



**CLALLAM
COMMUNITY
FOUNDATION**

OPERATING POLICIES

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United Way of Clallam County, (hereinafter referred to as UWCC), a 501(c)3 non-profit, organized under the laws of the State of Washington, encourages the solicitation and acceptance of gifts to the Clallam Community Foundation (hereinafter referred to as CCF) for purposes that will help CCF to further and fulfill its mission.

The mission of the Clallam Community Foundation is to:

Assist donors by providing a variety of options for charitable giving. Its further purpose is to implement the shared vision of donors and CCF Partner Organizations in improving the ability of people to live safe, healthy and productive lives.

CCF develops, receives, administers and distributes private charitable resources for the benefit of Clallam County.

I. Purpose of Operating Policies

The Board of Directors of UWCC governs the Clallam Community Foundation. United Way board members and staff solicit current and deferred gifts from individuals, corporations, and foundations to secure the future growth and missions of CCF.

Endowment and planned giving development is critical to UWCC's mission. The Board of Directors (hereinafter referred to as "Board") recognizes the importance of establishing policies and procedures to meet the development needs of CCF and of directing vigorous efforts to attract private fund support and build permanent endowment funds.

This policy serves as a guideline to Board, staff and volunteers involved with accepting gifts, to outside advisors who assist in the gift planning process, and to prospective donors who wish to make gifts to CCF. This policy is intended only as a guide and allows for some flexibility on a case-by-case basis.

II. Responsibility to Donors

A. In all gift matters, UWCC staff and volunteers must be aware of and sensitive to the potential donor's financial needs and concerns.

B. All representatives of UWCC shall use their best judgment to help donors make appropriate gifts. Planned gift items subject to variability (such as market value and income payments) should be discussed fully. All prospective donors shall be advised to seek legal and/or tax advice from their own counsel. Neither CCF nor UWCC shall act as an executor (personal representative) for a donor's estate. UWCC staff/volunteers should disclose that they are representing the interests of UWCC and CCF.

C. The UWCC Board will not knowingly accept a gift that is contrary to the donor's best interests.

D. UWCC will not under any circumstances (a) furnish property appraisals or valuations to donors for tax purposes or (b) knowingly participate in a transaction in

which the value of a gift is inflated above its true fair market value to obtain a tax advantage for a donor.

E. In accordance with the provisions of the Internal Revenue Code and related regulations, proper records will be kept, required tax returns will be filed and all necessary IRS forms will be executed by UWCC for all gifts processed and/or administered by UWCC.

F. All donative instruments will be deemed confidential to the extent permitted by law. However, a donor may authorize public announcement of any feature of an agreement.

G. All files will be made available upon request to agents of the IRS. All other requests for information will be honored only if the donor approves the release of information or if current law requires release of the information.

III. Use of Legal Counsel

CCF shall seek the advice of legal counsel in matters relating to acceptance of gifts when appropriate. It is the responsibility of the donor to secure an appraisal (where required) and independent legal counsel for all gifts made to CCF. Review by counsel is recommended for but not limited to:

- A. Closely held stock transfers that are subject to restrictions or buy-sell agreements.
- B. Documents naming CCF as Trustee.
- C. Gifts involving contracts, such as bargain sales or other documents requiring CCF to assume an obligation.
- D. Transactions with potential conflict of interest that may invoke IRS sanctions.
- E. Other instances in which use of counsel is deemed appropriate by the Gift Acceptance Committee.
- F. UWCC will pay for the drafting of legal documents for a charitable remainder trust when UWCC or CCF is named as an irrevocable beneficiary of 50% or more of the trust. The donor's own counsel must review the documents at the donor's cost.

IV. Conflict of Interest

The Clallam Community Foundation will urge all prospective donors to seek the assistance of personal legal and financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences. CCF will comply with the Model Standards of Practice for the Charitable Gift Planner promulgated by the National Committee on Planned Giving.

V. Committees

The United Way Committees, appointed by and responsible to UWCC Board of Directors, which are involved with CCF's operations, are the Planned Giving Committee, Funds Distribution Committee and the Foundation Oversight Committee.

- A. The Foundation Oversight Committee includes the President of UWCC, at least one additional member of the UWCC Executive Committee, one member of the UWCC Finance Committee, the C.E.O. of UWCC, the Bookkeeper of UWCC and such other Board and volunteer members as appointed by the President of the UWCC Board. The Foundation Oversight Committee has the following responsibilities:
 - 1. Development and implementation of guidelines for operating CCF.
 - 2. Development of and adherence to the investment strategy to achieve the goals of the CCF consistent with the IPS (Investment Policy Statement).
 - 3. Supervision of the management and oversight of all financial transactions include but not limited to performance, risk, appropriateness and cost of all CCF funds.
 - 4. Annual Reporting to UWCC's Board of Directors and recommendation of distributions in accordance with spending policy.
 - 5. Make recommendations to the Board on gift acceptance issues when appropriate.
- B. The Planned Giving Committee has the following responsibilities:
 - 1. Development and implementation of marketing strategies to promote CCF.
 - 2. Participation in soliciting contributions to CCF.
 - 3. Stewardship of existing funds which includes annual communication about CCF.
- C. The Planned Giving and Foundation Oversight Committees jointly have the following responsibilities:
 - 1. Development of Memorandum of Understanding (MOU) that define conditions under which assets are contributed.
 - 2. Review of existing funds and future contributions.
 - 3. Review and screen all planned gifts made to CCF.

VI. Staffing and Support Services

United Way staff will serve as staff for the CCF, and, if deemed necessary, a financial advisor will be retained on a contract basis. The staff has the following responsibilities:

- 1. Provide quarterly account statements, proxies and prospectuses to Oversight Committee at the end of each quarter and update on any transfer of funds.

2. Keep minutes that are accurate and specific. Distribute meeting minutes within one week of meeting date.
3. File all necessary IRS forms as required by the IRS at the time the gift is accepted.
4. Execute distributions from accounts as directed by Funds Distribution Committee.

VII: Solicitation

All representatives of UWCC may discuss CCF program with interested individuals and groups. However, all formal solicitations shall be made only by the following: C.E.O., Board members, Planned Giving Committee members, UWCC Resource Development Manager and others as appointed and approved by the Board of Directors.

VIII. Types of Gifts

The following gifts are acceptable:

- A. Cash
- B. Tangible Personal Property
- C. Securities
- D. Real Estate
- E. Remainder Interests in Property
- F. Oil, Gas, and Mineral Interests
- G. Bargain Sales
- H. Life Insurance
- I. Charitable Gift Annuities
- J. Charitable Remainder Trusts
- K. Charitable Lead Trusts
- L. Retirement Plan Beneficiary Designations
- M. Bequests
- N. Life Insurance Beneficiary Designations
- O. Intellectual Property

IX: Review and Acceptance of Contributions

- A. Contributions to CCF must meet IRS regulations and the laws of the State of Washington, and their use must be within the scope of UWCC's funding responsibilities. Gifts shall be valued for tax purposes according to IRS regulations at the time the gift is accepted by CCF.
- B. CCF shall not accept any contribution which would inure to the benefit of an individual or would in any other way jeopardize the tax-exempt status of UWCC or CCF. Such determinations may require the advice of legal and/or tax counsel.

C. Any contribution which involves a legal obligation on the part of UWCC or CCF will require the approval of the Board of Directors. The advice of legal counsel may be required.

D. Contributions to CCF shall comply with the gift acceptance policy approved by the Board.

X: Contributor Designations

With a minimum donation of \$25,000 to CCF, a contributor may designate how income earned will be distributed. Such special directions will be made in writing as part of the memorandum of understanding between the contributor and the Board.

Because these arrangements may go on in perpetuity the transfer agreement should provide alternative directions in the event that changing circumstances make the designation incapable of fulfillment.

Generally, income earned by donations of less than \$25,000 or by undesignated gifts will be contributed to the endowment and distributed by UWCC through its Board of Directors using the committee process

XI: Limitations on Donor Restrictions

CCF generally will not accept contributions upon which the contributor has imposed restrictions which prevent CCF from exercising ultimate control over the contribution and its management. Some examples are:

- A. Restrictions requiring CCF to take or withhold action on a contribution.
- B. Restrictions requiring rights of first refusal at the time of disposal.
- C. Restrictions imposing continuing relationships with banks, brokerage firms or other advisors connected to the contribution.
- D. Restrictions requiring the assumption of leases, obligations or liabilities of the contributor.

XII: Partner Organizations

UWCC may enter into memorandum(s) of understanding with local not-for-profit health and human care agencies as partner organizations in CCF. Such agreements outline shared responsibilities, costs and ownerships between UWCC and the organization. Such agreements will be reviewed annually by UWCC and the participating organization.

XIII: Fees

UWCC will charge an annual administrative fee of \$250, and reserves the right to change the fee structure as needed to cover any additional staff time required in fund administration or other fund related expenses. These fees are separate from

any investment related fees or commissions paid to Investment Advisors or Asset Managers, which are paid directly from the funds.

XIV: Management of Foundation Funds

Funds are to be held and administered in a manner consistent with their tax-exempt purposes. The UWCC Foundation Oversight Committee shall:

A. Recommend an appropriate financial advisor or advisors. All financial advisors shall enter into a written agreement with UWCC. The Agreement shall require the financial advisor to agree to abide by the "Model Standards of Practice for the Charitable Gift Planner" and the UWCC "Community Foundation Operating Guidelines". Financial advisors shall, at a minimum, provide quarterly written reports to UWCC and report results annually to the full board.

XV: Distribution of Foundation Funds

The Planned Giving and Funds Distribution Committees, with input from Foundation Oversight Committee shall annually:

- A. Donor Advised funds: Consult with the designated contact(s) for each named fund to determine distribution amount(s) and recipient(s). If UWCC has been designated by the contributor to oversee distributions, the Funds Distribution Committee will review and recommend distributions with respect to the contributor's intent, if any.
- B. Endowment: Determine the amount for distribution of 3% to 4% of the previous three-year average market value and make a recommendation for the specific use of the determined amount.

XVI: Non-United Way Financial Advisor Policy

It is the policy of UWCC to allow financial advisors other than United Way's contracted financial advisor to invest their client's funds in CCF with the following provisions:

- A. The financial advisor will follow UWCC's investment guidelines and policies as outlined in Section XVII below.
- B. The financial advisor, the donor and UWCC will sign a gift agreement that outlines policies for gift acceptance, management and possible transfer of funds.
- C. The financial advisor will issue a written financial report to UWCC no less than quarterly.
- D. The financial advisor shall abide by the Model Standards of Practice for the Charitable Gift Planner (attached as Exhibit A).

XVII: Investment Policy

The CCF funds shall to be invested with the objective of preserving long term, real (inflation adjusted) purchasing power of the portfolio, net of fees and spending, while providing a relatively predictable and growing stream of annual distributions in support of the United Way mission.

The Foundation recognizes investment landscapes and therefore return expectations change over time. The overall risk should remain moderately conservative, currently defined as balanced growth with a roughly 60/40 mix equity to fixed income. Over time our goal is to achieve a 5.5% to 7.5% total return before fees. The risk profile and specific asset allocation is further defined in the Investment Policy Statement.

- A. CCF will adhere to UWCC's fiscal year of April 1 to March 31 to determine distributions
- B. The Board will annually review its investment policy statement in January and determine the reinvestment and distribution of earnings from the UWCC fund based on the recommendation of the Foundation Oversight Committee.
- C. The Board, based upon the review and recommendation of the Committee, may require any financial advisor employed to manage CCF or Partner Organization funds to invest according to a specified CCF investment policy statement.

XVIII. Changes to Gift Acceptance Policies

These policies and guidelines have been reviewed and approved by the UWCC Board of Directors. Any amendments must also be approved by the UWCC Board of Directors.

Approved by United Way Board of Directors: February 10, 2004

Revised: September 11, 2007
 February 14, 2012
 May 2013
 August 9, 2016
 January 30, 2017

Exhibit A

Model Standards of Practice for the Charitable Gift Planner

Preamble

The purpose of this statement is to encourage responsible gift planning by urging the adoption of the following Standards of Practice by all individuals who work in the charitable gift planning process, gift planning officers, fund raising consultants, attorneys, accountants, financial planners, life insurance agents and other financial services professionals (collectively referred to hereafter as “Gift Planners”), and by the institutions that these persons represent.

This statement recognizes that the solicitation, planning and administration of a charitable gift is a complex process involving philanthropic, personal, financial, and tax considerations, and often involves professionals from various disciplines whose goals should include working together to structure a gift that achieves a fair and proper balance between the interests of the donor and the purposes of the charitable institution.

I. Primacy of Philanthropic Motivation

The principal basis for making a charitable gift should be a desire on the part of the donor to support the work of charitable institutions.

II. Explanation of Tax Implications

Congress has provided tax incentives for charitable giving, and the emphasis in this statement on philanthropic motivation in no way minimizes the necessity and appropriateness of a full and accurate explanation by the Gift Planner of those incentives and their implications.

III. Full Disclosure

It is essential to the gift planning process that the role and relationships of all parties involved, including how and by whom each is compensated, be fully disclosed to the donor. A Gift Planner shall not act or purport to act as a representative of any charity without the express knowledge and approval of the charity, and shall not, while employed by the charity, act or purport to act as a representative of the donor, without the express consent of both the charity and the donor.

IV. Compensation

Compensation paid to Gift Planners shall be reasonable and proportionate to the services provided. Payment of finder’s fees, commissions or other fees by a donee organization to an independent Gift Planner as a condition for the delivery of a gift is never appropriate. Such payments lead to abusive practices and may violate certain state and federal regulations. Likewise, commission-based compensation for Gift Planners who are employed by a charitable institution is never appropriate.

V. Competence and Professionalism

The Gift Planner should strive to achieve and maintain a high degree of competence in his or her chosen area, and shall advise donors only in areas in which he or she is

professionally qualified. It is a hallmark of professionalism for Gift Planners that they realize when they have reached the limits of their knowledge and expertise, and as a result, should include other professionals in the process. Such relationships should be characterized by courtesy, tact and mutual respect.

VI. Consultation with Independent Advisers

A Gift Planner acting on behalf of a charity shall in all cases strongly encourage the donor to discuss the proposed gift with competent independent legal and tax advisers of the donor's choice.

VII. Consultation with Charities

Although Gift Planners frequently and properly counsel donors concerning specific charitable gifts without the prior knowledge or approval of the donee organization, the Gift Planner, in order to ensure that the gift will accomplish the donor's objectives, should encourage the donor early in the gift planning process, to discuss the proposed gift with the charity to whom the gift is to be made. In cases where the donor desires anonymity, the Gift Planner shall endeavor, on behalf of the undisclosed donor, to obtain the charity's input in the gift planning process.

VIII. Description and Representation of Gift

The Gift Planner shall make every effort to assure that the donor receives a full description and an accurate representation of all aspects of any proposed charitable gift plan. The consequences for the charity, the donor and, where applicable, the donor's family, should be apparent, and the assumptions underlying any financial illustrations should be realistic.

IX. Full Compliance

A Gift Planner shall fully comply with and shall encourage other parties in the gift planning process to fully comply with both the letter and spirit of all applicable federal and state laws and regulations.

X. Public Trust

Gift Planners shall, in all dealings with donors, institutions and other professionals, act with fairness, honesty, integrity and openness. Except for compensation received for services, the terms of which have been disclosed to the donor, they shall have no vested interest that could result in personal gain.

Adopted and subscribed to by the National Committee on Planned Giving (now the Partnership for Philanthropic Planning) and the American Council on Gift Annuities, May 7, 1991. Revised April 1999.