

# COMMUNITIES FOUNDATION OF OKLAHOMA

## **GIFT ACCEPTANCE POLICIES COMMUNITIES FOUNDATION OF OKLAHOMA**

The Asset Development program of Communities Foundation of Oklahoma (hereinafter “Foundation”) encompasses the solicitation and acceptance of outright gifts, planned gifts and testamentary gifts created by bequest.

The Foundation endorses and subscribes to A Donor Bill of Rights, Appendix A.

### **I. AUTHORIZATION**

It is the policy of The Board of Trustees of the Foundation (hereinafter “Board”) to encourage donors to make outright, planned and testamentary gifts. Planned and testamentary gift types include bequests, charitable gift annuities, charitable remainder trusts, charitable lead trusts, retained life estates, gifts of life insurance or retirement assets, interest in business entities such as partnerships or closely-held stock, and such other gift arrangements as the Board may from time to time approve.

#### **A. PURPOSE OF GIFTS**

The purposes of all gifts to the Foundation must relate to the mission of the Foundation. The purpose of the gift and the procedures for its administration shall, when feasible, be defined in writing by the donor. If a gift is made to establish a new fund, a written agreement between the donor and the Foundation will be executed. If a gift is made to a fund governed by an existing agreement, the donor may direct the gift to the proper fund through a letter of instruction, notation on the check, or other acceptable written form.

#### **B. MISSION OF THE FOUNDATION**

The mission of the Foundation is to support Oklahoma communities by meeting the needs of charitable organizations and donors statewide.

## **II. ROLES AND RESPONSIBILITIES REGARDING THE ACCEPTANCE OF GIFTS**

The Gift Acceptance Committee shall be appointed by the Chairperson of the Board of Trustees with the approval of the Trustees, and may include Trustees and other qualified persons. It is the responsibility of the Gift Acceptance Committee: 1) to recommend to the Board of Directors policies regarding the acceptance of all gifts to the Foundation; 2) to review the gift acceptance policies at least annually and recommend any changes as required; and 3) to review certain gift transactions on a case-by-case basis, as more fully set forth below. The Board of Trustees is responsible for formally adopting the recommended policies and their revisions from time-to-time. It is the responsibility of the Foundation staff to prepare standard forms for agreements with donors and to ensure that all gifts are received in a manner consistent with the approved gift acceptance policies.

## **III. GIFT ACCEPTANCE POLICIES & RESTRICTIONS**

The policy of the Foundation is to inform, serve, guide and otherwise assist donors who wish to support the Foundation's activities, but never under any circumstances to pressure or unduly persuade.

It is the Foundation's intention to properly acknowledge all completed gifts within three business days.

The Foundation will provide a disclosure statement and/or gift information, to every donor before a fund agreement is executed.

All information concerning donors and prospective donors shall be held in strict confidence by the Foundation, subject to legally authorized and enforceable requests for information by government agencies and courts. All other requests for or releases of information concerning a donor or prospective donor will be honored or allowed only if permission is obtained from the donor prior to the release of such information.

Persons acting on behalf of the Foundation shall encourage the donor to discuss the proposed gift with the legal and/or tax advisors of the donor's choice, at the donor's expense. This is to ensure that the donor receives a full, accurate, and independent explanation of all aspects of the proposed charitable gift.

Persons acting on behalf of the Foundation shall advise the donor that it is the donor's responsibility to obtain any necessary appraisals, file appropriate personal tax returns, and defend against any challenges to claims for tax benefits.

The management and consultants retained by the Foundation for this purpose are authorized to negotiate planned gift agreements with prospective donors, following program guidelines and gift acceptance policies approved by the Board.

All planned giving agreements requiring execution by the Foundation shall first be reviewed and approved as to form by the Foundation's legal counsel. However, each agreement need not be reviewed provided it is based on a prototype agreement that has been reviewed and approved.

The Foundation will accept charitable gift annuities but only under conditions described below. The Foundation may employ agents and advisors to facilitate the investment of annuity assets.

**The Foundation will not serve as a trustee.** The management and consultants retained by the Foundation for the purpose of encouraging gifts that may require a trustee will consult with the potential donor to identify a trustee that is knowledgeable in the management, investment and administration of the gift under consideration. The ultimate choice of a trustee remains with the donor.

The Foundation will urge all prospective donors to seek the assistance of personal legal and financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences. The Foundation will comply with the Model Standards of Practice for the Charitable Gift Planner promulgated by the National Committee on Planned Giving, shown in Appendix B to this document.

**All prospective donors will be informed that in making a gift to the Foundation, they give up all right, title, and interest to the assets contributed; that the Foundation Board has variance power; and that the fund created by the gift may contain no material restriction that would prevent the fund created by the gift from being considered as a component fund of the Foundation under the Internal Revenue Code and regulations thereto.**

The Foundation will not accept gifts that are too restrictive in purpose. Gifts that are too restrictive are those that violate the terms of its trust document or corporate charter, gifts that are too difficult to administer, or gifts that are for purposes outside the mission of the Foundation.

Further, the Foundation will not accept gifts that are directly or indirectly restricted by a donor through a material restriction or condition that prevents the Foundation from freely and effectively employing the transferred assets, or the income derived there from, in furtherance of its exempt purposes.

Finally, the Foundation will not accept gifts that jeopardize its tax-exempt status and reserves the right to decline any gift that it believes is not in the best interest of the Foundation.

#### **IV. PROCEDURES FOR REVIEW OF GIFTS**

**A.** In reviewing gifts to the Foundation, the Gift Acceptance Committee and/or the Executive Director will consider the following criteria:

- The charitable intent and ultimate community benefit
- The nature of any restrictions
- The permanency of the gift; or in the case of a non-permanent fund, the amount of time the fund will remain with the Foundation
- Projected costs of managing the gift asset
- Fee revenues to the Foundation for administering the gift

**B.** Acceptance by staff of gifts consistent with the purposes, bylaws and procedures of the Foundation may not require review by the Gift Acceptance Committee if the gifts are in any of the following forms:

- Marketable securities
- Cash
- Checks
- Gifts of usable furniture and equipment for the offices or programs of the Foundation
- Gifts of precious metals, where the value is easily established
- Charitable remainder trusts, charitable lead trusts, or charitable gift annuities, if funded with cash or publicly traded securities

**C.** Gifts requiring review, use of legal counsel, and approval of the Gift Acceptance Committee may include the following:

- Interests in business entities (i.e., closely held securities, partnership and limited liability company interests) where, in the opinion of staff, there may be concerns about the following: valuation, long-term disposition, income production, business partnership, charitable intent, requirements or limitations, tax deductibility or other questions which indicate that a review of the Gift Acceptance Committee is necessary.
- Closely held stock transfers that are subject to restrictions or buy-sell agreements, or publicly-traded securities subject to sale restrictions
- Gifts involving contracts, such as bargain sales or other documents requiring the Foundation to assume an obligation
- Transactions with potential conflict of interest that may invoke IRS sanctions
- Other instances in which use of counsel is deemed appropriate by the Gift Acceptance Committee
- Retained life tenancy in a residence, ranch or farm.
- Arrangements where the donor receives fees for services to the Foundation.
- Other property that may be unusual or fall outside the type of gifts usually handled by the Foundation, including tangible personal property unrelated to the Foundation's charitable purpose.
- Gifts to establish funds for a purpose that may fall outside the mission, bylaws and procedures of the Foundation.
- Life insurance policies for which future premium payments are required

**D.** Gifts requiring committee review will be handled promptly. Foundation staff will deliver to the chairman of the committee all information necessary to make a decision. If a gift is not accepted, the donor will be notified in writing by staff immediately. All gift reviews will be handled with confidentiality.

Gifts requiring immediate action (e.g., gifts on December 31, or pending sale of property) may be exempted from full Gift Acceptance Committee review if, in the judgment of the Executive Director, in consultation with designated members of the Gift Acceptance Committee, that gift may be accepted without significant reservations or in any way jeopardizing the Foundation's tax exempt status.

## V. FUNDS

The Foundation establishes component funds and supporting organizations in response to community needs and donors' charitable concerns. Understanding the varying needs of the diverse organizations and donors served in communities large and small across the state, there is no minimum gift required to establish a fund at Communities Foundation of Oklahoma, but there is a minimum fund level expectation within timeframes established by the Foundation. The Board of Trustees of the Foundation has responsibility for acceptance, management and disposition of component funds.

Options for fund structures at the Foundation include the following:

### A. Agency Endowment Fund

A permanent fund established by a nonprofit agency for the benefit of the nonprofit agency; the community foundation annually distributes a percentage of net assets back to the agency for purposes stated in the fund agreement.

### B. Designated Endowment Fund

A permanent fund established by a donor who specifies that the fund's available grant dollars be distributed annually to one or more specific public charities in perpetuity.

### C. Donor Advised Fund

An endowed or non-endowed fund in which the donor (or a person or committee appointed by the donor) may recommend eligible charitable recipients for grants from the fund. (Note: under the Pension Protection Act of 2006, Donor Advised Funds are prohibited from holding assets when the aggregation of such assets held by the donor advised fund, donor, donor advisors and related parties exceeds 20% of the voting stock or profit interest in a business entity. All such excess holdings will be divested within 5 years.)

### D. Scholarship Fund

An endowed or non-endowed fund established by a donor or donor organization to provide support for individuals who are pursuing some training or educational opportunity.

### E. Field of Interest Fund

An endowed fund that utilizes the available grant dollars in a specific program area or charitable purpose.

### F. Community Fund

Endowed and non-endowed community-wide fund(s) with a local advisory board that utilize available grant dollars for a broad range of issues and needs within a specific community, county, or region.

### G. Fiscal Sponsorship Fund

A temporary fund established for (a) an emerging nonprofit organization, (b) a specific short-term project, (c) small scale volunteer directed charitable activity, or (d) corporate disaster/hardship fund.

### H. Escrow Fund

A temporary fund established by a donor or donor organization for some future yet undesignated charitable purpose.

### I. Unrestricted Fund

A permanent fund that utilizes available grant dollars to support a broad range of community issues.

## VI. OUTRIGHT GIFTS

### A. Asset Types

The Foundation will accept gifts in the form of the following assets, subject to the conditions described below. In order to provide written substantiation for gifts, the donor's name and address must be provided. Donor requests for anonymity will be honored.

#### 1. Cash

Gifts of cash should be paid to the Foundation accompanied by a written document (fund agreement, letter or other written instruction) signed by the donor indicating to which fund the contribution should be credited.

#### 2. Checks

Must be made payable to the Foundation. The specific fund for which the check is intended should be noted in the bottom left corner of the check, or in attached correspondence.

#### 3. Pledges

Written pledges to make gifts may be made applicable to any fund at the Foundation. A schedule of pledges payable should be included in the fund agreement, letter or other written instruction from the donor.

#### 4. Marketable securities

Publicly traded stocks and bonds may be electronically transferred, re-registered in the name of the Foundation, or conveyed through use of a stock power form. The foundation also will accept interests in mutual funds. Generally, these securities are sold upon receipt. Stock controlled under Securities and Exchange Commission Rule 144 will be held until the restriction on sale expires and then will be sold. Gifts of bonds that require a holding period may be accepted and cashed when the holding period has expired.

Securities which shall not be accepted include those which are assessable or which in any way may create a liability; those which, by their nature, may not be assigned (such as series "E" savings bonds); those which have no apparent value.

Further details regarding gifts of securities and applicable forms are included in Appendix C.

#### 5. Interests in business entities (i.e., closely held securities, partnership interests, interests in limited liability companies)

Donors may make gifts of interests in business entities (i.e., closely held marketable securities, partnership interests, interests in limited liability companies). These can be accepted if the Foundation assumes no liability in receiving them.

Please note that donor advised funds are not allowed to hold assets which in the aggregation of assets held by the donor advised fund, donor, donor advisors and related parties exceeds 20% of the voting stock or profit interest in a business entity.

In evaluating a gift proposal of interests in business entities, the Gift Acceptance Committee may consider the probability of conversion to a liquid asset within a reasonable time, projected income that will be available for distribution and

administrative fees, the nature of the business from which the asset is derived, and the possibility of the Foundation receiving unrelated business taxable income.

A completed IRS Form 8283 (“Noncash Charitable Contributions”) and/or a letter from the attorney drafting the partnership agreement or articles of organization must accompany gifts of limited partnership interests or interests in limited liability companies, providing the following information:

- independent appraisal of value of the subject entity and statement of the percentage of the entity to be gifted to the Foundation;
- copy of the articles of organization;
- rules or instructions regarding interest transfers;
- assurance that the Foundation will be held harmless in the event the entity becomes bankrupt or is otherwise unable to satisfy its obligations;
- assurance that the Foundation will be held harmless in the event the entity is sued.
- Assurance that, in the case of donations to donor advised funds, the business interest being considered does not constitute 20% or more of the voting stock or profit interest in a business entity when considered in the aggregate of assets held by donor advised funds, donor, donor advisors and related parties as defined under the Pension Protection Act of 2006.

The Foundation does not accept gifts of general partnership interests due to potential unlimited liability.

When an interest in a business entity cannot be promptly liquidated, and the documented present value of the interest is equal to or greater than the amount required to establish a named component fund, that interest may be credited to a new, named component fund at the Foundation. The fund may be treated as an advised, designated, scholarship, field of interest, or community fund as requested by the donor. Grants may be made only from income generated by the business interest or from other liquid assets in the component fund.

In cases where an interest gifted to the Foundation is promptly liquidated, but its value is less than the minimum amount required to establish a named component fund, the donor will have the option of making an additional contribution that would bring the total value of the fund to the minimum requirement. If no additional contribution is made, the fund will be treated as an escrow fund until such time as the necessary additional contribution is made or the value of the originally contributed property reaches the minimum requirement to establish a named component fund.

Further details related to gifts of limited partnership and limited liability company interests are included in Appendix E.

Before the Foundation accepts an interest in a family limited partnership, the partnership agreement must be reviewed by the Gift Acceptance Committee and any professional counsel the Committee may deem appropriate. The Committee will review the agreement's structure, function and underlying assets. Issues to be reviewed include, but are not limited to, the following:

- Value of the limited partnership interest. Generally, in order to be accepted, a limited partnership interest must have a minimum discounted value of \$10,000, as established by a qualified independent appraisal.
- The beneficiary of both the income stream and the liquidation proceeds of the limited partnership interest must be the Foundation or one of its component funds.
- Costs to the Foundation in holding the interest, such as administrative responsibilities, tax return preparation and unrelated business income tax. The donor may be asked to cover all or some of these costs, particularly the unrelated business income tax which may be generated by phantom income.
- Is the Foundation's interest sufficiently liquid? Does the agreement provide the Foundation the power to redeem its interest, either through a preferred interest with a guaranteed return or a series of put options upon the expiration of which the Foundation has a right to absolute redemption or another method agreed upon by both parties? Do the "family" partners intend to liquidate at some point in time?

## **6. Real property**

In order to be accepted, gifts of real property must result in a significant contribution to the Foundation after the property is liquidated and all associated expenses are paid. The Gift Acceptance Committee will determine whether to accept a gift of real property, based upon its likely value and other factors listed below. Gifts of real property will be sold at the highest possible price as soon as possible after conveyance. However, the timing of the sale may take into account temporary conditions in the real estate market, and with the approval of the Finance/Investment Committee, the property may be retained for a period of time necessary for the Foundation to obtain reasonable value from its sale.

When the property is sold, the portion of the sale proceeds equal to the expenses directly related to the acceptance of the property by the Foundation or any expenses incurred by the Foundation prior to, or as a result of the sale, shall constitute an unrestricted gift to the Foundation. The balance of the sale proceeds may be directed to the fund or funds of the donor's choice.

Unencumbered real property will be accepted at fair market value as established by at least one qualified independent appraisal, provided by the donor. Evidence of clear title to the property must be provided by the donor to the Gift Acceptance Committee; an undivided fractional interest in property with multiple owners will be accepted only if all owners of the property agree in writing to the gift.

Real property that is encumbered by a trust deed loan or mortgage will be accepted only in exceptional circumstances. Prior to acceptance of a gift of real property, the Foundation and the donor must agree, in writing, on arrangements for paying expenses associated with the property, including taxes and assessments, insurance coverage, and maintenance costs.

In order to avoid potential liability for environmental cleanup and toxic and hazardous materials issues related to real estate, the Foundation will require inspection through an environmental audit of all proposed gifts of real estate and assets related to real property. In instances where previous ownership and use of the property make it unlikely that an environmental hazard is present, the Board of Directors may waive the requirement for an environmental audit.

In addition to the considerations listed above, commercial properties and businesses will be examined in relationship to the potential for exposure of the Foundation to unrelated business taxable income.

A completed IRS Form 8283 (“Noncash Charitable Contributions”) must accompany gifts of real property.

The Gift Acceptance Committee will report all accepted gifts of real property to the Board of Trustees at the first Board of Trustees meeting following acceptance.

Further details related to gifts of real property are included in Appendix F.

### **7. Tangible personal property**

Gifts of such assets as boats, airplanes, automobiles, artwork, furniture, equipment, jewelry, gems and metals valued in excess of \$5,000 must be accompanied by a qualified appraisal. Automobiles valued at less than \$5,000 will not be accepted. Unless the property is to be used in connection with the Foundation’s tax-exempt purpose, it will be sold at the highest possible price as soon as possible after conveyance. No commitment will be made to keep gifts of personal property. The Foundation discourages gifts of personal property which cannot readily be sold or which require unusual expenses prior to sale. If a lengthy selling period is anticipated, the Foundation may ask the donor to cover such expenses with a cash gift.

A completed IRS Form 8283 (“Noncash Charitable Contributions”) must accompany gifts of tangible personal property.

### **8. Royalties, distribution rights**

The Foundation may accept gifts of royalties or distribution rights on published works (such as books or films) where there is clear evidence of marketability or assurance of an income stream. A qualified appraisal is required.

A completed IRS Form 8283 (“Noncash Charitable Contributions”) must accompany gifts of royalties or distribution rights.

### **9. Insurance policies and proceeds**

Donors may transfer ownership of a paid-up policy to the Foundation and take a tax deduction for the interpolated terminal reserve (typically cash surrender value). Donors may transfer ownership of premium-due policies to the Foundation and make income tax deductible contributions in the amount of the premiums. In either case, the Foundation shall be the owner and permanent beneficiary of the policy and retain the policy in its offices. Upon redemption, the value of the policy may establish a new fund, or contribute to any existing fund at the Foundation.

Contributions for premium-due policies must be made by direct payment to the Foundation at least ten days prior to the premium date. The Foundation cannot assume delinquent premium payments. If, at any future time, the donor elects not to continue making contributions required to cover the premium payments, the policy will be surrendered and the cash value will be added to the fund designated by the donor at the time of contribution.

Paid-up policies of any value may be accepted by the Foundation. Premium-due policies must have a minimum cash value of \$10,000. A one-time administrative fee may be assessed. Donation of policies or annuities written for a year-end tax purpose must have a certifiable date from the insurance company to be a qualified donation for that tax year.

The Foundation does not enter into charitable reverse split dollar agreements, nor will it endorse any specific insurance product, company, or agent.

#### **10. Retirement assets**

“Account” type retirement plans, in which a balance accumulates as principal, may be gifted to the Foundation. These include Individual Retirement Accounts (IRA), 401(k), 403(b), and defined contribution plans. (“Annuity” plans, such as defined benefit plans, in which retirement benefits are paid out as income and principal does not accumulate, generally cannot be used for charitable gifts).

Methods for gifting retirement assets include:

- naming the Foundation as successor or contingent beneficiary for all or part of the assets upon death of either the retirement asset owner or spouse;
- creating a testamentary charitable remainder trust with the assets upon the death of the asset owner, naming the Foundation as remainder beneficiary and noncharitable heirs as income beneficiaries.

#### **11. Remainder Interests in Property**

The Foundation will accept a remainder interest in a personal residence, farm, or vacation property subject to the provisions of paragraph six above. The donor or other occupants may continue to occupy the real property for the duration of the stated life or lives. Upon termination of the life income interest(s), the Foundation may use the property or reduce it to cash. Where the Foundation receives a gift of a remainder interest, expenses for maintenance, real estate taxes, and any property indebtedness are to be paid by the donor or primary beneficiary, according to the terms of a written agreement between the donor(s) and Foundation executed at the time of the gift.

#### **12. Oil, Gas and Mineral Interests**

The Foundation may accept oil and gas property interests, when appropriate. Prior to acceptance of an oil and gas interest, the gift shall be approved by the Gift Acceptance Committee, and if necessary, by the Foundation’s legal counsel. Criteria for acceptance of the property shall include:

- The property should not have extended liabilities or other considerations that make receipt of the gift inappropriate.
- A working interest is rarely accepted and only with the approval of the Board of Directors. A working interest may only be accepted where there is a plan to minimize potential liability and tax consequences.

- The property should undergo an environmental review to ensure that the Foundation has no current or potential exposure to environmental liability.

### **13. Bargain Sales**

The Foundation will enter into a bargain sale arrangement in instances in which the bargain sale furthers the mission and purposes of the Foundation. All bargain sales must be reviewed and recommended by the Gift Acceptance Committee and approved by the Board of Directors. Factors used in determining the appropriateness of the transaction include:

- In addition to the independent appraisal secured by the donor prior to the gift, the Foundation must obtain a second independent appraisal substantiating the value of the property.
- If the Foundation assumes debt with the property, the debt ratio must be less than 50% of the appraised market value.
- The Foundation must determine that it will use the property, or that there is a market for sale of the property allowing sale within a reasonable period of time following receipt.
- The Foundation must calculate the costs to safeguard, insure, and expense the property (including property tax, if applicable) during the holding period.

## **VII. PLANNED AND TESTAMENTARY GIFTS**

### **A. Planned Giving Program**

The Foundation's planned and testamentary giving program encompasses all forms of gifts whose benefits do not fully accrue to the Foundation until some future time (such as the death of the donor or other income beneficiaries or the expiration of a predetermined period of time), or whose benefits to the Foundation are then followed by the interests of noncharitable beneficiaries.

Donors using planned and testamentary gift techniques may establish any of the fund types listed above. Will, trust, or other documents should specify the Foundation as the charitable recipient and name the fund to which the donor's gift will contribute. The type of fund and purpose of the fund may be described in detail in a separate fund agreement.

### **B. Bequests**

Bequests may be from a will or trust and may be specific or contingent in nature. Representatives of the Foundation are authorized to solicit direct testamentary charitable contributions through wills or trusts, as well as testamentary contributions to establish gift annuities and charitable remainder and lead trusts. Advice offered by representatives of the Foundation must be accompanied by a written recommendation that the prospect consult his/her own attorney and/or tax counsel.

A bequest through will or trust to the Foundation should include the following:

- the name of Communities Foundation of Oklahoma, Inc., an Oklahoma not-for-profit corporation, with principal offices in the City of Oklahoma City in said State.
- the name of the fund to which the bequest is made (this may be a new or existing fund). In the case of a new fund, the Foundation will, upon notification that the bequest has been included in a will or trust, prepare a separate fund agreement defining the purpose for which the fund has been created.

## C. Charitable Remainder Trusts

### 1. Description: Unitrusts

The Standard Unitrust provides for payment to the donor and/or beneficiary of an amount equal to a set percentage of fair market value of the assets of the trust, valued annually. The percentage is determined at the time the trust is created, is stated in the trust, and is permanent. The payout rate must equal no less than 5% of the fair market value of the assets placed in the trust when it is created, as specified in the IRS Code. If the annual income and/or realized capital gains do not equal the committed unitrust percentage, principal is used to supplement the short fall. If there is any excess income or appreciation in excess of the stipulated payment, it is added to the principal. Additional contributions may be made to unitrusts.

In accordance with IRS Code, the present value of the remainder interest must be equal to or greater than 10% of the original contribution to the trust.

A variation of the basic unitrust, known as the Net Income With Make-up Unitrust, may also be used. When the trust is created, it includes a provision which defines the unitrust's payments to be the lesser of the specified pay out rate or the actual annual income generated from the investments in the unitrust. In subsequent years, any income generated from the unitrust in excess of the specified payout percentage is used to make up any deficit from previous years and is paid to the income beneficiary/donor prior to being added to the unitrust corpus. The unitrust can also be structured to be a Net Income Unitrust. In this case, the payout is made from income only, principal is not accessed for income payout, and payment deficiencies may not be made up in subsequent years.

Another variation is known as the Flip Unitrust. A Flip Unitrust starts as a Net Income Unitrust or a Net Income With Make-up Unitrust. Upon the occurrence of certain specified events (e.g., a specific date, sale of real property, etc), a flip unitrust "flips" to function as a Standard Unitrust. A flip provision typically may be attractive to donors who intend to fund their unitrust with assets that are not producing income, such as undeveloped real property.

### 2. Description: Annuity Trusts

Donor and/or beneficiary annually receives a payout that is fixed irrevocably at the time of the gift and stated in the trust agreement. In accordance with IRS Code, the payout must equal at least 5% of the fair market value of the assets placed in the trust when it is created. Income in excess of the annual payment is added to principal. If the income in any year is less than the annual payment, the difference is derived from realized capital gain or principal. Additions may not be made to annuity trusts.

The IRS also requires that the present value of the remainder interest must be equal to or greater than 10% of the original contribution to the trust.

### 3. Policy

- a) Representatives of the Foundation are authorized to solicit gifts in the form of Charitable Remainder Trusts. Representatives of the Foundation will consult with the donor, the donor's legal, tax and financial advisors, as appropriate, and with the individual or institution identified to serve as trustee of the trust to determine the appropriate rate of payment and other trust terms for each donor's particular circumstances.

- b) Donors who elect to self-trustee must be informed of the administrative and tax-reporting responsibilities entailed by their trusteeship. Foundation representative may provide information on vendors providing administrative and tax reporting services.
- c) Foundation representatives will discuss with the donor in advance of the execution of the trust documents the fund or funds to which the remainder interest will be directed upon termination of the trust. It is preferred that a separate written agreement regarding the use of the remainder interest be executed prior to or in conjunction with the execution of the trust agreement.
- d) Sample trust agreements provided by the Foundation to the donor shall be accompanied by a letter indicating that the sample does not constitute legal advice and strongly advising that the donor seek legal counsel prior to completing the trust.

#### **D. Charitable Lead Trusts**

##### 1. Description

Income earned from the assets within the charitable lead trust is donated for a period of years, or for the remaining life of the donor or beneficiary. The remainder interest is either retained by the donor or given to a non-charitable beneficiary.

A contribution of the income generated from the assets within the trust must be in the form of either an annuity or unitrust interest.

##### 2. Policy

- a) Representatives of the Foundation are authorized to solicit gifts for charitable lead trusts. The donor may select any annuity or unitrust payout percentage.
- b) Sample trust agreements provided by the Foundation to the donor shall be accompanied by a letter indicating that the sample is not a completed legal document and strongly advising that the donor seek legal counsel prior to completing the trust.
- c) Foundation representatives will discuss with the donor in advance of the execution of the trust documents the fund or funds to which the charitable income interest will be directed upon establishment of the trust. It is preferred that a separate written agreement regarding the use of the remainder interest be executed prior to or in conjunction with the execution of the trust agreement.

#### **E. Charitable Gift Annuity**

##### 1. Description

The Foundation and the donor enter into a contract providing a fixed dollar return for life to the donor and/or other beneficiaries, in exchange for a contribution to the Foundation. The amount of payment is dependent upon the age of the donor and the size of the gift. The date that income payments to the beneficiary begin may be deferred. The annuity contract is a general obligation of the Foundation.

##### 2. Policy

- a) Representatives of the Foundation are authorized to solicit gift annuity agreements. The gift annuity remainder must benefit the Foundation,

committing a minimum of 50% of the assets to the Foundation's unrestricted program or operating endowments or to the donor's choice of CFO permanent endowment fund(s) not subject to return of principal policy]

- b) The Uniform Annuity Rates as published by the American Council on Gift Annuities will be offered by the Foundation and will not be exceeded without Acceptance Committee approval.
- c) Disclosure to the donor must follow state and federal regulations.
- d) The minimum gift for an annuity agreement is \$20,000.
- e) According to IRS Code, agreements may provide for income payments to no more than two successive life beneficiaries.
- f) With the exception of a deferred payment gift annuity, the minimum age of income beneficiaries shall be 55 years. Deferred payment gift annuities should begin annuity payments after age 55.

### The Donor Bill of Rights

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 ensure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in the nonprofit 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 donation 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.

## **APPENDIX B**

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### **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 and the American Council on Gift Annuities, April 1999.*

### DONATING STOCK CERTIFICATES

Donating stock certificates to Communities Foundation of Oklahoma must be handled carefully, as signed stock certificates, or certificates accompanied by signed stock powers are negotiable. You may either deliver the certificates in person to the Foundation or mail them. Please follow these instructions carefully. **Regardless of which alternative you use, we ask that you notify the Foundation of your plans to donate stock by calling Sherrie Schroeder, Chief Financial Officer (405) 488-1450 or (877) 689-7726.**

A. To hand-deliver the certificates to Communities Foundation of Oklahoma:

1. Please phone the Foundation to make certain that an authorized person will be in the office to receive the certificates from you. **Do not sign the certificates until you reach the Foundation office.**
2. The certificates must be signed on the back by the person named as owner on the front of the certificates. The name in the signature must be identical to the owner's name on the front of the certificate.
3. Bring a letter with the stock certificates advising the Foundation that you are donating the stock to the Foundation and indicate the fund or purpose for which the gift is intended.
4. In compliance with IRS regulations, if securities are hand delivered, the value of the gift will be the average of the fair market value of the donated shares on the date of delivery. The effective date of the gift will be the date of delivery, unless ownership is transferred by a transfer agent and a new certificate is issued in the name of the Foundation. In this case, the date of the gift will be the transfer date.

B. To mail the certificates to Communities Foundation of Oklahoma:

1. Mail the actual stock certificates, unsigned, by **REGISTERED MAIL** to Communities Foundation of Oklahoma, 2932 N.W. 122nd Avenue, Suite D, Oklahoma City, Oklahoma 73120-1955, to the attention of the Foundation staff member you spoke with. **Do not sign the certificates.**
2. For each certificate, you must provide a signed stock power. Do not fill in any information on the stock power, other than your signature; the Foundation's broker will complete the stock power. The name in the signature on the stock power must be identical to the owner's name on the stock certificate. The signature must be guaranteed by a bank officer or your broker. Blank stock powers can be obtained from banks, brokerage houses, and some stationary and office-supply stores.
3. Mail the stock powers in a separate envelope to the Foundation, to the attention of the staff member you spoke with. **For security purposes, it is essential that the stock certificates be mailed in a separate envelope from the stock powers.**
4. Send a cover letter with the stock certificates advising the Foundation that you are donating them to the Foundation and naming the fund to which you are making your gift.

5. In compliance with IRS regulations, if the securities are mailed to the Foundation, the value of the gift will be the average of the high and low values of the donated securities on the date the securities were postmarked. The effective date of the gift will be the date of the postmark. However, in the case of securities transferred via a transfer agent as described above, the same rules apply.

C. To transfer your securities electronically:

1. If your securities are held in “street name” in your brokerage account, please complete a letter to your broker similar to the one on the following page, and send a copy to the Foundation. The shares will then be transferred from the brokerage account to an account held in the name of the Foundation via the Depository Trust Company (DTC).

2. If you use this method, IRS rules specify that the effective date of the gift will be the date on which the securities are transferred to the Foundation’s account, and the value will be calculated as of that date.

### **Gifts of Mutual Fund Shares**

More and more donors own one or more mutual funds, and these securities offer the same benefits as individual stocks and bonds when they are given to charity. However, contributing mutual fund shares to the Foundation, while often a taxwise strategy, usually requires a bit more advance planning and a longer time frame than making a gift of individual securities.

For example, it is usually not possible to transfer a specific number of mutual fund shares directly to the Foundation. Instead, the Foundation will need to open an account with the same mutual fund company from which you plan to make your donation. Once the Foundation’s account with that company is open, you can then instruct the mutual fund company to transfer the desired number of shares into the new Foundation account.

The effective date of the gift will be the day the shares are delivered to the Foundation’s account, and the value of the gift will be calculated based on the value of the shares at the end of that business day.

Because of the extra time involved in this type of gift, three or four weeks of lead time should be allowed. This is particularly important when considering your year-end gift planning.

**Donation of Securities to Funds at  
Communities Foundation of Oklahoma  
(TIN 73-1396320)**

Thank you for considering a gift of securities to Communities Foundation of Oklahoma (CFO). CFO works with a number of charities and donors across the state to strengthen community organizations and promote community philanthropy.

We have developed this form to make your gift as simple as possible. Please complete the form and fax it to your broker. **Please also send a copy to us** so that we may properly acknowledge your gift in accordance with IRS guidelines.

If you have any questions, please contact Sherrie Schroeder at 405-488-1450 or toll free at 877-689-7726. Our fax number is 405-755-0938. You can also email the form to [sschroeder@foundationmanagementinc.com](mailto:sschroeder@foundationmanagementinc.com).

**WHAT CFO AND YOUR BROKER NEED TO KNOW FROM YOU:**

Donor's name (please print): \_\_\_\_\_

Donor's address: \_\_\_\_\_

Name of Security you wish to donate: \_\_\_\_\_

Number of Shares or Units: \_\_\_\_\_

Name of Fund(s) at CFO you wish to support with your gift: \_\_\_\_\_

**Broker:** Please accept my signature here as authorization to deliver this gift to Communities Foundation of Oklahoma.

Your signature: \_\_\_\_\_ Date: \_\_\_\_\_

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**WHAT YOUR BROKER NEEDS TO KNOW FROM CFO:**

***BancFirst Trust and Investment Management Delivery & Settlement Instructions  
Jon Bowers 405-270-4727 fax: 405-270-4779 email: [jbowers@bancfirst.com](mailto:jbowers@bancfirst.com)***

**DEPOSITORY TRUST COMPANY (DTC)** for Eligible transactions

Participant #2669      Account Number 17-44751      Account Name: BancTrust

**FEDERAL RESERVE BANK (FED)** for Chicago book entry (includes GNMA's)

NORTHERN CHGO/TRUST/1050      ABA #071000152      For account number 17-44751, BancTrust

**PHYSICAL TRANSACTIONS (NY):** New York delivery, DTC ineligible, domestic securities:

Northern Trust Co. of New York      For account number 17-44751, BancTrust  
80 Broad Street, 19th Floor      New York, NY 10004

**GLOBAL SECURITIES:**

<b>Euroclear (Brussels)</b> Book entry	<b>Physical (London)</b> Settled at Northern Trust London
Euroclear Brussels a/c #90125	The Northern Trust Company
Northern Trust London	155 Bishopsgate
a/c ZTNT1 Chgo, f/c 17-44751	London EC2M 3XS, England
	a/c ZTNT1 Chgo, f/c 17-44751

**MUTUAL FUNDS**

FIRECO      Tax ID 73-6108901

***MUST request fund account and BIN # prior to delivery.***

## **APPENDIX D**

### **REQUEST FROM PLAN OWNER TO ADMINISTRATOR FOR A CHARITABLE DISTRIBUTION FROM INDIVIDUAL RETIREMENT ACCOUNT**

RE: Request for Charitable Distribution from Individual Retirement Account

Dear Sir or Madam:

Please accept this letter as my request to make a direct charitable distribution from my Individual Retirement Account # (Account Number) as provided by the Sec. 1201 of the Pension Protection Act of 2006 and Sec. 408(d)(8) of the Internal Revenue Code of 1986, as amended.

Please issue a check in the amount of \$ \_\_\_\_\_ payable to the organization at the address below: Communities Foundation of Oklahoma, 2932 N.W. 122nd Street, Suite D, Oklahoma City, OK 73120-1955 EIN: 73-1396320

In your transmittal to the charity, please memorialize my name and address as the donor of record in connection with this transfer. Please copy me on your transmittal.

(Optional paragraph for requests occurring close to year-end) It is my intention to have this transfer qualify for exclusion during the current tax year. Therefore, it is imperative this distribution be postmarked no later than December 31, 20\_\_.

If you have any questions or need to contact me, I can be reached at (telephone). Thank you for your assistance in this matter.

Sincerely,  
(Plan Owner)

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### **SAMPLE LETTER FROM DONOR INFORMING CHARITY OF FORTHCOMING QUALIFIED CHARITABLE DISTRIBUTION FROM ADMINISTRATOR**

Dear Sir or Madam:

It is my pleasure to inform you that I have requested a qualified charitable distribution from my Individual Retirement Account payable to your organization in the amount of \$ \_\_\_\_\_ from my plan trustee/administrator, (name of trustee/administrator).

It is my intent to comply with the requirements of Sec. 1201 of the Pension Protection Act of 2006 and Sec. 408(d)(8) of the Internal Revenue Code of 1986, as amended, in connection with this gift.

Accordingly, upon your receipt of payment from my trustee/administrator, please send me a contemporaneous written acknowledgement that states the amount of my gift, that no goods or services were transferred to me by your organization in consideration for this gift, and that my gift will not be placed in a donor advised fund or supporting organization.

If you have any questions or need to contact me, I can be reached at (telephone).  
Sincerely,  
(Donor)

## APPENDIX E

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### LIMITED PARTNERSHIP (LP) AND LIMITED LIABILITY COMPANY (LLC) GIFT ACCEPTANCE POLICIES

Gifts of Limited Partnership Shares or Limited Liability Company Interests may be accepted by the Foundation. The following steps should be followed to facilitate a smooth gifting and asset management process:

1. A member or members of the Foundation's management team must discuss with the donor or donor's representative the charitable intent of the donation, the assets that will fund the partnership, the percentage payment of the income to the Foundation from the LP or LLC and other terms of the partnership.
2. The Foundation must have adequate opportunity to review the partnership document, which includes review by legal counsel. Gifts of LP or LLC interests offered to the Foundation may be accepted or declined based on the response to this review.
3. If the donor is a general partner or managing member of the LP or LLC respectively, and therefore retains control over the investments of the LP or LLC, a gift of such assets may not be complete for IRS purposes. Such gifts will be reviewed on a case-by-case basis and may be accepted or declined based on the result of this review.
4. Generally, in order to be accepted by the Foundation, the documented present value of an LP or LLC interest must be \$10,000. The interest may be credited to a new or existing named component fund at the Foundation. The fund may be treated as an advised, designated, scholarship, field of interest, or community fund as requested by the donor. Grants may be made only from income generated by the LP or LLC interest or from other liquid assets in the component fund.
5. Named component funds are charged a management fee, based on the Foundation's published fee schedule. If the LP or LLC interests do not produce sufficient income to pay the fees, the Foundation reserves the right to invoice for annual fees.
6. The Foundation must receive an annual tax filing or valuation for the LP or LLC interests (usually in the form of a K-1). This provides the basis for the Foundation to book the asset, as required in FASB standards.
7. Donors of LP or LLC interests must be fully informed by their advisors of the tax implications of the gift of LP or LLC interests, including the non-income tax deductibility of the annual income payments to the Foundation as an owner of the LP or LLC interests.

## APPENDIX F

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### POLICIES FOR ACCEPTANCE, MANAGEMENT AND SALE OF GIFTS OF REAL ESTATE

#### I. GENERAL GUIDELINES:

a) Objectives Underlying the Adoption of These Policies. After careful consideration, the Foundation Board of Trustees has determined that the purposes of the Foundation will be furthered if the Foundation accepts some but not all gifts of real estate. One of the purposes in adopting a policy in respect to the acceptance of gifts of real estate is to clearly inform prospective donors of the types of real estate gifts accepted by the Foundation and the procedures followed by the Foundation to determine whether or not to accept a particular gift. A second purpose is to inform prospective donors of the information which donors will be expected to provide to the Foundation and what costs are likely to be incurred in making a gift to the Foundation and who pays such costs. A third purpose is to clearly define staff responsibility for assessing any proposed gift of real estate, as well as delegating decision making authority with respect to such gifts and establishing a mechanism to keep the Foundation Board of Trustees informed regarding all such gifts.

b) Real Estate Gifts Which Are Accepted by the Foundation. It is the policy of the Foundation to accept three types of real estate gifts:

(1) outright gifts; (2) gifts of residences/farms subject to a retained life estate in favor of the donor; and (3) the gift component of a bargain sale transaction. Each of these types of gifts is described in more detail later in these policies. Real estate gifts may include residences, vacation homes, farms/ranches, vacant land held for investment purposes, and commercial property.

c) Policy To Sell Gifted Real Estate. Except in very unusual cases, it is the policy of the Foundation to sell real estate which it receives as a gift, as soon as reasonably possible following receipt of the gift, and to invest the net sale proceeds in accordance with the Foundation's investment policies.

d) Policy Not To Accept Encumbered Real Estate. Except in very unusual cases, it is the policy of the Foundation not to accept gifts of real estate which are encumbered by any liens other than the lien for ad valorem taxes.

e) Board Delegates Authority To Accept Gifts of Real Estate and To Sell Gifted Real Estate. By adoption of these policies, the Foundation's Board of Trustees delegates to the Gift Acceptance Committee the authority to determine whether a gift of real property to the Foundation having a fair market value of \$100,000 or less, satisfies all of the gift acceptance criteria and whether such gift shall be accepted. The Foundation's Board of Trustees delegates to the Gift Acceptance Committee, with the concurrence of the Finance and Investment Committee, the authority to determine whether a proposed gift to the Foundation of real property having a fair market value in excess of \$100,000 satisfies all of the Foundation's gift acceptance criteria and whether such gift shall be accepted.

f) Donor Obligation.

- 1) The donor is responsible for complying with all applicable legal requirements to transfer the property to the Foundation as a gift.
- 2) The donor is responsible for obtaining, at donor's cost, such appraisals as may be required for the purpose of establishing the value of the gift for income, gift, or estate tax purposes. The Foundation will not establish or corroborate the value of any property for the purpose of substantiating any charitable deduction claimed by the donor for income, gift or estate tax purposes.
- 3) The donor is responsible for obtaining independent counsel with respect to the proposed gift. Foundation's counsel will work with the donor and donor's counsel but Foundation's counsel cannot represent donor.
- 4) Except in unusual cases, Foundation will not pay for legal assistance, appraisals, or other services required of the donor to comply with these policies.

## II **OUTRIGHT GIFTS:**

- a) General. This is the Foundation's preferred form of gift. An outright gift is one which involves the absolute transfer of 100% of the donor's interest in the property to the Foundation without payment of any consideration to donor and without donor retaining any rights with respect to the gifted property.
- b) Bargain Sale. In this type of transaction, the donor and the Foundation enter into a contract for the reciprocal sale/purchase of real estate at a price less than its fair market value. Generally, the donor is entitled to a charitable deduction equal to the difference between the fair market value of the property and the price paid by the Foundation. The donor's basis in the property is allocated between the sale component and the gift component and, therefore, donor may realize some gain in a bargain sale transaction.

## III **GIFTS OF RESIDENTIAL AND FARM REAL ESTATE SUBJECT TO DONOR'S RETAINED LIFE ESTATE:**

- a) Approved Split Interest Gift. In this type of transaction, the donor transfers ownership of the property to the Foundation but retains the right to use and occupy the property for the remainder of the donor's life time and, if desired, for the life of a survivor. (This is one of the few types of transactions in which the donor does not have to divest himself of 100% of his interest in the property in order to obtain a charitable deduction.) The charitable deduction to which the donor is entitled depends upon the age of the life tenant(s), as the property interest that is given to the Foundation is the right to the use of the property upon the earlier of death of the donor or final life tenant, or the transfer to the Foundation of all retained interest(s) in the property. The life tenant(s) is responsible for all maintenance and occupancy costs, the payment of real property taxes, keeping the property insured, etc.

b) Minimum Value of Remainder Interest. Generally the Foundation will not accept residential or farm property subject to a retained life estate unless the value of the remainder interest ( the value of the right to receive the property following the death of the donor) is at least equal to 50% of the fair market value of the property.

#### **IV DELEGATION OF AUTHORITY BY THE BOARD OF DIRECTORS:**

a) Delegation of Authority to the Gift Acceptance Committee. The Gift Acceptance Committee shall have the authority to determine whether property proposed to be contributed to the Foundation having a fair market value of \$100,000.00 or less meets the criteria for acceptance set forth in these policies and whether to accept such gift to the Foundation. (Although it is the policy of the Foundation to accept gifts which comply with these policies, compliance does not require a decision to accept.)

b) Delegation of Authority to Gift Acceptance Committee and Finance and Investment Committee. The Gift Acceptance Committee, with the concurrence of the Finance and Investment Committee, shall have the authority to determine whether a property proposed to be contributed to the Foundation having a value in excess of \$100,000.00 meets the criteria for acceptance set forth in these policies and whether to accept such gifts to the Foundation. (Although it is the policy of the Foundation to accept gifts which comply with these policies, compliance does not require a decision to accept.)

#### **V EVALUATION OF PROPOSED GIFTS/IMPLEMENTATION OF SUCH GIFTS:**

a) General Procedures.

1) Meeting With Donor: Foundation staff will meet with the prospective donor to visually evaluate the property and develop appropriate gift arrangements with the donor, subject to proper approval. The “Property Gift Inquiry Form” should be completed and followed in evaluating the property.

2) Realtor’s Market Analysis. Early in the process, a realtor’s market analysis of the property proposed to be gifted to the Foundation should be obtained. This will provide preliminary information regarding value and how long Foundation may have to hold the property before it can be sold.\*

3) Financial Analysis. A financial analysis must be prepared by staff. The financial analysis should include a budget outlining all of the projected expenses associated with evaluating the proposed gift and with the acceptance of the proposed gift and a budget for the Foundation’s costs of holding and selling the property.

4) Field Evaluations. If, after preliminary discussions with donor, completion of the realtor’s market analysis and the financial analysis it appears that the proposed gift is feasible, the following additional reports need to be obtained: (1) appraisal; (2) environmental audit; (3) structural report. An appraisal by a qualified appraiser must be obtained by the donor and a copy provided to the Foundation. The appraiser must meet the requirements of applicable regulations issued by the Internal Revenue Service. A “Phase One Environmental Audit” must be completed and a copy provided to Foundation. (If the Phase One Environmental Audit yields any negative information, a

Phase Two Audit is required before the property can be considered for acceptance.) A decision not to accept can be made based upon information contained in the Phase One Audit. The Phase One Audit should include the following:

- 4.1) Review of Regulatory Agency Records: EPA - RCRA - TSD Site List, EOA - ERNS List, and State DEP Registered UST List.
  - 4.2) Review of Physical Setting: USGS Topographical Map, USDA Soil Survey, State or USGS Underground Water Map, USDI Wetlands Map, Aerial Photographs, and building or site plans.
  - 4.3) Review of Owner History: Tax Assessor's Records, Chain of Title Review, and interview with previous owners, if feasible.
  - 4.4) Review of Occupant History: Historical City Directories, Building Department Records, and interviews with previous occupants, if feasible.
  - 4.5) Optional Testing Includes: Asbestos containing materials, radon gas, lead based paint, and lead in drinking water.
- 5) Written Building Inspection. A written building inspection report by a licensed contractor or structural specialist must be obtained and a copy provided to Foundation.
- 6) Title Insurance. Prior to final decision by the Foundation whether to accept the property, the abstract of title should be brought up to date or title insurance obtained by the donor. Foundation counsel should review and render an opinion regarding the evidence of the title.
- 7) Appropriate Fund Agreement. An appropriate fund agreement (donor advised, field of interest, etc.) with the donor should be executed before acceptance of the gift.

\*If it appears that performing proper due diligence regarding a potential gift of real estate will require the expenditure of a significant amount of time and resources , it is suggested that staff request an ownership report to be prepared by an abstract company in the county where the property is located. This report will confirm representations made by the potential donor and provide guidance as to the appropriate level of investment of time and resources.

## **VI MANAGEMENT OF GIFTED REAL ESTATE PENDING SALE:**

- a) Records Management and Reporting. Records of all gifted property will be prepared and maintained by staff. In addition, a summary report will be provided to the Gift Acceptance Committee and Finance and Investment Committee at each Finance/Investment Committee meeting reporting the status of all gifted real estate titled in the name of the Foundation.

b) Carrying Costs. A report of all costs incurred by the Foundation in connection with its holding of a gifted property pending sale will be prepared by management and provided to the Gift Acceptance Committee and Finance and Investment Committee. Such report must compare the actual holding costs against the anticipated holding costs developed in the budget required by Section V(a) (3) of these policies.

## **VII SALE OF PROPERTIES:**

a) Cash Sales Only. It is the policy of the Foundation to sell real property for cash only. The Foundation will not finance a purchaser's acquisition of Foundation property.

b) Listing Contract. The Executive Director is authorized to execute all documents necessary to list properties for sale.

c) Sales Contract. The Executive Director is authorized to execute sales contracts where the selling price is at least 90% of the appraised value of the property. In the case when the selling price is less than 90% of the appraised value, the Finance and Investment Committee must approve the sale contract prior to its execution by the Executive Director. Before executing any such contract, the contract is to be reviewed by Foundation counsel.

d) Closing. The Executive Director is authorized to execute all documents required to complete the sale of all real property, subject to the required approvals noted in VII (c).

### **CHECKLIST OF INFORMATION FOR REAL ESTATE GIFT**

1. Exact legal name of donor and federal I.D. number.
2. Description of property.
3. Description of any building 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 mortgage, if any.
6. Information regarding existing zoning status.
7. Information on all ingress/egress for the property.
8. Description of prior use of the property.
9. Description of use of surrounding property, with specific disclosure of any storage tanks or potential environmental factors affecting the property.
10. Disclosure of any contemplated or anticipated condemnations, right-of-ways or other actions by municipalities that may affect the subject property.

11. Phase I environmental report on the property, including environmental report on any structures located on the real estate.
12. Current abstract of title or specimen of title insurance commitment with examination opinion by Foundation counsel.
13. Copy of appraisal showing the fair market value of the property current within 180 days.
14. Disclosure of amount of existing real estate taxes, insurance premiums and assessments attributable to the property.
15. 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, etc.
16. Specimen of proposed Seller's Affidavit disclosing any and all tenants, leases, security instruments, graves or cemetery parcels, etc.
17. Draft of proposed Warranty Deed conveying title from donor to Foundation.

Revisions adopted by Trustee action August 13, 2010  
Formatting changes made May 3, 2017