

The Barry Community Foundation

GIFT ACCEPTANCE POLICY



Barry
Community
Foundation

For Good. For Barry County. Forever.

Approved by the Board of Directors

6/16/11

10/15/15

4/20/23

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SCOPE

In order to protect the interests of The Barry Community Foundation and the persons and other entities who support this organization, these policies are designed to assure that all gifts to, or for the use of, The Barry Community Foundation, are structured to provide maximum benefits to all parties. The asset development program of The Barry Community Foundation encompasses the solicitation and acceptance of gifts which may be current, planned, or testamentary.

The goal is to encourage funding of The Barry Community Foundation without encumbering the organization with gifts which may prove to generate more cost than benefit, or which are restricted in a manner which is not in keeping with the mission of The Barry Community Foundation.

It is understood that except where stated otherwise, these policies are intended as guidelines, and that flexibility must be maintained since some gift situations can be complex, and decisions will only be made after careful consideration of a number of interrelated factors. Therefore, these policies will in some instances require that a gift acceptance committee considers the merits of a particular gift and a final decision be made only by that body. The Barry Community Foundation will comply with all federal, state, and local laws in the conduct of development activities, including acceptance of gifts. The Foundation endorses and subscribes to A Donor Bill of Rights, **Appendix A**.

AUTHORIZATION

It is the policy of The Barry Community Foundation's Board of Directors to encourage donors to make outright, planned and testamentary gifts. Planned and testamentary gifts include bequests, charitable gift annuities, charitable remainder trusts, charitable lead trusts, retained life estates, gifts of life insurance or retirement assets, interest in business entities such as partnerships, limited liability companies, or closely-held corporations, and such other gift arrangements as the Board may from time to time approve. It is the Board's directive that staff shall seek such gifts, and that adequate staff and resources for a fully effective program are maintained. All programs, solicitation plans, and activities shall be subject to the oversight of the Board.

PURPOSE OF GIFTS

The purposes of all gifts to the Foundation must relate to the mission of the Foundation, **Appendix B**. The purpose of the gift and the procedures for its administration shall, whenever possible, be defined in a letter or agreement signed by the donor.

RESPONSIBILITIES OF GIFT ACCEPTANCE COMMITTEE

This committee, organized as an ad hoc subcommittee of the Foundation Board of Directors, will meet on an as-needed basis to review the details of unique or complex gifts. Members will include some Foundation staff (President/CEO, Vice President), chair of a standing Board of Directors Committee such as the Marketing/Fund Development committee, and such other persons (board members or not) as might offer professional expertise in the cost/benefit analysis of a potential gift. The committee will assume the following responsibilities:

- determine whether a specific gift contributes to the mission of this Foundation;
- outline steps to be taken in the acceptance/rejection process;

- advise staff how to protect the Foundation from any possible repercussions;
- and • When appropriate under the circumstances, recommend to the Foundation Board of Directors whether or not to accept the gift.

BUSINESS PRACTICES

It is the business practice of the Foundation to inform, serve, guide or otherwise assist donors who wish to support the Foundation's activities, but never under any circumstance to pressure or unduly persuade.

It is the Foundation's intention to properly acknowledge all completed gifts within two business days.

The Foundation will provide a disclosure statement and/or gift information, to every donor before a fund agreement is executed.

All information concerning donors and prospective donors shall be held in strict confidence by the 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 permission is obtained from the donor prior to the release of such information.

Persons acting on behalf of the Foundation shall encourage the donor to discuss the proposed gift with the legal and/or tax advisors of the donor's choice, at the donor's expense. This is to ensure that the donor receives a full, accurate, and independent explanation of all aspects of the proposed charitable gift.

Persons acting on behalf of the Foundation shall advise the donor that it is the donor's responsibility to obtain any necessary appraisals, file appropriate personal tax returns, and defend against any challenges to claims for tax benefits.

The President of the Foundation, and third parties (such as attorneys) retained by the Foundation for this purpose are authorized to negotiate planned gift agreements with prospective donors, following program guidelines approved by the Board.

All planned giving agreements requiring execution by the Foundation shall first be reviewed and approved as to form by the Foundation's legal counsel. However, each agreement need not be reviewed by legal counsel provided it is based on a prototype agreement that has been reviewed and approved.

The Foundation will accept charitable gift annuities but only under conditions described below.

The Foundation may employ agents and advisors to facilitate the investment of annuity assets.

The Foundation may serve as trustee of irrevocable charitable remainder trusts and charitable lead trusts or as co-trustee with a trust institution, when it is irrevocably named as the sole beneficiary. However, it may serve in select circumstances when it is not the sole beneficiary if, in the judgment of the Acceptance Committee, the interests of the Foundation will be best served. The Foundation may employ one or more financial managers for the administration and investment of trust assets. Expenses related to investments and administrative services shall be charged to the respective trusts.

The Foundation will not serve as trustee or co-trustee of any revocable trusts or of other trusts that are not qualified charitable remainder trusts or charitable lead trusts.

PROCEDURES FOR REVIEW OF GIFTS

In reviewing gifts to the Foundation, the Acceptance Committee and/or staff will consider the following criteria:

- The charitable intent and ultimate community benefit
- The nature of restrictions, if any
- The permanency of the gift; or in the case of a non-permanent fund, the amount of time the fund will remain with the Foundation
- Projected costs of managing the gift asset
- Fee revenues to the Foundation for administering the gift

Acceptance by staff of gifts consistent with the purposes, bylaws and procedures of the Foundation shall not require review by the Acceptance Committee if the gifts are in any of the following forms:

- Cash
- Check
- Marketable securities
- Gifts of precious metals, where the value is easily established

- Charitable remainder trusts, charitable lead trusts, or charitable gift annuities, if funded with cash or publicly traded securities
- Gifts of real estate or any other asset that has real estate holdings as an element of its value (e.g., certain limited partnerships or other business entities)

Gifts requiring review and approval of the Acceptance Committee include the following:

- Charitable remainder trusts, charitable lead trusts, or charitable gift annuities, if funded with assets other than cash or publicly traded securities
- Interests in some business entities (i.e., closely-held corporations, partnership and limited liability company interests)
- Remainder interest in a residence, ranch, or farm
- Rights in copyrighted materials, patents, and royalties
- Tangible personal property
- Other property that may be unusual or fall outside the type of gifts usually handled by the Foundation, including tangible personal property unrelated to the Foundation's charitable purpose.

Gifts requiring committee review will be handled promptly. Foundation staff will deliver to the committee all information necessary to make a decision. If a gift is not accepted, the donor or prospective donor will be notified in writing by staff immediately. All gift reviews will be handled with confidentiality.

Note: Gifts requiring immediate action (e.g., gifts on December 31 or pending sale of property) may be exempted from full Acceptance Committee review if, in the judgment of the President, in consultation with designated members of the Acceptance Committee, that a gift may be accepted without significant reservations or in any way jeopardizing the Foundation's tax exempt status.

FUND OPTIONS

The Foundation establishes component funds and supporting organizations in response to community needs and donors' charitable concerns. While funds may be built in increments, the minimum balance for distributions to begin is \$10,000 generally. The Board of Directors of the Foundation has ultimate responsibility for acceptance, management and disposition of component funds although the Board has delegated the review and acceptance of gifts to establish funds as specified in this Policy. Options for fund structures at the Foundation include the following:

Unrestricted Funds

Unrestricted funds are available to the Foundation for any of the charitable purposes encompassed by the Foundation's mission. The Grantmaking and Community Engagement Committee recommend to the Foundation Board of Directors how unrestricted funds might best be used.

Field of Interest Funds

Field of Interest funds are limited in their use by the donor's stated preference for a specific area of charitable purpose. The Grantmaking and Community Engagement Committee recommends to the Foundation Board of Directors which organizations and programs might receive grants from field of interest funds and the amount and timing of such grants. Examples of field of interest funds include but are not limited to:

- Arts and Culture
- Basic Needs
- Economy
- Education and Learning Opportunities for All Ages
- Protects and Stewards Natural Environment
- Health and Wellness
- Neighborhoods and Communities

Note: these particular funds mirror the grantmaking areas utilized by BCF's grant committee.

Advised Funds

Donors establish donor advised funds when they wish to actively participate in the grant activity of the fund. Donors of advised funds may offer recommendations to the Foundation regarding the recipients and amounts of grants from the fund. When the donor (and spouse) are no longer living or no longer wish to serve in an advisory capacity, the advised fund will become unrestricted in nature unless the original fund agreement identifies successor advisors or specifies an alternate type of fund. Donors establishing advised funds may name children or other designees to succeed them as advisors. This successor provision will generally extend for one generation only.

Scholarship Funds

Scholarship funds are dedicated to providing grants for educational assistance to individuals seeking education. Scholarship funds established by donors that involve donor or donor advisor participation with the fund are subject to guidelines for scholarship funds adopted and maintained by the Board of Directors of the Foundation.

Designated Funds (and Organizational Endowments)

Designated funds are earmarked for one or more charitable organizations, and all grants made from such funds will be made to (or for the use of) the designated recipient organization(s). If the recipient organization(s) ceases to exist or changes its status or mission as a charitable organization, the Foundation's Board of Directors may exercise its variance power, by selecting an alternate use for the fund compatible with its original charitable purpose.

Supporting Organizations

Donors may establish supporting organizations at the Foundation as independently incorporated tax-exempt nonprofit organizations with separate governance. A supporting organization is a grantmaking entity that is operated, supervised, controlled by, or in connection with the Foundation. Consistent with the legal requirements for Type I and II supporting organizations, the Foundation appoints Directors, Officers, or Senior Management of the Foundation compromise a majority of the board of directors of the supporting organization.

Affiliate Funds

Affiliate funds are established to support of a variety of charitable purposes and organizations within a specific community or region. A local advisory board is appointed by the Foundation's Board of Directors within each affiliate community, which has grantmaking and asset acquisition responsibility for that area. Affiliate funds enable smaller communities to enjoy many of the benefits of a community foundation while taking advantage of the Foundation's services, staff and expertise and avoiding the costs and administrative burdens of a separate community foundation. Affiliate funds must abide by The Barry Community Foundation's gift acceptance policies and Regulations.

Community Projects

The Community Foundation may serve as fiscal or other sponsor for various community projects designed to improve the quality of life for residents in Barry County. These funds and accounts, often non-endowed, are created to hold contributions raised for a specific purpose until disbursements are made to cover the costs of the project. When the contributions held in such a project account have been expended, the temporary fund ceases to exist.

GIFT OPTIONS

Asset Types

The Foundation will accept gifts in the form of the following assets, subject to the conditions described in this policy. In order to provide written substantiation for gifts over \$250, the donor's name and address must be provided.

Cash

Gifts of cash should be paid to the 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.

Check

Checks should be made payable to the Foundation. The specific fund for which the check is intended should be noted in the bottom left corner of the check, or in attached correspondence.

Marketable securities

Publicly traded stocks and bonds may be electronically transferred, re-registered in the name of the Foundation, or conveyed through use of a stock power form. The Foundation also will accept interests in mutual funds. Generally, these securities are sold upon receipt. 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.

Securities which shall not be accepted include those which are assessable or which in any way may create a liability; those which, by their nature, may not be assigned (such as series E savings bonds); those which have no apparent value.

Insurance policies and proceeds

Donors may transfer ownership of a paid-up policy to the Foundation and take a tax deduction for the interpolated terminal reserve (typically cash surrender value). Donors may also transfer ownership of premium-due policies to the Foundation and make income tax deductible contributions in the amount of the premiums. In either case, the Foundation shall be the owner and permanent beneficiary of the policy and retain the

policy in its offices. Upon redemption, the value of the policy may establish a new fund, or contribute to any existing fund at the Foundation.

Paid-up policies of any value may be accepted by the Foundation. Premium-due policies must have a minimum face value equal to the amount specified by the Foundation for a fund to be eligible for payout.

The Foundation does not enter into charitable reverse split dollar agreements.

Interests in business entities (i.e., closely-held corporations, partnership interests, interests in limited liability companies)

Donors may make gifts of interests in business entities (i.e., closely-held corporations, partnership interests, interests in limited liability companies). These can be accepted if the Foundation assumes no liability in receiving them. In evaluating a gift proposal of such assets, the Foundation will consider the probability of conversion to a liquid asset within a reasonable period of time, projected income that will be available for distribution and administrative fees, the nature of the business from which the asset is derived, and the type of fund(s) that a prospective donors wish to establish with the gift(s) of interests in business entities.

A completed IRS Form 8283 (“Noncash Charitable Contributions”) and appropriate assurances concerning the following must accompany gifts of limited partnership interests, interests in limited liability companies, or other permissible interests in closely held businesses:

- Independent appraisal of value of the subject entity and statement of the percentage of the entity to be gifted to the Foundation;
- assurance that the Foundation will be held harmless in the event the entity becomes bankrupt or is otherwise unable to satisfy its obligations;
- Assurance that the Foundation will be held harmless for the general obligations of, and claims against, the business entity.

The Foundation does not accept gifts of general partnership interests due to potential unlimited liability. The Foundation will also not accept gifts of interests in proprietorships.

When an interest in a business entity cannot be promptly liquidated, and the documented present value of the interest is equal to the amount specified by the Foundation for a fund to be eligible for payout, that interest may be credited to a new, named component fund at the Foundation. The fund may be treated as an advised, designated, scholarship, field of interest, or unrestricted fund as requested by the donor. Grants may be made only from income generated by the business interest or from other liquid assets in the component fund, provided the fund's documented present value remains at least equal to the amount specified by the Foundation for a fund to be eligible for payout.

Notwithstanding any other provision hereof, the Foundation shall not accept any gift of a business interest in a business enterprise for a donor advised fund that the Foundation determines would likely subject the Foundation to tax under Section 4943 of the Internal Revenue Code regarding "excess business holdings." Any potential gift that would result in a donor advised fund holding:

- Twenty percent or greater interest in a business or in an entity,
- Any interest (other than a 2% or lesser interest in both (x) value of all outstanding interests and (y) voting stock, capital interest, or beneficial interest) in an entity in which any interest is owned by a donor or advisor to the donor advised fund, by a family member of any such person, or by an entity in which any of the foregoing persons has an interest, shall be referred to the Foundation's legal counsel for a determination on the potential application of Code Section 4943. To the extent that such assets would constitute or become excess business holdings and they are accepted in a donor advised fund, the Foundation will establish procedures to ensure disposal of the assets within the time periods prescribed by the tax law. The Foundation will notify potential donors of such requirements prior to the acceptance of such interest.

In cases where an interest gifted to the Foundation is promptly liquidated, but its value is less than the amount specified by the Foundation for a fund to be eligible for payout, the gift generally shall be directed to the Foundation's discretionary funds or to one of the Foundation's field of interest funds.

Real property

Unencumbered real property will be accepted at fair market value as established by at least one qualified appraisal, provided by the donor. Appraisal fees are "out of pocket"

expenses to be borne by the donor before completion of the gift; said fees are not deducted from the value of the gift or treated as part of the charitable contribution; they may be claimed by the donor as a miscellaneous deduction on Schedule A of Form 1040 (Section 1061). Evidence of clear title to the property must be provided by the donor to the Foundation; property with multiple owners will be accepted only if all owners of the property agree in writing to the gift. No real estate may be accepted as a gift if the donor has already arranged its subsequent sale by the Foundation.

Real property that is encumbered by a trust deed loan or mortgage will be accepted only in exceptional circumstances. Prior to acceptance of a gift of real property, the Foundation and the donor must agree, in writing, on arrangements for paying expenses associated with the property, including taxes and assessments, insurance coverage, and maintenance costs.

A Phase I Environmental Impact Audit and other studies deemed necessary by the Foundation generally must be completed before real estate may be accepted as a gift and the Phase I fees are "out of pocket" expenses to be borne by the donor before completion of the gift. Said fees are not deducted from the value of the gift or treated as part of the charitable contribution.

In addition to the considerations listed above, commercial properties and businesses will be examined in relationship to the potential for exposure of the Foundation to unrelated business taxable income or other liabilities. A completed IRS Form 8283 ("Noncash Charitable Contributions") must accompany gifts of real property. Further details related to gifts of real property are included in **Appendix C**.

Tangible personal property

Gifts of such assets as boats, airplanes, automobiles, artwork, furniture, equipment, jewelry, gems, and metals valued in excess of \$5000 must be accompanied by a qualified estate appraisal. Unless the property is to be used in connection with the Foundation's tax-exempt purpose, it will be sold at the highest possible price as soon as possible after conveyance. No commitment will be made to keep gifts of personal property. The Foundation discourages gifts of personal property which cannot readily be sold or which require unusual expenses prior to sale. If a lengthy selling period is anticipated, the Foundation may ask the donor to cover such expenses with a cash gift or decline to accept the gift.

A completed IRS Form 8283 (“Noncash Charitable Contributions”) must accompany gifts of tangible personal property.

Royalties, distribution rights

The Foundation may accept gifts of royalties or distribution rights on published works (such as books or films) where there is clear evidence of marketability or assurance of an income stream. A qualified appraisal is required.

A completed IRS Form 8283 (“Noncash Charitable Contributions”) must accompany gifts of royalties or distribution rights.

Retirement assets

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

Methods for gifting retirement assets include:

- naming the Foundation as successor or contingent beneficiary for all or part of the assets upon death of either the retirement asset owner or spouse (Note: this direction is made on the beneficiary designation form of the retirement account, not by last Will & Testament);
- creating a testamentary charitable remainder trust with the assets upon the death of the asset owner, naming The Barry Community Foundation as remainder beneficiary and non-charitable heirs as income beneficiaries.

Planned and Testamentary Gifts

The Foundation’s planned and testamentary giving program encompasses all forms of gifts whose benefits do not fully accrue to the 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), or whose benefits to the Foundation are then followed by the interests of non-charitable beneficiaries.

Donors using planned and testamentary gift techniques may add to or establish any of the fund types listed above. Will, trust, or other documents should specify The Barry Community Foundation as the charitable recipient and name the fund to which the

donor's gift will contribute. The type of fund and purpose of the fund may be described in detail in a separate fund agreement.

Bequests

Bequests may be from a will or trust and may be specific or contingent in nature. Representatives of the Foundation are authorized to solicit direct testamentary charitable contributions through wills or trusts, as well as testamentary contributions to establish gift annuities and charitable remainder and lead trusts. Advice offered by representatives of the Foundation must be accompanied by a written recommendation that the prospect consult his/her own attorney and/or tax counsel. A bequest through will or trust to the Foundation should include the following:

- The name of The Barry Community Foundation, and Michigan nonprofit corporation located at 231 South Broadway Street, Hastings MI 49058;
- 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 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.

Charitable Remainder Trusts

Unitrusts

The basic form of a Unitrust 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 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 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.

A variation of the basic Unitrust, known as the Net Income with Make-Up Unitrust, may be used if the donor and the 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 can also be structured to be a Net Income Unitrust. In this case the payout is made from income only; principal is not accessed for payout.

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 property, 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 property.

Annuities

Donor and/or beneficiary annually receive a payout that is fixed irrevocably at the time of the gift and stated in the trust agreement. The payout must equal at least 5% of the fair market value of the assets placed in the trust when it is created. Income in excess of the annual payment is added to principal. If the income in any year is less than the annual payment the difference is derived from realized capital gain or principal.

Additions may not be made to Annuity Trusts.

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

Administration of Remainder Trusts

1. Representatives of the Foundation are authorized to solicit gifts in the form of Charitable Remainder Trusts (including basic Unitrusts, Annuity Trusts, Net Income Unitrusts, Net Income with Make-Up Unitrusts and Flip Unitrusts) with annual payout rates ranging from 5% to 10% of fair market value of trust assets; payout rates of more than 10% must be reviewed for approval by the Senior Vice President/Chief Financial Officer, and the Senior Vice President of Gift Planning and Donor Relations. (Net Income Unitrusts do not require this approval).
2. Sample trust agreements provided by the Foundation to the donor shall be accompanied by a letter indicating that the sample does not constitute legal advice and strongly advising that the donor seek legal counsel prior to completing the trust.

Charitable Lead Trust

Income earned from the assets within the Charitable Lead Trust 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.

Administration of Lead Trusts

1. Representatives of the Foundation are authorized to solicit gifts for Charitable Lead Trusts. The donor may select any annuity or fixed payout percentage.
2. Sample trust agreements provided by the Foundation to the donor shall be accompanied by a letter indicating that the sample is not a completed legal document and strongly advising that the donor seek legal counsel prior to completing the trust.

Charitable Gift Annuity

The Foundation and the donor enter into a contract providing a fixed dollar return, for the life of the donor and/or other beneficiaries, in exchange for a contribution to the 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 Foundation.

Administration of Charitable Gift Annuities

1. Representatives of the Foundation are authorized to solicit gift annuity agreements. If the Foundation is to serve as trustee, then the Foundation must be at least a 50% beneficiary of the Charitable Gift Annuity (CGA). Such annuities will always be administered in conformity with applicable state and federal tax laws. The Foundation retains the right to refuse to accept any or all charitable gift annuities if deemed not in the best interest of the Foundation.
2. The gift annuity remainder must benefit the Foundation and/or one or more new or existing Endowment Funds at the Foundation.
3. The Uniform Annuity Rates as published by the American Council on Gift Annuities will not be exceeded without Gift Acceptance Committee approval.

4. Disclosure to the Donor must follow state and federal regulations.
5. Gift assets are limited to liquid assets such as cash and securities for which a ready market exists.
6. The gift annuity will be effective on the date the Foundation first controls the asset.
7. The payout for CGAs will generally begin when the donor is age 60 or more; in the case of two successive life beneficiaries, the younger of the two must be at least 60.
8. Agreements may provide for income payments to no more than two successive life beneficiaries.
9. The CGA will generally require an initial contribution of at least \$10,000 if the remainder interest is designated for deposit to an existing Foundation Endowment Fund. If the remainder interest is intended to establish a new Endowment Fund, then the residuum must meet the Foundation fund minimum at the time of death. If the residuum does not meet the fund minimum, it will be deposited in memory of the donor to the Foundation's unrestricted funds.
10. The CGA Pool shall be separate from the Foundation Endowment Pool and subject to Investment Policies set by the Foundation. The assets of the CGA Pool shall serve as self-insurance against losses on individual annuities.
11. The Barry Community Foundation assumes ultimate responsibility for the risk of all annuities and may, at its discretion, reinsure any or all annuities for which it acts as trustee.
12. Annuities may be charged a reasonable administrative fee and a proportional share of investment costs.
13. Generally, annuity payments will be made either annually, semi-annually, or quarterly at the donor's discretion.

Risk Avoidance:

The Barry Community Foundation will generally not accept illiquid assets in exchange for a gift annuity (e.g., real property and closely held stock), but any such

offer may be referred to the Gift Acceptance Committee for review and recommendation.

APPENDIX 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 Barry Community Foundation, 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 prompt acknowledgment and appropriate recognition for all gifts.

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 provided with disclosure of all significant parties involved with The Barry Community Foundation.

IX.

To be assured that The Barry Community Foundation will not share mailing lists with any other entity.

X.

To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.

APPENDIX B: MISSION & VISION STATEMENTS & GUIDING PRINCIPLES

Our Mission:

The Barry Community Foundation will serve as a leader, catalyst and resource to improve the lives of people in the Barry County area by promoting charitable giving and the creation of permanently endowed funds, now and for future generations.

Our Vision:

A Trusted Resource for Positive Change. For Good. For Ever.

Barry Community Foundation's Guiding Principles

We believe -

- ✓ Things can be guided toward improvement

- ✓ In the ability of the people of Barry County to influence their future positively

- ✓ That gifts to and from the Barry Community Foundation will forever improve the lives of the people of Barry County

- ✓ That serving the Barry Community Foundation is both rewarding and enjoyable

- ✓ That as we do a good job and involve the people of Barry County, the resources will follow and,

- ✓ That we can have change while preserving our character and traditional community values.

APPENDIX C: REAL ESTATE

The Foundation accepts most unencumbered real property. Many donors appreciate the tax benefits and simplicity of making a gift of real property to the Foundation. **The Role of the Donor**

- Establish a permanent charitable fund or life-income producing fund with a gift of real property valued at \$10,000 or more.
- Avoid capital gains on the sale of property donated to the Foundation, provided the property was not subject to a binding agreement to sell created prior to the gift.
- Take a charitable tax deduction for the fair market value of the real property. Long-term capital gain property is deductible at its fair market value up to 30 percent of Adjusted Gross Income (AGI). Short-term capital gain real property (held for one year or less) is deductible at cost, subject to the 50 percent of AGI limitation.
- Work with the Foundation to make arrangements for expenses associated with the property, including taxes and assessments, appraisal fees, environmental evaluations, insurance coverage, title search expenses and maintenance costs.

Role of the Foundation

- Work with the donor to make arrangements for expenses associated with the property, including taxes and assessments, appraisal fees, environmental evaluations, insurance coverage, title search expenses and maintenance costs.
- Inspect all proposed gifts of all residential and non-residential real property in order to avoid potential liability for environmental cleanup and toxic and hazardous waste issues relating to real estate.
- At its earliest convenience, sell donated property that the Foundation does not plan to use as part of its charitable activities.
- Complete the acknowledgment section of IRS Form 8283 and submit it to the donor so that it may be filed with his/her federal income tax return.

- Recognize the gift and establishment of fund in its annual report (unless anonymity has been requested).

Disposition of Property:

Generally, the Foundation will sell property as quickly as possible after the gift is completed.

1. The Foundation should consider its investment objectives before selling.
2. The Foundation should avoid selling property at a distressed price. A quick distress sale may jeopardize the donor's charitable contribution deduction and might negatively impact the market values in the area.

Environmental/Pollution Concerns:

In most 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 and adjacent site reconnaissance.

If concerns are raised by the Phase I Inquiry, additional assessment may be required.

Final Documents for Gift Acceptance Should Include:

A seller/donor agreement containing environmental/pollution disclosure and liability. Known and unknown liabilities from transfer documents should not be included in the agreements.

Gifts Related to Real Estate:

The Foundation may accept trust deed notes and mortgages as gifts. In most cases, a qualified appraisal would determine the value, taking into account the unpaid principal balance, the interest rate payable under the loan, and the current interest rates.

Bargain Sale of Real Estate and Personal Property:

Gifts in the form of a bargain sale need to be appraised by an independent appraiser with the fee to be paid by the donor.

In addition, the asset will be readily marketable (maximum estimated selling period of one year) or a reasonable current use to the Foundation. The minimum gift valuation should be \$50,000 net of the Foundation's investment.

Gifts of Real Estate with Retained Life Tenancy

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

transfer fees and costs. The gift value and anticipated value of property at the end of the life tenancy will be calculated by the Foundation when the gift is made.

There should be reasonable expectation that the property can be sold within one year after the death of the donor or donor's relinquishment of the property.

In accepting gifts of real estate with retained life tenancy, the Foundation will also 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 Foundation should agree to participate in a gift of real estate with retained life tenancy only if:

- The life tenancy beneficiary is age 55 or older;
- The property value initiating the life tenancy is a minimum of \$300,000;
- The Foundation is named as irrevocable remainder beneficiary, for endowment purposes, for a minimum of 50% of the remaining assets.