THE GREATER CINCINNATI FOUNDATION
POLICY FOR POTENTIAL GIFTS OF
TANGIBLE PERSONAL PROPERTY

Adopted March 6, 2013

I. PURPOSE.

As a trusted philanthropic partner, The Greater Cincinnati Foundation ("GCF") inspires current and future generations to invest in a more vibrant and prosperous Greater Cincinnati where everyone can thrive. The purpose of this policy is to govern the acceptance of gifts of tangible personal property to best serve the interests of GCF and the donor. This policy is to provide guidance to donors and their professional advisors in completing gifts of tangible personal property. The purpose of the gift must be charitable. GCF must ensure that the donor’s wishes will be fulfilled through the acceptance of the gift.

II. GENERAL GUIDELINES.

A. Gift Review. Proposed gifts of tangible personal property, whether current or deferred, will be evaluated on a case-by-case basis in accordance with GCF’s Policies and Procedures. The President or Vice President for Giving Strategies or the Vice President for Finance and Administration will have the overall authority to handle inquiries, negotiate with donors, assemble documentation, and execute agreements on behalf of GCF. Gifts of tangible personal property will be accepted only after the requirements of GCF’s policies and procedures have been satisfied and with the prior approval of the President/CEO (in consultation with the Vice President for Giving Strategies and the Vice President for Finance and Administration). GCF may refuse any offered gift that is judged not to be in the best interest of GCF or the donor. Assuming such activities follow approved policies and procedures, this authority to act will not require review or further approval by the Governing Board. The staff reserves the right to involve GCF’s legal counsel in reviewing agreements prior to accepting them. Such review is not mandatory.

B. Evaluation of Potential Gifts.

1. Types of Interests and Property. GCF may accept full or fractional interests of tangible personal property.

2. Documentation. GCF will review any relevant documentation in consideration of the proposed gift which may include, but is not limited to: a qualified appraisal and/or appraisal summary, documentation of the interests owned, proposed transfer instruments, and any proposed agreements or arrangements pertaining to the property. Such documentation may be reviewed by GCF’s legal counsel.

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1 Any property, except land or buildings, that can be seen, weighed, measured, felt, touched, or otherwise perceived by the senses. It does not include assets without a physical form such as stocks, bonds, copyrights, deeds, liquor licenses, etc.
3. **Sale or Liquidation.** As a general rule, gifts of tangible personal property are either put toward a related use to further GCF’s charitable purpose or sold as soon as possible. If sold, the fund designated to receive the gift is then credited with the proceeds from the sale, after commissions and expenses, if any.

In the case of gifts of tangible personal property that are not readily marketable at the time of the gift, it should appear reasonably certain that the property proposed to be transferred to GCF may be used for a related purpose or will be sold or liquidated at a fair value and proceeds received into a component fund of GCF within a reasonable time frame, preferably less than five years.

In the alternative, it should appear reasonably certain that the property proposed to be transferred to GCF will generate annual income sufficient to provide a reasonable rate of return for the component fund into which it is received.\(^2\) For purposes of this policy, the definition of “a reasonable rate of return” shall be determined by GCF, in its sole discretion. The President/CEO (in consultation with the Vice President for Giving Strategies and Vice President for Finance and Administration) shall have the authority to determine whether the requirements of this paragraph have been met.

If the property interest is sold, liquidated, or otherwise disposed of within three years of receipt, per the IRS, **GCF is required to file IRS Form 8282** (“Donee Information Return”), unless the gift was valued below $500 or was distributed for charitable purposes. See Treas. Reg. 1.6050L-1.. \(^3\)

4. **Administrative and Investment Fee Schedule.** Funds holding tangible personal property will be charged the same administrative fees as all other funds at GCF. The donor should provide adequate assurance that the affected fund will have adequate cash to pay administrative fees, either from the investment itself or from further contributions from the donor.

5. **Tax Deductibility.** The allowable tax deduction for gifts of tangible personal property will be subject to the rules of the IRS relating to tangible personal property, including rules on fractional interests or unrelated uses.\(^3\) GCF will provide the donor with any substantiation required for the donor to obtain a tax deduction.

\(^2\) Treasury Regulations require that GCF assure that its funds produce a reasonable rate of return. This can be particularly important for property held in designated funds, because while this requirement is applied based on the aggregate performance of most funds, it is made on a fund-by-fund basis for designated funds. See Treas. Reg. Section 1.170A-9(f)(11)(v)(F) and 1.170A-9(f)(13)(x). See Hoyt, *Legal Compendium for Community Foundations* 90.

\(^3\) The allowable tax deduction for tangible personal property may be affected by various issues including the use for the property and gifts of partial interests or fractional interests. See I.R.C section 170 (e), (f) and (o) respectively.
III. RESPONSIBILITIES OF THE DONOR.

A. Appraisal. If required, the donor will be responsible for obtaining a qualified appraisal and/or appraisal summary in compliance with the IRS regulations for the purposes of establishing the value of the gift to determine the charitable benefit to GCF and for federal income tax purposes, including the preparation of Form 8283 (“Noncash Charitable Contributions”). See Treas. Reg. 1.170A-13(c). A qualified appraisal will be required for any gift of art valued at more than $5,000.

B. Transfer Instruments. It is the donor’s responsibility to prepare the appropriate instruments which are necessary to transfer the personal property to GCF.

C. Documentation of Restricting Interests or Agreements. The donor must provide GCF with documentation of any fractional or joint ownership interests or other agreements that impose any restrictions or limitations upon the sale or transfer of the personal property for review by GCF’s legal counsel.

D. Acceptance Agreement. Prior to or upon acceptance of the gift, the donor and GCF must agree in writing to all the terms of the gift which will include the following (See Attachment 1 for a Sample Agreement for the Terms for a Gift of Tangible Personal Property):

1. No Material Restrictions. Prior to or upon transfer of the property to GCF, the donor and GCF will sign an agreement (which may be approved by GCF’s legal counsel) stating the terms of the gift, which shall specify that there are no restrictions on GCF’s right to use or convey the property.

2. Expenses Associated with Gift. Prior to acceptance of the property, GCF and the donor must agree in writing on arrangements for paying expenses associated with the property, such as commissions, taxes, insurance, and maintenance costs. Generally, GCF’s Operating Fund will not advance funds for the payment of such expenses.

3. Administrative Fees. The donor should provide adequate assurance that the affected fund will have adequate cash to pay administrative fees, either from the investment itself or from further contributions from the donor.

E. Expenses in Preparation of Gift. The donor is responsible for all expenses incurred during the preparation for the transfer of the personal property.

F. Securing and Protecting Property. The donor is responsible for securing and protecting the property until the gift meets final approval and acceptance by GCF.

G. Discuss Gift with Professional Advisors. Donors are encouraged to and responsible for discussing all benefits, liabilities, and tax consequences derived from gifts of full or fractional interests of personal property with professional advisors before the gift is made.
H. Discuss Gift with Family or Interested Parties. Donors will be encouraged to discuss contemplated gifts of real property with their family or other interested parties before the gift is made.

IV. WHAT GCF WILL NOT DO.

A. Donor Expenses. Except in extraordinary circumstances, GCF’s Operating Fund will not pay for legal assistance, appraisals or other services on behalf of the donor. In extraordinary circumstances, the expenses will be deducted from the proceeds of the sale or otherwise charged against the fund holding the property.6

B. Corroboration of Value. GCF will not establish or corroborate the value of any property for the purpose of substantiating the donor’s income tax charitable deduction.

C. Best Interest. GCF will not accept gifts that would not be in the best interest of GCF or the donor.

6 Discharge of such expenses by GCF may be treated as taxable income if the payment of the liability would not have given rise to a deduction. See 26 U.S.C. section 108. Discharge of such expenses may also create a material restriction on the gift. See Treas. Reg. 1.507-2(a)(8)(iv)(B). See also Hoyt Legal Compendium for Community Foundations 69-70 FN 356.
Sample Agreement for the Terms for a Gift of Tangible Personal Property

__________________________, 20___

The Greater Cincinnati Foundation
200 West Fourth Street
Cincinnati, Ohio  45202
Attention: _____________________________

Re: Gift of Tangible Personal Property

Dear ____________________:

In connection with my gift of ____________________________ to The Greater Cincinnati Foundation (GCF), please be advised:

(1) It is likely that the property will be put toward a related use, sold or liquidated at a fair value and proceeds received into a component fund of GCF within approximately three to five years.

(2) I agree that there will be adequate cash in the fund holding the property to pay administrative fees, either from the investment itself or from further contributions which I will make. Further, I agree that I will make additional contributions to cover other expenses associated with the property, such as commissions, taxes, insurance, and maintenance costs, if applicable.

(3) There are no material restrictions which would prevent GCF from freely and effectively using or conveying the property in furtherance of its charitable purposes.

(4) I acknowledge that I am responsible for obtaining a qualified appraisal complying with IRS regulations for the purposes of establishing the value of the contribution, and that if the property is sold, liquidated, or otherwise disposed of within three years of its receipt by GCF, GCF is required to file a IRS Form 8282 (“Donee Information Return”).

Very truly yours,

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Agreed to and Accepted by:
The Greater Cincinnati Foundation

By____________________________