



Kent Community Foundation

Gift Acceptance Policy

1. Purpose

- 1.1 Kent Community Foundation is proud that donors choose it as the route for their philanthropy. The purpose of this policy is to set out for donors the basis on which the Foundation accepts gifts to support them to give effectively.

2. Introduction

- 2.2 The Community Foundation is a registered charity (number 1084361) and limited company (number 4088589) benefiting communities particularly, although not exclusively, in Kent and Medway. It is governed by a board of trustee directors. A staff team led by the Chief Executive has delegated responsibility for day-to-day activities.
- 2.3 The Foundation acts as a hub for community philanthropy. It enables effective giving that supports people to overcome disadvantage, creates stronger communities and makes Kent a good place to live. This is done mainly through donors establishing, growing or contributing to charitable grant-making funds at the Foundation.
- 2.4 The principal fund type is **named funds**, which are set up by an individual, a family or an organisation, often in the donor's name or that of someone or something with whom they feel closely associated. Alternatively the fund can be anonymous. Donors may set up a named fund with a gift of a minimum value set by the board from time to time. There are three models for named funds:

Endowment funds: the gift is held as capital, invested by the Foundation. The investment return provides revenue which is used to support charitable causes each year.

Flow-through funds: the gift is treated entirely as revenue to support charitable causes.

Combined funds: the gift is held partly as endowment funds and partly as flow-through funds

- 2.5 **Themed and affinity funds** are an alternative type of fund to which a number of donors can contribute and which have a specific theme or purpose e.g. Creating opportunities for young people

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- 2.6 **Minimum Fund Values:** Donations of any size are welcomed at KCF but the Board sets a minimum value for gifts to set up a **named** fund. The board reserves the right to vary the minimum gift level but it currently is:

Flow-through donations:

- £25,000 minimum gift to set up a named, donor-advised fund with bespoke grant-making
- £10,000 minimum gift to set up a named, donor-advised fund where grant-making falls within one or more of KCF's general themes
- Gifts of up to £10,000 can be made to any of our themed funds

Endowment:

- £25,000 minimum gift to set up a named, donor-advised fund where grant-making falls within one or more of KCF's general themes
- £100,000 minimum gift to set up a named, donor-advised fund with bespoke grant-making
- Gifts of up to £25,000 can be made to any of our themed general endowment funds

3. Legal and fiscal context for gifts

- 3.1 A fund at the Community Foundation is not a distinct charity. It is a vehicle for giving with regard to donors' wishes without the administrative or regulatory requirements that would be required of a separately constituted charity. For a **named fund**, a donor gives assets to the Foundation which accounts for them in a separate fund of the Foundation. The donor retains the privilege of determining the purposes of the fund use and, if they wish, recommending specific grants from the fund (or, in the case of an endowment fund, from the fund's revenue). Depending on the donor's wishes, the fund may be legally restricted if it has specific purposes, or unrestricted if its purposes are general charitable purposes. For a **theme and affinity fund**, several donors' contributions are pooled, but within a fund restricted or designated for an agreed purpose. For a **combined fund** the Foundation will establish two separate funds (an endowment fund and a flow-through fund) with the same purposes.
- 3.2 Assets donated to establish, grow or contribute to funds at the Community Foundation are irrevocable gifts. They become the Foundation's property (unless specific alternative provision is made in line with paragraph 5.4 below) and its Board carries the legal responsibility for ensuring that donations are used for charitable purposes in line with any restrictions agreed with donors.
- 3.3 Subject to compliance with HMRC regulations, cash donations from UK taxpayers are eligible for Gift Aid, which means that the Foundation can claim an additional 25% of the value of the gift (at current rates). Gift Aid received is usually added to funds alongside the original donation. Higher-rate taxpayers may be able to claim additional tax relief on their donations.
- 3.4 For the Community Foundation to claim Gift Aid, and for donors to benefit from tax advantages relating to charitable gifts, the donor must part with ultimate control over

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the donated asset. Actual or perceived direct control by donors may jeopardise the basis on which gifts are made and the charitable status of the Foundation. Donors and fund advisors cannot therefore act independently of the Foundation in relation to their fund. Donors, fund advisors and related parties (e.g. donor's family members or business interests) also cannot directly benefit from support from their funds.

4. Advice for donors

- 4.1 The Foundation engages donors living, working or interested in its geographical area of benefit. It recognises that donors have a range of interests, and wants them to make informed choices about their giving. Its main purpose is to support philanthropy that benefits local causes, and it promotes the case for doing so through funds at the Foundation. However, the Foundation can provide independent advice to donors who want to give in other ways, subject to a consultancy fee.
- 4.2 The Foundation always takes account of the wishes of potential donors. It will seek to disclose key issues that could reasonably be expected to influence a donor's decision to make a gift to the Foundation. Donors need to be aware that all donations other than planned gifts (and those outlined in paragraph 5.4) are irrevocable, and that the market value and investment return of funds can vary. For the avoidance of doubt, the value of any assets donated to the Foundation can go down as well as up, in accordance with market conditions and other factors.
- 4.3 The Foundation recommends that prospective donors obtain independent professional legal, tax and/or financial advice regarding any proposed gift.

5. Types of gifts the Foundation can accept

- 5.1 The Foundation may accept a variety of gifts. All are outright donations of assets by living donors made on a one-off or regular basis, unless the circumstances outlined in 5.4 apply. The Foundation can also accept planned gifts that take effect on the donor's death.
- 5.2 The Foundation welcomes the following types of outright gifts:
 - Cash of any amount, although donations to establish named funds must meet the minimum requirements as set by the Foundation's board from time to time.
 - Publicly traded shares at fair market values. The Foundation's board will have full discretion over the sale of any gifted shares. Gifts of shares in newly listed companies without a trading history will be valued in the Foundation's accounts at a nominal value only, if not immediately sold, and will be disclosed to HMRC
 - Land and buildings, provided the Foundation's board has discretion to sell and/or generate revenue from them for charitable purposes surplus to any costs.
 - Personal property, as long as the items are saleable, and at a value which will offset any costs the Foundation incurs in selling.

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5.3 The Foundation may also be named as the beneficiary of planned gifts:

- Residuary legacies – a gift made of some or all of the remainder of an estate after all other gifts have been handed out and debts paid off.
- A pecuniary legacy – a gift made of a fixed sum of money.
- A specific legacy – a particular named item left as a gift in a will, for example, shares, property, jewellery, furniture or a painting.

5.4 Donations from individuals that have been subject to Gift Aid and/or tax refund claims cannot be repaid under any circumstances. The Foundation may accept a donated asset with a condition that some or the entire amount may be returned in the exceptional case that the donor is an institution donating assets comprising its untraceable client/dormant accounts in line with its own legal and regulatory requirements. In such circumstances, the Foundation can provide an indemnity stating that it will refund any monies that the institution might be liable to pay to a person or body. The indemnity is limited to the book value of the donation received.

5.6 The Foundation may also work with donors who wish to undertake social investment where their gifts are 'recycled' and some or all of the donated assets may ultimately be returned to the Foundation for further application to its charitable purposes in line with any restrictions agreed with donors. Such arrangements will be subject to separate policies and agreements.

5.7 The Foundation has a responsibility to carry out appropriate due diligence checks on those individuals and organisations that give money to the charity, in order to identify and manage any associated risks (see Due Diligence on Donations policy). The Foundation reserves the right not to accept a gift if the Foundation's board determines that the restrictions, liabilities or reputational risks in doing so would be too great.

6. Fund options and philanthropy services

6.1 Donors who establish named funds may choose to make one or more of the following recommendations as to how they would wish for their fund to be used:

- recommend a theme or affinity fund to benefit from the fund (such as by receiving all revenue from an endowment fund, or regular grants from an annual fund);
- recommend one or more registered charities be designated to receive grants from the fund;
- recommend charities to be beneficiaries of grants from the fund each year;
- determine the purposes of the fund and allow the Foundation discretion to make grants accordingly in line with local needs and requests for support;
- determine the purposes of the fund and recommend grant recipients from shortlists prepared by the Foundation;
- recommend the fund be used to support the activities of the Foundation at its discretion.

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6.2 The Foundation will advise on the most appropriate philanthropy model depending on the value of the fund, the level of any anticipated fund revenue (in the case of endowment funds) and the level of engagement the donor wishes to have. The Foundation will then draw up an **agreement** for the fund to cover some or all of the following as appropriate.

- Information and advice for donors on effective giving and local needs.
- A dedicated staff member who will manage the fund.
- Receiving and processing requests for support.
- Assessing and shortlisting suitable projects to receive grants.
- Servicing meetings with fund advisors/panels.
- Awarding grants, then monitoring and reporting on their impact.
- Visits for donors, fund advisors and panel members to funded projects to see the impact of their philanthropy.
- Invitations to take part in seminars and meetings on topics relevant to their philanthropy.
- Claiming any Gift Aid eligible and crediting it to the fund.
- Investing the fund capital through professional investment managers.
- Formal reporting on funds within the Foundation's audited accounts.
- Six monthly fund statement.
- Invitations to Foundation events.
- Copies of Foundation publications, including the Annual Review which describes the Foundation's overall activities.

6.3 Arrangements may be varied through approved amendments to the agreement, and will in any case be reviewed from time to time with the donor/fund advisor.

6.4 The Foundation seeks to assess the impact of its philanthropy and share learning with donors and grantees through reports, publications and seminars.

6.5 For planned legacy gifts, donors can create a 'Letter of Wishes' to set out how they would wish any legacy they have gifted to the Foundation in their will to be used after their death.

7. Fund advisors

7.1 Donors who establish named funds may designate themselves and/or anyone else over the age of 18 to be a **fund panel member** whose privileges may include determining or recommending the fund's purposes and reviewing them with the Foundation, making recommendations on grants, agreeing succession arrangements and being engaged in the Foundation's wider work. Fund panel members do not, however, play any formal governance or managerial role relating either to the Foundation as a whole or to its funds.

8. Succession arrangements

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- 8.1 The Foundation recommends that donors with **named endowment funds**, and/or their fund advisors, determine arrangements for how they would wish their fund to be used following their death, or when they are no longer willing or able to act as advisors. This includes, for corporate donors, circumstances in which the company ceases trading or is taken over.
- 8.2 Donors/advisors who would wish the Foundation to continue to maintain a separate, named fund may choose **one** of the following options:
- i. Recommend that future revenue from the fund be used to support the Foundation's activities at its discretion or be allocated to the Foundation's general fund to support grant-making and/or social investment in line with community needs or another theme/affinity fund managed by the Foundation. The Foundation will honour such an arrangement by maintaining the separate named fund in perpetuity, but it retains the right to transfer fund revenue to the closest equivalent theme/affinity fund should any chosen fund be closed for any reason.
 - ii. Recommend the Foundation continue awarding grants with regard to the wishes and restrictions set out in the philanthropy services agreement.
 - iii. Nominate one or more **successor advisors**, who must be over 18 at the time they succeed, and willing to act in this capacity, to take over their advisory privileges. Successor advisors do not play a formal governance or managerial role and must accept that the original donation is irrevocable. Successors may not recommend changes to the fund purposes unless permission is explicitly given by the founding donors/advisors in the philanthropy services agreement. If successor advisors are unwilling or unable to agree recommendations, the Foundation may continue awarding grants with regard to the wishes and restrictions set out in the philanthropy services agreement at their discretion.
- 8.3 Successor advisors, where appointed, normally act in the role for one generation. However, further generations of successor advisors can be nominated in the following circumstances.
- i. Where the first generation successor advisor makes **additional gifts** to the fund at least equal in value to the minimum amount set by the Board to establish a named fund for the time being, they may nominate one further generation of successor advisors.
 - ii. Where the fund value exceeds any minimum amount set by the Board for the time being, successors can continue to nominate further generations of successor advisors.
- 8.4 Succession arrangements must be detailed in the philanthropy services agreement. Requests to modify arrangements must be communicated to the Foundation in writing, and a written acknowledgement received confirming the request has been approved. If a donor does not make any succession arrangements and his/her wishes have not been agreed with the Foundation, the assets of the fund remaining

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following their death will transfer to the Foundation's unrestricted general fund to support grant-making and/or social investment in line with community needs.

9. Regular and one-off donations

9.1 The Community Foundation welcomes gifts from donors who, rather than establishing named funds, wish to make one-off or regular gifts. The options are:

- to contribute the gift to a particular theme or affinity fund;
- to provide support for one or more named charities;
- to make an entirely unrestricted gift.

9.2 Known donors who make one-off or regular gifts to support theme or affinity funds will receive a thank-you letter asking them if they wish to be kept informed about grants made from the fund.

9.3 Unrestricted one-off or regular donations may be used by the Foundation to support its activities generally, theme or affinity funds or particular projects and programmes at the discretion of the Board.

10. Donor recognition

10.1 The Foundation will acknowledge donors appropriately. Donors may remain anonymous if they prefer. In all cases, the Foundation will keep the details of its particular agreements with donors confidential, subject to its legal and regulatory accounting requirements. Any public acknowledgement of a donation will be a simple acknowledgement that could not be deemed an advertisement or as providing any benefit back to the donor.

The name of the Fund itself will be generally be mentioned in publications, grant-making correspondence etc.

11. Management of investments

11.1 Donations to establish or increase endowment funds at the Foundation are held as capital and invested according to the powers set out in the Foundation's memorandum and articles of association and its investment policy which is reviewed from time to time. The majority of new endowment funds are held as a legally expendable endowment, allowing the Foundation to operate a **total return policy** if appropriate.

12. Contribution to Kent Community Foundation

12.1 Funds make a contribution towards a share of the Foundation's operating costs through annual and initial set up fees. The board reserves the right to vary the amount charged if necessary. Fund Advisors will be notified of any such change where possible. Irrespective of fund's purposes or restrictions, the Foundation retains a contribution towards its operating costs and general purposes without

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further recourse to donors. Interest earned on the balance of any non-endowment fund held by the Foundation also accrues to the Foundation to support costs. The current fees are typically:

- Initial set-up fee for endowment funds: 2.5% (capped at £5,000 in total, including any top-ups)
- Annual management fees for endowment funds: 1.5%
- Fees for flow-through funds: 10% of the donation.
- Donor recommended donations to nominated registered charities: 1% of donation

Fees to be taken from Gift Aid where eligible.

13. Fundraising activities and fund expenses

- 13.1 The Foundation in general does not undertake direct fundraising activities. However, occasionally it may be appropriate for donors/advisors to use fundraising approaches to grow named or theme/affinity funds. Any such fundraising by donors/advisors must be pre-approved by the Foundation if it requires the use of its name and charity number. The Foundation can provide donors with information on how best to advertise their fundraising efforts in order to generate donations, but it cannot manage the fundraising itself. The Foundation also cannot reimburse donors, advisors or any other parties for expenses relating to fundraising activities they undertake.
- 13.2 No other expenses incurred by donors/advisors can be paid from a fund's revenue unless explicitly stated in the philanthropy services agreement.

14. Fund inactivity and closure

- 14.1 If fund/successor advisors do not make recommendations to the Foundation on the fund's distribution, and if there is no other arrangement in place, then the fund will be deemed inactive. The Foundation will attempt to contact fund/successor advisors at least three times in writing/by email. If contact cannot be made after a year or if advisors fail to make recommendations for the fund's distribution, the board will agree distribution of resources in accordance with the fund's purposes. If another two years pass without contact, the Foundation reserves the right to put in place an alternative arrangement at its discretion including transferring any remaining assets to the Foundation's General Fund, but always noting the original wishes of the donor.
- 14.2 Fund advisors/successors may themselves close an endowment fund by transferring its assets to another fund at the Foundation. Flow-through funds may be closed by the donor/advisor recommending grants of the remaining fund balance, less any fees, to support charitable organisations/activities, or by recommending that the balance be transferred to the Foundation's operating fund, General Fund or another theme/affinity fund.

15. Ultimate responsibility and resolution of disputes

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15.1 Although it will always take account of the wishes of donors, the Foundation's board has the ultimate responsibility for awarding grants from all funds held by the Foundation (subject to any restrictions agreed with donors) and for the management of donated assets once given. In particular the board:

- will not agree to requests to spend capital from endowment funds unless there is specific provision to do so in a philanthropy services agreement;
- reserves the right **not** to approve fund/panel/successor advisors' recommendations if it determines that they are not charitable, would conflict with the Foundation's stated policies, or damage its reputation, could be deemed to benefit the donor, a panel member or any other related party, or for any other reason.

15.2 Any problems must be dealt with between the donor/advisor and the staff member managing the fund. In the case that a dispute arises, the matter may be referred to the Chief Executive and/or the Chair of the board, who will seek to resolve it through further discussion. However, this policy takes precedence and ultimately the Foundation's decision regarding any dispute is final.

16. Variation of gift restrictions

Donors accept that the Foundation must be able to be flexible in meeting community needs in the future. Donors agree that the trustees of the Foundation may at any time at their sole discretion amend the any restrictions applying to use of the fund if they believe that those restrictions:

- cannot be satisfied, or not in accordance with original wishes of the donor or the original spirit of the donor's gift; or
- have become impractical, unsuitable, irrelevant, obsolete or undesirable.

The trustees will not amend any restrictions applying to use of the fund if those amendments would allow the fund to be for any purposes that are not charitable under English law.

17. Variations to this policy

17.1 The Foundation may vary the terms of this policy from time to time. The revised policy will be published on the website of the Foundation for the time being.

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Explanation of terms used in this policy

- *Agreement*: a document agreed with donors who establish named or theme/affinity funds setting out how the fund will be managed, what activities the Foundation will undertake and how the donor(s) will be involved.
- *Combined funds*: funds which are held partly as endowment funds and partly as flow-through funds.
- *Community philanthropy*: a general description of planned giving by donors with the specific intent of supporting beneficiaries with whom they share a common interest, which may be geographic, ethnic, social or cultural.
- *Endowment funds*: funds which are held as capital to be invested by the Foundation and whose return is used to support grant-making.
 - The majority are held as long-term capital, but as a legally *expendable endowment*, which allows the Foundation to spend capital or apply a total return investment policy if deemed appropriate (see below).
- *Fees or contributions*: the contributions taken by the Foundation from funds to support its operating costs e.g. staffing and overheads.
- *Flow-through funds*: named funds established by donors who give an amount to be spent on grant-making over a period of time, usually a year, rather than being invested to generate a return.
- *Fund panel member/Fund Advisor*: a person over 18 with privileges in relation to a fund which may include determining and reviewing purposes, making recommendations on grants and agreeing succession arrangements. The role has no formal part in either the governance or management of the Foundation as a whole or of its funds.
- *General Fund*: the main unrestricted fund held by the Foundation which is used at its discretion to support its charitable purposes.
- *Gift Aid*: a scheme whereby the Government increases the value of donations by UK taxpayers to UK registered charities by allowing the beneficiary to reclaim basic rate tax on the gift. Higher-rate taxpayers can also claim extra relief on donations.
- *Grant*: a financial award made by the Foundation from its funds to support charitable activities, usually to registered charities or charitable community groups, but sometimes to public bodies or individuals.
- *Letter of Wishes*: a non-binding document that sets out how a donor wishes their legacy to Kent Community Foundation to be managed after their death.

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- *Memorandum & Articles of Association*: the Foundation's governing document as a registered charity and company limited by guarantee.
- *Named funds*: flow-through or endowment funds set up by donors at the Community Foundation.
- *Operating fund*: the income which supports the Foundation's staffing and overheads.
- *Restricted fund*: a legal and accounting term describing a fund which the Foundation must use for certain specific purposes defined by the donor.
- *Successor advisor*: a person who is nominated by a donor or fund advisor, in certain circumstances set out in this policy, to take over fund advisor privileges when they are no longer willing or able to do so.
- *Theme and affinity funds*: a type of named fund to which a number of donors can contribute and which have a specific theme or purpose e.g. Creating opportunities for young people
- *Total return*: An investment policy which may be applied to the Foundation's expendable endowment funds whereby the Board sets a level of cash to be withdrawn each year from dividends and capital.
- *Unrestricted fund*: a legal and accounting term for funds which the Foundation may use at its discretion to support its charitable purposes.

References

Due Diligence on Donations Policy
 Anti-Bribery Policy
 Financial Procedures Policy
 Complaints Policy
 Investment Policy

Review of this Policy

The effectiveness of this policy and associated arrangements will be reviewed annually under the direct supervision of the Chief Executive Officer.

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