



GIFT ACCEPTANCE POLICY

TABLE OF CONTENTS

Purpose	3
Horizon Community Fund Responsibilities	3
Role of Community Foundation	3
Gift Acceptance	3
Negotiations.....	4
Gifts Declined	4
Types of Funds	4
Acknowledgement.....	4
Publicity	4
Restrictions.....	4
Investment of Gifts.....	5
Costs of Accepting and Administering Gifts	5
Finders' Fees and Commissions	5
Confidential Information.....	5
Appendix A - Forms of Gifts to the Fund...6-8	
Cash	6
Publicly Traded Securities	6
Securities Issued by Closely Held Companies.....	6
Life Insurance	6
Real Property.....	7
Bargain Sales.....	8
Other Tangible Personal Property	8
Other Property	8
Appendix B: Guidelines for Acceptance of Planned Gifts..... 9-10	
Bequest.....	9
Retirement Plan Assets.....	9
Life Insurance.....	9
Charitable Trusts	10
Serving as Trustee	10
Gifts of Property with Retained Life Estate	10

Purpose

The purpose of this policy is to serve the best interests of the Horizon Community Funds (“HCF,” the “Funds”, or the “Horizon Community Fund”) and its donors by providing guidelines for negotiating and accepting various types of cash and non-cash gifts. Given the increasing complexity of IRS regulations, the volume of real estate and other property gifts, and state and federal environmental laws, Horizon Community Funds recognizes the value in carefully screening proposed gifts.

The purposes of the gift must fall within the broad charitable purpose of the Horizon Community Funds. In addition, the Funds’ Council of Trustees and staff must be able to ensure that gifts accepted by Horizon Community Funds do not place other Funds’ assets at risk, and that they can be easily converted into assets that fall within Horizon Community Funds’ investment guidelines.

Horizon Community Fund Responsibilities

HCF staff should disclose to all prospective donors the benefits and liabilities that could reasonably be expected to influence the donor’s decision to make a gift to the Horizon Community Funds. Donors will be encouraged to consult with their own legal counsel and financial advisors in making their gift decision. In particular, donors should be made aware of:

- the irrevocability of a gift
- prohibitions on donor restrictions
- items subject to variability (*e.g.*- *market value, investment return, and income yield*)
- the Horizon Community Funds’ responsibility to provide periodic financial statements on donor funds
- administrative expenses, investment charges and other costs, if applicable, associated with making the gift and administering a fund

The role of HCF’s staff shall be to inform, guide and assist a donor in fulfilling his or her philanthropic wishes, but never to pressure or unduly influence a donor’s decision. Staff should encourage every prospective donor to consult with his or her own legal counsel and other professional advisors prior to making a gift.

Role of HCF Staff

The HCF President generally has final authority to accept cash and publicly traded securities that are gifted to the Horizon Community Fund; as well as any other proposed gifts that conform to these Gift Acceptance Policies and do not require approval of the Executive Committee, as detailed in **Appendix A Forms of Gifts to the Fund** and **Appendix B Guidelines for Acceptance of Planned Gifts** hereto. The President or other senior staff of the Funds shall conduct due diligence work to review all gifts that are offered to Horizon Community Funds. Such review shall be made for the purpose of facilitating a decision to accept or decline the proposed gift.

Gift Acceptance

The Executive Committee of HCF (“EC”) is primarily responsible for accepting any proposed gift for which the President is not delegated final authority, including

gifts of real property, life insurance policies requiring future premium payments, securities issued by closely held corporations, bargain sales, tangible personal property and Other Property as described in **Appendix A**. The Executive Committee is also responsible for reviewing certain Planned Gifts for approval (e.g., assets from charitable trusts, gifts of property with retained life estate) as further described in **Appendix B**. The Executive Committee's prior approval will also be required for any proposed gift whose structure falls outside the ordinary purposes, bylaws, and Horizon Community Funds' standard policies and procedures.

At the request of the donor, cash and/or net proceeds from a non-cash gift will be credited into one or more existing funds within HCF, or may be used to establish a new fund.

Negotiations

The President is authorized to negotiate gift planning agreements and arrangements with prospective donors following the guidelines of these policies and following the standard format of fund agreements as adopted by Horizon Community Funds.

Gifts Declined

Horizon Community Funds reserves the right to refuse any gift it believes is not in the best interest of the Funds or the prospective donor.

Types of Funds

Horizon Community Funds offers a continuum of funds designed to be responsive to donor needs. A fund agreement is required to establish a fund at Horizon Community Funds. Fund agreements that do not substantively follow the format and content of the HCF's approved fund agreements, or otherwise meet the requirements of these policies, shall require approval by the Executive Committee before execution by or the creation of an obligation for Horizon Community Funds.

The fund types offered and descriptions as well as minimum amounts to open a fund, are available upon request. Horizon Community Funds may consider special requests for accepting funds below the fund minimum subject to review and approval by the President.

Acknowledgement

Donors shall receive an expression of sincere thanks and gratitude from the Horizon Community Funds and an acknowledgement of the gift in accordance with federal Treasury Department/IRS regulations.

Publicity

No public media exposure with respect to a donor's gift will be generated by the Horizon Community Funds without the express consent of the donor.

Restrictions

In conformance with Treasury Department regulations governing community

foundations, gifts to Horizon Community Funds may not be directly or indirectly subjected by a donor to any material restriction or condition that prevents the Horizon Community Funds from freely and effectively employing the transferred assets or the income derived there from, in furtherance of its exempt purposes.

Investment of Gifts

It is the general policy of Horizon Community Funds to convert all gifts to cash as soon as possible. Horizon Community Funds reserves the right to make any or all investment decisions regarding gifts in accordance with its Investment Policy.

In making a gift to the Horizon Community Funds, donors give up all rights, title, and interest to the assets contributed, including, but not limited to the right to choose investments or to veto investment choices for their gifts.

Costs of Accepting and Administering Gifts

Generally, costs associated with accepting gifts such as attorney fees, accounting fees and other professional fees, as well as other costs of due diligence such as appraisal, escrow, evaluation, and environmental assessment fees will be borne by the donor.

Except under special circumstances approved by the Executive Committee, direct costs of administering outright and planned gifts of the Horizon Community Funds will be borne by the donor through direct contribution to Horizon Community Funds, or will be directly paid from the assets of the fund(s) into which the gift is received. Ongoing custodial, investment, and administrative fees will be paid from the respective funds in accordance with the Horizon Community Funds' guidelines and fee schedules.

No Finder's Fees or Commissions

The Horizon Community Funds will pay no fee to any person as consideration for directing a gift to HCF. Payments of this nature raise legal and ethical concerns and may, in certain circumstances, subject the Horizon Community Funds to regulation under federal and state securities law.

Confidential Information

Discussions between prospective donors and Horizon Community Funds staff will be treated as confidential information. Prospective donors shall be able to convey private or personal information in the course of discussing charitable objectives and evaluation of any potential gift with the expectation that confidences will be maintained.

Approved October 9, 2017 by the Council of Trustees.

Appendix A

Forms of Gifts to the Fund

Gifts to Horizon Community Funds may take on a variety of forms. Many are outright gifts by living donors, whether on a one-time or periodic basis. Others are testamentary gifts that take effect upon a donor's death or other forms of deferred gifts.

The Horizon Community Funds reserves the right to accept or reject any gift as it sees fit. It is the general policy of Horizon Community Funds to convert all gifts to cash as soon as possible. Any exception to this policy must be approved by the Executive Committee prior to acceptance of the gift.

Cash: Horizon Community Funds accepts cash, checks, or money orders payable to "Horizon Community Funds of Northern Kentucky, Inc." and shall in no event accept checks or money orders made payable to an employee, agent, or volunteer for the credit of HCF. Gifts of check or money order for the benefit of a component fund of the Horizon Community Funds should be made payable to "Horizon Community Funds of Northern Kentucky, Inc." or to the named component fund.

Publicly Traded Securities: Securities that are traded on an exchange or other publicly reported market may be accepted by the Horizon Community Funds. Such securities will ordinarily be sold by the Horizon Community Funds immediately upon receipt, and the net proceeds credited to one or more component fund(s) as requested by the donor. Employees and volunteers of the Horizon Community Funds may not represent to a prospective donor that a particular security will be held for investment by the Horizon Community Funds without the express prior approval of the Executive Committee.

Securities Issued by Closely Held Companies: Securities that are not publicly traded may be accepted by the Horizon Community Funds and will be subject to review and approval by the Executive Committee. Horizon Community Funds places a limitation on accepting a gift of closely held securities to a donor advised fund. When the aggregation of assets held by a donor advised fund, donor, donor advisors, or related parties exceed approximately 20% of the voting stock or profit interest in a business entity, Horizon Community Funds will divest such excess holdings of the donor advised fund as soon as possible to comply with IRS regulations.

Life Insurance: Life insurance is defined as a contract between the owner of a policy and an insurance company whereby the company agrees, in return for specified premium payment(s), to pay a specific sum to the beneficiary(ies) upon the death of the insured. The Horizon Community Funds will consider gifts of life insurance policies irrevocably naming the Horizon Community Funds as owner and primary beneficiary. Insurance policies that are not fully paid up at the time of receipt will be maintained by the Horizon Community Funds as long as the donor or his/her representative(s) continue to make gifts to HCF in the amount of the premiums due. Should such

premium gifts not be forthcoming, the Executive Committee, in its sole discretion, may decide to discontinue premium payments, cash the policy in for any available “accrued cash value” or allow the policy to lapse.

The Horizon Community Funds discourages contributions of life insurance policies subject to policy loans, and reserves the right to accept or reject such policies as well as those carrying assignments to other entities. Horizon Community Funds will consider its own interest and the best interest of the donor in determining, on a case-by-case basis, whether to accept encumbered life insurance policies.

Real Property: Defined as land and generally whatever is affixed to the land and those rights that issue out of the land. A gift of real property may be accepted upon the approval of the Executive Committee.

- Each prospective donor shall be given a real property disclosure checklist by the President or Director of Accounting and Administration who will seek information about the property from the prospective donor. Upon receipt of this information from the donor, HCF staff shall proceed with due diligence work to promptly assess the gift opportunity.
- Real property shall not be accepted to fund any form of gift annuity or deferred payment without Horizon Community Funds seeking a legal opinion as to the permissibility of this action under the laws of the state(s) involved.
- Special attention shall be given to the receipt of real property encumbered by a mortgage, the transfer of which may create adverse consequences for donor and/or HCF unless handled properly when ownership is transferred.
- A Phase One environmental assessment shall be completed for any proposed gift of real property prior to approval by the Executive Committee. Horizon Community Funds will require the prospective donor to either: (a) make a contribution to the Horizon Community Funds in an amount that offsets the expense of the Phase One environmental assessment that will be contracted by HCF; or (b) deliver a copy of a completed Phase One environmental assessment performed by a qualified firm secured and paid for by the prospective donor. Further, Horizon Community Funds will request that the prospective donor make a contribution to HCF to offset the costs of making a gift of real estate including, but not limited to, a qualified appraisal, a survey and title insurance.
- An owner’s title insurance policy from a nationally recognized title company will be secured prior to approval by the Executive Committee. Horizon Community Funds will require the prospective donor to either: (a) make a contribution to Horizon Community Funds in an amount that offsets the expense of the title insurance policy to be procured by HCF; or (b) deliver a copy of a title insurance policy secured and paid for by the prospective donor.
- Insurance will be carried on any real property received by Horizon Community

Funds. HCF will require the prospective donor to make a contribution to Horizon Community Funds in an amount that offsets the expense of the insurance secured by HCF.

Bargain Sales. A “bargain sale” is a sale of property to HCF for an amount less than the property’s current fair market value. The excess of the value over the sales price represents a gift to HCF. Only with the prior approval of the President and the Executive Committee will HCF purchase property on a bargain sale basis

Other Tangible Personal Property: Gifts of artwork, jewelry, collections, equipment and tangible personal property will be evaluated on a case-by-case basis prior to acceptance. Personal property may be accepted by Horizon Community Funds if there is reason to believe that it may be used in accordance with the mission of HCF or readily liquidated and the net proceeds contributed to one or more component funds of HCF. A gift of perishable property, or property that requires special facilities or security to properly safeguard it, may be accepted after making arrangements for the appropriate protection. A gift that may obligate Horizon Community Funds to perpetual ownership shall not be accepted.

Other Property: Other property, not otherwise described in this Appendix, whether real or personal, of any description, including but not limited to mortgages, notes, copy rights, trademarks and royalties, may be accepted only upon the recommendation of the President and approval of the Executive Committee.

Appendix B

Guidelines for Acceptance of Planned Gifts

Bequest: Bequests may be made by will or by trust. Horizon Community Funds may accept a bequest of real estate or other assets on a testamentary basis, provided that the guidelines described in **Appendix A** are met. Whenever possible, HCF prefers to obtain a copy of the document naming “Horizon Community Funds of Northern Kentucky, Inc.” as a beneficiary upon execution.

Bequests received through wills and/or trusts, without specific language restricting purpose and/or restricting corpus with endowment language, by their nature are unrestricted. Unrestricted bequests with a value of \$100,000 or less will be subject to allocation as determined by the President. Unrestricted bequests with a value in excess of \$100,000 will be evaluated by the Executive Committee, and a recommendation made to the Council of Trustees on a case-by-case basis to determine the ultimate allocation of such bequest.

Retirement Plan Assets: Horizon Community Funds may accept account-type retirement plans, in which a balance accumulates as principal, such as an IRA, 401(k), 403(b), or a defined contribution plans. However, Horizon Community Funds cannot accept annuity plans, such as defined benefit plans, in which retirement benefits are paid out as income and principal does not accumulate.

Methods for gifting retirement plan assets include: (1) naming “Horizon Community Funds of Northern Kentucky, Inc.” as primary, successor, or contingent beneficiary for all or part of the assets upon death of either the retirement asset owner or spouse; or (2) creating a testamentary Charitable Remainder Trust (CRT) upon the death of the asset owner, naming “Horizon Community Funds of Northern Kentucky, Inc.” as remainder beneficiary and non-charitable heirs as income beneficiaries (see guidelines regarding Charitable Remainder Trusts). Whenever possible, HCF prefers to promptly obtain a copy of documentation naming the “Horizon Community Funds of Northern Kentucky, Inc.” as a beneficiary.

Life Insurance: “Horizon Community Funds of Northern Kentucky, Inc.” or an HCF component fund can be designated as a primary or contingent beneficiary of a life insurance policy. In addition, Horizon Community Funds may accept outright gifts of life insurance policies on which premiums remain due, subject to review by the Executive Committee. See **Appendix A** for more details.

Charitable Trusts: HCF may receive gifted assets from Charitable Remainder Unitrusts (CRUTs) and Charitable Remainder Annuity Trusts (CRATs) provided that the guidelines generally described in *Appendix A* are met. Gifts made through a Charitable Lead Trust (CLT) require the prior approval of the Executive Committee.

Horizon Community Funds prefers to receive a copy of the trust agreement if it or a component fund is named as beneficiary of the trust.

Serving as Trustee –Horizon Community Funds does not serve as trustee.

Gifts of Property with Retained Life Estate: A gift of property with retained life estate is an irrevocable gift of real estate to Horizon Community Funds that allows the donor to retain the right to use the property for life, or a specified term of years. The donor can designate himself or herself and/or the life of another as beneficiary.

Horizon Community Funds will evaluate these retained life estate gifts on a case-by-case basis. A memorandum of understanding will be required outlining the respective responsibilities of the donor and Horizon Community Funds relating to expenses, real estate taxes and other items. All real estate gifts are subject to due diligence and prior approval of the Executive Committee.