

Gift Acceptance Policy

of

Grand Haven Area Community Foundation
(and Grand Haven Foundation Supporting Organization)

(herein referred to as “the Foundation”)

Adopted by the Grand Haven Area Community Foundation Board of Trustees,
July 27, 2005
August 10, 2016
August 10, 2017

And by the Grand Haven Foundation Supporting Organization
July 28, 2017

Mission Statement

The Grand Haven Area Community Foundation, governed by a volunteer Board of Trustees, is dedicated to improving and enhancing the quality of life in Ottawa County and the Western Michigan area by:

- *Serving as a leader, catalyst and resource for philanthropy.*
- *Building and holding a permanent and growing endowment for the community's changing needs and opportunities without discrimination as to race, color, or creed.*
- *Striving for community improvement through strategic grantmaking in such fields as the arts, diversity, education, health, the environment, youth, community betterment, social services and other human needs*
- *Promoting partnerships around critical community issues and leveraging resources to meet community needs.*
- *Providing a flexible and cost-effective way for donors to achieve their charitable goals and to improve their community now and in the future.*

Support for Mission

Primary support for this mission is provided by income from the permanently endowed funds and fees assessed to all funds of the Foundation contributed by many individual donors and groups using the Foundation to achieve their charitable goals effectively and efficiently.

POLICY FOR THE ACCEPTANCE OF GIFTS

PURPOSE

The purpose of this policy of the Grand Haven Area Community Foundation and affiliated entities (referred to as “the Foundation” in the following sections of this policy) is to serve the best interests of the Foundation, its donors, and the community by providing guidelines for negotiating and accepting various gifts for diverse types of funds. Because of the complexity of applicable federal and state laws and regulations, the Foundation carefully screens proposed gifts.

The purpose of each gift must fall within the broad charitable purpose of the Foundation. In addition, the Foundation Board and staff must determine that a gift will not place other assets of the Foundation at risk and that gifted property likely can be converted within a reasonable time into assets that fall within the Foundation’s investment guidelines. The Foundation must also assure that it can administer the terms of the gift in accordance with the donor’s wishes.

The Foundation seeks to inform and assist donors who desire to support the Foundation’s activities, but never to pressure or unduly influence a donor to make a gift.

The Foundation is committed to the highest ethical standards of philanthropy and development. In all transactions between potential donors and the Foundation, the Foundation will aspire to provide accurate information and full disclosure of the benefits and liabilities that could influence a donor’s decision to make a charitable gift. Every person acting for or on the Foundation’s behalf shall adhere to those standards set forth in the Association of Fundraising Professional’s (AFP) Donor Bill of Rights.

Confidentiality - The Foundation holds all information concerning a donor or prospective donor in strict confidence, 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 are honored only if permission is obtained from the donor or prospective donor prior to the release of such information. No public media exposure with respect to his/her gift will be given to any donor without the donor’s consent. The Foundation staff responsible for gifts shall maintain strict control over files and information received from donors or prospective donors so as to maintain confidentiality of such information.

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

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

Further, donors of charitable gifts must assign a value to their gifts to establish the amount of their charitable income tax deduction. The tax regulations relating to valuations of charitable gifts are complex, and tax deductions are dependent, among other things, on how the donor acquired the property, its current value, and the use to which the gift is being put by the Foundation. To avoid misunderstanding or conflict between a donor and the Foundation as to valuation, when a gift is made the Foundation will follow the policies set forth below. However, the Foundation cannot give assurance that any valuation provided by the Foundation will be acceptable to the Internal

Revenue Service for charitable tax deduction purposes. In every case, donors must rely on their own professional legal and tax consultants.

Authority to Negotiate - The President of the Foundation, and staff so designated by the President, are authorized to negotiate gift and fund agreements with prospective donors following guidelines approved by the Board and set forth in this document. The Board of Trustees must approve acceptance of all gifts not complying with the policies in this document.

All planned giving agreements requiring execution by the Foundation are first reviewed and approved as to form by Foundation legal counsel. However, an agreement need not be reviewed if it is based on a form agreement that Foundation legal counsel has reviewed and approved.

ROLE OF THE BOARD OF TRUSTEES

The Board of Trustees is responsible for policy-making and oversight of the Foundation's operations. All gift policies referenced in this document have been adopted by the Board. The Bylaws of the Foundation give the Board of Trustees variance power. This variance power states that the Board can modify any restriction or condition on the distribution of funds for any specified charitable purpose or to specified organizations, if in the sole judgment of the Board (without the approval of any participating trustee, custodian or agent), such restriction or condition becomes in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of Ottawa County or the Western Michigan area.

GIFT ACCEPTANCE COMMITTEE

The Gift Acceptance Committee will consist of the Executive Committee of the Board of Trustees and the President of the Foundation.

Responsibilities and Gifts Declined - Of prime importance to the Foundation in the acceptance of a gift is the identity and motivation of the donor. If there is any question about the source or the appropriateness of the funds or the donor (e.g., the gift might derive from sources inconsistent with the philosophy of the Foundation), the decision to accept such a gift must be made by the Gift Acceptance Committee.

Because of the varied nature of charitable gifts, proposed or offered gifts with unusual restrictions that provide limited application to the mission of the Foundation must be reviewed by the Gift Acceptance Committee before acceptance. The Committee will evaluate both if the acceptance of a given gift is in the best interest of the Foundation, and if the Foundation can administer the terms of the gift to meet the wishes of the donor. In reviewing gifts to the Foundation, the following criteria are considered:

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

Examples of a few situations where the Foundation would consider refusing a gift are:

- the cost to manage the asset exceeds the eventual benefit of the gift,
- the gift, or gift purpose, would potentially jeopardize the Foundation's tax exempt status, or a gift is discriminatory.

The President has the authority to refuse gifts that clearly do not benefit the Foundation. If the future benefit of a gift is questionable or difficult to determine, the Gift Acceptance Committee will make a recommendation concerning the acceptance of a gift to the Board of Trustees, who will make the final decision whether to accept or refuse the gift.

Gifts that do not require review and approval of the Gift Acceptance Committee include the following:

- Cash and cash equivalents
- Marketable securities
- Usable furniture and equipment for the offices or programs of the Foundation
- Precious metals, where the value is easily established
- Existing life insurance policies in which the Foundation is named as sole or partial beneficiary
- Charitable gift annuities, if funded with cash or marketable securities

Gifts requiring review and approval of the Gift Acceptance Committee (with input from legal counsel if determined by the Committee) include the following:

- Interests in business entities (i.e., closely held securities, limited partnership and limited liability company interests) – There may be concerns about the following: valuation, disposition, income production, taxable gains or losses associated with the securities, co-ownership issues, liabilities associated with the securities, contractual obligations, indemnification obligations, guarantees, requirements or limitations on sale or distribution, and other questions that require a review. The donor will be required to provide detailed information about interests in these business entities.
- Real estate – The donor will be required to provide detailed information about the property. The Committee will review these documents as well as consider any liabilities, restrictions or other conditions related to the gift. These policies also will apply to gifts of certain other assets that have real estate holdings as an element of value (e.g., certain partnerships or other business entities).
- A charitable gift annuity, if funded with assets other than cash or marketable securities.
- Remainder interest in a personal residence or farm.
- Other property that may be unusual or fall outside the type of gifts usually handled, including tangible personal property unrelated to the Foundation's charitable purpose.

A gift requiring committee review will be handled promptly. The Foundation staff will deliver to the chairman of the Gift Acceptance Committee all information necessary to make a decision. If a gift is not accepted, Foundation staff will notify the prospective donor promptly. All gift reviews will be handled with confidentiality.

Gifts requiring immediate action (e.g., gifts shortly before December 31 or pending entering into a contract for sale of property) may be exempted from full Gift Acceptance Committee review if, in the judgment of the President or in the consultation with designated members of the Gift Acceptance Committee, the gift may be accepted without significant reservations or jeopardy to the Foundation.

TYPES OF FUNDS

Unrestricted Funds – Unrestricted funds enable the Foundation to respond to the changing needs of the community. Decisions on the recipients of grants are made by the Board of Trustees. The Grants and Program Committee, consisting of members of the Board of Trustees and community leaders, reviews each proposal and makes a recommendation to the Board of Trustees.

Field of Interest Funds – Field of Interest Funds are used by the Board of Trustees only in the area(s) of interest specified by the donor. Some of the Foundation's Field of Interest Funds have advisory committees that recommend the use of the Fund to the Board of Trustees, which makes the final decision on all grants from Field of Interest Funds.

Designated Funds – Designated Funds provide that income is given regularly to certain named charitable organizations or for certain specified charitable purposes. The donor is permitted to change the designation of the fund. If the named charity is no longer active or providing a needed service, or if the purpose of the fund becomes impractical or impossible to fulfill, the Board of Trustees of the Foundation may select another recipient with a similar purpose or the balance of the funds may go into the Foundation's Unrestricted Funds.

Organization Endowment Funds – Organization Endowment Funds provide that a charitable organization itself may establish a fund for the benefit of the organization's charitable activities. Gifts to the fund may be made by the charitable organization itself or individual donors.

Donor Advised Funds – A Donor Advised Fund provides that the donor may make advisory only suggestions about distributions. Distributions from a non-endowed Donor Advised Fund may be from income and principal. It is recommended that distributions from an endowed Donor Advised Fund be in accordance with the Foundation's Spending Policy. Grant recipients must be recognized as tax-exempt charities by the Internal Revenue Service Code and grants must be for charitable or other purposes consistent with the purposes of the Foundation. The decision concerning grants from Donor Advised Funds is made by the Board of Trustees.

Upon the donor's death and in the event that no successor advisors are named, the fund will become a Named Unrestricted, Field of Interest or Designated Fund, as described in the original Fund Agreement. If the Fund Agreement does not make such recommendations, the Fund will become a Named Unrestricted Fund of the Foundation. However, the term of a Donor Advised Fund may be for a period shorter than the lifetime of the donor(s).

See **Appendix A** for naming successor donor advisors and multiple generation advisors.

Scholarship Funds – Scholarship Funds are dedicated to providing grants for educational purposes to assist individuals within an identified class, such as residents of a particular region,

students attending a specific university or undertaking a selected course of study or type of educational enrichment program. Scholarships are awarded on the basis of a competitive process that may consider such criteria as financial need, academic achievement, extra-curricular activities, educational goals, personal aspirations, and other relevant criteria. The Board of Trustees approves scholarship awards upon the recommendation of the Foundation's Scholarship Committee or the Scholarship Funds' advisory committees. Scholarship amounts vary based on annual income available from each Fund.

Supporting Organizations – A donor may establish a supporting organization for the Foundation as an independent tax-exempt organization with separate governance. A supporting organization is a grantmaking organization that retains public charity status by being operated, supervised, or controlled by or in connection with the Foundation. The donor should seek expert professional advice to form, qualify, and operate a supporting organization.

Affiliate Funds – Affiliate funds are geographical component funds of the Foundation that may be established for areas currently not covered by a community foundation and where it is not feasible or cost-effective to establish an independent community foundation. The affiliate fund has its own advisory committee, whose primary role is to raise funds and recommend distributions to the Foundation Board of Trustees. All policies and guidelines relating to the acceptance of gifts and grantmaking of the Foundation apply to the affiliate funds.

MINIMUM REQUIRED TO CREATE A NEW FUND

The current minimum required to create a new fund in the Foundation is \$5,000 for all funds (Scholarship funds require a balance of \$25,000 at all times).

EXCESS BUSINESS HOLDINGS

The Pension Protection Act of 2006 amended section 4943 of the Internal Revenue Code to limit ownership of closely-held business interests in a donor advised fund. A fund's holdings, together with the holdings of disqualified persons (donor, advisor, members of their families and businesses they control), may not exceed any of the following:

- 20% of the voting stock of an incorporated business;
- 20% of the profits' interest of a partnership, joint venture, or the beneficial interest in a trust or similar entity;
- Any interest in a sole proprietorship.

These limitations do not apply if the donor advised fund holds an interest that does not exceed two percent of the voting stock and two percent of the value of the business.

Donor advised funds receiving gifts of interests in a business enterprise have five years from the receipt of the interest to divest the holdings that are above the permitted amount, with the possibility of an additional five years if approved by the Secretary of the Treasury. To prevent a violation of these rules, it is the Foundation's policy to divest itself of such holdings within five years from the date the Foundation acquired the asset. If that is not possible, the asset will be transferred to a new or existing fund that is not an advised fund.

TYPES OF GIFTS

The Foundation will accept gifts and issue gift receipts of various types depending on the nature of the charitable gift made.

Cash (including cash equivalents, such as certificates of deposit and savings accounts) – Receipts including gift value will be issued to donors making cash gifts. The date of the gift is the date the cash gift is received in the Foundation office.

Checks – Checks must be made payable to the Foundation. The specific fund should be noted in the lower left corner (memo section) on the face of the check or within the written documentation that accompanies the check. The date of the gift is the date the check is received in the Foundation office.

Marketable Securities (stocks, bonds, US government securities, etc.) – Gifts of publicly traded securities will be accepted and will be acknowledged by receipt for the number of shares given. The date of the gift is the date the security is:

- unconditionally delivered or mailed in proper negotiable form to the Foundation or its agent; or
- the date the security is transferred to and held in “street name” in a Foundation brokerage account; or
- the date the security is transferred on the books of the issuing corporation when delivered to the corporation for transfer into the Foundation’s name.

When gifts are transferred directly to one of the Foundation’s existing brokerage accounts, notification of this should be sent by the donor so that the Foundation can expeditiously receipt and acknowledge the gift and credit the appropriate fund.

Non-Publicly Traded Securities (such as closely held stock, S corporation stock, limited partnership and limited liability company interests) –

Gifts of interests in non-publicly traded securities (e.g., closely held corporations, S corporation stock, limited partnerships, limited liability companies) must be reviewed and approved by the Foundation’s Gift Acceptance Committee, and if determined by the Committee, shall be gifted to, approved by, and received by the Grand Haven Foundation Supporting Organization. In evaluating a gift proposal of such assets, the Gift Acceptance Committee and the Supporting Organization may consider the probability of conversion to a marketable investment within a reasonable period of time, liabilities and contractual obligations associated with the interest, projected income that will be available for distribution, taxes and administrative fees, and the nature of the business from which the asset is derived. The Foundation may accept gifts of non-publicly traded securities in pass-through entities which generate unrelated business income (such as S corporations and LLCs) only if certain agreements are reached with the donor regarding tax issues and distributions.

Usually, a receipt for a gift of non-publicly traded securities will reflect only the description, omitting valuation.

The Foundation will not accept any non-publicly traded securities unless the Foundation confirms that it has the right to sell the security without unreasonable restrictions.

Absent unusual circumstances and appropriate risk mitigation measures, the Foundation does not accept gifts of general partnership interests due to potential liability.

Specific procedures for accepting Non-Publicly Traded Securities are outlined in **Appendix B**.

Real Property – Each potential gift of real property will be reviewed individually with consideration immediately given to expeditious liquidation. The property will be sold at the highest price obtainable as soon as possible after conveyance, unless the property is to be used in connection with the Foundation's exempt purposes.

The Foundation will be reimbursed for all expenses incurred in the acceptance and liquidation of the real estate gift (paid by the donor, the donor's fund, or the proceeds). Such expenses include, but are not limited to, realtor commissions, title work, closing costs, legal fees, property taxes, insurance, environmental assessments, and the like.

Proposed gifts of real property will be reviewed by the Gift Acceptance Committee and the Committee shall make a recommendation to the Board. Specific procedures for accepting real property are outlined in **Appendix C**.

Tangible Personal Property – Gifts of such assets as boats, airplanes, artwork, furniture, equipment, jewelry, gems, and metals valued in excess of \$5,000 must be appraised by a qualified appraiser. None of the following can serve as a qualified appraiser: the donor, taxpayer, donee, or an agent of any of these. The appraisal must be prepared no more than 60 days prior to the date the contribution is made and no later than the due date for the donor's tax return. The cost of an appraisal shall be paid by the donor. Unless the property is to be used in connection with the Foundation's tax-exempt purpose, it will be sold at the highest possible price as soon as possible after conveyance. No commitment will be made to keep gifts of personal property. The Foundation discourages gifts of personal property 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 an additional cash gift.

The Foundation generally does not accept gifts of automobiles.

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

Income Producing Personal Property – The potential receipt of income producing property must be reviewed carefully by the Gift Acceptance Committee, together with appropriate legal and tax consultants. The receipt of unrelated business income and its effect on the nonprofit status of the Foundation must be completely understood before such a gift is accepted. If accepted, the Foundation will issue a receipt containing a description of the item of personal property.

PLANNED AND TESTAMENTARY GIFTS

The Foundation's planned and testamentary gift 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 expirations of a predetermined period of time), or whose benefits to the Foundation are then followed by the interests of non-charitable beneficiaries.

Donors using planned and testamentary gift techniques may 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 President, and such staff as designated by the President, will review planned gifts to the Foundation. The designated staff are responsible for assuring that all planned gift instruments are valid and are acceptable to the Foundation, and will consult with the Gift Acceptance Committee when necessary. Pertinent information about these gifts will be detailed by the staff to the donor and to the donor's advisors.

The Foundation will not knowingly accept an *irrevocable* deferred gift from a donor who has insufficient income and assets remaining after making the gift to provide for (a) his/her needs such as personal support, health care, and the like and/or (b) his/her heirs for whom he/she is financially responsible.

All donors contemplating planned gifts to the Foundation should be encouraged to consult with 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 nondiscrimination. A statement of the donor's wishes regarding use of the gift (even if designated "unrestricted") shall be obtained at the closing of the gift and maintained in the donor file.

The handling of estate distributions will be coordinated with the President, and such staff as designated by the President.

Examples of planned gifts include:

Outright Bequests per a Will or Trust Agreement – A bequest is an outright gift to the Foundation through a will or trust. Foundation representatives may actively solicit bequests as long as the purpose of the gift is in accordance with the charitable purposes of the Foundation.

Retirement Asset Accounts – "Account" type retirement plans, in which a balance accumulates as principal, may be gifted to the Foundation. These include Individual Retirement Accounts (IRA), 401(k), 403(b), and defined contribution plans. "Annuity" plans, such as defined benefit plans, in which principal does not accumulate, generally cannot be used for charitable gifts.

Methods for gifting retirement assets include:

- Naming the Foundation as beneficiary for all or part of the plan assets upon death of the account owner.
- Creating a testamentary charitable remainder trust with the retirement plan assets upon the death of the account owner and naming the Foundation as the trust remainder beneficiary.

Charitable Gift Annuities – Under a charitable gift annuity, a donor irrevocably transfers property to the Foundation in exchange for a commitment by the Foundation to pay the donor (or other beneficiaries designated by the donor) a fixed amount each year for the life or lives of the designated beneficiaries. The amount of the payment depends upon the age of the donor and size of the gift. Specific policies for accepting charitable gift annuities are outlined in **Appendix D**.

Charitable Remainder Trusts – A Charitable Remainder Unitrust or Annuity Trust is a gift vehicle that irrevocably transfers the remainder interest on assets to the Foundation upon the death of the donor or the named beneficiaries, or at the end of a specified term of years.

Charitable Lead Trusts – A Charitable Lead Trust is an arrangement that provides the income generated on assets contributed to the trust to be paid to the Foundation for a designated period of years. After the time period has elapsed, the assets pass to a non-charitable beneficiary designated by the donor in the original trust.

Charitable Retained Life Estates – The Foundation will accept gifts of real estate in which the donor reserves a life estate subject to the provisions of the above section describing gift acceptance policies for real estate in general. In addition, when a life estate arrangement is part of the gift of real estate, the donor shall agree in writing with the Foundation that the donor assumes full responsibility for all expenses incurred regarding said real estate as if the donor were the owner of the property. Such expenses shall include, but not be limited to, property taxes, utilities, maintenance, insurance, furnishings, and so on.

Life Insurance – Donors may transfer ownership of a paid-up policy to the Foundation and take a tax deduction for the interpolated terminal reserve (typically cash surrender value). Donors may also transfer ownership of premium-due policies to the Foundation and make income tax deductible contributions in the amount of the premiums. In either case, the Foundation shall be the owner and permanent beneficiary of the policy and retain the policy in its offices. Upon redemption, the value of the policy may establish a new fund (provided that the value is at least equal to the minimum amount required by the Foundation to establish a new fund), or contribute to any existing fund at the Foundation.

For information on Multiple Beneficiaries of Life Insurance Policies and Reporting and Valuing of Life Insurance Policies, see **Appendix E**.

GENERAL POLICIES FOR PLANNED AND TESTAMENTARY GIFTS

Acting As Trustee – It is the general policy of the Foundation not to act as trustee for the various donor vehicles. The Board and staff of the Foundation must avoid personal conflicts of interest with respect to any gift to the Foundation. No staff member may knowingly serve as a trustee, conservator, executor, or personal representative for one of the Foundation's donors or prospects unless specifically approved by the Board of Trustees. All staff members shall report such relationships annually to the Board of Trustees.

Expenses – The expenses associated with establishing and maintaining a deferred gift arrangement are multifold and may include costs of legal and appraisal fees, property and security sale commissions, and continuing administration expenses. Although some of these expenses are rightfully the responsibility of the donor, the Foundation may offer to have those expenses paid by the Foundation considering the likelihood of receiving the intended gift if not paid by the Foundation and considering the relative size of the intended gift. The foregoing notwithstanding, the Foundation shall not pay finders fees, commissions, or other fees to independent gift planners as a condition of delivery of a gift.

Legal and accounting counsel – Any written material sent to a prospective donor describing the potential tax, legal, or accounting effects or benefits of a deferred gift trust or bequest shall urge that a prospective donor consult her/his own legal and accounting advisors as to the consequences of a proposed gift in her/his particular situation. Extreme care must be taken at all times not to place the Foundation in the position of having warranted a particular tax or legal result.

Variance Power – It is understood and agreed that all assets held in the Foundation will be subject to the Articles of Incorporation and Bylaws of the Foundation, including the powers contained therein for the Board of the Foundation:

- to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to specified charitable organizations if in the sole judgment of the Board (without the necessity of the approval of a participating trustee, custodian, or agent), such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of Ottawa County or the Western Michigan area;
- to replace any participating trustee, custodian, or agent for breach of fiduciary duty under Michigan law; and
- to replace any participating trustee, custodian, or agent for failure to produce a reasonable return of net income over a reasonable period of time, as determined by the Board of Trustees.

APPENDIX A

The Grand Haven Area Community Foundation

Policy for Naming Successor or Multiple Generation Advisors for Donor Advised Funds

If the donor wishes to name successor advisors, the policy is as follows:

- A Donor Advised Fund may, upon the donor's request, be advised by persons representing up to two generations – donor's and one additional generation.
- At such time as advisors from the second generation become active advisors, the Fund, if not already endowed, will become an endowed fund and the Foundation's Spending Policy will determine the amount available for distribution annually.
- In addition, the donor (and the successor advisors) will be expected to recommend a significant portion of the Donor Advised Fund grants to projects impacting the West Michigan region, whether or not the successor advisors reside in the West Michigan area.

The Gift Acceptance Committee will consider an exception to the above policy upon the request of the donor for multiple generation successor advisors if the following conditions are met:

- The initial gift from the Donor at his/her death shall be at least \$250,000.
- A significant portion of grants recommended from the Fund will impact projects in the West Michigan region, whether or not the members of the Family Committee reside in the West Michigan area.
- A Chairperson designated by the Family Committee shall be responsible to communicate in writing to the Foundation the Family Committee's grant recommendations and shall also be responsible for receiving and transmitting all communications between the Family Committee and the Foundation. The Family Committee shall designate its Chairperson in writing and provide a copy of the same to the Foundation. The Foundation will only accept recommendations and other communications from the duly designated Family Committee Chairperson.
- If no grant recommendation(s) is (are) received by the Foundation from the Family Committee Chairperson for two years, the Foundation shall send a written notice by certified mail (or its equivalent) to all Family Committee members whose names and mailing addresses are known to the Foundation that the Fund will cease to be a Donor Advised Fund within 120 days of the notice of mailing date unless a grant recommendation is received from the Family Committee Chairperson within that time period. If no recommendation is received within 120 days from the date of mailing, the Fund shall automatically revert to an Unrestricted Fund.
- The Foundation shall have the right to establish such reasonable additional procedures and protocols consistent with the tenor of this policy as the Foundation shall determine is required in order for the Foundation to be assured it receives appropriate and timely recommendations from the Family Committee. Written notice of these additional procedures and protocols shall be provided to the Family Committee Chairperson.
- If the Donor's gift is a bequest and is less than \$250,000, a Donor Advised Fund will still be established. However, the right to make recommendations shall be restricted to a Family Committee consisting of the Donor's surviving children only. At the death of the last surviving child of the Donor, the Fund will revert to an Unrestricted Fund or to a Field of Interest Fund if so indicated in the original Fund Agreement.

APPENDIX B

The Grand Haven Area Community Foundation and Grand Haven Foundation Supporting Organization (collectively "Foundation")

Gift Acceptance Policy for Gifts of Non-Publicly Traded Securities (including closely held stock, S-Corporation stock, partnership interests, and limited liability company interests)

Appraisal: Each gift of non-publicly traded securities must be appraised in accordance with federal tax law. The donor will be responsible for obtaining such appraisal.

Distributions: Subject to exceptions which may be approved by the Gift Acceptance Committee, Distributions from the securities should be greater than the fees assessed by the Foundation, legal fees, and any unrelated business tax exposure imposed on the Foundation.

Liquidation: Subject to exceptions which may be approved by the Gift Acceptance Committee, the Foundation will seek to redeem or sell non-publicly traded securities as soon as possible, and will not accept: (1) gifts that cannot be completely liquidated within a reasonable period of time (generally less than three years), or (2) gifts that are subject to unreasonable restrictions on sale.

Procedures: The following procedures apply to all proposed gifts of non-publicly traded securities (in addition to those procedures described elsewhere in the Foundation's Gift Acceptance Policy):

- The Foundation will review corporate governing documents and contractual obligations associated with the securities (such as purchase and sale agreements, guarantees, capital call obligations, and indemnification obligations) to determine the rights and obligations associated with the securities and whether the Foundation should undertake such obligations in light of such rights.
- The Foundation will review the entities' recent tax returns and the donor's recent K-1s to determine the nature of the income associated with the securities (e.g., unrelated business income, active versus passive business).
- All proposed transfer documents must conform to the Foundation's form or be approved by the Foundation's counsel.
- As a condition for the Foundation's acceptance of the gift, a written agreement between the donor and the Foundation should be in place that provides: (1) for the payment of administrative expenses, legal fees, and unrelated business income taxes generated by the securities, (2) that the donor indemnify the Foundation against all liabilities associated with the securities prior to the date of the gift and arising out of the gift, and (3) that to the extent required, all consents and approvals of third parties have been obtained.
- The donor shall provide the Foundation with all documents which outline, discuss or relate to the duties and liabilities of owners of securities, including Shareholder Agreements,

Operating Agreements, Partnership Agreements, Guarantees, Indemnification Agreements, and Purchase and Sale Agreements.

- The Foundation will accept only those securities which are free and clear of liens and security agreements, and which have been approved for transfer to the Foundation by the owners of the securities and by all required third parties. The Foundation shall conduct appropriate document reviews and searches (UCC searches, for example) to confirm the satisfaction of this requirement.

To the extent directed by the Grand Haven Area Community Foundation's Gift Acceptance Committee (and legal counsel if determined by the Committee), all gifts of non-public marketable securities should be made to and accepted by the Supporting Organization and shall be held by the Supporting Organization until liquidated and/or until all liabilities associated with the securities have terminated or expired (including any applicable statutes of limitations). The Foundation's Gift Acceptance Committee (and legal counsel if determined by the Committee) shall review and approve any transfer of the securities or proceeds thereof from the Supporting Organization to the Grand Haven Area Community Foundation.

APPENDIX C

The Grand Haven Area Community Foundation

Gift Acceptance Policy for Real Property

Each potential gift of real property will be reviewed individually with consideration immediately given to expeditious liquidation. The property will be sold at the highest price obtainable as soon as possible after conveyance, unless the property is to be used in connection with the Foundation's exempt purposes.

The Foundation will be reimbursed for all expenses incurred in the acceptance and liquidation of the real estate gift (paid by the donor, the donor's fund, or the proceeds). Such expenses include, but are not limited to, realtor commissions, title work, closing costs, legal fees, property taxes, insurance, environmental assessments, etc.

Proposed gifts of real property will be reviewed by the Gift Acceptance Committee and the Committee shall make a recommendation to the Board. Generally, the following procedures will be used to determine whether to accept a gift of real property and to actually receive the gift.

- Receive a written communication from the donor or the donor's agent of the donor's intent to make the gift. A legal description of the real estate will be provided at this time.
- Physically inspect the real estate under consideration.
- Consult with a real estate agent(s) or appraiser(s) to determine the potential value and marketability.
- Order title insurance commitment or title search on the real estate. Determine the transferability and potential problem areas from the commitment or search.
- Order Phase I environmental site assessment. It is important to ask the vendor doing the Phase I research and testing to provide a certificate of insurance that verifies a minimum of \$1 million of professional liability insurance and indemnification coverage. If this assessment indicates there are environmental concerns, then the potential gift may still be reviewed further to determine the extent of the environmental problem(s) and what legal and other remedies are available to protect the Foundation from potential environmental liability if the gift is accepted.
- Board of Trustees determines whether to accept a gift.
- Enter into appropriate agreements with the donor, which may include a fund agreement and/or expense reimbursement and fee agreement.
- Complete closing and receive title insurance policy.
- Record deed. Receipt gift.
- Proceed with the sale of the property, which may include listing the real estate for sale with a real estate agent.
- Place sale proceeds into fund (net of expenses, commissions and fees).
- File Form 8282 with the IRS (if sold within two years of gift date) and provide a copy to the donor.

APPENDIX D

The Grand Haven Area Community Foundation Gift Acceptance Policy for Charitable Gift Annuities

The Grand Haven Area Community Foundation (the Foundation) will accept current gift annuities, which begin payments within one year of the gift date, as well as deferred payment gift annuities, on which initial payment is at least one year after the gift date. The deferral period will be at the discretion of the donor.

- The Foundation will accept annuity gifts for one life, two lives in succession, or joint and survivor annuity agreements. Gift annuity agreements will be limited to one life or two lives in being at the time of the gift.
- The maximum annuity rates offered will be the current Uniform Gift Annuity Rates adopted by the American Council on Gift Annuities (ACGA). In the case of deferred payment gift annuities, the maximum interest factors will be the current Uniform Interest Factors adopted by ACGA.

The Foundation may establish maximum annuity rates that are lower, but never higher, than the Uniform Gift Annuity Rates of the ACGA. Also, the Foundation may establish interest factors for deferred gift annuities that are lower, but never higher, than the Uniform Interest Factors adopted by the ACGA.

To conform to the federally mandated "Clay-Brown Rule," the annuity rate offered will generate a charitable deduction of more than 10 percent of the fair market value of the assets given or, if this is not the case, the annuity rate will be reduced as necessary to comply with this more than 10 percent requirement.

- The Foundation will always offer the maximum annuity rate described in paragraph 3 above, to each potential donor/annuitant, based on the actuarial age of the annuitant. However, the Foundation may suggest that if the donor is willing to accept a lower rate, a larger charitable deduction would be obtained for the same size gift.
- Acceptable gifts will be those currently allowed by the Foundation's Gift Acceptance Policy.
- The Foundation will establish a segregated gift annuity fund for each charitable gift annuity.
- The minimum acceptable gift will be cash, securities, and/or other property valued at Ten Thousand Dollars (\$10,000). To establish a new Named Fund after the death of the surviving annuitant, the initial minimum gift shall be equal to the minimum required to start a Named Fund in the year the Gift Annuity was established.
- The Foundation may elect to decline acceptance of a gift annuity if it is estimated that less than 50% of the original gift value will remain at the last annuitant's death.
- The minimum age of an annuitant on the date payments start shall be 50 unless the annuity is for a "time certain" period of time, such as four years in a "college option" annuity.
- The Foundation may elect to reinsure any annuity agreement. If the insurance company fails, the Foundation realizes that the Foundation is liable for the payments.
- The gift annuity will be effective when the Foundation signs the Annuity Agreement and the cash, securities, or other property have been delivered to and accepted by the Foundation. In the case of non-liquid assets, the annuity payments will not begin until the annuity has liquid assets that generate income.
- Annuities may be paid quarterly, semiannually or annually.

APPENDIX E

The Grand Haven Area Community Foundation

Gift Acceptance Policy for

Multiple Beneficiaries of Life Insurance Policies and

Reporting and Valuing Life Insurance Policies

Multiple Beneficiaries of Life Insurance – From time to time, donors may wish to make gifts of life insurance to the Foundation that name multiple charitable beneficiaries to receive policy proceeds. In such cases, the following rules shall apply:

- a. Life insurance policies of which the Foundation is owner and premium payer shall include the Foundation in the beneficiary designation to receive policy death benefit or surrender proceeds to the extent of not less than 50% of the total maturity or surrender proceeds.
- b. The Foundation retains the exclusive right to change the beneficiary designations of policies of which it is owner and premium payer, subject to the limitation contained in Paragraph a. above, to other charitable organizations which qualify as such under Section 501 (c)(3) and which are described under Section 170(b)(1)(A) of the Internal Revenue Code or similar successor provision.
- c. If a policy beneficiary designation is to be changed, the Foundation shall consider the charitable intentions of the donor. It is understood, however, that a donor's recommendations in this regard are advisory and that the Foundation, as owner of the policy, retains exclusive authority to determine the beneficiary of the maturity or surrender proceeds of the policy.
- d. A donor who makes the Foundation the owner and beneficiary of a policy having multiple charitable beneficiaries (as limited by Paragraphs a. through c. above) shall have full and sole responsibility for federal and state tax ramifications with respect to deductions and credits for contributions made to the Foundation for the purpose or premium payment even though a receipt for the full amount donated and/or for subsequent gifts to fund premium payments may be issued by the Foundation.
- e. Before the Foundation will comply with a donor who wishes to name multiple charitable beneficiaries per above, the donor shall sign an agreement with the Foundation indicating familiarity with these policies and receipt of a copy of same.

Reporting and Valuing of Life Insurance Policies – Life insurance gifts, whether a newly issued policy or an existing long-established policy, will not be reported at the face value of the policy. This applies even when the donor retains no rights (“incidents of ownership”) to the policy.

Gifts of newly purchased life insurance policies, in which the Foundation is both owner and beneficiary, shall be reported at the amount of premiums paid, in the year the premiums are paid.

The value of a paid-up life insurance policy accepted as a gift, where the Foundation is both owner and beneficiary, is its replacement cost. The value of a nonpaid-up life insurance policy is determined by adding to the “interpolated terminal reserve” of the policy (which, in a policy that

has been owned for a while, will be approximately equal to its cash surrender value) the unearned premium and accrued dividends, less any policy loan. The issuing insurance company is to be consulted for assistance with both the transfer of the policy and its valuation.

When a policy is owned by the Foundation, regardless of whether the donor or the Foundation pays the premiums, the difference between the cash value and the insurance company's settlement at the death of the donor is not reported as a gift, but rather as a gain on the disposition of assets. In those cases where the Foundation receives the proceeds of an insurance policy in which it was named beneficiary but not owner, the full amount received shall be reported as a gift on the date the proceeds are received.