

GIFT ACCEPTANCE POLICY

ORANGE COUNTY COMMUNITY FOUNDATION, INC.

Orange County Community Foundation, Inc. (“OCCF”), a non-profit corporation organized under the laws of the State of Indiana, encourages the solicitation and acceptance of gifts to OCCF for purposes that will help OCCF further and fulfill its mission.

The following policies and guidelines govern acceptance of gifts made to OCCF generally or for the benefit of any of its programs.

I. PURPOSE OF POLICIES AND GUIDELINES

The Board of Directors of OCCF and its development staff solicit current and deferred gifts from individuals, corporations, and foundations to secure the future growth and mission of OCCF. These policies and guidelines govern the acceptance of gifts by OCCF and provide guidance to prospective donors and their advisors when making gifts to OCCF.

II. THE GIFT ACCEPTANCE COMMITTEE AND STAFF AUTHORITY

A. The Gift Acceptance Committee shall consist of the members of the Board of Directors. Subject to the guidelines established by the Gift Acceptance Committee:

1. The following persons are authorized to negotiate planned giving agreements with prospective donors: President; Executive Director and designees;
2. The following persons are authorized to sign planned giving agreements on behalf of OCCF: President; Executive Director, and designees.

B. Gifts of less than \$100,000 do not need Board approval, so long as persons designated under A. above authorize the acceptance of the gift.

III. TYPES OF GIFTS

A. Cash. Cash is acceptable in any form. Checks shall be made payable to your OCCF and shall be delivered to OCCF’s administrative offices.

B. Tangible Personal Property. All gifts of tangible personal property shall be examined in light of the following criteria:

1. Does the property fulfill the mission of OCCF?
2. Is the property marketable?
3. Are there any undue restrictions on the use, display, or sale of the property?

4. Are there any carrying costs for the property?

The Gift Acceptance Committee shall make the final determination on the acceptance of other tangible property gifts.

C. Securities. OCCF can accept both publicly traded securities and closely held securities.

1. **Publicly Traded Securities.** Marketable securities may be transferred to an account maintained at one or more brokerage firms or delivered physically with the transferor's signature or stock power attached. As a general rule, all marketable securities shall be sold upon receipt unless otherwise directed by the Finance Committee. In some cases marketable securities may be restricted by applicable securities laws; in such instance the final determination on the acceptance of the restricted securities shall be made by the Gift Acceptance Committee.
2. **Closely Held Securities.** Closely held securities, which include not only debt and equity positions in non-publicly traded companies but also interests in limited partnerships and limited liability companies, or other ownership forms, can be accepted subject to the approval of the Gift Acceptance Committee. However, gifts must be reviewed prior to acceptance to determine:
 - a. That there are no restrictions on the security that would prevent OCCF from ultimately converting it to cash;
 - b. That the security is marketable; and
 - c. That the security will not generate any undesirable tax consequences for OCCF.

If potential problems arise on initial review of the security, further review and recommendation by legal counsel may be sought before making a final decision on acceptance of the gift. The Gift Acceptance Committee, with the advice of legal counsel, shall make the final determination whether to accept closely held securities. Every effort will be made to sell non-marketable securities as quickly as possible.

D. Real Estate. Gifts of real estate may include developed property, undeveloped property, or gifts subject to a prior life interest. Prior to acceptance of real estate, OCCF shall require an initial environmental review of the property to ensure that the property has no environmental damage. In the event that the initial inspection reveals a potential problem, OCCF shall retain a qualified inspection firm to conduct an environmental audit. The cost of the environmental audit shall generally be an expense of the donor.

When appropriate, a title insurance binder shall be obtained by OCCF prior to the acceptance of the real property gift. The cost of this title binder shall generally be an expense of the donor.

Prior to acceptance of the real property, the gift shall be approved by the Gift Acceptance Committee, with the advice of legal counsel. Criteria for acceptance of the property shall include:

1. Is the property useful for the purposes of OCCF?
2. Is the property marketable?
3. Are there any restrictions, reservations, easements, or other limitations associated with the property?
4. Are there carrying costs, which may include insurance, property taxes, mortgages, or notes, associated with the property?
5. Does the environmental audit reflect that the property is not damaged?

E. Remainder Interests in Property. OCCF will accept a remainder interest in a personal residence, farm, or vacation property subject to the provisions of paragraph D, above. The donor or other occupants may continue to occupy the real property for the duration of the stated life. At the death of the donor, OCCF may use the property or reduce it to cash. Where OCCF receives a gift of a remainder interest, expenses for maintenance, real estate taxes, and any property indebtedness are to be paid by the donor or primary beneficiary.

F. Oil, Gas, and Mineral Interests. OCCF may accept oil and gas property interests, when appropriate. Prior to acceptance of an oil and gas interest, the gift shall be approved by the Gift Acceptance Committee, with the advice of legal counsel. Criteria for acceptance of the property shall include:

1. Gifts of surface rights should have a value of \$25,000 or greater.
2. Gifts of oil, gas, and mineral interests should generate at least \$5,000 per year in royalties or other income (as determined by the average of the three years prior to the gift and evidence that no known factors prevent future income from being similar).
3. The property should not have extended liabilities or other considerations that would make receipt of the gift inappropriate
4. A working interest may only be accepted when there is a plan to minimize potential liability and tax consequences.
5. The property should undergo an environmental review to ensure the absence of current or potential exposure to environmental liability.

G. Bargain Sales. OCCF will enter into a bargain sale arrangement in instances in which the bargain sale furthers the mission and purposes of OCCF. All bargain sales must be reviewed and recommended by the Gift Acceptance Committee. Factors used in determining the appropriateness of the transaction include:

1. In the event OCCF determines that it must obtain an independent appraisal substantiating the value of the property, the cost of the appraisal will be borne by the donor.
2. If OCCF assumes debt with the property, the debt ratio must be less than 50% of the appraised market value.
3. OCCF must determine that it will use the property, or that there is a market for sale of the property before acceptance of the Deed.
4. OCCF is responsible for the costs to safeguard, insure, and manage the property (including property tax, if applicable) during the holding period, or until the property is sold.

H. Life Insurance. OCCF must be named as both beneficiary and irrevocable owner of an insurance policy before a life insurance policy can be recorded as a gift. The gift is valued at its interpolated terminal reserve value, or cash surrender value, upon receipt. If the donor contributes future premium payments, OCCF will treat the entire amount of the additional premium payment as a gift in the year that it is made.

If the donor does not elect to continue to make gifts to cover premium payments on the life insurance policy, OCCF may:

1. Continue to pay the premiums;
2. Convert the policy to paid up insurance; or
3. Surrender the policy for its current cash value.

I. Charitable Gift Annuities.

1. OCCF may offer charitable gift annuities which begin payments within one year of the gift date, as well as deferred payment gift annuities, whose initial payment is at least a year after the gift date. The deferral period will be at the discretion of the donor. The minimum gift for funding is generally \$50,000, but the Gift Acceptance Committee may make exceptions to this minimum. The minimum age for life income beneficiaries of a gift annuity is 55. Where a deferred gift annuity is offered, the minimum age for life income beneficiaries is 45. OCCF may accept annuity gifts for one life, two lives in succession, or joint and survivor annuity agreements. Gift annuity agreements will be limited to

one life or two lives in being at the time of the gift. No more than two life income beneficiaries will be permitted for any gift annuity.

2. Annuity payments may be made on a quarterly, semi-annual, or annual schedule. Annuity payment amounts will be rounded upward to ensure that each payment will be exactly the same amount. Annuity payments will be mailed in time to arrive on the payment due date. The Gift Acceptance Committee may approve exceptions to this payment schedule.
3. Gift annuity assets will be limited to cash and securities for which a ready market exists. Closely held stock will not be accepted. OCCF may accept real property into its gift annuity fund, so long as the state law where donor resides permits such assets to be received for this purpose. Effective with the date of this policy, OCCF will not accept tangible personal property or any other illiquid asset in exchange for current charitable gift annuities. OCCF may accept tangible personal property or other illiquid assets in exchange for deferred gift annuities if there is at least a five-year period before the commencement of the annuity payment date, the value of the property is reasonably certain, and the Gift Acceptance Committee approves the arrangement.
4. The maximum annuity rates offered will be the current schedule adopted by the American Council on Gift Annuities. OCCF may establish a maximum annuity rate chart that is lower, but never higher than the Uniform Gift Annuity Rates of the American Council on Gift Annuities. To conform to the federally mandated "Clay-Brown Rule," the annuity rate offered will generate a charitable deduction of more than 10 percent of the fair market value of the assets given, or the annuity rate will be reduced to qualify for the deduction. This policy recognizes that the monthly changing Applicable Federal Rate (AFR) affects the calculated deduction.
5. To conform to various state laws, OCCF will always offer the maximum annuity rate to each potential donor/annuitant, based on the actuarial age of the annuitants, but OCCF may suggest that if the potential donor/annuitant is willing to accept a lower rate, a larger charitable deduction would be obtained for the same size gift.
6. To conform to various state laws, OCCF will operate the gift annuity fund so that identifiably separate investments may be maintained apart from any other investment or endowment fund of the institution. The full annuity gift will be admitted to the gift annuity fund and will be maintained until the demise of the last annuitant in the agreement. Once those payments have terminated, the funds representing the remaining principal contributed in exchange for the gift annuity shall be transferred

to OCCF's general endowment funds, or to such specific fund as designated by the donor.

7. A policy or methodology will be established to identify the changing market value of each agreement, so that an appropriate amount may be withdrawn from the gift annuity fund at the termination of the agreement.
8. To conform to various state insurance laws, OCCF may elect to reinsure any annuity agreement above the minimum \$100,000 of Required Legal Reserve amount with an "A" rated commercial insurance company, registered to do business in OCCF's state of domicile. OCCF recognizes that certain state laws permit reinsurance only through a "treaty" (negotiated) agreement with a registered insurance company and that if the insurance company fails, OCCF will be liable for the payments.
9. The gift annuity will be effective on the postmark date on the envelope that brings it to OCCF or the date it is given to OCCF's representative.
10. OCCF will make an effort to be aware of the investment and reporting requirements of OCCF's state of domicile as well as those states that have statutes regulating gift annuity funds, and be guided by input from legal counsel and staff as to the necessity for filing for a permit to write annuity agreements in those states.
11. OCCF will maintain separate record keeping for its gift annuity fund, so that appropriate fund records can be maintained to permit appropriate reporting of gift annuity fund activity to those states that require it by statute, should OCCF later obtain a permit in any state that requires it.
12. OCCF will maintain investment and administrative records of its gift annuity fund and program to ensure that questions can be answered appropriately.

J. Charitable Remainder Trusts. OCCF may accept designation as remainder beneficiary of a charitable remainder trust, with a minimum gift of \$50,000 generally required to establish the trust, with the approval of the Gift Acceptance Committee of OCCF. OCCF will not accept appointment as trustee of a charitable remainder trust.

K. Charitable Lead Trusts. OCCF may accept a designation as income beneficiary of a charitable lead trust, with a minimum gift of \$250,000 generally required to establish the trust. OCCF will not accept an appointment as trustee of a charitable lead trust.

L. Retirement Plan Beneficiary Designations. Donors and supporters will be encouraged to name OCCF as beneficiary of their retirement plans. Such designations will not be recorded as gifts until the gift is irrevocable. When the gift is irrevocable, but is not due until

a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

M. Bequests Under Wills. Donors and supporters of OCCF will be encouraged to make bequests under their wills and trusts. Such bequests will not be recorded as gifts until the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded when the gift becomes irrevocable.

N. Life Insurance Beneficiary Designations. Donors and supporters will be encouraged to name OCCF as beneficiary or contingent beneficiary of their life insurance policies. Such designations shall not be recorded as gifts to OCCF until the gift is irrevocable. Where the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded when the gift becomes irrevocable.

IV. RESTRICTIONS ON GIFTS

OCCF will accept unrestricted gifts, and gifts for specific programs and purposes, provided that such gifts are not inconsistent with its stated mission, purposes, and priorities. OCCF will not accept gifts that are deemed too restrictive in purpose. Gifts that are too restrictive are those that violate the terms of the corporate charter, gifts that are too difficult to administer, or gifts that are for purposes outside OCCF's mission. All final decisions on the restrictive nature of a gift, and its acceptance or refusal, shall be made by the Gift Acceptance Committee.

V. CONFLICT OF INTEREST AND OTHER ETHICAL CONSIDERATIONS

A. Conflicts of Interest. OCCF will urge all prospective donors to seek the assistance of personal legal and financial advisors in matters relating to their gifts and the resulting tax, estate planning, and other consequences. OCCF will comply with the *Model Standards of Practice for the Charitable Gift Planner* promulgated by the National Committee on Planned Giving. No employee of OCCF may receive any compensation or material benefit from a donor as a result of the gift planning process.

B. Protection of Donors' Interests. OCCF will consider the donor's interests as the first priority in discussing planned gifts. These interests include the donor's financial situation, philanthropic goals, and tax or legal planning issues. OCCF will not encourage any donor to make a gift that is inappropriate in light of these factors, and OCCF will advise the donor of any doubt whether a proposed gift is in the best interest of the donor.

C. Confidentiality of Information. OCCF will maintain the confidentiality of any information received from or about a donor's or potential donor's interests described in the preceding paragraph entitled "Protection of Donors' Interests." Such information will only be shared to the extent necessary and only with the Gift Acceptance Committee, legal counsel, the President of OCCF (or his/her delegate), and the Board of Directors.

D. Charitable Intent. OCCF will not enter into planned gift arrangements unless such arrangements reflect donative intent on the part of the donor.

VI. MISCELLANEOUS PROVISIONS REGARDING GIFTS

A. Securing appraisals and legal fees for gifts to OCCF. It will be the responsibility of the donor to secure and pay for any required appraisal and the donor's independent accountant, attorney, or other advisors for all gifts made to OCCF.

B. Valuation of gifts for development purposes. OCCF will record a gift received by OCCF at the gift's value for gift purposes on the date of the gift.

C. Responsibility for IRS Filings upon sale of gift items. The Gift Acceptance Committee, through staff, is responsible for filing IRS Form 8282 upon the sale or disposition of any asset sold within two years of receipt when the charitable deduction value of the item is more than \$5,000, or as otherwise required by applicable law. Under current law, OCCF must file this form within 125 days of the date of sale or disposition of the asset. Acknowledgement of all gifts made to OCCF and compliance with the current IRS requirements in acknowledgement of such gifts shall be the responsibility of the Gift Acceptance Committee, which may delegate the administrative responsibility to its staff.

VII. USE OF LEGAL COUNSEL

OCCF shall seek the advice of legal counsel in matters relating to acceptance of gifts when appropriate. Review by counsel is recommended for:

1. Closely held stock transfers that are subject to restrictions or buy-sell agreements;
2. Documents naming OCCF as Trustee;
3. Gifts involving contracts, such as bargain sales or other documents requiring OCCF to assume an obligation;
4. Transactions with potential conflict of interest or that may invoke IRS sanctions; and
5. Other instances of a gift based on complex facts or issues in which use of counsel is deemed appropriate by the Gift Acceptance Committee.

VIII. APPROVAL

These policies and guidelines have been reviewed and accepted by the OCCF Board of Directors, sitting as the Gift Acceptance Committee. The Gift Acceptance Committee must approve any changes to, or deviations from, these policies.

Approved on the _____ day of _____, 2003.

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