

Pennsylvania Kiwanis Foundation Gift Acceptance Policy

I. Purpose and Principles

A. Purpose of the Gift Acceptance Policy

This document describes the policies and processes adopted and refined by the Pennsylvania Kiwanis Foundation to ensure that such gifts are appropriately solicited, used, and stewarded. Its purpose is to protect the interests of the Pennsylvania Kiwanis Foundation and its supporters by clarifying the types of gifts that are and are not acceptable to the Pennsylvania Kiwanis Foundation and the conditions under which gifts may be solicited and accepted.

B. Principles

Pennsylvania Kiwanis Foundation's fundraising activities are guided by the following principles:

1. All fundraising efforts conducted in the name of Pennsylvania Kiwanis Foundation must have the approval of the Board of Directors of the Pennsylvania Kiwanis Foundation.
2. The Pennsylvania Kiwanis Foundation volunteers solicit and accept gifts in support of the Pennsylvania Kiwanis Foundation's mission. Gifts that result in the diversion of resources from the mission of the Pennsylvania Kiwanis Foundation are not accepted without compelling reasons to make an exception to this rule and approval of the Pennsylvania Kiwanis Foundation Board of Directors.
3. The Pennsylvania Kiwanis Foundation does not seek or accept gifts that provide insufficient financial benefit to the Pennsylvania Kiwanis Foundation, that might reasonably harm the reputation or assets of the Pennsylvania Kiwanis Foundation, that violate Pennsylvania Kiwanis Foundation bylaws and policies, or are prohibited by law. Volunteer solicitors who have any doubt as to whether a gift meets these criteria are expected to consult with the Pennsylvania Kiwanis Foundation Board of Directors before making any commitment to a prospective donor.
4. Volunteer solicitors should bear in mind that the most useful gifts are those with fewest restrictions and that in many cases the Pennsylvania Kiwanis Foundation will not accept gifts restricted for a particular purpose below a certain minimum threshold, and in many cases may not accept gifts which require the expenditure of Pennsylvania Kiwanis Foundation resources not already budgeted for this purpose. When working with donors on a gift agreement, solicitors should strongly encourage the use of preferences, rather than

restrictions, to ensure flexibility to the Pennsylvania Kiwanis Foundation in the future and should strive in every instance to include an “alternative use” clause that will provide the Foundation with further flexibility¹.

5. Generally, pledges must be documented in writing, either using a standard Pennsylvania Kiwanis Foundation letter of intent or pledge form, or in the form of a letter from the donor, a contract with the donor, a will, or a trust document. In the case of multi-year commitments, solicitors will make every effort to have the donor specify the payment schedule, and to secure commitments payable within 5 years or less. Written commitments should also typically include the amount, date, and purpose of the gift or pledge, and (if appropriate) the official name of a newly created endowed fund.
6. For accounting purposes, the Pennsylvania Kiwanis Foundation considers all commitments (including those referred to as “pledges”) to be conditional “intended gifts,” and language reflecting this fact will customarily be included in standard “letter of intent” forms.
7. The Pennsylvania Kiwanis Foundation makes every effort to ensure that gifts to the Pennsylvania Kiwanis Foundation are in the best interests of the donor as well as the Pennsylvania Kiwanis Foundation. Representatives of the Pennsylvania Kiwanis Foundation are expected to abide by relevant laws, and other appropriate ethical codes developed by relevant professional organizations such as AFP, APRA, and others. Although Pennsylvania Kiwanis Foundation volunteers may provide assistance and advice about gifts to prospective donors, they should always communicate clearly that ultimate responsibility regarding appraisals, tax implications, legal and estate planning issues are the donor’s.
8. Donors should be clearly informed about the intended use of their gifts. Pennsylvania Kiwanis Foundation volunteers will represent the expected use and impact of proposed gifts accurately, while striving to maintain flexibility in the Pennsylvania Kiwanis Foundation’s commitment to donors so that assets can be effectively used by the Pennsylvania Kiwanis Foundation over time.
9. Donors may occasionally make gifts or pledges to the Pennsylvania Kiwanis Foundation while reserving the right to designate the purpose of the gift at a later time. Such undesignated gifts and payments to undesignated pledges will be invested by the Pennsylvania Kiwanis Foundation until the donor and the Pennsylvania Kiwanis Foundation agree on an appropriate use for the gift. Growth and income on such undesignated gifts will be held as part of the fund (but not credited toward the pledge) until the gift/pledge is

¹ Sample language for an alternate use clause might be: “In the event that the Pennsylvania Kiwanis Foundation cannot apply this gift in conformity with the donor’s stated preferences, the Foundation may designate these funds for purposes acceptable to the Pennsylvania Kiwanis Foundation and which the Foundation considers closest to the donor’s expressed intent.”

designated. The Pennsylvania Kiwanis Foundation should work closely with donors to ensure that designations are secured in writing within a reasonable period of time.

10. The Pennsylvania Kiwanis Foundation recognizes that it is obliged both by good manners and good business practices to provide appropriate, cost-effective stewardship to its donors.

II. Responsibility

- i. Establishing Fund Raising Priorities

The Pennsylvania Kiwanis Foundation's fund raising priorities are established by the Board of Directors of the Pennsylvania Kiwanis Foundation.

- ii. Acceptance of Gifts

Although the ultimate responsibility for gift acceptance belongs to the President and the Board of Directors, in practice this responsibility is generally delegated to appropriate members of the Kiwanis district staff. The vast majority of charitable gifts made to the Pennsylvania Kiwanis Foundation are directed by donors to pre-approved Pennsylvania Kiwanis Foundation priorities and fund raising objectives. Acceptance of such gifts is typically routine and is conducted by the appropriate staff in coordination with the Pennsylvania Kiwanis Foundation treasurer. Procedures for recording and entering gifts will be managed in the Pennsylvania Kiwanis District Office under the direction of the Pennsylvania Kiwanis Executive Director.

When prospective donors propose restricted major gifts not covered by the Pennsylvania Kiwanis Foundation's fund raising priorities or that do not clearly replace expenditures already being made from the Pennsylvania Kiwanis Foundation's unrestricted funds, volunteer solicitors must seek the advice of the Pennsylvania Kiwanis Foundation Board of Directors before authorizing acceptance of the gift.

III. Valuation of Gifts

Gifts will be valued according to the Pennsylvania Kiwanis Foundation's Gift Accounting Standard Operating Procedures. All standard record keeping will be coordinated between the Pennsylvania Kiwanis Executive Director and the Pennsylvania Kiwanis Foundation Treasurer.

II. Types of Gifts

- A. Outright Gifts

1. Gifts of cash, checks, marketable securities, wire transfers, and credit card gifts, are acceptable. Checks should be made payable to “Pennsylvania Kiwanis Foundation.” Such gifts are normally accompanied by information from the donors as to the intended use of the gift.
2. When there is no indication of the donor’s intended use of the gift, the appropriate volunteer will contact the donor to clarify and document his/her intentions.
3. Capital gift designations should, whenever possible, express the donor’s wishes for the use of the fund as preferences rather than restrictions to maximize flexibility in the Pennsylvania Kiwanis Foundation’s use of the gift over time.
4. When a donor makes an unsolicited outright gift for an intended use that is not acceptable to the Pennsylvania Kiwanis Foundation, the Pennsylvania Kiwanis Foundation Treasurer (or his/her designee) will contact the donor to negotiate an acceptable use of the gift. If a mutually agreeable use for the gift cannot be determined, the gift will be returned.

C.

Pledges

3. Written pledges, signed and dated by the donor, are required before a commitment can be officially recorded by the Pennsylvania Kiwanis Foundation (see footnote 1 for exceptions) or counted in any fund raising totals. Whenever possible, written pledges will include the payment schedule (see below), matching gift information (if applicable), the purpose of the gift, the name of any new endowed fund, and any preferences/restrictions.
4. Single year annual campaign pledges are payable within the fiscal year that the pledge is recorded. Multi-year annual fund pledges are payable in annual installments over the course of five years.
5. Capital pledges are payable within one to five years.
6. Pledges should, whenever possible, express the donor’s wishes for the use of the fund as preferences rather than restrictions to maximize flexibility in the Pennsylvania Kiwanis Foundation’s use of the gift over time.

D.

Gifts of Marketable Securities

1. Marketable bonds or other securities that will mature are acceptable as gifts regardless of maturity date. The Pennsylvania Kiwanis Foundation Treasurer (or his/her designee) shall decide the acceptance of non-liquid securities.

2. Gifts of stock or other investment instruments which donors expect the Pennsylvania Kiwanis Foundation to retain must be approved in advance by the Pennsylvania Kiwanis Foundation Treasurer (or his/her designee).

3. If the donor possesses the certificates and the security is in his or her name:
a. The donor should send the unendorsed certificates via certified mail to:

Pennsylvania Kiwanis Foundation
2793 Old Post Road, Suite 12
Harrisburg, PA 17110-9346

b. The donor should include a letter of transmittal with the certificates stating the designation of the gift.

c. Under separate cover to the same address, the donor should send an irrevocable stock/bond power (“assignment separate from certificate”). The donor should sign the stock power (leaving the remainder blank) and have his or her signature guaranteed. The donor should include a copy of the letter of transmittal which was enclosed with the certificates.

d. If certificates have been endorsed, they should be delivered by courier or by hand to the address above. They should not be placed in the mail.

4. Stock gifts are valued in accordance with IRS guidelines at the mean average on the day the day of the postmark on the carrier envelope (if stock is mailed).

5. Certain restricted securities, or other securities whose sale and disposition is delayed by SEC regulation or other considerations, will be receipted and the donor given gift credit according to applicable IRS regulations. However, in cases where donors designate such gifts for endowment or other special accounts, the designation account may be credited only with the proceeds of sale, net of expenses, rather than the market value measured as of the contribution date. Therefore, donors may be required to make other or additional contributions to meet endowment funding minimums.

D. Gifts of Tangible Personal Property and Gifts in Kind

1. Gifts of Tangible Personal Property are defined as non-cash donations that do not serve the purpose or mission of the Pennsylvania Kiwanis Foundation and thus are to be converted into cash. Gifts in Kind are defined as non-cash donations of material or long-lived assets that serve the purpose or mission of the Pennsylvania Kiwanis Foundation.

2. Tangible Personal Property and Gifts in Kind (GIK) may include, but are not limited to, such items as:

Books

Computer Equipment

Jewelry
Automobiles
Boats
Firearms
Collections
Printing

Animals
Furniture
Works of Art
Manuscripts and Archival Material
Kiwani's Memorabilia
Software

3. Because there are significant differences in the tax treatment of such gifts based on their relation to the mission of the Pennsylvania Kiwanis Foundation, it is important that Pennsylvania Kiwanis Foundation volunteers who anticipate a gift of tangible personal property or a gift in kind should inform the Pennsylvania Kiwanis Foundation Treasurer (or his/her designee) before conducting any significant discussion or negotiation.
4. The minimum value of a gift of tangible personal property that is intended to be sold shall be \$10,000. When the estimated value of the item is less than \$10,000, the donor should be encouraged to sell the property and donate the proceeds.

E. Gifts of other assets

1. Other assets include, but are not limited to, such items as:
 - Promissory notes
 - Assignment of promissory notes
 - Patents, royalties, trademarks, and copyrights
 - Professional practices (medical or legal)
 - Partnerships
 - Stock in closely held or private corporations
2. Pennsylvania Kiwanis Foundation volunteers anticipating a gift of other assets must inform the Pennsylvania Kiwanis Foundation Treasurer before entering any significant discussion or negotiation of such a gift.
3. The difficulty in establishing the acceptability of this class of assets places additional importance on a thorough review of such gift proposals performed by the Pennsylvania Kiwanis Foundation Board of Directors and, in some cases, counsel. In particular, the Pennsylvania Kiwanis Foundation Treasurer will review the marketability of the gift, the potential carrying costs associated with it and the potential exposure of the Pennsylvania Kiwanis Foundation to unrelated business income tax and other possible liabilities.
4. If the gift is deemed acceptable via the process above, the Pennsylvania Kiwanis Foundation Treasurer (or his/her designee) will be responsible for working with the donor (with the assistance of the Pennsylvania Kiwanis Foundation volunteer) to complete, value and acknowledge the gift.

F. Deferred Gifts: Annuities, Trusts, and Estates

1. The Pennsylvania Kiwanis Foundation works with donors to generate deferred gifts including bequests. In doing so, the Pennsylvania Kiwanis Foundation Board of Directors will encourage donors to consult with their spouses and their financial advisors and will make it clear that they represent the Pennsylvania Kiwanis Foundation and its interests and that they are not offering tax or investment advice.
2. The Pennsylvania Kiwanis Foundation encourages donors to include the Foundation in their estate plans for unrestricted or restricted bequests. Donors considering a bequest to the Pennsylvania Kiwanis Foundation should consult with the Pennsylvania Kiwanis Foundation Board of Directors to determine acceptable gift restrictions and funding levels, bearing in mind that such funding levels may increase over time. Restricted bequests below the \$25,000 capital gift threshold for separate named funds are added to a general endowment fund related to the gift restriction (e.g. general endowed scholarship funds for a bequest restricted to scholarship support). Bequests of other real property or bequests with restrictions that may be of questionable value to the Pennsylvania Kiwanis Foundation will be reviewed by the Pennsylvania Kiwanis Foundation Board of Directors. Appropriate Pennsylvania Kiwanis Foundation representatives occasionally serve as executors of estates of which the Pennsylvania Kiwanis Foundation is a substantial beneficiary. Pennsylvania Kiwanis Foundation volunteers should encourage prospective donors to discuss any such designations in advance, and should recommend, in cases where this role is to the Pennsylvania Kiwanis Foundation's benefit, that potential executors be designated by title rather than name. Donors should understand that these responsibilities may be delegated to an appropriate staff person or legal representative of the Pennsylvania Kiwanis Foundation.

III. **Gift Minimums**

The Pennsylvania Kiwanis Foundation values the support of all its donors and their gifts. However, the Pennsylvania Kiwanis Foundation has established minimum thresholds for certain types of gifts to ensure that they represent a net benefit, rather than a cost, to the Pennsylvania Kiwanis Foundation. Exceptions must be approved by the Pennsylvania Kiwanis Board of Directors and the Pennsylvania Kiwanis Foundation Treasurer.

Current Year Gifts

1. There is no minimum established for gifts of cash, checks, marketable securities, foreign currencies, credit card gifts, paid up life insurance, or tangible personal property accepted for Pennsylvania Kiwanis Foundation use.

2. Gifts of tangible personal property which the Pennsylvania Kiwanis Foundation intends to sell must have a minimum estimated value of \$10,000.
3. Gifts of real estate which the Pennsylvania Kiwanis Foundation intends to sell must have a minimum value of \$50,000.

B. Pledges

1. Capital pledges must meet a minimum threshold of \$25,000. New named endowment funds can not be established for commitments of less than \$25,000, payable within five years.
2. Named endowment funds, will be based on the cash value of the pledge, as detailed in this policy. For deferred gifts and pledges (unitrusts, annuity trusts, retained life estates, secured bequest intentions, and other deferred gifts,) recognition will be based on the gift's present value.
3. Exceptions to pledge minimums must be approved by the Pennsylvania Kiwanis Foundation Treasurer (or his/her designee).

VI. Endowment Funds and Facilities Gifts

1. Restricted Endowments

1. The Pennsylvania Kiwanis Foundation does not accept endowment gifts with restrictions that violate the Pennsylvania Kiwanis Foundation's policies, values, or standards, or with restrictions that are so narrow as to compromise the usefulness of the gift. In cases where the appropriateness of a restricted gift is not clear, the Pennsylvania Kiwanis Foundation's Board of Directors will decide.
2. Endowments for different purposes (e.g. scholarships, programs) generally require different funding levels, which are set by the Resource Development Committee from time to time and promulgated to prospective donors in case statements, brochures, and conversations with foundation volunteers. Changes in funding levels will not affect pre-existing endowment agreements or pledges in the process of being fulfilled.
3. Inevitably, prospective donors will sometimes suggest restricted endowment gifts for purposes that have not been previously identified as fund raising priorities by the Pennsylvania Kiwanis Foundation. The costs and benefits of such gifts to the Pennsylvania Kiwanis Foundation must be carefully weighed before they are accepted. Generally, responsibility for this analysis and for approval of such gifts will be designated to the Pennsylvania Kiwanis Foundation Board of Directors. The criteria used in deciding the suitability of such gifts will typically include:

- a. The Pennsylvania Kiwanis Foundation's ability to administer the gift without additional expense that would render the gift a net cost to the Pennsylvania Kiwanis Foundation;
 - b. The compatibility of the gift's purpose with the Pennsylvania Kiwanis Foundation's mission and values; and
 - c. The gift's potential to enhance the Pennsylvania Kiwanis Foundation's ability to serve its constituents and improve the overall quality of the Pennsylvania Kiwanis Foundation.
4. New endowment funds are never established for a commitment of less than \$25,000, payable over no more than five years. Pennsylvania Kiwanis Foundation volunteers should make sure that donors understand that failure to complete a pledge bringing an endowment to the minimum level required for a specific purpose may result in the funds which have been donated being added to general endowment for a similar purpose.
 5. Whenever possible, Pennsylvania Kiwanis Foundation volunteers will work with donors to ensure that endowment agreements specify preferences rather than restrictions to ensure flexibility in the use of endowed funds over time and that the standard alternate use clause is included in the gift agreement (see above, footnote 1).
 6. Names of endowment funds may be changed by written request of the donor(s) and agreement of the Pennsylvania Kiwanis Foundation.
 7. Purposes of existing endowment funds may be changed by mutual agreement between the donor and the Foundation. The Pennsylvania Kiwanis Foundation Treasurer (or his/her designee) generally represents the Pennsylvania Kiwanis Foundation in such discussions. Changes requiring increased administrative commitments or additional financial resources will be reviewed by the Pennsylvania Kiwanis Foundation Board of Directors. Any changes must be documented in writing, signed, and dated by the donor.

Memorial and Honorary Gifts/Funds

2. New endowed funds in memory or in honor of an individual may be established when a signed letter of commitment is received guaranteeing a minimum of \$25,000 in gifts to the fund within 5 years or less. The purpose of such memorial funds must conform to the Pennsylvania Kiwanis Foundation's existing fund raising guidelines and priorities (e.g. minimums for specific purposes).
3. Memorial gifts received in the absence of a commitment to establish a new named fund are directed to the Memorial Scholarship Endowment Fund unless another existing fund or purpose is specified by the donor.

4. Gifts in honor of individuals are credited to the annual fund unless another existing fund or purpose is specified by the donor.

VII. Changes to the Pennsylvania Kiwanis Foundation's Gift Acceptance Policy

Revisions to this policy may be suggested by the President, Treasurer, or Board of Directors. If endorsed, revisions will be referred to the Board Resource Development Committee for final approval.