

# Greater Williamsburg Community Trust (DBA Williamsburg Community Foundation)

## Operating Policies

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The **Mission** of the Williamsburg Community Foundation (Foundation) is to connect people who care with causes that matter in our community...forever.

We pursue this mission by:

- Building permanent, flexible endowment funds that respond to emerging and changing community needs;
  - Providing effective stewardship of charitable funds;
- Advising donors with varied interests to help them achieve their philanthropic goals; and
  - Serving as a resource, catalyst and coordinator for charitable activities.

### Vision Statement

The Williamsburg Community Foundation's vision is to be a trusted philanthropic leader enhancing all aspects of life in the area through its unique grant and scholarship programs and its delivery of the highest quality donor services.

### Values:

Integrity and Stewardship  
Innovation and Flexibility  
Inclusiveness and Diversity  
Community Focus

### MODIFICATION OF COMPONENT FUND PURPOSES

The Board of Trustees of the Williamsburg Community Foundation (Foundation) has the power to modify any restriction or condition on the distribution of funds for any specified charitable purpose or to any specified organization if, in its sole judgment, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of greater Williamsburg. If the donor is then living and accessible, he or she may be consulted in the determination of the new purpose.

### TYPES OF FUNDS

The Foundation shall encourage and accept current and deferred gifts to the *Community Endowment*. A percentage of the Community Endowment's value shall be disbursed to worthy projects that fulfill the Foundation's purpose according to the Foundation's Spending Policy as determined by the Board of Trustees. Also, some portion will be applied by the Board of Trustees to the Foundation's operating budget as outlined in the Foundation's *Fee Schedule for Component Funds*.

The Foundation shall accept gifts for the purpose of establishing named component funds. Gifts to a fund are irrevocable. Component funds include donor-advised, designated, field-of-interest, scholarship, agency endowment and unrestricted funds (Community Endowment). Component funds are named by or for the donor, separately identified in Foundation literature and separately accounted for; but they may be co-mingled for investment purposes. Component Funds may also be established through resolution by the Board of Trustees for specific purposes pursuant to the Foundation's mission.

Unrestricted funds (components of the Community Endowment) support a broad spectrum of charitable purposes within the community. Grants are awarded from Community Endowment Funds through a process determined by the Board of Trustees. The Distribution Committee reviews applications from eligible nonprofit organizations, and makes recommendations to the Board of Trustees for its approval.

Field-of-Interest Funds are funds through which the donor stipulates that the gift be directed to a particular broad field, such as arts and culture, civic affairs, education, etc. Distributions from field-of-interest funds are recommended by the Distribution Committee, after review of eligible applicants, and approved by the Board of Trustees. The Board of Trustees may establish sub-committees to review the grant applications for a specific field-of-interest. Unrestricted and field-of-interest fund policies are outlined in the *Policies for the Distribution of Grants from Unrestricted and Field-of-Interest Funds*.

Donor-Advised Funds permit the donor or fund advisor(s) to recommend specific charitable distributions from the principal and/or income of the fund. The assets of donor advised funds are owned and controlled by the Foundation. The signer(s) of the fund agreement may name one or more successor advisors at the time the agreement is signed or at a later date by written request to the Foundation. Changes to the successor advisors may only be made by the signer of the fund agreement and not by successor advisors. If at any time there is more than one advisor to the fund, the advisors will appoint a designee and all communications to and from the Foundation will be through the designee. If no designee has been appointed, the Foundation will consider the first advisor named in the agreement to be the designee. Distributions from donor-advised funds are subject to review and approval or disapproval by the Board of Trustees, subsequent to the donor's recommendation. Donor-advised fund distribution policies are outlined in the *Donor-Advised Fund Grant Distribution Guidelines*.

Designated Funds are funds whose beneficiaries are specified by a donor at the time the funds are established. Before establishing a designated fund, the Foundation verifies that the proposed designee is a public charity or unit of government. Distributions from designated funds will be made to the designated organizations on an annual basis unless otherwise stipulated in the fund agreement.

Scholarship Funds are dedicated to the continued education or training of children or adults. Scholarship programs may be designed to meet certain specifications, such as supporting students in a specific area of study, rewarding academic achievement, mitigating financial need, or supporting students from a particular high school. Scholarships will be paid to the educational institution, not to an individual.

Agency Endowment Funds are the permanent endowments of nonprofit organizations, which provide perpetual support for a particular charity. Before establishing an agency endowment fund, the Foundation verifies that the organization seeking to establish the fund is a public charity. If a unit of government, such as a public library, asks to establish an agency endowment fund, the Foundation will consult with counsel to determine whether this is permissible under the law of Virginia.

## SUPPORTING ORGANIZATIONS

Subject to approval by the Board of Trustees, the Foundation may establish supporting organizations with assets from individuals, businesses, other public charities, and private foundations that share a common purpose and primarily serve the Foundation service area. Supporting organizations shall be consistent with provisions specified in the Internal Revenue Code, regulations and guidelines.

## GIFT ACCEPTANCE POLICY

The Foundation shall accept gifts and transfers of assets in the following forms and under the circumstances described:

1. All gifts made to the Foundation shall be irrevocable. Distributions from the principal and/or income of all funds shall be subject to the final and sole discretion of the Board of Trustees. Gifts shall be consistent with the mission of the Foundation. The Foundation will not accept gifts that jeopardize its tax-exempt status and reserves the right to decline any gift that it believes is not in the best interest of the Foundation. All final decisions on the restrictive nature of a gift, and its acceptance or refusal, shall be made according to this policy. The Foundation shall seek the advice of legal counsel in matters relating to acceptance of gifts where appropriate. Types of gifts not addressed in this policy may be accepted upon recommendation by the Finance & Investment Committee and approval by the Board of Trustees or Executive Committee.
2. The Foundation may accept the following types of gifts:
  - A. Cash and cash equivalents
  - B. Publicly traded and closely held securities
  - C. Real estate
  - D. Tangible personal property
  - E. Charitable Gift Annuities
  - F. Charitable Remainder Trusts
  - G. Charitable Lead Trusts
  - H. Retirement Plan Beneficiary Designations
  - I. Bequests
  - J. Life Insurance Beneficiary Designations
  - K. Gifts of a Life Insurance Policy

The following criteria govern the acceptance of each gift form:

- A. **Cash and Cash Equivalents:** Cash is acceptable in any form. Checks shall be made payable to the Williamsburg Community Foundation. Cash equivalents include certificates of deposit or other assets readily converted to a stable, determinable cash value.
- B. **Publicly traded and closely held securities:** Publicly traded securities may be transferred to an account maintained at one or more financial institutions or delivered physically with the transferor's signature or stock power attached. As a general rule, all marketable securities shall be sold upon receipt and the proceeds added to the appropriate fund.

The initial acceptance of a closely held stock requires Finance and Investment Committee approval. After a closely held stock has been "approved" for acceptance by the Finance and Investment Committee, future gifts of that same closely held stock are deemed to be acceptable so long as the conditions under which future gifts are made do not vary in substance. If potential problems arise on initial review of the security, further review and recommendation by an outside professional may be sought before making a final decision on acceptance of the gift.

- C. **Real estate:** Prior to the acceptance of real estate, the Foundation shall assess the holding costs associated with the property and require an initial environmental review of the property to ensure that the property is not contaminated with environmental damage. In the event that the initial inspection reveals a potential problem, The Foundation shall retain a qualified inspection firm to conduct an environmental audit. The cost of the environmental audits shall generally be an expense of the donor. All gifts of real estate will be subject to this policy and the approval of the Finance and Investment Committee.
- D. **Tangible Personal Property:** Gifts may be accepted as long as there are no undue restrictions on the use, display, or sale of the property. All gifts of tangible personal property will be subject to IRS regulations. If a qualified

appraisal of the property is required, it is the donor's responsibility to obtain that appraisal and provide a copy of it to the Foundation. Acceptance of unusual gifts of personal property must be approved by Finance and Investment Committee.

All qualifying non-cash gifts, whether held in the Community Endowment fund or other component funds, will be sold at the earliest and most prudent convenience of Foundation and the proceeds of the sale reinvested consistent with the investment policy of the Foundation. The Community Foundation will not release any monies from a fund prior to the liquidation of the assets. All expenses related to the sale of assets will be deducted from the proceeds of the sale. With respect to gifts to donor-advised funds and supporting organizations, the Foundation shall ensure that the gift does not violate the excess business holding rules as described below.

Under the Pension Protection Act of 2006 (PPA), the private foundation excess business holdings rule apply to donor-advised funds as if they were private foundations. That is, the holdings of a donor-advised fund in a business enterprise, together with the holdings of persons who are disqualified persons with respect to that fund, may not exceed any of the following: •

Twenty percent of the voting stock of an incorporated business,

- a. Twenty percent of the profits interest of a partnership or joint venture or the beneficial interest of a trust or similar entity,
- b. Any interest in a sole proprietorship.

Donor-advised funds receiving gifts of interests in a business enterprise have five years from the receipt of the interest to divest holdings that are above the permitted amount, with the possibility of an additional five years if approved by the Secretary of the Treasury. Community foundations that held such assets in donor-advised funds on the date of enactment will have a much longer period to divest under the same complicated transition relief given to private foundations in 1969.

With the exception of equity ownership in a business entity described above, the Board of Trustees may from time to time determine that the policy of immediate sale of non-cash assets should be waived in the best and most prudent interest of Foundation. Although the donor's interest may be considered, such waiver shall not be made exclusively in consideration of the donor's interest.

The Foundation may take title to and/or hold in trust certain real property that serves a recognized, broad community purpose or service, but only when such real property is free of hazardous materials and conditions, is unencumbered and debt free, has in place provisions for operating the real property and ensures that the operating and maintenance expenses are fully provided for by endowment and/or secure revenue such as rents, use fees or government allocations.

- E. **Charitable Gift Annuities:** While not currently available, CGAs may be offered by the Foundation with approval of the Board of Trustees.
- F. **Charitable Remainder Trusts:** The Foundation accepts revocable or irrevocable beneficiary appointments under charitable remainder trusts. These appointments may be for the Foundation's Community Endowment or for any

of its component funds. Distributions less than the current component fund minimum will be used at the discretion of the Board of Trustees.

- G. **Charitable Lead Trusts:** The Foundation accepts income distributions from charitable lead trusts. These distributions may be assigned to the Foundation's Community Endowment or for any of its component funds. Distributions less than the current component fund minimum will be used at the discretion of the Board of Trustees.
- H. **Retirement Plan Beneficiary Designations, (I) Bequests & (J) Life Insurance Beneficiary Designations:** Such designations shall not be recorded as gifts to the Foundation until such time as the gift is irrevocable. Where the gift is irrevocable, but is not due until a future date, the present value of that gift will be recorded at the time the gift becomes irrevocable. These appointments may be for the Foundation's Community Endowment or for any of its component funds. Gifts less than the current component fund minimum will be used at the discretion of the Board of Trustees.
- K. **Gifts of Life Insurance Policy**

The Foundation will not accept ownership of term life insurance. The Foundation may accept donations of a permanent (whole) life insurance policy with a cash value under the following conditions:

- The Foundation will consider accepting insurance policies only from companies with A- or better on the A.M. Best rating system.
- Minimum death benefit must be equal to or greater than a minimum fund size. Distributions from a life insurance policy that are less than the current component fund minimum will be used at the discretion of the Board of Trustees.
- The donor and the Foundation agree that, if additional premium payments are required, the donor will make annual donations to the Foundation for an appropriate amount. The Foundation will make annual premium payments directly to the insurance company. If the donor does not elect to continue to make gifts to cover premium payments on the life insurance policy, the Foundation may elect one of the following:
  - Continue to pay the premiums.
  - Convert the policy to paid up insurance.
  - Surrender the policy for its current cash value.

**Previously Existing Insurance Policies**

- The Foundation will obtain two "in force illustrations" from the insurance company:
  - One that assumes no more premiums are paid.
  - One that assumes future premiums are paid on time.
- The donor must make an absolute assignment (gift) of the insurance policy. The Foundation is to be named as the irrevocable owner and beneficiary of the policy.
- The donor must, prior to the gift, request a current interpolated terminal reserve value from the insurance company. The Foundation will provide the donor with a contemporaneous written acknowledgment for a charitable contribution of the interpolated terminal reserve (generally the cash value plus a pro-rated portion of the last premium paid). The Foundation will book the cash surrender value as the value of the gift upon receipt. Gifts contributed by the donor to the Foundation to cover future premium payments will be recorded as gifts in the year they are made.

**New Insurance Policies**

- The Foundation must be the applicant, owner and beneficiary of the policy.
- The Foundation may book the cash surrender value as the value of the gift once cash value begins to accrue.

The Foundation will accept a gift in any amount to the Community Endowment or a component fund that is made without restrictions.

### COMPONENT FUND MINIMUMS

The Board of Trustees will from time to time establish a minimum value for component funds as described in the *Fee Schedule for Component Funds*. Donors may establish a fund and build their fund to the minimum over a period of years, not to exceed five years. Funds that have not reached the minimum fund balance will be held in the Foundation's cash assets. They will not be charged a fee. They will not disburse funds for grantmaking until the minimum fund level has been met. The fund balance must reach its minimum within five (5) years, or the funds will be terminated and the balance will be used at the discretion of the Board of Trustees. Any pledges remaining due will be written off as uncollectible. In the event the value of a component fund falls below, and remains below, the fund minimum for two full consecutive fiscal years the Board of Trustees may consider that to be below a level of viability and may take action to apply the assets of the fund to an alternate use consistent with the purpose of the fund, if the donor is then living and accessible, he or she may be consulted.

### FEES & DISTRIBUTIONS

Fees are assessed to each component fund or supporting organization based on the *Fee Schedule for Component Funds* determined by the Board of Trustees. Distributions from endowed funds will be subject to the Foundation's *Spending Policy*. Non-endowed funds may be spent down entirely unless it is otherwise stipulated in the fund agreement or in the *Fee Schedule for Component Funds*.