

## **RAPID CITY CLUB FOR BOYS FOUNDATION, INC. GIFT ACCEPTANCE POLICIES**

The Rapid City Club for Boys (the Club) is dedicated to providing positive experiences that develop self-esteem and character in a caring, safe and fun environment for all boys. The mission of the Rapid City Club for Boys Foundation (the Foundation) is to operate for the exclusive benefit of and to carry out the charitable purposes of the Rapid City Club for Boys. Both the Foundation and the Club are classified as 501 (c ) (3) organizations by the Internal Revenue Service and are nonprofit corporations organized under the laws of the state of South Dakota.

**I. Purpose:** The purpose of the gift acceptance policies is to govern the acceptance of gifts made to the Foundation and to provide guidance to donors and their professional advisors in making gifts.

**II. Donor professional counsel:** The Foundation urges and advises each donor to seek independent professional counsel prior to giving a gift. Foundation staff are able to provide personalized assistance on gift-giving and the Foundation adheres to the National Committee on Planned Giving's Model Standards of Practice for the Charitable Gift Planner.

**III. Conflict of interest:** Foundation Board Members, Club Board Members and Staff are prohibited from using their positions to promote personal gain for themselves or others with whom they have a relationship in a way that is detrimental to the interests of the Foundation or its donors. If a potential conflict of interest arises, it will be disclosed and the Board Member or Staff will abstain from consideration of the matter.

**IV. Restricted gifts:** The Foundation prefers unrestricted gifts so that funds can be channeled to areas of greatest need within the operation of the Club. However, a donor may establish a named fund within the Foundation for the purpose of endowing a particular program at the Club for boys (for example, the library, basketball program, shop activities, computer room, etc.). Minimum gifts for a restricted endowment will be \$50,000. A sample agreement for the establishment of an endowed restricted gift is attached as Appendix A.

**V. Named funds:** Within the larger body of funds, the Foundation encourages contributions that are named at the designation of the donor (for example, the Jones Family Fund, the John Jones Fund, etc.). If this fund is \$50,000 or more, it can be restricted as mentioned above. If the fund is \$10,000 or more, it can also be named as designated by the donor and the income will be spent on the area of greatest need within the Club. Attached as Appendix B is a sample agreement for the establishment of a named fund.

## VI. Types of Gifts Accepted by the Foundation:

- A. **Outright Gifts:** Outright gifts are those placed at the immediate disposal of the Foundation and in which the donor retains no interest. Outright Gifts include:
1. **Gifts of cash** are welcomed by the Foundation. Such gifts may be in the form of checks, memorial funds, existing cash value of life insurance policies, realized bequests, etc.
  2. **Publicly held securities** will be accepted on the date the donor relinquishes control of the marketable securities in favor of the Foundation and will be valued according to the mean high and low price of the security on that date. Marketable securities are generally sold upon acceptance or as soon as practical under the circumstances.
  3. **Closely held securities** are those that are not broadly or publicly traded. They will be accepted if there are no restrictions on the sale of the security, the security can be sold upon acceptance or as soon as practical under the circumstances and there are no undesirable tax consequences for the Foundation. Value will be assigned to the security based on its sale price.
  4. **Real estate** can be accepted by the Foundation if there are no carrying costs (insurance, mortgages, property taxes, etc.) no limitations (restrictions, easements, reservations, etc.) and no environmental liability. The donor will need to bear certain expenses such as the cost of an appraisal, a title binder and, if appropriate, an environmental audit conducted by a professional recruited by the Foundation. The property needs to be marketable. The timing of its sale will be decided by the Foundation's Board of Directors.
  5. **Tangible personal property** includes art, jewelry, livestock, cars, equipment, boats, clothes and other items owned by a donor. As appropriate, the donor will be expected to bear certain expenses such as carrying costs (insurance, lease space, maintenance to preserve value, etc.) and the cost of an appraisal. There should be no restrictions on the use, display or sale of the property and the property must be marketable. The donor should be advised that if the property can not be used by the Foundation or the Club, the Foundation will ordinarily try to sell the property promptly and cannot guarantee that it will sell at the donor's appraised value.
  6. **Charitable lead trusts** occur when the donor places income-producing assets in a trust, generally for a period of years, and directs that the income (interest, dividends or other income) from the assets go to the Foundation. At the expiration of the trust, the remaining assets return to the donor or whomever the donor has designated. With the charitable lead trust, the donor may reduce potential transfer taxes (gift and estate) while conserving assets for heirs. The Foundation will not accept appointment as trustee for a charitable lead trust.

- B. Irrevocable deferred gifts:** These are gifts that are committed to the Foundation and in which the donor does not retain the right to change the commitment and/or beneficiary. However, the gift is not usable by the Foundation until some point in the future.
- 1. Life Insurance** policies in which the Foundation is named as both the irrevocable owner and the beneficiary. This gift will be valued at its interpolated terminal reserve value(cash surrender value), upon receipt. If the donor contributes future premium payments, the Foundation will include the entire amount of the additional premium payment as a gift in the year that it is made. If the donor does not decide to continue to make gifts to cover premium payments on the policy, the Foundation’s Board may decide to continue to pay the premiums, convert the policy to paid up insurance or surrender the policy for its current cash value.
  - 2. Remainder interests in real estate** can be accepted by the Foundation subject to the provisions mentioned above under A.4. The donor or other occupants may continue to occupy the personal residence, farm, vacation property, etc., for the duration of the stated life. At the death of the donor, the Foundation may use the property or sell it for cash. Where the foundation receives a gift of a remainder interest, expenses for maintenance, real estate taxes and any property indebtedness are to be paid by the donor or other occupants. The income tax deduction for this type of gift is based on the actuarial value or the appraised value at the time the gift is made.
  - 3. Charitable Gift Annuities and Pooled Income Funds** may be offered by the Foundation on an individual basis. The Foundation will accept only cash or publicly held securities and not real estate or any other illiquid asset as contributions to a charitable gift annuity or pooled income fund.
- C. Revocable Deferred Gifts:** These are gifts that are committed to the Foundation but the donor may change the commitment and/or beneficiary. The gift is not usable by the Foundation until some point in the future.
- 1. Bequests** in wills or trusts are encouraged by the Foundation. Bequests are an excellent way the donor can ensure that support of the Club for Boys continues after the donor’s life on earth ends. The official name to be used in a bequest is the Rapid City Club for Boys Foundation, Inc.
  - 2. Life Insurance** policies in which the Foundation is named as the beneficiary or contingent beneficiary are in this category.
  - 3. Retirement Plans** can name the Foundation as the beneficiary. Retirement plans include IRAs.
  - 4. Charitable Remainder Unitrusts (CRUTs)** are the most popular and flexible type of life income plan. Cash, securities or other assets are transferred into the trust. The trustee manages the trust assets and pays the donor or others chosen by the donor a variable income for life or

for a term of years. When the trust terminates, the remaining assets in the trust are transferred to the Rapid City Club for Boys Foundation. A CRUT needs to be set up individually with a donor's attorney

**VII. Legal counsel:** The Foundation will seek the advice of legal counsel in the acceptance of gifts when appropriate. The Board of Directors of the Foundation has a duty to protect the Foundation's assets and to provide proper guidance to its management. The purpose of legal counsel is to provide protection for the Club and the Foundation.

**VIII. Final decision on acceptance:** The Board of Directors will make the final decision on the acceptance of gifts to the Foundation if a gift is not cash or marketable securities as mentioned above or if there is any question about a gift.

## Appendix A

### **RESTRICTED FUND AGREEMENT**

This agreement is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2\_\_\_\_\_ between \_\_\_\_\_(hereinafter called the Donor) and the Rapid City Boys Club Foundation, Inc. (hereinafter called the Foundation), a nonprofit corporation in the state of South Dakota.

The mission of the Foundation is to operate for the exclusive benefit of and to carry out the charitable purposes of the Rapid City Club for Boys, an organization dedicated to providing positive experiences that develop self-esteem and character in a caring, safe environment for all boys.

**A. Acknowledgement and Name of Gift** – The Foundation, in acknowledgment of the fact that the Donor intends to make gifts from time to time to the Foundation, whether *inter vivos* or testamentary, for the purpose described herein, agrees to hold, administer and distribute the property received as a result of said gifts as provided herein. When the gifts total a minimum of \$50,000, they shall be designated on the books and records of the Foundation as the \_\_\_\_\_ Fund (hereinafter called the Fund) and the net income will

be disbursed. The Donor or any other person may at any time make additional gifts to the Fund as long as the gifts fall within the Gift Acceptance Policies of the Foundation.

**B. Investments** – The Foundation is authorized to invest the \_\_\_\_\_ Fund according to the investment policies of the Foundation commingling the Fund with its other investment instruments. The Foundation may sell or exchange any of said assets and reinvest the proceeds according to the Foundation’s investment policies.

**C. Income from the Fund** – The principal of the \_\_\_\_\_ Fund shall be held as an endowment and the net income shall be held and disposed of upon the terms and conditions prescribed herein.

1. The income shall be used for expenses related to the \_\_\_\_\_ (name of program) within the Rapid City Club for Boys. Expenses may include but are not limited to staff salaries, supplies, equipment, \_\_\_\_\_.
2. The Foundation will report on the use of the income on an annual basis to the Donor. The \_\_\_\_\_ Fund will be audited annually as part of the overall Foundation endowment funds.
3. The \_\_\_\_\_ Fund will be recognized by name in the Foundation’s reporting and on the endowment wall when that is established.

**D. Representatives and Successors Bound** – This Agreement shall be binding upon and inure to the benefit of the parties hereto, their heirs, executors, administrators, legal representatives, successors and assigns.

In Witness Whereof, the parties have caused this Agreement to be executed the day and year hereinabove written.

Rapid City Club for Boys Foundation, Inc.

By: \_\_\_\_\_  
President of the Board of Directors

Approved as to Content: \_\_\_\_\_  
Donor

ATTEST

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## Appendix B

### FUND AGREEMENT

This agreement is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2\_\_\_\_\_ between \_\_\_\_\_ (hereinafter called the Donor) and the Rapid City Boys Club Foundation, Inc. (hereinafter called the Foundation), a nonprofit corporation in the state of South Dakota.

The mission of the Foundation is to operate for the exclusive benefit of and to carry out the charitable purposes of the Rapid City Club for Boys, an organization dedicated to providing positive experiences that develop self-esteem and character in a caring, safe environment for all boys.

- E. Acknowledgement and Name of Gift** – The Foundation, in acknowledgment of the fact that the Donor intends to make gifts from time to time to the Foundation, whether *inter vivos* or testamentary, for the purpose described herein, agrees to hold, administer and distribute the property received as a result of said gifts as provided herein. When the gifts total \$10,000, they shall be designated on the books and records of the Foundation as the \_\_\_\_\_ Fund (hereinafter called the Fund) and the net income will be disbursed. The Donor or any other person may at any time make additional gifts to the Fund as long as the gifts fall within the Gift Acceptance Policies of the Foundation.
- F. Investments** – The Foundation is authorized to invest the \_\_\_\_\_ Fund according to the investment policies of the Foundation commingling the Fund with its other investment instruments. The Foundation may sell or exchange any of said assets and reinvest the proceeds according to the Foundation’s investment policies.
- G. Income from the Fund** – The principal of the \_\_\_\_\_ Fund shall be held as an endowment and the net income shall be held and disposed of upon the terms and conditions prescribed herein.

1. The income shall be used for expenses related to the operation of the Rapid City Club for Boys. Expenses may include but are not limited to staff salaries, children's transportation to the Club, excursions, supplies, food, equipment, maintenance and repair.
2. The Foundation will report on the use of the income on an annual basis to the Donor. The \_\_\_\_\_ Fund will be audited annually as part of the overall Foundation endowment funds.
3. The \_\_\_\_\_ Fund will be recognized by name in the Foundation's Annual Report and on the endowment wall when that is established.

**H. Representatives and Successors Bound** – This Agreement shall be binding upon and inure to the benefit of the parties hereto, their heirs, executors, administrators, legal representatives, successors and assigns.

In Witness Whereof, the parties have caused this Agreement to be executed the day and year hereinabove written.

Rapid City Club for Boys Foundation, Inc.

By: \_\_\_\_\_  
President of the Board of Directors

Approved as to Content: \_\_\_\_\_  
Donor

ATTEST

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