Centre Foundation
Gift Acceptance Policy
Approved by the Board June 18, 2015

Purpose

The purpose of the Centre Foundation Gift Acceptance Policy is to serve the best interests of the Foundation, donors and the community at large by providing guidelines for accepting various types of gifts to establish funds or to contribute to existing funds held by CF. Due to increasing complexity of IRS regulations, the potential volume of real estate and other property gifts, and state and federal environmental laws, the Foundation recognizes the value of carefully screening proposed gifts.

To consider a gift, the Foundation must first be certain that the purpose of the gift falls within its broad charitable mission. CF must also be sure that no proposed gift places other Foundation assets at risk and that gifts can easily be converted into assets that fall within its investment guidelines. In addition, CF must verify that it can administer the terms of the gift in accordance with the donor's wishes. The purpose of the gift and the procedures for its administration shall, when feasible, be defined in a letter or agreement signed by the donor.

Foundation Responsibilities

To provide the best service to its donors and to facilitate appropriate gift acceptance, CF staff and board members shall disclose to all prospective donors the benefits and liabilities that could reasonably be expected to influence the donor's decision to make a gift to the Foundation. Donors are encouraged to consult with legal and financial advisors of the donor's choice, and at the donor's expense, in making their decisions. This is to assure that the donor receives a full, accurate and independent explanation of all aspects of the proposed charitable gift.

CF will notify all **donors** of:

- the irrevocability of gifts
- if required by the IRS, the amount of the gift which is tax deductible

In addition, CF will notify donors who are fund holders of:

- investment and administrative fees assessed to funds
- the Foundation's responsibility to provide annual fund statements
- annual spending policy, donor advised fund grant recommendation procedures, and other administrative policies as applicable to the donor's fund
- items subject to vary, such as fund market value and investment returns

The role of CF staff and board members shall be to inform, guide and assist donors in fulfilling their philanthropic goals but never to pressure or unduly influence donor decisions.

Ad Hoc Gift Acceptance Committee

While many gifts do not require specific review, CF will refer particular types of gifts to its Ad Hoc Gift Acceptance Committee. The Ad Hoc Gift Acceptance Committee shall be appointed by the board and is comprised Directors, Senior staff and other qualified professional advisors as needed. Approval by the committee shall require a quorum of at least three members, two of whom shall be members of the Board of Directors. Such approval may be in person, written or electronic form.

In reviewing gifts to CF, the Ad Hoc Gift Acceptance Committee and/or staff 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 CF
- Projected costs of managing the gift asset
- Fee revenues to CF for administering the gift

The following types of gifts do <u>not</u> require committee review:

- Cash or cash equivalents
- Checks
- Marketable securities
- Gifts of personal property for use in Foundation offices or programs
- Charitable remainder trust and charitable lead trusts if funded with cash or publicly traded securities
- Gifts of precious metals where the value is easily established and liquidation of asset is straightforward.
- Life insurance policies except as noted below

The Ad Hoc Gift Acceptance Committee must review the following types of gifts:

- Real property
- Tangible personal property that is not readily marketable
- Closely held and S corporation stock
- Partnership and Limited Liability Company interests
- Accounts receivable (gifts of loans, notes, mortgages, etc.)
- Gifts of intellectual property, mineral reserves, precious metals, and other types of assets that carry challenges
- Gifts whose structure fall outside the ordinary purposes, bylaws and procedures of the Foundation
- Life insurance policies requiring premium payments by the Foundation
- Charitable remainder trust, charitable lead trusts, or charitable gift annuities, if funded with assets other than cash or publicly traded securities

The Ad Hoc Gift Acceptance Committee reserves the right to refuse any gift it believes is not consistent with the Foundation's mission or which the Foundation deems otherwise inappropriate.

Note: While CF strives to be flexible and is able to accept complicated gifts, some proposed gifts may present issues which require legal review by CF's counsel. Donors, who are contemplating complicated gifts, are strongly encouraged to involve CF in the planning process as early as possible so that CF may consult with counsel if necessary.

<u>General Guidelines by Gift Type</u>

Gifts to CF take on a variety of forms. Many are outright gifts by living donors. Others are testamentary gifts that are deferred until a donor's death and other forms of deferred gifts.

Gifts received by CF which are specified to create new fund(s), or specified to be added to existing fund(s), will be allocated as specified by the donor. Gifts received by CF which are specified by the donor to be used "at the discretion of the foundation", or for which the donor provides no specific designation or intention, will be added to the *Centre Foundation Impact Fund* to be used to support the programs and operations of CF. The Fund will be held outside the investment pool and will not be assessed administrative or investment fees and will not be subject to the Spending Policy. The finance committee will regularly review the balance of the *Centre Foundation Impact Fund* and make recommendations on allocation of the available funds to best support operations and programs.

If the value of a gift other than cash or marketable securities exceeds the amount for which the IRS requires the submission of Form 8283, the donor is required to obtain a qualified appraisal at his or her expense and to submit Form 8283 to the IRS. If required, then a copy of the completed IRS form 8283 must accompany gifts of tangible personal property. For Vehicle donations, IRS Form 1098-C will also be filed for all vehicle donations without regard to value.

If such gifts are sold within two years of receipt at a price other than the appraised value, CF must file IRS Form 8282.

Several forms of gifts are listed below along with a description of CF's general guidelines regarding the acceptance of the particular gift type. This listing is not intended to be all-inclusive. The Gift Acceptance Committee has the final authority to determine what types of gifts will be accepted. It is the Foundation's policy to convert all gifts to cash as soon as prudently possible.

Cash
The Foundation accepts cash, checks, or money orders made payable to CF or any of its funds, or via online credit card, ACH or Wire Transfer.

Marketable Securities
The Foundation will add the net proceeds of a marketable securities contribution to a fund of the Foundation. CF will govern the disposition of securities and will make all decisions regarding the sale or retention of securities. Stock controlled under Securities and Exchange Commission Rule 144 will be held until the restriction on the 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 by their nature may not be assigned (such as series E Savings Bonds) shall not be accepted.

Stock in Privately Owned Companies, Partnerships and Limited Liability Companies
Donors who want to make gifts of stock in a closely-held corporation or S corporation or a gift of a partnership or Limited Liability Company interest must have the gift valued by a qualified independent accounting or appraisal company prior to making a contribution. If the stock is immediately marketable, it will be sold. Otherwise, CF will hold it until it may be redeemed or sold for cash.

Generally, the Foundation does not accept gifts of general partnership or interests due to the potential of unlimited liability, but may make an exception on a case-by-case basis after considering all the facts and circumstances.

The acceptance of gifts of closely-held stock, S corporation stock, or a partnership or Limited Liability Company interest will depend on the ultimate financial liability of the Foundation, the amount of management attention required, whether the gift provides minority or majority control, and whether the donor requires such interest not be sold.

Consideration will be given to whether the S corporation stock or partnership or Limited Liability Company interest generates unrelated business taxable income, if there is corresponding revenue to pay such taxes, the nature of the business, record keeping and accounting requirements, and how quickly the gift can be converted to cash.

If receipt of such gift is deemed appropriate by the Ad Hoc Gift Acceptance Committee, the following items must be received along with the gift:

- A completed IRS Form 8283
- A letter from the attorney of the business providing the following information:

- Independent qualified appraisal of value of the subject entity and statement of the percentage of the entity to be gifted to CF;
- Assurance that CF will have no obligation to make capital contributions or additional investment in the entity;
- Assurance that CF will be held harmless in the event the entity becomes bankrupt or is otherwise unable to satisfy its obligations;
- Assurance that CF will be held harmless in the event the entity is sued.

Notwithstanding any other provision hereof, any gift of an interest in a business enterprise to a donor advised fund ("DAF") that could subject CF to tax under section 4943 of the Internal Revenue Code ("IRC") concerning "excess business holding" will be identified and monitored. Any proposed gift that would result in the DAF holding a 20% or greater interest in a business or in an entity, or any interest in an entity in which any interest is owned by a donor or advisor to the DAF, by a family member of any such person, or by an entity in which any of the foregoing persons has an interest, shall be referred to CF's counsel for an opinion on the possible application of section 4943. CF will exercise its best effort to dispose of the contributed interest at the best possible price within five years of the date of the gift, except in the event that the Treasury Department grants an additional five year holding period. CF will notify potential donors of such interests of this requirement prior to the contribution of such interest.

Life Insurance Policies

CF will accept gifts of permanent life insurance policies if the Foundation is named as owner of the policy or is assigned ownership in such policies. Policies that require continued premium payments would be maintained by the Foundation provided that gifts are made to CF in the amount of premiums due. Premiums may also be paid by directing dividends for this purpose.

CF discourages contributions of life insurance policies subject to policy loans and reserves the right to accept or reject such policies as well as those carrying assignments to other entities.

Real Property

If a donor wishes to contribute real property or an interest in real property to CF, either directly or through a life estate arrangement, the donor shall be referred to Foundation Property Inc, which will consider all facts and circumstances in determining whether to recommend accepting the gift. Due to the complexity of these gifts, both the donor and Foundation Property, Inc. will confer with their own counsel to review the terms of such gifts.

Tangible Personal Property

If a donor wishes to contribute tangible personal property to CF the donor shall be referred to Foundation Property Inc, which will consider all facts and circumstances in determining whether to recommend accepting the gift. If gifts of tangible personal property are accepted, the donor will be advised if the gift will be retained and used by the Foundation or converted to cash immediately.

Intellectual Property, royalties, distribution rights

CF may accept gifts of intellectual property including, but not limited to 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, as well as a completed IRS Form 8283 if applicable. In addition, IRS form 8899 will be filed by CF reporting any income earned from donated intellectual property for a period of 10 years from the date of the gift or the legal life of the property, whichever occurs first.

Retirement Assets

Account type retirement plans, in which a balance accumulates as principal, may be gifted to CF. 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.)

Gifts Naming Multiple Beneficiaries

Donors may wish to designate multiple beneficiaries of the proceeds from their life insurance policies, IRAs, other qualified retirement plans, pooled income funds, gift annuities, or other forms of gifts to CF. The Foundation will encourage that other organizations be named as beneficiaries on the contract. However, if the Foundation is selected as sole beneficiary and then requested to distribute funds to other organizations, the following guidelines will apply in determining whether to accept the gift:

1. The Ad Hoc Gift Acceptance Committee will take into consideration the amount of the total gift, the amount designated for CF both discretionary and restricted, the added value to the community, and in the case of life insurance policies, whether or not the premiums are paid up.
2. In the case where the Foundation becomes the sole owner of a donor's life insurance policy, CF has the exclusive right to change the beneficiary designations. If a policy beneficiary designation is to be changed to a charitable organization other than the Foundation, the Foundation shall consider the charitable intentions of the donor. It is understood, however, that a donor's recommendations in this regard are advisory and that the Foundation, as owner of the policy, retains exclusive authority to direct the death benefits, maturity, and surrender proceeds of the policy.

All Other Gifts

Any other gift types will be subject to review by the Ad Hoc Gift Acceptance Committee. This Gift Acceptance Policy is subject to revision at any time by action of the CF Board of Directors.