

Community Foundation of Jo Daviess County

Gift Acceptance Policy

The mission of the Community Foundation of Jo Daviess County is to improve quality of life for all by promoting charitable giving, connecting donors with causes they care about and providing leadership on important community issues... we're simply better together.

PURPOSE OF GIFTS

The purpose of all gifts, without exception, shall relate to the mission of the Community Foundation. The purpose of each gift, and procedures for its administration, shall be defined in a letter, agreement or other document signed by the donor. Any gifts received without donor direction or a fund designation will be added to the Community Foundation's Operating Fund.

DONOR INTEREST AND INTENT

The Community Foundation shall be guided, as much as possible, by the interests and intent of the donor in planning gifts. The role of Community Foundation staff shall be to inform, guide and assist in fulfilling philanthropic wishes but never to pressure or unduly influence any donor's or prospective donor's decision. All representatives of the Community Foundation must follow both *A Donor Bill of Rights* (Appendix A) and *Model Standards of Practice for the Charitable Gift Planner* (Appendix B) to balance the interests of the donor and the Community Foundation. It is considered to be best practice, and strongly encouraged, for staff to maintain a written record of relevant discussions held with donors and prospective donors in the Community Foundation's records.

PROFESSIONAL ADVISORS

The Community Foundation will encourage all donors and prospective donors to seek the assistance of personal legal and financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences. It is the philosophy of the Community Foundation that all donors and prospective donors are entitled to independent and objective professional advice. This is to ensure the donor or prospective donor receives a full, accurate and independent explanation of all aspects of the proposed gift.

REQUIRED INFORMATION TO DONORS

In all cases, donors must be informed of the following information:

- (1) irrevocability of gifts;
- (2) importance of seeking independent financial, investment and legal advice prior to making any gift;
- (3) the Community Foundation does not provide tax or legal advice; and
- (4) items which are the donor's responsibility, such as expenses related to the gift.

CONFIDENTIALITY

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

GIFT ACCEPTANCE PROCEDURE

In reviewing gifts to the Community Foundation, the Community Foundation will consider the following criteria:

- (1) the charitable intent and ultimate community benefit;
- (2) the nature of any restrictions;
- (3) the permanency of the gift, or in the case of a non-permanent fund, the amount of time the fund will remain with the Community Foundation;
- (4) projected costs of managing the gift asset; and
- (5) fee revenues to the Community Foundation for administering the gift.

GIFT ACCEPTANCE COMMITTEE

The Executive Committee is responsible for reviewing complex gifts made to the Community Foundation, performing appropriate screening and due diligence necessary to approve or accept gifts, and makes recommendations to the Board on gift acceptance issues, as appropriate. Gifts which require review and approval of the Executive Committee include closely held stock, partnership and LLC interests, pre-IPO stock, real estate and any interest in real estate, and any gifts which fall outside the ordinary purposes, Bylaws and procedures of the Community Foundation. The Board of Directors authorizes the Executive Committee to accept gifts on its behalf when necessitated by timing. The Executive Committee reviews and approves the Community Foundation's Gift Acceptance Policy, and can in its sole discretion make exceptions when warranted.

RIGHT TO REFUSE GIFTS

The Community Foundation reserves all rights, in its full and sole discretion, to refuse any gift it believes is not aligned with its mission and charitable purpose.

RESTRICTIONS ON GIFTS

In conformity with federal law governing community foundations, gifts to the Community Foundation may not be directly or indirectly subjected by a donor to any material restriction or condition that prevents the Community Foundation from freely and effectively employing the transferred assets or the income derived from the assets, in furtherance of its exempt purposes.

LEGAL COUNSEL

The Community Foundation will seek advice of legal counsel in matters relating to gift acceptance when appropriate. Review by legal counsel is recommended for gifts subject to any of the following:

- (1) restrictions or buy-sell agreements;
- (2) encumbrances;
- (3) unclear title;
- (4) potential liability, whether legal, financial or other;
- (5) real or perceived conflict of interest; and
- (6) assumption of any obligation by the Community Foundation.

The Executive Committee can direct review by legal counsel for any transaction.

FEES

There are fees associated with accepting gifts and managing funds at the Community Foundation. Fees are used to support the work of the Community Foundation and the internal costs of fund administration. The Fee Schedule will be regularly published and available.

TYPES OF FUNDS

The Community Foundation establishes component funds in response to community needs and the charitable interests of the donors. The Community Foundation Board has responsibility for acceptance, management and disposition of component funds. Options for fund structures at the Community Foundation include the following:

SPECIAL PROJECTS FUND

The Special Projects Fund is an opportunity for all who love Greater Des Moines to provide support for generations to come. These flexible dollars provide the Community Foundation with the ability to respond to emerging community needs through its grantmaking priorities.

DONOR ADVISED AND FAMILY FOUNDATION FUNDS

Donor Advised Funds and Family Foundation Funds are flexible and convenient, allowing donors and their families to support a variety of causes through their funds anytime they choose. These funds offer a simple, powerful and highly personal approach to giving.

COMMITTEE ADVISED AND CORPORATE FUNDS

Committee Advised and Corporate Funds are established by groups who wish to make grants to the charities of their choice. These funds offer a simple, powerful and highly personal approach to giving.

DESIGNATED FUNDS

Designated Funds are established by a donor to benefit a specific organization and maintain assets that help ensure its sustainability. Distribution to the chosen organization is made on an annual basis, creating a stable income stream.

LEGACY FUNDS

Donors establish Legacy Funds to receive their planned gifts and personally communicate how their charitable contributions will forever benefit their favorite charities.

AGENCY FUNDS

An Agency Fund is established by a local nonprofit organization to serve as the endowment that supports its future operations. The Community Foundation invests the endowment assets, providing responsible and professional fund management. Distributions from the fund are granted back to the agency to be used at the discretion of its governing board.

FIELD OF INTEREST FUNDS

Field of Interest Funds connect donors with their passions and specific areas of need in the community. Education, the arts, the environment and disadvantaged youth and families are a few areas donors can support through these funds. The Community Foundation awards grants to community organizations and programs that are making a difference in the areas identified by the donor.

SCHOLARSHIP FUNDS

Donors may establish Scholarship Funds to benefit students of a particular school, geographic region, educational discipline, gender or other designation.

ACORN FUNDS

Acorn Funds allow donors to build their funds to \$10,000 over a 5-year period with an initial contribution of \$2,000 and a minimum annual contribution of \$2,000. Once \$10,000 is accumulated, donors can start supporting the causes they care about most. An administrative fee is not charged until the fund grows to \$10,000.

ADMINISTRATIVE FUNDS

Administrative Funds support the success of the Community Foundation by providing funding for the Community Foundation to carry out its mission to improve quality of life for all by promoting charitable giving, connecting donors with causes they care about and providing leadership on important community issues.

AFFILIATE FUNDS

Affiliate Funds are established for the support of a variety of charitable purposes and organizations within a specific community or county. A local advisory board is appointed within each affiliate community and/or county, which has grantmaking and fundraising responsibility for that area.

OUTRIGHT GIFTS

GIFT DATES

A gift of cash or cash equivalents is considered complete upon the unconditional delivery of the asset to the Community Foundation. Guidelines for determining the date of gift are as follows:

Delivery	Gift Date
Cash/Check is hand delivered.	Date the cash/check is received by the Community Foundation.
Cash/Check is mailed via the United States Postal Service.	Date of the United States Postal Service postmark.
Cash/Check is mailed via an overnight delivery service (e.g., Federal Express).	Date the cash/check is received by the Community Foundation – not the postmark date.
Securities are hand delivered.	Date the stock certificate and stock power are received by the Community Foundation.
Securities are mailed via the United States Postal Service.	The latter mailing date of the stock power or the stock certificate.
Securities are mailed via an overnight delivery service (e.g., Federal Express).	Date the stock certificate and stock power are received by the Community Foundation or the Community Foundation's agent – not the postmark date.
Securities are delivered to the issuing corporation instructing the corporation to reissue the securities in the name of the Community Foundation.	Date the stock is transferred to the Community Foundation's name on the corporation's books.
Securities are delivered through the depository trust company (DTC).	Date the securities are deposited into the Community Foundation's account.
Securities are delivered through the depository trust company (DTC) but are wired to the wrong account.	The gift is not complete until the conditions for delivery through the depository trust company (DTC) have been satisfied.

***NOTE:** When time sensitive and at/near year end, the Community Foundation, as appropriate, will (1) retain the envelope for gift processing; (2) date stamp the package on the date of receipt and retain for gift processing; and/or (3) date stamp the gift instrument on the date of receipt and retain for gift processing.

ASSET TYPES

The Community Foundation will accept gifts in the form of the following assets, subject to the conditions described below.

Cash, Checks and Pledges

Cash

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

Checks

Checks must be made payable to the "Community Foundation of Greater Des Moines." The specific fund for which the check is intended should be noted in the bottom left corner of the check.

Pledges

Written pledges may be made to any fund at the Community Foundation. Pledge documentation must include donor information and a payment schedule, and must be signed by the donor.

There is no required minimum for a gift of cash, check or pledge.

Securities: Marketable and Not Readily Marketable

Marketable Securities

Marketable securities are generally described as any equity or debt instrument which is readily saleable and can be converted into cash or exchanged with ease. Stocks, bonds, short-term commercial paper and certificates of deposit are all considered marketable securities because there is a public demand for them and because they can be readily converted into cash.

As a general rule, marketable securities will be sold upon receipt. Exceptions must be approved by the Gift Acceptance Committee.

Marketable securities, in some cases, may be restricted by applicable securities laws. The Gift Acceptance Committee will make the final determination on the acceptance of any such restricted securities.

Publicly traded stocks and bonds may be electronically transferred, re-registered in the name of the Community Foundation or conveyed through use of a stock power form. The

Community Foundation also will accept interests in mutual funds. Stock controlled under Securities and Exchange Commission Rule 144 will be held until the restriction on sale expires and then will be sold.

Gifts of bonds that require a holding period may be accepted and cashed when the holding period has expired.

There is no required minimum for a gift of marketable securities.

Not Readily Marketable Securities

Not readily marketable securities are generally defined as securities that are not broadly or publicly traded. They include not only debt and equity issues of C and S corporations, but also limited partnerships and limited liability companies.

Prior to acceptance, the Community Foundation shall ensure that not readily marketable securities are either:

- (1) productive of income;
- (2) saleable within a reasonable time; or
- (3) otherwise provide a material charitable benefit to the Community Foundation.

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

The Community Foundation shall ensure the excess business holdings rules, applicable to donor advised funds, are met. Under the Pension Protection Act of 2006, the private foundation excess business holdings rules apply to all donor advised funds as if they were private foundations. That is, the holdings of a donor advised fund in a business enterprise, together with the holdings of persons who are disqualified persons with respect to that fund, may not exceed any of the following:

- (1) twenty percent of the voting stock of an incorporated business;
- (2) twenty percent of the profits interest of a partnership or joint venture or the beneficial interest of a trust or similar entity; or
- (3) any interest in a sole proprietorship.

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

If income or distributions from not readily marketable securities would create unrelated business income tax (UBIT), arrangements must be made to pay the UBIT from the fund or other source.

The required minimum gift of not readily marketable securities is \$20,000.

A completed IRS Form 8283 ("Noncash Charitable Contributions") must be provided by the donor for all gifts of not readily marketable securities valued in excess of \$5,000. The Community Foundation is required to complete and file IRS Form 8282 ("Donee Information Return") for not readily marketable securities sold or disposed of within 3 years of receiving the property. The Form 8282 is filed with the IRS and a copy is given to the donor.

Further details related to gifts of not readily marketable securities are included in the gift acceptance procedures attached to this Gift Acceptance Policy (GAP).

Real Estate

Gifts of real estate include developed property, undeveloped property or gifts subject to a retained life interest. As a general rule, real estate will be sold upon receipt. Exceptions must be approved by the Gift Acceptance Committee. Real estate which is encumbered with any kind of debt will be accepted only in exceptional circumstances. Evidence of clear title to the property must be provided by the donor. Real estate with multiple owners will be accepted only if all owners of the real estate agree in writing to the gift.

Prior to acceptance of any gift of real estate, the Community Foundation and the donor must agree, in writing, on arrangements for paying expenses associated with the real estate. The expenses which will be the responsibility of the donor include but are not limited to:

- (1) property taxes and other assessments;
- (2) general maintenance, repair and upkeep of property;
- (3) homeowners insurance;
- (4) pest control; and
- (5) lawn/landscaping maintenance.

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

The required minimum gift of real estate located in Iowa is \$50,000. The required minimum gift of real estate located outside Iowa is \$100,000.

A completed IRS Form 8283 ("Noncash Charitable Contributions") must be provided by the donor for all gifts of real estate valued in excess of \$5,000. The Community Foundation is required to complete and file IRS Form 8282 ("Donee Information Return") for real estate sold or disposed of within 3 years of receiving the property. The Form 8282 is filed with the IRS and a copy is given to the donor.

Further details related to gifts of real estate are included in the gift acceptance procedures attached to this GAP.

Gifts of Real Estate with Retained Life Tenancy

Consideration of a life tenancy gift requires the Community Foundation staff to follow the stated guidelines for acceptance of real estate. The donor pays for the appraisal and all transfer fees and costs.

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In accepting gifts of real estate with retained life tenancy, the Community Foundation also will take into consideration the potential use of the property during the life tenancy to avoid acceptance of a property that may become a liability in future years.

The required minimum gift of a life tenancy is \$250,000.

Further details related to gifts of life tenancy are included in the gift acceptance procedures attached to this GAP.

Tangible Personal Property

Gifts of tangible personal property include such assets as grain, boats, airplanes, automobiles, artwork, furniture, equipment, jewelry, gems and metals. As a general rule, tangible personal property will be sold upon receipt. Exceptions must be approved by the Gift Acceptance Committee. The Community Foundation will not accept gifts of tangible personal property which cannot readily be sold or which require unusual expenses prior to sale. No commitment will be made to keep gifts of personal property. If a lengthy selling period is anticipated, the Community Foundation may ask the donor to cover expenses with an outright gift.

The required minimum gift of tangible personal property is \$5,000. The only exception is for a gift of grain, which has no minimum.

A completed IRS Form 8283 ("Noncash Charitable Contributions") must be provided by the donor for all gifts of tangible personal property valued in excess of \$5,000. The Community Foundation is required to complete and file IRS Form 8282 ("Donee Information Return") for tangible personal property sold or disposed of within 3 years of receiving the property. The Form 8282 is filed with the IRS and a copy is given to the donor.

PLANNED AND TESTAMENTARY GIFTS

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

A will, trust or other documents should specify the Community Foundation as the charitable recipient. The Community Foundation shall seek to obtain a true and correct copy of the will, trust or other donative agreement to ensure the donor's intent is met. The type of fund and purpose of the fund may be described in detail in a legacy fund agreement. Any planned or testamentary gifts received without donor direction or a fund designation will be added to the Community Foundation's Better Together Fund.

BEQUESTS

Bequests may be from a will or trust and may be specific or contingent in nature.

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Bequest may include proceeds from life insurance policies and retirement assets. Bequests may also include other asset types as described in the outright gifts section.

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

(1) Community Foundation of Greater Des Moines, an Iowa nonprofit corporation located at 1915 Grand Avenue, Des Moines, Iowa, tax identification number 42-6139033. (2) The name of the fund to which the bequest is made (this may be a new or existing fund). In the case of a new fund, the Community Foundation will, upon notification that the bequest has been included in a will or trust, prepare a separate fund agreement defining the purpose for which the fund has been created.

Bequests to the Community Foundation may include:

Outright Bequests

The donor directs in his or her will that certain assets be transferred to the Community Foundation in the form of cash, real estate, business interests, personal property, life insurance or other property.

Residuary Bequests

The donor makes a gift of all or a portion of his or her residuary estate to the Community Foundation.

Contingent Bequest

The donor makes a bequest that will come to the Community Foundation only if a specific contingency occurs.

To assist donors, the Community Foundation has sample bequest language available.

CHARITABLE GIFT ANNUITIES

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

The Community Foundation will use the Uniform Gift Annuity Rates, as published by the American Council on Gift Annuities, for conclusion of the life income payment to the annuitant. Exceptions must be approved by the Gift Acceptance Committee. Agreements may provide for income payments to no more than two successive life beneficiaries.

With the exception of a deferred payment gift annuity, the minimum age of income beneficiaries shall be 62 years. Deferred payment gift annuities should begin annuity payments no earlier than one year and one day after the gift date.

As a general rule, the Community Foundation will not accept illiquid assets in exchange for a gift annuity (e.g. real estate, not readily marketable securities). Exceptions must be approved by the Gift Acceptance Committee.

The required minimum gift of charitable gift annuity is \$15,000.

CHARITABLE TRUSTS

Charitable Remainder Trusts (CRT)

Under a charitable remainder trust (CRT), the donor irrevocably transfers cash, securities or other property to a trustee, who manages those assets and makes payments to the donor or other named individuals for their lifetimes or for a period not to exceed 20 years. On the death of the beneficiary (or surviving beneficiary if more than one), the assets of the CRT are distributed to the Community Foundation.

There are two types of Charitable Remainder Trusts: charitable remainder annuity trust and charitable remainder unitrust.

Charitable Remainder Annuity Trust (CRAT)

The trust pays the donor (or other named individual beneficiaries) a fixed dollar amount annually for the life or lives of the income beneficiaries or for a period not to exceed 20 years.

Charitable Remainder Unitrust (CRUT)

The basic form of a charitable remainder trust is called a Unitrust which provides for payment to the donor and/or beneficiary of an amount equal to a set percentage of fair market value of the assets of the trust, valued annually. The percentage is determined at the time the trust is created, is stated in the trust and is permanent. The payout must equal no less than 5% of the fair market value of the assets placed in the trust when it is created, and may be made monthly, quarterly, semiannually or annually. If the annual income and/or

realized capital gains do not equal the committed Unitrust percentage, principal is used to supplement the short fall. If there is any excess income or appreciation in excess of the stipulated payment, it is added to the principal. Additional contributions may be made to Unitrusts.

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

Net Income with Makeup Unitrust (NIMCRUT). A variation of the basic Unitrust, known as the Net Income with Make-Up Unitrust, may be used if the donor and the Community Foundation agree on its use. When the trust is created, it includes a provision which defines the Unitrust's payments to be the lesser of the specified payout rate or the actual annual income generated from the investments in the Unitrust. In subsequent years, any income generated from the Unitrust in excess of the specified payout percentage is used to make up any deficit from previous years and is paid to the income beneficiary/donor prior to being added to the Unitrust corpus. The Unitrust also can be structured to be a Net Income Unitrust. In this case, the payout is made from income only and principal is not accessed for income payout.

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

Charitable Lead Trust (CLT). The Community Foundation will accept gifts from a Charitable Lead Trust. The donor may select any annuity or fixed pay out percentage.

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

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

INSURANCE POLICIES

The Community Foundation will accept transfer of ownership of a paid-up insurance policy. The Community Foundation will also accept transfer of ownership of a premium-due insurance policy. For any type of life insurance, the Community Foundation must be the owner and beneficiary of the policy and retain the policy in its offices.

Acceptance of a premium-due policy by the Community Foundation shall be subject to the

Community Foundation's right to cancel such policy, or cease payments thereon, in the Community Foundation's sole discretion. Contributions for premium payments for premium-due policies must be made by direct payment to the Community Foundation at least ten days prior to the premium due date. The Community Foundation cannot assume delinquent premium payments.

For all gifts of life insurance, the Community Foundation must receive documentation from the insurance company which includes date of transfer of ownership. There is no required minimum for a gift of a paid-up insurance policy. The required minimum gift of a premium-due insurance policy is \$20,000.

A completed IRS Form 8283 ("Noncash Charitable Contributions") must be provided by the donor for all gifts of insurance policies valued in excess of \$5,000. The Community Foundation is required to complete and file IRS Form 8282 ("Donee Information Return") for insurance policies sold or disposed of within 3 years of receiving the policy. The Form 8282 is filed with the IRS and a copy is given to the donor.

Further details related to gifts of insurance policies are included in the gift acceptance procedures attached to this GAP.

RETIREMENT PLANS

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

The Community Foundation will accept outright gifts of retirement plans. The Community Foundation also can be named as successor or contingent beneficiary for all or part of the assets upon death of either the retirement asset owner or spouse.

There is no required minimum for a gift of a retirement plan.

A completed IRS Form 8283 ("Noncash Charitable Contributions") must be provided by the donor for all gifts of retirement plans valued in excess of \$5,000. The Community Foundation is required to complete and file IRS Form 8282 ("Donee Information Return") for retirement plans sold or disposed of within 3 years of receiving the property. The Form 8282 is filed with the IRS and a copy is given to the donor.

APPENDIX A

A DONOR BILL OF RIGHTS

PHILANTHROPY is based on voluntary action for the common good. It is a tradition of giving and sharing that is primary to the quality of life. To assure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in the nonprofit organizations and causes that they are asked to support, we declare that all donors have these rights.

I. To be informed of the organization's mission, of the way the organization intends to use donated resources, and of its capacity to use donations effectively for their intended purposes. II. To be informed of the identity of those serving on the organization's governing board, and to expect the board to exercise prudent judgment in its stewardship responsibilities. III. To have access to the organization's most recent financial statements. IV. To be assured their gifts will be used for the purposes for which they were given. V. To receive appropriate acknowledgment and recognition.	VI. To be assured that information about their donations is handled with respect and with confidentiality to the extent provided by law. VII. To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature. VIII. To be informed whether those seeking donations are volunteers, employees of the organization or hired solicitors. IX. To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share. X. To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.
DEVELOPED BY AMERICAN ASSOCIATION OF FUND RAISING COUNSEL (AAFRC) ASSOCIATION FOR HEALTHCARE PHILANTHROPY (AHP) COUNCIL FOR ADVANCEMENT AND SUPPORT OF EDUCATION (CASE) NATIONAL SOCIETY OF FUND RAISING EXECUTIVES (NSFRE)	ENDORSED BY INDEPENDENT SECTOR NATIONAL CATHOLIC DEVELOPMENT CONFERENCE (NCDC) NATIONAL COMMITTEE ON PLANNED GIVING (NCPG) NATIONAL COUNCIL FOR RESOURCE DEVELOPMENT (NCRD) UNITED WAY OF AMERICA

APPENDIX B

MODEL STANDARDS OF PRACTICE FOR THE CHARITABLE GIFT PLANNER

PREAMBLE

The purpose of this statement is to encourage responsible gift planning by urging the adoption of the following Standards of Practice by all individuals who work in the charitable gift planning process, gift planning officers, fund raising consultants, attorneys, accountants, financial planners, life insurance agents and other financial services professionals (collectively referred to hereafter as "Gift Planners"), and by the institutions that these persons represent.

This statement recognizes that the solicitation, planning and administration of a charitable gift is a complex process involving philanthropic, personal, financial, and tax considerations, and as such often involves professionals from various disciplines whose goals should include working together to structure a gift that achieves a fair and proper balance between the interests of the donor and the purposes of the charitable institution.

PRIMACY OF PHILANTHROPIC MOTIVATION

The principal basis for making a charitable gift should be a desire on the part of the donor to support the work of charitable institutions.

EXPLANATION OF TAX IMPLICATIONS

Congress has provided tax incentives for charitable giving, and the emphasis in this statement on philanthropic motivation in no way minimizes the necessity and appropriateness of a full and accurate explanation by the Gift Planner of those incentives and their implications.

FULL DISCLOSURE

It is essential to the gift planning process that the role and relationships of all parties involved, including how and by whom each is compensated, be fully disclosed to the donor. A Gift Planner shall not act or purport to act as a representative of any charity without the express knowledge and approval of the charity, and shall not, while employed by the charity, act or purport to act as a representative of the donor, without the express consent of both the charity and the donor.

COMPENSATION

Compensation paid to Gift Planners shall be reasonable and proportionate to the services provided. Payment of finders fees, commissions or other fees by a donee organization to an independent Gift Planner as a condition for the delivery of a gift are never appropriate. Such payments lead to abusive practices and may violate certain state and federal regulations. Likewise, commission-based compensation for Gift Planners who are employed by a charitable institution is never appropriate.

COMPETENCE AND PROFESSIONALISM

The Gift Planner should strive to achieve and maintain a high degree of competence in his or her chosen area, and shall advise donors only in areas in which he or she is professionally qualified. It is a hallmark of professionalism for Gift Planners that they realize when they have reached the limits of their knowledge and expertise, and as a result, should include other professionals in the process. Such relationships should be characterized by courtesy, tact and mutual respect.

CONSULTATION WITH INDEPENDENT ADVISORS

Gift Planner acting on behalf of a charity shall in all cases strongly encourage the donor to discuss the proposed gift with competent independent legal and tax advisors of the donor's choice.

CONSULTATION WITH CHARITIES

Although Gift Planners frequently and properly counsel donors concerning specific charitable gifts without the prior knowledge or approval of the donee organization, the Gift Planners, in order to insure that the gift will accomplish the donor's objectives, should encourage the donor, early in the gift planning process, to discuss the proposed gift with the charity to whom the gift is to be made. In cases where the donor desires anonymity, the Gift Planners shall endeavor, on behalf of the undisclosed donor, to obtain the charity's input in the gift planning process.

DESCRIPTION AND REPRESENTATION OF GIFT

The Gift Planner shall make every effort to assure that the donor receives a full description and an accurate representation of all aspects of any proposed charitable gift plan. The consequences for the charity, the donor and, where applicable, the donor's family, should be apparent, and the assumptions underlying any financial illustrations should be realistic.

FULL COMPLIANCE

A Gift Planner shall fully comply with and shall encourage other parties in the gift planning process to fully comply with both the letter and spirit of all applicable federal and state laws and regulations.

PUBLIC TRUST

Gift Planners shall, in all dealings with donors, institutions and other professionals, act with fairness, honesty, integrity and openness. Except for compensation received for services, the terms of which have been disclosed to the donor, they shall have no vested interest that could result in personal gain.

Adopted and subscribed to by the National Committee on Planned Giving and the American Council on Gift Annuities, May 7, 1991. Revised April 1999

GIFTS OF REAL ESTATE GIFT ACCEPTANCE PROCEDURES

Gifts of real estate, including developed property, undeveloped property or gifts subject to a retained life interest, may be accepted by the Community Foundation. The following steps should be followed to facilitate a smooth gifting and asset management process:

The Community Foundation staff and the donor should meet to visually evaluate the property and develop appropriate gift arrangements with the donor, subject to proper approval. Gift Acceptance Committee approval is required.

A financial analysis must be performed prior to acceptance to determine whether the gift makes a financially sound investment decision for the Community Foundation, especially if commercial or income property is involved.

Depending on the complexity and value of the property being donated, the staff should discuss an appropriate fee/gift arrangement with the donor to help cover the overhead costs of accepting the gift. These may include realtor commissions, title work, closing costs, legal fees, property taxes, insurance and environmental assessments.

Environmental/Pollution Concerns:

In many cases, a Phase One Inquiry will be required prior to acceptance of proposed real estate gifts. The inquiry should include site observations, building observations and interviews with the current owners.

If concerns are raised by the Phase One Inquiry, Phase One Screening and, dependent upon the level of environmental concern at the site, Phase One Assessment may be required.

Phase One Screening should include:

Review of Regulatory Agency Records: EPA/NPL Site List, EPA-CERCLIS Site List, EPA-RCRA Generator Site List, State DEP Hazardous Waste List, State DEP Land Fill List and State EEP Leaking UST List.

Phase One Assessment should include:

Review of Regulatory Agency Records: EPA-RCRA-TSD Site List, EOA-ERNS List and State DEP Registered UST List.

Review of Physical Setting: USGS Topographical Map, USDA Soil Survey, State or USGS Groundwater Map, USDI Wetlands Map, Aerial Photographs, and Building or Site Plans.

Optional Testing: Asbestos-containing materials, radon gas, lead-based paint and lead in drinking water.

CHECKLIST FOR GIFTS OF REAL ESTATE

General Information

Name of Donor(s):

Address:

Telephone: (cell) _____ (home) _____ (work) _____ E-Mail:

(personal) _____ (work) _____ FAX: Location of

property:

Type of property:

*Business address:

_____ *Business phone: *Website (if

any):

(*for Commercial Property only)

Information about Real Estate

Owners of record:

Ownership (circle one): 1) Sole 2) Joint 3) General Partnership 4) Limited Partnership 5)
Community Property

Does the ownership include mineral rights, water rights, any restrictive easements,
covenants or rights of way, etc.?

Legal description (from owner's documents):

Is there any impending litigation with regard to the property?

Is there any impending legal claim or administrative complaint with regard to the property?

Valuation and date of most recent appraisal:

Annual property taxes:

Fees (association fees, sewer, water or other operating costs):

Are there any liens, encumbrances, mortgages, etc.?

Status of property taxes and holding costs (including delinquent fees):

Donor's basis/cost of property and length of time owned:

Estimated time required to sell the asset:

Zoning uses (residential, commercial, etc.):

Has the property been the subject of any regulatory designations (such as wetland or
easement)? If so, list type of designation and regulatory agency:

Proposed delivery date of deed:

Date of physical inspection of property:

Approximate value of gift:

What is your intended ultimate charitable purpose?

____ Special Projects Fund (unrestricted) ____ Donor advised fund ____ Designated fund

____ Field of interest fund ____ Scholarship fund ____ Other (describe)

Has interest been expressed in sale of the property? (Explain) _____

_____ Has there been a
binding agreement to sell? _____

Documents to Obtain for Gifts of Real Estate

Title opinion: _____

Date Received

Appraisal:

Must be ordered, paid for and submitted within 60 days

of deed delivery. _____

Deed:

Shows how title is vested and is used to prepare the title transfer. _____

Property tax bill:

Shows assessed value of land, improvements, actual tax and

any assessments. _____

Income/Expense pro forma for three-year period:

If commercial income-producing property. _____

Association agreement:

*Ownership rights and responsibilities of some properties,
primarily residential or condominiums, are governed by an*

*owners association. The agreement should include fees or
assessments, together with a statement showing the condition*

of any reserve fund for deferred maintenance. _____

Conditions, covenants and restrictions:

Conditions, covenants and restrictions are required of most

subdivisions. A copy of these will show how the property may

be used and what restrictions may apply. _____

Lease or rental agreements:

If the property is leased or rented to others, a copy of each

rental agreement should be obtained showing the terms of the

agreement term of rental, deposits, etc. _____

Notes, mortgages or other debts:

If the property is encumbered by a note, mortgage or other debt, copies of the promissory note, mortgage, deed of trust or other relevant debt instrument should be obtained showing the terms of the encumbrance. _____

Current mortgage statement:

Will show the current status of a loan and will be helpful in identifying and discussing the loan with the lender. _____

Community Foundation of Jo Daviess County Gift Acceptance Policy (Board approved April 9, 2014) - 20 -

Documents to Obtain for Gifts of Real Estate continued Date Received

Insurance policy:

Will verify cost of insurance and provide information for the Community Foundation to transfer insurance, if desired, after gift is made. _____

Plot map/property line:

This indicates location of property and is an important step in acquiring much of the information for gift analysis. _____

Inspection reports:

Where inspection reports are available from previous activity related to the property, such as Code Officers, inspection reports or structural assessment reports by an engineer. _____

Fund agreement:

Outline of donor's charitable interest. _____ **Gift agreement:** _____

Donor/Donee transfer agreement:

Must use the Community Foundation approved agreement form (if appropriate depending on type of gift). The agreement should be drafted with legal counsel help to meet the needs of each gift. _____ **Complete IRS Form 8283**

"Noncash Charitable Contributions" _____

Staff
Date

GIFTS OF RETAINED LIFE ESTATE GIFT ACCEPTANCE PROCEDURES

Gifts of a retained life estate may be accepted by the Community Foundation. The following steps should be followed to facilitate a smooth gifting and asset management process:

The Community Foundation staff and the donor should meet to visually evaluate the property and develop appropriate gift arrangements with the donor, subject to proper approval. Gift Acceptance Committee approval is required.

A financial analysis must be performed prior to acceptance to determine whether the gift makes a financially sound investment decision for the Community Foundation, especially if commercial or income property is involved.

Depending on the complexity and value of the property being donated, the staff should discuss an appropriate fee/gift arrangement with the donor to help cover the overhead costs of accepting the gift. These may include realtor commissions, title work, closing costs, legal fees, property taxes, insurance and environmental assessments.

Environmental/Pollution Concerns:

In many cases, a Phase One Inquiry will be required prior to acceptance of proposed real estate gifts. The inquiry should include site observations, building observations and interviews with the current owners.

If concerns are raised by the Phase One Inquiry, Phase One Screening and, dependent upon the level of environmental concern at the site, Phase One Assessment may be required.

Phase One Screening should include:

Review of Regulatory Agency Records: EPA/NPL Site List, EPA-CERCLIS Site List, EPA-RCRA Generator Site List, State DEP Hazardous Waste List, State DEP Land Fill List and State EEP Leaking UST List.

Phase One Assessment should include:

Review of Regulatory Agency Records: EPA-RCRA-TSD Site List, EOA-ERNS List and State DEP Registered UST List.

Review of Physical Setting: USGS Topographical Map, USDA Soil Survey, State or USGS Groundwater Map, USDI Wetlands Map, Aerial Photographs, and Building or Site Plans.

Optional Testing: Asbestos-containing materials, radon gas, lead-based paint and lead in drinking water.

CHECKLIST FOR GIFTS OF RETAINED LIFE ESTATE

General Information

Name of Donor(s):

Address:

Telephone: (cell) _____ (home) _____ (work) _____ E-Mail:

(personal) _____ (work) _____ FAX: Location of

property:

Type of property:

*Business address:

_____ *Business phone: *Website (if

any):

(*for Commercial Property only)

Information about Real Estate

Owners of record:

Ownership (circle one): 1) Sole 2) Joint 3) General Partnership 4) Limited Partnership 5)
Community Property

Does the ownership include mineral rights, water rights, any restrictive easements,
covenants or rights of way, etc.?

Legal description (from owner's documents):

Is there any impending litigation with regard to the property?

Is there any impending legal claim or administrative complaint with regard to the property?

Valuation and date of most recent appraisal:

Annual property taxes:

Fees (association fees, sewer, water or other operating costs):

Are there any liens, encumbrances, mortgages, etc.?

Status of property taxes and holding costs (including delinquent fees):

Donor's basis/cost of property and length of time owned:

Zoning uses (residential, commercial, etc.):

Has the property been the subject of any regulatory designations (such as wetland or
easement)? If so, list type of designation and regulatory agency:

Proposed delivery date of deed:

Date of physical inspection of property:

Approximate value of gift:

*Community Foundation of Jo Daviess County Gift Acceptance Policy (Board
approved April 9, 2014) - 23 -*

What is your intended ultimate charitable purpose?

____ Better Together (unrestricted) ____ Donor advised fund ____ Designated fund ____
Field of interest fund ____ Scholarship fund ____ Other (describe)

Has there been a binding agreement to sell? _____

Documents to Obtain for Gifts of Retained Life Estate

Date Received

Title opinion: _____

Appraisal:

*Must be ordered, paid for and submitted within 60 days
of deed delivery. _____*

Deed:

Shows how title is vested and is used to prepare the title transfer. _____

Property tax bill:

*Shows assessed value of land, improvements, actual tax and
any assessments. _____*

Income/Expense pro forma for three-year period:

If commercial income-producing property. _____

Association agreement:

*Ownership rights and responsibilities of some properties,
primarily residential or condominiums, are governed by an
owners association. The agreement should include fees or
assessments, together with a statement showing the condition
of any reserve fund for deferred maintenance. _____*

Conditions, covenants and restrictions:

*Conditions, covenants and restrictions are required of most
subdivisions. A copy of these will show how the property may
be used and what restrictions may apply. _____*

Lease or rental agreements:

*If the property is leased or rented to others, a copy of each
rental agreement should be obtained showing the terms of the
agreement term of rental, deposits, etc. _____*

Notes, mortgages or other debts:

*If the property is encumbered by a note, mortgage or other
debt, copies of the promissory note, mortgage, deed of trust
or other relevant debt instrument should be obtained showing
the terms of the encumbrance. _____*

Current mortgage statement:

Will show the current status of a loan and will be helpful in identifying and discussing the loan with the lender. _____

Community Foundation of Jo Daviess County Gift Acceptance Policy (Board approved April 9, 2014) - 25 -

Documents to Obtain for Gifts of Retained Life Estate continued Date Received

Insurance policy:

Will verify cost of insurance and provide information for the Community Foundation to transfer insurance, if desired, after gift is made. _____

Plot map/property line:

This indicates location of property and is an important step in acquiring much of the information for gift analysis. _____

Inspection reports:

Where inspection reports are available from previous activity related to the property, such as Code Officers, inspection reports or structural assessment reports by an engineer. _____

Annual inspection reports:

Meeting with donor and assessment of property at least once a year. _____

Fund agreement:

Outline of donor's charitable interest. _____ **Gift agreement** _____

Donor/Donee transfer agreement:

Must use the Community Foundation approved agreement form (if appropriate depending on type of gift). The agreement should be drafted with legal counsel help to meet the needs of each gift. _____

Life Estate agreement:

Must use the Community Foundation approved agreement form (if appropriate depending on type of gift). The agreement should be drafted with legal counsel help to meet the needs of each gift. _____ **Complete IRS Form 8283**

"Noncash Charitable Contributions" _____

Staff

Date

CHECKLIST FOR GIFTS OF LIFE INSURANCE

General Information:

Name of donor(s): _____ Address: _____

Telephone: _____
(cell) _____ (home) _____ (work) _____ E-Mail: _____
(personal) _____ (work) _____ Fax: _____

Policy Holder:

Name(s) of insured: _____ Address: _____

Telephone: _____
(cell) _____ (home) _____ (work) _____ E-Mail: _____
(personal) _____ (work) _____ Fax: _____

Policy:

Name of agent(s): _____ Address: _____

Telephone: _____
(cell) _____ (work) _____ E-Mail: _____
(personal) _____ (work) _____ Fax: _____ Policy number: _____

Face value: _____

Date of gift(s): _____

Cash surrender value: _____

Premium Information:

Premium date: _____ Premium amount: _____

Payment schedule: _____

Responsibility for premium payment: _____

What is your intended ultimate charitable purpose?
___ Donor advised fund ___ Scholarship fund ___ Designated fund ___ Field of interest fund
___ Better Together (unrestricted) ___ Other (describe) Specialty
instructions/comments: _____

Documents to Obtain for Gifts of Life Insurance Date Received Insurance policy

Copy of donor's letter of intent

Fund agreement

Gift agreement

Illustrations

Complete IRS Form 8283 "Noncash Charitable Contributions"

Staff

Date

NOT READILY MARKETABLE SECURITIES AND INTERESTS GIFT ACCEPTANCE PROCEDURES

Gifts of not readily marketable securities and interests, including C-Corporations, S-Corporations, Limited Liability Corporations (LLC) and Limited Partnerships (LP), may be accepted by the Community Foundation. The following steps should be followed to facilitate a smooth gifting and asset management process:

The Community Foundation should discuss with the donor the nature of the corporation or partnership, the terms and percentage of ownership, the terms and percentage of allocation of income from the entity and other terms of the corporation or partnership.

The Community Foundation should have adequate opportunity to review the corporation or partnership documents, which includes review by the Community Foundation's legal counsel.

The Community Foundation should discuss with the donor the accounting and tax responsibilities of the corporation or partnership.

The Community Foundation should discuss with the donor the legal position and responsibilities of the corporation or partnership.

The Community Foundation should discuss with the donor payment of administrative fees, taxes and other costs. If the corporation or partnership does not produce sufficient income to pay the associated fees and costs, the Community Foundation reserves the right to invoice for these expenses.

The Community Foundation should discuss with the donor the ability, or inability, to make grant recommendations. Grants may only be made by the donor if there are sufficient liquid assets to cover grants after the payment of all expenses.

CHECKLIST FOR GIFTS OF NOT READILY MARKETABLE SECURITIES AND INTERESTS

General Information:

Name of donor(s): _____ Address: _____

Telephone: _____
(cell) _____ (home) _____ (work) _____ E-Mail: _____
(personal) _____ (work) _____ Fax: _____ Name of closely held
entity: _____ Business
address: _____

Business phone: _____ Website (if
any): _____

Information about not readily marketable security:

Type of entity (C, S, LLC, LLP, etc.): _____ Has the
company converted from a C Corporation to an S Corporation within the last ten years?

(IRC Sec. 1374 tax may
apply) _____ Legal title (owner) on stock
certificate/partnership unit(s): _____

State the business
nature of the entity (use additional space as needed):

Fiscal year
end: _____

Total shares
outstanding: _____ Total shares
authorized: _____ Total shares held by
donor: _____ Proposed number of shares to be
donated: _____ Approximate value of
gift: _____

Donor's approximate
basis in the gift: _____ What is your intended ultimate
charitable purpose?
____ Donor advised fund ____ Scholarship fund ____ Designated fund
____ Field of interest fund ____ Better Together (unrestricted) ____ Other (describe)

Has interest been
expressed in sale of entity or asset? (Explain)

Has there been a
binding agreement to sell? _____

Will the proposed sale
be a stock sale or an asset sale? _____ Have you discussed the pros and
cons of stock sale vs. asset sale with your tax or financial
advisor? ____ Yes ____ No
If so, who is that advisor and firm affiliation? _____

Are there other shareholders? _____ Do donor and related parties own more than 20% of the stock? ____ Yes ____ No (If so, and the gift is to a donor-advised fund, sale may be required within 5 years) Is donor an officer? ____ Yes ____ No A "key employee"? ____ Yes ____ No

Are dividends paid or distributions made? ____ Yes ____ No

During the time the charity will own the stock, what are the expected dividends or distributions? _____ Has donor discussed capital gains inside the entity with accountant? _____

Is there more than one class of stock? (Describe) _____ Has the entity been appraised within the last five years? ____ Yes ____ No If yes, by whom, for what purpose and at what value? _____

_____ Name, address and phone number of proposed appraiser: _____

_____ NOTE: Appraisal must be made by a qualified appraiser pursuant to IRS Rules.

When is appraisal expected? _____ Estimated value of entire corporation: \$ _____ Estimated value of stock given: \$ _____ Are there restrictions on sale of stock to be given? Please describe: _____

_____ Who is company's legal counsel? _____ Legal counsel contact information _____

_____ Who is company's accountant? _____ Accounting contact information: _____

_____ Does company own real estate? ____ Yes ____ No

If so, please describe: _____ Are there any known or expected lawsuits or liabilities including any and all legal claims, administration complaints, etc.? ____ Yes ____ No (Describe on separate sheet) Is there any indebtedness? ____ Yes ____ No

If so, please describe: _____ If so, when was indebtedness incurred? _____ Does company own key employee insurance? ____ Yes ____ No

If so, please describe: _____

Documents to Obtain for Gifts of Unmarketable Securities Date Received

Appraisal:

Must be ordered, paid for and submitted within 60 days of gift delivery

Articles of incorporation or partnership agreement

Bylaws

Last three years' financial statements

Shareholder agreements

Buy-Sell agreements

Irrevocable stock power for transfer of shares to Community

Foundation Certificate for number of shares issued to Community

Foundation

Fund agreement

Gift agreement

Letter of resignation as a director and officer of donor

Corporate minutes and stock certificates

Complete IRS form 8283 "Noncash Charitable Contributions"

Optional Documents for Gifts of Unmarketable Securities Date Received Income

statements, balance sheets, cash flows and footnotes

Breakdown of sales and gross profits

Financial projections

Quarterly financial projections for the next 3 fiscal years

Revenue by product type, customers and channel

Capital structure

Current shares outstanding

List of all stockholders with shareholdings, options, warrants or notes

Schedule of all options, warrants, rights and any other potentially dilutive securities with exercise prices and vesting provisions

Summary of all debt instruments/bank lines with key terms and

conditions Off balance sheet liabilities

Management personnel

Organization chart

Summary biographies of senior management, including employment history, age, service with the company and years in current position

Compensation arrangements

Copies (or summaries) of key employment agreements

Staff

Date

GIFTS OF GRAIN GIFT ACCEPTANCE PROCEDURES

Gifts of grain may be accepted by the Community Foundation. The following steps should be followed to facilitate a smooth gifting and asset management process:

The donor completes form notifying the Community Foundation of Jo Daviess County of their intention to donate a gift of grain. NOTE: The gift should be from unsold crop inventory with no sale commitment made prior to the gift.

Community Foundation will set up an account at the elevator and notify the donor that this account is open.

The donor delivers the grain to the elevator. NOTE: If the donor delivers the grain, sells it and orders the proceeds sent to the Community Foundation, he won't be eligible for tax benefits.

The donor signs a form with the elevator releasing ownership to the Community Foundation of Greater Des Moines." NOTE: Forms and procedures may vary per elevator.

The elevator will notify the Community Foundation when ownership has been transferred. NOTE: Notification may be verbal or in writing.

The Community Foundation will sell the grain immediately. Requests for placing bids or holding the grain will not be accepted. The donor cannot control where or when the Community Foundation sells the grain.

The elevator will name the Community Foundation on the sales invoice as the seller of the grain.

The Endow Iowa tax credit, if applicable, will be based on the selling price of the grain on the date it was sold.

Net proceeds from the sale will be sent to the Community Foundation from the elevator and the proceeds will be placed in the donor's fund of choice.

The Community Foundation will provide the donor with a donation receipt (and Endow Iowa application if applicable).

FORM FOR GIFTS OF GRAIN

To: Community Foundation of Jo Daviess County
PO BOX 77
Elizabeth, IL 61028
Ph: 815-281-0061

I/We, _____, hereby gift _____ (# of bushels)
of _____ (type of grain) to the Community Foundation of Jo Daviess County

A check mark in this box verifies this grain does not have a lien against it; or if the grain does have a lien against it, a lien waiver from the lender is attached.

_____ Signature(s) Date:

Printed name(s)

Mailing address

I will transport the gifted grain to the following facility on behalf of the Community Foundation of Jo Daviess County:

Name of grain elevator, feed lot or other facility	
Contact person	
Phone number	

Send this letter to:

Community Foundation of Jo Daviess County, P.O. Box 77 Elizabeth, IL 61028