Gift Acceptance Policy

The purpose of this policy is to govern the acceptance of gifts by the Foundation and to provide guidance to prospective donors and their advisors when considering gifts to the Foundation. It applies to the Wayne County Foundation and to all other related organizations that the Foundation may specify in the future. All gifts must align with the broader charitable purposes of the Foundation. Each proposed gift will be considered on a case-by-case basis. The Foundation reserves the right to accept or decline any proposed gift to the Foundation.

The purpose of a gift to the Foundation will be defined in a written fund agreement or deferred gift instrument (e.g., will, trust) signed by the donor, or his or her appointed representative and if appropriate, the President of the Foundation. Additional gifts may be made to existing funds of the Foundation without restating the original purpose of the gift and without a separate fund agreement.

If a gift is being used to establish a new fund, it is the policy of the Foundation to develop a signed fund agreement before receiving the gift. Gifts may be accepted without a signed fund agreement; however, it is in the best interest of the donor to complete the fund agreement as close as possible to the time the gift is received. In the case of a planned gift made by a living donor, a fund agreement should be completed and signed as soon as possible once the Foundation becomes aware of the existence of the planned gift.

Standard fund agreements that have been approved by legal counsel and the Foundation's Executive Director may be used.

The Foundation staff will disclose to all prospective donors the benefits and liabilities that could reasonably be expected to influence the donor's decision to make a gift to the Foundation. Donors will be encouraged to consult with legal counsel and financial advisors in making their decisions. They will also be provided with a written fund agreement. Their signature on the fund agreement will provide evidence to the Foundation that they have read the fund agreement and attached documents thoroughly and that they have agreed to the provisions of these documents.

In particular, donors should be made aware of the following provisions and powers:

- the irrevocability of a gift
- the Foundation's variance power
- the Foundation's spending policy and definition of endowment funds
- in the case of donor-advised funds, applicable policies, and limitations
- donor restrictions (i.e., no self-dealing, material restrictions, advice versus control)
- items subject to variability: market value, investment return, and income yield

- any applicable administrative and investment management fees, including any additional fees charged for more complicated gifts (real estate, art collections etc.)
- relevant administrative procedures including, but not limited to: fundraising guidelines, check writing authority, guidelines for traditional grantmaking cycles, conflict of interest, and self-dealing policies.

The Foundation will accept all forms of donor philanthropy consistent with its mission and policies, including those gifts whose benefits do not fully accrue to the Foundation until some future time. Gifts may be received outright, by will, or by trust. The Foundations will only accept gifts, however, which are consistent with their 501(c)(3) status, reserving the right to refuse any proposed gift, including those that may subject the Foundation directly or indirectly to any restriction or condition that prevents the Foundation from freely and effectively using the assets, or the income derived from them, to further their exempt purposes.

Role of the Foundation Staff

The Executive Director on behalf of the Board of Trustees shall officially receive all gifts to the Foundation. The Executive Director will develop the terms, restrictions, and conditions that apply to each gift in accordance with this policy. Any potential gift that is either not covered by this policy, or includes non-standard terms, restrictions, or conditions must be reviewed by the Executive Committee ("Committee") prior to final acceptance. In circumstances where the Committee cannot make a clear determination about a particular gift, the matter will be submitted to the Executive Director for consultation with legal counsel or other professionals for ultimate decision by the Board of Trustees.

Procedures for Gifts not Requiring Committee Approval

Some gifts pose little threat to the assets of the Foundation, and the Executive Director may accept those types of gifts (identified below) without the prior review or approval of the Committee, subject only to the gift being consistent with these Policies and the purposes and Bylaws of the Foundation. The Executive Director shall be authorized to accept gifts that do not require prior review and approval of the Committee and to negotiate the terms of and execute any gift agreement related thereto on behalf of the Foundation.

Gifts that may be accepted without Committee approval are:

1. Cash and Cash Equivalents;
2. Publicly Traded Securities;
3. Gifts of Tangible Property for Foundation Use;
4. Various charitable trust instruments, including charitable remainder trusts and charitable lead trusts;
5. Charitable Gift Annuities.

Procedures for Gifts Requiring Committee Approval

In conjunction with their tax and financial planning, some donors may be interested in making gifts of specific assets (illiquid assets) that create more risk for the Foundation. Those types of gifts (identified below) will require a review by staff and approval of the Committee prior to being accepted. The Committee may also, at their discretion, require the review of legal counsel prior to acceptance of any gift. In addition, the Executive Director may, in his or her discretion, refer any other proposed gift transaction to the Committee for review and advice if he or she has any concerns about the valuation, disposition, or other issue that suggests a review of the proposed gift is warranted.

Gifts that may NOT be accepted without Committee approval are:

1. Closely held securities, which include debt and equity positions in non-publicly traded companies, as well as interests in limited partnerships, limited liability companies, or other ownership funds;
2. Real Property;
3. Tangible Property that is not readily needed for the Foundation's use or related to its purpose;
4. Life Insurance policies whose premiums are not paid up;
5. Retained Life Tenancy;
6. Any gift which falls outside the ordinary purposes, Bylaws, and procedures of the Foundation;
7. Any gift proposed to be made pursuant to an agreement that is substantially or materially different from the standard Fund Agreements approved by the Executive Director and the Foundation's legal counsel. Any gift that includes a restriction or suggestion regarding the Foundation's use of funds that would raise legal, ethical, policy, or practical concerns for the Foundation.

<u>Gifts that create a Named Fund</u>

Funds can be established and named at the Wayne County Foundation. The gift in these cases can carry the name of the donor or the donor's family. The following minimums are established for Named Funds:

The minimum principal balance can be reached over three years. The fund will not start making grants until it reaches minimum commitment.

$25,000 minimum	Agency Fund
	Endowed Donor Advised Fund
	Field of Interest
	Organization Designated
	Unrestricted
$5,000	Non-endowed Donor Advised Fund
$50,000	Scholarship Fund

<u>Right of Refusal</u>

The Foundation reserves the right to refuse gifts. Reasons for refusing a gift include: 1) The cost to manage the asset exceeds the eventual benefit of the gift to the Foundation, or 2) The gift or gift purpose could potentially jeopardize the Foundation's tax-exempt status, or 3) The fund purpose is believed to be discriminatory in nature. The Executive Director has the authority to refuse gifts that clearly do not benefit the Foundation. If the benefit is questionable or difficult to determine, the Board of Trustees shall make the final decision whether to accept or refuse.

Gifts Declined

The Foundation reserves the right to refuse any gift it believes is not in the best interests of promoting a healthy, caring community. In addition, the Foundation shall not knowingly accept a charitable gift from a donor who:

- Has, or appears to have, insufficient income and assets remaining after making a gift to provide for his/her needs such as personal support and healthcare.
- Has, or appears to have, insufficient income and assets remaining after the gift to provide for his/her heirs for whom he/she is financially responsible.
- Has, or appears to have, an apparent insufficient mental capacity to make a rational decision.
- Has, or appears to have, insufficient input from competent financial, legal and/or personal counsel.

Outright Gifts

Cash. The Foundations will accept outright gifts of cash of any amount, including gifts in the form of currency, money orders, checks, or electronic transfer. The postmark date is the gift date for gifts of cash mailed to the Foundation. Checks should be made payable to "Wayne County Foundation."

Securities. The Foundations accept both publicly traded securities and closely held securities under the conditions described below:

Publicly Traded Securities

It is preferred that donors transfer marketable securities electronically directly to one of the Foundations' local brokerage accounts. Alternatively, marketable securities may be delivered physically to the Foundation office with the donor's or transferor's stock power attached. It is the Foundations' policy to sell all marketable securities on receipt. The value of the gift will be calculated using the mean share price between the high and low selling prices quoted on the day the stock is transferred.

Closely Held Securities

Acceptance of closely held securities, which include debt and equity positions in non-publicly traded companies, as well as interests in limited partnerships, limited liability companies, or other ownership funds, must be approved by the Foundation's Board of Directors with consideration given to any restrictions that would prevent its conversion to cash, the marketability of the security, and the potential for undesirable consequences.

Life Insurance Policies. The Foundation must be named both beneficiary and irrevocable owner of an insurance policy before it can be recorded as a gift. The gift will be valued at its cash surrender value on the date of receipt. Should the donor contribute future premium payments, the Foundation will include the entire amount of the additional premium payment as a gift in the year the payment is made. If the donor elects not to continue to make gifts to cover the premium payments, the Foundation's Board shall decide whether to continue to pay the premiums, convert the policy to paid-up insurance, or surrender the policy for its current cash value.

Tangible Personal Property. The property must be saleable, and the donor must agree that the property can be sold unless the Foundation agrees to use the property for a purpose related to its exempt purposes. If the Foundation intends to sell a gift immediately rather than use it, the donor will be informed that IRS rules may limit the amount of the charitable deduction to the donor's cost basis, and the donor will be advised to seek professional counsel on the tax consequences of the gift. Appraisals, at the donor's expense, are required for all gifts for which the donor estimates the fair market value to $5,000 or more. Extraordinary gifts of tangible personal property will be referred to the Board of Directors.

Real Property. Gifts or real estate and bargain sales (a sale of property for less than its fair market value) are governed by the Foundations' separately adopted Policy and Procedure for Potential Gifts of Real Estate.

For gifts of both tangible personal property and real estate, the Foundations will follow IRS guidelines for Noncash Charitable Contributions and will complete IRS Form 8283 for donations exceeding $5,000 and IRS Form 8282 when donations are disposed of within two years of receipt.

When evaluating noncash gifts, the Foundation will consider the following:

- Are there any issues relating to the gift that could affect the donor's best interest that the donor should consider?
- Does the donor have a clear title and legal authority to make the donation?
- Is the Foundation willing and able to carry out the donor's request?
- Is there any material restriction associated with the donation?
- Is it in the Foundation's best interest, as related to community goodwill and financial liability, to accept the gift?
- Is the Foundation able, within a reasonable period of time, to convert the gift into cash?
- What is the cost to convert the gift to cash?
- What is the cost to carry the gift until it is converted to cash, which may include debt service, unrelated business income tax, insurance, maintenance, repair, and other taxes?

<u>Planned Gifts and Life Income Arrangements</u>
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. Examples of deferred gifts include:

1. Retirement assets naming the Foundation as a successor or contingent beneficiary upon death of either the retirement asset owner or spouse

2. Charitable Life Estates

3. Charitable Remainder and Lead Trusts

4. Outright bequests per a Will or Trust Agreement

Donors using planned and testamentary gift techniques may establish any of the fund types listed in this policy, provided that the residual meets the required minimum for that fund type. The governing documents should specify the 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 type agreement.

The Executive Director will review planned gifts to the Foundation. The Executive Director is responsible for assuring that all planned gift instruments are valid and acceptable to the Foundation and will consult with the Executive Committee when necessary. Pertinent information about these gifts will be detailed by the Executive Director to the donor and to the donor's advisors, as well as to the representative of the Foundation working most closely with the donor.

All donors contemplating a deferred gift to the Foundation shall be encouraged to consult their own financial, legal, and tax advisors.

Donors are encouraged to limit restrictions on the use and application of the eventual funds transferred and to keep restrictions within the Foundation's guidelines for non-discrimination. A statement of the donor's wishes regarding the use of the gift (even if designated "unrestricted") shall be obtained at the closing of the gift and maintained both in the donor file and with the original gift documentation such as the trust instrument.

Gifts by Will. Bequests may provide for a specific dollar amount in cash, specific securities, specific articles of tangible property, or a percentage of the residual of the estate. Donors will be advised to name the legal entity of the Foundations (i.e.: "Wayne County, Indiana, Foundation") to clearly indicate their intent. Bequests may be given as unrestricted gifts or gifts that are designated for a particular purpose or program. Donors may also establish a testamentary charitable remainder trust by bequest. In these cases, the principal will pass to the Foundation only after the death of the life income beneficiary or beneficiaries.

Charitable Remainder Trusts. The Foundation accepts designation as remainder beneficiary of charitable remainder trusts – including Charitable Remainder Unitrusts and Charitable Remainder Annuity Trusts. A charitable remainder trust (CRT) is an irrevocable trust created during the life of a donor or through a donor's will or trust. The trust must provide that a specified amount (not less than 5%) of the Trust's value is paid to one or more beneficiaries on an annual or more frequent basis. At least one beneficiary must be non-charitable. The Foundation may serve as trustee for CRTs for which at least 50% of the remainder is irrevocably designated to the Foundation.

Charitable Lead Trusts. The Foundation may accept designation as the income beneficiary of a charitable lead trust. A charitable lead trust is a form of split-interest gift, where the Foundation receives income interest with the remainder interest passing to the donor or some other designated beneficiary for a specified period. Because of the complexity of split-interest rules, the Foundation will advise prospective donors in writing to rely on the donor's legal, financial, and tax advisors in determining whether to pursue the gift of a charitable lead trust.

Charitable Gift Annuities. A charitable gift annuity (CGA) is a contractual arrangement between a donor and the Foundation for which the Foundation accepts a transfer of cash, cash equivalents, or publicly traded securities from the donor in return for periodic payments to the donor and/or one other named beneficiary for life. Upon the death of the donor (or, if applicable, the other named beneficiary), the balance of the principal is retained by the Foundation. A portion of the annual payment is tax-free income to the donor, being considered a return of principal. Since the gift annuity is part gift, in addition to the purchase of the annuity, the donor is allowed an income tax deduction. Donors will be advised to seek legal and financial counsel regarding tax deductibility and similar matters. Due to the structure of charitable gift annuities, it shall be the policy of the Foundation that the Foundation will not enter into charitable gift annuity contracts under $50,000 for one life and $100,000 for two lives. Donor(s) must be at least 65 years of age.

The annuity is secured by all the Foundation's assets, and the rate of return used by the Foundation and stated in the annuity contract is determined from tables provided by the American Council on Gift Annuities. No more than two life income beneficiaries will be permitted for any gift annuity. The Foundation will not accept real estate, personal property, or any other illiquid asset in exchange for any charitable gift annuity.

Upon the death of the donor and/or other named beneficiary, the funds representing the remaining principal contributed in exchange for the gift annuity will revert to a fund or purpose specified by the donor; or, if no such fund or purpose is specified, the remainder shall revert to the unrestricted use of the Foundation.

Trusteeship
The Foundation may accept the position of trustee of Charitable Gift Annuity and Life Insurance gifts. The Foundation may also accept the position of trustee of charitable deferred gift trusts. If acting as trustee, the role of the Foundation in administering deferred gift trusts is that of a trustee with precisely the same responsibilities as those of a commercial trust company. While acting as trustee, although the Foundation is also the remainderman, it is obligated to base its fiduciary decisions on the best interest of the donor, the income beneficiaries, and the Foundation respectively. These trust assets shall be accounted for using trust accounting procedures directed by the Foundation's auditors. Particular attention must be paid to IRS restrictions against self-dealing, jeopardizing investments, unrelated business income, etc.
No trust agreement shall be entered into which places the Foundation in the position of administering the ongoing personal and financial matters of a donor.

<u>Other</u>
The interests of prospective donors shall be a primary consideration with respect to any gift to the Foundations. All prospective donors will be advised to consult their own legal or financial counsel regarding the tax implications of a gift and matters related to estate planning.

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

a. 20% or greater interest in a business or in an entity, or

b. any 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 an opinion on the possible application of Code Section 4943.

If a donation is not accepted, the Foundation will communicate the reason in writing to the donor. Similarly, if a bequest or trust distribution is not accepted, the Foundation will communicate the reason in writing to the executor or trustee.

This policy is subject to revision by the Board of Directors.