



## **GIFT ACCEPTANCE POLICY**

Adopted: July 9, 2013

### **Purpose:**

The purpose of the Gift Acceptance Policy of the Bermuda Community Foundation (herein referred to as the “community foundation” or “BCF”) is to define the standards by which the community foundation reviews and accepts offers of gifts for various purposes within the scope of the community foundation’s mission and purpose. The policy also sets out guidelines for gift negotiation with donors and their designated personal representatives and professional advisors. The Community foundation seeks to provide a variety of giving options that will enable donors to fulfill their own philanthropic objectives in ways that are cost effective and readily understandable in common language. At the same time, the Community foundation promises to use the funds it receives for the benefit of the Island of Bermuda and the charitable organizations that serve Bermuda.

At all times, the purpose(s) of a proposed gift must fall within the broad charitable purpose of the Bermuda Community Foundation. Accordingly, all gifts accepted by the community foundation must not place other assets of the community foundation at risk or increase the operating costs of the community foundation and must be readily convertible into assets that fall within the community foundation’s investment policy. The community foundation must also be able to administer a proposed gift according to the donor’s wishes without placing undue burden on the community foundation’s administrative capacity.

### **Foundation Responsibilities:**

Foundation staff will disclose to all prospective donors the benefits and potential costs that could reasonably be expected to influence the donor’s decision to make a gift to the community foundation. Donors will be encouraged to consult with legal counsel and financial advisors in making their decision. In particular, donors should be made aware of:

- The irrevocable nature of a gift
- Prohibitions on excessive donor restrictions
- Fund management that is subject to variability (e.g., market value, investment return, income yield and the amount of distributions)
- Administrative and other costs, if applicable, associated with making the gift and administering the fund
- The community foundation’s responsibility to provide periodic financial reports on donor funds
- The community foundation’s responsibility to provide information on donor’s rights to donors

Staff will maintain a written record of all discussions with donors and potential donors. The role of Foundation staff shall be to inform, guide and assist a donor in fulfilling his or her

philanthropic wishes, and not to pressure or unduly influence a donor's decision.

Due to the complexity of charitable gift transactions, staff will encourage every prospective donor to consult with his or her own family, legal counsel and other professional advisors prior to making a gift to ensure that the donor receives a full, accurate and independent explanation of all aspects of the proposed gift.

**Role of the Bermuda Community Foundation Staff:**

The CEO/Executive Director, on behalf of the Board of Directors, shall officially receive all gifts to the community foundation. The CEO/Executive Director will develop the terms, restrictions, and conditions that apply to each gift in accordance with this policy. Any potential gift that is either not covered by this policy, or includes non-standard terms, restrictions or conditions must be reviewed by the Executive Committee ("Committee") prior to final acceptance. In circumstances where the Committee cannot make a clear determination concerning a particular gift, the matter will be submitted to the CEO/Executive Director seeking consultation from counsel or other professionals prior to a final decision by the Board of Directors.

The CEO/Executive Director shall be responsible for the maintenance of accurate donor records.

Staff shall provide quarterly reports to the Board detailing gifts accepted, but not requiring prior review and approval according to the policies established herein, by the community foundation. Such list shall provide summary information outlining the donor name, market value of the gift, asset composition, type of fund, and restrictive provisions, if any. Gifts referred to the Executive Committee for review and approval or declination shall be reported by staff to the Board. Staff shall provide a quarterly report of all gifts accepted or declined by the community foundation to the Board.

**Executive Committee:**

Of prime concern to the Board of Directors is the safeguarding of the community foundation's assets. Because acceptance of certain types of gifts may subject the community foundation to liability, proper review of all proposed gifts is essential to avoid jeopardizing the community foundation's assets. The Executive Committee shall review the proposed gift transactions as specified below. The Committee shall also adopt and approve standard forms for agreements with donors, and shall, from time to time, submit recommendations for changes to the Gift Acceptance Policy to the Board for approval.

The Executive Committee and designated staff shall be available to consult with the donor concerning donor intentions and other matters related to the offer of a gift.

**Procedures for Gifts Not Requiring Executive Committee Approval:**

Some gifts pose little threat to the assets of the community foundation, and authorized staff members may accept those types of gifts (identified below) without the prior review or approval of the Executive Committee, subject only to the gift being consistent with this policy and the purposes and Bylaws of the community foundation and being made pursuant to the standard Fund Agreements approved by the community foundation's Board of Directors. The

CEO/Executive Director, or any other officer or staff member designated by the CEO/Executive Director, from time to time, shall be authorized to accept gifts that do not require prior review and approval of the Executive Committee and to negotiate the terms of and execute any gift agreement related thereto on behalf of the community foundation.

Gifts that may be accepted without Committee approval are:

- Cash and cash equivalents;
- Publicly-traded securities;
- Gifts of tangible property for Foundation use

**Procedures for Gifts Requiring Executive Committee Approval:**

In conjunction with their financial planning, some donors may be interested in making gifts of specific assets that create more risk for the community foundation. Those types of gifts (identified below) will require a review by the CEO/Executive Director and approval of the Executive Committee prior to being accepted. In addition, the CEO/Executive Director may, in his or her discretion, refer any other proposed gift transaction to the Executive Committee for review and advice if he or she has any concerns about the value, disposition or other issue which suggests a review of the proposed gift is warranted.

- Non-Public Securities, including S corporation stock, partnership interests
- Real Property
- Tangible Property which is not readily needed for the community foundation's use or related to its purpose
- Life Insurance Policies whose premiums are not paid up
- Retained Life Tenancy
- Any gift which falls outside the ordinary purposes, Bylaws, and procedures of the community foundation.
- Any gift proposed to be made pursuant to an agreement that is substantially or materially different from the standard Fund Agreements approved by the CEO/Executive Director and the community foundation's legal counsel.
- Any gift that includes a restriction or suggestion regarding the community foundation's use of funds that would raise legal, ethical, policy or practical concerns for the community foundation.

**Acting As Trustee:**

It is the general policy of the community foundation not to act as trustee for the various donor vehicles. The Board and staff of the community foundation must avoid personal conflicts of interest with respect to any gift to the community foundation. No staff member may knowingly serve as a trustee, conservator, executor, or personal representative for one of the community foundation's donors or prospective donors unless specifically approved by the community foundation Board Chairman. The Board of Directors will be made aware of such trusteeships. All officers shall report such relationships annually to the Board of Directors.

**Right of Refusal:**

The community foundation reserves the right to refuse gifts. Reasons for refusing a gift might include:

- The cost to manage the asset exceeds the eventual benefit of the gift to the community foundation, or
- The gift or gift purpose could potentially jeopardize the reputation of the community foundation, or
- The fund purpose is believed to be discriminatory in nature.

The CEO/Executive Director has the authority to refuse gifts that clearly do not benefit the community foundation. If the benefit is questionable or difficult to determine, the Board of Directors shall make the final decision whether to accept or refuse the gift.

**Gifts Declined:**

The community foundation reserves the right to refuse any gift it believes is not in the best interests of promoting a healthy, caring community. In addition, the community foundation shall not knowingly accept a charitable gift from a donor who:

- Has, or appears to have, insufficient income and assets remaining after making a gift to provide for his/her needs such as personal support and healthcare.
- Has, or appears to have, insufficient income and assets remaining after the gift to provide for his/her heirs for whom he/she is financially responsible.
- Has, or appears to have, an apparent insufficient mental capacity to make a rational decision.
- Has, or appears to have, insufficient input from competent financial, legal and/or personal counsel.

**Gift Types:**

**1) Current Gifts**

The community foundation accepts the following forms of assets subject to the conditions described by each asset type:

**a) Cash**

Gifts of cash should include a statement of purpose, or identify the specific fund to which the contribution is being made. Cash gifts are receipted on the date received by a Foundation representative. The community foundation may accept gifts by wire transfer to its account.

**b) Checks**

Checks must be made payable to the Bermuda Community Foundation. The specific fund should be noted in the lower left corner (memo section) on the face of the check or within the written documentation that accompanies the check. Checks are receipted on the date received in the community foundation office.

**c) Securities (publicly traded)**

Securities for which there is a recognized market are valued at the arithmetic mean between the high and low selling prices on the date the stock is transferred multiplied

by the number of shares tendered. The value of over-the-counter stocks for which no high and low sale prices are reported on the date of the gift usually will be based on the arithmetic mean between the bid and asked prices on that date. The value of a share in a mutual fund is its public redemption price (the “bid price”) in effect at the time of the gift.

The date of the gift is the date the security is:

- Unconditionally delivered or mailed in proper negotiable form to the community foundation or its agents as identified by the postmark; or
- Transferred and held in “street name” on the books of a brokerage firm; or
- Transferred on the books of the issuing corporation when delivered to the corporation for transfer into the community foundation’s name.

Publicly traded stocks and bonds may be transferred electronically, re-registered in the name of the community foundation or conveyed through use of a properly executed stock power form. Staff will provide donor with delivery instructions upon request.

The community foundation will make no agreement with the donor prior to, or subsequent to, the gift regarding its disposition. The community foundation will make all decisions regarding the sale or retention of marketable securities. Generally, they will be sold as soon as possible following receipt. The community foundation will not knowingly accept securities which (1) may create a liability for the community foundation, (2) by their nature may not be assigned (e.g., series “E” savings bonds), or (3) have no apparent value.

#### **d) Non-Public Securities**

Contributions of non-public securities raise special issues that bear on the advisability of accepting the gifts and shall be reviewed on a case-by-case basis with the Executive Committee. Staff will review the relevant documentation to obtain a clear understanding of the Issuer’s business activities, the underlying assets and liabilities, the nature of the interest proposed to be conveyed, and the actual or potential liabilities, if any, associated with holding such securities.

Non-public securities might include the gift of a general partnership interest. In most circumstances, the community foundation does not accept gifts of general partnership interest due to potentially unlimited liability. If the Issuer is a limited partnership, attention will be paid to how allocations are made among the partners, the nature of the partnership’s business activities and the potential for any liability for the community foundation.

Prior to the acceptance of a gift of any non-public securities, the donor will be required to provide, at his or her own expense, the following:

- A written agreement signed stating the terms of the gift and the value as provided by the donor. The community foundation shall carry the value of such gift as \$1.00 for accounting purposes;
- A statement that there are no restrictions of the community foundation’s right

- to use or convey the gifted property;
- To indemnify the community foundation and hold it harmless from any liability in the event the Issuer becomes bankrupt or otherwise unable to satisfy its obligations or arising from litigation or other claims against the Issuer;
- To fund any further contributions of capital or other amounts required to be paid;
- To obtain any written consents required to be given by other owners of the Issuer pursuant to the agreements to which the donor is a party.

Generally, if the non-public securities are readily marketable, they will be sold as soon as possible. The community foundation will not guarantee or pre-arrange a sale of the nonpublic securities or make any other agreement that might imply or cause the imposition of a material restriction on the property.

If the non-public securities are not readily marketable at the time of the gift the community foundation will hold them in safekeeping until they can be redeemed. The value of the securities based upon sale proceeds will be reflected in the value of the donor's fund account.

**e) Non-Cash Gifts**

The community foundation will accept non-cash gifts such as art, antiques, rare books, jewelry, gems, collections, etc., on a case-by-case basis based on the community foundation's ability to liquidate the gift. The community foundation discourages gifts of personal property that cannot readily be sold or which might incur unusual expenses prior to sale. If a lengthy selling period is anticipated, the community foundation may refuse the gift or request that the donor cover the expenses with an additional cash gift.

**f) Life Insurance**

A donor may make a gift of life insurance by irrevocably assigning to the community foundation all right, title and interest as the owner and beneficiary of the policy or by designating the community foundation as the only beneficiary or a partial beneficiary of a policy owned by the donor.

If the donor wishes to transfer ownership of a policy, the community foundation, through its Executive Committee, will decide on a case-by-case basis whether to accept the gift. If the community foundation accepts a policy, the community foundation may choose either to cash in the policy for its current cash surrender value or continue ownership and/or payment of the premiums.

Prior to accepting any policy for which premium payments are to continue to be made, staff will discuss with the donor whether the donor is willing to continue to pay the premiums in the future. The donor has the option of agreeing to pay the premiums directly or to make a contribution to the community foundation for the amount of the premium. The community foundation will not assume responsibility for payment of delinquent premiums. If the policy is surrendered, the cash value will be added to the restricted or unrestricted fund in the donor's name based on the donor's instructions

and value of assets being transferred according to the policies outlined herein.

The community foundation discourages the contributions of life insurance policies subject to policy loans and or other assignments. The community foundation will not enter into any split dollar arrangements.

Original policies shall be maintained in the community foundation's office. Staff shall cause the cash surrender value of the policies to be updated on an annual basis as noted in the statements provided it by the various insurance companies.

Gifts of newly purchased life insurance policies, in which the community foundation is both owner and beneficiary, shall be reported at the amount of premiums paid, in the year the premiums are paid.

The value of a paid-up ordinary life insurance policy accepted as a gift is its replacement cost. The value of a nonpaid-up life insurance policy is determined by adding to the "interpolated terminal reserve" of the policy (which, in a policy that has been owned for a while, will be approximately equal to its cash surrender value) plus an unearned premium and accrued dividends, less any policy loan. The issuing insurance company shall be consulted for assistance with both the transfer of the policy and its valuation.

When a policy is owned by the community foundation, regardless of whether the donor or the community foundation pays the premiums, the difference between the cash value and the insurance company's settlement at the death of the donor is not reported as a gift, but rather as a gain on the disposition of assets. In those cases where the community foundation receives the proceeds of an insurance policy in which it was named beneficiary but not owner, the full amount received shall be reported as a gift on the date received.

#### **g) Real Property**

If a donor wishes to contribute real property, or an interest in real property, to the community foundation either directly or through a life estate arrangement, the Executive Committee shall consider all facts and circumstances in determining whether to recommend accepting the gift. Final acceptance of any gift of real estate shall require Board approval.

Prior to acceptance of a gift of real estate, the donor will be required to provide, at his or her own expense, a signed, written agreement stating the terms of the gift and the value of the gift. The community foundation shall carry the value of such gift as \$1.00 for accounting purposes.

Real property that is encumbered will be accepted only in exceptional circumstances. Prior to acceptance of a gift of real property, the donor and the community foundation must agree, in writing, on the arrangements of paying expenses associated with the property, including taxes, assessments, insurance coverage, and maintenance costs.

Each potential gift of real property will be reviewed individually with consideration given to an expeditious liquidation. The property will be sold at the highest possible price as soon as possible after conveyance, unless the property is to be used in connection with the community foundation's exempt purpose or part of a life estate.

Issues in Acquiring the Property:

- **Title Review and Insurance** – The community foundation shall make certain that there is evidence of clear title to the property being donated by the donor. If multiple donors are named on the title, each owner must agree in writing to the gift. The community foundation will require the donor to provide title insurance.
- **Survey of the Property** – Particularly for commercial properties, a prior survey will be requested or a survey will be done to determine encroachments, easements or other details that cannot be ascertained from the title company. The determination of the need for a survey shall be determined by the Executive Committee.
- **Environmental Review** – For any gifts of real estate, the community foundation reserves the right to require both a physical inspection and current baseline environmental assessment, particularly if commercial or income-producing property is involved. The donor shall bear the cost of such reviews.
- **Expenses** – A thorough review of expenses related to the carrying cost of the property shall be conducted prior to acceptance and, in those instances where such costs are deemed significant and/or the anticipated time period to complete the sale of real estate is sufficiently long, the donor will be asked to provide for payment of expenses via an additional cash donation(s).

See Appendices B (Request for Initial Information) and C (Letter of Intent) for initial documents to be completed by the donor.

#### **h) Pledges**

All pledges must be in writing and include the fund that will benefit from the gift, and the anticipated payment schedule along with the signature of the donor. Pledge payment reminders will be sent monthly.

## **2) Deferred Gifts (Planned and Testamentary Gifts)**

The community foundation's planned and testamentary giving program encompasses all forms of gifts whose benefits do not fully accrue to the community foundation until some future time (such as the death of the donor or other income beneficiaries or the expiration of a predetermined period of time), or whose benefits to the community foundation are then followed by the interests of non-charitable beneficiaries. Examples of deferred gifts include:

- Retirement assets naming the community foundation as a successor or contingent beneficiary upon death of either the retirement asset owner or spouse
- Outright bequests per a Will or Trust Agreement

Donors using planned and testamentary gift techniques may establish any of the fund types listed in this policy, provided that the residual meets the required minimum for

that fund type. If minimums are not met by such a gift, the CEO/Executive Director and/or staff will work with donors and/or their representatives to best meet the donor's objectives. The governing documents should specify the community foundation as the charitable recipient and name the fund to which the donor's gift will be contributed. The type of fund and purpose of the fund may be described in detail in a separate fund type agreement.

The CEO/Executive Director will review planned gifts to the community foundation. The CEO/Executive Director is responsible for assuring that all planned gift instruments are valid and are acceptable to the community foundation, and will consult with the Executive Committee when necessary. Pertinent information about these gifts will be detailed by the CEO/Executive Director to the donor and to the donor's advisors, as well as to the representative of the community foundation working most closely with the donor.

All donors contemplating a deferred gift to the community foundation should be encouraged to consult their own financial, legal and tax advisors.

Donors are discouraged from placing limitations on the use and application of the eventual funds transferred, and must follow the community foundation's guidelines for non-discrimination. A statement of the donor's wishes regarding use of the gift (even if designated "unrestricted") shall be obtained at the closing of the gift and maintained both in the donor file and with the original gift documentation such as the trust instrument.

The handling of estate distributions will be coordinated with the CEO/Executive Director. The CEO/Executive Director or his/her designee serves as a primary liaison with any outside parties to the transaction, or to a given transaction (bank trust department, probate court, executor/administrator of the estate, estate counsel and other advisors).

### **3) Retained Life Estate**

The community foundation may accept a gift of a personal residence, vacation home or farm in which the donor retains the right to occupy the property until the death of the donor. During the donor's lifetime, the donor may specify the use of any proceeds from the property. Upon death the property vests in the community foundation.

In deciding to accept a gift of a remainder interest, the community foundation will follow the policies outlined herein for accepting a gift of real property. In addition the community foundation will consider, among other things, the following factors:

- **Age of Donor** – As a general rule, the life beneficiary should be age 55 or older;
- **Use of property** – The community foundation will take into consideration the potential use of the property during the tenant's lifetime in order to avoid accepting any property which might cause a liability for the community foundation in future years;
- **Disposition** – In general, the property should be sold within a reasonable time after the donor's death;

- **Costs and expenses** – The donor must agree to be responsible for all costs of maintaining the property, including but not limited to, property insurance, taxes, repairs and maintenance.

#### **4) Bequests**

A bequest is an outright gift to the community foundation through a will or trust. Foundation representatives may actively solicit bequests as long as the purpose of the gift is in accordance with the charitable purposes of the community foundation.

Bequests received through wills and or trusts, without specific language restricting purpose and/or restricting corpus with endowment language, by their nature are unrestricted. It is the general policy that unrestricted bequests in excess of \$100,000 will be evaluated by the Executive Committee, and a recommendation made to the Board of Directors on a case-by-case basis to determine the ultimate allocation of such bequest.

#### **Types of Endowments:**

##### **1) Endowment Funds**

An endowment fund is a permanent endowment fund that prohibits granting from the original corpus of the fund.

##### **2) Quasi-Endowment Funds**

A quasi-endowment fund is a board-designated (versus donor-designated) permanent or donor-directed fund that functions as an endowed fund but which is not subject to any legal prohibitions against spending. A quasi-endowment is subject to the same spending policy as an endowment fund. However, the Board of Directors can authorize the spending of principal and can also authorize a change in the nature of the fund.

#### **Types of Funds**

The community foundation offers a broad range of funds designed to be responsive to donor interests. A Fund Agreement is required to establish a fund with the Bermuda community foundation. The minimum fund balance for each fund type is outlined in detail later in this policy.

##### **1) Unrestricted Fund**

Unrestricted funds provide the community foundation with the grantmaking flexibility to support a wide variety of nonprofits in meeting the challenges of the community. These funds are directed to emerging needs in Bermuda as identified by the community foundation's Board of Directors and the Grants Committee.

##### **2) Field of Interest Fund**

Donors may use Field of Interest Funds to support specific areas prioritized by the community foundation such as the arts, children and youth, the environment, the elderly, or health and human services. Within these broad fields, the Board of Directors has the flexibility to make grants that address the current and changing needs of the community. The community foundation's Field of Interest Funds' advisory committees

make grant recommendations to the Board for final approval.

### **3) Designated Fund**

Income from a designated fund is given annually to specific named charitable organizations. If the named charity is no longer active or providing a needed service, or if the purpose of the fund becomes impractical or impossible to fulfill, the Board of Directors of the community foundation may select another recipient with a similar purpose.

### **4) Administrative/Operating Fund**

The Administrative/Operating Fund provides financial support for the day-to-day programs and operations of the community foundation. Contributions for the establishment, long term growth and prospects of the community foundation allow the foundation to administer donor funds in perpetuity.

### **5) Donor Advised Funds**

#### **a) Donor Advised Endowment Fund**

An endowed donor advised fund allows a donor to maintain the ability to offer recommendations regarding the recipients and dollar amounts of grants distributed from the fund. These funds are endowed and the principal shall not be invaded. Donors may distribute amounts determined annually based on the Spending Policy determined by the Board of Directors, typically approximately 4.5% of the value of the fund annually.

#### **b) Donor Advised Pass-Through Fund**

The donor advised pass-through fund allows donors to recommend some, or all of, the principal of the fund be distributed to organizations within Bermuda.

### **5) Cedarberry Fund**

A Cedarberry Fund allows donors who are not yet able to make the minimum required commitments for donor-advised endowment funds, to build a fund over time. This fund requires an initial seed investment of \$2,500 with a pledge of additional investments. When the fund reaches maturity for this fund-type (a core balance of \$10,000), the Cedarberry Fund matures to become a permanent endowment, at which point BCF staff work with the donor to determine the fund's giving priorities.

### **6) Agency Funds**

A nonprofit can create an agency fund in the form of an endowment to support its own operations and programmes. The professionally managed fund is a valuable vehicle for donors who like to plan their giving, for example via payroll deductions that go towards a designated nonprofit. BCF manages the endowment in perpetuity, enabling the nonprofit organisation to focus fully on serving its constituents.

**Minimum Required to Create a New Fund:**

The current minimums required to create a new named fund at the community foundation are as follows:

<b>Fund Type</b>	<b>Endowed</b>	<b>Non-Endowed</b>
Unrestricted Fund	\$25,000	\$25,000
Field of Interest Fund	\$25,000	\$50,000
Designated Fund	\$25,000	\$25,000
Administrative/Operating Fund	No minimum	No minimum
Donor Advised Fund	\$25,000	\$50,000
Cedarberry Fund (Acorn)*	\$2,500 (no granting until it reaches \$10,000)	N/A
Agency Fund	\$10,000 (no payout until it reaches \$50,000)	

\*A smaller initial gift will be considered if the donor sufficiently demonstrates that the fund will reach the minimum value through additional gifts by an agreed upon deadline.

**Acknowledgement:**

Donors shall receive a written acknowledgment from the community foundation and, with donor approval, recognition in BCF publications and media releases.

**Publicity:**

No public media exposure with respect to a donor’s gift shall be generated without the consent of the donor.

**Investment of Gifts:**

It is the policy of the community foundation to convert all non-cash gifts to cash as soon as possible and/or appropriate. The community foundation reserves the right to make any or all investment decisions regarding gifts in accordance with its Investment Policy.

In making a gift to the community foundation, donors give up all right, title, and interest to the assets contributed. In particular, donors give up the right to choose investments and investment managers, brokers, or to veto investment choices for their gifts.

However, when the size of a fund warrants separate investment consideration, the community foundation will endeavor to accommodate requests from donors for separate investment of fund assets, or use of a particular investment manager, broker or agent in accordance with the Investment Policy, and may consult with donors on investment options for such funds. Any recommendations for investment advisors which are not currently employed for the general assets of the community foundation shall require prior review and approval by the Finance Committee.

**Costs of Accepting and Administering Gifts:**

Except as may be approved by the Executive Committee in unusual circumstances, the costs associated with the acceptance of a gift such as attorney fees, accounting fees, other

professional fees as well as other costs to establish a gift such as appraisal, escrow, evaluation, and environmental assessment fees will be borne by the donor.

The direct costs of administering planned gifts of the community foundation shall be borne from the assets of the individual funds, except for those special circumstances as determined by the Committee. Custodial, investment, and administrative fees shall be paid from the respective funds in accordance with the community foundation's guidelines and fee schedules as approved by the Board.

**Confidentiality:**

Foundation staff shall maintain strict control over files and information received from or about donors or prospective donors so as to maintain confidentiality of such information. No public media exposure shall be made with respect to a donor's gift without the consent of the donor.

**Public Fundraising:**

Fundraising undertaken by donors in connection with funds of the community foundation require special consideration. See Appendix A (Public Fundraising for Funds of the community foundation).

**Authority to Negotiate:**

The community foundation management and administrative officers authorized to accept letters of direction and amendments thereto and to negotiate and sign charitable giving agreements with prospective donors are:

- CEO/Executive Director
- Chair of the Board of Directors
- Vice-Chair of the Board of Directors

**Variance Power:**

In accepting a contribution to any fund, the Bermuda Community Foundation commits to the donor that the contribution will be protected for the charitable purpose originally intended. It is intended that the Fund continue in perpetuity. However, this Agreement is subject to the Foundation's authority to vary the terms of the gift if necessary. As stated in its policies, the Foundation adheres to a policy commonly known as the Variance Power. Variance power is only exercised in extenuating circumstances.

Variance power allows the Foundation to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to specified not-for-profit organizations if in the sole judgment of the governing body (without the necessity of the approval of any participating trustee, custodian, or agent), such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment (i.e. the death of the last surviving member of a Fund Advisory Committee or a proposed grantee ceases to exist), or inconsistent with the charitable or philanthropic needs of the community or area served.

- a) In any of such events, the Foundation shall provide thirty (30) days advance written notice to all parties of its determination to an agreement to terminate the Fund and the

reasons for its determination. Written notice is not required in the event that an agency or its representatives are then a defunct organization. Following such notification, the Fund shall cease to be a separate fund and shall thereafter be commingled and administered as part of the general endowment funds of the Foundation; provided, however, that to the extent practicable and permitted under the then laws of the jurisdiction, the Foundation shall endeavor to make distributions from its general endowment funds to carry out those charitable purposes most closely aligned with the purposes for which this Fund was originally created.

- b) If the Bermuda Community Foundation itself ceases to be a qualified organization, or if the Foundation proposes to dissolve, then the assets of the Fund, after payment or making provision for payment of any liabilities properly chargeable to the Fund, shall be distributed to the designated field of interest or agency (in the case of an Agency Fund); provided, however, that if the designated agency is not then a qualified charitable organization, then said assets shall be distributed to such qualified charitable organization or organizations in Bermuda as the Board of Directors of the Foundation in its sole discretion determines serves purposes similar to those of the originally designated agency, field of interest or the Foundation's philanthropic purposes more generally. The term "qualified organization" as used herein shall mean an organization described under the Charities Act 1978 or the Companies Act 1981 (companies limited by guarantee with charitable or philanthropic objects) as amended from time to time.

## **Appendix A: Public Fundraising for Funds of the Bermuda Community Foundation**

The Bermuda Community Foundation is staffed to develop endowment and other assets through the acquisition of major and planned gifts via the stewardship of existing donors and the cultivation of new relationships. The Bermuda Community Foundation is not staffed to engage in public fundraising events for any of its funds. The Bermuda Community Foundation will administer a public fundraising event in association with a fund only when deemed appropriate by the Board of Directors.

Public fundraising events refer to those special events that are intended to raise dollars for a specific fund. For example, a golf tournament, fundraising dinner, raffle or other special event would be considered a public fundraising event. The term "Public Fundraising" is not intended to encompass the community foundation's solicitation for endowment support through annual appeals and other solicitations for purely charitable purposes.

### **Foundation Approval of Events:**

In the event the Bermuda Community Foundation approves a fundraising event, the following requirements must be met:

- Before undertaking public fundraising events, the fundraising event coordinator shall apprise BCF of the specific program, event or other effort to raise money for the fund.
- The fundraising event coordinator will then obtain Foundation approval to proceed according to Foundation policies.
- In all cases, any use of the Bermuda Community Foundation's name in advertising and promotion must be approved in advance by the community foundation.

### **Responsibilities of the Bermuda Community Foundation:**

The community foundation is held accountable for all public fundraising events related to funds of the community foundation. It may not delegate this responsibility to any other parties. In considering whether to approve the event, staff shall take into account the following responsibilities:

- Budget and payment of expenses
  - An agreed upon budget for the event
  - Delegation of authorization for payment of expenses
  - Delegation of budget oversight and accountability
  - Agreed upon administrative fee assessed by the community foundation
- Compliance with laws
  - Determination that event complies with all local laws
- Potential liability incurred by the community foundation
  - Requirement for any additional insurance and how that will be paid
- Acknowledgements
  - Assign person to complete gift acknowledgement letters
- Management of money and property received from the event
  - Determination that all financial controls are in place
  - Finalization of how payments will be received and by whom
  - Financial safeguards are in place
- Application of income and principal to charitable uses
  - Determination of whether the fund can be administered in the manner in which it is advertised

## **Appendix B: Request for Initial Information (Gift of Real Estate)**

### **Gift Acceptance Policy – Real Estate**

The Bermuda Community Foundation (the “community foundation”) is pleased that you are considering a gift of a real estate interest to the community foundation. Because of the unique and sometimes complicated issues that arise in connection with the transfer of a real estate interest, the community foundation has established detailed policies and guidelines that must be followed as a condition to the final acceptance of the gift by the community foundation.

Before embarking on the required due diligence, the Bermuda Community Foundation would like to obtain some information about the real estate interest you are proposing to gift to the community foundation. With this information, the CEO will present this gift opportunity to the Board of Directors of the Bermuda Community Foundation for a preliminary approval. If this preliminary approval is given, the staff and its advisors will then proceed to work with you in obtaining all of the information necessitated by the due diligence requirements of the community foundation’s policies and guidelines.

Thank you for considering a gift to the Bermuda Community Foundation. Once you have provided the basic information requested on the attached form, we will promptly bring your proposed gift to the Board for its preliminary review and determination.

Very truly yours,  
Bermuda Community Foundation

By: \_\_\_\_\_

Its: \_\_\_\_\_

**Appendix C: Letter of Intent (Gift of Real Estate)**

**Gift Acceptance Policy – Real Estate**

1) **Name of Donor(s)** \_\_\_\_\_

2) **Description of Property to be gifted:** \_\_\_\_\_

\_\_\_\_\_

3) **Type of gift Contemplated:** \_\_\_\_\_

\_\_\_\_\_

4) **Estimated Value of the Property to be Gifted** \$ \_\_\_\_\_

(Note: If the property has been appraised within the last three years, please also indicate the value established by the appraisal: \$ \_\_\_\_\_ )

5) **Location.** Please attach a plat map or other drawing showing the location of the property to be gifted.

6) **Environmental Conditions.** Is there any reason to believe that the property to be gifted has any environmental contamination? \_\_\_\_\_

7) **Other Information.** (Please provide any other information about the condition of the property, or any special restrictions on the gift property, of which the Bermuda Community Foundation should be aware) \_\_\_\_\_

\_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
(Signature of Donor)

\_\_\_\_\_  
(Type or Print Name of Donor)

Date: \_\_\_\_\_

\_\_\_\_\_  
(Signature of Donor)

\_\_\_\_\_  
(Type or Print Name of Donor)