

GIFT ACCEPTANCE POLICY

The Delaware Community Foundation (DCF), a nonprofit organization organized under the laws of the State of Delaware, solicits and accepts gifts from individuals and businesses to help further and fulfill its mission. This policy governs the acceptance of gifts by the DCF and provides information and guidance to prospective donors and their advisors when considering and making gifts to the DCF. The provisions of these policies shall apply to all gifts received by the DCF, including for support of DCF operations and programs or to any component fund of the DCF. For the purposes of this policy, references to gifts to the DCF also include gifts to any of the DCF's single-member limited liability corporations or other fully controlled entities.

Every person acting for or on the Foundation's behalf shall adhere to those standards set forth in The Donor Bill of Rights and the Model Standards of Practice for the Charitable Gift Planner (both available upon request).

GENERAL PROVISIONS

General Guidelines for Accepting Gifts

All gifts to the DCF must

- Be consistent with the purposes, bylaws, and procedures of the DCF,
- Comply with all federal, state, and local laws, and
- Be irrevocable and free of excessive restrictions or encumbrances.

Before accepting any gift, the DCF will consider

- The charitable intent and ultimate community benefit;
- The purpose of the gift and the nature of any restrictions;
- The permanency of the gift (or in the case of a non-permanent fund, the amount of time the fund will remain with the DCF);
- The marketability of the property;
- Any projected costs or other difficulties associated with accepting the gift, including holding, administering, and/or liquidating the gift; and
- Any potential liabilities associated with acceptance of the gift.

To help ensure the DCF can honor donor intent, the DCF encourages donors to work collaboratively with their advisors and the DCF staff early in the process when planning a current or future gift. Engaging the DCF directly for estate gifts and sharing drafts of relevant sections of the documents can help ensure the language in the will or trust provides clear and accurate instructions for the intended gift and that the gift and purpose are likely to be accepted by the DCF.

The DCF reserves the right to refuse any gift that it believes is not in the best interests of the DCF or the donor.

Restrictions on Gifts

The DCF may accept gifts intended for specific component funds, programs, and purposes, provided such gifts are not inconsistent with its stated mission, purposes, and priorities. All gifts to the DCF are subject to the DCF's variance power.

For gifts made to a DCF fund, the restriction on the use of the gift is defined by the fund agreement, and no additional donor restrictions can be honored.

In compliance with Treasury Department regulations governing community foundations, gifts to the DCF may not be directly or indirectly subjected by a donor to any material restriction or condition that prevents the DCF from freely and effectively employing the transferred assets or the income derived therefrom, in furtherance of its exempt purposes.

The DCF may decline to accept a gift of any asset if the related restrictions are impermissible or too restrictive to administer freely.

Unrestricted Gifts

When the DCF receives an unrestricted matured bequest or other deferred gifts not directed to a particular component fund or restricted for a particular purpose, the gift will be added in equal parts to an unrestricted grantmaking fund and to an operating endowment., unless the DCF Board determines, at the time of the gift, that a different use of the gift is in the DCF's best interest.

Costs of Accepting and Administering Gifts

Generally, 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. The direct costs of administering accepted gifts are generally paid by the DCF out of the net proceeds of liquidation of the gift or other assets in the fund receiving the gift. The DCF reserves the right to assess up to a 5% fee on the appraised value of non-cash gifts (e.g. real estate, business interests), which will be disclosed to the donor in advance of receiving the donation.

Fund Minimums

If a gift or split-income distribution to the DCF is intended to be the initial gift to a named component fund but is below the current minimum required to establish that fund type, the DCF will notify the donor to discuss alternatives, if possible, or the DCF Board will determine an appropriate alternate fund or other distribution that most closely meets the known intent of the donor.

Endowing Complex Gifts

While DCF intends to grow its endowed funds as a permanent source of funding for the community, gifts may be made to DCF for a variety of endowed and non-endowed funds. However, if a donor makes a complex gift and has not directed the gift and all proceeds from the sale of that asset to a named endowed fund, a minimum of 10% of the asset's value must be added to an endowed unrestricted or discretionary grantmaking fund of the DCF at the CEO's discretion. For the purposes of this section, complex gifts include business interests, real estate, tangible personal property, or any gift type not explicitly described in this policy.

RESPONSIBILITIES AND PROFESSIONAL COUNSEL

For the Donor

The DCF urges all prospective donors to seek the assistance of personal legal, tax, and financial advisors, at the donors' expense, in matters relating to their gifts and the resulting tax and estate planning consequences. This advice is meant to ensure the donor receives a full, accurate, and independent explanation of all aspects of the proposed charitable gift.

When making a gift to the DCF, it is the responsibility of the donor to secure and pay for a qualified appraisal in accordance with IRS requirements when necessary and to file any necessary forms, including IRS Form 8283, to substantiate and document their gift to the DCF.

To ensure the DCF can properly acknowledge the gift, the donor must provide the legal name and address of the donor individual or entity with the authority to gift the property.

For the DCF

The DCF complies with all IRS regulations and other legal requirements for reporting the receipt and/or disposition of all gifts. The DCF will provide a contemporaneous written acknowledgement to the donor to document receipt of the gift, in accordance with IRS requirements. DCF is responsible for the timely filing of IRS Form 8282 upon the sale or disposition of any asset sold when required.

The DCF may seek legal counsel or advice from other professional advisors, at its discretion, to assist in the review process for potential acceptance of proposed gifts. This additional advice is likely for gifts including but not limited to:

- Transfers of interests in closely held corporations and other entities;
- Documents naming DCF as Trustee;
- Gifts involving contracts, accounts receivables, or requiring the DCF to assume an obligation; and
- Transactions with a potential conflict of interest that may invoke IRS sanctions;

ACCEPTANCE BY ASSET/GIFT TYPE

The following criteria govern the acceptance of various forms of gifts to the DCF. These guidelines by gift type apply to the gift whether a current gift, an estate gift made through a will or trust, or a contribution to a split-interest gift.

Cash, checks, and cash equivalents

DCF staff may accept these outright gifts in any form. Checks and money orders shall be made payable to Delaware Community Foundation and reference the Fund or purpose in the memo. Gifts made by credit card or bank account are accepted on the DCF website or as otherwise instructed by DCF staff.

Qualified Charitable Distributions

DCF staff may accept a QCD, made in accordance with IRS guidelines for QCDs, with no additional review. QCDs may not be made to donor-advised funds and the donor should make every effort to notify the DCF that the gift from the IRA account is intended to be a QCD.

Publicly Traded Securities

DCF staff may accept marketable public securities, mutual funds, and bonds, which may be transferred to an account maintained by the DCF at one or more brokerage firms, as instructed by the DCF, or delivered physically with the transferor's signature or stock power attached. The donor should notify the DCF of the transfer of the securities. Marketable securities are typically sold upon receipt.

If marketable securities are restricted by applicable securities laws, acceptance of the restricted securities shall be at the discretion of the DCF Board.

Cryptocurrency

The DCF may accept gifts of cryptocurrency, including but not limited to Bitcoin, subject to DCF Board

approval. Cryptocurrencies are typically sold upon receipt.

Beneficiary Designations

The DCF, including a fund at the DCF, may be named the beneficiary or contingent beneficiary of an insurance policy or retirement plan. These gifts may be accepted without review and approval, unless a restriction is placed on the distribution, beyond the identification of a specific receiving DCF fund.

Life Insurance Policies

The DCF may accept gifts of insurance policies, provided the DCF is named as both beneficiary and irrevocable owner of the policy. Paid-up policies may be accepted without additional review.

The DCF may consider gifts of premium-due insurance policies, subject to approval by the DCF Board. In this case, the donor may contribute or pay future premium payments as gifts to the DCF. If the donor does not elect to continue payments, the DCF may continue to pay the premiums, convert the policy to paid-up insurance or surrender the policy for its cash surrender value.

Business Interests

Gifts of interests in closely held corporations, partnerships, limited liability corporations, or other entity ownership forms are subject to extensive review, including marketability, restrictions on liquidation, potential tax consequences, and excess business holding rules for donor-advised funds, and are contingent on approval by the DCF Board.

Real Estate

The DCF may accept gifts of real estate including private homes, vacation properties, commercial real estate, and vacant land. Timeshares will not be accepted. The donor must provide the DCF with a clear description of the property and disclosure of any outstanding liens or other obligations or agreements related to the property. The donor is responsible for obtaining and providing the DCF with a valid appraisal and a Phase I environmental study during the review process.

Tangible Personal Property

The DCF may accept gifts of tangible personal property such as antiques, art, collectibles, and jewelry, which are subject to approval by the DCF Board.

Other Assets

Other properties and proposed gifts of any kind not described in this document are subject to review and approval by the DCF Board.

SPLIT-INTEREST GIFTS

The DCF may be a party to split-interest gifts, which pay an income or provide benefit to the donor or other non-charity beneficiary, under specific circumstances.

Charitable Gift Annuities (CGA)

The DCF offers current and deferred charitable gift annuities. The DCF will only accept cash or unrestricted public securities in exchange for an immediate CGA. The DCF may accept real estate or other non-cash assets in exchange for a deferred CGA, subject to the approval of the asset as described above. Typically, the deferment period should be at least 5 years and the value of the asset reasonably certain.

CGAs issued by the DCF shall meet the following guidelines:

- The value of the gift made to create the CGA must be at least \$50,000 (or double the fund minimum, if the residuum is to be the initial gift to a fund).
- The annuitant (or younger if two lives) must be at least 65 years old when a current CGA is created or at least 65 years old at the time payments begin for a deferred CGA.
- Payments will be made to the annuitant(s) annually. The rate for payments shall not exceed the currently published maximum CGA rates from the American Council on Gift Annuities.
- The DCF will typically enter into CGA agreements for donors whose legal state of residence is Delaware and may consider CGAs for donors residing in other states.
- The DCF shall charge an annual fee to the CGA of 50bps of the value of the initial contribution, with a minimum of \$250.
- If the DCF intends to re-insure a CGA, it will notify the donor prior to entering into the CGA contract.

When annuity payments end, the residuum shall be distributed as described in the CGA agreement. The DCF encourages donors to direct the CGA residuum to DCF for either its operating endowment, an endowed unrestricted grantmaking fund, or to one or more named endowed funds of the DCF. If a donor does not wish for the entire residuum to be distributed for one of these purposes, it may be divided with up to 50% distributed to one or more non-endowed component funds of the DCF or directly to an independent public charity and the balance distributed to an endowed unrestricted or discretionary grantmaking fund of the DCF.

An annuitant who no longer wishes to receive payment may be able to terminate the annuity early.

Charitable Trusts

The DCF may be named as a remainder beneficiary of a charitable remainder trust (CRT) or an income beneficiary of a charitable lead trust (CLT), provided any there are no excessive or prohibitive restrictions on the distributions to the DCF.

In addition, the DCF may accept appointment as the trustee of a CRT or CLT, provided that:

- For CRTs, the DCF and/or one or more of its component funds, is the sole irrevocable remainder beneficiary of the trust and the trust is valued at a minimum of \$250K at the time the DCF becomes trustee.
- For CLTs, the DCF and/or one or more of its component funds, is the sole irrevocable income beneficiary of the trust and the trust is valued at a minimum of \$500K at the time the DCF becomes trustee.

The DCF encourages donors to direct the CRT remainder or the CLT income to the DCF for either its operating endowment, an endowed unrestricted grantmaking fund, or to one or more named endowed funds of the DCF. If a donor does not wish the entire remainder or income to be distributed to an endowed fund, the remainder or income may be divided with at least 10% distributed to an endowed unrestricted or discretionary grantmaking fund of the DCF and the balance to one or more non-endowed component funds of the DCF.

The DCF is not obligated to serve as trustee, even if named in the trust instrument, and acceptance of trusteeship must be approved by the CEO or DCF Board. If the DCF accepts such an appointment, the trust instrument must explicitly provide for or otherwise allow the DCF to charge the following

costs to the trust:

- Any fees related to the investment of the trust
- An annual administration fee of at least 1% of the balance
- The actual cost for preparation of all tax-related filings related to the trust

Remainder Interests in Real Estate

The DCF may accept a remainder interest in a personal residence, farm, or vacation property subject to the same guidelines as a current gift of real estate (above). The donor or other occupants may continue to occupy the real property for the duration of the stated term. At the end of the term, the DCF may sell the property. All expenses for maintenance, real estate taxes, and any property indebtedness are to be paid by the donor or primary beneficiary, and such arrangement shall be detailed in a written agreement. Acceptance of such remainder interest is subject to approval by the DCF Board.

CHANGES OR DEVIATION

The DCF reserves the right to amend this policy in the future. Any changes to or deviations from this policy must be approved by the Board of the DCF.

Approved by DCF Board of Directors on June 20, 2023