

## GIFT ACCEPTANCE POLICIES

Approved by the SCF Board of Directors 5.28.2021

### 1. INTRODUCTION

1.1 In order to protect the interests of the Siouxland Community Foundation and the persons and other entities who support its programs, these policies are established to assure that each gift to, or for the use of, the Siouxland Community Foundation is structured to provide maximum benefits to both donor and donee. Furthermore, these policies are intended to serve the best interests of both donor and donee in any particular gift planning opportunity.

### 2. PURPOSE

2.1 These policies address both current and deferred gifts, with emphasis on various types of deferred gifts and gifts of non-cash property.

- a. The goal is to encourage gifts to the Siouxland Community Foundation for the benefit of Siouxland charities without encumbering the Foundation with gifts which generate more cost than benefit, place other assets of the Foundation at risk, or are restricted in a manner which is not in keeping with the mission of the Siouxland Community Foundation.

### 3. GENERAL GUIDELINES

3.1 To earn the support and confidence from persons who are planning to make a gift, the Siouxland Community Foundation must be capable of responding quickly, and in the affirmative where possible, to all gifts offered by prospective donors. It is understood that except where stated otherwise, these policies are intended as guidelines, and that flexibility must be maintained since some gift situations can be complex, and decisions only made after careful consideration of all interrelated factors. Therefore, these policies will in some instances require that the merits of a particular gift be given special consideration by the Gift Acceptance Committee which shall make recommendations regarding that gift.

3.2 The Siouxland Community Foundation does not solicit gifts or market gift planning techniques as investments or securities. All disclosures required by state and federal regulatory agencies (such as those required for a pooled income fund or other trusts) shall be made in a thorough and timely manner.

3.3 Suggestions for personal gift planning may be provided by the Siouxland Community Foundation staff and volunteers in order to assist donors in carrying out their charitable objectives. However, the Siouxland Community Foundation does not give legal advice. Staff and volunteers must recommend that the donor seek the advice of the donor's own legal or tax counsel prior to making the gift.

### 4. POLICY FOR REVIEW OF GIFTS

4.1 The Executive Committee of the Siouxland Community Foundation, and others empowered by the Executive Committee to act in an advisory capacity, shall serve as the Gift Acceptance Committee and as such, assume the responsibility to consider and determine procedures concerning acceptance of all gifts to the

Siouxland Community Foundation in order to insure that gifts received are in the best interests of, and are consistent with the mission of the Foundation.

4.2 Acceptance by staff of gifts consistent with the purposes, bylaws and procedures of the Foundation will not require review by the Gift Acceptance Committee if the gifts are in any of the following forms and are contributed to existing or new component funds of the Siouxland Community Foundation:

- Cash consistent with the Large Currency Transaction Act;
- Checks;
- Marketable securities in deliverable form; or
- Gifts of usable furniture and equipment for the Foundation's office or programs of the Foundation.

4.3 The Foundation reserves the right to accept or reject any gift as it sees fit which is in the best interests of the Foundation. It is the policy of the Foundation to convert all gifts to cash as soon as possible. Furthermore, the Foundation will not participate in gift planning activities if there is a question as to whether the donor has sufficient title to the assets or whether the donor is mentally competent to legally transfer the property as a gift to the Siouxland Community Foundation.

## **5. ENDOWMENT & GIFT RESTRICTIONS**

5.1 *Restrictions* Any restrictions or designations imposed by a donor to establish a special fund within the Siouxland Community Foundation will not be honored without prior approval of the Gift Acceptance Committee in the case of current gifts or subsequent approval by the Gift Acceptance Committee in the case of gifts received by will or other gifts effective at death which has not been previously approved by the Committee.

- a. A donor may not impose any material restrictions (a term defined in the Treasury regulations) on the use of contributions to the Siouxland Community Foundation which would prevent the Foundation from freely and effectively employing the contributed assets, or the income derived therefrom, in furtherance of the Foundation's charitable purposes.
- b. A permanent endowment (unrestricted named, designated/agency, field of interest, geographic affiliate or donor advised fund) may be established with a minimum gift of \$5,000. An endowed scholarship fund may be established with a minimum gift of \$20,000. (*see Appendix - Policy and Procedures for Receipt of Contributions and Establishment of Funds*)
- c. Only donors that make contributions to an endowment fund (benefiting one or more Iowa charitable causes) within a community foundation that meets National Standards for U.S. Community Foundations are eligible to receive Endow Iowa Tax Credits for their gifts.

## **6. USE OF LEGAL COUNSEL**

6.1 The Siouxland Community Foundation shall seek the advice of legal counsel in all matters deemed necessary by the Gift Acceptance Committee. All fund agreements shall follow the format of the specimen agreements approved by the Foundation's legal counsel and included by reference in these guidelines. All prospective donors shall be urged to seek their own counsel in matters relating to their gift plans as well as matters involving financial, tax and estate planning.

## **7. TYPES OF PROPERTY**

7.1 *Cash* Gifts in the form of currency or checks may be accepted in any amount. All checks must be made payable to the Siouxland Community Foundation and shall in no event be made payable to an employee, agent, or volunteer for the credit of the Siouxland Community Foundation. Transfers of currency in the amount of \$10,000 or more shall be reported to the Internal Revenue Service as required by law.

7.2 *Publicly Traded Securities* Securities which are traded on an exchange or other publicly reported market may be accepted by the Siouxland Community Foundation. It may be anticipated that such securities will ordinarily be sold by the Foundation immediately upon receipt. Securities are generally valued at the arithmetic mean of the highest and lowest selling prices for that stock on the date of the gift. Staff and volunteers of the Foundation may not represent to a donor that a particular security will be held for investment by the Siouxland Community Foundation.

7.3 *Closely Held Securities* Securities which are not traded among the public may be accepted by the Siouxland Community Foundation only upon approval of the Gift Acceptance Committee. No commitments shall be made by the Siouxland Community Foundation for the repurchase of such securities prior to completion of a gift of securities. Such securities may be disposed of with the approval of the Gift Acceptance Committee.

- a. Pursuant to the Pension Protection Act of 2006, the Foundation will not accept any gift of assets (e.g. gifts of stock in closely-held C corporations, S corporations, and limited partnership interests) for a donor advised fund that would subject the Foundation to tax under section 4943 of the Internal Revenue Code, concerning "excess business holdings". When the aggregation of assets held by a donor advised fund, donor, donor advisors and related parties exceeds approximately 20% of the voting stock or profit interest in a business entity; the Foundation will immediately divest excess holdings of the donor advised fund.

7.4 *Real Property* Defined as land and generally whatever is affixed to land as well as those rights which issue out of land, a gift of real estate may be accepted upon approval of the Gift Acceptance Committee.

- a. Each prospective donor shall be given a real estate disclosure checklist that will seek information about the property from the donor. Given this information, the Gift Acceptance Committee can proceed with their due diligence work to assess the gift opportunity.
- b. It shall be the responsibility of the donor to provide an independent qualified appraisal and a clear environmental review acceptable to the Gift Acceptance Committee on all gifts of real estate.
- c. In general, gifts of commercial or residential real estate with a value estimated at \$50,000 or greater may be considered if there is reason to believe that the property is highly marketable within a reasonable time period.
- d. Special attention shall be given to the receipt of real estate encumbered by a mortgage, the transfer of which to the ownership of the Siouxland Community Foundation may create unrelated business income for the Foundation and adverse consequences for certain donors unless handled properly.
- e. Real estate shall not be accepted to fund a charitable gift annuity without seeking an opinion as to the permissibility of this action under the laws of the state or states involved and approval by the Gift Acceptance Committee.

7.5 *Personal Property* Jewelry, works of art, collections and other personal property shall not be accepted unless the employee, agent, or volunteer working on behalf of the Siouxland Community Foundation has reason to believe the property has a value in excess of \$10,000. Such property may be accepted upon approval of the Gift Acceptance Committee.

- a. Personal property shall be accepted by the Siouxland Community Foundation if there is reason to believe that it may be readily sold. A gift of perishable property or property which requires special facilities or security to properly safeguard it may be accepted after making arrangements for that protection.
- b. A gift that purports to obligate the Siouxland Community Foundation to perpetual ownership shall not be accepted. The Gift Acceptance Committee may represent to a donor that property may be held for a specific period of time or for purposes related to the tax treatment of the transfer. The Siouxland Community Foundation will notify donors that the Foundation will cooperate fully in matters related to Internal Revenue Service investigations of non-cash charitable gifts.
- c. Notwithstanding the foregoing, if there is reason to believe personal property has a value of \$10,000 or more, it may only be accepted after receipt and review by the Gift Acceptance Committee or those empowered to act on its behalf, of an independent qualified appraisal provided by the donor.

**7.6 Other Property** Other property not otherwise described in this section, whether real or personal, of any description (including mortgages, notes, copyrights, trademarks, royalties, and easements) may be accepted by action of the Gift Acceptance Committee or those empowered to act on its behalf if there is clear evidence of marketability or assurance of an income stream. Gifts-in-Kind (defined as equipment, office supplies, software and the like that may be put to immediate use for purposes related to the mission of the Siouxland Community Foundation) are included in the definition of other property. For gifts of other property, the donor shall provide an independent qualified appraisal acceptable to the Gift Acceptance Committee.

**7.7 Suitability** Appropriate inquiry shall be made and special considerations shall be given to the nature of any gift of property and whether it is in keeping with the mission of the Siouxland Community Foundation prior to the acceptance of any gift by the Foundation.

## **8. DEFERRED GIFTS**

**8.1 Bequests** A will (bequest) is an instrument by which a person makes a disposition of property to take effect after his death and which can be altered or revoked at any time during his life. Gifts through wills shall be actively encouraged by the Siouxland Community Foundation.

- a. In the event of an inquiry by a person who is making a will as to the acceptability of property proposed to be left to the Siouxland Community Foundation, the person shall be encouraged to make the gift in accordance with the terms and provisions of Section 3 of these guidelines.
- b. Gifts from the estates of deceased donors consisting of property which is not acceptable shall be rejected only by action of the Gift Acceptance Committee. The legal counsel of the Siouxland Community Foundation shall expeditiously communicate the decision of the Gift Acceptance Committee to the legal representatives of the estate. If there is any indication that the representatives of the estate or any family member of the deceased is dissatisfied with the decision of the Gift Acceptance Committee, this fact shall be communicated to the Gift Acceptance Committee as quickly as possible.
- c. Attempts shall be made to discover bequest expectancies whenever possible in order to reveal situations which might lead to unpleasant donor relations in the future. Where possible, intended bequests of property other than cash or marketable securities should be brought to the attention of the Gift Acceptance Committee and every attempt be made to encourage the donor involved to conform his or her plans to the Siouxland Community Foundation's policies.

**8.2 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 payments, to pay a specified sum to the beneficiary upon the death of the insured.

- a. The Siouxland Community Foundation shall encourage donors to name the Foundation as a primary, secondary, or last beneficiary under life insurance policies which they have purchased on their lives.
- b. If the Foundation is assigned ownership of a life insurance policy, said policy will be maintained so long as gifts are made to the Foundation in the amount of the premiums due. Should such premium gifts not be forthcoming, the Foundation may, on the recommendation of the Gift Acceptance Committee (and upon review by the Finance Committee), elect:
  - to have the Foundation continue the premium payments.
  - to surrender the policy in exchange for its cash surrender value.
  - to invoke procedures under which the existing policy values can sustain the policy without further outlay of Foundation funds for premiums (e.g., have dividends pay future premiums, borrow against the cash value to pay future premiums, use a combination of the two previous options, change the policy to Paid-Up in which case no more premiums will be due).
- c. No insurance products and no insurance companies are endorsed by the Siouxland Community Foundation for use in funding gifts to the Foundation.
- d. In no event shall the Siouxland Community Foundation become involved in the furnishing of donor's names to other persons for the purpose of marketing life insurance to those donors. This practice represents a potential conflict of interest, raises issues concerning donor relations and donor privacy, and may subject the Siouxland Community Foundation to regulation under state insurance law if the activity is construed as involvement in the marketing of life insurance.

**8.3 Charitable Remainder Trusts** These are irrevocable trusts which pay income to a noncharitable beneficiary for life or a term of years based on the value of the property in the trust, with the remainder going to the Siouxland Community Foundation. A charitable remainder unitrust provides a variable income based on a fixed percentage of the annual value of the trust, while a charitable remainder annuity trust pays a fixed income based on the initial value of the trust.

- a. In general, the Siouxland Community Foundation will not serve as sole trustee of a charitable remainder trust for the benefit of the institution. This policy may only be waived by a written resolution of the Gift Acceptance Committee which is subsequently approved by the Foundation board of directors.
- b. The fees for management of a charitable remainder trust will only be paid by the Siouxland Community Foundation upon approval of the Gift Acceptance Committee.
- c. The Gift Acceptance Committee of the Siouxland Community Foundation will identify a number of corporate fiduciaries nationwide in which it has confidence. Only with the approval of the Gift Acceptance Committee may any corporate fiduciary be recommended to a donor.
- d. No representations shall be made by staff or other persons acting on behalf of the Foundation as to the manner in which charitable remainder trust assets will be managed or invested by a corporate fiduciary who may be recommended by the Siouxland Community Foundation without the prior approval of such representation by the fiduciary.
- e. If the Siouxland Community Foundation is to serve as trustee, then a charitable remainder unitrust or a charitable remainder annuity trust shall be entered into with a donor for the sum of \$100,000 or more. The fixed percentage to be paid shall be no less than 5% (the minimum allowed by law) and must be distributed at least annually to one or more beneficiaries for life or for a term not to exceed 20 years. Any income beneficiary shall be age 55 or older and the maximum number of beneficiaries shall be four.

- f. The Gift Acceptance Committee may approve acceptance of gifts for which the anticipated expenses do not exceed a specified percentage of the anticipated benefit.
- g. Charitable remainder trusts and all other deferred gifts shall be encouraged as a method of making gifts to the Siouxland Community Foundation while retaining income which may be needed by the donor for any number of personal purposes. Such trusts shall not be marketed as tax avoidance devices or as investment vehicles, as it is understood such activity may violate federal and/or state securities regulations.

**8.4 Charitable Lead Trusts** These are irrevocable trusts which pay income to the Siouxland Community Foundation for a term of years or the life of an individual based on the value of the property in the trust, with the remainder going to a noncharitable beneficiary. A charitable lead unitrust provides a variable income based on a fixed percentage of the annual value of the trust, while a charitable lead annuity trust pays a fixed income based on the initial value of the trust.

- a. In general, the Siouxland Community Foundation will not serve as sole trustee of a charitable lead trust for the benefit of the institution. This policy may only be waived by a written resolution of the Gift Acceptance Committee which is subsequently approved by the Foundation board of directors.
- b. The fees for management of a charitable lead trust will only be paid by the Siouxland Community Foundation upon approval of the Gift Acceptance Committee.
- c. The Gift Acceptance Committee of the Siouxland Community Foundation will identify a number of corporate fiduciaries nationwide in which it has confidence. Only with the approval of the Gift Acceptance Committee may any corporate fiduciary be recommended to a donor.
- d. No representations shall be made by staff or other persons acting on behalf of the Foundation as to the manner in which charitable remainder trust assets will be managed or invested by a corporate fiduciary who may be recommended by the Siouxland Community Foundation without the prior approval of such representation by the fiduciary.
- e. If the Siouxland Community Foundation is to serve as trustee, then a charitable lead trust shall be entered into with a donor for the sum of \$100,000 or more. The Gift Acceptance Committee may approve acceptance of gifts for which the anticipated expenses do not exceed a specified percentage of the anticipated benefit.

**8.5 Charitable Gift Annuities** Under this contractual arrangement a donor makes a gift to the Siouxland Community Foundation in exchange for annual payments from the Foundation for the life of an individual.

- a. A gift annuity may be issued by the Siouxland Community Foundation for an amount of \$5,000 or more and any beneficiary shall be 55 years or older. A gift annuity agreement shall be for one or two lives and no exception shall be made to this requirement; otherwise, under the law the Foundation will be taxed on a large part of the gift's earnings.
- b. No gift annuity agreement shall be issued unless the charitable gift, as computed using government tables, exceeds 10% of the amount transferred for the annuity. No exception shall be made to this requirement; otherwise, the Foundation will be taxed on a large part of the gift's earnings.
- c. The Siouxland Community Foundation shall issue gift annuities at rates not exceeding the rates recommended by the American Council on Gift Annuities, except those rates shall not be followed if the "10% test" is not met because the value of the gift is 10% or less of the property received.
- d. For a deferred payment charitable gift annuity, the period of deferral between the transfer for the deferred payment annuity and the date the annuity payments start shall be 15 years or less.

**8.6 *Life Estates*** A life estate is defined as a gift to the Siouxland Community Foundation of a house, farm, or ranch where the donor retains the right to the income, use, and enjoyment of the property for life or a specified term of years.

- a. Donors shall generally not be encouraged to make gifts of real property to the Siouxland Community Foundation under which they maintain a life interest in the property. Such transfers are frequently not in the best interest of the donor and offer potential for adverse donor relations should the donor have a need to sell the property to generate funds, only to find that a relatively small portion of the proceeds would be available to the donor as owner of the life estate.
- b. Life estate gifts may be accepted by approval of the Gift Acceptance Committee when the real property involved is an incidental portion of the donor's current and future estate, and the Committee is satisfied that there has been full disclosure to the donor concerning the particular risks inherent in this type of gift.
- c. All such gifts are subject to the provisions set forth in Section 7.4 (b) of these policies.

**8.7 *Retirement Plans*** Almost any personal account, including Individual Retirement Accounts and qualified pension and profit-sharing plans, may be considered retirement savings. Gifts from these plans may be established by sending a new beneficiary designation to the plan administrator. The Siouxland Community Foundation encourages donors to name the Foundation as a primary, successor, or contingent beneficiary for all or part of the assets upon death of either the retirement asset owner or spouse.

## **9. GIFT PLANNING SERVICES**

**9.1 *Finders Fees and Commissions*** The Siouxland Community Foundation will pay no fee to any person as consideration for directing a gift by a donor to the Foundation. Payment of this kind raises legal and ethical issues and, in the case of irrevocable deferred gifts which involve management of assets, the payment of such a fee may subject the Foundation and its management and board of directors to federal and state securities regulations. In no event will a commission or finder's fee of any type be paid to any party in connection with the completion of a gift to the Siouxland Community Foundation without prior written approval of the Gift Acceptance Committee and subsequent written notification to the donor involved providing the amount and recipients of any such fee.

**9.2 *Professional Services*** The Siouxland Community Foundation does not endorse any professional or fiduciary services. During the course of gift planning, donors may ask for, and staff or volunteers of the Foundation may provide, names of several persons who provide services that assist the donor in deciding whether to make the gift. In all cases, however, the donor is urged to seek the advice of their own counsel prior to the completion of any gift.

**9.3 *Professional Fees*** The Siouxland Community Foundation may pay reasonable fees for professional services rendered in connection with the completion of a gift to the Foundation. Such fees will be paid only with prior consent of the Gift Acceptance Committee, and then only following disclosure to and with the approval of the donor.

- a. Professional fees shall be reasonable, and directly related to the completion of a gift. Examples include: legal fees for the preparation of documents, accounting fees incident to the transaction, appraisal fees by independent qualified property experts, and charges by "fee for service" financial planners. The Siouxland Community Foundation shall not engage the professional services of insurance agents, securities brokers or financial planners unless they affirm in writing that they are not compensated for such services through the sale of products to clients.

- b. The Gift Acceptance Committee will review itemized statements of fees to ascertain the reasonableness of these fees prior to payment, and in cases where fees are not reasonable, will review the facts and negotiate the payment.
- c. In cases where the persons receiving fees were initially employed by the donor and the Siouxland Community Foundation is asked to pay the fees involved, the donor shall be notified that the payment of such fees can result in taxable income to the donor in the amount of the fees paid.

9.4 *Donor Relations* From time to time, the Siouxland Community Foundation may produce materials to educate and inform prospective donors and their advisors about the various plans of giving. To illustrate the benefits that personal gift planning techniques offer, specific examples of Foundation donors and their gifts may be explained or promoted in a public forum, provided that the individuals identified have given their permission to be named or their situation described in that manner. Donors who make planned gifts may be recognized in publications and at events as a method of honoring and celebrating the completion of an important gift or gift expectancy.

## **10. GIFT RECEIPT AND ACKNOWLEDGMENT**

10.1 *Acknowledgment* Staff members of the Siouxland Community Foundation are responsible for the prompt execution of thank you letters with appropriate gift substantiation language in accordance with federal regulations. All gifts shall be acknowledged within 48 hours. An additional acknowledgment letter may be initiated by the President of the Siouxland Community Foundation for significant gifts. Each gift with a value of \$25,000 or more will be reported at the next meeting of the Board of Directors. No public media exposure with respect to the donor's gift will be generated without consent of the donor.

10.2 *Receipt* All documentation for all gifts, including gift transmittal forms and fund agreements shall be promptly placed in the appropriate donor/fund file.

## **11. CONFIDENTIALITY**

11.1 Foundation board members, staff, and volunteers shall maintain strict control over files and information received from or about donors or prospective donors so as to maintain confidentiality of such information.

# APPENDIX

## PART I. GENERAL POLICIES

### SECTION 1.1 PURPOSES

The charitable purposes of the Siouxland Community Foundation are to solicit, receive, and accept contributions from individuals, families, corporations, organizations, and other foundations to be administered, used, and applied exclusively for the benefit of the Siouxland area (defined to include a geographic area within a general fifty-mile radius of Sioux City, Iowa). The Siouxland Community Foundation works to enrich the quality of life in Siouxland by building permanent endowments to support the Foundation's charitable purposes (described in Section 1.6).

The Siouxland Community Foundation Board of Directors has adopted this document to describe its general rules and requirements relating to the acceptance of contributions and establishment of funds.

### SECTION 1.2 ACCEPTANCE OF CONTRIBUTIONS

The Executive Committee of the Siouxland Community Foundation, and others empowered by the Executive Committee to act in an advisory capacity, shall serve as the Gift Acceptance Committee and as such, assume the responsibility to consider and determine procedures concerning acceptance of all gifts to the Siouxland Community Foundation in order to ensure that gifts received are in the best interests of, and are consistent with the mission of the Foundation.

The Foundation's *Gift Acceptance Policy* provides guidelines for accepting various types of gifts for the various types of funds set forth in this Appendix.

A Donor may not impose any "material restriction" (a term defined in the Treasury Regulations) on the use of contributions to the Siouxland Community Foundation, which would prevent the Foundation from freely and effectively employing the contributed assets, or the income derived therefrom, in furtherance of the Foundation's charitable purposes.

Unless other specific arrangements are approved by the Board of Directors, all contributions to the Siouxland Community Foundation shall be commingled, invested, and reinvested as a part of the general funds and investments of the Foundation.

### SECTION 1.3 ESTABLISHMENT OF FUNDS

As authorized by the Board of Directors, the Executive Director may proceed with the establishment of new funds which comply with the Foundation's approved guidelines, policies, and fund agreements. Exceptions to this may only be accepted by the Board of Directors of the Siouxland Community Foundation, or by the President with the approval of the Executive Committee. The Board of Directors shall thereafter ratify the establishment of all funds.

The Siouxland Community Foundation has established an unrestricted Fund For Siouxland, which will be maintained by the Board of Directors for the charitable purposes described in Section 1.6 of these Procedures. Contributions to the Siouxland Community Foundation will be held in the Fund For Siouxland unless the Donor designates the contribution for another specific fund.

A Donor may choose to establish one or more of the following types of funds with a minimum contribution of

\$5,000 or more with subsequent approval by the Board of Directors.

- (1) Unrestricted (Named) Fund – Further described in Part II
- (2) Designated Fund – Further described in Part III
- (3) Field of Interest Fund – Further described in Part IV
- (4) Donor Advised Fund – Further described in Part V
- (5) Scholarship Fund (\$20,000 minimum) – Further described in Part VI
- (6) Agency Endowment Fund – Further described in Part VII
- (7) Affiliate Fund – Further described in Part VIII
- (8) Special Purpose (non-endowed) Fund – Further described in Part IX

#### SECTION 1.4 NAME OF COMPONENT FUNDS

Funds may be named by the contributing Donor(s) establishing the funds. Unless otherwise directed, the Siouxland Community Foundation will notify grant recipients of the named fund from which a grant is made.

#### SECTION 1.5 GRANTS

As required by the Internal Revenue Code and Regulations, the Siouxland Community Foundation will retain ultimate authority and control over the investment and distribution of income and/or principal of each fund. A Donor may not direct the timing of grants other than by directions in the original agreement between the Donor and Foundation. The ultimate authority to direct the timing and amount of all grants from any fund is vested in the Board of Directors.

The Board of Directors of the Siouxland Community Foundation may establish and direct minimum annual levels of grants to be made from donor-advised funds.

#### SECTION 1.6 CHARITABLE PURPOSE

Funds and assets of the Siouxland Community Foundation may only be used for the "charitable purposes" described in the Foundation's Articles of Incorporation, Bylaws, and Grantmaking Guidelines adopted by the Board of Directors.

#### SECTION 1.7 ADMINISTRATIVE EXPENSES & FEES

The Siouxland Community Foundation may pay out of a component fund any expenditures deemed necessary or expedient in connection with the acceptance, retention, preservation, administration, or disposition of the fund. More specifically, as compensation for the costs of administering the funds, each component fund shall be assessed a reasonable annual fee as set forth by the Board of Directors, based on the market value of each fund. Each fund shall also be assessed an investment fee.

#### SECTION 1.8 AMENDMENT OF PROCEDURE

This Procedure may be amended, varied, or waived by a majority vote of the Board of Directors at any regular or special meeting.

### **PART II. UNRESTRICTED (NAMED) FUNDS**

#### SECTION 2.1 ESTABLISHMENT AND PURPOSE

An Unrestricted (Named) Fund may be established at the request of one or more Donors with a contribution to the Siouxland Community Foundation of \$5,000 or more. Grants from an Unrestricted (Named) Fund shall be directed by the Board of Directors for any of the charitable purposes referred to in Section 1.6.

#### SECTION 2.2 CONTINUITY OF FUND

Unrestricted (Named) Funds may, at the discretion of the Donor, remain a component fund of the Siouxland Community Foundation as approved by the Board of Directors at the time of establishment.

### **PART III. DESIGNATED FUNDS**

#### SECTION 3.1 ESTABLISHMENT AND PURPOSE

A Designated Fund may be established at the request of one or more Donors with a contribution to the Siouxland Community Foundation of \$5,000 or more. Grants shall be made from the Designated Fund to or for the benefit of one or more public charities designated by the Donor(s) at the time of the initial contribution as stated in the Fund Agreement between the Donor(s) and the Foundation; provided always that grants shall only be made consistent with the charitable purposes of the Foundation.

#### SECTION 3.2 MONITORING FUNCTION AND VARIANCE POWER

The Siouxland Community Foundation will monitor the performance of the designated charitable organizations to determine that grants from the fund are used for purposes consistent with the Foundation's charitable purposes and the Donor's intention as stated in the Fund Agreement. If the Board of Directors determines that continued distributions to designated organization(s) have become unnecessary, incapable of fulfillment, or inconsistent with the Siouxland Community Foundation's charitable purposes or the charitable needs of Siouxland, the Board may, at its discretion, convert the Designated Fund to a Field of Interest Fund or dissolve the Fund into the Fund For Siouxland.

### **PART IV. FIELD OF INTEREST FUNDS**

#### SECTION 4.1 ESTABLISHMENT AND PURPOSE

A Field of Interest Fund may be established by one or more Donors with a contribution to the Siouxland Community Foundation of \$5,000 or more. Grants from a Field of Interest Fund shall be directed by the Board of Directors for the specific charitable purposes established by the Donor(s) as stated in the Fund Agreement; provided always that grants shall only be made consistent with the charitable purposes of the Foundation.

#### SECTION 4.2 MONITORING FUNCTION AND VARIANCE POWER

The Board of Directors shall periodically evaluate all Field of Interest Funds. If the Board determines that continued distributions for specified charitable purposes have become unnecessary, incapable of fulfillment, or inconsistent with the Foundation's charitable purposes or the charitable needs of Siouxland, the Board may, at its discretion, change the field of interest of the Fund or convert the Fund to an Unrestricted (Named) Fund.

### **PART V. DONOR ADVISED FUNDS**

#### SECTION 5.1 ESTABLISHMENT AND PURPOSE

A Donor Advised Fund may be established at the request of one or more Donors with a contribution to the Siouxland Community Foundation of \$5,000 or more. The Donor(s) establishing the Fund, or other Advisors named by the Donor(s), shall have the privilege of recommending charitable grant recipients to receive grants from the Donor Advised Fund; provided always that the Siouxland Community Foundation has exclusive legal control over the contributed assets and all grants made from the Fund which shall be consistent with the charitable purposes of the Siouxland Community Foundation.

#### SECTION 5.2 GIFTS FOR DONOR ADVISED FUNDS

Pursuant to the Pension Protection Act of 2006, the Foundation will not accept any gift of assets (e.g. gifts of stock in closely-held C corporations, S corporations, and limited partnership interests) for a donor advised fund that would subject the Foundation to tax under section 4943 of the Internal Revenue Code, concerning "excess business holdings". When the aggregation of assets held by a donor advised fund, donor, donor advisors and related parties exceeds approximately 20% of the voting stock or profit interest in a business entity; the Foundation will immediately divest excess holdings of the donor advised fund.

#### SECTION 5.3 DISTRIBUTIONS FROM DONOR ADVISED FUNDS

The Donor(s) of the Donor Advised Fund, or other Advisors named by the Donor(s), shall have the right to make recommendations. The Fund may, upon the donor's request, be advised by persons representing up to two generations – the donor's and one additional generation. The Donor or other designated Advisors may periodically submit written recommendations to the Foundation as to the amounts and recipients of grants. Such recommendations are advisory only and do not bind the Board of Directors to honor any such recommended distributions. The minimum level recommended for individual grant distributions shall be \$500. Grants may only be distributed to charitable entities that meet the qualifications set forth by sections 501(c)(3) and 170(b)(1)(A) of the Internal Revenue Code. A grant from an advised fund cannot be used to satisfy a personal or corporate pledge or obligation of the donor, or to provide a benefit to the donor such as paying for tickets, membership dues, etc. The Grant Review Committee of the Siouxland Community Foundation may, from time to time, suggest to the Donor grant recipients that are deserving and in need of support.

#### SECTION 5.4 CONTINUITY OF FUND

Upon the deaths of the Donor Advisors or in the absence of advice offered for a period of three years, the Fund shall be converted into an Unrestricted (Named) Fund.

### **PART VI. SCHOLARSHIP FUNDS**

#### SECTION 6.1 ESTABLISHMENT AND PURPOSE

A Scholarship Fund may be established by one or more Donors with a contribution to the Siouxland Community Foundation of \$20,000 or more. Donors may actively work with the Foundation to develop selection criteria, protocol for administration, etc. Scholarship recipients must be graduates of high schools within a general 80-mile radius of Sioux City, Iowa or have a GED equivalent from an agency or college within said radius. Exceptions to this requirement may apply to company-sponsored scholarship funds, which shall be determined on an individual fund basis by the Board of Directors. Parent corporations must be headquartered in said radius.

#### SECTION 6.2 MONITORING FUNCTION AND VARIANCE POWER

All Scholarship Selection Committee members either by name or position must be approved by the Board of Directors prior to serving. The Board of Directors shall periodically evaluate all Scholarship Funds. If the Board determines that continued scholarships for charitable purposes have become unnecessary, incapable of

fulfillment, or inconsistent with the Foundation's charitable purposes, the Board may, at its discretion, change the selection criteria of the scholarship or convert the Fund to an Unrestricted (Named) Fund.

## **PART VII. AGENCY ENDOWMENT FUNDS**

### **SECTION 7.1 ESTABLISHMENT AND PURPOSE**

An Agency Endowment Fund may be established by a 501(c)(3) nonprofit organization with a contribution to the Siouxland Community Foundation of \$5,000 or more. Annual distributions shall be made from the fund to the Agency to help sustain its charitable mission; provided always that distributions shall only be made consistent with the charitable purposes of the Foundation.

### **SECTION 7.2 MONITORING FUNCTION AND VARIANCE POWER**

The Board of Directors shall periodically evaluate all Agency Endowment Funds. If the Board determines that continued distributions for specified charitable purposes have become unnecessary, incapable of fulfillment, or inconsistent with the Foundation's charitable purposes or the charitable needs of Siouxland, the Board may, at its discretion, redirect the distributions to a different agency with similar mission and purpose or convert the Agency Endowment Fund to a Field of Interest Fund to benefit agencies with a similar mission and purpose.

## **PART VIII. GEOGRAPHIC AFFILIATE FUNDS**

### **SECTION 8.1 ESTABLISHMENT AND PURPOSE**

A Geographic Affiliate Fund may be established at the request of one or more Donors with a contribution to the Siouxland Community Foundation of \$5,000 or more. Grants shall be made from the Affiliate Fund for the exclusive benefit of public charities within the geographic area (county, community, etc.) designated by the Donor(s) at the time of the initial contribution as stated in the Fund Agreement between the Donor(s) and the Foundation; provided always that grants shall only be made consistent with the charitable purposes of the Foundation. Affiliate Community Foundations must operate under the legal control and oversight of the Siouxland Community Foundation.

### **SECTION 8.2 DISTRIBUTIONS FROM AFFILIATE FUNDS**

An Advisory Board, composed of citizens from the designated geographic area, shall have the right to make recommendations to the Foundation as to the amounts and recipients of grants. Such recommendations are advisory only and do not bind the Board of Directors to honor any such recommended distributions. As required by the Internal Revenue Code and Regulations, the Siouxland Community Foundation must have final authority and control over grants from any Advised Fund.

### **SECTION 8.3 MONITORING FUNCTION AND VARIANCE POWER**

The Siouxland Community Foundation will monitor the performance of the recipient charitable organizations to determine that grants from the fund are used for purposes intended, are consistent with the Foundation's charitable purposes, and the Donor(s) intent as stated in the Fund Agreement. If the Board of Directors determines that the purpose of the fund has become unnecessary, incapable of fulfillment, or inconsistent with the Siouxland Community Foundation's charitable purposes or the charitable needs of Siouxland, the Board may, at its discretion, dissolve the Fund into the Fund For Siouxland.

## **PART IX. SPECIAL PURPOSE FUNDS**

#### SECTION 9.1 ESTABLISHMENT AND PURPOSE

A Special Purpose (non-endowed) Fund may be established by one or more Donors to assist the charitable fundraising efforts of organizations or volunteer groups. The Foundation will serve as the vehicle to receive, track, and administer gifts solicited by the fundraising group, and distribute assets for purposes intended to a qualified charitable entity upon completion of the fundraising goal.

#### SECTION 9.2 MONITORING FUNCTION AND VARIANCE POWER

The Siouxland Community Foundation will monitor that distributions from the fund are used for purpose(s) intended, are consistent with the Foundation's charitable purposes, and the Donor(s) intent as stated in the Fund Agreement. If the Board of Directors determines that the purpose of the fund has become unnecessary, incapable of fulfillment, or inconsistent with the Siouxland Community Foundation's charitable purposes or the charitable needs of Siouxland, the Board may, at its discretion, dissolve the Fund into the Fund for Siouxland.

Approved by the SCF Board of Directors 5.28.2021

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Tim Berger, Board Secretary