



Second Century Fund
Seeds Give Way to Harvest

GIFT ACCEPTANCE POLICY

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POLICY PURPOSE

The purpose of this Gift Acceptance Policy (this “Policy”) is to set forth guidelines that govern the solicitation and acceptance of gifts by the Rocky Mountain Farmers Union Educational and Charitable Foundation, Inc., a 501(c)(3) not-for-profit corporation, (the “Foundation”) for The Second Century Fund (the “Fund”) of the Foundation. This Policy applies to all gifts, current and planned, to the Foundation for the Fund. The Board of Trustees of the Foundation has directed select Foundation Trustees, officers, and individual representatives to solicit such gifts, and has directed that adequate staff and resources for a fully effective development program be maintained.

The Denver Foundation, a 501(c)(3) not-for-profit corporation, (“TDF”) is the investment manager of the Fund. Current gifts of cash, marketable securities, and readily saleable property will be the highest priority. The Foundation may also accept planned gifts, including bequests, charitable remainder trusts, charitable lead trusts, charitable gift annuities, gifts of life insurance policies and proceeds, gifts of remainder interests in real property, and gifts of retirement assets. The Foundation may also accept such other gift arrangements for the Fund as the Foundation’s Board may from time to time approve.

The objectives of this Policy are: (1) to encourage financial contributions to the Fund without encumbering the Foundation and/or TDF with gifts that may prove to generate more costs than benefits, may subject the Foundation and/or TDF to potential liabilities, or which are restricted in a manner such that they do not promote the mission of the Fund, which is to support the leadership, educational, and cooperative programs of the Foundation; and (2) to ensure that all gifts to the Foundation for the Fund are structured to provide maximum benefit to the Fund.

All development programs, solicitation plans, and development activities are subject to the oversight of the Foundation’s Board or committees appointed by the Board to which the Board has delegated its authority. In order for the Foundation to respond quickly, and in the affirmative, when possible, to all gifts offered by prospective donors, the Board has delegated its authority hereunder to review and approve gifts of certain types of property to its Executive Committees (the Foundation’s president, vice president, secretary, and treasurer) and, in certain circumstances, to its president and director. Any exceptions to this Policy must be approved by the Executive Committee or the president and director if so authorized.

BUSINESS PRACTICES

It is the business practice of the Foundation and TDF to inform, serve, guide or otherwise assist donors who wish to support the Foundation’s activities, but never under any circumstances to pressure or unduly persuade prospective donors or to provide legal, tax or other professional or personal advice or counsel to prospective donors.

No gift will be accepted, or program promoted, that violates any governing documents or policies of the Foundation or TDF.

The Foundation and TDF will comply with all federal, state, and local laws in the conduct of development activities, including acceptance of gifts. The Foundation will not accept a gift for the Fund if the Foundation knows that the gift came from any unlawful activity.

The Foundation endorses and subscribes to A Donor Bill of Rights, **Appendix A**.

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

The Foundation reserves the right to consult legal, tax or other counsel before accepting any gift. Additionally, the Foundation reserves the right in their sole discretion to refuse any gift.

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

All planned giving agreements requiring execution by the Foundation shall first be reviewed and approved by the Foundation's legal counsel. However, the Foundation's legal counsel need not review each agreement provided the agreement in question uses in all relevant respects the language of an agreement that has already been reviewed and approved by the Foundation's legal counsel.

It is the Foundation's intention to properly acknowledge all completed gifts within ten business days after notice of the gifts.

PROCEDURES FOR REVIEW OF GIFTS

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

- Cash
- Check
- Marketable securities
- Life insurance
- Retirement assets
- Designation of the Foundation as a beneficiary of a charitable remainder trust or a charitable lead trust, unless the donor requests that the Foundation serve as trustee

Gifts requiring review and approval (which may or may not occur) of the Foundation's Executive Committee or its president and director include without limitation the following:

- Tangible personal property*
- Real property*
- Charitable remainder trusts and charitable lead trusts, where the Foundation serves as trustee
- Charitable gift annuities
- Interests in business entities (e.g., closely held stock, interests in limited liability companies, and limited partnership interests)
- Remainder interests in property
- Rights in copyrighted materials, patents, and royalties
- Bargain sales
- Other property that may be unusual or fall outside the type of gifts usually handled by the Foundation or TDF

* The Foundation's president and director shall have the authority to accept gifts of tangible personal property and real property with a fair market value of less than \$1 million if the applicable requirements of this Policy are met (including **Appendix B**).

In reviewing gifts to the Foundation for the Fund, the Foundation's Executive Committee and/or authorized staff and representatives shall consider the following criteria, without limitation:

- The charitable intent and ultimate community benefit
- The nature of restrictions, if any
- Any potential liabilities to which the Foundation may become subject as a result of accepting the gift
- 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 for administering the gift

Gifts requiring Executive Committee review will be handled promptly. Staff will provide the Executive Committee with the information necessary to make an informed decision. The Executive Committee is authorized to receive information about a potential gift via e-mail and may take action via e-mail.

GUIDELINES FOR ACCEPTING GIFTS

CURRENT GIFTS

The Foundation will accept gifts in the form of the following assets, subject to the conditions described in this Policy. In order for this Policy to comply with US Treasury regulations governing community foundations, gifts to the Foundation for the Fund whose investments are being managed by TDF may not be directly or indirectly subjected by a donor to any material restriction or condition that prevents the Foundation from freely and effectively employing the transferred assets, or the income therefrom, in furtherance of the Foundation's exempt purposes.

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 the contribution should be credited to the Fund. The Foundation will not accept a gift of cash (currency) in the amount of \$10,000 or more.

Check

Checks should be made payable to the Foundation. The Fund 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 gift of cash or stock form. The Foundation will accept interests in mutual funds. Generally, these securities are sold upon receipt. Stock subject to 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 will be redeemed when the holding period has expired.

Tangible Personal Property

Gifts of tangible personal property, including boats, airplanes, automobiles, artwork, furniture, equipment, jewelry, gems, and metals, may be accepted only after review and approval by the Foundation's Executive Committee or, in the case of tangible personal property with a fair market value less than \$1 million, by the Foundation's president and a director. Gifts of tangible personal property valued more than \$5,000 must be accompanied by a qualified appraisal, paid for by the donor unless the Foundation elects to share such cost with the donor. Unless the property is to be used in connection with the Foundation's tax-exempt purposes, it will be sold at the highest possible price as soon as possible after conveyance. The donor should be aware that the sale may affect the donor's charitable deduction and should be advised to seek independent legal and/or tax advice. No commitment will be made to keep gifts of personal property. The Foundation ordinarily will not accept gifts of personal property that cannot readily be sold or that 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 may decline to accept the gift.

Real Property

Gifts of real property may be accepted only after review and approval by the Foundation's Executive Committee or, in the case of real property with a fair market value of less than \$1 million, the Foundation's president and director. In making the determination of whether to accept or reject a gift of real property, the Foundation's Executive Committee or president and director shall follow the procedures set forth in **Appendix B**. The Foundation will not manage real property and the property must be readily marketable. All gifts of real property will be converted to cash at the earliest opportunity.

Real property that is encumbered by a trust deed loan or mortgage will be accepted only in exceptional circumstances.

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.

Interests in Business Entities

The Foundation may accept gifts of interests in business entities (e.g., closely held corporations, limited partnership interests, interests in limited liability companies) upon review and approval by the Foundation's Executive Committee. These gifts can be accepted only 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, any adverse tax or other consequences to the Foundation, the nature of the business from which the asset is derived, and the purposes of the Fund.

The donor must provide an independent appraisal of value of the subject interest, paid for by the donor unless the Foundation elects to share the costs of such appraisal.

The Foundation does not accept general partnership interests.

Royalty interests will be considered but working interests will not be accepted.

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

- A twenty percent or greater interest in a corporation, partnership, LLC or trust,
- Any interest in an entity in which any interest is owned by a donor or advisor to the 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.

Rights in Copyrighted Materials, Patents, and Royalties

The Foundation may accept gifts of rights in copyrighted materials (such as books or films), patents, royalties or other rights where there is clear evidence of marketability or assurance of an income stream. A qualified appraisal may be required, which shall be paid for by the donor unless the Foundation elects to share such costs. Such gifts are subject to approval by the Foundation's Executive Committee.

Bargain Sales

A "bargain sale" is a sale of property to the Foundation for an amount less than the property's current fair market value. The excess of the value over the sales price represents a contribution.

A gift of mortgaged property will constitute a bargain sale. Since the amount of indebtedness is treated as a relief of liability, there could be adverse tax consequences to the donor.

To determine the true fair market value of the asset, it must be adequately appraised. Generally, the donor will be responsible for appraisal costs, unless the Foundation elects to share the costs of any such appraisal.

The Foundation may but need not purchase real estate, securities, or other property on a bargain sale basis. Ordinarily the price paid for the property should not exceed 60 percent of its appraised value.

Pledges

Pledges generally are to be completed within five years. With the approval of The Foundation's Executive Committee, however, gifts over \$5 million may extend beyond the five-year period.

Oral pledges generally will not be recognized or recorded.

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 for the Fund until some future time (such as the death of the donor or other income beneficiaries or the expiration of a predetermined period), or whose benefits to the Foundation are then followed by the interests of non-charitable beneficiaries.

Donors using planned and testamentary gift techniques should specify in the wills, trusts or other documents the Foundation as the charitable recipient for the Fund.

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. Suggestions offered by representatives of the Foundation must not be in the form of advice or counsel and must be accompanied by a written recommendation that the prospective donor consult his/her own attorney and/or tax counsel.

A bequest through will or trust to the Foundation for the Fund should include the following:

- the name of the Foundation (the Rocky Mountain Farmers Union Educational and Charitable Foundation, Inc.), a Colorado not-for-profit corporation; and
- the name of the Fund (The Second Century Fund) to which the bequest is made.

Charitable Remainder Trusts

A donor may create a charitable remainder trust by irrevocably transferring assets to a trustee who manages the assets and provides a specified distribution of income at least annually to one or more beneficiaries for life or a period not exceeding 20 years. On the death of the beneficiaries or at the end of the trust term, the assets are distributed to the Foundation for the Fund for the Fund's restricted or unrestricted use.

The Foundation may accept designation as remainder beneficiary for the Fund of a charitable remainder trust.

Neither the Foundation nor TDF ordinarily will serve as trustee of a charitable remainder trust. However, if the trust corpus is at least \$100,000, and it is in the best interest of the Foundation on behalf of the Fund to have the Foundation or TDF serve as trustee, the Foundation or TDF may agree to serve as trustee. Such agreement requires prior Executive Committee approval.

Charitable Lead Trusts

A donor may create a charitable lead trust by irrevocably transferring assets to a trustee who manages the assets and provides a specified distribution of income to a charitable beneficiary or beneficiaries during the term of the trust. At the termination of the trust, the trust corpus is distributed to one or more non-charitable beneficiaries.

The Foundation may accept designation as income beneficiary for the Fund of a charitable lead trust.

Neither the Foundation nor TDF ordinarily will serve as trustee of a charitable lead trust. However, if the trust corpus is at least \$100,000, and it is in the best interest of the Foundation on behalf of the Fund to have the Foundation or TDF serve as trustee, the Foundation or TDF may agree to serve as trustee. Such agreement requires prior Executive Committee approval.

Charitable Gift Annuities

The Foundation may offer charitable gift annuities, both current and deferred, subject to the review and approval of the Foundation's Executive Committee.

Rates of return under a charitable gift annuity are lower than the rates offered by commercial insurance companies so that a significant residuum will remain for the Foundation on behalf of the Fund. Prospective donors shall be advised in writing of this fact prior to entering a gift annuity contract with the donor.

The minimum amount for an annuity agreement is \$10,000.

Ordinarily, the Foundation will not accept real property, tangible personal property or any other illiquid asset in exchange for a current charitable gift annuity.

For new contracts, the Foundation will be guided, although not bound, by the suggested rates recommended by the American Council on Gift Annuities.

Agreements shall be limited to two lives, and ordinarily the minimum age for the annuitants shall be 60 for immediate annuities and 50, with the initial payment at 60, for deferred annuities. Exceptions may be made subject to the prior approval of the Foundation's Executive Committee.

Gift annuities may be managed by the Foundation, and the Foundation may employ agents and advisors to assist with the administration and investment of gift annuity assets.

The Foundation prefers to provide quarterly payments to gift annuity donors.

Gift annuities issued in Colorado shall comply with Colorado's state law and meet the disclosure requirements under the Philanthropy Protection Act of 1995.

Life Insurance

Donors may transfer ownership of a paid-up policy to the Foundation for the Fund. Donors may also irrevocably transfer ownership of premium-due policies to the Foundation for the Fund, so long as the donor pledges to make cash contributions in the amount of the premiums. In either case, the Foundation shall be the owner and permanent beneficiary of the policy for the Fund and retain the policy in its offices. As owner, the Foundation has the unrestricted right to fully exercise its powers, including the power to surrender, select payment options, designate beneficiaries, and withdraw or borrow cash values. Upon redemption, the value of the policy will be contributed by the Foundation to the Fund. The Foundation does not enter into charitable split dollar or reverse split dollar agreements.

The Foundation will not serve as trustee for irrevocable life insurance trusts.

Retirement Assets

Account type retirement plans, in which a balance accumulates as principal, may be gifted to the Foundation for the Fund. 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 the Fund 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 assets upon the death of the asset owner, naming the Foundation as remainder beneficiary for the Fund and non-charitable heirs as income beneficiaries.

Remainder Interests in Property

The Foundation may accept a remainder interest in a personal residence or farm, subject to the guidelines in this Policy for gifts of real estate, including review and approval by the Foundation's Executive Committee or its presidents and director. The donor or another person may retain use of the property for a term of years or the life of the donor and/or another person. At the termination of the life estate, the Foundation will own the property and may sell it on behalf of the Fund.

The donor shall continue to be responsible for real estate taxes, insurance, utilities, and maintenance after transferring title to the property unless the Foundation, upon prior approval of its Executive Committee, agrees to assume responsibility for any of these items. The donor shall also be responsible for obtaining a qualified appraisal of the remainder interest, which shall be paid for by the donor unless the Foundation agrees to share the costs of such appraisal.

MISCELLANEOUS PROVISIONS

Gifts to the Foundation

The parties agree that the Foundation is in every case the donee for the Fund of the gifts covered under this Policy and that the Foundation may request TDF to take a more active role in the acceptance and administration of a particular gift given the gift's complexity or the Foundation's inability to effectively accept and administer the gift. TDF is under no duty to accept such role.

Appraisals and Fees for Gifts to the Foundation

It is the donor's responsibility to secure a qualified appraisal (where required) of property contributed to the Foundation, and the donor shall pay all costs (including costs of the qualified appraisal, costs of independent legal counsel, and costs of any environmental assessment required) associated with the contribution of property to the Foundation, unless the Foundation agrees to share any such cost. The Foundation's Executive Committee may make exceptions to this general rule only if such exceptions comply with this Policy.

Independent Legal Counsel

It is the donor's responsibility to consult independent legal counsel for all gifts made to the Foundation.

General Rules for Gifts of Property

For any gifts of property received by the Foundation, the Foundation will not establish or corroborate the value of such property for the purpose of substantiating the donor's income tax charitable deduction. In addition, no restrictions may be placed on the way the Foundation may use or dispose of property received by gift. As a rule, the Foundation will sell contributed property as soon as reasonably possible.

A completed IRS Form 8283 ("Noncash Charitable Contributions") from the donor must accompany gifts of real property.

Responsibility for IRS Filings Upon Sale of Gift Items

The Foundation or TDF is responsible for filing IRS Form 8282 upon the sale or disposition of any donated property (other than marketable securities) sold within three years of receipt by the Foundation when the charitable deduction value of the item is \$5,000 or more. The Foundation or TDF must file this form within 125 days of the date of sale or disposition of the asset.

Acknowledgement of Gifts

Acknowledgment of all gifts made to the Foundation and compliance with the current IRS requirements in acknowledgment of such gifts shall be the responsibility of the Foundation.

This Policy has been reviewed and approved by the Board of Directors of Rocky Mountain Farmers Union, the Board of Trustees of the Rocky Mountain Farmers Union Educational and Charitable Foundation, Inc., and authorized representatives of the Board of Directors of The Denver Foundation and will be reviewed periodically as determined by the Executive Committees of such Boards. Each party's Executive Committee must approve any subsequent changes to or deviations from this Policy with respect to its rights and responsibilities hereunder.

Approved by such Boards on the ___ day of April 2023.

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 public, and that donors and prospective donors can have full confidence in the Rocky Mountain Farmers Union Educational and Charitable Foundation, Inc. (the “Foundation”), we declare that all donors have these rights.

<p style="text-align: center;">I.</p> <p>To be informed of the Foundations’ mission, of the way the Foundation intend to use donated resources, and of its capacity to use donations effectively for their intended purposes.</p> <p style="text-align: center;">II.</p> <p>To be informed of the identity of those serving on the Foundations’ governing board, and to expect the board to exercise prudent judgment in its stewardship responsibilities.</p> <p style="text-align: center;">III.</p> <p>To have access to the Foundations’ most recent financial statements.</p> <p style="text-align: center;">IV.</p> <p>To be assured their gifts will be used for the purposes for which they were given.</p> <p style="text-align: center;">V.</p> <p>To receive prompt acknowledgment and appropriate recognition for all gifts.</p>	<p style="text-align: center;">VI.</p> <p>To be assured that information about their donation is handled with respect and with confidentiality to the extent provided by law.</p> <p style="text-align: center;">VII.</p> <p>To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature.</p> <p style="text-align: center;">VIII.</p> <p>To be provided with disclosure of all significant parties involved with the Foundation.</p> <p style="text-align: center;">IX.</p> <p>To be assured that the Foundation will not share mailing lists with any other entity.</p> <p style="text-align: center;">X.</p> <p>To feel free to ask questions when donating and to receive prompt, truthful, and forthright answers.</p>
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APPENDIX B: GIFTS OF REAL PROPERTY

It is the policy of the Rocky Mountain Farmers Union Educational and Charitable Foundation, Inc. (the "Foundation") to accept gifts of real property. Such gifts may include residences, vacation homes, business, or commercial property (developed or undeveloped).

The Foundation recognizes that gifts of real estate create significant legal and economic issues, and, therefore, the Foundation has developed these policies and procedures for the acceptance, management, and disposal of such gifts.

Although each determination will be made based on the specific circumstances of the proposed gift, the following represent general procedures and guidelines.

1. Requirements Pertinent to Gifts of Real Estate.

A prospective donor who wishes to make a gift of real property or an interest in real property to the Foundation, or the personal representative of an estate in which a devise of real property or an interest in real property is contained, shall submit a written request for acceptance of the gift to the Foundation. Gifts of real property with a fair market value of \$1 million or more are subject to approval by the Foundation's Executive Committee, and gifts of real property with a fair market value of less than \$1 million are subject to approval by the Foundation's president.

- a. A proposed gift of an interest in real estate shall be referred to The Foundation's Board of Directors. Each request should be accompanied by the following, to the extent available:
 - i. A general description and, if applicable, street address of the real property
 - ii. A survey showing the exact location of the real property;
 - iii. The current tax notice and evidence of the most recent payment;
 - iv. A preliminary title report shall be ordered. The report shall be reviewed for:
 - ◆ A complete legal description;
 - ◆ Proper legal ownership by the donor;
 - ◆ The existence of covenants, conditions or restrictions that may affect its value to the Foundation;
 - ◆ The rights that another party may have in the use of the surface, air, or subsurface of the property through easements or options; and

- ◆ The existence of any tax liens, encumbrances or judgment items.

An existing title insurance policy for the property or a current title insurance commitment to insure the real property, together with copies of any documents that appear as exceptions to title on such policy or commitment shall be required;

- v. Copies of any documents representing deeds of trust or other security interests encumbering the property, a summary of the payment terms of any such obligations, and the proposed donor's plans regarding payment of such obligation(s);
 - vi. A summary description of all insurance policies in force with respect to the real property and the amount of the annual premiums due with respect to such policies;
 - vii. A physical inspection report and/or an environmental assessment of the property;
 - viii. If the proposed gift is of an undivided interest in the real property, a copy of any tenants-in-common or other agreement, together with all amendments that may affect the ownership of such real property;
 - ix. Where applicable, documents shall be required demonstrating that the donor has the authority to transfer all or a partial interest of the real property, or interest in real property or partnership business interest, to the Foundation without the consent of any other party. If other such consents have been given, information relating to any restrictions on the ability of the Foundation to sell the property will be required;
 - x. Copies of any current leases of the property together with all tenant information; and
 - xi. A copy of an independent qualified appraisal (paid for by the donor unless the Foundation agrees to share such cost) when required by the Internal Revenue Service or state tax authorities.
- b. It will be the policy of the Foundation that, unless waived by its Board of Directors, the donor will pay all costs associated with the contribution of interests in real property, unless the Foundation agrees to share such costs. For example, if the Foundation's Executive Committee recommends an environmental assessment, the donor will normally be asked to defray this cost, unless the Foundation agrees to share such cost. Costs of the qualified appraisal will also normally be borne solely by the donor, unless the Foundation agrees to share such costs.
- c. Prior to accepting any gift of real property or an interest in real property, a member of the Foundation's Executive Committee or Foundation staff may,

within reason, physically inspect the real property unless the Foundation's Executive Committee has approved other arrangements.

- d. Any transfer of real property to the Foundation shall be by general or specific warranty deed unless otherwise approved by the Foundation's Executive Committee.
- e. In most cases, an environmental Phase I Environmental Impact Audit will be required prior to acceptance of proposed real estate gifts. The cost of the Audit shall be borne by the donor, unless the Foundation agrees to share such cost. The inquiry should include site observations, building observations, and interviews with the current owners and adjacent site reconnaissance.

If the Phase I Inquiry raises concerns, additional assessment may be required.

- f. Prospective donors will be encouraged to make gifts of real property or interests in real property that are readily saleable. If the real property or interest in real property being offered to the Foundation is not readily saleable, the Foundation's Board of Directors may request the donor to provide a cash gift to the Foundation in an amount sufficient to pay for the anticipated expenses related to ownership of the real property during the period prior to the time it can be readily sold, as determined by the Foundation's Executive Committee.
- g. In the case of a proposed gift of an interest in a partnership/business interest, the Foundation's Executive Committee shall determine whether additional capital contributions will be required by the partnership within the five-year period following the gift. In the event such capital contributions are anticipated, the Foundation's Board of Directors may request that the donor (i) contribute additional cash as necessary to allow the Foundation to make such capital contributions; (ii) execute a promissory note or pledge obligating the donor or the donor's successors to make such capital contributions if and when they are declared due and payable; or (iii) otherwise make acceptable arrangements to protect the Foundation.
- h. Every effort will be made by the Foundation's Executive Committee to reduce or eliminate the potential for the Foundation's liability in the acceptance and future ownership by the Foundation of any real property or interest in real property. Such efforts may include without limitation the Foundation forming a single-member limited liability company to accept the property.

2. Acceptance of Property.

- a. **Limits of Authority:** The Foundation's president shall have the authority to accept gifts of tangible personal and real property with a fair market value (FMV) of less than \$1,000,000, if the above conditions are met.

Acceptance of gifts of property with a proposed FMV value of \$1,000,000 or greater requires approval by the Foundation's Executive Committee.

- b. Execution of Documents: The Foundation's president plus one other officer of the Foundation's Executive Committee (or two officers in the absence of the Foundation's president) are authorized to execute documents necessary to accept such property, subject to the conditions listed above.
- c. Book Value: Gifted property will be booked according to generally accepted accounting principles.
- d. Reporting to the Foundation's Executive Committee: The staff of the Foundation will prepare and distribute to the Executive Committee no later than the next regularly scheduled meeting of Executive Committee a full description of the property received plus other information requested by the Executive Committee.
- e. I.R.S. Reporting: The Foundation shall identify the specific I.R.S. reporting requirements for gifts of appreciated property and shall establish controls that assure that reports are filed on a timely basis.

3. Management of Properties.

Records Management and Reporting: The Foundation will maintain records for all gift properties and will prepare for its Board of Directors and/or the Board's designated agents a summary report on an annual basis of the status of gift properties.