

## P21 - Donor Care and Gift Acceptance Policy

### 1. Introduction

- 1.1 Quartet Community Foundation ("Quartet") is a Registered Charity (number 1080418) and Company Limited by Guarantee (number 3981052) which aims to change people's lives for the better across the West of England. It is governed by a Board of Trustees. A staff team led by the Chief Executive has delegated responsibility for day to day activities.
- 1.2 Quartet acts as a hub for community philanthropy. It enables effective giving that supports people to overcome disadvantage, creates stronger communities and makes the area a better place to live. We do this by enabling a wide variety of donors to fund projects that make a difference to where people live and work. We help donors to establish, grow and contribute to charitable grant-making funds at the Foundation.
- 1.3 Quartet is proud that donors choose it as the route for their philanthropy. The purpose of our Donor Care and Gift Acceptance Policy is to set out for donors our commitment to donor care and the basis upon which Quartet accepts gifts to support donors to give effectively.

### 2. Our Commitment to Donors and Supporters

- 2.1 To succeed Quartet must earn and maintain the respect and trust of its benefactors and prospective donors. We strive for the highest standards of professionalism. We are committed to an organizational culture of transparency, honesty and accessibility and as part of this commitment we will:
  - Adhere to the Codes of Fundraising Practice of the Fundraising Regulator, the Institute of Fundraising, and to the requirements of Charity Law
  - Comply with all our policies such as those concerning Confidentiality, Data Protection, and Equal Opportunities
  - Aim to be a beacon of good governance in the philanthropy sector.
- 2.2 All donors and supporters have a right to:
  - Confidentiality and the right to remain anonymous
  - Privacy and compliance by us with our confidentiality and data protection policy
  - Prompt attention, accuracy and integrity from our fundraising and development team
  - Not to be subjected to any undue pressure
  - Appropriateness in solicitation of future giving
  - Removal of details from our database, upon request, subject to legal requirements.
- 2.3 Donors are highly valued by all staff, Trustees and volunteers at Quartet and will be allocated a named advisor within Quartet. Quartet will enter into a Philanthropy Services Agreement with donors holding endowment or revenue funds with Quartet to

underpin our relationship with donors and our donor care commitments. We assure donors and fund holders that:

- Fund holders will have administrative fees, investment policies and grant making policies appropriately explained to them.
- Feedback from fund holders on grant programmes, sponsorship and other activities of Quartet is welcomed and where appropriate will inform future activity
- A clear succession policy for donors will be offered, documented in a Fund holder Services Agreement
- Any complaints will be addressed promptly, sensitively and in accordance with Quartet's published complaints procedures.

### 3. Introduction to our Funds

- 3.1 The principal fund type is the Named Fund, set up by an individual, a family or an organization, often in the donor's name or that of someone or something with whom they feel closely associated. Alternatively, the fund can be anonymous.
- 3.2 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 Quartet. 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.
- 3.3 Themed Funds are an alternative type of fund supported by one-off or regular gifts from a number of donors who share a common interest.

#### 4. Legal and fiscal context for gifts

- 4.1 A fund at Quartet is not a distinct legal structure like a charitable trust. 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 Quartet 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 **Themed Fund**, several donors' contributions are pooled, but within a fund restricted or designated for an agreed purpose. For a **Combined Fund** Quartet will establish two separate funds (an Endowment Fund and a Flow Through fund) with the same purposes.
- 4.2 Assets donated to establish, grow or contribute to funds at Quartet are irrevocable gifts. They become Quartet's property (unless specific alternative provision is made in line with paragraph 6.4 below) held on trust and Quartet's Board carries the legal responsibility for ensuring that donations are used for charitable purposes in line with any restrictions agreed with donors.
- 4.3 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 added to funds alongside the original donation. Higher-rate taxpayers may be able to claim additional tax relief on their donations and this tax relief may also be donated to add to a donor's fund.
- 4.4 For Quartet to claim Gift Aid, and for donors to benefit from 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 jeopardize the basis on which gifts are made and the charitable status of Quartet. Donors and fund advisors cannot therefore act independently of Quartet 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.

#### 5. Advice for donors

- 5.1 Quartet engages with donors living, working or interested in its geographical area of benefit. It recognizes 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 Quartet.

- 5.2 Quartet 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 Quartet. Donors need to be aware that all donations other than planned gifts (and those outlined in paragraph 6.4) 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 Quartet can go down as well as up, in accordance with market conditions and other factors.
- 5.3 Quartet recommends that prospective donors obtain independent professional legal and/or financial advice regarding any proposed gift.

## 6. Types of gifts the Foundation can accept

- 6.1 Quartet 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 paragraph 6.4 apply. Quartet can also accept planned gifts that take effect on the donor's death.
- 6.2 Quartet 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 Quartet's Board from time to time (currently a minimum investment of £15,000 is required to establish a Named Fund)
  - Publicly traded shares at fair market values. Quartet's board will have full discretion over the sale of any gifted shares
  - Land and buildings, provided Quartet'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 Quartet incurs in selling.
- 6.3 Quartet 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, jewelry, furniture or a painting.
- 6.4 Donations from individuals that have been subject to Gift Aid and/or tax refund claims cannot be repaid under any circumstances. Quartet 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, Quartet 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.
- 6.5 Quartet 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 Quartet 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.

## 7. Types of Gifts the Foundation will not Accept

- 7.1 Quartet will carry out appropriate due diligence checks on those individuals and organisations that make gifts to it, in order to identify and manage any associated risks.
- 7.2 Quartet reserves the right not to accept a gift if Quartet's board determines that the:
- restrictions (including restrictions proposed by the potential donor as to the distribution of the donation or revenue earned from it, for example on the basis of race, religion, ethnicity or sexual orientation);
  - liabilities; or
  - reputational risks
- in doing so are unacceptable or would conflict with the Foundation's charitable aims or its investment policy.
- 7.3 The Foundation maintains and regularly reviews its Statement of Investment Policy which is available to all Fundholders and which sets out the current investment policy in accordance with good practice recommended by the Charity Commission. Quartet requires its investment managers to adopt the United Nations- supported Principles for Responsible Investment. Quartet therefore reserves the right not to accept a donation of funds if Quartet's board determines that the funds have been generated in whole or material part from significant involvement in activities which are inconsistent with Quartet's Investment Policy or if the Foundation has insufficient information as to their provenance.

## **8. Fund options and philanthropy services**

- 8.1 Donors who establish Named Funds may choose to make one or more of the following recommendations as to how they would wish their fund to be used:
- determine the purposes of the fund and allow Quartet 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 Quartet;
  - recommend charities to be beneficiaries of grants from the fund each year;
  - recommend a Themed Fund to benefit from the fund (such as by receiving all revenue from an Endowment Fund, or regular grants from a Flow Through fund);
  - recommend one or more registered charities be designated to receive grants from the fund;
  - recommend the fund be used to support the activities of Quartet at its discretion.
- 8.2 Quartet will advise on the most appropriate philanthropy model depending on the value of the fund, the likely fund revenue and the level of engagement the donor wishes to have.
- 8.3 Quartet will then draw up a Fund 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 and fund advisors 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 Quartet's audited accounts.
- Quarterly fund statement.
- Invitations to Quartet events.
- Copies of Quartet publications, including the Annual Review.

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

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

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

## 9. Fund advisors

9.1 Donors who establish Named 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 Quartet, agreeing succession arrangements and being engaged in Quartet's wider work.

9.2 Quartet aims to provide expert philanthropic advice and support to help Fundholders develop and evolve a giving strategy for their charitable funds and will encourage fundholders and their fund advisors and successors to be actively engaged with their Fund and Quartet's wider work. If a Fund's nominated fund advisor(s) and/or successor(s) become disengaged or uncontactable for a period of time in excess of two years, Quartet may determine that the Fund should be treated in the same way as a Fund with no successors and no succession arrangements in place, as described in paragraph 10.4 below. Quartet would only do this after making all reasonable effort to re-establish contact and reach agreement with the Fund Advisor(s) and/or successor(s) as to future management of the Fund.

## 10. Succession arrangements

10.1 Quartet recommends that donors with Named 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.

10.2 Donors/advisors who wish Quartet to continue to maintain a separate Named Fund may choose **one** of the following options:

- 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. If successor advisors are unwilling or unable to agree recommendations, Quartet may continue awarding grants with regard to the wishes and restrictions of the original donor at their discretion.

- Recommend that Quartet continue awarding grants with regard to the wishes and restrictions agreed with the Donor/advisor.
- Recommend that future revenue from the fund be used to support Quartet's activities at its discretion, be allocated to Quartet's Discretionary Fund, a general fund maintained by Quartet to support grant making and/or social investment in line with community needs, or another Themed Fund managed by Quartet. Quartet will honor such an arrangement by maintaining the separate Named Fund in perpetuity, but it retains the right to transfer fund revenue to the closest equivalent Themed Fund should any chosen fund be closed for any reason.

10.3 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:

- 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, (currently £15,000); or
- the fund value exceeds any minimum amount set by the Board for the time being (currently £1 million).

10.4 It is recommended that succession arrangements be detailed in writing to Quartet. Requests to modify arrangements should be communicated to Quartet in writing, and a written acknowledgement received confirming the request has been approved. If, for any reason, nominated successor advisors are unable or unwilling to continue to act as Fund advisors, or if no succession arrangements are made to replace the current advisors, then discretion to continue awarding grants will be transferred to Quartet under its delegated powers. The name of the Fund will be maintained, and grants will be awarded in line with the original purpose and focus of the Fund, unless the original donor or existing advisor has specified differently in a written expression of wishes in relation to succession arrangements.

## 11. Donor recognition

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

## 12. Management of investments

12.1 Donations to establish or increase Endowment Funds at Quartet are held as capital and invested according to the powers set out in Quartet'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 Quartet to operate a **total return policy** if appropriate. This means the Board sets a level of cash to be withdrawn each year from dividends and capital. The withdrawal level is reviewed regularly to ensure Quartet is producing as much as possible for distribution and maximising the long-term real value and details of the current investment policy are available on request. Funds are pooled and allocated units within the overall portfolio and credited with their income.

## 13. Management Costs

13.1 All funds bear a share of the overall costs of Quartet 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, which we call our "fee" depends on the level of engagement the donor requires and the size of their fund. Core cost endowment funds to support the core work of Quartet are particularly welcome.

13.2 Interest earned on unallocated revenue balances in a fund also accrues to Quartet to support costs.



## **14. Fundraising activities and fund expenses**

- 14.1 Quartet 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 Themed Funds. Any such fundraising by donors/advisors should be pre-approved by Quartet as it will require the use of its name and charity number. Quartet 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. Quartet also cannot reimburse donors, advisors or any other parties for expenses relating to fundraising activities they undertake.
- 14.2 No other expenses incurred by donors/advisors can be paid from a fund's revenue unless explicitly stated in the Philanthropy Services Agreement.

## **15. Ultimate responsibility and resolution of disputes**

- 15.1 Although it will always take account of the wishes of donors, Quartet's board has the ultimate responsibility for awarding grants from all funds held by Quartet (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 Agreement;
  - reserves the right **not** to approve fund/successor advisors' recommendations if it determines that they are not charitable, would conflict with Quartet's stated policies or damage its reputation.
- 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 Quartet's decision regarding any dispute is final.

## **16. Variation of gift restrictions**

- 16.1 Donors accept that Quartet must be able to be flexible in meeting community needs in the future. Donors agree that the trustees of Quartet may at any time at their sole discretion amend any restrictions applying to use of the fund if they believe that those restrictions:
- cannot be satisfied, or are 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.
- 16.2 The trustees will not amend any restrictions applying to use of the fund if those amendments would allow the fund to be used for any purposes that are not charitable under English law.

## **17. Variations to this policy**

- 17.1 Quartet may vary the terms of this policy from time to time. The current policy will be published on the website of Quartet.

*Revised February 2020, approved by Board of Trustees March 2020*