GIFT ACCEPTANCE POLICY

1. **Purpose of Policy:**

   The purpose of this gift acceptance policy is to define the practices and policies governing the acceptance of all gifts by the Hancock County Community Foundation (HCCF) and to provide guidance to prospective donors and their advisors when making gifts to the Foundation, so as to facilitate the gift-giving process.

2. **Purpose of the Gift :**

   The purpose of any gift accepted by HCCF must relate to HCCF's mission and fall within its broad charitable purposes. The purpose of the gift and the procedures for its administration will be clearly defined in a fund agreement. In most cases, additional gifts to an existing fund may be made without restating the purpose of the original gift.

3. **Philanthropic Planning with Donors and Prospective Donors:**

   The interests of prospective donors shall be a primary consideration with respect to any gift to HCCF. Pressure techniques are not acceptable, and no program, agreement, trust or contract shall be presented which would benefit HCCF or its beneficiary units at the expense of the donors' best interests and charitable motivations. All prospective donors will be advised to consult their own legal or financial counsel regarding the tax implications of a gift and matters related to estate planning.

   All information obtained from or about donors or prospects shall be held in strictest confidence by HCCF, subject in all instances to HCCF's confidentiality policies.

   a. Irrevocability of Gifts

   All completed gifts to HCCF are irrevocable. Once the money or other asset is transferred to HCCF, the property belongs to HCCF, and the donor gives up all right, title and interest in the contributed asset. Individuals and organizations who establish funds at HCCF cannot later ask for the return of the money or other asset. The use of the principal and income of the fund is subject to the terms of the fund agreement establishing the fund. When necessary or appropriate, a fund agreement may be amended in writing with the approval of the Executive Director and the Board, upon the advice of legal counsel. Fund agreements are binding legal documents.

   b. Restrictions on Gifts

   Under Treasury Department Regulations governing Community Foundations, a donor may not directly or indirectly subject a gift to any material restriction or condition that would prevent HCCF from freely and effectively employing the transferred assets or the income therefrom in furtherance of its exempt purposes. Limited restrictions on the use of some funds are allowed, and HCCF will always give consideration to the donor's philanthropic desires that are consistent with HCCF's mission and legal requirements. No fund will be accepted if, after review by HCCF's legal counsel, there is good reason to believe the restrictions desired by the donor will jeopardize the classification of the fund as a component fund of HCCF.

c. Variance Power

While some funds may be subject to limited restrictions on their use, all such restrictions are subject to the variance power given to HCCF pursuant to its Articles of Incorporation and Bylaws. This general power allows HCCF to modify any restriction or condition on the distribution of funds for any specified charitable purpose or to any specified organizations whenever, in the sole judgment of the Board, any such restriction or condition becomes unnecessary, incapable of fulfillment or inconsistent with the original charitable intent of the fund.

d. Disposition of Assets

As a general rule, most gifts will be sold as soon as practicable and the net proceeds will be reinvested in a manner consistent with HCCF's investment policies. However, HCCF may retain the assets as long as the decision to do so serves the best interests of the Community Foundation.

e. Deferred Gifts

The Community Foundation may accept deferred gifts, the benefits of which do not fully accrue to the Community Foundation until sometime in the future. Donors may direct gifts to the Community Foundation through a will, testamentary trust, life insurance, gift annuity, interests under charitable remainder or charitable lead trusts, pooled income fund, and other forms of deferred giving. However, the specific asset conveyed in satisfaction of the gift must be evaluated under the guidelines set forth in these Policies prior to acceptance.

f. Gifts Declined

HCCF reserves the right to refuse to accept any gift if acceptance of the gift is deemed not to be in the best interest of HCCF or for any other reason, in the HCCF's sole discretion. Some of the reasons for which HCCF might choose not to accept a gift are: (i) the cost to manage the asset is expected to exceed the financial benefit HCCF ultimately would realize from the gift; (ii) the gift or the purpose of the gift could potentially jeopardize the HCCF's tax exempt status; (iii) the purpose of the proposed gift fund is too restrictive, would violate HCCF's bylaws, or is outside the mission of HCCF; or (iv) the gift would be too difficult to administer.

g. Gifts of Excess Business Holdings

Under the Pension Protection Act of 2006 (PPA), the private foundation excess business holdings rule apply to donor-advised funds as if they were private foundations. Gifts of excess business holdings will be evaluated on a case-by-case basis and will be subject to approval by the HCCF Executive Committee where appropriate. If accepted, a timeline will be established for periodic review and, as appropriate, divestment of excess business holdings. The Foundation will carefully review the applicable rules as outlined in the Pension Protection act of 2006 as they relate to excess business holding rules to assets held in donor advised funds. See Section (Donor Advised Policy – to be numbered later)

h. Acknowledgment of Gifts

HCCF's Staff will acknowledge all gifts in writing and in a timely manner in accordance with the requirements of applicable Treasury Department Regulations. In order to provide written substantiation of gifts, the donor must provide to HCCF the donor's name and address.

i. Recognition of Donors

HCCF believes in the importance of recognizing the role of donors and their gifts in achieving the Community Foundation's goals and will recognize and acknowledge donors, both publicly and privately, subject in all instances to HCCF's confidentiality policies. The Foundation will respect donor wishes in regard to publication of information or other forms of recognition should anonymity be desired.

j. Payment of Expenses and Fees

Direct costs of administering outright and planned gifts to HCCF will not be borne by the operating funds of HCCF, except in unusual circumstances approved by the Board on the recommendation of Finance and Investment Committee. In general, HCCF will be reimbursed for the costs of administering such gifts from the assets of the funds. Trustee, custodial and other administrative fees may be paid from the respective funds in accordance with guidelines and schedules approved by the Board from time to time.

The Community Foundation may pay from the proceeds of a gift all reasonable fees for professional services rendered on its behalf in connection with the completion of a gift, including fees for qualified appraisals, environmental impact studies, legal fees for preparation of documents, accounting fees incidental to the transaction, and fees of financial planners who are compensated only through fees for services rendered and not for sale of products and who have stated in writing that this is the basis on which they are to be compensated. The nature and amount of all such fees will be disclosed to the donor. HCCF will pay such fees only after discussing them with the donor and obtaining the donor's approval.

In no event will the Community Foundation pay a fee to any person as consideration for directing a gift to the Community Foundation.

In no event will the Community Foundation pay any fees or expenses incurred by a donor in connection with the planning of a deferred gift that is revocable (e.g., under a will or revocable trust).

k. Valuation of Gifts

The donor has responsibility for securing all appraisals required to establish the value of the gift for federal tax purposes. HCCF will not establish or corroborate the value of any property for the purpose of substantiating the donor's income or estate tax charitable deduction. If HCCF has reason to believe the property has a value of $5,000 or more, it may accept the gift only after receipt and review of an appraisal qualified under applicable IRC requirements.

4. <u>Gift Acceptance Responsibilities:</u>

As a part of the gift acceptance process, the Staff and the HCCF Executive Committee must make a determination that acceptance of the gift is consistent with these Policies and is in the best interest of HCCF before the gift may be accepted. In addition to reviewing the proposed gift pursuant to the specific guidelines and procedures set forth in these Policies, the Staff and the HCCF Executive Committee will consider the proposed gift in light of the donor's charitable intent and ultimate benefit to the community; the nature of any proposed restrictions; the permanency of the gift or, if not permanent, the amount of time the gift is expected to remain at HCCF; projected costs of managing the gift asset; expected fee revenues to HCCF for administering the gift; and the feasibility of managing the gift.

The decision to decline a gift will be made by the HCCF Executive Committee based on information provided by Staff. The Chair of the HCCF Executive Committee, or another Board member or member of the Staff designated by the Chair of the HCCF Executive Committee, will notify the prospective donor immediately upon a determination that HCCF will not accept a proposed gift.

5. <u>Gifts Not Requiring HCCF Executive Committee Approval:</u>

Some gifts pose little threat to the assets of HCCF, and the President may accept those types of gifts (identified below) without the prior review or approval of the HCCF Executive Committee, subject only to the gift being consistent with these Policies and the purposes and Bylaws of HCCF and being made pursuant to standard fund agreements approved by HCCF's Board and legal counsel.

Gifts that may be accepted without HCCF Executive Committee approval, subject to the Guidelines for Acceptance set forth below, include:

- Cash and Cash Equivalents;
- Publicly-Traded Securities;
- Gifts of Tangible Property for Community Foundation Use;
- Deferred gifts, including Life Insurance, Charitable Gift Annuities Funded with Cash or Publicly-Traded Securities and Charitable Remainder Trusts and Charitable Lead Trusts

The following criteria govern the acceptance of the gift types listed above.

a. <u>Cash and Cash Equivalents</u>
Cash is acceptable in the form of currency, money orders, checks or electronic transfer (either through a wire transfer to HCCF's bank account or by a verified credit card transaction). The postmark date is the gift date for gifts of cash mailed to the Foundation. Checks should be made payable to "Hancock County Community Foundation".

b. Publicly-traded securities

These are securities regularly traded on a public stock exchange. It is preferred that donors electronically transfer marketable securities directly to one of HCCF's brokerage accounts. Transfers made directly to the brokerage account can be liquidated almost immediately and with little additional paperwork required from donors. Alternatively, marketable securities may be delivered physically to the Foundation office with the donor's/transferor's stock power attached (form can be provided by HCCF). It is the Foundation's policy to sell all marketable securities as soon after receipt as reasonably feasible. Those securities which are determined to be restricted by applicable securities laws will be reviewed by the legal counsel of the Foundation. If the restrictions are deemed to be unreasonable or excessive, acceptance will be referred to the HCCF Executive Committee. The value of the gift will be calculated using the average share price between the high and low selling prices quoted on the day the stock is transferred to HCCF.

c. Gifts of Tangible Property for Community Foundation Use

HCCF may receive tangible personal property intended for use in HCCF's office or its programs. Establishing the value of the gift is the responsibility of the donor. HCCF and the donor must comply with Treasury Department Regulations governing the obtaining and reporting of qualified appraisals for tax purposes. If the value of the property exceeds $5,000, the donor is required to obtain a qualified appraisal performed and submit it to the IRS on Form 8283. If HCCF sells the property within two years, HCCF must file IRS Form 8282 informing the donor and the IRS of the sale price of the property. (Note: the law reduces the donor's tax deduction, subject to exception, if HCCF disposes of the property within three years of receiving the contribution. The law also imposes a penalty on a donor who claims a deduction for tangible personal property on the basis of the donee's use of such property for its exempt purpose knowing that it is not intended for such a use.)

d. Deferred gifts

The Community Foundation may accept deferred gifts, the benefits of which do not fully accrue to the Community Foundation until sometime in the future. Donors may direct gifts to HCCF through a will, life insurance, charitable gift annuities, charitable remainder trusts and charitable lead trusts, and other forms of deferred giving. However, the specific asset conveyed in satisfaction of the gift must be evaluated under the guidelines set forth in these Policies prior to acceptance.

i. Life Insurance

HCCF must be named both the owner and beneficiary of the policy. The donor may choose a designated fund as the ultimate beneficiary of the policy, but this request will not be honored by the Foundation unless, at the time the net proceeds of the policy become available to the Foundation, said proceeds equal or exceed the sum of ten thousand dollars ($10,000.00). Net proceeds shall be defined to be either the cash value or death benefit of the policy after all expenses are paid. If the net proceeds are less than ten thousand dollars

($10,000.00), the Foundation shall place said proceeds into the Enrichment (undesignated) Fund.

Should the donor contribute future premium payments, the Foundation will include the entire amount of the additional premium payment as a charitable gift in the year the payment is made. In the event the donor chooses not to continue the premium payments on the policy, HCCF, in its sole and absolute discretion, shall have the option to either continue premium payments or to cancel the policy for the purpose of recovering any cash value remaining. HCCF shall have the right, but not the obligation, to cancel the policy and obtain the cash value of same in the event the annual contributions made to the policy are less than the cost of the insurance for the death benefit of the policy.

ii. Charitable Gift Annuities (including Deferred Charitable Gift Annuities)
HCCF may accept an interest in a charitable gift annuity without review by the HCCF Executive Committee if the annuity is funded solely with cash or publicly-traded securities. Other types of assets or property may be accepted as gifts, provided they can be sold or converted to cash. Such other gifts are to be reviewed and approved by the HCCF Executive Committee prior to their acceptance.

Charitable gift annuity contracts may be executed only between an acceptable donor(s) and the Hancock County Community Foundation, Inc. as remainderman. All such contracts must comply with current federal and Indiana law. The minimum charitable gift annuity which will be accepted is the amount of ten thousand dollars ($10,000.00).

The total of charitable gift annuity contracts should not equal more than ten percent (10%) of the total assets of the Hancock County Community Foundation at the time that a charitable gift annuity is proposed for acceptance.

The gift annuity rates used for all contracts must be the current rates from the American Council on Gift Annuities, with any variations not to exceed plus or minus point five percent (.5%) at the discretion of the Finance and Investment Committee. Said rates are to be updated as frequently as approved by the American Council on Gift Annuities. Although gift annuity payments will be calculated using the gift annuity rates, the payment amounts will be expressed in dollar amounts.

Payments will be made to annuitants no more frequently than four (4) times a year. Charitable gift annuity contracts will be charged an administrative fee determined in accordance with the then current fee schedule identified by the Foundation. (Refer to Section 12C,a – Fee Policy.)

Charitable gift annuity funds will be invested in accordance with the investment policy which applies to both designated and undesignated funds of the Hancock County Community Foundation. Accounting for each charitable gift annuity will be done separately.

The remainder assets of a charitable gift annuity contract may be fully or partially unrestricted to the Hancock County Community Foundation, Inc. after the death of the annuitant(s), or seventy-five percent (75%) of the remainder assets will be placed in the Foundation's fund designated in the fund agreement. A minimum of twenty-five percent (25%) of the remainder assets will be placed in the Foundation's Enrichment (undesignated) Fund. Establishment of a designated fund must be done in accordance with Foundation policies governing designated funds.

iii. <u>Charitable Remainder Trusts (CRT)</u>
The CRT must provide that a specified amount (not less than 5%) of the trust's value is paid to one or more beneficiaries on an annual basis.

iv. <u>Charitable Lead Trusts (CLT)</u>
HCCF may accept designation as the income beneficiary of a charitable lead trust. Because of the complexity of split-interest deduction rules, HCCF will advise prospective donors in writing to rely upon the donor's legal, financial and tax advisors in determining whether to pursue the gift of a charitable lead trust to HCCF. The President will discuss trustee options with the donor(s), who will retain complete discretion as to the choice of trustee.

6. <u>Gifts Requiring HCCF Executive Committee Approval:</u>

In connection with their tax and financial planning, some donors may be interested in making gifts of specific assets that create more risk for HCCF. Those types of gifts (identified below) will require a review by the President and the review and approval of the HCCF Executive Committee prior to being accepted. In addition, the President may, at his or her discretion, refer any other proposed gift transaction to the HCCF Executive Committee for review and advice if he or she has any concerns about the valuation, disposition or other issue which suggests a review of the proposed gift is appropriate.

Types of gifts that will require review and approval by the HCCF Executive Committee before they are accepted by HCCF include:

- Real estate (whether outright or through a deferred arrangement), remainder interests in property with retained life estate, or other gifts as approved and recommended by Legacy Properties of Hancock County Community Foundation, Inc.
- Non-Public Securities;
- Charitable gift annuities funded with assets other than cash or publicly-traded securities;
- Tangible personal property that is not for the Community Foundation's use or related to its purposes;
- Any gift proposed to be made pursuant to an agreement that is substantially or materially different from the standard fund agreements approved by the President and HCCF's legal counsel;
- Any gift that includes a restriction or suggestion regarding HCCF's use of funds that

would raise legal, ethical, policy or practical concerns for HCCF; and

- Any gift which represents an exception to these policies and procedures.

The following criteria govern the acceptance of the gift types listed above.

a. Real estate or remainder interests in property with retained life estate
   Gifts of real estate (immovable property) include developed property and undeveloped property. All gifts involving real estate gifts are to be directed to the Legacy Properties of Hancock County Community Foundation, Inc., a 501c(3) supporting organization wholly owned by HCCF, which was established primarily to accept gifts of real estate for the benefit of HCCF. Legacy Properties shall follow all appropriate due diligence prior to the acceptance any real estate gift including but not limited to:

   - Phase One or additional environmental inspection.
   - Inspections for asbestos, lead paint, radon, mold, integrity of structure.
   - Independent appraisal of value if deemed necessary.
   - Adequate property insurance as considered sufficient.
   - Property tax exemption application if appropriate.
   - Marketing analysis if sale is intended.
   - Title review and insurance.
   - Preparation and recording of deed by qualified attorney.
   - Other due diligence factors to be considered on a case-by-case basis.

b. Non-Public Securities
   Acceptance of non-public securities, which include not only debt and equity positions in non-publicly traded companies but also interests in limited partnerships and limited liability companies, or other ownership funds, must be approved by the HCCF Executive Committee, with the following factors to be considered: any restrictions on the security that would prevent its conversion to cash, the marketability of the security, and the potential for other undesirable consequences for the Foundation.

c. Charitable gift annuities funded with assets other than cash or publicly-traded securities

   See charitable gift annuity policy above (Section 5e,ii). The same policy applies, however if the annuity will be funded by means other than cash or publicly-traded securities, the HCCF Executive Committee must review and approve.

d. Other property
   Property not otherwise described above, whether real or personal, of any type may be accepted only after review and approval by the HCCF Executive Committee.