

# Lapeer County Community Foundation

## Gift Acceptance Policy

Revised 061417

---

### **Purpose**

Lapeer County Community Foundation, “the Foundation”, offers the opportunity for anyone to make a contribution that will benefit the Lapeer community for now and forever. The purpose of these fund and gift acceptance policies is to advance the Foundation’s mission of connecting donor interests to community needs and opportunities utilizing community knowledge and leadership. By providing guidelines for negotiating and accepting various types of gifts for different types of funds, these policies are designed to serve the best interests of the Foundation, donors who support the Foundation’s programs through charitable gifts, and a healthy and caring community. These policies are established to assure that each gift to the Foundation is structured to provide maximum benefits to the community, the donor, the Foundation and the beneficiaries of the Foundation’s charitable programs and activities.

### **Scope**

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

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

### **Ethical Standards in Dealing with Donors**

The Foundation is committed to the highest ethical standards of philanthropy and development. In all transactions between potential donors and the Foundation, the Foundation will aspire to provide accurate information and appropriate disclosure of the benefits and liabilities that could influence a donor’s decision, including with respect to the Foundation’s fees, the irrevocability of a gift, prohibitions on donor restrictions, items that are subject to variability (such as market value, investment return, and income yield), the Foundation’s responsibility to provide periodic financial statements with regard to donor funds, and investment policies and other information needed by donors to make an informed choice about using the Foundation as a vehicle of charitable gifts.

**In addition, all donors will be strongly encouraged to discuss their gifts with their own financial and tax advisors before signing any gift agreement.** The role of the Foundation’s staff is to inform, guide, and assist the donor in fulfilling his or her philanthropic goals, without pressure or undue influence.

The Foundation recognizes the paramount role of donors and their gifts to the Foundation in executing its charitable mission. In carrying out the Foundation's development program, staff will recognize and acknowledge donors in appropriate ways, both publicly and privately, subject to the Foundation's Policy on Confidentiality. Donors reserve the freedom to determine the degree and type of recognition that they prefer and the Foundation respects the confidentiality of donors who do not wish to be publicly recognized.

## **Funds**

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

Unrestricted Named Endowment Funds. Unrestricted funds provide the Foundation with the greatest flexibility in meeting community needs. Gifts to these funds are directed to support current and emerging programs to benefit Lapeer County. The Foundation makes distributions to support effective work of charitable organizations throughout the area we serve as identified by the Board of Trustees in coordination with the Grant Committee.

Field of Interest Funds. These funds support a charitable purpose designated by the fund's donor or donors. Gifts to these funds provide support to a broad topic or subject area as indicated by the donor. For example, homelessness, hunger, women's issues, arts and culture, environment, health, etc. Distributions are determined by the Foundation consistent with the fund's purposes. Where appropriate, the Foundation may create an advisory committee to make recommendations for distributions.

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

Agency Endowment Funds. These funds are created by charitable organizations that designate themselves as the fund's beneficiary. Additional gifts to the fund can be made from the organization's operational budget or from individual donors. Distributions generally are determined by applying the Foundation's spending policy to the assets held in the fund.

Scholarship Endowment Funds. These funds provide financial assistance to students at schools, colleges, and universities to support their academic pursuit. This includes tuition, books, room/board, or professional development. The funds are distributed to the academic institutions in the name of the students. Scholarship funds can also support vocational training and assistance in paying for special courses. Donors may define the advisory committee, recommend eligibility criteria, award use and may serve on selection committees in a limited capacity.

Donor Advised Endowment Funds. Donors recommend grants to charitable organizations.

Donor Advised Non-Endowed Funds. Donors recommend grants to charitable organizations. Non-Endowed indicates that the fund can be liquidated.

Disaster Relief and Emergency Hardship Funds: Contributions to these funds help people in time of need and help our community recover when disasters strike. The Foundation makes distributions from these funds to support effective organizations that provide assistance to individuals and community organizations.

### **Fund Policies**

- 1) All the above funds may be named by the donor.
- 2) All endowment fund distributions are based on available fund income\*. The fund is never liquidated, and the principal\*\* is never invaded.
- 3) Gifts to the Foundation and its funds are irrevocable.

\*Fund income is defined as distributable income under the Foundation spending rule.

\*\*Principal is defined as the historic dollar contributions to a fund.

### **Variance Power**

Sometimes a fund just doesn't work anymore. Scientists discover a cure for polio. A charitable organization goes out of existence. The Foundation has the ability to address these situations through its variance power. This power gives the Foundation's board the ability to make changes to a fund when its purpose is no longer necessary, can no longer be fulfilled, or has become inconsistent with the charitable needs of the community. This power to update funds helps protect donors by avoiding the need for complex and costly legal proceedings.

All gift policies referenced in this Gift Acceptance Policy have been adopted by a majority vote of the Board of Trustees. The Bylaws of the Foundation in Article 2, Section 1 states that:

2.12: Board's Power to Modify Fund Restrictions and Conditions. Notwithstanding any provision in these Bylaws or in any instrument making a transfer, creating or adding to a fund or trust of the Foundation, the Board shall have the following powers:

- (a) to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to specified organizations, if in the sole judgment of the Board (without the approval of any participating Trustee, Custodian or Agent), such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the County of Lapeer;
- (b) to replace any participating Trustee, Custodian or Agent for breach of fiduciary duty under the laws of the State of Michigan, and
- (c) to replace any participating Trustee, Custodian or Agent for failure to produce a reasonable (as determined by the Board) return of net income (or appreciation when not inconsistent with the Foundation's need for current income), with due regard to the safety of principal, over a reasonable period of time (as determined by the Board).

## **Authority to Accept Gifts**

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

- Cash
- Checks
- Marketable securities

Acceptance by Finance Committee. All other gifts, including those listed below, will require review and, if appropriate, approval by the Foundation’s Finance Committee. The following gifts require the Committee’s review and approval:

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

Emergency Gifts. Notwithstanding the Finance Committee’s authority above, gifts requiring immediate action (such as gifts in late December) may be exempted from full Committee review if, in the Executive Director’s judgment, in consultation with the Chair and Vice-Chair of the Finance Committee, that gift may be accepted without in any way jeopardizing the Foundation’s exempt status.

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

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

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

## **Purpose of gifts**

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

- 1) Places the other assets of the Foundation at risk or that is not readily convertible into assets that fall within the Foundation's investment guidelines.
- 2) The Foundation is not able to administer the terms of the gift in accordance with the donor's wishes.
- 3) Where the cost to manage the asset exceeds the eventual benefit of the gift.
- 4) Where a fund purpose is discriminatory or negatively impacts the Foundation's image
- 5) May potentially jeopardize the Foundation's tax-exempt status.

### **Minimum gifts**

Subject to the policies set forth in this document, the Foundation may accept gifts to existing funds of any size.

#### **Minimum gift required to open any of the above named endowment funds:**

1. Minimum opening gift: \$5,000 with pledge to meet \$25,000 within 5 years.
2. Threshold to make grants: \$25,000
3. Fund Policy: If after five years, the named fund has not reached \$25,000 in endowed gifts, it will become part of the Foundation's unrestricted fund, and the named fund closed.

#### **Minimum gift required to open any non-endowed funds:**

1. Minimum opening gift: \$10,000
2. Fund policy: Funds must be spent within 5 years or any remaining funds will be rolled into an endowed Foundation fund of the donor's choice. Additionally, a 2% annual administrative fee will be assessed.

### **Investment of gifts**

The Foundation reserves the right to make any or all investment decisions regarding gifts to it in accordance with its Investment Policy, as amended from time to time. In making a gift to the Foundation, the donor gives up all rights, title and interest to the assets contributed. In particular, the donor relinquishes the right to choose investments and investment managers, brokers, or to veto investment choices for the contributed assets.

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

Generally, costs associated with the acceptance of a gift, such as the donor's attorneys' fees, accounting fees, and appraisal and escrow fees, are borne by the donor. The direct costs of administering gifts are generally paid out of the assets of the individual funds. Custodial, investment, and administrative fees are paid from the respective funds in accordance with the Foundation's guidelines and fee schedules. The Foundation reserves the right to assess a set-up fee.

## **Fundraising by donors**

Because the Foundation is legally responsible for all fundraising undertaken on its behalf, fundraising undertaken by donors in connection with funds of the Foundation must be approved in advance by the Foundation pursuant to the Foundation's policy on fundraising by donors. All such fundraising activities are also subject the Foundation's supervision.

## **Excess business holdings**

Typically the Foundation would not accept ownership interest in any closely held business (incorporated or non-incorporated). The Pension Protection Act of 2006 amended section 4943 of the Internal Revenue Code to limit ownership of closely-held business interests in a donor advised fund. A fund's holdings, together with the holdings of disqualified persons (donor, advisor, members of their families and businesses they control) may not exceed any of the following:

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

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

Donor advised funds receiving gifts of interests in a business enterprise have five years from the receipt of the interest to divest holdings that are above the permitted amount, with the possibility of an additional five years if approved by the Secretary of the Treasury. To prevent a violation of these rules, it is the Foundation's policy is to divest itself of such holdings within five years from the date the Foundation acquired the asset. If that is not possible, the asset will be transferred to a new or existing fund that is not an advised fund.

## **Types of gift assets**

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

- Market conditions – a gift may be retained for a reasonable period of time if the likely sales price would be substantially less than the asset's real value. Similarly, a large block of stock might be sold over a period of time in order not to artificially depress the price.
- Use by the foundation – the Foundation may elect to keep gifts that it will employ directly in furtherance of its exempt purposes. For example, the Foundation might keep real property that it will use as its offices.

- Desirability as an investment – on rare occasions, the Foundation may be given property that it wishes to retain as an investment. Considerations in this decision include the projected return and how the asset fits into the Foundation’s investment portfolio.

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

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

### **Liquid assets**

#### Cash

The Foundation accepts gifts of cash

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

#### Publicly-Traded Securities.

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

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

### **Illiquid assets**

#### Real Estate.

*General.* This policy applies to all gifts of real property, including outright gifts of residential and commercial property and farmland; bargain-sale transactions; and gifts of remainder interests in which the donor retains a life estate. The Foundation does not accept gifts of time shares.

Gifts of real property must be reviewed by the Finance Committee. Subject to the Committee’s approval, the Foundation may accept gifts of real property to any fund. Gifts to establish a new

component fund at the Foundation must meet the applicable minimum funding requirement. In deciding whether to accept real property gifts the Foundation will:

- Determine whether the real estate gift is an acceptable minimum value.
- Confirm that the donor has legal capacity and is entitled to convey the property through copies of deed, title report, etc., provided by donor.
- Determine whether, if property is encumbered by debt, the debt is of a level that will not unduly burden the Foundation or adversely affect the marketability of the property.
- Perform a market and financial analysis prior to acceptance of the gift to determine whether the gift is a financially sound acquisition.
- Weigh its ability to manage commercial property for the time necessary to sell the property. For example, income producing property may subject the Community Foundation to unrelated business income tax and/or other types of expenses, including but not limited to, upkeep of land, maintenance of buildings and management of property.
- Evaluate whether any restrictions on the gift desired by donor will jeopardize the classification of such gift as charitable.

*Appraisal.* Each gift of real property giving rise to a charitable deduction of more than \$5,000 must be appraised in accordance with federal tax law. The donor will be responsible for obtaining such appraisal utilizing a Foundation approved appraiser at the donor's expense.

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

*Liquidation.* The Foundation will generally seek to sell real property as soon as possible and generally will not accept gifts that cannot be liquidated within three years.

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

A Board of Trustees member and Executive Director, or Board designated alternate, will visit the property to determine its nature and type and to identify any potential problems not evident from information supplied by the donor that might hinder or prevent the foundation's sale of the property.

*Environmental Assessment.* If the property type warrants, Donors will provide at least a Phase I Environmental Report with disclosure of any environmental problems or statement that none



exists.<sup>1</sup> The Foundation reserves the right to require a Phase II Environmental Report if determined to be necessary, after review of the Phase 1 report.

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

*General.* Gifts of closely-held and S corporation stock must be reviewed by the Finance Committee. Subject to the Committee's approval, the Foundation may accept gifts of closely-held or S corporation stock in any amount to any existing fund. Gifts to establish a new component fund at the Foundation must meet the applicable minimum funding requirement. The Foundation may accept gifts of stock in closely-held or S corporation that generate unrelated business income only if certain agreements are reached with the donor and/or the corporation. These include an agreement by the donor that the taxes on the unrelated business income and the Foundation's associated administrative expenses (*e.g.*, accounting and tax return preparation) will be charged against the fund holding the contributed stock. Further, the donor should agree to contribute additional cash to the fund to pay the foregoing taxes and administrative expenses to the extent there is insufficient cash in the subject fund balance to cover such taxes and expenses.

*Appraisal.* Each gift of closely-held or S corporation stock giving rise to a charitable deduction of more than \$5,000 must be appraised in accordance with federal tax law. The donor will be responsible for obtaining such appraisal utilizing a Foundation approved appraiser at the donor's expense.

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

*Liquidation.* The Foundation will generally seek to redeem or sell closely-held or S corporation stock contributed as soon as possible and generally will not accept gifts that cannot be liquidated within three years.

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

- The Foundation will review corporate governing documents to determine the rights and obligations associated with the stock and whether or not the Foundation should undertake such obligations in light of such rights.
- The Foundation will review the corporation's most recent tax returns and the donor's most recent K-1 to determine the nature of the income associated with the stock (*e.g.*, unrelated business income, active versus passive business).
- All proposed transfer documents must conform to the Foundation's form or be approved by the Foundation's counsel.

---

<sup>1</sup> Not every property will warrant an environmental assessment, however the Foundation reserves the right to require such assessment at Donor's expense.

- As a condition for the Foundation’s acceptance of the gift, a written agreement between the donor and the Foundation should be in place that provides for the payment of administrative expenses and unrelated business income taxes generated by the stock to the extent there is insufficient cash in the fund to which the stock has been donated to cover such expenses and taxes. The agreement should also require the donor to indemnify the Foundation against all liabilities incurred by the donor on account of the stock up to the date of the gift.
- The donor shall provide the Foundation with all documents which outline, discuss or relate to the duties and liabilities which shareholders have, including Shareholder Agreements.

General Partnership Interests.

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

Limited Partnership Interests.

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

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

The Foundation may accept gifts of limited partnership interests that generate unrelated business income only if certain agreements are reached with the donor. These include an agreement by the donor that the taxes on the unrelated business income and the Foundation’s associated administrative expenses (e.g., accounting and tax return preparation) will be charged against the fund holding the partnership interest. Further, the donor would have to agree to contribute additional cash to the fund to pay the foregoing taxes and administrative expenses to the extent there is insufficient cash in the subject fund balance to cover such taxes and expenses.

*Appraisal.* Each gift of limited partnership interest must be appraised in accordance with federal tax law. The donor will be responsible for obtaining such appraisal utilizing a Foundation approved appraiser at the donor’s expense.

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

*Liquidation.* The Foundation will generally seek to redeem or sell limited partnership interests contributed to it within three years.

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

- The Foundation will review the partnership governing documents to determine the rights and obligations associated with the limited partnership interest and whether or not the Foundation should undertake such obligations in light of such rights. If required, the donor should be asked to obtain the other partners' consent to the gift as a condition to the Foundation's accepting the gift.
- The Foundation will review the donor's most recent K-1 and the partnership's tax returns to determine the nature of the income associated with the limited partnership interest (e.g., unrelated business income, active versus passive business).
- All proposed transfer documents must conform to the Foundation's form or be approved by the Foundation's counsel.
- As a condition for the Foundation's acceptance of the gift, a written agreement between the donor and the Foundation income should be in place that provides for the payment of administrative expenses and unrelated business taxes generated by the interest to the extent there is insufficient cash in the fund to which the interest has been donated to cover such expenses and taxes. The agreement should also require the donor to indemnify the Foundation against all liabilities incurred by the donor on account of the limited partnership interest up to the date of the gift.

#### Limited Liability Company Interests

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

#### Tangible Personal Property.

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

*Appraisal.* Each gift of personal tangible property for which the donor expects a charitable deduction exceeding \$5,000 must be appraised in accordance with federal tax law. The donor will be responsible for obtaining such appraisal utilizing a Foundation approved appraiser at the donor's expense.

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

- The Foundation will review all prior appraisals and authentication documents, if any, relating to the property.
- If the property is to be sold, the Foundation will ascertain the market for such property and estimate the costs to be incurred in connection with the sale as well as the costs of holding the property prior to sale.
- All costs incurred by the Foundation in connection with the holding and sale of the property shall be charged against the sale proceeds, with the balance being credited to the fund to which the property has been contributed.

### Life Insurance

*General.* The Foundation may accept gifts of life insurance policies so long as: (a) the policy is not encumbered (*i.e.*, there is no outstanding loan against the policy); and (b) the Foundation is made the policy's owner and primary beneficiary. When premium payments can no longer be made because there is insufficient value in the policy to keep it in force, or because the Foundation chooses to discontinue premium payments, the policy will be surrendered. The Foundation may accept gifts of life insurance policy in any amount to any existing fund. Gifts of life insurance policy to establish a new component fund at the Foundation must meet the applicable minimum funding requirement.

*Appraisal.* Each gift of life insurance policy giving rise to a charitable deduction of more than \$5,000 must be appraised in accordance with federal tax law. The donor will be responsible for obtaining such appraisal utilizing a Foundation approved appraiser at the donor's expense.

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

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

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

These are gifts whose benefit does not fully accrue to the Foundation until some future time, or whose benefits are split with non-charitable beneficiaries. Foundation representatives are authorized to solicit direct charitable gifts through wills, as well as contributions to establish gift

annuities or charitable trusts. The Foundation will work closely with donors and confer with financial advisors, at the request of the donors, to realize these gifts. In cases where the gifts are complex, the Executive Director may request review by the Finance Committee.

### Bequests

The Foundation accepts bequests from donors who have directed in their wills that certain assets be transferred to the Foundation and honors the wishes of the donor as expressed, but reserves the right of refusal as necessary and appropriate. The Foundation may not be named as Personal Representative for a donor in his/her will or a Trustee of an Estate Planning Trust, and will not serve if named. The Foundation may create a named fund in memory of the donor, if there is no stipulation for anonymity.

### Retirement Plans or IRA Accounts

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

### Life Income Gifts

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

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

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

**CHARITABLE GIFT ANNUITY (CGA).** This planned gift is based on a gift of cash or securities in exchange for lifetime income, either immediate or deferred, to the donor. It is

a contract between the donor and the Foundation and is backed by our total assets. The gift is in part a charitable gift and in part the purchase of an annuity.

Life Estate.

A donor may wish to contribute a personal residence or farm to the Foundation and retain the right to use the property until death. Upon the donor's death, the Foundation owns the entire interest in the property.

## **Real Property Donation Checklist**

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

**Real Property Inquiry Form**

**I. General Information**

Owner(s) \_\_\_\_\_ Phone \_\_\_\_\_

Address \_\_\_\_\_

Property Location \_\_\_\_\_

Land area (acres or square feet) \_\_\_\_\_

Building area (sq. ft. each floor) \_\_\_\_\_

Zoning \_\_\_\_\_

Replacement cost of building \_\_\_\_\_

Current property insurance coverage \_\_\_\_\_

Date of acquisition/form of acquisition \_\_\_\_\_

Current cost basis (includes improvements) \_\_\_\_\_

Principal balance of mortgage \_\_\_\_\_ Current fair market value \_\_\_\_\_

Assessed value for real estate taxes \_\_\_\_\_

Real estate taxes \_\_\_\_\_

Land value \_\_\_\_\_ Building value \_\_\_\_\_

Most recent appraisal (date) \_\_\_\_\_ Appraised value \_\_\_\_\_

Appraiser \_\_\_\_\_

Occupancy status after transfer of title to charity \_\_\_\_\_

Unimproved (no buildings) \_\_\_\_\_

Unoccupied (building, but not occupant) \_\_\_\_\_

Occupied (building with occupants) \_\_\_\_\_



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

<b>II.</b>	<b>Title/Zoning</b>	<b>Yes</b>	<b>No</b>
	A. Title	_____	_____
	B. Zoning variances, violations or special permits	_____	_____
	C. Zoning violations	_____	_____
	D. Restrictions or easements	_____	_____
	E. Survey available	_____	_____
<b>III.</b>	<b>Condition of Building</b>	<b>Yes</b>	<b>No</b>
	A. Foundations/slab	_____	_____
	B. Basement water/dampness/sump pump	_____	_____
	C. Roof leaks	_____	_____
	D. General structural	_____	_____
	E. UFFI (formaldehyde insulation)	_____	_____
	F. Asbestos	_____	_____
	G. Lead paints	_____	_____
	H. Termites/ants/pests	_____	_____
	I. Swimming pool	_____	_____
	J. Radon	_____	_____
	K. Building systems	_____	_____
	1. Plumbing	_____	_____
	2. Electrical	_____	_____

- 3. Heating \_\_\_\_\_
- 4. Air conditioning \_\_\_\_\_
- 5. Hot water \_\_\_\_\_
- 6. Water supply \_\_\_\_\_
- 7. Sewage; type \_\_\_\_\_
- 8. Other fixtures \_\_\_\_\_

**IV. Rental/Condominium/Cooperative**

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

**V. Environmental**

**Yes No**

- A. History of property
  - 1. Property has prior or current use for industrial, commercial, agricultural, manufacturing, waste disposal or any other non-residential purposes \_\_\_\_\_
- B. Condition of property
  - 1. Stressed or denuded vegetation or unusual barren areas \_\_\_\_\_

- |    |  |       |       |
|----|--|-------|-------|
| 2. | Discoloration, oil sheens, or foul/unusual odors in water  | _____ | _____ |
| 3. | Storage drums  | _____ | _____ |
| 4. | Above or underground storage tanks; vent or filler pipes   | _____ | _____ |
| 5. | Evidence of oil or other chemicals in soil   | _____ | _____ |
| 6. | Evidence of PCBs   | _____ | _____ |
| 7. | Evidence of toxic air emissions  | _____ | _____ |
| C. | Adjacent properties  |       |       |
| 1. | Properties adjacent or close to subject have conditions requiring “yes” answer to any questions in (A) and (B) above   | _____ | _____ |
| D. | Flood plain/wetlands/drainage  | _____ | _____ |
| E. | Endangered plants or wildlife  | _____ | _____ |
|    | Are you aware of any other information concerning any part of the land or buildings which might affect the decision of a buyer or affect value of property or affect use by buyer? | _____ | _____ |

**VI. Property Expense Budget**

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

- |    |        |               |
|----|--------|---------------|
| A. | Income | <b>Annual</b> |
| 1. | Rent   | _____         |
| 2. | Other  | _____         |

B. Expenses \_\_\_\_\_

1. Real estate taxes:

First payment due \_\_\_\_\_ (date) \_\_\_\_\_

Second payment due \_\_\_\_\_ (date) \_\_\_\_\_

2. Utilities:

Gas \_\_\_\_\_

Oil \_\_\_\_\_

Electric \_\_\_\_\_

Water/sewer \_\_\_\_\_

Other \_\_\_\_\_

3. Services:

Caretaker/property manager \_\_\_\_\_

Landscaping \_\_\_\_\_

Heating/cooling service contract \_\_\_\_\_

Snow removal \_\_\_\_\_

Pool services \_\_\_\_\_

Common area charge (condominium) \_\_\_\_\_

Security \_\_\_\_\_

Other \_\_\_\_\_

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

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

**Total Expenses**

**Net Income (Loss)**

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

**VIII. Acknowledgments**

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

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

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

Adopted by Board of Trustees: 7/14/2004  
Revised: 8/13/2008, 12/10/2014, 6/14/2017