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# Gift Acceptance Policy

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## **Purpose**

The Community Foundation of Southern Indiana, Inc. (“the Foundation”), an Indiana nonprofit corporation established in 1991, encourages the solicitation and acceptance of gifts for the purpose of furthering the Foundation’s mission of building enduring charitable resources used to positively impact our community through the Foundation’s service as a partner, resource, and steward for philanthropy in our community. By providing guidelines for negotiating and accepting various types of gifts for different types of funds, these policies are designed to serve the best interests of the Foundation, donors who support the Foundation’s programs through charitable gifts, and a healthy and caring community. These policies are established to assure that each gift to the Foundation is structured to provide maximum benefits to the community, the donor, the Foundation and the beneficiaries of the Foundation’s charitable programs and activities.

## **Scope**

These policies address both current and deferred gifts, with an emphasis on specific types of deferred gifts and gifts of non-cash property. The goal is to encourage financial support for the Foundation without encumbering it with gifts which either generate more cost than benefit, or which may be restricted in a manner that is not in keeping with the Foundation’s charitable purposes or applicable laws governing charitable gifts. These policies also describe the types of funds that the Foundation maintains.

*Notwithstanding anything in this policy to the contrary, the Foundation reserves the right to waive any requirements herein with respect to acceptance of specific gifts.*

## Ethical Standards in Dealing with Donors

For guidance on conflict of interest, confidentiality, and other ethical situations, every person acting for or on the Foundation's behalf in soliciting gifts or working with donors shall refer to and adhere to those standards set forth in the following:

- *A Donor Bill of Rights* propounded by the Association of Fundraising Professionals (attached hereto as Exhibit A);
- the *Model Standards of Practice for the Charitable Gift Planner* propounded by the Partnership for Philanthropic Planning (attached hereto as Exhibit B);
- and the Foundation's *Conflict of Interest/Confidentiality Policy* and its *Core Values*, particularly "Integrity/Ethical Behavior – Do the Right Thing Every Time".

The Foundation is committed to the highest ethical standards of philanthropy and development. In all transactions between potential donors and the Foundation, the Foundation will aspire to provide accurate information and full disclosure of the benefits and liabilities that could influence a donor's decision, including with respect to the Foundation's fees, the irrevocability of a gift, prohibitions on donor restrictions, items that are subject to variability (such as market value, investment return, and income yield), the Foundation's responsibility to provide periodic financial statements with regard to donor funds, and investment policies and other information needed by donors to make an informed choice about using the Foundation as a vehicle of charitable gifts. **In addition, all donors should be encouraged to discuss their gifts with their own financial and tax advisors before signing any gift agreement.** The role of the Foundation's staff is to inform, guide, and assist the donor in fulfilling his or her philanthropic goals, without pressure or undue influence.

**Confidentiality/Publicity.** The Foundation recognizes the paramount role of donors and their gifts to the Foundation in executing its charitable mission. In carrying out the Foundation's development program, staff will recognize and acknowledge donors in appropriate ways, both publicly and privately, subject to the Foundation's Privacy and Confidentiality Policies. Donors have the freedom to determine the degree and type of recognition that they prefer and the Foundation respects the confidentiality of donors who let us know they do not wish to be publicly recognized. The Foundation will maintain the confidentiality of any information received from or about a Donor's or potential Donor's interest. Such information will only be shared with staff or Board members to the extent necessary. All requests for confidentiality and anonymity from a

Donor will be respected, including requests which may preclude sharing identifying information about a Donor or a gift with the Board of Directors.

## **Funds**

In furtherance of its mission, the Foundation offers flexible gift arrangements crafted to address each Donor's individual charitable intent. The majority of gifts used to create a fund will fall into one of these general categories<sup>1</sup>:

Unrestricted Funds. Gifts to these funds help the Foundation support our community's highest priorities and greatest needs, as those may evolve over time. The Foundation makes distributions to support effective work of charitable organizations and charitable causes that address needs and priorities throughout the area we serve.

Field of Interest Funds. These funds support a charitable purpose designated by the fund's donor or donors (e.g., education, youth, arts, health, environment, geographic area). Distributions are determined by the Foundation consistent with the fund's purposes. Where appropriate, the Donor (when establishing the Fund) or the Foundation (at any time) may create an advisory committee to make recommendations for distributions.

Designated Funds. These funds support one or more specific, named charitable organizations designated by the fund's donor or donors. Annual distribution amounts generally are determined by applying the Foundation's spending policy to the assets held in the fund, and are made one time per year at the Foundation's discretion. Qualified Charitable Distribution (QCD) Funds, formerly known as IRA Charitable Rollover funds, fall into this category and may, depending on the wishes of the donor when creating the fund, be temporary in nature with grant distributions made at pre-determined times.

Agency Endowments. These funds are created by charitable organizations that designate themselves as the fund's beneficiary. Distributions generally are determined by applying the Foundation's spending policy to the assets held in the fund, and are made one time per year.

Scholarship Funds. These funds provide financial assistance to students at schools, colleges, and universities. Scholarship funds can also support vocational training and assistance

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<sup>1</sup> Pursuant to its *Sustainability Policy*, the Foundation will generally establish only endowment (perpetual) funds in these categories. The exception is donor advised funds, project (fiscal sponsorship) funds, and Qualified Charitable Distribution (QCD) funds, which may be established on a pass-through, or temporary, basis.

in paying for special courses. Donors recommend eligibility criteria and in some cases may serve on selection committees.

Donor Advised Funds. Donors periodically recommend grants to charitable organizations. Donor advised funds can be either endowed (perpetual) or pass-through (temporary). Please refer to the Foundation's *Guidelines for Donor Advised Funds* for additional information.

Disaster Relief Fund. Contributions to this fund help people in time of need and help our community recover when disasters strike. The Foundation makes distributions from this fund to support effective organizations that provide emergency and disaster relief assistance to individuals and community organizations. Contributions from this fund are not limited to local organizations and are dependent upon the disaster being addressed.

Project Funds. These funds are temporary designated funds created by individual donors or groups, or by charitable organizations, with the entire fund balance available for distribution to designated charitable organizations or for charitable, public, and exempt purposes. Typically these funds are associated with the Foundation Board of Directors adopting fiscal sponsorship of the project. Please refer to the Foundation's *Fiscal Sponsorship Policy* for additional information.

Supporting Organizations. A supporting organization ("SO") is not a fund but a separate charitable organization that exists under the umbrella of the publicly-supported community foundation. A supporting organization may support specific charities or classes of charities or charitable causes, and has its own board of directors. The SO board can determine the investment policy for SO assets, and has authority over any grants made from the SO. The Donor and the Foundation's Board of Directors name individuals to serve on the SO Board of Directors, but the Foundation must appoint a majority of the SO Board members to comply with IRS regulations. The Foundation may (or may not) provide back office support to the SO Board for a fee. Creation of an SO requires a significant minimum asset balance.

### **Minimum gifts**

Subject to the policies set forth in this document, the Foundation may accept gifts to existing funds of any size. The minimum gift to establish a new endowment fund is \$15,000, with the exception of a scholarship fund or when a donor wishes their name to be associated with an unrestricted endowment fund to be held within the Foundation's Community Impact Fund. Scholarship funds must be established with a minimum contribution of \$25,000. A named unrestricted fund may be established with a minimum contribution of \$1,000. Named unrestricted funds are not separately tracked for bookkeeping purposes and do not receive

statements but are part of the collected assets of the Foundation's unrestricted endowment. Donors who contribute \$100,000 or more to the Community Impact Fund may create their own named endowment which will be separately tracked for bookkeeping purposes and receive statements and reports on the fund's impact but cannot recommend grants. Pass-through donor advised funds may be created with a minimum contribution of \$1,000. Fiscal sponsorship opportunities will be considered on a case by case basis. Requests to create a supporting organization are subject to approval by the Foundation board of directors and may be subject to additional fees and costs. Exceptions to requirements for fund minimums and types are subject to the approval of the Foundation's President & CEO, who may seek the guidance of the Executive Committee from time to time regarding such matters.

### **Variance Power**

Sometimes a fund's purpose – the charitable cause or organization it was supporting - just goes away. Scientists discover a cure for polio. A charitable organization goes out of existence. The Foundation has the ability to address these situations through its variance power. This power gives the Foundation's board the ability to make changes to a fund when its purpose is no longer necessary, can no longer be fulfilled, or has become inconsistent with the charitable needs of the community. This power to update funds helps protect donors by avoiding the need for complex and costly legal proceedings. When the Foundation exercises its variance power, it will do so in a manner designed to align the new purpose as closely as possible to the Donor's original purpose. Pursuant to the stated preference of the Indiana Attorney General office, following the exercise of variance power, the Foundation will notify the Indiana Attorney General office of the change so that any potential objection is received before a grant for the new purpose has been distributed.

### **Authority to Accept Gifts**

Acceptance by Officers & Designated Employees. Any of the Foundation's officers or employees designated by the Foundation's Executive Committee may accept, for and on the Foundation's behalf, any of the following:

- Cash
- Checks
- Marketable securities

Acceptance by Executive Committee. All other gifts, including those listed below, will require review and, if appropriate, approval by the Foundation's Executive Committee. The Executive

Committee may consult with the Finance or Investment Committees at its discretion. The following gifts require the Executive Committee's review and approval:

- Closely-held and S corporation stock
- Partnership interests
- Limited liability company interests
- Accounts receivable (e.g., gifts of loans, notes, mortgages)
- Real property
- Gifts of intellectual property, mineral reserves, precious metals
- Gifts of tangible personal property - artwork, coin collections, jewelry, etc.
- Life insurance and annuity policies
- Digital currency (Bitcoin, cryptocurrency, etc.)

Emergency Gifts. Notwithstanding the Executive Committee's authority above, gifts requiring immediate action (such as gifts in late December) may be exempted from full Executive Committee review if, in the President & CEO's judgment, in consultation with the Chair and Vice-Chair of the Board and/or the Foundation's legal counsel, that gift may be accepted without in any way jeopardizing the Foundation's exempt status.

Timing of Review. Gifts requiring Executive Committee review will be handled promptly. Foundation staff will immediately notify donors if a gift will not be accepted.

#### **Authority to negotiate and sign gift agreements**

Subject to the Executive Committee's review and approval authority, the Foundation's President & CEO will have the authority to handle inquiries, negotiate with donors, assemble documentation, retain expert and technical consultants, and execute agreements on the Foundation's behalf.

#### **Purpose of gifts**

The purpose of each gift to the Foundation must fall within the Foundation's broad charitable purposes. The Foundation cannot accept any gift that will be directly or indirectly subject to any material restriction or condition by the donor that prevents the Foundation from freely and effectively employing the gift assets or the income from such assets to further its charitable purposes. In addition, the Foundation reserves the right to reject any gift that might place the

other assets of the Foundation at risk or that is not readily convertible into assets that fall within the Foundation's investment guidelines. The Foundation may also decline a gift if it is not able to administer the terms of the gift in accordance with the donor's wishes.

### **Investment of gifts**

The Foundation reserves the right to make any or all investment decisions regarding gifts to it in accordance with its Investment Policy, as amended from time to time. In making a gift to the Foundation, the donor gives up all rights, title and interest to the assets contributed. In particular, the donor relinquishes the right to choose investments and investment managers, brokers, or to veto investment choices for the contributed assets. However, when the size of a fund warrants separate investment consideration, and when otherwise permitted by law, the Foundation will endeavor to accommodate requests from donors for separate investment of fund assets, or to use a particular investment manager, broker or agent in accordance with the Foundation's *Investment Policy* and *Donor-Recommended Outside Investment Manager Policy*, and may consult with donors on investment options for such fund.

### **Costs of accepting and administering gifts**

Generally, costs associated with the acceptance of a gift, such as the donor's attorneys' fees, accounting fees, and appraisal and escrow fees, are borne by the donor. The direct costs of administering gifts are generally paid out of the assets of the individual funds. Custodial, investment, and administrative fees are paid from the respective funds in accordance with the Foundation's guidelines and fee schedules. The Foundation reserves the right to assess a set-up fee for gifts to funds other than the Foundation's general unrestricted, operating or field of interest funds, where the work associated with accepting a particular gift warrants.

### **Fundraising by donors**

Because the Foundation is legally responsible for all fundraising undertaken on its behalf, fundraising undertaken by donors in connection with funds of the Foundation must be performed in accordance with the Foundation's *Donor-Initiated Fundraising Policy*. All such fundraising activities are also subject to the Foundation's supervision.

### **Excess business holdings in Donor Advised Funds**

The Pension Protection Act of 2006 amended section 4943 of the Internal Revenue Code to limit ownership of closely-held business interests in a donor advised fund. A fund's holdings, together

with the holdings of disqualified persons (donor, advisor, members of their families and businesses they control) may not exceed any of the following:

- 20% of the voting stock of an incorporated business;
- 20% of the profits interest of a partnership, joint venture, or the beneficial interest in a trust or similar entity;
- Any interest in a sole proprietorship.

These limitations do not apply if the donor advised fund holds an interest that does not exceed two percent of the voting stock and two percent of the value of the business.

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 IRS. To prevent a violation of these rules, the Foundation will divest itself of such holdings within five years from the date the Foundation acquired the asset, unless other arrangements permitted by the Internal Revenue Code are implemented within that time period.

### **Types of gift assets**

Generally, gifted assets will be either 1) “liquid” assets such as cash or marketable securities, or 2) “illiquid” assets defined as everything that is not cash or marketable securities. With respect to non-cash assets, it is the Foundation’s general policy to liquidate all gifts promptly. On occasion, the Executive Committee, in consultation with the Investment Committee, may decide that the Foundation will not liquidate certain gifts immediately. Factors the Committees will consider include:

- Market conditions – a gift may be retained for a reasonable period of time if the likely sales price would be substantially less than the asset’s real value. Similarly, a large block of stock or thinly traded stock might be sold over a period of time in order not to artificially depress the price.
- Use by the Foundation – the Foundation may elect to keep gifts that it will employ directly in furtherance of its exempt purposes. For example, the Foundation might keep real property that it will use as its offices.
- Desirability as an investment – on rare occasions, the Foundation may be given property that it wishes to retain as an investment. Considerations in this decision include the projected return and how the asset fits into the Foundation’s investment portfolio.
- Shares subject to a merger or acquisition – see p. 11 herein.

If a fund's illiquid assets do not generate a sufficient return to permit grantmaking that is consistent with the assets' value, the Foundation will seek an additional gift of cash or marketable securities from the Donor to allow the fund to begin making distributions.

Subject to Board approval, the Foundation may accept the following types of gifts:

### **Liquid assets**

#### Cash

The Foundation accepts gifts of cash

- In currency of the United States;
- By checks made payable to the Foundation;
- By credit cards;
- By wire transfer to the Foundation's account(s).

#### Publicly-Traded Securities.

*General.* The Foundation accepts gifts of marketable, publicly-traded stocks and bonds. As a general rule, publicly-traded stocks and bonds contributed to the Foundation will be redeemed or sold as soon as practicable, unless otherwise directed to be held by the Investment Committee. All proceeds from such redemption or sale less commissions and expenses are then credited to the component fund to which the stocks or bonds were originally contributed. The Foundation may accept gifts of publicly-traded stocks and bonds in any amount to any existing fund. However, gifts to establish a new component fund at the Foundation must meet the applicable minimum funding requirement.

*Stock Restrictions.* In some cases, marketable securities may be restricted by applicable securities laws; in such instances, the final determination on the acceptance of the restricted securities shall be made by the Executive Committee after consultation with the Investment Committee.

*Appraisal.* No appraisal is required so long as the stock or bond is not subject to any restrictions, including those imposed by contract or the Securities Exchange Commission. Where appraisal is not required, the value of the gift is determined by calculating the mean of the high and low prices of the securities on the date of the gift.

*Shares Subject to Merger or Acquisition.* From time to time a Donor may wish to contribute shares in a company that is the subject of a merger or acquisition. Upon consultation with the Donor, the Foundation in its discretion may hold those shares until the merger or acquisition is complete or very near completion, to attempt to maximize the value of the proceeds for the Donor's fund.

In such instance, the Foundation will generally make no distributions from the fund until the shares are liquidated.

### **Illiquid assets**

#### Real Estate.

*Appropriate entity to accept gifts of real property.* The Foundation has a supporting organization, known as “4100 Charlestown, Inc.” which is the appropriate legal entity to accept a donation of real property to the Foundation. For purposes of this policy section regarding gifts of real estate, any reference to “the Foundation” shall incorporate 4100 Charlestown, Inc. as the receiving entity.

*General.* This policy applies to all gifts of real property, including outright gifts of residential and commercial property and farmland; bargain-sale transactions; and gifts of remainder interests in which the donor retains a life estate. When appropriate, a title insurance binder may be obtained prior to the acceptance of the real property gift. The cost of the title report shall generally be an expense of the Donor. The Foundation does not generally accept gifts of time shares.

Proposed gifts of real property must be reviewed by the Executive Committee. Subject to the Committee’s approval, the Foundation may accept gifts of real property to any endowment fund. Gifts to establish a new endowment fund at the Foundation must meet the applicable minimum funding requirement. In deciding whether to accept real property gifts the Foundation will:

- Determine whether the real estate gift is an acceptable minimum value.
- Confirm that the donor is entitled to convey the property through copies of deed, title report, etc., provided by donor.
- Determine whether the Foundation can use the property for its exempt purpose or hold the property as an investment.
- If evaluated as potential investment property, the estimated amount of appreciation which could be realized if the Foundation held the property for a period of time.
- Determine whether there are any restrictions, reservations, easements or other limitations associated with the property that will affect its marketability.
- If the property type warrants, Donors will provide at least a Phase I Environmental Report with disclosure of any environmental problems or statement that none exists. Not every property will warrant an environmental assessment, however the Foundation reserves the right to require such assessment at Donor’s expense.

- The Foundation will not generally accept gifts of real property subject to a mortgage or other debt; however, if it does, the Foundation will determine whether, if property is encumbered by debt, the debt is of a level that will not unduly burden the Foundation or adversely affect the marketability of the property.
- Perform a market and financial analysis prior to acceptance of the gift to determine whether the gift is a financially sound acquisition, and can be sold within a reasonable time for an appropriate amount.
- Weigh its ability to manage commercial property for the time necessary to sell the property. For example, income producing property may subject the Foundation to unrelated business income tax and/or other types of expenses, including but not limited to, upkeep of land, maintenance of buildings and management of property.
- Evaluate the costs of owning the property for any length of time, including insurance, property taxes, mortgages, maintenance, etc.
- Evaluate whether any restrictions on the gift desired by donor will jeopardize the classification of such gift as charitable.
- The Donor may be asked to provide the Foundation with an Indemnification and Hold Harmless Agreement if any items described above are deemed, in the sole discretion of the Foundation, to present a potential risk to the Foundation.
- The Foundation generally accepts gifts of real estate with the intent to sell in the near future, unless the property can be specifically used to support the Foundation's mission.
- The Foundation will notify the Donor (in writing and before the contribution) of its intention to either sell the property as soon as possible, or hold for mission-related use, and of the Foundation's obligation to file with the IRS Form 8282, if the property is sold within three (3) years of the date of the gift.

*Appraisal.* Each gift of real property giving rise to a charitable deduction of more than \$5,000 must be appraised in accordance with federal tax law. The donor will be responsible for obtaining and paying for the expenses of such appraisal and insuring that the appraisal satisfies the requirements of a "qualified appraisal" required by federal tax law. The Foundation reserves the right to obtain an independent appraisal of the property.

*Distributions.* Distributions from a component fund that consists entirely of real property are limited to the net income generated by the property less fees assessed by the Foundation and any unrelated business income tax imposed thereon.

*Liquidation.* The Foundation will generally seek to sell real property as soon as possible and generally will not accept gifts that cannot be liquidated within three years or other period of time determined to be reasonable in the circumstances by the Executive Committee.

*Procedures for Accepting Gifts of Real Property.* Donors will provide the information and documents requested in the Real Property Donation Checklist and the Real Property Inquiry Form at the earliest possible time prior to the acceptance of the gift. Copies of those forms are appended to this policy as Exhibits C and D, respectively. The Foundation may request additional information or documents when necessary to its evaluation of the proposed gift.

Whenever possible, a member of the Foundation staff or an authorized representative will visit the property to determine its nature and type and to identify any potential problems not evident from information supplied by the Donor that might hinder or prevent the Foundation's sale of the property.

#### Privately or Closely-Held Stock and S Corporation Stock.

*General.* Gifts of privately or closely-held and S corporation stock must be reviewed by the Executive Committee in consultation with the Finance Committee<sup>2</sup>. Privately or closely held securities include not only debt and equity positions in non-publicly traded companies, but also interests in limited partnerships and limited liability companies or other ownership forms. Subject to the Committee's approval, the Foundation may accept gifts of privately or closely-held or S corporation stock in any amount to any existing fund. Gifts to establish a new component fund at the Foundation must meet the applicable minimum funding requirement. The Foundation may accept gifts of stock in closely-held or S corporations that generate unrelated business income only if certain agreements are reached with the donor and/or the corporation. These include an agreement by the donor that the taxes on the unrelated business income and the Foundation's associated administrative expenses (e.g., accounting and tax return preparation) will be charged against the fund holding the contributed stock. Further, the donor would have to agree in writing to contribute additional cash to the fund to pay the foregoing taxes and administrative expenses to the extent there is insufficient cash in the subject fund balance to cover such taxes and expenses.

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<sup>2</sup> Privately or closely held stock may need to be evaluated for the impact on the market price as shares are sold; the timing and amount of shares offered should be carefully monitored to insure that the Foundation does not artificially depress the market price. Gifts of S corporation stock are not generally favorable for the donor from an income tax charitable deduction perspective and should be carefully evaluated to insure that the gift is actually fulfilling the donor's intent.

*Appraisal.* Each gift of privately or closely-held or S corporation stock giving rise to a charitable deduction of more than \$5,000 must be appraised in accordance with federal tax law. The donor will be responsible for obtaining and paying for the expenses of such appraisal and insuring that the appraisal satisfies the requirements of a “qualified appraisal” required by federal tax law. The Foundation reserves the right to obtain an independent appraisal.

*Distributions.* Distributions from a component fund that consists entirely of privately or closely-held or S corporation stock are limited to the income generated by the securities less fees assessed by the Foundation and any unrelated business tax imposed thereon.

*Liquidation.* The Foundation will generally seek to redeem or sell privately or closely-held or S corporation stock contributed as soon as possible and generally will not accept gifts that cannot be liquidated within three years or other period of time determined to be reasonable in the circumstances by the Executive Committee.

*Procedures for Accepting Gifts of Privately or Closely-Held or S Corporation Stock.* The following procedures apply to all proposed gifts of privately or closely-held or S corporation stock:

- The Foundation will review corporate governing documents to determine the rights and obligations associated with the stock and whether or not the Foundation should undertake such obligations in light of such rights.
- The Foundation will determine whether there are any restrictions/time limits on the Foundation’s right to sell the shares to third parties or back to the issuing corporation, whether the shares are generally marketable, and whether the Foundation could realistically expect to profit from holding the shares for a period of time.
- The Foundation will determine whether owning the shares would subject the Foundation to potential liability or unrelated business taxable income, or subject the Foundation to potential embarrassment if its ownership of the shares became public knowledge because of the nature/type of business/reputation of the issuing corporation.
- The Foundation will review the corporation’s most recent tax returns and the donor’s most recent K-1 to determine the nature of the income associated with the stock (e.g., unrelated business income, active versus passive business).

- All proposed transfer documents must conform to the Foundation's form or be approved by the Foundation's counsel.
- As a condition for the Foundation's acceptance of the gift, a written agreement between the donor and the Foundation should be in place that provides for the payment of administrative expenses and unrelated business income taxes generated by the stock to the extent there is insufficient cash in the fund to which the stock has been donated to cover such expenses and taxes. The agreement should also require the donor to indemnify the Foundation against all liabilities incurred by the donor on account of the stock up to the date of the gift.
- The donor shall provide the Foundation with all documents which outline, discuss or relate to the duties and liabilities which shareholders have, including Shareholder Agreements.
- The Foundation will notify the Donor (in writing and before the contribution) of its obligation to file with the IRS Form 8282, if the property is valued at more than \$5,000 and is sold within three (3) years of the date of the gift.

#### General Partnership Interests.

The Foundation generally does not accept gifts of general partnership interests due to the unlimited liability of general partners.

#### Limited Partnership Interests.

*General.* Gifts of limited partnership interests must be reviewed by the Executive Committee. Subject to the Committee's approval, the Foundation may accept gifts of limited partnership interests in any amount to any existing endowment fund. Gifts to establish a new endowment fund at the Foundation must meet the applicable minimum funding requirement. The Foundation reserves the right to carefully screen all proposed gifts of limited partnership interests to ensure that they place no undue risk upon the Foundation.

The Foundation generally does not accept gifts of interests in partnerships that carry on active business. Interests in passive, investment-type limited partnerships such as those holding real estate, stocks and bonds, are preferred.

The Foundation may accept gifts of limited partnership interests that generate unrelated business income only if certain agreements are reached with the donor. These include an

agreement by the donor that the taxes on the unrelated business income and the Foundation's associated administrative expenses (e.g., accounting and tax return preparation) will be charged against the fund holding the partnership interest. Further, the donor would have to agree in writing to contribute additional cash to the fund to pay the foregoing taxes and administrative expenses to the extent there is insufficient cash in the subject fund balance to cover such taxes and expenses.

*Appraisal.* Each gift of limited partnership interest must be appraised in accordance with federal tax law. The donor will be responsible for obtaining and paying for the expenses of such appraisal and insuring that the appraisal satisfies the requirements of a "qualified appraisal" required by federal tax law. The Foundation reserves the right to obtain an independent appraisal.

*Distributions.* Distributions from a component fund that consists entirely of limited partnership interests are limited to the income distributed to the Foundation by the partnership less fees assessed by the Foundation and any unrelated business income taxes imposed thereon.

*Liquidation.* The Foundation will generally seek to redeem or sell limited partnership interests contributed to it within three years or other period of time determined to be reasonable in the circumstances by the Executive Committee.

*Procedures for Accepting Limited Partnership Interests.* The following procedures apply to all proposed gifts of limited partnership interests:

- The Foundation will review the partnership governing documents to determine the rights and obligations associated with the limited partnership interest and whether or not the Foundation should undertake such obligations in light of such rights. If required, the donor should be asked to obtain the other partners' consent to the gift as a condition to the Foundation's accepting the gift.
- The Foundation will review the donor's most recent K-1 and the partnership's tax returns to determine the nature of the income associated with the limited partnership interest (e.g., unrelated business income, active versus passive business).
- All proposed transfer documents must conform to the Foundation's form or be approved by the Foundation's counsel.
- As a condition for the Foundation's acceptance of the gift, a written agreement between the donor and the Foundation income should be in place that provides for

the payment of administrative expenses and unrelated business taxes generated by the interest to the extent there is insufficient cash in the fund to which the interest has been donated to cover such expenses and taxes. The agreement should also require the donor to indemnify the Foundation against all liabilities incurred by the donor on account of the limited partnership interest up to the date of the gift.

- The Foundation will notify the Donor (in writing and before the contribution) of its intention to either sell the property as soon as possible, or hold for mission-related use, and of the Foundation's obligation to file with the IRS Form 8282, if the property is valued at more than \$5,000 and is sold within three (3) years of the date of the gift.

#### Limited Liability Company Interests

The same considerations given to gifts of limited partnership interests apply to gifts of interests in limited liability companies.

#### Tangible Personal Property.

*General.* The Foundation accepts gifts of personal tangible property (e.g., artwork, coin collections, jewelry) only if: (i) the Foundation determines that the property will be used in furtherance of the Foundation's exempt purposes or (ii) the Foundation will be able to sell the property<sup>3</sup>. If the property is to be sold, the Foundation will accept the gift only if it has sufficient value to justify the expenditure or resources required for such sale. The Foundation may accept gifts of personal tangible property in any amount to any existing fund. Gifts of tangible personal property to establish a new component fund at the Foundation must meet the applicable minimum funding requirement.

*Appraisal.* Each gift of personal tangible property for which the donor expects a charitable deduction exceeding \$5,000 must be appraised in accordance with federal tax law. The donor will be responsible for obtaining and paying for the expenses of such appraisal and insuring that

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<sup>3</sup> Gifts of personal property to a charity where the charity cannot put the property to a related use do not provide the donor with benefit from an income tax charitable deduction perspective and as such, the Foundation will advise the donor to consult with their own tax and legal professionals about the financial and tax aspects of such a gift.

the appraisal satisfies the requirements of a “qualified appraisal” required by federal tax law. The Foundation reserves the right to obtain an independent appraisal.

*Procedures for Accepting Personal Tangible Property.* The following procedures apply to all proposed gifts of personal tangible property:

- The Foundation will review all prior appraisals and authentication documents, if any, relating to the property.
- If the property is to be sold, the Foundation will ascertain the market for such property and estimate the costs to be incurred in connection with the sale as well as the costs of holding the property prior to sale.
- All costs incurred by the Foundation in connection with the holding and sale of the property shall be charged against the sale proceeds, with the balance being credited to the fund to which the property has been contributed.
- The Foundation will notify the Donor (in writing and before the contribution) of its obligation to file with the IRS Form 8282, if the property is valued at more than \$5,000 and is sold within three (3) years of the date of the gift.

### Life Insurance

*General.* The Foundation may accept gifts of life insurance policies so long as: (a) the policy is not encumbered (i.e., there is no outstanding loan against the policy); and (b) the Foundation is made the policy’s owner and primary beneficiary. The Donor must provide a statement from the issuing insurance company of the value of policies in existence prior to the date of contribution. In the event a Donor ceases making premium payments, the Foundation, in its sole discretion, shall consider the following options:

- Cash surrender
- exchange for paid-up policy with lower face value
- using accumulated/future dividends to make premium payments; or
- using cash value to keep policy in force for a shorter period of time

Under no circumstances will “split dollar” life insurance arrangements be considered as a gift. The Foundation may accept gifts of life insurance policy in any amount to any existing endowment fund. Gifts of life insurance policy to establish a new endowment fund at the Foundation must meet the applicable minimum funding requirement.

*Appraisal.* Each gift of life insurance policy giving rise to a charitable deduction of more than \$5,000 must be appraised in accordance with federal tax law. The donor will be responsible for obtaining and paying for the expenses of such appraisal and insuring that the appraisal satisfies the requirements of a “qualified appraisal” required by federal tax law.

*Designation as Beneficiary on Policy.* Notwithstanding anything herein to the contrary, donors may name the Foundation as the charitable beneficiary of all or any portion of the proceeds of a life insurance policy not owned by the Foundation, to create a new endowment or add to an existing endowment. When informed of such a future gift, the Foundation should request a copy of the policy’s page designating the Foundation as a beneficiary, for its records.

## **Virtual Currency**

Virtual currency, like bitcoin and other forms of cryptocurrency, open a new giving opportunity for donors. A bitcoin is a block of secure data (digital asset) and is treated like money (currency). This form of currency was started in 2009. Ownership of bitcoins is processed by a decentralized public ledger called a blockchain. A bitcoin’s value is based on its market value as conducted between peers on the blockchain. Transactions on the blockchain between owners of bitcoin are completed without third-party participation or interference (no banks, central banks or government entities). No government controls bitcoin nor its value nor the transactions. Virtual currency is treated as property for federal income tax purposes. If cryptocurrency is received in a peer-to-peer transaction or some other transaction not facilitated by a cryptocurrency exchange, the fair market value of the cryptocurrency is determined as of the date and time the transaction is recorded on the distributed ledger or would have been recorded on the ledger if it had been an on-chain transaction. If a donor donates virtual currency to a charitable organization described in IRS Code 170(c), they will not recognize income, gain or loss from the donation.

The Foundation may from time to time be offered donations of virtual currency. The determination of whether to accept the donation will be made on a case by case basis by the CEO with input from the Finance and/or Investment Committees and with the approval of the

Executive Committee. The CEO may seek the opinion of counsel before making a determination to accept the donation. Donations of virtual currency must be in an amount of \$100,000 or greater at the time of receipt of the asset. The Foundation will use a third party charity to handle the transaction. By way of example, the Dechomai Foundation does this for larger gifts, Fidelity/Schwab/NPT/Silicon Valley CF (other community foundations) and groups like the Giving Block also provide such services, generally for smaller charities. The third party charity would accept the asset, liquidate it, and then issue a grant to the Foundation to establish the donor's fund. Fees for the third party charity's services will be paid from the proceeds of the sale of the asset. Donors are subject to the usual IRS rules for qualified appraisals of the non-cash asset.

#### **ADDITIONAL CONSIDERATIONS FOR ACCEPTANCE OF ILLIQUID ASSETS**

In connection with the acceptance of many types of illiquid assets, the Foundation may incur costs such as unrelated business income tax, fees or commissions associated with the sale or liquidation of assets, asset management and holding costs, consultant fees, legal fees or other expenses outside the normal scope of the Foundation's administrative costs. Accordingly, as a condition of the Foundation's acceptance of the gift, the Foundation may require a pledge or other written agreement between the donor and the Foundation that provides for the payment of all or a portion of any such costs or expenses, including unrelated business income taxes, to the extent there is insufficient cash in the donor's fund to which the asset(s) have been donated to cover such costs.

#### **DEFERRED GIFTS & PLANNED GIVING.**

These are gifts whose benefits do not fully accrue to the Foundation until some future time, or whose benefits are split with non-charitable beneficiaries. Foundation representatives are authorized to solicit direct charitable gifts through wills, as well as contributions to establish gift annuities or charitable trusts. The Foundation will work closely with donors and confer with financial advisors, at the request of the donors, to realize these gifts. In cases where the gifts are complex, the President/CEO may request review by the Executive Committee or the Foundation's legal counsel.

#### Bequests

The Foundation accepts bequests from donors who have directed in their wills that certain assets be transferred to the Foundation and honors the wishes of the donor as expressed, but reserves the right of refusal as necessary and appropriate. Sample bequest language for restricted and unrestricted gifts is available from the Foundation, to donors and/or advisors, on the Foundation's website and upon request. Neither the Foundation or any of its employees should be named as Executor for a donor in his/her will and will not serve if named. The Foundation will work with donors who wish to use their bequest gift to establish a new restricted fund in the future, and may create a revocable fund agreement with the donor in order to document the donor's intent for the use of the future gift.

### Retirement Plans or IRA Accounts

Donors may make lifetime gifts of retirement assets or name the Foundation as the beneficiary of all or a portion of their plan assets. Retirement plans include, but are not limited to, Individual Retirement Accounts (IRA), 401(k), 403(b), and defined contribution plans.<sup>4</sup> Qualified Charitable Distribution (QCD) gifts made permanent by passage of H.R. 2029 (also known as the "Protect Americans From Tax Hikes" or "PATH" Act) in 2015 will be accepted from a donor's IRA plan so long as the gifts conform to the requirements of the law. Donors must own the IRA, be at least age 70 ½ when they make the gift, and the transfer of any amount up to the maximum allowed by the law for that calendar year must be made directly from the plan to the Foundation. The distribution counts toward the donor's required minimum distribution if he or she must take such distribution and he/she will pay no tax on the distribution. Until such time as the law changes, the Foundation will not accept QCDs for a donor advised fund, or a Sec. 509(a)(3) supporting organization. As allowed by law, the Foundation may accept QCDs for a charitable gift annuity or a charitable remainder trust. Only distributions from a traditional or Roth IRA qualify (there is less incentive to use a Roth IRA since Roth distributions are tax free) – not distributions from a 401(k), 403(b), 457 plan, etc.

### Life Income Gifts

The Foundation will work closely with donors to implement planned giving options that provide income to a donor or his/her designees, as well as financial benefit to the Foundation (split-interest gifts). Options include:

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<sup>4</sup> Tax rules make it significantly more beneficial for donors, with certain exceptions such as the Qualified Charitable Distribution, to make gifts of retirement account assets to the Foundation at death rather than during life. As with all gifts, the Foundation will encourage donors to consult with their own advisors as they are considering such gifts.

**CHARITABLE REMAINDER TRUSTS (CRT).** This trust makes payments to one or more beneficiaries for their lifetimes, or for a fixed term of years, or a combination of both. Payments are made only from the trust assets. The Donor creates the trust, assets are put into the trust, beneficiaries are paid from the trust at least annually, and when the trust term ends, the remainder in the trust passes to the Foundation to establish an endowment fund to be used according to the Donor's intentions (generally captured in a written fund agreement). The Donor names a Trustee to manage the trust and determines whether the annual payout will be fixed (a charitable remainder annuity trust (CRAT)) or variable (a charitable remainder unitrust (CRUT)). Trusts can be set up during the donor's lifetime or by will. The Foundation can either serve as the Trustee of the trust, or it can be named as a remainder (charitable) beneficiary of the trust when the term ends. The Foundation may accept and administer assets in trust only when the Foundation is named as the irrevocable Trustee. A CRT is an irrevocable gift to the Foundation when the Foundation serves as Trustee. When the Foundation is named as a remainder (charitable) beneficiary of a CRT, it is the Foundation's policy to require the ability to remove participating trustees for breach of fiduciary duty or failure to produce a reasonable return of net income. The Foundation encourages donors to consult their own legal counsel and tax advisors when they wish to create a charitable remainder trust. At the donor's request, the Foundation will confer with the donor's advisors to assist in establishing the trust from which it will ultimately benefit, but the Foundation will not draft the trust instrument.

If the Foundation serves as Trustee, payments may be made to the beneficiaries annually, semi-annually, or quarterly. If the Foundation serves as Trustee, Donors must be at least fifty-five (55) years of age, and there can be no more than two (2) lifetime beneficiaries. The minimum gift to establish a CRT is \$250,000.

**CHARITABLE LEAD TRUST (CLT).** This type of trust first makes distributions to the Foundation for a specified period, with the remainder reverting to the Donor or another beneficiary at the end of the period. It may be set up during one's lifetime or in a will. The Foundation will work closely with the donor and/or his advisor to create the trust, but will not serve as Trustee. The trust distributions can be unrestricted for the Foundation's purposes, or can be used to fund an endowment fund established by the Donor.

**CHARITABLE GIFT ANNUITY (CGA).** This planned gift is in the form of a simple contract, based on a gift of cash or securities in exchange for lifetime income, either immediate or deferred, to the Donor. It is a contract between the Donor and the Foundation and the promise to pay the lifetime income to the Donor is backed by the total unrestricted assets of the Foundation. This means that if the original gift is depleted, the Foundation will continue to make payments for the Donor's lifetime from other sources. The contributed assets become part of the Foundation's general assets and payments become general obligations of the Foundation. The gift is in part a charitable gift and in part the purchase of an annuity. The payment period can be measured by one or two lives.

*Payments.* Payments may be made to an annuitant annually, semiannually or quarterly, but must begin within one year of the gift date for immediate payment gift annuities or must begin on the date stated in the contract for deferred payment gift annuities. Payments must be at least \$250.

*Age of Annuitants.* Immediate gift annuities will not be written for annuitants less than 60 years of age. Deferred gift annuities will not be written for annuitants less than 45 years of age nor with an annuity income start date earlier than 60 years of age.

*Payout Percentage.* Generally the Foundation uses the payout percentage recommended by the American Council on Gift Annuities (ACGA). Periodically the Finance Committee will review the rates recommended by the ACGA and recommend to the full Board of Directors or the Executive Committee, acting between board meetings, the maximum payout percentage to be offered.

*Minimum Amount to Establish CGA.* The minimum gift amount required to establish a CGA will be \$50,000 and in no event shall the minimum be less than two times the minimum endowment fund balance required by the Foundation at the time of the gift.<sup>5</sup> Where the CGA remainder will be used to add to an existing endowment rather than create a new endowment, the Foundation shall have the discretion to allow a lower minimum amount.

*Assets Acceptable to Establish CGA.* Generally, the Foundation will only accept cash, marketable, publicly-traded securities, or QCD gifts to establish a CGA. The Foundation reserves the right to decline any gift offered in exchange for a charitable gift annuity.

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<sup>5</sup> The general rule of thumb is that 50% of the original contribution will remain at the end of the annuitant's lifetime to create their endowment fund, so the initial gift should be at least twice as large as the current endowment fund minimum.

*Limit on Outstanding Annuity Values.* The total value of outstanding gift annuities shall not exceed 15% of the value of the unrestricted assets of the Foundation as determined on the last business day of each month. No individual gift to fund a charitable gift annuity shall be accepted which exceeds 5% of the value of the unrestricted assets of the Foundation without prior approval by the Finance or Executive Committee.

*Use of Remainder Interest/ Gift Annuity Reserve Pool.* The charitable gift annuity agreement shall specify how the date of death value of the gift made to establish the charitable gift annuity (the "remainder") will be used by the Foundation. The Agreement shall provide that 20% of the date of death value of the annuity shall be transferred to the Foundation's Charitable Gift Annuity Reserve Pool, and the remaining 80% shall be transferred to an endowment fund specified by the Donor in the fund agreement. When the total value of the assets contributed to establish the charitable gift annuity is consumed prior to the death of the annuitant or survivor annuitant, then future payments will be made first from the Foundation's Charitable Gift Annuity Reserve Pool and then from the unrestricted assets of the Foundation, if the Reserve Pool is exhausted.

**LIFE ESTATE or GIFT OF REMAINDER INTEREST IN RESIDENCE OR FARM.** A donor may wish to contribute a personal residence or farm to the Foundation and retain the right to use the property until death. Upon the donor's death, the Foundation owns the entire interest in the property. This can include a vacation property. Such a remainder interest will be considered for acceptance subject to all requirements of the paragraph dealing with outright gifts of real estate included herein. At the death of the Donor, the Foundation may elect to either hold the property to use it in furtherance of its mission, or reduce it to cash. The Donor, during his or her lifetime, remains responsible for all expenses for maintenance, insurance, real estate taxes and any property indebtedness. The rights and obligations of all parties during the term of the life estate will be reduced to writing in a form approved by the Foundation's legal counsel.

## **WINDFALL POLICY**

The Foundation recognizes its responsibility to manage all Foundation funds in a prudent manner and to ensure all donations will be put to use as designated by the donor. In the event of an unrestricted, unbudgeted bequest or unrestricted major gift received by the Foundation, the following policy will be in place.

### **I. Definitions**

Windfall Gift: an unrestricted, unbudgeted bequest or unrestricted major gift for which no restrictions are imposed by the donor in any manner.

How the Foundation treats a Windfall Gift will depend on the amount of the Windfall Gift, as set forth in *II, Windfall Gift Acceptance Policy*, below. A Windfall Gift may be made in the form of cash, pledges, securities, partnership interests, commercial property (contracts, promissory notes, mortgages, deeds of trust), insurance and benefits (life insurance, annuities, IRAs and pension benefits), real property and tangible personal property.

## **II. Windfall Gift Acceptance Policy**

- It shall be the policy of the Foundation that for any Windfall Gift of less than \$100,000, 100% of the gift shall be placed in the Foundation's Unrestricted Endowment (Community Impact Fund). For any Windfall Gift of \$100,000 or more, the full Board of Directors will discuss and determine the potential use of the entirety of the Windfall Gift amount.
  - Multiple unrestricted gifts received from a single donor or married couple (regardless of whether the assets are community or separate property) within a 30-day period shall be aggregated for the purpose of determining whether or not the gifts are defined as a Windfall Gift and therefore subject to this policy.
  - Multiple unrestricted gifts received from an estate during the estate settlement process will be aggregated after all estate assets have been received, regardless of the time period, for the purpose of determining whether or not the gifts are defined as a Windfall Gift and therefore subject to this policy.
  - Exceptions to this policy and procedure will require a majority vote of the Board of Directors.

Windfall gifts may be used in the discretion of the Foundation to create a named fund in memory or honor of the donor within the unrestricted endowment or other appropriate fund if there is no stipulation for anonymity.

## **MISCELLANEOUS PROVISIONS**

1. *Costs of the Gift.* It is the responsibility of the Donor to arrange for and pay for any appraisal required for IRS purposes, as well as the costs associated with the consultation of Donor's own independent accountant, attorney or other advisor about the gift process.

2. *Compliance with IRS Filing Requirements.* The Foundation will assist the Donor with the requirements of a qualified appraisal needed to file Form 8283 with the IRS, with the

understanding that final responsibility for the information and the filing of the form remains with the Donor. The Foundation acknowledges that it is responsible for filing IRS Form 8282 upon the sale or other disposition of any asset sold within 3 years of receipt of the gift, when the charitable tax deduction value of the item is more than \$5,000, or otherwise required by applicable law. The Foundation will acknowledge all gifts in compliance with current IRS Regulations.

3. *Use of Foundation Legal Counsel.* The Foundation will seek advice of its outside legal counsel in the following matters relating to the acceptance of gifts:

- a. Closely held or privately held (or S Corporation) stock transfers;
- b. Any time a document will name the Foundation as Trustee;
- c. Any gifts involving contracts, such as real estate, other bargain sales, insurance (other than naming the Foundation as beneficiary on a policy), charitable gift annuities or charitable trusts, and all other documents requiring the Foundation to assume a financial or legal obligation as part of the gift;
- d. Any transactions with potential conflicts of interest or that may invoke an IRS sanction; and
- e. Other instances when a gift, based on complex facts or issues, may be referred by the Foundation President & CEO or the Executive Committee.

 \_\_\_\_\_

Nicole Atkins, Secretary

<b>Policy Number:</b>	104	<b>Title of Policy:</b>	Gift Acceptance Policy
<b>Original Policy Date:</b>	05/23/2008	<b>Review Frequency:</b>	Annual
<b>Latest Approval Date:</b>	02/15/2024	<b>Previous Revision Date:</b>	11/18/2021
<b>Next Review Date:</b>	Jan 2027		

EXHIBIT A

# A DONOR BILL OF RIGHTS

DEVELOPED BY:



Association of Fundraising Professionals (AFP)



Association for Healthcare Philanthropy (AHP)



Council for Advancement and Support of Education (CASE)



Giving Institute: Leading Consultants to Non-Profits

**PHILANTHROPY** is based on voluntary action for the common good. It is a tradition of giving and sharing that is primary to the quality of life. To assure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in the not-for-profit organizations and causes they are asked to support, we declare that all donors have these rights:

I

To be informed of the organization's mission, of the way the organization intends to use donated resources, and of its capacity to use donations effectively for their intended purposes.

II

To be informed of the identity of those serving on the organization's governing board, and to expect the board to exercise prudent judgment in its stewardship responsibilities.

III

To have access to the organization's most recent financial statements.

IV

To be assured their gifts will be used for the purposes for which they were given.

V

To receive appropriate acknowledgement and recognition.

VI

To be assured that information about their donations is handled with respect and with confidentiality to the extent provided by law.

VII

To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature.

VIII

To be informed whether those seeking donations are volunteers, employees of the organization or hired solicitors.

IX

To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share.

X

To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.

## EXHIBIT B



### Model Standards of Practice for the Charitable Gift Planner

#### Preamble

The purpose of this statement is to encourage responsible gift planning by urging the adoption of the following Standards of Practice by all individuals who work in the charitable gift planning process, gift planning officers, fund raising consultants, attorneys, accountants, financial planners, life insurance agents and other financial services professionals (collectively referred to hereafter as "Gift Planners"), and by the institutions that these persons represent.

This statement recognizes that the solicitation, planning and administration of a charitable gift is a complex process involving philanthropic, personal, financial, and tax considerations, and often involves professionals from various disciplines whose goals should include working together to structure a gift that achieves a fair and proper balance between the interests of the donor and the purposes of the charitable institution.

#### I. Primacy of Philanthropic Motivation

The principal basis for making a charitable gift should be a desire on the part of the donor to support the work of charitable institutions.

#### II. Explanation of Tax Implications

Congress has provided tax incentives for charitable giving, and the emphasis in this statement on philanthropic motivation in no way minimizes the necessity and appropriateness of a full and accurate explanation by the Gift Planner of those incentives and their implications.

#### III. Full Disclosure

It is essential to the gift planning process that the role and relationships of all parties involved, including how and by whom each is compensated, be fully disclosed to the donor. A Gift Planner shall not act or purport to act as a representative of any charity without the express knowledge and approval of the charity, and shall not, while employed by the charity, act or purport to act as a representative of the donor, without the express consent of both the charity and the donor.

#### IV. Compensation

Compensation paid to Gift Planners shall be reasonable and proportionate to the services provided. Payment of finder's fees, commissions or other fees by a donee organization to an independent Gift Planner as a condition for the delivery of a gift is never appropriate. Such payments lead to abusive practices and may violate certain state and federal regulations. Likewise, commission-based compensation for Gift Planners who are employed by a charitable institution is never appropriate.

#### V. Competence and Professionalism

The Gift Planner should strive to achieve and maintain a high degree of competence in his or her chosen area, and shall advise donors only in areas in which he or she is professionally qualified. It is a hallmark of professionalism for Gift Planners that they realize when they have reached the limits of their knowledge and expertise, and as a result, should include other professionals in the process. Such relationships should be characterized by courtesy, tact and mutual respect.

#### VI. Consultation with Independent Advisers

A Gift Planner acting on behalf of a charity shall in all cases strongly encourage the donor to discuss the proposed gift with competent independent legal and tax advisers of the donor's choice.

#### VII. Consultation with Charities

Although Gift Planners frequently and properly counsel donors concerning specific charitable gifts without the prior knowledge or approval of the donee organization, the Gift Planner, in order to insure that the gift will accomplish the donor's objectives, should encourage the donor early in the gift planning process, to discuss the proposed gift with the charity to whom the gift is to be made. In cases where the donor desires anonymity, the Gift Planner shall endeavor, on behalf of the undisclosed donor, to obtain the charity's input in the gift planning process.

#### VIII. Description and Representation of Gift

The Gift Planner shall make every effort to assure that the donor receives a full description and an accurate representation of all aspects of any proposed charitable gift plan. The consequences for the charity, the donor and, where applicable, the donor's family, should be apparent, and the assumptions underlying any financial illustrations should be realistic.

#### IX. Full Compliance

A Gift Planner shall fully comply with and shall encourage other parties in the gift planning process to fully comply with both the letter and spirit of all applicable federal and state laws and regulations.

#### X. Public Trust

Gift Planners shall, in all dealings with donors, institutions and other professionals, act with fairness, honesty, integrity and openness. Except for compensation received for services, the terms of which have been disclosed to the donor, they shall have no vested interest that could result in personal gain.

*Adopted and subscribed to by the National Committee on Planned Giving (now the Partnership for Philanthropic Planning) and the American Council on Gift Annuities, May 7, 1991. Revised April 1999. Reprinted with permission.*

## **EXHIBIT C**

### **Real Property Donation Checklist**

1. Exact legal name of donor and federal identification number.
2. Description of property (copy of deed).
3. Description of any buildings or other structures located on the land.
4. Boundary survey of property with location of all structures, easements, and encumbrances appearing on the face of the survey.
5. Information regarding existing zoning status.
6. Information on all ingress/egress for the property.
7. Description of prior use of the property.
8. Description of use of surrounding property, with specific disclosure of any storage tanks or potential environmental factors affecting the property.
9. Disclosure of any contemplated or anticipated condemnations, right-of-ways or other actions by municipalities that may affect the subject property.
10. Phase I environmental report on the property, including environmental report on any structures located on the real estate.
11. Evidence of title, such as title examination and report, title insurance commitment, or schedule describing any liens, encumbrances, or title matters affecting the property.
12. Copy of appraisal showing the fair market value of the property current within sixty days.
13. Disclosure of amount of existing real estate taxes, insurance premiums, and assessments attributable to the property.
14. Discussion with proposed donor regarding any special arrangements for donor's fund or other sources to address ongoing expenses for taxes, insurance, assessments, maintenance, grass cutting, security, utilities, and similar items.

## **EXHIBIT D**

**Real Property Inquiry Form**

**I. General Information**

Owner(s)	Phone
Address	
Property Location	
Land area (acres or square feet)	
Building area (sq. ft. each floor)	
Zoning	
Replacement cost of building	
Current property insurance coverage	
Date of acquisition/form of acquisition	
Current cost basis (includes improvements)	
Principal balance of mortgage	Current fair market value
Assessed value for real estate taxes	
Real estate taxes	
Land value	Building value
Most recent appraisal (date)	Appraised value
Appraiser	
Occupancy status after transfer of title to charity	
Unimproved (no buildings)	
Unoccupied (building, but not occupant)	
Occupied (building with occupants)	

Please indicate by checking “yes” your awareness of any condition or problem which may affect the title, value or marketability of the property. Use Section VII to provide additional information.

<b>II. Title/Zoning</b>	<b>Yes</b>	<b>No</b>
A. Title	_____	_____
B. Zoning variances, violations or special permits	_____	_____
C. Zoning violations	_____	_____
D. Restrictions or easements	_____	_____
E. Survey available	_____	_____

<b>III. Condition of Building</b>	<b>Yes</b>	<b>No</b>
A. Foundations/slab	_____	_____
B. Basement water/dampness/sump pump	_____	_____
C. Roof leaks	_____	_____
D. General structural	_____	_____
E. UFFI (formaldehyde insulation)	_____	_____
F. Asbestos	_____	_____
G. Lead paints	_____	_____
H. Termites/ants/pests	_____	_____
I. Swimming pool	_____	_____
J. Radon	_____	_____
K. Building systems	_____	_____
1. Plumbing	_____	_____

- |                     |       |       |
|---------------------|-------|-------|
| 2. Electrical       | _____ | _____ |
| 3. Heating          | _____ | _____ |
| 4. Air conditioning | _____ | _____ |
| 5. Hot water        | _____ | _____ |
| 6. Water supply     | _____ | _____ |
| 7. Sewage; type     | _____ | _____ |
| 8. Other fixtures   | _____ | _____ |

**IV. Rental/Condominium/Cooperative**

- |   |       |       |
|---|-------|-------|
| A. Building systems                     | _____ | _____ |
| 1. Leases                               | _____ | _____ |
| 2. Rental arrears                       | _____ | _____ |
| 3. Last month's rent/security deposit   | _____ | _____ |
| B. Common area fees in arrears          | _____ | _____ |
| C. Building or sanitary code violations | _____ | _____ |
| D. Operating/capital budget             | _____ | _____ |

**V. Environmental**

**Yes      No**

- |  |       |       |
|--|-------|-------|
| A. History of property   |       |       |
| 1. Property has prior or current use for industrial, commercial, agricultural, manufacturing, waste disposal or any other non-residential purposes | _____ | _____ |

- B. Condition of property
1. Stressed or denuded vegetation or unusual barren areas \_\_\_\_\_
  2. Discoloration, oil sheens, or foul/unusual odors in water \_\_\_\_\_
  3. Storage drums \_\_\_\_\_
  4. Above or underground storage tanks; vent or filler pipes \_\_\_\_\_
  5. Evidence of oil or other chemicals in soil \_\_\_\_\_
  6. Evidence of PCBs \_\_\_\_\_
  7. Evidence of toxic air emissions \_\_\_\_\_
- C. Adjacent properties
1. Properties adjacent or close to subject have conditions requiring "yes" answer to any questions in (A) and (B) above \_\_\_\_\_
- D. Flood plain/wetlands/drainage \_\_\_\_\_
- E. Endangered plants or wildlife \_\_\_\_\_

Are you aware of any other information concerning any part of the land or buildings which might affect the decision of a buyer or affect value of property or affect use by buyer? \_\_\_\_\_

**VI. Property Expense Budget**

To hold this property as a Foundation asset, the following income and expenses are anticipated:

A.	Income	<b>Annual</b>
	1. Rent	_____
	2. Other	_____
B.	Expenses	_____
	1. <u>Real estate taxes:</u>	
	First payment due _____ (date) _____	
	Second payment due _____ (date) _____	
	2. <u>Utilities:</u>	
	Gas	_____
	Oil	_____
	Electric	_____
	Water/sewer	_____
	Other	_____
	3. <u>Services:</u>	
	Caretaker/property manager	_____
	Landscaping	_____
	Heating/cooling service contract	_____
	Snow removal	_____
	Pool services	_____
	Common area charge (condominium)	_____

Security \_\_\_\_\_

Other \_\_\_\_\_

4. Maintenance/Repairs \_\_\_\_\_

5. Insurance \_\_\_\_\_

**Total Expenses**

**Net Income (Loss)**

**VII. Additional Information on Sections II through VII**

**VIII. Acknowledgments**

Owner(s) hereby acknowledge that the information set forth above is true and accurate to the best of my (our) knowledge

\_\_\_\_\_ Date \_\_\_\_\_

Owner

\_\_\_\_\_ Date \_\_\_\_\_

Owner