

Parke County Community Foundation, Inc.
Gift Acceptance Policy

PURPOSE OF THIS POLICY

This Gift Acceptance Policy is intended to protect the legitimate interests of all donors while at the same time preserving and supporting the status of The Foundation as a neutrally beneficial organization for Parke County. The Policy provides in a general manner for prudent safeguards and guidelines which should reduce misunderstanding, disappointment and threats to the continuing vitality of The Foundation as it attempts to carry out the wishes of its donors.

TYPES OF FUNDS OFFERED

Designated Endowment- Amount to begin distribution: \$20,000

Donor Advised- Amount to begin distribution: \$20,000

Scholarship- Amount to begin distribution: \$25,000

Legacy- Amount to begin distribution: \$10,000

Field of Interest- Amount to begin distribution: \$20,000

Non-Permanent- Amount to begin distribution: \$1,000

POLICY

Gifts must be accepted before they are complete and binding upon The Foundation.

Gifts of cash, cash equivalents and publicly traded securities are automatically accepted upon receipt unless they are from unacceptable sources identified by The Foundation Board of Directors, or unless they are subject to terms, conditions or restrictions. In the latter instance those terms, conditions and restrictions must be reviewed and accepted or rejected by individual action of The Foundation in accordance with The Foundation Board policies. See appropriate attachments.

Gifts of in-kind properties and securities difficult to appraise or market (e.g. as in the case of fine artwork, collectibles or closely held stocks) or which may involve potential liabilities or costs (e.g. real estate, partnership interests or “junk” assets) or which may involve terms, conditions and restrictions, will not be accepted without prior individual acceptance action by The Foundation in accordance with its Board policies. See attachments.

Unacceptable sources of gifts include those listed from time to time by the Foundation Board and sources with a potential for ethical, moral or financial controversy which are likely to damage the ability of The Foundation to accomplish its goals and missions. Gifts which could possibly be from unacceptable sources shall be independently investigated by the Foundation staff, described in relevant written detail, and referred to The Foundation Endowment Development Committee to review and recommendation to The Foundation Board. In arriving at its recommendation the Committee shall take into account the Guidelines attach as Attachment A and as amended by the Foundation Board from time to time.

Gifts accompanied by terms, conditions, or restrictions must be referred to the Endowment Development Committee for unqualified acceptance or for acceptance or rejection recommendations to the Foundation Board.

Gifts which are not self-appraising, present special federal tax questions, are perhaps near-worthless, do not generate a likely income flow or involve potential liabilities or costs (possibly in addition to terms, conditions and restrictions) shall be investigated and fully described by the office of The Foundation's Executive Director and referred to the Endowment Development Committee which shall thereafter recommend acceptance or rejection action to The Foundation Board.

Atts.

- A. Source Acceptability Policy
- B. Real Estate Acceptance Policy
- C. Tangible Personal Property Policy

Reviewed, revised and recommended by Endowment Development Committee, October 15, 1999

Adopted October 26, 1999 Parke County Community Foundation Board of Directors

PARKE COUNTY COMMUNITY FOUNDATION, INC.

GIFT ACCEPTANCE POLICY

ATTACHMENT A

GIFT SOURCE ACCEPTABILITY GUIDELINES

The Parke County Community Foundation (The Foundation) recognizes the potential for controversy if certain gifts are accepted that could damage the ability of The Foundation to accomplish its goals. As a consequence, the following procedures and guidelines are adopted:

1. All decisions to solicit and/or accept potentially controversial gifts are to be made or authorized by the Board of Directors, preferably prior to soliciting such gifts.
2. It is recognized that The Foundation cannot generally ascertain whether the value of the gift was generated using commonly accepted ethical, legal and moral standards. Furthermore, The Foundation asserts that its primary responsibility is to use any gifts to further the organization's missions, goals and objectives. Accordingly, the source of the gift will, in and of itself, not be the basis for not soliciting a gift. Rather, the primary consideration will be the impact of the gift upon the organization.
3. When considering, soliciting and/or accepting gifts that might be potentially controversial, the Endowment Development Committee and Board will consider the following factors:
 - a) Core values: Will accepting the gift compromise any core values of the organization?
 - b) Compatibility of Cause: Is there convergence of cause and intent between the donor and recipient?
 - c) Public Relations: Will the perception of the donor's importance to The Foundation be such as to create a significant public relations policy for The Foundation?
 - d) Motivation: Is there clear charitable intent and a commitment to serve the community? It is understood that it is usually appropriate and expected that there will be tax incentives, community acceptance and publicity values for donors.
 - e) Consistency: Will acceptance of the gift be inconsistent with other fund-raising activities and/or gifts?
 - f) Credibility: Will the reputation of the donor have a negative effect upon the reputation of the receiving organization?

- g) Organizational Stability: If controversy develops, will it likely be significant enough to undermine the stability of The Foundation? Will there be a sufficient reservoir of community image and goodwill to allow the organization to continue to thrive?
- h) Form of Gift: Will the nature of the in-kind contribution create problems, such as foreseeable association through advertising or sponsorship?
- i) Bottom Line: Will the gift encourage or discourage others to give? What will be the net effect on The Foundation's financial position?

Reviewed, revised and recommended by Endowment Development Committee, October 15, 1999
Adopted October 26, 1999 Parke County Community Foundation Board of Directors

PARKE COUNTY COMMUNITY FOUNDATION, INC.

GIFT ACCEPTANCE POLICY ATTACHMENT B GUIDELINES FOR GIFTS OF REAL ESTATE

INTRODUCTION

Gifts of real estate (hereinafter referred to as "real estate" or "property") to the PCCF ("The Foundation") may be made in various ways: outright; into a charitable remainder trust; with a retained life estate (The Foundation receives a remainder interest); by a bargain sale; a gift annuity; as an installment bargain sale; etc. A retained life estate with a gift annuity for the remainder interest may be considered under exceptional circumstances and where adequate funding sources other than endowment or the operating budget are available. **Approval by the Board and legal counsel for The Foundation are necessary prior to the acceptance of any gifts of real estate.** Prior to acceptance, relevant information about the gifts, and the duties of The Foundation with respect to the gift, shall be ascertained.

Each potential gift of real property will be reviewed individually with consideration given to an expeditious liquidation. As a general rule, the property will be sold at the highest possible price as soon as possible after conveyance, unless the property is to be used in connection with the Community Foundation's exempt purpose.

I. INFORMATION TO OBTAIN PRIOR TO ACCEPTING GIFTS

- A. The donor, donor's attorney, Realtor, and/or CPA shall provide the following information to The Foundation before real estate is accepted.
 1. Basic Information. The basic information shall include, but is not limited to, the following:
 - a) The address;
 - b) The assessor's parcel numbers;
 - c) A copy of the current year's tax bill;
 - d) A statement concerning any delinquent taxes;
 - e) The lot size or acreage, donor's deed and survey if available;
 - f) A description of any improvements (such as the nature, age and prior uses)
 - g) A description of any outstanding debt (mortgages), liens, encumbrances or assessments;
 - h) The status of mineral rights;
 - i) Easements;
 - j) Any restrictions, association agreements or covenants and zoning;
 - k) Whether there is legal access to the property;
 - l) Any other information which is relevant; such as existing leases or land contracts;
 - m) Notices of liability or state or local code violations;

- n) Description of water source and waste disposal (septic) facility, and
 - o) Existing insurance coverage
2. Preliminary Title Report. The Donor shall provide The Foundation a preliminary title report on the real estate, including copies of all documents shown as exceptions to title on the report. The report shall be based upon an abstract of title continued to date or a commitment for title insurance issued by an acceptable insurer. The Donor may need to pay title costs. To aid investigation of environmental matters, the title insurer shall identify owners in the chain of title during the preceding fifty (50) years. The Foundation must determine if a warranty deed or a quit claim deed will be provided by the donor.
3. Fair Market Value. The Donor shall provide The Foundation with a current appraisal, or, if none is available, a value opinion letter from a local Realtor approved by The Foundation (The Foundation may in its discretion secure its own appraisal of the real estate). The minimum fair market value shall be \$50,000, net of debt and projectable costs and expenses. Debt shall not exceed 30% of appraised fair market value.

The donor must furnish a qualified appraisal in compliance with requirements of the Internal Revenue Code; The Foundation will report any sale of the real estate within two (2) years of acceptance, as required by the Internal Revenue Code.

The Board may consult with its own counselors and appraisers to determine the fair market value of the property and its marketability.

When The Foundation accepts a gift of Real Estate which it intends to sell in the near future, The Foundation must notify the donor (in writing and before the contribution) of this intention and of The Foundation's obligation to file IRS Form 8282.

4. Current Market Conditions. The Donor or Donor's Realtor should be asked to provide a comparative market analysis of parcels in the same area as the real estate. It is important to gather as much information as possible about the property. Issues that affect marketability include among other things: Whether the property has been on the market recently? If so, what activity did it see? Is the Donor's expectation of value in line with The Foundation's analysis of the actual market value? What is the real estate worth to a buyer? How many properties of this type are on the market currently? Do the improvements need repairs? Is the real estate up to local code? Is the site buildable? How long will it take to sell the real estate?
5. Disclosure - Environmental Problems. The Donor should make a written statement of known and/or potential environmental problems stating among other things, the nature and scope of any such problem. For example, The Foundation will ask the donor to disclose if he or she knows of any existing or potential problem regarding:

- a) Hazardous waste;
- b) Excessive noise;
- c) Polluted air;
- d) Polluted water, streams or ground water;
- e) Wetland;
- f) Endangered species;
- g) The presence of asbestos; and
- h) Any other known problem, potential problem or notice of violations.

If the real estate is the site of hazardous substances or underground storage tanks, or is listed on any list of environmental disclosure document such as that required under the Indiana Responsible Property Transfer Law, the real estate subject to disclosure shall be carefully inspected by a qualified environmental consultant at Donor's cost and expense.

In the case of residential real estate, the donor must provide all information and disclosures required by law concerning lead-based paint hazards and prior lead-based paint risk assessments, as well as a current "sales disclosure" form as in State Form 46234.

6. Survey. In some cases, The Foundation should request a survey before accepting a property. The Donor should be asked to contribute an amount sufficient for the survey if one does not exist. For example, and not by way of limitation, The Foundation may desire a survey under the following conditions:

- a) where survey markers are not visible;
- b) where there are known disputes; and
- c) Particularly for commercial properties, a prior survey will be requested or a survey will be done to determine encroachments, easements or other details that cannot be ascertained from the title company. The determination for need of a survey will be recommended by the individuals reviewing the property gift for The Foundation.

B. COSTS If essential information is not provided by the Donor, the Donor should be requested to contribute an amount sufficient to pay for obtaining it. However, if the donor does not wish to advance these costs, The Foundation should determine whether it is advantageous for The Foundation to do so. If paid by The Foundation, costs and expenses will be deducted from the Fund after sale.

II. CRITERIA TO USE TO DETERMINE WHETHER TO ACCEPT THE GIFT.

The Foundation will consider the following criteria in determining whether to accept offered real estate.

A. ANALYSIS OF SALE AND HOLDING. The Foundation should evaluate a present or future sale as well as the holding costs. This analysis shall include, but need not be limited to, the following:

- a) The present market value;
- b) The future market value (potential for appreciation);
- c) Any encumbrances;
- d) The net cost for sale; and
- e) The holding cost (ongoing maintenance and repair cost; debt service; taxes, etc.)

B. HAZARDOUS WASTE OR OTHER ENVIRONMENTAL PROBLEMS. The Foundation shall undertake such investigation of environmental issues relating to the real estate as it deems necessary or appropriate to enable it to determine whether any problems exist, including without limitation an investigation of any problems identified by the Donor's statement under Section (I)(A)(5) above. In addition, The Foundation may, at its discretion, engage a qualified engineering or other environmental assessment firm to undertake an environmental review and deliver a report to The Foundation. Specifically, The Foundation shall investigate the potential dangers of current and past hazardous conditions on or near the real estate. The following is a list of some of the prior uses that should be investigated by a thorough environmental study before real estate is accepted; underground fuel storage (such as service stations and vehicle fleet servicing), chemical and manufacturing plants; printing facilities, photo developing; dumps, dentist offices and cleaners. This list is by no means comprehensive. Real estate adjoining properties with a past or present industrial use may have been contaminated by that use and may necessitate further examination.

It is The Foundation's policy to require a Phase One assessment and report unless the Board in its discretion decides not to require such an assessment and report. No property containing environmental defects shall be accepted prior to remediation of the defects to assure that The Foundation neither assumes nor incurs any liability for such defects.

C. ON-SITE INSPECTION. An on-site inspection of the real estate shall be undertaken by The Foundation officers, staff or its designated representative before it is accepted. If none of the foregoing can make an inspection, a broker, licensed contractor, qualified environmental assessment firm or other appropriate person shall make the on-site inspection. The appointed persons shall look for any problems regarding, but not limited to, the following:

- a) Environmental conditions [see sub paragraph I (A)(5)] or apparent hazards or other potential liabilities;
- b) Boundaries;
- c) If the property is improved, the structural and soil conditions; inside condition of any buildings;
- d) Evidence of occupancy or encroachment;
- e) Character of the property in relationship to surrounding properties; and
- f) Ascertain whether or not the property is readily salable.

D. UNUSUAL CIRCUMSTANCES. No real estate shall be accepted which has excessive environmental or structural problems, or where the holding cost may approach or exceed sale proceeds.

- a) There may be situations where The Foundation finds that ownership may be undesirable, yet the gift may be substantial if converted to cash. (By examples: a substantial property with a potential environmental problem - The Foundation should not be in chain of title). The Foundation shall attempt to work with the Donor in developing creative solutions to issues which may be raised by the condition of the real estate, including, without limitation, seeking advice from attorneys, tax advisors and other counsel.
- b) While giving all the preceding items full consideration, in some "special circumstances" consideration must be given to determine whether rejection of real estate will have other long-term negative effects on The Foundation (i.e. affect future gifts).

III. CRITERIA TO USE IN DETERMINING WHETHER TO HOLD OR SELL A DONATED PROPERTY.

A. THE GENERAL RULE. The Foundation shall sell donated real estate as soon as it is practical to do so. However, notwithstanding the foregoing, real property may be held if The Foundation determines that it will be beneficial to do so.

B. OTHER CRITERIA. The Foundation shall consider such criteria as it deems necessary or appropriate in determining whether or not to hold or sell real property. The criteria may include, but shall not be limited to, some or all of the following:

- a) Whether or not The Foundation assumes mortgage payments;
- b) Whether or not the property is income producing (copies of lease or rental agreements);
- c) Whether or not the carrying costs are reasonable;
- d) Whether or not the property has a potential for exceptional appreciation in the short term (less than three (3) years);
- e) Whether or not the property has potential for exceptional appreciation in the long term (greater than three (3) years);
- f) Whether or not it will be beneficial for The Foundation to manage a property which is located out of its general areas of activity;
- g) Whether or not there are any present or potential managerial problems;
- h) The real estate taxes;
- i) The utilities;
- j) The maintenance and repair costs;
- k) The insurance expense; and
- l) Gifts of commercial properties and businesses will be evaluated not only on the basis of property tax and mortgage liabilities, but also taking into consideration that;
 - 1. The Foundation may have to pay income tax on unrelated business income;
 - 2. The Foundation, as a non-profit corporation, receives no tax benefit from depreciation; and
 - 3. The Foundation must consider operational responsibilities and costs in connection with holding the property.

C. RETAINED LIFE ESTATES. This policy will generally apply in determining whether or not to accept real estate subject to reservation of a life estate, which determination shall always be at the sole discretion of The Foundation. The

determination of whether to hold or sell will depend upon the terms of the life estate agreement, which shall include among other things a consideration of an agreement to protect and preserve the real estate from environmental defects, as well as indemnifying and holding The Foundation harmless from environmental defects and liabilities.

A retained life estate is created by an agreement and deed providing for an irrevocable donation of real estate that allows the donor to retain the right to use the property for life, or a specified term of years. The donor can designate himself or herself and/or the lifetime of another beneficiary. Other rules governing gifts of real estate apply.

Life Tenancy - donors may deed their real estate including personal residence, vacation property, etc. to The Foundation and continue to live in the property for the rest of their lives, as one form of a retained life estate.

IV. CRITERIA TO USE IN DISPOSING OF DONATED PROPERTY

A. **CASH.** Generally, all real estate shall be sold for cash.

B. **CARRYING PAPER.** The Foundation may consider taking a promissory note, secured by a mortgage, if it is advantageous to do so. This will not be done in the usual case. The Foundation shall consider, among other things, the following criteria in making this determination.

- a) The amount of the note;
- b) The security;
- c) The time period;
- d) The interest rate;
- e) The amount of other income (if the property is income producing);
- f) The effect which carrying paper may have on the selling price received by The Foundation;
- g) The effect which carrying paper may have on the value of the real estate, the length of time required to sell the property, or other related issues; and
- h) The credit worthiness of the purchaser.

C. **HAZARD INSURANCE.** The Foundation shall obtain hazard and public liability insurance in an amount sufficient to protect itself and the real estate until the real estate is sold.

V. METHOD OF DISPOSING OF DONATED PROPERTY

- a) **BROKER CONSIDERATION.** The Foundation shall undertake an inquiry to determine the manner most advantageous to The Foundation for the disposition of donated real estate. The Foundation may, but shall not be required to, engage a broker in connection with the sale.
- b) **MARKETING PROGRAM.** If The Foundation determines that listing the real estate with a broker is in its best interest, then all potential listing brokers selected by The Foundation shall be required to provide a comprehensive marketing program. The Foundation shall consider such factors as it deems appropriate in selecting a

broker which may include the marketing program, the commission rate and the reputation of the broker.

- c) **TRANSFER DOCUMENTS.** Whenever possible, the conveyance should be made "as is" and by quit claim or special warranty deed. The Foundation shall where possible, receive an express release from liability and indemnity for environmental matters.

If the property is to be sold:

1. The Foundation will list the property with an experience broker in the area where the property is located;
2. The Foundation will list the property at the fair-market value;
3. The Foundation will be willing to wait for a reasonable period of time to receive an offer near the appraised value;
4. Unless a separate agreement is made with the donor, The Foundation has total discretion regarding when and at what price the property will be sold. Such decision should be made with the knowledge of the donor, and if possible, with his or her consent, keeping in mind that the best prospects for future gifts are present donors;

VI. MISCELLANEOUS

- a) The donor will be required to retain the services of an attorney to represent the donor as to each gift of real estate to The Foundation.
- b) The possible need for confidentiality will be discussed with the donor.
- c) No finder's fee will be paid by or on behalf of The Foundation.
- d) Personal property being gifted with the real estate should be separately described and governed by The Foundation's policy for gifts of tangible personal property.
- e) The donor should notify The Foundation of any material change in the condition of the real estate before the gift is accepted, and acceptance may then be reconsidered.

Reviewed, revised and recommended by Endowment Development Committee, October 15, 1999
Adopted October 26, 1999 Parke County Community Foundation Board of Directors

PARKE COUNTY COMMUNITY FOUNDATION

GIFT ACCEPTANCE POLICY

ATTACHMENT C

GUIDELINES FOR GIFTS OF TANGIBLE PERSONAL PROPERTY

1. Gifts of tangible personal property (art, antiques, livestock or grain, rare books, jewelry, gems, collections, vehicles, etc.) will be subject to approval by the Board prior to acceptance.
2. The Board will accept only tangible personal property which is (a) usable by The Foundation or one of its supported organizations, or (b) can be sold within a reasonable period of time.
3. Gifts of tangible personal property which exceed \$5,000 in the aggregate, require that the donor provide a qualified appraisal as required by the Internal Revenue Code. The cost of an appraisal shall be paid by the donor. The Foundation must report to the Internal Revenue Service any sale of such property within a two (2) year period after receipt thereof.

Tangible personal property gifts with a fair market value of less than \$5,000 may be recorded at the value reasonably declared by the donor.

Tangible personal property will be sold at the highest possible price as soon as practical after conveyance and reported to the Internal Revenue Service (IRS) when required, unless the property is to be used in connection with the Community Foundation's exempt purpose.

The Community Foundation discourages gifts of personal property that cannot readily be sold or which require unusual expenses prior to sale. If a lengthy selling period is anticipated or unusual expenses are involved, The Foundation may refuse the gift or request that the donor cover the expenses with a cash gift.

4. Other matters that may be taken into consideration by The Foundation before deciding on acceptance of gifts of tangible personal property include (a) nature or character of the property; (b) transportation costs; (c) storage costs; (d) cost of selling; (e) maintenance and repairs; and (f) other gifts.
5. The Foundation reserves the right to consult with its own counselors and appraisers in determining whether or not to accept gifts of tangible personal property.
6. IRS rules governing the deductibility of gifts of tangible personal property are complex. Donors should generally talk with their tax counselors or the IRS before making such gifts.

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