaking: When a donor advised fund has not distributed a grant in more than a [3]-year period, the Foundation will take steps to activate the fund, such as:

- Final attempts to contact the donor/fund advisor,
 - If an Advisor can be contacted, then either (i) the Advisor will make a grant recommendation to the Fund pursuant to the BCCF policies for payment by March 31 or (ii) staff will document in writing a grantmaking plan for the Fund that provides for a further period of grant inactivity that meets one of the pre-defined exceptions and that sets out appropriate follow-up dates and responsibilities to ensure the grantmaking plan is implemented.
- If no Advisor can be contacted by March 31, the advisory rights may be considered terminated and the remaining Fund assets will be administered as provided in the fund agreement or as provided by policy of the BCCF, such as

- Distributing grants to qualified grant recipients that align with donor intent demonstrated in previous grant distributions OR fund purposes if the fund is an advised field of interest fund,
- Distribution or asset transfer to a grantmaking fund of the Foundation per the Death of Donor term and residual assets policy or
- Any other distribution in accordance with the fund agreement and Battle Creek Community Foundation's policies. This may include termination of the Fund. If those provisions are incomplete, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or area served the Foundation may exercise its variance power to direct these resources to meet the needs of the community.

DEFINITIONS OF TERMS

Qualified Charitable Organization

Donors may deduct charitable contributions in accordance with Federal and their respective state tax codes only if donations are made to a qualified organization. Most organizations, other than churches and governments, and public schools must apply to the IRS to become a qualified organization. Refer to Battle Creek Community Foundation's grantmaking policies for local grant making protocol.

How to check whether an organization can receive deductible charitable contributions. You can ask any organization whether it is a qualified organization, and most will be able to tell you. Or go to [IRS.gov](https://www.irs.gov). Click on "Tools" and then on "[Tax Exempt Organizations Search](#)" This online tool will enable you to search for qualified organizations.

Sponsoring Organization

An organization, like a community foundation, that owns and controls donor advised funds.

Donor/Fund Advisor

The donor or person appointed or designated by the donor who has or reasonably expects to have advisory privileges with respect to the fund's distributions or investments. The donor/fund advisor retains the privilege to recommend grants from their charitable fund.

Donor Advised Fund

A fund may be classified as "donor advised" if it has at least three characteristics: (1) a donor or person appointed or designated by the donor has, or reasonably expects to have, advisory privileges with respect to the fund's distributions or investments, (2) the fund is separately identified by reference to contributions of the donor(s), and (3) the fund is owned and controlled by a sponsoring organization, such as a community foundation. A fund possessing these characteristics may be exempt from the donor advised fund classification if it grants to one single public charity or government unit or if the fund meets certain requirements applicable to scholarship funds.

Disqualified Person

As applied to public charities, the term disqualified person includes (1) organization managers, (2) any other person who, within the past five years, was in a position to exercise substantial influence over the affairs of the organization, (3) donors and donor advisors with regard to transactions with a particular donor advised fund, (4) investment advisors to assets of donor advised funds, (5) and disqualified persons of supporting organizations who are also disqualified persons of the supported organization, (6) family members of the above, and (7) businesses they control. Paying excessive benefits to a disqualified person will result in the imposition of penalty excise taxes on that person, and, under some circumstances, on the charity's board of directors.

Appendix C – Donor Initiated Fundraising Policy



Battle Creek Community Foundation **DONOR INITIATED FUNDRAISING POLICY**

Thank you for your confidence in the Battle Creek Community Foundation (hereafter referred to as “BCCF”) by establishing a fund with us. The BCCF is pleased to work with you in helping develop your fund. The primary responsibility of the BCCF is to raise endowment funds through acquisition of major and planned gifts. Unfortunately, the BCCF has very limited staff to assist with fundraisers for its component funds.

In establishing a fund at the BCCF, there may be times when you would like to organize a fundraiser to raise dollars toward this fund. The BCCF most often receives the net income from a fundraiser and does not acknowledge the individual contributors of these monies raised. However, there may be times when individual contributors to a fundraiser would want to receive a charitable deduction; therefore, this Policy has been developed by the BCCF to help those planning fundraisers and solicitations (hereafter referred to as “Fundraising Groups”).

When Fundraising Groups conduct fundraising activities and solicitations on behalf of component funds at the BCCF, they must keep in mind that for tax purposes, such fundraising is being done on behalf of the BCCF. A number of significant tax and accounting issues related to this will arise. For example, it is important that the activities be conducted under the observation and fiscal guidance of the BCCF to ensure that donors to the fund are entitled to the appropriate tax deductions. This protects the Fundraising Groups from unintended tax consequences to themselves and ensures that the BCCF is not exposed to penalties for failing to make proper solicitation disclosures.

These Policy requirements are designed to protect donors, the Fundraising Groups, and the BCCF. We appreciate your cooperation in fulfilling these requirements to help make your fundraising efforts a success.

FOUNDATION APPROVAL OF FUNDRAISERS AND USE OF FOUNDATION NAME:

All fundraising activities must be approved in advance by the BCCF.

Before undertaking public fundraisers, all Fundraising Groups will need to define in advance to BCCF each program, event, or other effort to raise money for the fund. The Fundraising Group

is required to submit a “Fundraiser Application” and arrange for a meeting with the BCCF staff at least 90 days before the proposed activity to attain the BCCF’s approval.

The Fundraiser Application includes a description of the fundraising activities, a budget for the activity, the amount of money that is anticipated to be raised, the names of those authorized to incur expenses, names of those who might benefit from the fundraiser personally or through a business connection, and other information required by law.

Upon review of the proposed fundraiser, the BCCF may suggest that it would accept the net proceeds of the fundraiser as a contribution, but that it would not endorse the fundraiser, be involved in the planning or production of the fundraiser or allow its name to be used in connection with the fundraiser.

The Fundraising Group will then proceed according to the BCCF’s Policy.

An administrative fee may be charged if extra administrative services will need to be provided by the BCCF.

Fundraising Groups are not authorized to bind the foundation to any contract or agreement unless specifically authorized in writing by the President and CEO.

Solicitation and Promotional Materials: All uses of the BCCF’s name in advertising and promotion must be approved in advance by the BCCF. At least sixty (60) business days should be allowed for staff to review. All fundraising materials should make clear, where applicable, that funds are being raised **on behalf of** rather than **by** the BCCF for the XYZ Fund.

All promotional and solicitation materials should include the following:

- Clear language that [XYZ] fund is a Community Project Fund (or endowment fund, by type) of the BCCF.
- BCCF logo (if applicable).
- The purpose of the fundraiser must also be clearly stated on all materials, ads, media releases, etc. and must follow the accounting guidelines.

The Fundraising Group must also supply final copies of all printed materials, scripts, videos, etc. that are used to publicize the fundraiser.

RESPONSIBILITIES OF THE FOUNDATION:

The BCCF will be responsible for:

- The management of such money and property as it may accept into the component fund from donors, other contributors, and sources
- The application of income and principal to charitable uses, all in accord with the governing documents of the BCCF
- Providing appropriate acknowledgements to donors in compliance with IRS guidelines and regulations

RESPONSIBILITIES OF THE FUNDRAISING GROUP:

The Fundraising Group will retain responsibility for all public fundraisers and matters related to them including:

- To notify the BCCF 60 days prior to performing fundraising activities.
- All fees associated with additional insurance riders, charitable gaming licenses, sales tax due on event sales or merchandise, etc. that may be required due to the nature and activities of your event.
- Payment of all costs and expenses as agreed to in advance with the BCCF for other services in support of the event.
- Compliance with all laws.
- Reporting and other requirements of every kind such as licensing, tax payments, liability insurance covering the BCCF, and any other requirements of the BCCF.

PAYMENT OF EXPENSES:

The Fundraising Group will be responsible for all expenses and maintain appropriate financial controls and records related to the fundraiser. How expenses will be paid must be arranged and approved prior to the fundraiser, in accordance with the BCCFs expenditure policy. The group should have enough resources to cover any event costs incurred prior to the event, as BCCF will not reimburse or pay invoices if your funds does not have a sufficient fund balance to cover the expense.

Regardless of who pays for expenses, copies of invoices and receipts must be provided to the BCCF for recordkeeping. Unauthorized expenditures will be the responsibility of the Fundraising Group. Keep in mind that if the fund in question is a donor advised fund, the foundation cannot 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 the fundraiser.

Expenses should be handled as follows: Normally all expenses will be paid by the BCCF by check to the vendor (see expenditure policy). Non-budgeted items will be paid only with advance written permission of the BCCF's President and CEO. The expenditure policy will be provided to you upon approval of your fundraising application.

DESIGNATION OF CHECKS AND RECEIPT OF CASH:

All checks related to the fundraiser will be made payable to the BCCF for the XYZ Fund. Cash receipts need to be deposited intact. Cash receipts may not be used to pay expenses such as prizes, etc., and then the net cash amount deposited. All proceeds, checks, and cash need to be delivered to the BCCF along with an accounting of all monies received within one week after the fundraiser. Cash receipting forms and instructions will be provided to you upon approval of your fundraising application.

In the event that the BCCF staff support is needed at a fundraiser to receive donations, the BCCF should be contacted immediately. Fees may apply.

TAX REQUIREMENTS AND ACKNOWLEDGEMENTS:

The IRS has imposed strict requirements that impact any fundraising. If the steps outlined below are not taken, donors will be denied a tax deduction, the Fundraising Group may find themselves unexpectedly subjected to taxes on the funds they raised, and either the BCCF or the Fundraising Group may be subjected to penalty.

Donors who contribute \$250 or more require a written acknowledgement from the BCCF to claim a tax deduction for the contribution. The BCCF will provide appropriate acknowledgement to the donors but will require certain detailed information to do so.

Specifically, the Fundraising Group will need to provide the BCCF with a record of all donations including:

- The donor's complete name and address
- The date and the amount of the contribution
- Whether the contribution was in cash or property
- If property*, a description of the type of property and a good faith estimates of the fair market value
- A detailed description of any goods and services provided in exchange for the contribution

* With respect to gifts of property, note that the Fundraising Group is not authorized to accept gifts of property without the advance written approval of BCCF. BCCF reserves the right to grant authority to a Fundraising Group to accept auction items no greater than \$5,000 in value per item.

Contributions of services, while appreciated, are not generally tax deductible. The BCCF staff is available to assist with forms and templates to gather this information.

“Quid pro quo disclosure” (contributions where the donor receives goods or services) must be provided. The donor must receive a receipt stating the value of goods or services of more than nominal value received in exchange for a donation of \$75 or more. Certain disclosures are required to be made upon solicitation. 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 on the deduction, known as a “quid pro quo disclosure,” must be disclosed at the time of the solicitation. Disclosure on the fundraiser ticket is a typical method for making this disclosure.

The BCCF will assist the Fundraising Group in determining the fair market value amounts and appropriate disclosure language for the fundraiser. However, the BCCF will have to work with the group prior to the solicitation activity and will need information pertaining to the fundraiser such as ticket prices and the value of the goods or services donors are to receive. *It is the Fundraising Group's responsibility to disclose the “quid pro quo disclosures.”* It is the responsibility of the donor to get the fair market value of deductions for their taxes.

Rummage or garage sales: Although rummage or garage sales can be successful fundraisers, purchases made at these sales are not tax deductible, therefore the BCCF does not provide gift acknowledgements for purchases.

Auctions: The BCCF shall review, on a case-by-case basis, any proposed ideas for an auction. The value of each item to be auctioned must be determined in advance and submitted to the BCCF in writing. At that time, the deductibility of items will be determined. If an auction is held, the value of each item to be auctioned will be clearly displayed or announced in advance to prospective bidders.

Charitable Gaming: The BCCF does not allow or sponsor charitable gaming activities in association with any fundraisers, for or on behalf of the BCCF and its component funds. Charitable gaming includes 50/50 raffles, ticketed raffles, special bingo, weekly bingo, special charity game, or annual game tickets.

Alcohol: The BCCF will not be responsible for the sale of alcoholic beverages. The Fundraising Group may have to purchase single event dram shop insurance.

Sales Tax: Generally, retail sales of food, drink, auction items and other items made by an organization during a fundraising event are subject to Michigan sales tax. Michigan's General Sales Tax Act (MCL 205.52(1)) provides that anyone making retail sales is subject to a 6 percent sales tax on gross proceeds. Please complete the Event Notification form to assist us in determining sales tax liability for your event. If sales tax is determined to exist, the Fund will be charged for the sales tax liability and subsequent payment to the State of Michigan.

LIABILITY INSURANCE AND LIABILITY FOR LOSSES:

The Fundraising Group will need to complete the fundraiser application form prior to having a fundraiser to assess the need to secure liability insurance. Insurance coverage must be reviewed and approved by the BCCF. Fundraising Groups may be required to purchase additional insurance.

The Fundraising Group will be responsible for all losses incurred by fundraisers. The BCCF will not be held responsible for such losses. The BCCF may require the Fundraising Group to purchase a letter of credit or provide a written personal guarantee.

SOLICITATION OF CONTRIBUTION ACT:

The Battle Creek Community Foundation is registered with the State of Michigan and is authorized to solicit contributions.

Board Approved on November 11, 2008

Amended on September 29, 2020

Amended on October 22, 2024

Effective on October 22, 2024

Appendix D – Real Estate Procedures

Procedure for Accepting Real Estate:

- After the information and due diligence has been completed for the acceptance of a gift of Real Estate have been completed, the President and CEO will make a recommendation to the Gift Acceptance Committee who has the authority to accept or refuse a gift of real property.
- The Gift Acceptance Committee may refuse any offered gift of real property that is judged not to be in the best interest of the BCCF.
- Prior to or upon transfer of title to the BCCF, the donor and the BCCF will sign an agreement stating the terms of the gift, which shall in part specify that there are no restrictions on the BCCF's right to use or convey the property.
- Distributions from a component fund that consists entirely of real assets are limited to the net income of the property less expenses and unrelated business tax incurred by the BCCF.

Marketing and Sale of Real Estate

- After the BCCF staff receive approval to accept a real estate gift, arrangements will be made to sell the property through a qualified real estate professional.
- While it is anticipated that in most circumstances the sale price will equal or exceed the appraised value of the property, the terms of the sale will take into account current market conditions, availability of financing and other factors. The President and CEO has the discretion to accept, or decline offers provided by the real estate agent for liquidation of the real estate.
- Unless otherwise agreed to by the Gift Acceptance Committee. The liquidation of the asset must be completed prior to initiating any payments to the donor such as those associated with a Charitable Gift Annuity. In the event the BCCF is choosing to accept the real estate for its use and no liquidation is to take place, payments may be initiated (or the gift shall be considered completed) when the title is officially transferred to the BCCF.
- In the case of a sale of the real estate within three years of the date of the gift, the BCCF will report the actual sales proceeds to the IRS on Form 8282 ("Donor Information Return").

Appendix E – Supporting Organizations

BATTLE CREEK COMMUNITY FOUNDATION Supporting Organization Acceptance Review Process

A supporting organization is a section 501(c)(3) charity that is classified as a public charity, rather than a private foundation, because it supports a publicly supported charity, such as a community foundation. It is one of the few organizations that qualifies as a public charity without having to satisfy the public support test. Public charity status exempts the organization from all of the private foundation excise taxes and permits a donor to claim the same favorable tax benefits as a gift to a publicly supported organization. Although a charity can obtain supporting organization status by affiliating with virtually any public supported charity, many donors prefer to work with community foundations because of their diverse charitable purposes.

Each request to establish a supporting organization will be submitted to the BCCF Board of Trustees when the request to establish a supporting organization to the Battle Creek Community Foundation is consistent with the mission, values/principles, philosophy, and geographic service area of the Battle Creek Community Foundation.

In the event the request is not consistent with the framework listed above, the BCCF staff may recommend to the Board of Trustees that a specific request to establish a supporting organization be declined.

The BCCF staff will prepare a supporting organization application to facilitate this process. If the information contained in the application is consistent with the charitable purposes of the Battle Creek Community Foundation, and the guidelines and requirements are mutually acceptable, it is likely that the Board of Trustees move to accept the establishment of the supporting organization.

Application (To be completed by the BCCF staff with representatives of S.O.)

- What are the purposes and functions of the organization?
- What is the primary population and geographic area that will benefit from the supporting organization?
- Why is supporting organization status being requested?
- What type of entity now exists or will be formed?
- Will the supporting organization be a Type I, II, or III?
- What is the desired level of involvement of the donor(s)?
- Why is the BCCF the most appropriate organization for establishing this supporting organization relationship?

The BCCF – Supporting Organization Guidelines

The BCCF may provide legal and technical assistance before and during formation to determine that all legal requirements are being fulfilled. An advance ruling from the Internal Revenue Service may be required. Costs and expenses of formation will be incurred by the supporting organization.

A minimum asset base of \$500,000 or intent to build the supporting organization to this level is required. If the current fair market value of any asset is not readily attainable an appraisal from a licensed appraiser will be required.

The fiscal year for the supporting organization must close within three months of the fiscal year-end of the BCCF.

The BCCF and supporting organization will complete a written agreement which outlines the mutually agreed upon program, financial and administrative services and fees.

The supporting organization should consider fulfilling one Board position with a BCCF officer-level staff member or Board member.

When possible, the annual audit should be conducted by the same audit firm as the BCCF and included in the consolidated financial statements of the BCCF.

The relationship between the BCCF and supporting organization will be evaluated based on mutually agreed upon criteria, on an annual basis.

Battle Creek Community Foundation
Supporting Organization Fee Structure (as of July 2020)

<u>Total Asset Value</u>	Minimum Service <u>(% of assets)</u>	Expanded Service <u>(% of assets)</u>
First \$500,000	1.00%	2.00%
Next \$1,500,000	0.80%	1.80%
Next \$3,000,000	0.60%	1.60%
Next \$5,000,000	0.40%	1.40%
Over \$10,000,000	0.20%	1.20%

Examples:

<u>Supporting Org. Asset Size</u>	Minimum <u>Fee</u>	Expanded <u>Fee</u>
\$20,000,000	\$76,200	\$275,000
\$5,000,000	\$35,000	\$85,000
\$500,000	\$5,000	\$10,000

* Any applicable direct charges are in addition to above

** Annual or multi-year grants to BCCF from Supporting Organizations may be made in lieu of fees.

***Retain option of recommending that a BCCF in-kind grant be approved by Board of Trustees and made to a supporting organization in lieu of fees.

Appendix F – BCCF Fee Structure

Fund Type and Description	Fee
Unrestricted Funds (named)	2%
Donor Advised Funds (DAF)	1.5%
Field of Interest Funds (FOI)	2%
Scholarship Funds	2%
Organizational Endowment Funds	1%
Named Organizational Endowment Funds	1%
Organizational Support Funds	1%
<i>Note: Investment Returns are net of Investment Manager Fees, which are assessed as a percentage of total market value. Fund may also be charged for direct costs incurred by the fund, such as appraisal fees, legal fees and probate cost.</i>	