

# RICHLAND COUNTY FOUNDATION

## GIFT ACCEPTANCE POLICY

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### Purpose of Policy

The purpose of these fund and gift acceptance policies is to advance the Foundation's mission of connecting donor interests to community needs and opportunities utilizing community knowledge and leadership. 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 ensure 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.

### Terms

Each donor by making a contribution to the Foundation accepts and agrees to all of the terms of the Articles of Incorporation and the Code of Regulations of the Foundation together with the Resolutions and Policies of the Foundation and shall be subject to the provisions for the presumption of a donor's intent, for variance from a donor's directions, and for amendment and termination, and to all other terms of the Foundation's Articles of Incorporation and Code of Regulations and Policies and Resolutions of the Foundation, each as may be amended from time to time.

Gifts and contributions to the Foundation shall vest in the Foundation upon receipt and acceptance by the Foundation. Gifts shall be the property of the Foundation and shall be held by it in its normal corporate capacity.

The Foundation will maintain confidentiality of donor contributions unless the donor requests otherwise.

### Ethical Standards in Dealing with Donors

Every person acting for or on the Foundation's behalf shall adhere to those standards set forth in *A Donor Bill of Rights*:

[http://www.afpnet.org/files/ContentDocuments/Donor\\_Bill\\_of\\_Rights.pdf](http://www.afpnet.org/files/ContentDocuments/Donor_Bill_of_Rights.pdf),

and the *Model Standards of Practice for the Charitable Gift Planner*:

[http://www.pppnet.org/ethics/model\\_standards.html](http://www.pppnet.org/ethics/model_standards.html).

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 will be strongly 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.

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 Policy on Confidentiality. Donors reserve the freedom to determine the degree and type of recognition that they prefer, and the Foundation respects the confidentiality of donors who do not wish to be publicly recognized.

## Funds

The Foundation offers several different types of funds. These include:

Unrestricted Funds. Gifts to these funds help the Foundation help our community. The Foundation makes distributions to support effective work of charitable organizations throughout the area we serve.

Field of Interest Funds. These funds support a charitable purpose designated by the fund's donor or donors. Distributions are determined by the Foundation consistent with the fund's purposes. Where appropriate, the Foundation may create an advisory committee to make recommendations for distributions.

Designated Funds. These funds support a charitable organization designated by the fund's donor or donors. Distributions generally are determined by applying the Foundation's spending policy to the assets held in the fund.

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.

Scholarship Funds. These funds provide financial assistance to students at schools, colleges, and universities. Scholarship funds can also support vocational training and assistance in paying for special courses. Donors recommend eligibility criteria and may serve on selection committees.

Donor Advised Funds. Donors recommend grants to charitable organizations.

### Variance Power

Whenever the Foundation decides that any directions, restriction or condition on the distribution of a gift has become, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the Richland County community, it may order such modification of the direction, restriction or condition and such application of the whole or any part of the principal or income of the gift to such other charitable purposes as, in its judgment, will then more effectively serve the charitable needs of the Richland County community.

### Authority to Accept Gifts

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

- Cash
- Checks
- Crypto Currency
- Marketable securities

Acceptance by Foundation Board of Trustees. All other gifts, including those listed below, will require review and, if appropriate, approval by the Foundation's Board of Trustees. The following gifts require the Board'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
- Artwork, coin collections, jewelry, etc.
- Life insurance policies

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

### Authority to negotiate and sign gift agreements

Subject to the Foundation Board of Trustees review and approval authority, the Foundation's President, 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. Assuming such activities follow approved procedures and assuming such agreements are approved by the Foundation's legal counsel, this authority will not require review or further approval by the Board of Trustees.

### 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.

A gift shall be intended to be used in a manner as not to disqualify any contribution, gift, or bequest in computing any federal income, gift or estate tax of a donor or a donor's estate and so as not to disqualify the Foundation from exemption from federal income tax as a qualified charitable organization described in Sections 501(c) (3) and 509(a) (1) of the Internal Revenue Service Code of 1986, or successor provisions.

### Minimum gifts

A minimum contribution or fund balance of \$10,000 is required to carry a separately named fund. (For Scholarship Funds, \$20,000 or more). The minimum donation of \$10,000 may be paid initially in full or by incremental donations commencing with not less than \$5,000 and building the fund to \$10,000 within two years of the initial donation. (For Scholarship Funds, not less than \$10,000 initially, building to \$20,000). Donor Advised funds may be established with a minimum donation of \$1,000 and building the fund to \$10,000 within five years of the initial donation.

### Investment of gifts

The Foundation has the responsibility and authority for the investment of the assets of each Fund. Assets are invested in accordance with the Foundation's general investment policies and procedures. The assets of any Fund may be commingled with those of other Funds or may be invested in units of a common investment fund which may be established or utilized by the

Foundation. However, the Foundation shall have no obligations to commingle the assets for investment purposes and may, in its discretion, retain any assets received or hold the assets of a Fund as a separate unit for investment purposes. Any investment or reinvestment of assets shall be made only in such investments as are appropriate for the exercise of prudent fiduciary responsibility.

Decisions with respect to the retention, investment or reinvestment of assets and with respect to commingling of assets shall be made by the Board of Trustees, or by a committee, agent or trustee authorized by the Board, in accordance with regular procedures.

#### [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.

#### [Responsibility of donors with respect to appraisals.](#)

The donor is responsible for obtaining a qualified appraisal when necessary, in complying with IRS regulations for purposes of establishing the value of the gift for federal income tax purposes, including preparation of IRS form 8283. The Richland County Foundation will not establish or corroborate the value of the gifted property for income tax purposes.

#### [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 approved in advance by the Foundation pursuant to the Foundation's policy on fundraising by donors. All such fundraising activities are also subject to the Foundation's supervision.

#### [Excess business holdings](#)

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 interest 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 Secretary of the Treasury. To prevent a violation of these rules, it is the Foundation's policy to divest itself of such holdings within five years from the date the Foundation acquired the asset. If that is not possible, the asset will be transferred to a new or existing fund that is not an advised fund.

### Illiquid assets

Gifts of illiquid assets shall be accepted only if they have an intrinsic charitable benefit or if the donor places no restrictions on the disposal of the asset and investment of the proceeds of such disposal to provide charitable distributions. The determination of acceptance of an illiquid asset will be made after investigation by staff of the proposed gift and approval by the Board of Trustees.

The Foundation's general policy is to liquidate all gifts promptly. On occasion, the Board of Trustees may decide that it will not liquidate certain gifts immediately. Factors the Board of Trustees 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 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.

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 to allow the fund to begin making distributions.

## DEFERRED GIFTS & PLANNED GIVING.

These are gifts whose benefit does 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 Board of Trustees.

### 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. The Foundation may not be named as Executor for a donor in his/her will and will not serve if named. The Foundation may create a named fund in memory of the donor, if there is no stipulation for anonymity.

### Retirement Plans or IRA Accounts

Donors may make lifetime gifts of retirement assets or name the Foundation as the beneficiary of their plan. Retirement plans include, but are not limited to, Individual Retirement Accounts (IRA), 401(k), 403(b), and defined contribution plans.

### 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:

**CHARITABLE REMAINDER TRUSTS (CRT).** This trust makes payments to one or more beneficiaries for their lifetimes, or for a fixed term, or a combination of both. Assets are put into a trust, beneficiaries are paid, and when the trust term ends, the remainder in the trust passes to the Foundation for its charitable purposes. The donor names a Trustee to manage the trust and determines whether the 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 encourages donors to consult their own legal counsel and tax advisors to create a charitable remainder trust. At the donor's request, the Foundation will confer with his/her advisors to assist in establishing the trust from which it will ultimately benefit. The Foundation will not serve as Trustee of the trust.

**CHARITABLE LEAD TRUST (CLT).** This 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.

**CHARITABLE GIFT ANNUITY (CGA).** This planned gift is 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 is backed by our total assets. The gift is in part a charitable gift and in part the purchase of an annuity.

**LIFE ESTATE.** 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.

## Types of gift assets

### Cash

The Foundation accepts gifts of cash

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

### Crypto Currency

The Foundation accepts gifts of cryptocurrency. Cryptocurrency received by the Foundation will be converted to cash as soon as practicable to maintain approximate initial value of the gift.

### 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. 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.

*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.

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

*General.* Gifts of closely-held and S corporation stock must be reviewed by the Board of Trustees. Subject to the Board's approval, the Foundation may accept gifts of 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 corporation 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 should agree 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 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 such appraisal. Notwithstanding evidence of value offered by the donor, Richland County Foundation reserves the right to arrange for an independent third party to appraise the gift of its fair market value and to assess the existence of a market for such property.

*Distributions.* Distributions from a component fund that consists entirely of 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 closely-held or S corporation stock contributed as soon as possible and generally will not accept gifts that cannot be liquidated within three years.

*Procedures for Accepting Gifts of Closely-Held or S Corporation Stock.* The following procedures apply to all proposed gifts of 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 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.

#### 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 Board of Trustees. Subject to the Board's approval, the Foundation may accept gifts of limited partnership interests 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 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 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 such appraisal. Notwithstanding evidence of value offered by the donor, Richland County Foundation reserves the right to arrange for an independent third party to appraise the gift of its fair market value and to assess the existence of a market for such property.

*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.

*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.

#### 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. Generally, gifts of personal property will be liquidated either by plan contemplated prior to its receipt or sale at market value. 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. Sale of the gifted property at less than 70% of the appraised value shall require approval of the Board of Trustees. 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 such appraisal. Notwithstanding evidence of value offered by the donor, Richland County Foundation reserves the right to arrange for an independent third party to appraise the gift of its fair market value and to assess the existence of a market for such property.

*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.
- Upon initial inquiry, potential donors will be asked to complete a property inquiry form and return it to the Foundation.
- Property which is offered subject to liens or other encumbrances or in which the donor has less than full ownership will be accepted only in exceptional circumstances.

- Richland County Foundation staff shall prepare an evaluation of special requirements which accepting the property might create such as insurance maintenance, storage, etc., as well as an expense budget outlining all projected expenses associated with acceptance of the gift.
- Donor must furnish the Foundation with evidence of ownership.
- Acceptance will be determined by the Board of Trustees.
- Acceptance of the gift shall be memorialized in a written statement stating the complete terms of the gift and that there are no restrictions on the Foundation's right to use or convey 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.

#### 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. When premium payments can no longer be made because there is insufficient value in the policy to keep it in force, or because the Foundation chooses to discontinue premium payments, the policy will be surrendered. The Foundation may accept gifts of life insurance policy in any amount to any existing fund. Gifts of life insurance policy to establish a new component 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.

#### Real Estate.

*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. The Foundation does not accept gifts of time shares.

Gifts of real property must be reviewed by the Board of Trustees. Subject to the Board's approval, the Foundation may accept gifts of real property to any fund. Gifts to establish a new component 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 has legal capacity and is entitled to convey the property through copies of deed, title report, etc., provided by donor.
- 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.
- Weigh its ability to manage commercial property for the time necessary to sell the property. For example, income producing property may subject the Community 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 whether any restrictions on the gift desired by donor will jeopardize the classification of such gift as charitable.

*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 such appraisal.

*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 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.

*Procedures for Accepting Gifts of Real Property:*

- EVALUATION

Property and Reporting Information: 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. The Foundation may request additional information or documents when necessary to its evaluation of the proposed gift.

**Liens, Mortgages and Encumbrances:** Property, which is subject to liens, unpaid mortgages, deeds of trust, judgment liens, unpaid taxes or assessments, mechanics' liens or other encumbrances will be accepted only in exceptional circumstances and upon advice from the Foundation's legal counsel. If accepted, property which is subject to encumbrances will be evaluated as a "bargain sale" (a bargain sale is an arrangement whereby a donor offers property to the Foundation for an amount less than its current fair market value)

**Field Evaluation:** Following an offer of a gift of real estate, a member of the Foundation staff or an authorized representative will visit the property. A representative may be a local realtor or person, as the President may deem appropriate. The purpose of the visit will be to determine the nature and type of property and to identify a potential problem not evident from initially supplied information that would hinder or prevent the Foundation's sale of property.

**Market Evaluation:** Whenever practicable, arrangements will be made to have a realtor analyze the property to evaluate the existence of a market for such property. The President may, at his/her opinion, request that the donor provide such an evaluation from a realtor acceptable to the President.

**Expense Budget:** The Foundation's staff will prepare a budget outlining all the projected expenses associated with the acceptance of all proposed real estate gifts.

- RESPONSIBILITIES OF THE DONOR

The donor will be responsible for obtaining a qualified appraisal complying with IRS regulations for the purposes of establishing the value of the gift for federal income tax purposes, including the preparation of Form 8283 ("Noncash Charitable Contributions") See Treas. Reg.

Donors will provide at least a Phase I Environmental Report with disclosure of any environmental problems or statement that none exists. No property will be accepted if there is a likelihood of any liability which could attach to the Foundation as a result of its taking title to the property.

The donor must furnish the Foundation with evidence of title, which shows that title to the property is free and clear except for current real estate taxes and restrictions of record, which would not create any economic burden on the Foundation.

It is the donor's responsibility to prepare the deed and other instruments, which are necessary to transfer the property to the Foundation. All proposed transfer instruments must be reviewed by the Foundation's legal counsel prior to acceptance by the Foundation.

Prior to acceptance of the property, the Foundation and the donor must agree in writing on arrangements for paying expenses associated with the property, such as commissions, real estate taxes, utilities, insurance, and maintenance costs. Generally, the Foundation will not advance funds for the payment of such expenses.

Donors will be encouraged to discuss contemplated bequests of real estate before finalizing their wills. Property that is bequeathed to the Foundation will be evaluated in accordance with this Policy and Procedure like all other gifts of real property.

- ACCEPTANCE PROCESS

When a donor expresses the desire to donate a gift of real estate, the following guidelines will be followed:

1. The Foundation staff and the donor should meet to visually evaluate the property and develop appropriate gift arrangements with the donor, subject to proper approval. The approval process includes consulting with the Foundation's Executive Committee.
2. An appraisal is to be performed by an independent appraiser according to IRS guidelines.
3. The checklist for Real Estate Gifts is to be completed, if applicable (*see Pages 19-25*).
4. A financial analysis must be performed prior to acceptance to determine whether the gift is a financially sound investment for the Foundation, especially if commercial or income property is involved.
5. Depending on the complexity and value of the property being donated, the staff should discuss an appropriate fee/gift arrangement with the donor to help cover the overhead costs of accepting the gift. These may include realtor commissions, title work, closing costs, legal fees, property taxes, insurance, property maintenance until sold, and environmental assessments.
6. The following agreements with the donor may be required: fund agreement, expense reimbursement and fee agreement, deed execution and title insurance policy.

Considerations for Accepting Real Estate Gifts:

1. The Foundation will take into account the depreciation of real estate in considering gift proposals. If the donor has taken accelerated depreciation in excess of straight-line prior to making the gift, the donor will be responsible

- for making any recapture payments to the Internal Revenue Service.
2. The Foundation will consider encumbered property for acceptance only if the evaluation convincingly demonstrates that the property can be sold at a price that substantially exceeds the aggregate amount of the encumbrances, and any costs associated with satisfying them.
  3. The Foundation must weigh carefully whether or not it has the desire and ability to manage the property for whatever length of time is necessary to consummate the sale. If the property produces income, the Foundation must consider the amount of income it receives against the ongoing cost of the encumbrances.
  4. The Foundation will not pay for appraisals, finder's fees, or the drafting of legal documents without approval of the Executive Committee.

**Disposition of Property:** Generally, the Foundation will sell property as quickly as possible after the gift is completed.

- The Foundation should consider its investment objectives before selling.
- The Foundation should avoid selling property at a distressed price. A quick distress sale may jeopardize the donor's charitable contribution deduction and might negatively impact the market values in the area.

After the requirements of this Policy and Procedure have been satisfied, the Board of Trustees will have the authority to accept or refuse a gift of real property.

The Board of Trustees may refuse any offered gift of real property that is judged not to be in the best interests of the Foundation.

Prior to or upon transfer of title to the Foundation, the donor and the Foundation will sign an agreement (approved by legal counsel) stating the terms of the gift, which shall specify that there are no restrictions on the Foundation's right to use or convey the property.

- MARKETING AND SALE OF REAL ESTATE

After accepting a real estate gift, arrangements will be made to sell the property through a qualified real estate professional.

While it is anticipated that in most circumstances the sale price will equal or exceed the appraised value of the property, the terms of sale will take into account current market conditions, availability of financing and other factors. Any offer that is below 70 percent of the appraised value must be approved by the President and the Foundation legal counsel.

In the case of a sale within two years of the date of the gift, the Foundation will report the sales proceeds to the IRS on Form 8282 ("Donor Information Return").

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Policy Updated June 13, 2022

Policy Updated February 10, 2025



Donors should be asked to supply the following documents:

- A. Appraisal
  - a. Must be ordered, paid for, and submitted within 60 days of deed delivery
- B. Deed
  - a. Shows how title is vested and is used to prepare the title transfer
- C. Property Tax Bill
  - a. Shows assessed value of land, improvements, actual tax and any assessments
- D. Zoning
  - a. Information regarding zoning of property and acceptable uses
- E. Income/Expense Pro Forma for Three-Year Period
  - a. If income-producing property
- F. Association Agreement
  - a. Ownership rights and responsibilities of some properties, primarily residential or condominiums, are governed by an owners association. The agreement should include fees or assessments, together with a statement showing the condition of any reserve fund for deferred maintenance.
- G. Condition, Covenants, and Restrictions
  - a. Condition, covenants, and restrictions are required of most subdivisions. A copy of these will show how the property may be used and what restrictions may apply.
- H. Notes, Trust Deeds, Mortgages, Lease, or Rental Agreements
  - a. A copy of each agreement should be obtained showing the terms of the agreement term of rental, deposits, etc.
- I. Current Mortgage Statement
  - a. Will show the current status of a loan and will be helpful in identifying and discussing the loan with the lender.
- J. Insurance Policy
  - a. Will verify cost of insurance and provide information for the Foundation to transfer insurance, if desired, after the gift is made.
- K. Property Survey
  - a. This indicates location of property and structures and any encroachments, easements, and encumbrances

L. Inspection Reports

- a. Where inspection reports are available from previous activity related to the property, such as a code officer's inspection reports or structural assessment reports by an engineer.

M. Fund Agreement

- a. Outline of the donor's charitable interests.

N. Transfer Agreement

- a. Must use Foundation approved agreement form (if appropriate depending on type of gift). The agreement should be drafted with legal counsel to help meet the needs of each gift

O. Description of uses

- a. Description of all known prior uses of property with specific disclosure of any storage tanks or potential environmental factors affecting the property

P. Phase I

- a. Phase I Environmental Report to include any structures located on the real estate

Q. Municipal Disclosure

- a. Disclosure of any contemplated or anticipated condemnations, rights-of-ways or other actions by municipalities that may affect subject property

R. Donor Discussion

- a. 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.



## 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 or marketability of the property. Use Section VII to provide additional information.

<b>II.</b>	<b>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.</b>	<b>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	_____	_____
<b>IV.</b>	<b>Rental/Condominium/Cooperative</b>	_____	_____
	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             | _____ | _____ |

<b>V.</b>	<b>Environmental</b>	<b>Yes</b>	<b>No</b>
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?	_____	_____
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## VI. Property Expense Budget

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

A.	Income	Annual
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	_____
	<b>Total Expenses</b>	_____
	<b>Net Income (Loss)</b>	_____

**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

\_\_\_\_\_  
Owner Date \_\_\_\_\_

\_\_\_\_\_  
Owner Date \_\_\_\_\_