

Gift Acceptance Policy

Somerset Community Foundation (SCF) is proud that donors choose it as the route for their philanthropic giving. 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.

Introduction

SCF is a registered charity (number 1094446) and limited company (number 4530979) benefiting communities particularly, although not exclusively, in Somerset. 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.

SCF inspires philanthropy, engages partners and builds a culture of giving to benefit our area now and for generations to come. This is done mainly through donors establishing, growing or contributing to charitable funds at the Foundation.

The principal fund type is the **named fund** 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. Theme and affinity funds are an alternative type of named fund supported by one-off or regular gifts from several donors who share a common interest.

Donors may set up a named fund with a gift of a minimum value set by the Board from time to time. There are two models for named funds:

- Endowment funds: the gift is held as capital and invested within the SCF's endowment. The investment return provides revenue which is used to support charitable activities each year in perpetuity.
- Annual (or flow-through) funds: the gift is held as cash and treated entirely as revenue to support charitable activities in the year ahead.

Legal and fiscal context for gifts

A fund at SCF is not a distinct legal structure like a charitable trust. It is a vehicle for giving in line with 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. Depending on the fund's size, the donor may retain the privilege of setting criteria for the fund's use and recommending grants from the fund's revenue.

Depending on the donor's wishes and the fund's size, the fund may be legally restricted if it has specific purposes, or unrestricted if its criteria are general. For a theme and affinity fund, several donors' contributions are pooled, but within a fund restricted for an agreed purpose.

Assets donated to establish, grow or contribute to funds at SCF are irrevocable gifts. They become SCF's property and its Board carries the legal responsibility for ensuring that donations are used for charitable purposes in line with any restrictions agreed with donors.

Subject to compliance with HMRC regulations, cash donations from UK taxpayers are eligible for Gift Aid, which means that SCF can claim an additional 25% of the value of the gift (at current rates). Gift Aid received is added to funds alongside the original donation. Higher-rate taxpayers may be able to claim additional tax relief on their donations.

For SCF to claim Gift Aid, and for donors to benefit from other tax advantages relating to charitable gifts, the donor must part with ultimate control over 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 SCF in relation to their fund. Donors, fund advisors and related parties (e.g. donor's family members or business interests) also cannot receive any direct private benefit from support from their funds.

Advice for donors

SCF engages donors living, working or interested in its area of benefit. It recognises that donors have a range of interests, and wants them to make informed choices about their giving. However, its main purpose is to support philanthropy that benefits local causes, and it promotes the case for doing so through funds at the Foundation.

SCF always respects the wishes of potential donors, and never pressures them into one course of action. It will disclose the key issues that could reasonably be expected to influence a donor's decision to make a gift. It will be made especially clear that all donations other than planned gifts are irrevocable, and that items such as market value and investment return can vary.

SCF also recommends that prospective donors obtain independent professional legal and/or financial advice regarding any proposed gift.

Types of gifts SCF can accept

The Foundation may accept a variety of donations of assets by living donors made on a one-off or regular basis. All are outright and irrevocable gifts unless the circumstances outlined below apply.

SCF can also accept planned gifts that take effect on the donor's death.

SCF 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 Board from time to time.
- Publicly traded shares at fair market values. The Board will have full discretion over the sale of any gifted shares.
- Land and buildings as long as, at SCF's discretion, they may be sold and/or generate revenue 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.

SCF 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.

SCF may accept a donated asset with a condition that some or the entire amount may be returned in the exceptional case where 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, SCF 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.

SCF 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. Such arrangements will be subject to separate policies and agreements.

SCF reserves the right not to accept a gift if the Board determines that the restrictions, liabilities or reputational risks in doing so would be too great or if we have insufficient information on its provenance.

Fund options and philanthropy services

Donors who establish named funds may choose a level of involvement in line with their wishes and the minimum fund values set by the Board from time to time. The options for named funds are set out below.

- Unrestricted – the fund's revenue supports the Foundation's operating costs, or its general grant-making as determined by the Board.
- Field of interest – the fund's revenue supports the donor's preferred causes, localities or approaches with grant-making at the Board's discretion.
- Donor advised – the donor, or a named advisor, may nominate groups to receive grants or make recommendations from shortlists prepared by the Foundation in line with their wishes.
- Panel advised – as above, but where the donor wishes a panel or committee to recommend grants on their behalf.
- Agency – where the fund is set up solely to benefit a named organisation.
- Designated – the fund's revenue supports a series of named organisations each year agreed with the donor at the point it is founded.

SCF will advise on the most appropriate model depending on the level of gift, likely fund revenue and the amount of engagement the donor wishes.

SCF will then draw up a Fund Agreement for the fund to cover some or all the following points as appropriate:

- Information and advice for donors on effective giving and local needs.
- 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 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.
- Annual fund statements and impact reports.
- Invitations to the Annual Celebration and other events.
- Copies of SCF's publications, including the Annual Report, which describes the overall impact of the Foundation's activities.

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

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

Fund advisors

Donors who establish named funds or provide founding donations to theme/affinity funds may designate themselves and/or anyone else over the age of 18 to be a fund advisor. A fund may have more than one advisor, but ideally no more than three.

Advisors' privileges include setting and reviewing the fund criteria with SCF, agreeing succession arrangements and being engaged in SCF's wider work. For donor advised funds that continue to meet the minimum market value set by the Board, advisors may also make recommendations on grants. Fund advisors do not, however, play any formal governance or managerial role relating either to SCF, or to its funds.

For panel advised funds that continue to meet the minimum market value set by the Board, donors may nominate fund panel members who must be over 18. Panel members may be involved with the fund advisor in making grant recommendations. They do not have the same advisory privileges relating to criteria and succession.

Working with Trustees

We can either work in partnership with trustees of active trusts to help them achieve their goals or work with trustees to transfer trusts into our endowment as a ring-fenced "named fund", usually retaining the original purpose of the fund. In such cases trustees may choose to remain actively involved in the grant-making process.

Succession arrangements

SCF recommends that donors with named endowment funds, and/or their fund advisors, determine arrangements for how they wish their fund to be managed following their death, or when they are no longer willing or able to act as advisors. This includes, for corporate donors, circumstances where the company ceases trading or is taken over.

Donors/advisors who wish SCF to continue to maintain a separate, named fund may choose one of the following options:

- Give discretion to the Foundation to continue awarding grants in line with the wishes and restrictions set out in the Fund Agreement. The Board will from time to time determine a level of fund value at which this arrangement can remain in perpetuity.
- 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.

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:

- Where the first-generation successor advisor makes additional gifts to the fund at least equal in value to the current minimum amount set by the Board to a named fund, they may nominate one further generation of successor advisors.
- Where the fund value is over a minimum amount set by the Board from time to time, successors can continue to nominate further generations of successor advisors.

Succession arrangements must be detailed in the philanthropy 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, the assets of the fund remaining following their death will transfer to the SCF's unrestricted funds to support grant-making in line with community needs.

Regular and one-off donations

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

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

Known donors who make one-off or regular gifts to support theme or affinity funds will receive a thank-you letter including the details of a staff member to contact about the fund and asking them if they wish to be kept informed, once a year, about the impact of grants made from the fund.

Unrestricted one-off or regular donations may be used by SCF to support its operating costs, theme or affinity funds or projects and programmes at the discretion of the Board.

Donor recognition and membership

SCF will acknowledge donors appropriately, and publicise their involvement in line with their wishes. Donors may remain anonymous if they prefer. In all cases, SCF will keep the details of its particular agreements with donors confidential, subject to its legal and regulatory accounting requirements.

Management of investments

Donors, fund advisors and successors do not have direct control over the investment of donated assets, but they may express preferences as follows:

- At a donor's request the capital of their fund may be invested ethically.
- Advisors/successors may request that the Board reinvests some or the entire amount withdrawn from their named fund for a period (usually no longer than two years), rather than use it for grants, to grow the capital value.
- In the case that a major endowment fund gift is acquired with significant involvement from a professional advisor, the donor may request that SCF considers re-investing the capital with that advisor. Such arrangements are exceptional and entirely at the Board's discretion. They will be subject to SCF's normal investment policies.

Management Costs

All funds take a share of the overall costs of SCF carrying out its charitable activities. These include grant-making from funds, engagement of donors, developing new philanthropy and sharing expertise on issues affecting our communities. The contribution made by each fund depends on the level of engagement the donor requires, and the size of their fund.

Where a named fund has additional requirements above the normal support work done by the Foundation, there will usually be additional contributions made towards the direct costs of such further charitable activities.

The Board will review cost contribution rates from time to time and reserves the right to vary them if necessary.

Fundraising activities and fund expenses

SCF 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 should be pre-approved by the Foundation as it will require the use of its name and charity number. SCF 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. SCF also cannot reimburse donors, advisors or any other parties for expenses relating to fundraising activities they undertake.

No other expenses incurred by donors/advisors can be paid from a fund's revenue unless explicitly stated in the Fund Agreement.

Ultimate responsibility and resolution of disputes

SCF's Board has the ultimate responsibility for awarding grants 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 Fund Agreement;
- reserves the right not to approve fund/panel/successor advisors' recommendations if it determines that they are not charitable, would conflict with SCF's stated policies, or damage its reputation.

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 is overriding and ultimately SCF's decision regarding any dispute is final.

Complaints

If at any time donors are not happy with the service provided by SCF, they may make a complaint in accordance with the Complaints Policy and Procedure, details of which are available on our website.

Variations to this policy

SCF may vary the terms of this policy from time to time. Changes will be notified to current fund/successor advisors.