



Gift Acceptance Policies of Texas Methodist Foundation

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GIFT ACCEPTANCE POLICIES of TMF

Policy No: 1

Policy and Responsibility Statements

Policy Statement

The purpose of the Texas Methodist Foundation (hereinafter referred to as “Texas Methodist Foundation” or “TMF”) is to empower the church in the achievement of her God appointed mission through the integration of financial and leadership resources to the community of United Methodist churches, agencies and institutions.

These Gift Acceptance Policies have been developed to support the purpose of TMF and to give TMF staff guidelines approved by the Board concerning the acceptance of gifts to fund life income contracts, charitable trusts, endowment funds and donor advised funds.

These policies will facilitate giving by allowing TMF staff to respond quickly in the affirmative, when appropriate, and to seek broader approval before acceptance, when necessary. They will also guide and encourage TMF staff to decline gifts, which are not appropriate to TMF’s ministry.

RESPONSIBILITY

The Board of TMF is responsible for reviewing these policies on an ongoing basis and periodically monitoring staff adherence to policy. Staff bears responsibility for maintaining these policies on a day to day basis.

GIFT ACCEPTANCE POLICIES of TMF

Policy No: 2

Priority of Donor's Interest and Confidentiality

The interest of the donor shall have priority over the interest of TMF. TMF will not accept an irrevocable gift, whether outright or life-income in character, if under any reasonable set of circumstances the gift would jeopardize the donor's financial security. Agents or representatives of TMF shall make full disclosure to the donor on all aspects of benefits and liabilities of which they are aware that may reasonably be expected to influence the decision of the donor to make gifts to TMF. Further, gifts of a nature that would be inconsistent with the goals and objectives of TMF will not to be accepted.

All information concerning donors and prospective donors, including names, names of beneficiaries, amount of gift, size of estate, etc., shall be kept in strict confidence by TMF and its representatives. A donor, or, in the case of a testamentary gift or other acceptable circumstances, an executor, beneficiary, or close family member, may grant permission to TMF to publicly announce any gift or feature of a gift to TMF.

Gift Acceptance Policies of TMF

Policy No: 3

Gift Acceptance Committee

The gift acceptance committee is charged with reviewing gifts made to TMF, properly screening and accepting those gifts, and making recommendations to the President on gift acceptance issues when appropriate.

The following employees will serve on the gift acceptance committee:

- President
- Executive Vice President
- Vice President for Development
- Assistant Corporate Secretary
- Relevant TMF staff working with donor(s)
- Director of Donor Services Administration
- Such other members appointed by the President

GIFT ACCEPTANCE POLICIES of TMF

Policy No: 4

Cash Gifts

I. Policies Concerning Cash Gifts

Any TMF employee or Board member is authorized to accept gifts of cash for TMF in accordance with the internal policies of TMF.

GIFT ACCEPTANCE POLICIES of TMF

Policy No: 5

Gifts of Tangible Personal Property

I. Policies Concerning Gifts of Tangible Personal Property

- A. Gifts of tangible personal property will be subject to advance approval by the Gift Acceptance Committee.
- B. While exceptions may be considered, TMF requires that gifts such as art, furniture, computers, boats, automobiles, medical equipment, and other forms of tangible personal property, must satisfy each of the following before acceptance:
 - 1. The item to be received can be used by TMF or TMF can sell or otherwise dispose of the property;
 - 2. The item to be received is not encumbered by high transportation costs, storage costs, or unusual maintenance; and
 - 3. If the item to be received is encumbered by debt, an independent appraisal must establish that the fair market value of the property equals or exceeds two times the amount of the indebtedness.
- C. Prior to any gift of tangible personal property, TMF will provide all donors or prospective donors written guidance on possible related or unrelated uses of the property.

GIFT ACCEPTANCE POLICIES of TMF

Policy No: 6

Testamentary Gifts

I. Testamentary Gift Policies

- A. Employees, officers and directors of TMF do not prepare wills for donors to TMF. Only the President of TMF may authorize exceptions to this policy. Appropriate staff may, upon request, provide suggested gift clauses to donors' attorneys for inclusion in wills prepared by donors' attorneys.
- B. Whenever possible, a designated employee of TMF will review in advance any restrictions or conditions placed on a charitable bequest and confirm that the legal name of the beneficiary is accurately stated.
- C. TMF may not serve as executor of estates or as attorney-in-fact with one exception. In the event that TMF is named as the beneficiary of a testamentary gift, TMF may serve as an executor for the sole and limited purpose of obtaining the transfer of the gift. In no event will TMF take on responsibilities of probating the estate for other purposes than the acceptance of the testamentary gift. Other than in the furtherance of the exception described above, officers and directors of TMF may not serve as executors of estates or as attorneys-in-fact in their capacity as TMF officers. Where an officer of TMF is asked to serve as an executor of an estate, the officer may do so long as there is no actual or potential conflict of interest with the work of TMF or the United Methodist Church or its church agencies.
- D. As a general rule, TMF will not bear any cost associated with creating or amending a will or revocable trust. Exceptions to this rule can be made at the discretion of the President of TMF.
- E. Bequest expectancies will be classified as either documented, known, or possible as follows:
- Documented – TMF has a copy of the will or that portion of the will pertaining to the gift to TMF.
 - Known -- The donor has informed a representative of TMF that there is a bequest for TMF in his or her will.
 - Possible -- A third party informs a representative of TMF that an individual has included TMF in his or her will.

GIFT ACCEPTANCE POLICIES of TMF

Policy No: 7

Gifts of Securities

I. Policies Concerning Gifts of Securities

- A. Unless otherwise approved by the Gift Acceptance Committee, gifts of securities that should not be accepted include:
1. Securities that may create a liability to TMF;
 2. Securities that by their nature may not be assigned (excepting securities with transitory restrictions on assignment, such as stock subject to the resale restrictions of Rule 144 under the Securities Act of 1933); and
 3. Securities that, on investigation, have no apparent value.
- B. In general, gifts of readily marketable securities will be sold as soon as practical unless:
1. The President of TMF decides that the stock should be held as a part of the organization's portfolio;
 2. The number of shares involved is sufficient to have a depressing impact on the price of the stock, in which event the sale may be extended over a period of time necessary to avoid such an impact; or
 3. The terms of the gift declare otherwise or the stock is subject to contractual or regulatory restrictions on sale, such as the resale restrictions of Rule 144 under the Securities Act of 1933.
- C. Securities that have certain resale restrictions generally should be held until the restrictions on sale expire and then sold under the guidelines above.
- D. Gifts of bonds that require a holding period generally should be accepted and cashed when the holding period has expired.
- E. Gifts of interests in closely-held entities (including, but not limited to, corporations, limited partnerships, limited liability companies and similar entities) may be accepted only with the approval of the Gift Acceptance Committee and only when an investigation reveals no significant potential liability for TMF in receiving the gift, and any lack of liquidity is anticipated to present no major difficulties for TMF or with respect to the terms of any planned gift. In addition, interest in closely-held entities

that transfer control of the entity to TMF may be accepted only when the potential benefits from the gift outweigh potential liabilities; where the company involved is not engaged in activities inconsistent with the goals and objectives of TMF; and where the demands on staff time regarding the management of the company are acceptable.

- F. Unless waived by the President of TMF, if the proposed gift is one of stock in a closely-held corporation that currently owns or formerly owned real property, or other property (such as mortgage notes) secured by an interest in real property, TMF shall comply with its Environmental Assessment Policy Number G-15.

GIFT ACCEPTANCE POLICIES of TMF

Policy No: 8

Gifts of Real Property and Mineral Interests

I. Policies Concerning Gifts of Real Property and Mineral Interests

- A. The following policies apply to all gifts and proposed gifts relating to or subject to real property.
- B. All gifts of real property and mineral interests will be subject to approval by the Gift Acceptance Committee.
- C. TMF encourages gifts of a residence or farm, with a life estate reserved. TMF staff will notify the donor and his/her counsel in writing that property taxes, maintenance, insurance and compliance with environmental regulations continue to be the responsibility of the donor as long as he/she lives, unless otherwise approved by the Gift Acceptance Committee.
- D. TMF seeks to minimize and, when possible, avoid environmental liability arising from the ownership or control of real property by taking actions that are reasonably appropriate to determine the extent of any environmental contamination before accepting ownership or control of the real property.
- E. If TMF accepts real property with on-going activities that are subject to environmental regulation, TMF will comply with all applicable environmental laws and regulations concerning the real property after accepting ownership or control of the real property.
- F. In most instances, the donor will have a survey done of any gifts of real property. Unless otherwise approved by the President of TMF, TMF will not pay for such survey.
- G. In most instances, the donor will have a building inspection done of any improvements on commercial property given to TMF. Unless otherwise approved by the President of TMF, TMF will not pay for such building inspection.
- H. In most instances, the donor will have gifts of real property appraised by a qualified appraiser to establish a fair market value for the donor's purposes. Unless otherwise approved by the President of TMF, TMF will not pay for such an appraisal.

1. The appraisal must be prepared not earlier than 60 days prior to the date that the contribution is made, and must be prepared not later than the due date of the return on which the deduction is claimed or the date that an amended return is filed if the amended return is the first return on which the deduction is claimed.
2. The appraisal must be prepared, signed, and dated by a qualified appraiser as defined in #5 below.
3. The appraisal must include the following information:
 - a. A description of the property in sufficient detail for a person who is not generally familiar with the type of property to ascertain that the property that was appraised is the property that was (or will be) contributed;
 - b. In the case of tangible property, the physical condition of the property;
 - c. The date (or expected date) of contribution to the donee;
 - d. The terms of any agreement or understanding entered into (or expected to be entered into) by or on behalf of the donor, which relates to the use, sale or other disposition of the property contributed. This includes restrictions on the donee's right to use or dispose of the donated property, all provisions which confer on anyone, other than the donee charity, the right to income from the donated property or the right to possession of the property, including voting rights to securities, a right of purchase, or a right to designate the person to receive income, possession or right to purchase, or a provision which earmarks the donated property for a particular use. As an added precaution, all agreements between the donor and the donee charity relating to the gift should be attached to the appraisal and incorporated into it by reference;
 - e. The name, address, and taxpayer identification number of the qualified appraiser and, if the qualified appraiser is a partner in a partnership, an employee of any person (whether an individual, corporation, or partnership), or an independent contractor engaged by a person other than the donor, the name, address and taxpayer identification number of the partnership or the person who employs or engages the qualified appraiser;
 - f. The qualifications of the qualified appraiser;
 - g. A statement that the appraisal was prepared for income tax purposes;
 - h. The date or dates on which the property was valued;
 - i. The appraised fair market value of the property on the date (or expected date) of contribution;
 - j. The method of valuation used to determine the fair market value, such as the income approach, the market data approach, or the replacement-cost-less-depreciation approach;

- k. The specific basis for the valuation, if any, such as any specific comparable sales transactions;
 - l. A description of the fee arrangement between the donor and the appraiser.
4. The appraiser must sign the Appraisal Summary when the donor presents it. In this regard, no part of the fee arrangement for a qualified appraisal can be based, in effect, on a percentage (or set of percentages) of the appraised value of the property.
 5. To be a “qualified appraiser,” the appraiser must sign and complete Internal Revenue Service Form 8283, Section B, denoted “Appraisal Summary.” The Appraisal Summary includes declarations by the appraiser that:
 - a. The individual holds himself or herself out to the public as an appraiser;
 - b. Because of the appraiser’s qualifications as described in the appraisal, the appraiser is qualified to make appraisals of the type of property being value.
 - c. The appraiser is not:
 1. The donor or the taxpayer who claims or reports the deduction under Section 170 for the contribution of the property being appraised;
 2. A party to the transaction in which the donor acquired the property being appraised (i.e. the person who sold, exchanged or gave the property to the donor, or any person who acted as an agent for the transferor or for the donor with respect to such sale, exchange or gift), unless the property is donated within two months of the date of acquisition and its appraised value does not exceed its acquisition price;
 3. The donee of the property;
 4. Any person employed by any of the foregoing persons or related to any of the foregoing persons under Section 267(b) (e.g., if the donor acquired a painting from an art dealer, neither the art dealer nor persons employed by the dealer can be qualified appraisers with respect to that painting);
 5. Any person whose relationship with any of the persons listed in (1) through (4) above would cause a reasonable person to question the independence of such appraiser. For example, an appraiser who is regularly used by any person described in (1) through (3) above and who does not perform a substantial number of appraisals for other persons has a relationship with such person that is similar to that of an employee and cannot be a qualified appraiser with respect to the property contributed.
 - d. The appraiser understands that a false or fraudulent overstatement of the value of the property described in the qualified appraisal or appraisal summary may

subject the appraiser to a civil penalty under Section 6701 for aiding and abetting an understatement of tax liability, and consequently the appraiser may have appraisals disregarded pursuant to 31 U.S.C. Section 330(c).

- I. In general, it is the policy of TMF not to accept contributions of property subject to any form of indebtedness or other liability in order to prevent TMF from becoming responsible for the payment thereof. Circumstances may arise where the President of TMF believes that the acceptance of a gift encumbered by some form of liability would be in TMF's best interest and that any financial risk would be within acceptable limits. In such event, the President in consultation with the Chair of the Executive Committee shall determine whether to accept the gift and will prepare a response for the donor as soon as possible and preferably within 10 working days. In evaluating whether to accept such gift, consideration shall be given to the fair market value of the gift, the amount of the potential liability, the ability to sell the property, the costs associated with selling the property, and all other matters deemed relevant.
- J. In general, TMF will not accept a gift involving real property that makes TMF a principal in a real estate partnership, joint venture, or business activity in which TMF participates fully in the risks of the operation and has more than limited liability for the conduct of the business (e.g., as a general partner, principal in a joint venture, or as an owner of a working interest).
- K. Gifts of mineral interests may be received absent extenuating circumstances such as extended liabilities or other considerations making receipt of the gift inadvisable. In this regard, prior to the acceptance of mineral interests, all offered gifts are to be first examined by a qualified consultant for such extenuating circumstances that would argue against receipt of the gift. The expense of the examination must be borne by the donor unless the President of TMF approves an exception. Working mineral interests, which entail special problems regarding taxation, should be considered in advance of receipt of the gift, with a view towards establishing a plan that will minimize any adverse effect on the tax status of TMF.

GIFT ACCEPTANCE POLICIES of TMF

Policy No: 9

Gift Annuities

I. Gift Annuities Policies

- A. In working with prospective gift annuity donors, care will be taken to assure that the person entering into the annuity fully understands that the annuity gift is irrevocable and understands the nature of the fixed payment which will be payable to them. All prospective donors will be urged to seek advice of their own legal and/or tax counsel. The relevant TMF staff member will communicate clearly to the prospective donor that he or she represents TMF.
- B. No gift annuity will be accepted if under any reasonable set of circumstances the gift would jeopardize the donor's financial security.
- C. A TMF staff member will make every practical effort to meet personally with prospective gift annuity donors.
- D. All gift annuities entered into with TMF in every instance must benefit exclusively charitable, religious or educational causes.
- E. No gift annuity will be entered into for an amount less than \$5,000.
- F. Gift annuities will be funded only with cash, cash equivalents or publicly traded securities.
- G. No gift annuity will be entered into at a rate higher than the rates recommended by the American Council on Gift Annuities as those rates may be revised from time to time.
- H. As for donors in Texas, each gift annuity donor will be reminded in correspondence or conversations with them and their advisors that a qualified charitable gift annuity is not insurance under the laws of the State of Texas, nor is it subject to regulation by Texas Department of Insurance, nor is it protected by a guaranty association affiliated with Texas Department of Insurance. Most specifically, this information will be in the gift annuity document in a type and format to be at least as large and as obvious as the other language in the gift annuity.

To the extent that TMF's governance and other applicable law permit TMF to receive donations from persons residing in other states, TMF will follow the laws of the forum state with respect to the gift and provide such disclaimers and representations as the law of the forum state requires. All requirements in other states will be addressed with similar care as to compliance with local law.

- I. All gift annuity donors shall be requested to provide the tax basis of donated assets. For purposes of tax reporting and gift annuity accounting, TMF shall rely on tax basis information provided by the donor. If no such information is provided, TMF shall assume that the tax basis of the gift asset is zero dollars, and the donor shall be so advised in writing.
- J. TMF will provide gift receipts meeting Internal Revenue Service substantiation requirements for gift annuity gifts.
- K. Annual information in the form of IRS Form 1099-R and necessary supplemental information will be provided to TMF donors in a timely manner with regard to the filing of federal income tax returns (and state and local income tax returns where necessary).
- L. All gift annuities will be reviewed by the Gift Acceptance Committee

GIFT ACCEPTANCE POLICIES of TMF

Policy No: 10

Charitable Trusts

I. Policies Concerning Charitable Trusts

- A. In working with prospective charitable trust donors, care will be taken to assure that the person creating the trust fully understands that the trust is irrevocable and understands the nature of the payments that will be made to the trust beneficiaries. All prospective donors will be urged to seek advice of their own legal and/or tax counsel. The relevant TMF development staff member will communicate clearly to the prospective donor that he or she represents TMF.
- B. No charitable trust will be accepted under any reasonable set of circumstances if the gift would jeopardize the donor's financial security.
- C. A TMF staff member will make every practical effort to meet personally with prospective charitable trust donors.
- D. All charitable trusts entered into with TMF in every instance must benefit exclusively charitable, religious or educational causes.
- E. Gifts of any asset other than cash, unrestricted publicly-traded securities, or readily marketable real estate will not be accepted as funding for charitable remainder annuity trusts or "straight" charitable remainder unitrusts. TMF further will not accept a gift of illiquid assets in trust if it is anticipated that cash overdrafts may occur in the account. The President of TMF in consultation with the Executive Committee must approve any exceptions, and, if exceptions are approved in the case of charitable trusts, the donor will be advised to seek legal counsel regarding the effect of a cash overdraft on the qualification of the trust, and will be urged to contribute sufficient liquid assets to the trust to cover all costs relating to holding the property until it is sold.
- F. Donors of all split-interest gifts shall be requested to provide the tax basis of donated assets. For purposes of the tax reporting and trust accounting, TMF shall rely on tax basis information provided by the donor. If no such information is provided, TMF shall assume that the tax basis of the donated asset is zero dollars (\$0).
- G. All charitable trusts shall be approved by the President of TMF. Only the President of TMF shall have the authority to sign charitable trusts on behalf of TMF.
- H. With respect to charitable remainder trusts, the value of the charitable remainder (regardless of the amount of the charitable deduction) must be at least 10% of the net

fair market value of the property transferred to the trust on the date of the contribution.

I. Annual information in the form of IRS Schedule K-1 or substitute K-1 and necessary supplemental information will be provided by TMF to donors in a timely manner.

J. Charitable Remainder Unitrusts

1. The minimum initial gift to fund a Charitable Remainder Unitrust shall be cash, publicly traded securities or readily marketable real estate with a value of at least \$100,000. Subsequent additions to the unitrust may be made at any time unless the trust agreement provides otherwise. The percentage to be paid by the unitrust to the donor or to the donor's designee(s) shall be approved by the President. In no event shall the rate be less than five percent (5%). Representatives of TMF will discuss appropriate charitable remainder trust variations with donors, including "straight," "net income," "net income with make-up," and "flip" unitrusts.
2. TMF will accept unitrusts that last for no more than two measuring lives, for a selected term of years with a term of no longer than 20 years, or an appropriate combination of both.
3. TMF will encourage donors to create an endowment fund at the same time a charitable remainder trust is created. Such an endowment fund would receive the proceeds of a charitable remainder trust at the death of the last life income recipient, allowing the payment of net income to charitable organizations in perpetuity.

K. Charitable Remainder Annuity Trusts

1. The minimum initial gift to fund a Charitable Remainder Annuity Trust shall be cash, publicly traded securities or readily marketable real estate with a value of at least \$100,000. No additions to the annuity trust may be made at any time. The annuity amount to be paid annually by the annuity trust, to the donor or to donor's designee, shall be approved by the Gift Acceptance Committee.
2. TMF may accept annuity trusts that last for no more than two measuring lives, for a selected term of years if such term is no longer than 20 years, or for an appropriate combination of both.

L. Charitable Lead Trusts

1. The minimum initial gift to fund a Charitable Lead Trust (either a lead unitrust or a lead annuity trust) shall be cash, publicly traded securities or readily marketable real estate with a value of at least \$250,000. Subsequent additions to the lead unitrust may be made at any time subject to the approval of the President of TMF. No additions are permitted to a lead annuity trust.

2. The percentage to be paid annually by the lead trust to the charitable designee shall be approved by the Gift Acceptance Committee.
 3. TMF may accept lead trusts of any length or term, whether they be measured by lives or by a term of years.
- M. TMF will serve as trustee of a charitable trust only when such service is approved by the President of TMF after consideration of the trust as a whole and a review of the trust instrument.
- N. As a general rule, TMF will not accept a fee for service as trustee of a trust of which it is a beneficiary, but may recover its direct and indirect expenses incurred in managing the trust assets and the trust.
- O. As trustee, TMF may hire attorneys, accountants, agents, investment advisors, investment managers and brokers whose services are reasonably necessary to the administration of the trust estate, and it may delegate acts that are merely mechanical or ministerial, although discretion with respect to investment authority may not be delegated without specific authorization in the trust instrument.
- P. As a general rule, the initial corpus of a charitable trust should be conveyed to the trust simultaneous with the execution of the trust by the donor.

GIFT ACCEPTANCE POLICIES of TMF

Policy No: 11

Endowment Funds

I. Policies Concerning Endowment Funds

- A. In working with prospective Endowment Fund donors, care will be taken to assure that the person creating the fund fully understands that the fund is irrevocable and understands the process by which payments will be made to beneficiaries. All prospective donors will be urged to seek advice of their own legal and/or tax counsel. The relevant TMF staff member will communicate clearly to the prospective donor that he or she represents TMF.
- B. No Endowment Fund will be accepted if under any reasonable set of circumstances the gift would jeopardize the donor's financial security.
- C. A TMF staff member will make every effort to meet personally with the prospective donor.
- D. All Endowment Fund agreements entered into with TMF in every instance must benefit exclusively charitable, religious or educational causes.
- E. Endowment Funds may designate beneficiary institutions, or TMF may make distributions of net income by grant considering written guidelines in the agreement.
- F. When TMF makes distributions of net income by grant, every effort will be made by TMF to comply with the donor's wishes and intent with respect to the gift.
- G. If, at the time a distribution is to be made, the named beneficiary is not in existence, distribution will be made at the sole discretion of the Grants Committee of TMF in a manner consistent with the original purpose of the fund.
- H. Endowment Funds may be funded with cash, unrestricted publicly traded securities, life insurance, and readily marketable real estate. Endowment funds may also be the beneficiary of a charitable gift annuity or a charitable remainder trust.
- I. No Endowment Fund will be accepted with an anticipated balance of less than \$25,000 in assets.
- J. TMF will provide gift receipts meeting Internal Revenue Service substantiation requirements for Endowment Funds.

GIFT ACCEPTANCE POLICIES of TMF

Policy No: 12

Donor Advised Funds

I. Policies Concerning Donor Advised Funds

- A. In working with prospective Donor Advised Fund donors, care will be taken to assure that the person creating the fund fully understands that the fund is irrevocable and understands the process by which payments will be made to beneficiaries. All prospective donors will be urged to seek advice of their own legal and/or tax counsel. The relevant TMF staff member will communicate clearly to the prospective donor that he or she represents TMF.
- B. No Donor Advised Fund will be accepted if under any reasonable set of circumstances the gift would jeopardize the donor's financial security.
- C. A TMF staff member will make every effort to meet personally with the prospective donor.
- D. Donors of Donor Advised Funds, or donor's designee, may advise TMF regarding the distribution of any amounts held in the fund. TMF will consider the recommendations made by the donor or donor's designee, but final determination of all distributions shall be in the sole discretion of TMF. The donor may designate successor advisors of the Donor Advised Fund.
- E. Donors of Donor Advised Funds, or donor's designee, may advise TMF regarding the investment of any amounts held in the fund. TMF will consider the recommendations made by the donor or donor's designee, but final determination of all investments shall be in the sole discretion of TMF.
- F. All donor advised funds entered into with TMF in every instance must benefit exclusively charitable, religious or educational causes.
- G. A distribution from a Donor Advised Fund may not provide any sort of personal financial gain or benefit to the donor or the donor's family.
- H. Donor Advised Funds may be funded with cash, unrestricted publicly traded securities, life insurance, and readily marketable real estate. The President of TMF must approve any exceptions to this policy.
- I. No Donor Advised Fund will be accepted with an anticipated balance of less than \$10,000 in assets.

J. No distribution will be made from a Donor Advised Fund for less than \$250.00.

GIFT ACCEPTANCE POLICIES of TMF

Policy No: 13

Gifts of Life Insurance

I. Policies Concerning Gifts of Life Insurance

- A. TMF will accept two types of life insurance gifts:
 - 1. gift of a paid-up insurance policy;
 - 2. gift of a new or existing insurance policy, for which the donor intends to continue making payments so that the policy does not lapse.
- B. In either case, the donor must name TMF as both the owner and the beneficiary of the insurance policy.
- C. TMF will make payments on a policy if the donor makes annual gifts at least equivalent to the amount of the premium. TMF is under no obligation, but may continue to pay the premiums if the donor does not make the equivalent annual gift.
- D. TMF never recommends agents or agencies and never endorses insurance programs. Those considering gifts of new insurance are urged to survey the market by reviewing the products of a number of companies.

GIFT ACCEPTANCE POLICIES of TMF

Policy No: 14

Retirement Plans/IRA Benefits

TMF may be named as a primary, secondary, partial, or contingent beneficiary of a retirement plan or IRA.

TMF should ensure that the beneficiary designation form for a retirement plan or IRA payable to TMF and/or to a charitable trust of which TMF is a beneficiary is properly worded.

Upon the donor's death, TMF will instruct the plan or IRA trustee to make the distribution in cash rather than in-kind.

GIFT ACCEPTANCE POLICIES of TMF

Policy No: 15

Bargain Sales

I. Bargain Sale Policies

- A. TMF is authorized to enter into a bargain sale with donors, to purchase property of an appropriate nature at less than its fair market value. While each proposed bargain sale gift must be considered on an individual basis, it is the policy of TMF to purchase such property for no more than 50% of its established or appraised value, and the property must have a minimum fair market value of \$100,000 at the time the gift is made. TMF may only expend or commit its undesignated and unrestricted fund assets for any bargain sale transaction.
- B. Prior to entering into any bargain sale transaction, the policies and procedures concerning real estate gifts in general, as described in Policy Numbers G-7 and G-15, shall be followed.

GIFT ACCEPTANCE POLICIES of TMF

Policy No: 16

Life Estate Agreements

I. Life Estate Agreement Policies

- A. Remainder interest gifts in personal residences will not be accepted without the approval of the Gift Acceptance Committee.
- B. TMF may enter into a life estate agreement on a primary residence, vacation home, farm, ranch, or other real property interest that the Gift Acceptance Committee deems suitable, beneficial, or advisable for use or investment by TMF. The minimum fair market value of the property must be \$100,00 at the time of the gift. In general, a life estate agreement should not be entered into for more than two measuring lifetimes.

GIFT ACCEPTANCE POLICIES of TMF

Policy No: 17

Environmental Assessment

I. Environmental Assessment Policies

- A. The following policies apply to all gifts and proposed gifts relating to or subject to real property.
- B. No real property may be accepted for ownership or control until compliance with the following policies and the procedures have been achieved.
- C. The policy of TMF is to minimize and, when possible, avoid environmental liability arising from the ownership or control of real property, mineral interests, or other real property or mineral interests (hereinafter referred to collectively as “real property”) by taking actions that are reasonably appropriate to determine the extent of any environmental contamination before accepting ownership or control of the real property.
- D. Gifts of real property are generally acceptable only after a determination that no reasonable possibility exists that any environmentally-related liability to TMF could arise out of, or from, any activity or condition on, in, under, or of the real property. The actions to be taken in making this determination include inspections and environmental assessments, as appropriate, of the real property. The inspections and environmental assessments will be tailored to meet the specific characteristics of the real property.
- E. Notwithstanding the provisions of Paragraph D immediately above, a gift of real property may be accepted even if a reasonable possibility exists that environmentally-related liability to TMF could arise out of, or from, any activity or condition on, in, under, or of the real property if the President of TMF determines that the exposure can clearly be contained and the cost of remediation is reasonable.
- F. Even if a proposed gift of real property satisfies TMF environmental assessment policies and procedures, the President of TMF has final authority whether to accept or reject a proposed gift of real property. No real property may be accepted for ownership or control until the acceptance is agreed to and approved by the President of TMF.

GIFT ACCEPTANCE POLICIES of TMF

Policy No: 18

Donor's Professional Counsel

Recognizing the array of professional expertise required to plan a charitable gift and avoiding even the appearance of a conflict of interest, TMF staff members will always encourage donors to seek their own professional counsel.

TMF may sometimes provide gift-planning information that addresses the needs of the donor and assists the donor's professional advisors. That information may include sample documents and financial projections for specific gift options. To protect TMF from potential claims that a gift was incompetently presented and/or solicited with undue influence and because TMF representatives do not represent the donor, the donor will be encouraged, in writing, to finalize any documents and review all projections with his or her own advisors to ensure that the donor is receiving proper income tax, gift and/or estate planning advice. In all cases, TMF representatives will seek the opportunity to emphasize that their client is TMF, and that they do not represent the donor.

GIFT ACCEPTANCE POLICIES of TMF

Policy No: 19

Authority to Staff

Staff has the authority to accept gifts within the guidelines of these policies. In that regard, TMF management will carefully review all gifts before receipt and presentation to the Board for information. The President of TMF may designate a staff member to make the decisions required of the President by these policies.

These policies should be read as a whole and all applicable sections followed. (For example if real estate is used to fund a Charitable Remainder Unitrust and subsequently an Endowment Fund, policies 7, 16,9, 10 and general policies 1,2,17, 18,19 should all be read together and applied to the gift.)

TMF's staff and Board members shall not benefit personally from fees related to gifts received, and TMF shall not pay finder's fees to any other person. TMF staff and Board members shall not participate in any activity, which could be deemed a conflict of interest. Additionally TMF staff will abide by the following Model Standards of Practice for the Charitable Gift Planner adopted by the National Committee on Planned Giving and the American Council on Gift Annuities.

PREAMBLE

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

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

I. PRIMACY OF PHILANTHROPIC MOTIVATION

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

II. EXPLANATION OF TAX IMPLICATIONS

Congress has provided tax incentives for charitable giving, and the emphasis in this

statement on philanthropic motivation in no way minimizes the necessity and appropriateness of a full and accurate explanation by the Gift Planner of those incentives and their implications.

III. FULL DISCLOSURE

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

IV. COMPENSATION

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

V. COMPETENCE AND PROFESSIONALISM

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

VI. CONSULTATION WITH INDEPENDENT ADVISORS

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

VII. CONSULTATION WITH CHARITIES

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

VIII. DESCRIPTION AND REPRESENTATION OF GIFT

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

IX. FULL COMPLIANCE

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

X. PUBLIC TRUST

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

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

GIFT ACCEPTANCE POLICIES of TMF

Policy No: 20

Amendment to Policy

Exceptions to policy will be made as provided herein by the President of TMF or by the President in consultation with the chair of the Executive Committee. When an exception could have a major impact on the assets of TMF, the exception will be presented to the Executive Committee for approval.