



fountain hills community foundation

## **FINANCIAL POLICIES**

### **Philosophy:**

The purpose of developing a financial management policy in the operation of all Fountain Hills Community Foundation [FHCF] activities is to fulfill the organization's mission in the most effective and efficient manner and to remain accountable to stakeholders, partners, funders, and the community. To accomplish this, FHCF commits to providing accurate and complete financial data for internal and external use by the Board of Directors, our Benefactors, and our Members. We believe that creating a policies manual helps provide clear protocols for consistency within our organization. Financial policies clarify the roles, authority, and responsibilities for essential financial management activities and decisions.

The Board of Directors is ultimately responsible for the financial management of all activities. The Treasurer, in conjunction with the written approval of the President of the Board, is authorized to act on the Board's behalf on financial matters of less than \$10,000 when immediate action is required in advance of a meeting of the Board of Directors. The Board of Directors may change or add to any of the provisions of these general policies at its discretion with a formal vote in the affirmative.

The policies are to set forth the principles and guidelines for implementing the financial policies of the Foundation and to achieve the following goals:

- Safeguard the funds for future generations
- Enable the maximum amount of spending that can be maintained over the long term
- Ensure that the annual income and fund income is as stable and enduring as possible
- Ensure that the stated wishes of donors are honored

## **GIFT ACCEPTANCE POLICY**

### **Purpose of Gift Acceptance Policy:**

As a 501c(3) non-profit corporation, the Fountain Hills Community Foundation [FHCF] relies on charitable contributions to fulfill its mission. The purpose of this policy is to define the protocols by which charitable gifts will be received and assist donors and their advisors in their planning. The policies are implemented at the sole discretion of the Board of Directors of the Foundation.

### **General Foundation Protocols Regarding Acceptance of Gifts:**

- A. FHCF shall clearly represent policies and protocol which pertain to the gift when soliciting or accepting gifts.
- B. FHCF will endeavor to honor all acceptable written commitments about the use of the contribution in excess of \$1,000.
- C. FHCF will disclose all important and relevant information to potential donors and, if appropriate, suggest that the donors consult with their advisors.
- D. FHCF will - promptly acknowledge every gift donor and the donor will be consulted and informed as to how the gift will be recognized consistent with FHCF practice and policy.

- E. FHCF reserves the right to refuse a gift, if it is determined to be outside its mission values, priorities and/or detrimental regarding its financial interests.
- F. FHCF believes that honoring donor intent is a fundamental value. However, it is understood that all matters concerning any gift or operations involved in implementing the acceptance or use of a gift are under the control of the Foundation Board of Directors and may not be subject to any material restriction or condition that prevents the furtherance of the FHCF mission as determined by the FHCF Board of Directors.

### **Criteria used by the Foundation to assess a proposed gift:**

- A. The charitable purpose, donor intent and ultimate community benefit of the proposed gift;
- B. Expected holding period for the gifted asset and other liquidity considerations;
- C. Liability exposure to the Foundation;
- D. The nature of any Donor restrictions;
- E. Projected costs, if any, of managing the gifted asset; and
- F. Guidance from the Foundation Legal and Financial Advisors.

The Fountain Hills Community Foundation encourages all potential donors to personally discuss their proposed donation with the Foundation if the donation appears to not be covered by these general guidelines. A non-monetary gift, with an anticipated tax deductible value of more than \$5,000, except publicly traded securities, will need to have the Donor order an appraisal to be completed by a qualified appraiser meeting IRS and Treasury Regulations prior to transferring the gift to the Foundation.

### **Generally Acceptable Gifts:**

Both direct gifts and planned gifts can be received in the following forms that adhere to this Policy:

#### **Direct Gifts**

Cash or cash equivalents, marketable securities, qualified charitable distributions (i.e., IRAs), pledges, precious metals of known value that may be readily liquidated, insurance policies that meet specified criteria, publicly traded securities.

#### **Planned Gifts**

Properly created Charitable Remainder and Lead Trusts, Charitable Gift Annuity agreements, Trust Estates, distributions from matured planned gifts.

### **Generally Acceptable Gifts Requiring Review:**

Both direct gifts and planned gifts can be received in the following forms that adhere to this Policy after a review by and the recorded approval of the Board of Directors and Foundation Advisors:

#### **Direct Gifts**

Accounts receivable, i.e., promissory notes, mortgages, etc.; closely held business interests or securities, restricted stock, private investment funds, insurance policies, oil, gas, or mineral interests, real property, personal or intellectual property, assets located outside the USA and any other asset as determined by the Board of Directors of the Foundation.

#### **Planned Gifts**

Entering any planned gift arrangement that requires an exception to the approved planned giving policies or requires clarification, as determined by the Board of Directors of the Foundation, will be reviewed.

### **Gifts That FHCF Will Generally Not Accept:**

Time shares, animals, cemetery plots, conservation and historic preservation easements or any asset that is not legal. Additionally, the following are generally not acceptable – life and viatical settlements, a gift requiring

service as a charitable trustee and gifts of pooled income funds, a gift that requires retention of the asset, a gift that requires the engagement of a specific advisor, requires that the gift be distributed to other than a non-profit organization, or a gift over which the donor retains any control. Any exception to these general guidelines must be approved by the Board of Directors of the FHCF.

Furthermore, a gift may be declined if it would impose a disproportionate administrative burden on the FHCF, an undue risk of liability or would be detrimental to FHCF's standing in the community or effectiveness in carrying out its mission.

### **Confidentiality Regarding All Gifts:**

Confidentiality regarding all gifts, discussions with donors about potential gifts and the gift review process will be strictly maintained subject to legally authorized and enforceable requests for information by government agencies and courts. Any confidential or non-public information shared by donors in connection with their discussions with the Foundation about potential gifts shall remain confidential and shared only if permission is obtained from the donor prior to the release of such information.

### **Summary:**

All direct and planned giving may have some complexities associated with the desires of the donors and the needs of the Foundation. This policy is only a brief discussion of the considerations and determinations to be made by both the donor and the Foundation. Direct gifts may be relatively simple but planned gifts can be complex. I.e., each of the vehicles used to establish a planned gift to the Foundation requires that various criteria be met and will potentially involve input from both legal and financial advisors in order to evaluate the type of gift and/or accomplish the program that best meets the needs of both the donor and the Foundation. The Board of Directors of the Foundation strives to meet the needs of both the donor and the Foundation.

The best approach is to enter discussions with the Foundation regarding any potential gift. During these discussions, the desires of the Donor and the criteria required by the Foundation as to the specific gift will be considered.

## **WINDFALL POLICY**

The purpose of a "windfall policy" is to define the procedure to be used for allocating and investing unbudgeted and unrestricted major gifts made to the Foundation that exceed the amount of \$50,000 in value and, if necessary, can be converted into cash.

\* It is currently the position of the Board of Directors that any windfall will be divided as follows: 50% of any windfall is to be deposited into the Foundation's General Unrestricted Endowment Fund and 50% is to be deposited into the General Reserve Account. Exceptions to this policy and procedure will require a MAJORITY vote of the Board of Directors.

## **DONOR ADVISED FUND POLICY**

The Fountain Hills Community Foundation welcomes the establishment of a Donor Advised Fund (DAF), which is like a charitable investment account, for the sole purpose of supporting charities you care about. It is the policy of the Foundation to allow you to recommend grants to virtually any IRS-qualified public charity within the limits prescribed within the written agreement between the Donor and the Foundation. The Foundations welcomes the recommendations of the Donor in regard to the investment of the funds and the qualified organizations to which the funds may be donated. Details are covered in the application and final terms and conditions of the agreement between the Donor and the Foundation.

## **SPENDING POLICY**

In order to provide a sustainable level of income to support the Fountain Hills Community Foundation, the Foundation establishes the following spending policy with regard to the use of available funds:

Generally, a “Spending Policy” defines how much of the Community Foundation’s investment assets may be spent in any given year, prioritizes the expenditures, and outlines the source of the funds being spent on operating costs, capital expenditures and donations to our non-profit recipients. The Foundation’s income is dependent upon general and specific public donations as well as various fundraisers to be held during the year. Additionally, the funds available during any one year will be dependent upon the income from the various “Designated/Restricted Contribution Agreement” funds [DRCA] and the Community Foundation’s General Endowment, which is monetarily restricted to a maximum of 4% of the principle each year. The DRCA directed fund’s income will vary depending upon the agreement with the Donors and is allocated into separate funds. In order to monitor ongoing adherence to donor-imposed restrictions, the Investment Committee and the Board of Directors of the Foundation will periodically review a report of endowment disbursements. This policy recognizes that there may be cases where a restricted use becomes obsolete, overfulfilled or becomes inconsistent with the Foundation’s needs or mission.

\* It is the current position of the Board of Directors that all unrestricted income will be divided and prioritized into the following areas of dependency:

1. Donations to other approved non-profits as per the recommendation of the Foundation’s Gifting Committee and approval of the Board of Directors.
2. Reserve accounts as determined by the Board of Directors.
3. General operating expenditures of the Foundation as determined by the Board of Directors

Any unexpended funds from those available for distribution in a given year will be accrued and will continue to be considered available for distribution in subsequent years unless otherwise designated by action of the Investment Committee with approval from the Board. Expenses related to the management and administration of the Fund will be deducted from the funds available for distribution.

## **INVESTMENT POLICY**

The Fountain Hills Community Foundation works in concert with the Arizona Community Foundation [ACF], based in Phoenix, Arizona and the ACF manages our funds in accordance with the Uniform Prudent Management of Institutional Funds Act Guidelines. The funds donated to the Fountain Hills Community Foundation are considered “component funds” of the Arizona Community Foundation. The investable monies to be deposited in our Endowment Funds are determined by the Donor and the Board of Directors of the FHCF. The General Operating Account is held by a local bank as recommended by the FHCF Treasurer and approved by the Board of Directors.

The funds/donation, which constitute the contribution to the Foundation within a Donor Advised Fund, are invested by the Foundation after consultation and recommendation of the Donor of the funds. It is understood that the Foundation has the sole authority to determine how the funds are ultimately invested.

The Investment Committee of the Foundation’s Board of Directors is responsible for a continuing review of the Community Foundation’s Investment Policy and for making investment recommendations to the Board.

# FINANCIAL RECORD RETENTION POLICY

The Fountain Hills Community Foundation is committed to financial transparency and accountability. The Board of Directors has developed a written financial document retention and destruction policy. Record retention includes the organization's financial and business records that comply with legal requirements. The following records are kept permanently or until no longer required by any governmental agency:

- Any agreements with Donors involving restricted gifts
- Audit reports, from independent audits
- Checks and/or receipts above \$500
- Determination Letters from the IRS or the State of AZ and correspondence relating to it
- Financial statements (year-end)
- Active Insurance policies
- Tax returns

In addition to this Financial Retention Policy, a detailed comprehensive list of all documents and their retention expectancy is listed in the formal Document Retention Policy established by the Board of Directors and maintained by the Board Secretary.

Approved by the Board of Directors on 11th of February, 2021



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Clayton Corey,  
Secretary to the Board