



GIFT ACCEPTANCE POLICIES AND GUIDELINES

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Mission Statement

The Community Foundation of Northwest Georgia's mission is to promote and facilitate charitable giving among individuals and families living in Northwest Georgia, secure discretionary resources to meet the current and future needs of our region, and strengthen our communities by fostering collaboration and awarding grants to qualified organizations.

We promote philanthropy, build and maintain a permanent collection of endowment funds, and serve as a trustworthy partner and leader in shaping effective responses to community needs and opportunities.

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Gift Policies

One goal of the Community Foundation of the Northwest Georgia, Inc. (the “Community Foundation”) is to help a wide variety of donors fulfill their philanthropic interests by providing an appropriate vehicle for giving that is easy, personally satisfying and effective. Simultaneously, the Community Foundation seeks to use the funds donated to it for the benefit and betterment of the communities and organizations it serves by providing leadership in identifying and addressing community needs.

The policy of the Community Foundation is to actively promote the programs and opportunities offered by the Community Foundation and to encourage donors to make gifts to the Community Foundation, while responding promptly and appropriately to the needs of donors and prospective donors. Gifts to the Community Foundation may involve many different types of assets and may take a variety of forms, including outright gifts on a one-time or periodic basis, planned gifts involving deferred gifts or split-interest gifts, and testamentary gifts created by bequest. These Gift Acceptance Policies and Guidelines (collectively, these “Policies”) have been adopted to provide the framework and procedures for evaluation and acceptance of such gifts by the Community Foundation’s Staff and Board of Trustees (the “Board”).

Any capitalized words that are not defined herein shall have the meanings set forth in the attached Schedule of Definitions.

GENERAL POLICIES

1. **Purpose of the Gift.** The purpose of any gift accepted by the Community Foundation must relate to the Community Foundation’s mission and fall within its broad charitable purposes. The purpose of the gift and the procedures for its administration must be clearly stated in a written Fund Agreement. In most cases, additional gifts to existing funds may be made without restating the purpose of the original gift.
2. **Types of Funds.** Donors may establish the following types of component endowment funds:
 - (a) **Unrestricted Funds.** Unrestricted funds are available to the Foundation for any of the charitable purposes encompassed by the Foundation’s mission. The Board of Directors determines how unrestricted funds are used.
 - (b) **Field of Interest Funds.** Field of Interest funds are restricted in their use by the donor’s preference for a limited charitable purpose, without designation of specific recipient organizations or programs through which such charitable purposes may be served. The Board of Directors determines which organizations and programs receive grants from field of interest funds and the amount and timing of such grants. Alternatively, the donor may request the appointment of an advisory committee to make such decisions.
 - (c) **Donor Advised Funds.** Donors generally establish advised funds for unrestricted charitable purposes. The donor may make recommendations to the Foundation regarding the recipients and amounts of grants from the fund. The Foundation retains final authority to determine distributions. Donors may appoint their children and grandchildren or others to succeed them as advisors of the fund or allow the advisory period to run for a term not to

exceed 75 years.

- (d) **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. All scholarship funds shall be administered in accordance with the Pension Protection Act and the resolution adopted by the Board of Directors in 2011, as it may be amended from time to time.
- (e) **Designated Funds.** Designated funds are earmarked for one or more charitable organizations or programs, and all grants made from such funds must be made to or for the use of the designated organization or program. If the recipient organization ceases to exist or changes its status or mission as a charitable organization, the Foundation will execute the donor's directive as to an alternate beneficiary. If there is no such directive, the Foundation's Board of Directors may exercise its variance authority, selecting an alternate use for the fund compatible with its original charitable purpose.
- (f) **Agency Endowments.** A non-profit organization may request that the Foundation manage an endowment fund for its benefit. The organization's assets are invested with the Foundation's other assets. A portion of the fund balance is available for distribution to the organization on a regular schedule, allowing for a steady stream of income year after year. The fund agreement may provide that the organization may request a return of principal, subject to the approval of the Foundation's board of directors.

3. Planned Giving Arrangements.

- (a) **Forms of Planned Gifts.** The Foundation's planned giving program encompasses gifts whose benefits do not fully accrue to the Foundation until some future time. Donors using planned and testamentary gift techniques may establish any of the component fund types listed above, subject to limitations on minimum value. Will, trust, or other documents should specify the Foundation as the charitable recipient and name the new or existing fund to which the donor's gift will be added. The type and purpose of a new fund may be described in detail in a separate fund agreement. Planned giving opportunities offered by the Foundation include the following:
 - (b) **Charitable Remainder Unitrust.** Under a charitable remainder unitrust, the donor irrevocably transfers money, securities, or other property to a trustee selected by the donor. The trustee pays the donor (or one or more income beneficiaries designated by the donor) a fixed percentage of the net fair market value of the trust's assets, as determined each year. The payments are made for the life or lives of the income beneficiaries. Upon termination of the income beneficiary's interest, the assets of the unitrust are transferred to the Foundation. The Foundation may serve as trustee of a charitable remainder unitrust when it is irrevocably named as the sole beneficiary.
 - (c) **Charitable Remainder Annuity Trust.** A charitable remainder annuity trust is identical to a unitrust, except that the income beneficiary receives a fixed dollar amount annually from the trust. The Foundation may serve as trustee of a charitable remainder annuity trust when it is irrevocably named as the sole beneficiary.
 - (d) **Charitable Lead Trust.** Under a charitable lead trust, the donor irrevocably transfers money, securities, or other property to a trustee selected by the donor. The Foundation is given an income interest in the trust assets for a period of years or the lives of one or more individuals, at the end of which time the assets of the trust are distributed to noncharitable beneficiaries designated by the donor. The trustee pays the Foundation each year: 1) a fixed amount from the trust; or 2) a fixed percentage of the net fair market value of the trust's assets, as determined each year. The Foundation will not serve as trustee of a Charitable Lead Trust.
 - (e) **Gifts by Will or Trust.** The Foundation may be designated as the beneficiary of a bequest or gift by

the terms of the donor's will or by a revocable or irrevocable trust. Sample bequest language for restricted and unrestricted gifts should be made available to donors and their attorneys to ensure that the bequest is properly designated.

- (f) Retirement Plan Assets. Retirement plans owned by the donor may be gifted to the Foundation at death by beneficiary designation. These include Individual Retirement Accounts (IRA), 401(k), 403(b), and defined contribution plans.

4. Fund Agreements.

(a) All Fund Agreements will be prepared in consultation with the Staff and, if required by these Policies or if the Staff otherwise deems it necessary, the Community Foundation's legal counsel. For administrative ease and convenience, the Staff will develop standard Fund Agreements with the review and approval of the Community Foundation's President and legal counsel. The standard Fund Agreements will be updated and revised from time to time as appropriate. The Community Foundation will make the standard Fund Agreements available upon request to prospective donors and their Professional Advisors and will encourage use of such Fund Agreements whenever practicable.

(b) If a donor wishes to alter the terms of the Community Foundation's standard Fund Agreement or wishes to use a gift instrument other than the Community Foundation's standard Fund Agreement, all such changes and forms must be reviewed and approved by the Community Foundation's legal counsel prior to acceptance of the gift.

(c) In situations where the Community Foundation has engaged a Professional Advisor to prepare documents for or render advice to the Community Foundation, Staff must advise the donor that the professional involved is engaged only to represent the Community Foundation and is not acting on behalf of or representing the interests of the donor.

(d) The President of the Community Foundation or any other Staff designated by the President shall have the authority on behalf of the Community Foundation to handle inquiries about prospective gifts, negotiate the terms of Fund Agreements with prospective donors, assemble documentation and retain expert and technical consultants as required by these Policies, and to execute agreements, all in accordance with these Policies.

(e) If the Community Foundation should accept any gift without the prior execution and delivery by the donor of a written Fund Agreement, the donated property shall be added to the unrestricted funds at the Community Foundation, unless the donor provides clear directions to the contrary in another writing establishing the gift.

5. Role of Staff. (a) Only the President will be authorized to discuss philanthropic planning and gifts to the Community Foundation with donors and prospective donors. All inquiries about planning and gifts will be referred to the President.

(b) The Staff will work closely with prospective donors to identify and try to achieve both the donor's philanthropic goals and the Community Foundation's mission. The role of Staff shall be to inform, guide, serve and assist donors in fulfilling their philanthropic objectives but never under any circumstances to exert pressure or unduly influence a donor's decision to make a gift to the Community Foundation. The Community Foundation's Staff will always consider the interests of the donors as their first priority. The appropriateness of any gift is highly dependent upon the donor's particular circumstances, and Staff will advise donors only in ways that are appropriate in light of the donor's personal or financial situation and the donor's known philanthropic interests.

(b) Whenever possible, Staff must discuss with prospective donors the relevant factors that could reasonably be expected to affect a donor's decision to make a gift to the Community Foundation. Among other things, Senior Staff must make prospective donors aware of:

- (i) the irrevocability of the gift to the Community Foundation;
- (ii) prohibitions on material donor restrictions;
- (iii) items that are subject to variability (e.g., market value, investment return, income yield and the amount of income payments);
- (iv) the donor's responsibility for obtaining necessary appraisals, filing appropriate tax returns and defending any challenges to claimed tax benefits;
- (v) administrative and other costs associated with making the gift and administering the fund;
- (vi) the fact that the Community Foundation has the right to exercise a variance power which allows it to modify any restriction or condition on distribution of the funds should certain exceptional circumstances occur in the future;
- (vii) the fact that the Community Foundation will make no representations or indemnities with regard to the income, estate or gift tax consequences of any gift; and
- (viii) the fact that the ultimate disposition of the funds will be controlled by the Board.

(c) Staff shall seek the advice of legal counsel whenever Staff deems it appropriate in connection with matters covered by these Policies. All agreements, contracts and other legal documents related to gifts to the Community Foundation shall be reviewed by legal counsel prior to acceptance of the gift (except for standard Fund Agreements that have been approved by the Community Foundation's President and legal counsel).

(d) The Community Foundation's Staff is not qualified or authorized to provide legal or financial advice to donors. Due to the complexity of charitable gift transactions and their tax consequences, Staff must encourage every prospective donor to consult with his or her own legal counsel and other Professional Advisors (at the donor's expense) prior to making a gift in order to ensure that the donor receives a full, accurate and independent explanation of all aspects of the proposed gift. Staff must also encourage prospective donors to have the terms of all proposed agreements reviewed by the donor's own legal counsel or other Professional Advisor. If the donor requests advice on tax or estate planning matters, Staff will provide the names of estate or tax planning attorneys in the Northwest Georgia area (or other locale, as appropriate). Staff will not make any representation to the donor with respect to the tax consequences of the gift. Any advice provided by Staff or other authorized representatives of the Community Foundation must be accompanied by a written recommendation that the donor consult with his or her own attorney or other Professional Advisors.

(e) It is the responsibility of the Staff to maintain written records of meetings and discussions with donors as well as written correspondence and documentation of gift transactions.

6. Irrevocability of Gifts. All completed gifts to the Community Foundation are irrevocable. Once the money or other asset is transferred to the Community Foundation, the property belongs to the Community Foundation, and the donor gives up all right, title and interest in the contributed asset. Individuals and organizations who establish funds at the Community Foundation cannot later ask for the return of the money or other asset. The use of the principal and income of the fund is subject to the terms of the Fund Agreement establishing the fund. When necessary or appropriate, a Fund Agreement may be amended in writing with the approval of the President and the Board, upon the advice of legal counsel.

7. Restrictions on Gifts. (a) Under Treasury Department Regulations governing Community

Foundations, a donor may not directly or indirectly subject a gift to any material restriction or condition that would prevent the Community Foundation from freely and effectively employing the transferred assets or the income there from in furtherance of its exempt purposes. Limited restrictions on the use of some funds are allowed, and the Community Foundation will always give consideration to the donor's philanthropic desires that are consistent with the Community Foundation's mission and legal requirements. However, competitive grant making from unrestricted discretionary funds will be the principal means by which the Community Foundation fulfills its mission, and therefore Staff will also encourage the creation of unrestricted discretionary and field of interest funds.

(b) While some funds may be subject to limited restrictions on their use, all such restrictions are subject to the variance power given to the Community Foundation pursuant to its Articles of Incorporation and Bylaws. This general power allows the Community Foundation to modify any restriction or condition on the distribution of funds for any specified charitable purpose or to any specified organizations whenever, in the sole judgment of the Board, any such restriction or condition becomes unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the Northwest Georgia.

(c) No fund will be accepted if, after review by the Community Foundation's legal counsel, there is good reason to believe the restrictions desired by the donor will jeopardize the classification of the fund as a component fund of the Community Foundation.

8. Disposition of Assets. Donors may not directly or indirectly place any restriction or condition on the Community Foundation's ability to dispose of a contributed asset. As a general rule, most gifts will be sold as soon as practicable and the net proceeds will be reinvested in a manner consistent with the Community Foundation's investment policies. However, the Community Foundation may retain the assets as long as the decision to do so serves the best interests of the Community Foundation.

9. Deferred Gifts. (a) The Community Foundation may accept deferred gifts, the benefits of which do not fully accrue to the Community Foundation until some time in the future. Donors may direct gifts to the Community Foundation through a will, testamentary trust, life insurance, gift annuity, interests under charitable remainder or charitable lead trusts, pooled income fund, and other forms of deferred giving. However, the specific asset conveyed in satisfaction of the gift must be evaluated under the guidelines set forth in these Policies prior to acceptance. In addition, before acceptance of the gift, Senior Staff must review the terms of the deferred gift to determine whether the donor's intent and objectives are consistent with the Community Foundation's goals and mission.

(b) When a donor communicates to the Community Foundation's Board or Staff an intention to make a bequest or other deferred gift to the Community Foundation, Senior Staff will communicate to such donor the provisions of these Policies which are applicable to the proposed gift, whenever such communication is feasible and deemed appropriate by the Senior Staff. Gifts from the estate of a deceased donor will be accepted pursuant to the terms of these Policies, and Senior Staff will expeditiously communicate the terms of the applicable Policies to the legal representative of the estate.

(c) The Community Foundation will provide to donors and their legal counsel sample language for restricted and unrestricted gifts to ensure that the Community Foundation is properly designated as the charitable beneficiary of an intended bequest by will, gift under trust or other deferred gift arrangement. The will, trust agreement or other document must specify the name and address of the Community Foundation, as follows:

The Community Foundation of the Northwest Georgia, Inc., a Georgia nonprofit corporation located at 714 S. Thornton Avenue P.O. Box 942 – Dalton, GA 30720

The will, trust agreement or other document must also indicate the name of the fund to which the gift is made or the type and purpose of the fund. If the fund is a new fund, the Community Foundation will prepare a separate Fund Agreement to define the purpose for which the fund has been created.

10. Gifts Declined. (a) The Community Foundation reserves the right to refuse to accept any gift if acceptance of the gift is deemed not to be in the best interest of the Community Foundation or for any other reason, in the Community Foundation's sole discretion. Some of the reasons for which the Community Foundation might choose not to accept a gift are: (i) the cost to manage the asset is expected to exceed the financial benefit the Community Foundation ultimately would realize from the gift; (ii) the gift or the purpose of the gift could potentially jeopardize the Community Foundation's tax exempt status; (iii) the purpose of the proposed gift fund is too restrictive, would violate the Community Foundation's charter, or is outside the mission of the Community Foundation; or (iv) the gift would be too difficult to administer.

(b) The decision to decline a gift will be made by the Gift Acceptance Committee based on information provided by Staff. The Chair of the Gift Acceptance Committee, or another Board member or member of the Staff designated by the Chair of the Gift Acceptance Committee, will notify the prospective donor immediately upon a determination that the Community Foundation will not accept a proposed gift.

11. Acknowledgment of Gifts. The Community Foundation's Staff will acknowledge all gifts in writing and in a timely manner in accordance with the requirements of applicable Treasury Department Regulations. In order to provide written substantiation of gifts over \$250, the donor must provide to the Community Foundation the donor's name and address.

12. Recognition of Donors. (a) The Community Foundation believes its mission and the needs of the community are well served by actively promoting and educating the community about its activities and community issues. The Community Foundation's Staff also will establish on-going programs and systems for educating donors and prospective donors about the Community Foundation, its activities and philanthropic opportunities in the communities served by the Community Foundation.

(b) The Community Foundation also believes in the importance of recognizing the role of donors and their gifts in achieving the Community Foundation's goals and improving the quality of life in the community. The Community Foundation's Staff will develop and implement on an ongoing basis, and with appropriate supervision and involvement by the Board, appropriate ways to recognize and acknowledge donors, both publicly and privately, subject in all instances to the Community Foundation's confidentiality policies. The Community Foundation may inform donors and other interested parties of grants made from named funds unless the donor directs otherwise.

13. Confidentiality. (a) The Staff and Board of the Community Foundation will hold in strict confidence the results of the asset review or investigation, the terms of all agreements with donors governing existing and planned gifts, and all information about donors and prospective donors and their assets or philanthropic intentions, subject to compliance with all legally authorized and enforceable requests for information by governmental agencies and courts of competent jurisdiction. Staff shall consult with the Community Foundation's legal counsel prior to providing information in response to a subpoena or other request from a governmental agency or court. No other information

concerning donors or prospective donors or gifts will be released unless the donor or prospective donor has given their prior approval. The Community Foundation's policy is not to release, sell or license any information in its database.

(b) Staff will encourage donors to notify the Community Foundation of any planned gifts benefiting the Community Foundation. All such information will be kept confidential unless the donor gives permission to release it.

(c) Every member of the Community Foundation's Staff and Board will be required annually to acknowledge in writing their receipt, review and agreement to be bound by such policies on confidentiality as may be adopted by the Board from time to time.

14. Ethical Standards. The Board and Staff of the Community Foundation must avoid personal conflicts of interest with respect to any gift to the Community Foundation. No Staff member may knowingly serve as trustee, conservator or executor for a donor or prospective donor without the prior express written permission of the President of the Community Foundation. No Staff or Board member shall receive any commission or other remuneration from the Community Foundation in connection with any gift to the Community Foundation. Every member of the Community Foundation's Staff and Board shall be required annually to acknowledge in writing their receipt, review and agreement to be bound by the Community Foundation's Principles and Policies of Ethical Conduct, in such form as may be adopted by the Board from time to time.

15. Payment of Expenses and Fees. (a) Except as may be approved by the Gift Acceptance Committee in unusual circumstances, the Community Foundation will not pay for legal assistance, appraisals or other services on behalf of the donor. In any case where the Community Foundation is asked to pay the fees of a person who was originally engaged by the donor, the donor shall be notified that payment of such fees may result in taxable income to the donor in the amount of the fees paid.

(b) In no event will the Community Foundation pay a commission or finder's fee of any type to any party in connection with the completion of a gift to the Community Foundation without prior approval by the Board and written notification to the donor of the amount and recipient of such fee.

(c) In no event will the Community Foundation pay a fee to any person as consideration for directing a gift to the Community Foundation.

(d) In no event will the Community Foundation pay any fees or expenses incurred by a donor in connection with the planning of a deferred gift that is revocable (e.g., under a will or revocable trust).

(e) The Community Foundation may pay from the proceeds of a gift all reasonable fees for professional services rendered on its behalf in connection with the completion of a gift, including fees for qualified appraisals, environmental impact studies, legal fees for preparation of documents, accounting fees incidental to the transaction, and fees of financial planners who are compensated only through fees for services rendered and not for sale of products and who have stated in writing that this is the basis on which they are to be compensated. The nature and amount of all such fees will be disclosed to the donor. The Community Foundation will pay such fees only after discussing them with the donor and obtaining the donor's approval.

(f) Direct costs of administering outright and planned gifts to the Community Foundation will not be borne by the general funds of the Community Foundation, except in unusual circumstances

approved by the Board on the recommendation of the Fund Development and Finance/Investment Committees. In general, the Community Foundation will be reimbursed for the costs of administering such gifts from the assets of the funds. Trustee, custodial and other administrative fees may be paid from the respective funds in accordance with guidelines and schedules approved by the Board from time to time.

16. Valuation of Gifts. The donor has responsibility for securing all appraisals required to establish the value of the gift for federal tax purposes. The Community Foundation will not establish or corroborate the value of any property for the purpose of substantiating the donor's income or estate tax charitable deduction. If the Community Foundation has reason to believe the property has a value of \$5,000 or more, it may accept the gift only after receipt and review of an appraisal qualified under applicable IRC requirements.
17. Serving as Trustee. (a) The Community Foundation is a not-for-profit corporation, and all gifts made to the Community Foundation become its assets. The assets are not held in trust for the donors. However, some donors may choose to make a gift to the Community Foundation by means of a trust. In that case, the donor has the right to select the trustee(s) and successor trustee(s). A donor may request that the Community Foundation serve as trustee. However, the Community Foundation is not in the trust business and, as a general rule, the Community Foundation will serve as trustee (or co-trustee with an institutional trustee) of (i) a charitable remainder only when the Community Foundation is irrevocably named as the sole charitable beneficiary and at least 50% of the remainder interest will be retained as a permanent endowed fund (restricted or unrestricted) of the Community Foundation or (ii) a charitable lead trust only when the Community Foundation is irrevocably named as the sole charitable beneficiary and the trust agreement provides that at least 50% of the assets paid by the trust to the Community Foundation will be directed to a permanent endowed fund (restricted or unrestricted) of the Community Foundation. The Community Foundation may serve as trustee or co-trustee in circumstances where it will receive a large percentage of the trust income or remainder interest only with the approval of the Board.
 - (b) The Community Foundation will not serve as trustee or co-trustee of any revocable trust or other trust that is not a qualified charitable remainder trust or charitable lead trust without the prior approval of the Board.
 - (c) If the Community Foundation serves as trustee, it may (but shall not be required to) engage the services of a bank, trust company, financial manager or other agent for administration of the trust and investment of the trust assets. Expenses related to such investment and administrative services shall be charged to the trust.
 - (d) No member of the Staff may knowingly serve as trustee or executor for a donor or prospective donor without the permission of the President of the Community Foundation.
18. Exceptions to These Policies. Compliance with these Policies may be waived only by action of the Board or the Executive Committee.
19. Investment of Gifts. (a) The Board and the Finance Committee of the Community Foundation have responsibility for the investment of all assets of the Community Foundation. The Community Foundation may, but shall not be required to, offer a donor the ability to choose among various options for the investment of the asset contributed by that donor. Any such investment options shall be determined solely in the discretion to the Finance/Investment Committee.

(b) A donor may recommend, but may not direct, which of the investment managers used by the Community Foundation must invest the assets contributed by the donor (or net proceeds from the sale thereof) when the gift is made. The Community Foundation will consider requests for separate investment of fund assets or use of a particular investment broker or agent only when circumstances (such as the size of the gift or type of asset) warrant it. Use of a separate investment fund must be approved by the Community Foundation's Finance/Investment Committee. In any such case, the Community Foundation may impose additional administrative fees to the separately invested funds if necessary to cover additional expenses associated with such investment.

20. Amendments to these Policies; Effect of Policies. These Policies may be amended from time to time by the Board upon the recommendation of the Fund Development Committee. These policies are solely for the use of the Community Foundation and shall not create any rights in favor of any donor, prospective donor or any other person, nor shall they be deemed to establish any standard of care to be followed by the Community Foundation.

Procedures for Review of Gifts

One of the most important responsibilities of the Board of Trustees is the safeguarding of the Community Foundation's assets. Because acceptance of certain types of gifts may subject the Community Foundation to liability, proper review of all proposed gifts is essential to avoid jeopardizing the Community Foundation's assets. It is important that the Staff and Board make every reasonable effort to assure that gifts do not place other assets of the Community Foundation at risk and that they can be converted easily into assets that meet the Community Foundation's investment guidelines.

The Funds Development Committee will have primary responsibility for developing and implementing appropriate gift acceptance policies. In carrying out that responsibility, the Funds Development Committee will: (i) present to the Board for approval policies and guidelines related to the acceptance of gifts, and any amendments thereto that may become necessary or desirable from time to time, and (ii) at the request of the Gift Acceptance Committee, consult with the Gift Acceptance Committee as may be required concerning the acceptance of gifts requiring approval by the Gift Acceptance Committee. In addition, the Funds Development Committee will work with Staff to develop short and long term plans to promote giving to the Community Foundation and to carry out those plans.

The Gift Acceptance Committee consists of the Executive Committee of the Board and the President. The Gift Acceptance Committee meets periodically as necessary to review and approve proposed gifts requiring their approval. All gifts requiring Gift Acceptance Committee review will be handled promptly and confidentially. The Gift Acceptance Committee will make a written annual report to the Funds Development Committee identifying all gifts the committee has accepted or rejected during the previous year.

As a part of the gift acceptance process, the Staff and the Gift Acceptance Committee must make a determination that acceptance of the gift is consistent with these Policies and is in the best interest of the Community Foundation before the gift may be accepted. In addition to reviewing the proposed gift pursuant to the specific guidelines and procedures set forth in these Policies, the Staff and the Gift Acceptance Committee will consider the proposed gift in light of the donor's charitable intent and ultimate benefit to the community; the nature of any proposed restrictions; the permanency of the gift or, if not permanent, the amount of time the gift is expected to remain at the Community Foundation; projected costs of managing the gift asset; expected fee revenues to the Community Foundation for administering the gift; and the feasibility of managing the gift.

Procedures for Gifts Not Requiring Gift Acceptance Committee Approval

Some gifts pose little threat to the assets of the Community Foundation, and authorized Staff members may accept those types of gifts (identified below) without the prior review or approval of the Gift Acceptance Committee, subject only to the gift being consistent with these Policies and the purposes and Bylaws of the Community Foundation and being made pursuant to standard Fund Agreements approved by the Community Foundation's Board and legal counsel. The President shall be authorized to accept gifts that do not require prior review and approval of the Gift Acceptance Committee and to negotiate the terms of and execute any gift agreement related thereto on behalf of the Community Foundation.

Gifts that may be accepted without Gift Acceptance Committee approval, subject to the Guidelines for Acceptance set forth below, are:

1. Cash and Cash Equivalents
2. Publicly-Traded Securities
3. Gifts of Tangible Property for Community Foundation Use
4. Life Insurance
5. Charitable Gift Annuities Funded with Cash or Publicly-Traded Securities
6. Gifts to the Community Foundation's Pooled Income Fund Funded with Cash or Publicly-Traded Securities

Procedures for Gifts Requiring Gift Acceptance Committee Approval

In connection with their tax and financial planning, some donors may be interested in making gifts of specific assets that create more risk for the Community Foundation. Those types of gifts (identified below) will require a review by the President and the review and approval of the Gift Acceptance Committee prior to being accepted. In addition, the President may, at his or her discretion, refer any other proposed gift transaction to the Gift Acceptance Committee for review and advice if he or she has any concerns about the valuation, disposition or other issue which suggests a review of the proposed gift is appropriate.

Types of gifts that will require review and approval by the Gift Acceptance Committee before they are accepted by the Community Foundation are:

- (1) Non-Public Securities;
- (2) Interests in real estate (whether outright or through a deferred arrangement);
- (3) Other non-liquid assets;
- (4) Tangible personal property that is not for the Community Foundation's use or related to its purposes;
- (5) Personal property that is perishable or will require additional insurance, special facilities or security to safeguard it properly;
- (6) Accounts receivable, loans, mortgages, notes and similar instruments;
- (7) Any gift which falls outside the ordinary purposes, Bylaws and procedures of the Community Foundation;
- (8) Any gift proposed to be made pursuant to an agreement that is substantially or materially different from the standard Fund Agreements approved by the President and the Community Foundation's legal counsel;
- (9) Charitable remainder trusts and charitable lead trusts;
- (10) Charitable gift annuities funded with assets other than cash or publicly-traded securities;
- (11) Gifts to the pooled income fund of assets other than cash or publicly-traded securities;
- (12) Any other arrangement where the donor is to receive payments from the Community Foundation;

- (13) Any other property that is unusual or does not belong to one of the categories of gifts identified in these Policies;
- (14) Any gift that includes a restriction or suggestion regarding the Community Foundation's use of funds that would raise legal, ethical, policy or practical concerns for the Community Foundation;
- (15) Any gift for which the Community Foundation is to act as trustee; and
- (16) Any other gift transaction the President deems advisable.

Prior to accepting the gift, the Staff will perform such investigations as they deem necessary, appropriate and consistent with these Policies. In conducting such investigations, Staff will confer with legal counsel and other Professional Advisors as may be warranted by the circumstances or as required by these Policies. Staff will also consider the impact of any proposed gift on the Program Staff.

Staff will present a written report to the Gift Acceptance Committee summarizing the terms of the proposed gift, the results of the investigation and all other information relevant to consideration of the gift, and recommending acceptance or rejection of the gift. The report may be made by phone, fax or other written communication, as deemed to be most appropriate under the circumstances, given the nature and complexity of the gift and the issues involved.

The Gift Acceptance Committee will consider the report and recommendations of the Staff. Before a gift is accepted, it must be approved by a majority of the members of the Gift Acceptance Committee voting at a meeting at which a quorum is present or by unanimous written consent. Such approval must be documented and presented to the Board at its next scheduled meeting. The Gift Acceptance Committee will report all approved gifts to the Board.

Special Exceptions to the Procedures for Acceptance

In exceptional circumstances, the decision to accept a gift may require unusually quick or immediate action that precludes a full review by the Gift Acceptance Committee in accordance with these Policies (e.g., a gift made on December 31 or pending a sale of property) or may arise when the majority of the members of the Gift Acceptance Committee are not available for an extended period of time. The gift may be exempted from the requirements of full review by the Gift Acceptance Committee if, in the judgment of the President and the President of the Board after having consulted with the Community Foundation's legal counsel and, if they are available, the Chairs of the Funds Development and Finance/Investment Committees, the gift may be accepted without significant reservations and without jeopardizing the Community Foundation's tax exempt status. The President will document and present any such gift for ratification by the Gift Acceptance Committee at its next meeting.

If a gift is approved on an expedited basis for the convenience of the donor, the Community Foundation may require the donor to provide appropriate indemnities for any liability, damages, expenses, etc. that may be incurred by the Community Foundation as a result of not having time to do the normal due diligence required by these Policies and impose such other additional requirements as the Community Foundation deems necessary or advisable for the protection of its assets.

Guidelines For Acceptance Of Gifts Not Requiring Approval By The Gift Acceptance Committee

The following categories of gifts may be approved for acceptance by the President of the Community Foundation without prior review or approval by the Gift Acceptance Committee. All such gifts shall be reported to the Gift Acceptance Committee at its next regularly scheduled meeting following acceptance of the gift.

Cash and Cash Equivalents

Subject to compliance with the requirements of the Large Cash Transactions Act, the Community Foundation will accept gifts of cash or gifts made by check, money order, wire transfer or credit card in any amount, subject to the minimum fund requirements set by the Board from time to time. Checks and money orders must be made payable to the Community Foundation.

The specific fund for which the gift is intended should be noted on the bottom left corner of the check or money order or in attached correspondence. All gifts of cash and cash equivalents should be accompanied by a written Fund Agreement signed by the donor indicating the fund(s) to which the contribution must be credited.

Gifts of cash and checks are considered made on the date they are received in the Community Foundation's office. Gifts that are mailed must be postmarked on or before December 31 in a given year in order to be considered a gift made in that calendar year. Checks received after January 7 will be considered to have been received in the next calendar year regardless of the date on the check.

Checks will be deposited in the ordinary course of business. No employee or agent of the Community Foundation shall be authorized to delay deposit.

The Community Foundation may accept gifts by wire transfer to its account. If a donor wishes to wire a gift to the Community Foundation's account, Staff will provide the account number.

Marketable Securities

The Community Foundation will accept gifts of stocks, bonds, interests in mutual funds and other securities that are publicly-traded on the New York or American Stock Exchange or quoted on the NASDAQ, and gifts of other readily marketable securities. In preparation for accepting such securities, the Community Foundation's Staff will give special attention to restricted or controlled stock.

The value of the gift of publicly-traded stock will be its fair market value on the date of the gift, generally determined by taking the arithmetic mean between the high and low selling prices on the date the stock is transferred (as reported by its principal buy and sell market), multiplied by the number of shares tendered. The value of over-the-counter stocks for which no high and low sale prices are reported on the date of the gift usually will be based on the arithmetic mean between the bid and asked prices on that date. The value of a share in a mutual fund is its public redemption price ("bid price") in effect at the time of the gift. Bond specialists will determine the value of bonds not routinely reported in financial publications. It will be the donor's responsibility to obtain any necessary valuations or appraisals.

Publicly-traded stocks and bonds may be transferred electronically, re-registered in the name of the Community Foundation or conveyed through use of a properly executed stock power form. If the securities are in “street name,” they must be transferred to the Community Foundation’s account at a brokerage firm. If the actual stock certificate is conveyed, it will be properly endorsed by the donor and held by the Community Foundation until disposition.

The date of the gift of a security is the date on which the security:

- (a) is unconditionally delivered or mailed in proper negotiable form to the Community Foundation or its agent;
- (b) is transferred and held in street name on the books of a brokerage firm; or
- (c) is transferred on the books of the issuing corporation when delivered to that corporation for transfer into the Community Foundation’s name.

The Community Foundation will make no agreement with the donor prior or subsequent to the gift regarding its disposition. The Community Foundation will make all decisions regarding the sale or retention of marketable securities. Generally, they will be sold as soon as possible following receipt, unless the appropriate officers of the Community Foundation elect to hold the securities as an investment. The Community Foundation will credit the sales proceeds (price per share times the number of shares, less brokerage fees or commissions) to the fund(s) specified by the donor.

Any stock subject to restrictions on sale under Rule 144 of the Securities and Exchange Commission will be held until the restriction expires and then will be sold. Gifts of bonds that require a holding period may be accepted and redeemed when the holding period has expired.

The Community Foundation will not accept securities which (1) are assessable or in any other way may create a liability for the Community Foundation, (2) by their nature may not be assigned (e.g., series E savings bonds), or (3) have no apparent value.

**Tangible Personal
Property for
Community
Foundation Use**

The Community Foundation may receive gifts of furniture, equipment and other tangible personal property intended for use in the Community Foundation’s office or its programs. Establishing the value of the gift is the responsibility of the donor. The Community Foundation and the donor must comply with Treasury Department Regulations governing the obtaining and reporting of qualified appraisals for tax purposes. If the value of the property exceeds \$5,000, the donor is required to obtain a qualified appraisal performed and submit it to the IRS on Form 8283. If the Community Foundation sells the property within two years, the Community Foundation must file IRS Form 8282 informing the donor and the IRS of the sale price of the property.

Life Insurance

The Community Foundation may accept gifts of life insurance. A donor may make a gift of life insurance by irrevocably assigning to the Community Foundation all right, title and interest as the owner and beneficiary of the policy or by designating the Community Foundation as the only beneficiary or a partial beneficiary of a policy owned by the donor. When the Community Foundation is owner and

beneficiary, it will retain the original insurance policy in its offices. The Community Foundation will not enter into charitable reverse dollar arrangements.

If the donor wishes to transfer ownership of a policy that is not fully paid up, the Community Foundation will decide on a case-by-case basis whether to accept the gift. If the Community Foundation accepts a policy for which premiums are due, the Community Foundation may choose either to cash in the policy for its current cash surrender value or continue payment of the premiums.

Prior to accepting any policy for which premium payments are to continue to be made, Senior Staff will discuss with the donor whether the donor is willing to continue to pay the premiums in the future. The donor has the option of agreeing to pay the premiums directly or agreeing to make a contribution to the Community Foundation in the amount of the premium at least 10 days prior to each subsequent premium due date so that the Community Foundation can pay the premium. The donor should determine the best method for payment in consultation with the donor's legal counsel or other Professional Advisor.

The Community Foundation will not assume responsibility for payment of delinquent premiums. If the policy is canceled for nonpayment of premiums, the Community Foundation will collect the cash value of the policy and add it to the unrestricted fund in the donor's name. However, the Community Foundation may elect, at its sole discretion, to pay the delinquent premiums if such payment is in the Community Foundation's best interest.

Donations of policies written for a year-end tax purpose must have a certifiable date from the insurance company in order to be a qualified donation for that tax year.

The Community Foundation will accept a paid-up policy or premium-due policy of any value. A one-time administration fee may be assessed on premium-due policies.

Upon redemption of the policy following the death of the donor, the proceeds of the policy will be used to establish a new fund or to make a contribution to an existing fund at the Community Foundation. If the insurance proceeds are \$50,000 or more, the proceeds will be used to establish a permanent named fund. If the donor does not provide recommendations during the donor's lifetime as to the charitable purposes of the fund, or if the proceeds of the policy are less than \$50,000, the proceeds will be used for the unrestricted purposes of the Community Foundation.

Gift Annuities

The Community Foundation may accept an interest in a charitable gift annuity without review by the Gift Acceptance Committee if the annuity is funded solely with cash or publicly-traded securities. However, the Board from time to time may establish a limit on the aggregate dollar amount of annuities for which the Community Foundation may become obligated. Therefore, no gift may be accepted which would cause the then-existing limit to be exceeded without the prior approval of the Board, regardless of how the annuity might be funded.

Pooled Income Fund

Once the Community Foundation offers a pooled income fund as an option, the Community Foundation may accept a gift to the pooled income fund without review by the Gift Acceptance Committee if the gift is one of cash or publicly-traded

securities.

Guidelines For Acceptance Of Gifts Requiring Prior Approval By The Gift Acceptance Committee

Acceptance of proposed gifts of the following types of assets will require prior review and approval by the Gift Acceptance Committee in accordance with the procedures and guidelines set forth in these Policies.

GIFTS OF NON-PUBLIC SECURITIES

There may be excellent tax incentives for donors to contribute to the Community Foundation appreciated long-term capital gain property such as Non-Public Securities. Gifts of such property can often make financial resources available for charitable purposes at the lowest after-tax cost to the donor.

Contributions of Non-Public Securities raise special issues that bear on the advisability of accepting the gift and must be reviewed on a case-by-case basis. The purpose of the review is to assure that these issues are addressed prior to acceptance of the gift.

Whether the Community Foundation will accept the proposed gift depends ultimately on the financial and other liability to which the Community Foundation may be exposed as a result of accepting the gift, as well as the amount of management attention that will be required. The Community Foundation will consider all of the factors set forth in these Guidelines and may accept gifts of Non-Public Securities only if, after considering all such factors, it concludes that acceptance of the gift will benefit and be in the best interest of the Community Foundation. The Community Foundation reserves the right to refuse any proposed gift if acceptance does not appear to be in the Community Foundation's best interest, as determined in the Community Foundation's sole discretion.

Role of Staff

The President, with advice from legal counsel as necessary, will review all proposed gifts of Non-Public Securities. Staff and counsel will review carefully the relevant documentation and other information provided by the donor about the Issuer and the Non-Public Securities. The purpose of the review is (i) to obtain a clear understanding of the Issuer's business activities, the underlying assets and liabilities, and the nature of the interest proposed to be conveyed and (ii) to determine whether there are any actual or potential liabilities (e.g., taxes, capital calls or contingent liabilities) associated with holding such securities.

If the Issuer is a limited partnership, limited liability partnership, or limited liability limited partnership, Staff will obtain from the donor the information set forth in Appendix A: Checklist for Acceptance of Gifts of Non-Publicly Traded Interests in Limited Partnerships. Particular attention will be given to how allocations are made among the partners, the nature of the partnership's business activities and the potential for any tax or other liability for the Community Foundation.

If the Issuer is a corporation, Staff will obtain from the donor the information set forth in Appendix B: Checklist for Acceptance of Gifts of Non-Publicly Traded Stock. Particular attention will be given to the existence and nature of the corporation's liabilities (actual and potential) as well as any potential tax liability for the Community Foundation.

Upon completion of the review, Staff will make a written report to the Gift Acceptance Committee. In the report, Staff will recommend whether the Community Foundation should accept the proposed gift or not, and the reasons for such recommendation.

Factors to be Considered

In determining whether to accept a gift of Non-Public Securities, the Community Foundation will consider the following factors:

1. Marketability/Liquidity of the Interest

The Community Foundation will be concerned about the probability that the Non-Public Securities may be sold or converted to a liquid asset within a reasonable period of time. If the Non-Public Securities are not readily marketable at the time of the gift, it must reasonably appear that the securities can be sold or converted into income-producing property within a specific time frame, generally not to exceed five years.

In some cases (for example, a family limited partnership), there may be no market for the Non-Public Securities. Before accepting any such securities, the Community Foundation will have to consider the role it would be required to play in the operations of the Issuer and analyze what distributions could be anticipated during an indefinite holding period before sale. It would also be desirable to develop a specific plan for the operation of the Issuer's business during the holding period, as well as an exit strategy that would require the Issuer to redeem (or the other shareholders or partners to buy) the Community Foundation's interest at a fair price. If an acceptable plan for operating the business and buying the interest cannot be worked out, the Community Foundation must decline the gift, unless other circumstances or factors lead the Gift Acceptance Committee to recommend otherwise.

The Community Foundation must consider whether the partnership agreement provides some mechanism by which the Community Foundation may reduce its ownership interest (for example, by converting it to a preferred interest with a guaranteed rate or return, through a series of put options, by a right of absolute redemption or by some other method). The Community Foundation must also determine whether the other partners have a plan or intend to liquidate the partnership at some time in the near future.

2. Management of the Issuer

Each Issuer is a separate and unique business whose success or failure depends primarily on the management skills of its directors, shareholders or general partners. If the Non-Public Securities are not readily marketable, the Community Foundation would be expected to carry the asset as an investment on its books. In that case, the Community Foundation will be concerned about the strength of the Issuer's management and its impact on the expected profitability and ultimate value of the Issuer's business and the Community Foundation's interest in it. The Community Foundation will also be concerned about the role it would be expected to play in the management of the business and with the degree of control it would have over its investment. If the Issuer will continue to operate as an on-going business after the proposed gift is made, Staff will bring that fact to the attention of the Gift Acceptance Committee and seek their guidance before proceeding with further discussions or investigations regarding the gift.

3. Exposure to Claims and Liabilities

The Community Foundation will evaluate whether acceptance of the gift may expose the Community Foundation and its assets to claims of the Issuer's creditors or other contingent liabilities. Among other things, the Community Foundation will consider whether the applicable corporate documents, limited partnership agreement, insurance policies and other relevant agreements create adequate limits on each shareholder's or

partner's liability for future amounts that may become due and owing because of the Issuer's liquidation, dissolution, or bankruptcy, excessive liability claims or other claims that might adversely affect the Community Foundation.

The Community Foundation will also determine whether the donor has contributed the full amount of capital the donor is obligated to contribute to the Issuer. If not, the donor will be expected to make appropriate arrangements (for example, by providing an irrevocable letter of credit, hold-harmless agreement or insurance policy) to fund any further contribution when it is called.

Before the Community Foundation will accept Non-Public Securities of any Issuer that owns real estate, the donor will be required to provide all the information and meet all the other requirements set forth in these Guidelines for evaluation and acceptance of a gift of real estate.

4. Value of the Interest

Generally, the Community Foundation will accept a gift of Non-Public Securities only if the minimum fair market value of such securities is at least \$100,000, as determined by a qualified appraisal. The Community Foundation will accept the gift only if proper information concerning the value of the gift has been provided to the Community Foundation. The Community Foundation must be the recipient of both the income stream (if any) and liquidation proceeds.

5. Projected Income

The Community Foundation will charge funds holding Non-Public Securities the same administrative fees it charges all other funds at the Community Foundation. In addition, the Community Foundation will charge all expenses associated with holding the Non-Public Securities (e.g., taxes, accounting expenses, costs of tax return preparation) against the fund holding such securities.

The Community Foundation will analyze the nature and amount of income (e.g., dividends or partnership distributions) it can expect to receive during the period it holds the Non-Public Securities. The Community Foundation will require the donor to give adequate assurance that the affected fund will have adequate cash (either from income generated by the Non-Public Securities or from further contributions by the donor) to pay all anticipated administrative fees and other expenses, as well as any anticipated or contingent liabilities and taxes related to holding the Non-Public Securities. In cases where the Issuer is not expected to distribute sufficient cash to pay such expenses, the Community Foundation will expect the donor to agree in writing to make additional cash gifts as may be necessary to pay such costs.

6. Adverse Tax Consequences

One issue of particular concern to the Community Foundation will be the question of whether any income expected to be generated by the Issuer would be categorized by the IRS as unrelated business income that would subject the Community Foundation to unrelated business income tax ("UBIT"). Having a significant amount of this income in any given year could jeopardize the Community Foundation's status as a tax-exempt organization.

In general, the Community Foundation has a policy of not exposing itself to activities that

would give rise to taxable unrelated business income. Because it is impossible to forecast the Issuer's future activities, the Community Foundation will not accept any gift that may give rise to unrelated business income unless the donor agrees to pay any UBIT that may be imposed because of the Community Foundation's ownership of the Non-Public Securities.

If the Issuer is a partnership, the distributive share of income to the Community Foundation may exceed cash payments to the Community Foundation. If such share is unrelated business income, the Community Foundation will be taxed on it regardless of the amount of cash it receives from the partnership. In the worst case, the distributive share of income may create a tax liability exceeding the cash actually distributed. Gain, including phantom gain when the Community Foundation disposes of the partnership interest, can also present tax problems. If the Community Foundation accepts the gift, it may require the donor to agree to reimburse the Community Foundation for any tax that may be imposed on such phantom income or phantom gains.

Although the Community Foundation legally may accept a gift of stock in a Subchapter S corporation, the Community Foundation will be subject to UBIT on every cent of its share of income attributed to such stock (including passive income that normally would be tax-exempt) while the Community Foundation owns it. In addition, unlike almost every other asset the Community Foundation may own, the Community Foundation will be taxed on any capital gain upon its ultimate disposition of the stock. In the worst case, the distributive share of income may create a tax liability exceeding the cash actually distributed.

The UBIT will be based on the Community Foundation's share of tax accounting income, not actual cash distributions. It would therefore be important to determine whether the Issuer can reasonably be expected to make cash distributions at the time and in amounts necessary to pay the UBIT as it becomes due. The Community Foundation will also be concerned with whether there will be any net cash flow (after UBIT) available for charitable purposes. Before the Community Foundation accepts a gift of stock in a Subchapter S corporation, it will require the donor to agree to reimburse the Community Foundation for all UBIT taxes it may owe as a result of holding such stock.

Numerous additional issues arise if the Community Foundation will acquire control of the Issuer (i.e., 50% or more of the voting interests or the value of the Issuer) by virtue of accepting the gift. Staff must consult with the Community Foundation's legal counsel regarding such issues prior to acceptance of the gift.

7. Nature of Issuer's Business

The Community Foundation generally prefers not to accept gifts of Non-Public Securities if ownership of the securities may subject the Community Foundation to UBIT. The Community Foundation's ownership of Non-Public Securities of an Issuer which carries on an active, for-profit business may subject the Community Foundation to UBIT.

In general, the Community Foundation will accept Non-Public Securities only if the Issuer is a passive, investment-type entity which holds only rental real estate, stocks, bonds and other investments. The Community Foundation's receipt of interest, dividends, rentals and other passive income generally will not give rise to UBIT. However, if the Issuer holds investments that give rise to debt-financed income (such as

mortgaged real estate or securities purchased on margin or is a Subchapter S corporation), ownership of the Non-Public Securities will subject the Community Foundation to UBIT.

8. Special Requirements

The Community Foundation will consider whether there are any special requirements or restrictions associated with the Non-Public Securities which would be burdensome or create unacceptable risk to the Community Foundation.

9. Expected Rate of Return

The IRS requires the Community Foundation to assure that its funds produce a reasonable rate of return. The Community Foundation will consider whether acceptance of the gift of Non-Public Securities is consistent with its obligation to obtain a reasonable rate of return and to invest prudently. This can be particularly important for property held in designated funds, because Treasury Department Regulations require performance of designated funds to be judged on a fund-by-fund basis.

10. Issuer's Assets and Liabilities

In most cases, an interest in a real estate partnership will cause the Community Foundation to have unrelated business income and would therefore not be accepted as a gift to the Community Foundation. Before the Community Foundation will accept an interest in a limited partnership that owns real estate, the donor will be required to provide all the information and meet all the requirements set forth in these policies for evaluation and acceptance of a gift of real estate.

Any encumbrances attributable to the partnership will be allocated to the limited partners as required under Treasury Regulations and may adversely affect the tax consequences to the donor and the Community Foundation.

11. Type of Partnership

The Community Foundation cannot accept gifts of general partnership interests or general partner interests in a limited partnership due to the risks posed to the Community Foundation's assets by the potentially unlimited liability inherent in such interests. In addition, the tax-exempt status of the Community Foundation may be jeopardized if the IRS considers participation as a general partner to constitute non-charitable activities. For this latter reason, the Community Foundation cannot accept gifts of a general partner interest even in a limited liability partnership.

12. Treatment of Excess Business Holdings

Under the Pension Protection Act (PPA), the private foundation excess business holdings rules now apply to donor advised funds as if they were private foundations.¹ That is, the holdings of a donor advised fund in a business enterprise, together with the holdings of persons who are disqualified persons with respect to that fund, may not exceed any of the following:

- 20 percent² of the voting stock³ of an incorporated business; or
- 20 percent of the profits interest of a partnership or a joint venture or the beneficial interest of a trust or similar entity.

- Ownership of unincorporated businesses that are not substantially related to the fund's purposes is prohibited.

Donor advised funds receiving gifts of interests in a business enterprise after the date of enactment (August 17, 2006) will have five years or such other period that may be required by the PPA, or to regulations promulgated thereunder, from time to time to divest holdings (unless sooner disposition is required according to footnote 4 below) that are above the permitted amount, with the possibility of an additional five years if approved by the Secretary of the Treasury. Funds that currently hold such assets will have a much longer period to divest under the same complicated transition relief given to private foundations in 1969.⁴

What is a "business enterprise?"

A "business enterprise" is the active conduct of a trade or business, including any activity which is regularly carried on for the production of income from the sale of goods or the performance of services. Specifically excluded from the definition are:

- Holdings that take the form of bonds or other debt instruments unless they are a disguised form of equity.
- Income from dividends, interest, royalties, or the sale of capital assets.
- Income from leases, unless the income would be taxed as unrelated business income.
- "Functionally-related" businesses and program-related investments.
- Businesses that derive at least 95 percent of their income from passive sources (dividends, interest, rent, royalties, capital gains, etc.). This will have the effect of excluding gifts of interests in most family-limited partnerships and other types of holding company arrangements.

What is a "disqualified person?"

Donors and persons appointed or designated by donors are disqualified persons if they have or reasonably expect to have advisory privileges with respect to the donor advised fund by virtue of their status as donors. Members of donors' and advisors' families are also disqualified, but the section does not define "family" and does not cross reference either section 4958 or 4946 for the definition. Finally, the term includes 35 percent controlled entities as defined in section 4958(f)(3).

Foundation's Policy Relating to New and Existing Holdings

The Community Foundation of Northwest Georgia will identify and monitor any new gift to a donor advised fund of any interest qualifying as an "excess business

holding” under the PPA. Our Foundation will exercise its best effort to dispose of the contributed interest at the best possible price within five years or such other period that may be required by the PPA, or to regulations promulgated thereunder, from time to time of the date of the gift (unless sooner disposition is required according to footnote 4 below), as required under the PPA. In any event, the Foundation will dispose of any excess business holding prior to the five year limit, except in the event that the Treasury Department grants an additional five year holding period. The Foundation will notify potential donors of such interests of this requirement prior to the contribution of such interest.

¹ *The language is clear that it is only the donor advised fund—not the sponsoring charity—that is to be treated as a private foundation. Accordingly, it appears that this section does not apply to assets held by the sponsoring charity's investment pools, or assets held by funds that are not donor-advised.*

² *Thirty-five percent if it can be shown that persons who are not disqualified persons have effective control of the business.*

³ *Additionally, the donor-advised fund will be barred from holding non-voting stock of an incorporated business unless the disqualified persons collectively own less than 20 percent of the voting stock.*

⁴ *Excess holdings acquired by purchase must be disposed of immediately. If purchases by disqualified persons cause the donor-advised fund to have excess holdings, the donor-advised fund will have 90 days to dispose of the excess.*

Responsibilities of Donor

As soon as practicable following the donor’s initial inquiry regarding contribution of Non-Public Securities to the Community Foundation, the donor must provide to Staff (at donor’s expense) the documentation and other information set forth on Appendix A or B, as the case may be, and, upon request, any other documents or information Staff or the Community Foundation’s legal counsel reasonably deems necessary in connection with their review of the gift. Staff and the Community Foundation’s legal counsel may also request the opportunity to meet with the Issuer’s accountants or attorneys (or both) to discuss the financial status of the Issuer’s business and the existence and nature of any litigation or other liabilities.

Prior to the Community Foundation’s acceptance of a gift of Non-Public Securities, the donor also will be required to obtain and provide to the Community Foundation, at donor’s expense:

- (1) A qualified appraisal of the value of the Non-Public Securities by a reputable independent accounting or appraisal company and a statement of the percentage interest to be transferred to the Community Foundation. The appraisal must be performed within 60 days of the anticipated date of transfer to the Community Foundation in accordance with applicable Treasury Regulations governing the establishment of the value of a gift for federal tax purposes.
- (2) A written agreement signed by the donor stating (i) the terms of the gift, (ii) the value of the Non-Public Securities as determined by the appraisal and the number of shares of stock or a

description of the partnership interest, as the case may be, to be given to the Community Foundation, and (iii) that there are no restrictions on the Community Foundation's right to use or convey the gifted property.

The agreement will also provide that the donor will agree (A) to the payment from the affected fund of any UBIT and other taxes and all other expenses associated with holding the Non-Public Securities or, if cash in the fund should be inadequate to pay the taxes and expenses, to make further contributions as necessary to pay them; (B) to indemnify the Community Foundation and hold it harmless from any liability (i) in the event the Issuer becomes bankrupt or otherwise unable to satisfy its obligations as they become due or (ii) arising from litigation or other claims against the Issuer; and (C) to fund any further contributions of capital or other amounts required to be paid under the terms of the applicable partnership or other agreement and to hold the Community Foundation harmless with respect to all such amounts.

(3) A completed and signed IRS Form 8283 (Noncash Charitable Contributions).

(4) Appropriate instruments necessary to transfer the Non-Public Securities to the Community Foundation. All proposed transfer instruments must be reviewed and approved by the Community Foundation's legal counsel prior to acceptance of the gift.

(5) If the Issuer is a corporation, a certificate of good standing from the applicable state authority (dated within 10 business days of the transfer to the Community Foundation).

(6) Any written consents required to be given by other owners of the Issuer pursuant to agreements to which the donor is a party.

Valuation of Gift

The donor's charitable deduction will be based on the value of the gift as of the date the Non-Public Securities are transferred. A qualified appraisal is required.

Disposition of the Securities

Typically, when a donor contributes Non-Public Securities to a fund at the Community Foundation, the securities are later sold by the Community Foundation for cash. If the Non-Public Securities are readily marketable, they will be sold as soon as possible (sometimes on the same day the gift is received). The Community Foundation will not guarantee or pre-arrange a sale of the Non-Public Securities or make any other agreement that might imply or cause the imposition of a material restriction on the property. The securities may be sold only with the approval of the Finance Committee or a duly authorized member of the Senior Staff, with the concurrence of the Chair of the Finance Committee. The donor's fund account will be credited with the proceeds from the sale, less any commissions and expenses of sale.

The Community Foundation will advise the donor that if the Community Foundation sells, liquidates or otherwise disposes of any Non-Public Securities listed on IRS Form 8283 within two years of receipt of the gift, the Community Foundation is required to file (within 125 days of the disposition) a report with the IRS on Form 8282 (Donee Information Return) reporting the actual proceeds and other facts about the sale of the securities.

If the Non-Public Securities are not readily marketable at the time of the gift, the Community Foundation will hold them in the Community Foundation's safe or other secure location until they may be redeemed or sold for cash. In some cases, there may be long delays (perhaps even years) before the Non-Public Securities can be sold. The value of the securities as of the date of the gift, plus or minus any gains or losses that are

incurred during the time between the gift transfer and subsequent sale by the Community Foundation, will be reflected in the value of the donor's fund account.

All dividends paid or other distributions made to owners of the contributed Non-Public Securities prior to its sale will belong to the Community Foundation and will be used to offset the fees charged to the donor's account in the same year ending with the anniversary date of the gift. Any excess dividend income will not be applied against fees in following years. Dividends will be credited to the donor's fund only to the extent they are not applied to offset fees.

The Community Foundation will sell the Non-Public Securities for their fair market value, as established by agreement or appraisal at the time of sale. In some cases, the Community Foundation may obtain an independent appraisal of the value prior to agreeing to a proposed sale. The Community Foundation will make no warranty or representation to the donor that the value agreed upon as the sale price for the Non-Public Securities will be acceptable to the IRS.

In some cases, there may be a stock purchase agreement setting forth terms and conditions of a proposed sale of the Non-Public Securities. The Community Foundation cannot become a party to any such agreement and cannot participate in the provision of any warranties, representations or indemnification to the purchasers of the securities. The Community Foundation may not make any commitment for the repurchase of such securities prior to completion of the gift.

Deferred Gifts

Donors will be encouraged to discuss with Senior Staff any contemplated deferred gift or bequest of Non-Public Securities prior to finalizing their wills or trust agreements. Any Non-Public Securities bequeathed or passing under a deferred gift agreement to the Community Foundation will be evaluated in accordance with these Policies and Guidelines in the same manner as any lifetime gift of such an asset.

A charitable remainder trust cannot be the owner of stock in a Subchapter S corporation.

GIFTS OF REAL PROPERTY

There may be tax incentives for donors to contribute appreciated real property to the Community Foundation. However, contributions of real property raise special issues that bear on the advisability of accepting the gift. All proposed gifts of real estate will be reviewed in accordance with these Guidelines to ensure that these issues are appropriately addressed prior to acceptance of the gift.

The Community Foundation may accept gifts of real estate made directly to the Community Foundation or used to fund a deferred giving arrangements such as a charitable trust. Before accepting any proposed contribution of real estate (whether as an outright gift or through a deferred giving arrangement), the Community Foundation's Staff and legal counsel will make a thorough review of the property, considering all relevant facts and circumstances. The Community Foundation will conduct an appropriate physical investigation of the property and a proper financial analysis to determine whether the property is an appropriate investment for the Community Foundation, particularly if commercial or income-producing property is involved. As a general rule, the Community Foundation will require about 90 days to evaluate a proposed gift of real estate.

The Community Foundation will accept the gift only if the property is marketable, is not expected to create any liability (environmental, financial or otherwise) for the Community Foundation, and if, given all the facts and circumstances, it appears that acceptance of the gift will benefit the Community Foundation. The

Community Foundation reserves the right to refuse any gift of real estate if acceptance does not appear to be in its best interests, as determined in the Community Foundation's sole discretion.

ROLE OF STAFF

When a prospective donor expresses a desire to donate real estate to the Community Foundation, Staff will meet with the donor to obtain preliminary information about the property and ask the donor to complete and return the Real Property Disclosure Checklist (Appendix C), along with requested maps and documentation. Staff will review with the donor the applicable portions of the Policies and Guidelines and may provide copies of such portions of the Policies and Guidelines as Staff deems appropriate. Staff will also review with the donor the list of additional information and documentation to be provided to the Community Foundation, as set forth on Appendix D.

After the donor has provided information regarding the location of the property, one or more representatives of the Community Foundation (Staff or professionals hired by the Staff) will personally visit the property site and make a preliminary inspection to:

- (1) Assess the nature of the property and its character in relationship to surrounding properties;
- (2) Evaluate the physical condition of the property and inspect for necessary maintenance, repairs and required improvements;
- (3) Observe any apparent hazards or other liabilities;
- (4) Assess whether the property appears to be readily saleable or, if necessary, manageable;
- (5) Evaluate whether ownership of the property will be consistent with the Community Foundation's mission and image; and
- (6) Identify any potential problems that would hinder or prevent the Community Foundation's sale of the property and that might not be evident from the information initially provided by the donor.

Before proceeding, the Community Foundation will request written representations from the donor regarding, among other things, the environmental status of the property (as set forth in Appendix E) and an independent appraisal of the value of the property performed in accordance with IRS guidelines. The Community Foundation may consult a real estate broker who markets similar property for a current market analysis. If the analysis indicates a price significantly less than the appraisal or the donor's expectations, Staff must review the analysis with the donor.

If the preliminary inspections and appraisal are favorable, Staff will perform a thorough analysis of the property. The analysis will include a review of the information and documentation provided by the donor and performance of such additional on-site visits and other reviews and investigations as they may deem necessary or prudent. Staff may also engage such qualified engineers, contractors, real estate agents or brokers, attorneys, or other professionals as they may deem necessary in order to perform the required inspections and evaluations.

Before the Community Foundation will accept a gift of real estate, all forms, tests, inspections and documents required to be performed or obtained under these Guidelines shall have been satisfactorily performed or delivered. The Community Foundation may also consider obtaining a formal inspection of the property by an independent firm.

Factors to be Considered

Among the factors the Community Foundation will consider in evaluating a proposed gift of real estate are:

**Tax
Consequences**

Senior Staff will evaluate whether acceptance of the gift may result in adverse tax consequences to the Community Foundation, especially in the case of commercial property. For example, the Community Foundation may be exposed to UBIT if the property is income-producing.

The Community Foundation will also consider the tax consequences resulting from depreciation of the real property. For example, if the donor has taken accelerated depreciation in excess of straight-line that must be recaptured, the donor will be responsible for paying any taxes that may result from such recapture. Also, as a nonprofit corporation, the Community Foundation will not be able to take advantage of the tax benefits from depreciation.

**Type of
Ownership**

The Community Foundation prefers to accept real property that is owned solely by the donor. Ownership of the property by a partnership or multiple owners may create complications. The Community Foundation will accept property having multiple owners only if all the owners agree to the gift in writing.

Encumbrances

The Community Foundation prefers to receive gifts of real property that is not subject to any indebtedness or other encumbrance. Acceptance of a gift of real estate that is subject to an encumbrance can sometimes present special problems and may have adverse tax consequences to the donor and the Community Foundation. Whether assumption of liability for the encumbrance is feasible requires a careful consideration of the possibility of creating a drain on the Community Foundation's cash until the property is sold. The presence of the debt might also expose the Community Foundation to UBIT on a portion of the income produced by the property.

Consequently, as a general rule, the Community Foundation will accept property that is subject to any judgments, taxes, mechanic's or other liens, mortgages, deeds of trust, unpaid taxes or assessments only in exceptional circumstances and only with advice from the Community Foundation's legal counsel. An exception may be made only if the evaluation convincingly demonstrates that the property can be sold at a price which will be substantially in excess of the aggregate amount of the encumbrances and any costs associated with satisfying them, and the Gift Acceptance Committee is satisfied the Community Foundation will have no obligation for any debts or costs associated with the property.

If the property produces income, the Community Foundation must consider the amount of income it expects to receive in relation to the ongoing costs associated with the encumbrance(s). If the property does not generate income, the encumbrance can be a greater problem. The Community Foundation may consider the gift if the donor is willing to agree to make whatever payments are necessary until the property is sold.

If the property is subject to any encumbrance, the Community Foundation will evaluate the gift as a bargain sale (i.e., an arrangement whereby the donor offers to sell property to the Community Foundation for an amount less than its current fair market value).

Nature/Condition

If the proposed gift is commercial property, the Community Foundation will

of the Property

consider the nature and impact on the Community Foundation of the commercial activity. The Community Foundation may collect rent but cannot operate a business without incurring UBIT. Evaluation of a proposed gift of commercial real estate will require a greater degree of business analysis. Senior Staff must undertake a careful review of the company's financial statements, history of management, and the business risks associated with owning and operating or managing the business.

The Community Foundation will examine the condition of the property to determine whether any repairs will need to be made before the property can be sold and the extent and cost of such repairs.

If the proposed gift consists of raw land, zoning issues and the challenges of marketing and developing the property may make it difficult for the Community Foundation to realize the inherent benefits without becoming a dealer of real estate. Also, the Community Foundation may be concerned about the impact of the development on the general environment and on its reputation as a good citizen.

If the gift will include any personal property and/or fixtures, the Community Foundation will need to evaluate the nature, condition and costs associated with that property as well.

Marketability

As a general rule, the Community Foundation will accept real estate only if it is readily marketable, and there is a reasonable certainty that it can be sold within a reasonable period of time. Whenever practicable, the Community Foundation will make arrangements to have a realtor analyze the property to evaluate the existence of a market for the property. The Community Foundation will also determine whether the sale or use of the property is subject to any material restrictions that would affect its marketability.

If the property is not readily marketable, the Community Foundation must consider whether it has the desire and ability to manage the property for the length of time necessary to consummate a sale. The Community Foundation will also evaluate the cost of holding and/or improving the property against the cost of liquidating the property immediately.

Carrying Costs

Staff will prepare a budget outlining all projected expenses associated with accepting and holding the real estate. If the carrying costs associated with the property are significant, the Community Foundation should consider declining the gift. For example, if the property is in poor condition and will require substantial expenditures to rehabilitate it for sale, those expenditures create a net drain on the Community Foundation's resources if the donor is not willing to cover them.

In most cases, the Community Foundation will require the donor to agree to pay all expenses associated with holding the property (including taxes, assessments, insurance coverage and maintenance costs) until the property is sold.

Location

The location of the property may also be an important consideration. If the property is in a location remote from the Community Foundation's office, it may be impossible to manage it without professional assistance and expenditure of money and time. The Community Foundation will not accept property located outside the

United States, absent special circumstances.

Environmental Hazards

Because of currently applicable federal and state laws, the Community Foundation is highly sensitive to the potential liability for environmental cleanup and toxic and hazardous waste issues related to ownership of real property. Because of potential liability, it is important that the Community Foundation take appropriate measures to protect the Community Foundation and its assets from that liability.

The Community Foundation will not accept a property if there is a likelihood that any liability for environmental problems could attach to the Community Foundation as a result of taking title. To ensure that the property is free of contamination and environmental hazards, the Community Foundation will in all cases require the donor to obtain (at donor's expense) an appropriate environmental assessment of the property (as described more fully below in Item 4: Environmental Assessments under RESPONSIBILITIES OF DONOR), as well as written certification from the donor regarding the environmental status of the property (in substantially the same form as Appendix E).

Wetlands

The Community Foundation will make the necessary inquiries to determine whether the real property has been classified, or contains within its boundaries any property that has been classified, as "wetlands." If so, the Community Foundation will consult with appropriate real estate professionals to determine what effect, if any, such classification may have on the value or marketability of the property.

Value of the Gift

The Community Foundation will accept the property only if it has significant value in relation to the costs of holding and selling the property and any liabilities or exposure in connection with its ownership. Unencumbered real property will be accepted at fair market value as determined by at least one independent appraisal. The Community Foundation will not establish or corroborate the value of the real property for purposes of substantiating the donor's income or estate tax charitable deduction.

Deferred Gifts

Donors will be encouraged to discuss with Community Foundation Staff any contemplated bequests or other deferred gifts of real estate prior to finalizing their wills or trusts. Real property that is bequeathed to the Community Foundation will be evaluated prior to its acceptance in accordance with these Policies and Guidelines in the same manner as an inter-vivos gift.

Upon notification that the Community Foundation has been named to receive a gift under a will that has been admitted to probate or under a trust arrangement, the Community Foundation will contact the executor, trustee or other legal representative of the estate or trust to determine whether the gift will include any real property. If the Community Foundation will or may receive real estate in satisfaction of the gift, the Community Foundation will ask the executor, trustee or other legal representative to conduct an environmental study and fulfill all other responsibilities the Community Foundation would require of a donor in connection with an inter-vivos gift. If the executor, trustee or other legal representative will not accept those responsibilities, the Community Foundation may decline the gift.

RESPONSIBILITIES OF DONOR

In connection with any gift of real estate to the Community Foundation, the donor must be willing to assume the following responsibilities:

1. Payment of Costs: The donor must agree to be responsible for payment of all costs associated with making a gift of real estate and to reimburse the Community Foundation for all expenses incurred in accepting, holding and liquidating the real estate until it is sold. Such expenses may include, but may not be limited to, attorneys' fees, finder's or brokerage fees, realtor commissions, taxes associated with depreciation recapture, property taxes and assessments, income taxes, appraisal fees, management fees, and the costs of environmental evaluations and other inspections, title search and title insurance, surveys, wood destroying organisms inspections and reports, insurance premiums, grounds keepers' fees, utilities, property maintenance and other operating expenses.

Before the Community Foundation accepts any gift of real property, the Community Foundation and the donor must enter into a written agreement setting forth the arrangements for paying the expenses incurred before the gift and during the period the Community Foundation owns the gift. The expenses may be paid directly by the donor or may be netted from the proceeds of the gift in the donor's charitable fund. In general, the Community Foundation will not make advance payment of such expenses. Except in extraordinary circumstances, the Community Foundation will not pay for legal assistance, appraisals or other services on behalf of the donor.

2. Information about the Property. The donor will be required to provide, at the earliest opportunity, the information and documentation concerning the property identified in the Real Property Disclosure Checklist (Appendix C) and Documentation Checklist for Gifts of Real Estate (Appendix D). The donor must obtain all required items and provide them to the Community Foundation at the donor's expense. In addition, the donor will be asked to make certain representations and warranties about title, use, condition and other matters related to the property.

3. Appraisal(s): The Community Foundation requires at least one appraisal (MAI, FHA or equivalent) of the property by an independent qualified appraiser performed according to IRS guidelines for valuation of a gift for tax purposes. In most cases, a single appraisal will be adequate; however, a second appraisal may be required if necessary to resolve any question of conflict of interest that may arise.

The donor will be responsible for obtaining and paying for the required appraisal(s). The Community Foundation may assist the donor by providing a list of local appraisers as a resource, but the list must not be construed as a recommendation or endorsement of the qualifications of any of the appraisers listed.

4. Environmental Assessments: The donor must engage (at donor's expense) a qualified environmental consultant acceptable to the Community Foundation to perform the required environmental assessment(s). The Community Foundation may accept an assessment dated within the prior six months donor also provides written representations that nothing has changed in the interim since the date of the assessment or provides a letter from the consultant or engineer who conducted the existing assessment agreeing to extend liability coverage to the Community Foundation for a period of time.

If the proposed gift is residential real estate, the Community Foundation may accept a transactional screening in lieu of a Phase 1 Environmental Assessment so long as the transactional screening does not disclose any potential environmental problems. In every case, the donor must also provide written certification regarding the environmental status of the property (in substantially the same form as Appendix E)

If a Phase One Environmental Assessment is required, it must include:

- (1) Review of Regulatory Agency Records: EPA-NPL Site List, EPA-CERCLIS Site List, EPA-RCRA Generator Site List, EPA-RCRA-TSD Site List, State DEP Hazardous Waste List, State DEP Land Fill List, State EEP Leaking UST List, State DEP Registered UST List, and EOA-ERNS.
- (2) Review of Physical Settings: Site observations, building observations, adjacent site reconnaissance, USGS Topographical Map, USDA Soil Survey, State or USGS Groundwater Map, USDI Wetlands Map, Aerial Photographs, and building or site plans.
- (3) Review of ownership history: Tax assessment records, chain of title review, and interviews with previous and current owners.
- (4) Review of occupancy history: Historical city directories, Building Department records, and interviews with previous and current occupants.
- (5) Review of fire insurance maps, and adjacent site reconnaissance, and an interview with the local fire department.
- (6) Additional testing, if indicated: Asbestos-containing materials, radon gas, lead-based paint and lead in drinking water.

The donor will report the results of the Phase One Environmental Assessment to Staff and, depending on the Staff's level of concern about potential environmental issues, to the Gift Acceptance Committee. If any part of the Phase One Environmental Assessment is not satisfactory, the Community Foundation, in its sole discretion, may require the donor to have performed such further environmental assessments or remediation as Staff deems necessary or prudent.

If the environmental assessment(s) indicate the existence of an environmental problem that could create a potential liability for the Community Foundation, the Community Foundation will decline to accept the gift.

5. Evidence of Clear Title: The donor will be responsible for furnishing evidence of title showing that the property is owned free and clear, except for current real estate taxes and any restrictions of record that would not create an undue or unacceptable economic burden on the Community Foundation. Generally, the Community Foundation will require donor to provide a title insurance policy and survey at closing.

6. Transfer Instruments: The donor must deliver a signed, recordable General Warranty Deed and any other instruments necessary to transfer the property to the Community Foundation. In certain circumstances, the Community Foundation will accept a Special Warranty Deed. All such deeds and other transfer documents must be reviewed by the Community Foundation's legal counsel prior to acceptance of the gift.

7. Fund Agreements. Prior to or upon the transfer of title to the Community Foundation,

the donor and the Community Foundation will sign a standard Fund Agreement (or other form of Fund Agreement that has been approved by legal counsel to the Community Foundation) stating the terms of the gift and specifying that there are no material restrictions on the Community Foundation's right to use or convey the property.

If the donor intends to make any gifts of tangible personal property associated with the real property, the gifts of personal property must be segregated into a separate gift transaction.

8. Representation and Indemnification Agreement: The Community Foundation will require the donor to deliver a signed representation and indemnification agreement in substantially the same form as that attached as Appendix E. The purpose of the agreement is to protect the Community Foundation and its assets from potential liability associated with accepting the real property.

9. Tax Returns. The donor will be responsible for preparation and filing of all tax returns required to be filed in connection with the gift. The Community Foundation will not establish or corroborate the value of any gift for the purpose of substantiating the donor's income or estate tax charitable deduction. The donor will be required to file an IRS Form 8283 with the donor's tax return. The donor will deliver to the Community Foundation a completed Form 8283 (signed by the donor and the appraiser) to be signed by the Community Foundation.

DISPOSITION OF THE PROPERTY

After the Community Foundation accepts a gift of real estate, Staff will make arrangements to sell the property through a qualified real estate professional. The Community Foundation cannot be legally obligated to make a particular disposition of the property after receiving the gift and cannot agree to retain the property for a specific period of time.

As a general rule, the Community Foundation will sell the property as quickly as possible after the gift is made. The Community Foundation has total discretion regarding when to sell the property and at what price. However, the Community Foundation will consider its investments objectives and fiduciary responsibilities before selling the property. For example, if the Community Foundation has an obligation to make cash payments to the donor or another party under the terms of the Fund Agreement or other instrument establishing the gift of real property and the property is producing income, the Community Foundation may elect to hold the property and use that income to fund its payment obligation.

The Community Foundation also will attempt to avoid selling the property at a distressed price. A quick distress sale may jeopardize the donor's charitable contribution deduction. It may also negatively impact market values, which could generate ill will among other property owners in the area.

If the property is to be sold, the Community Foundation will list it with a broker who has experience selling comparable properties in the same geographic area. The listing agreement must provide that the commissions are payable only upon closing of the escrow. All sales must be on an "as-is" basis, with a release (and indemnification if possible) of the Community Foundation for claims related to hazardous substances and the physical condition of the property.

While it is expected that in most circumstances the sale price will equal or exceed the appraised value, the terms of sale will take into account current market conditions, availability of financing and other relevant factors. Any offer that is less than 70 percent of the appraised value must be approved by the Gift Acceptance Committee.

If the property is to be held, the Community Foundation will appoint a property manager. The property manager will be authorized to execute documents, approve nonmaterial expenditures, collect rents, etc.

If the Community Foundation sells the property within two years of the date of the gift, the Community Foundation will be required to report the actual sales proceeds to the IRS on Form 8282 (Donor Information Return).

The proceeds from the sale of the real property (net of expenses of sale) may be used to establish a named endowment fund or added to an existing fund at the Community Foundation. Standard Community Foundation administration fees will be assessed and netted from the sales proceeds.

GIFT INVOLVING A LIFE ESTATE

The Community Foundation may accept a gift of a personal residence, vacation home, farm or ranch in which the donor retains the right to occupy the property until death of the donor. During the donor's lifetime, the donor may specify the use of any proceeds from the property. Upon the donor's death, the Community Foundation will own the entire interest in the property.

In deciding whether to accept a gift of a remainder interest, the Community Foundation will follow the Policies and Guidelines for accepting a gift of real property. In addition, the Community Foundation will consider, among other things, the following factors:

1. Value of the gift. The Community Foundation will calculate the value of the gift at the time it is made. The value of the gift will be the appraised fair market value of the real estate, less the value of the donor's life estate, calculated using applicable IRS actuarial tables and guidelines. The donor will be responsible for obtaining the required appraisal.
2. Age of the Donor. As a general rule, the Community Foundation will accept a gift of a life tenancy only if the life beneficiary is age 55 or older.
3. Use of the Property. The Community Foundation will take into consideration the potential use of the property during the life tenancy in order to avoid accepting any property that might create liability for the Community Foundation in future years.
4. The Remainder Interest. As a general rule, the Community Foundation will accept a gift of the remainder interest following a life tenancy only if at least 50% of the remainder interest is committed to the Community Foundation for endowment purposes (i.e., permanent unrestricted or field of interest funds).
5. Disposition of the Property. As a general rule, there must be an expectation that the property can be sold within a reasonable time after the donor's death.
6. Requirements of Local Law. The Community Foundation must consider any legal requirements governing life tenancies under the laws of the state where the property is located.
7. Costs and Expenses. The donor must agree to be responsible for making appropriate repairs, maintaining the property and paying all expenses related to the property (including but not limited to property insurance, taxes, repairs and maintenance) during the donor's occupancy of the property. Following the donor's death, the donor's estate will be required to pay for the appraisal of the property and all transfer fees and other costs.

When the Community Foundation receives notification of death from the legal representative of the estate of the donor, Staff shall immediately research applicable state law and expeditiously communicate the terms of these Policies and Guidelines to such legal representative or such other party as may be required by applicable law. The Community Foundation will then determine whether to accept full title to the property using the same Guidelines specified above with respect to outright gifts of real estate.

GIFTS OF INTANGIBLE PROPERTY

The Community Foundation will consider accepting gifts of intangible property such as mortgages and notes. Unless the mortgage or loan is adequately secured, the Community Foundation will in most cases not be able to accept the gift.

Value of the Gift In most cases, a qualified appraiser will determine the value of the asset, taking into account the unpaid principal amount, the interest rate payable on the note or mortgage and the then-current interest rates. The unpaid value will be considered the fair market value in many instances, but if current interest rates differ widely from the rate payable under the terms of the loan, the value may have to be adjusted to take into account the yield on investment an informed buyer would expect to receive.

Donor's Responsibilities Before the Community Foundation may accept a gift of a mortgage secured by real estate, the Donor will be required to obtain and provide an acceptable environmental assessment of the underlying real estate.

The donor will be responsible for payment of all capital gains or other taxes that may become due when the gift is made. For example, if the loan is a purchase money encumbrance, the donor may owe capital gains tax when the gift is made.

GIFTS OF OTHER NON-LIQUID ASSETS

The Community Foundation will accept gifts of non-liquid assets only if there is a reasonable certainty that (i) such assets can be liquidated within a reasonable period of time and (ii) the expenses that will be incurred while holding the asset (e.g., insurance) will be minimal. All expenses incurred and the standard administrative fees normally charged pursuant to the Community Foundation's existing fee schedule will be netted from the sales proceeds.

GIFTS OF MINERAL RIGHTS

The Community Foundation may accept gifts of mineral rights and will value such gifts under applicable Treasury Regulations, as applied by appraisers who are experts in this field. Special attention will be given to depletion allowance and reserves in written agreements with the donor.

GIFTS OF TANGIBLE PERSONAL PROPERTY NOT FOR COMMUNITY FOUNDATION USE

The Community Foundation may accept tangible personal property unrelated to the Community Foundation's charitable purposes, such as boats, airplanes, automobiles, artwork, furniture, equipment, collectibles, jewelry, gems and metals. Senior Staff, with advice from legal counsel as appropriate, will review the condition and marketability of the proposed gift and will consider the carrying costs and Staff time that would be associated with owning and selling the property. The property must be saleable, and the donor must agree that the Community Foundation may sell the property after the gift is made.

Value of Gift Establishing the value of the gift is the donor's responsibility. The donor and the Community Foundation must comply with applicable Treasury Regulations for obtaining

and reporting qualified appraisals. If the value of the tangible personal property exceeds \$5,000, the donor will be required to have a qualified appraisal performed (at donor's expense) and to submit it on IRS Form 8283.

Disposition The Community Foundation will make no commitment to keep gifts of personal property for a specific period of time or in perpetuity. Doing so may have a negative impact on the appraised value and marketability of the property.

The Community Foundation will sell personal property as soon as possible after conveyance at the highest price possible. The Community Foundation will discourage gifts of personal property that cannot be sold readily or that will require payment of unusual or excessive expenses prior to sale. If a lengthy holding period is expected, the Community Foundation may ask the donor to agree to cover expenses related to holding the gift prior to sale by making a cash gift.

If the Community Foundation sells the asset within two years, the Community Foundation must file IRS Form 8282 informing the donor and the IRS of the sale price of the property.

Special Assets Artwork: The Community Foundation generally will accept a gift of art. However, the Community Foundation will make the final decision as to whether to put it to a related use.

Automobiles and other Vehicles: In deciding whether to accept a gift of an automobile or other vehicle, the Community Foundation will consider the vehicle's marketability, the expected time it will take to sell it, and the carrying costs (e.g., insurance, storage, advertising) that are expected until it is sold.

The donor's deduction for the gift will be limited to his or her cost basis. The donor is responsible for obtaining any required appraisal.

GIFTS OF ROYALTIES AND DISTRIBUTION RIGHTS

The Community 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. The donor will be required to obtain and provide to the Community Foundation a qualified appraisal, at donor's expense.

GIFTS OF RETIREMENT ACCOUNTS

The Community Foundation may accept gifts of "account" type retirement plans in which a balance accumulates as principal (including Individual Retirement Accounts (IRA's), 401(k) plans, 403(b) plans and defined contribution plans). Generally, "annuity" type accounts (such as defined benefit plans in which retirement benefits are paid out as income and principal does not accumulate) cannot be used for charitable gifts.

Donors should be encouraged to consider naming the Community Foundation as a beneficiary of their retirement plans. However, the Community Foundation cannot record the gift unless it is or until it becomes irrevocable.

A donor may make a gift of retirement assets in a number of ways. For example, the donor may name the Community Foundation as a successor or contingent beneficiary for all or part of the assets upon the death of the donor or donor's spouse. The donor may create a testamentary charitable remainder trust with the assets upon the death of the donor, naming the Community Foundation as remainder beneficiary and non-charitable heirs as income beneficiaries.

The income tax consequences related to deferred retirement plans are very complex. In discussing a gift of such assets, it is very important that the donor consult his or her Professional Advisor(s) regarding the tax issues before a gift is made.

BARGAIN SALES OF REAL OR PERSONAL PROPERTY

The Community Foundation may purchase property on a bargain sale basis. The Community Foundation will evaluate the acceptability of the gift asset, in consultation with legal counsel, using the same Guidelines outlined above for outright gifts.

A "bargain sale" is a sale of property to the Community Foundation for an amount less than the property's current fair market value. The excess of the value over the sales price represents a contribution to the Community Foundation. Gifts in the form of a bargain sale must be appraised by an independent appraiser (MAI, FHA or equivalent), at the expense of the donor. The amount of the allowable deduction for a bargain sale will be subject to the rules of the IRS related to such sales.

The asset must be readily marketable within a reasonable period of time or be of reasonable current use to the Community Foundation. The minimum asset valuations must be \$50,000, net of the Community Foundation's investment, which will be limited to no more than 25% of the fair market value of the property.

CHARITABLE GIFT ANNUITIES

Under a charitable gift annuity, a donor irrevocably transfers property to the Community Foundation in exchange for a commitment by the Community 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 the size of the gift. The annuity payments may commence immediately or may be deferred to a later date specified by the donor.

The Community Foundation's obligation to make the annuity payments is considered a general obligation of the Community Foundation. Unlike charitable remainder trusts, the assets are not held in a separate trust. Because all of the Community Foundation's assets are potentially available for meeting the obligation, the Community Foundation will exercise caution in agreeing to such an obligation.

The Board from time to time may establish a limit on the aggregate dollar amount of annuities for which the Community Foundation may become obligated. Therefore, no gift may be accepted which would cause the then-existing limit to be exceeded without the prior approval of the Board, regardless of how the annuity might be funded.

As a general rule, the Community Foundation will consider entering into an agreement with the donor for issuance of a charitable gift annuity only if all of the following requirements are met:

- (1) The income beneficiary or beneficiaries must be 60 years of age or older at the date of the annuity agreement;

- (2) The annuity agreement will provide for income payments to no more than two life beneficiaries (the annuitant and one other beneficiary, usually the beneficiary's spouse);
- (3) The minimum gift amount for an annuity agreement is \$10,000;
- (4) The donor must agree to pay all expenses incurred in connection with issuance of the annuity, including but not limited to any documentary stamp tax imposed on the actuarial value of the annuity;
- (5) The Community Foundation will not exceed the uniform annuity rates recommended by the American Council on Gift Annuities;
- (6) The gift annuity remainder interest must remain at the Community Foundation to create an endowed named fund (if the required minimum amount is met) or to be added to the Community Foundation's unrestricted funds or to the donor's choice of field of interest funds; and
- (7) The gift annuity is funded with a gift of cash, readily marketable securities or mutual funds.

If the gift annuity is funded with stock, it is important to be careful about planning the date of the gift, as the value of the stock may change between date of transfer and date of sale and thus affect the annual annuity amount. The Community Foundation must not sell the stock until there is a written agreement on the terms of the gift, including the annuity amount. The Community Foundation may employ agents and advisors to facilitate the investment of annuity assets.

Donors may request that, upon termination of the income interest, the remaining assets will create a named fund for specific charitable purposes. If the donor does not provide such instructions during the donor's lifetime, or if the market value of the annuity is less than \$15,000, it will be used for the unrestricted purposes of the Community Foundation.

The Community Foundation will be required to pay documentary stamp taxes on all charitable gift annuities it issues. The tax will be based on the actuarial value of the annuity to the donor at the time of the gift. The donor has the option of making an additional gift to the Community Foundation in the amount of the tax, or allowing the Community Foundation to deduct the amount of the tax from the donor's fund.

The Community Foundation will provide to the donor all disclosures that may be required under applicable state and federal laws and regulations governing charitable gift annuities.

GIFTS TO POOLED INCOME FUND

The Community Foundation may not accept a gift to establish a Community Foundation pooled income fund without review by the Gift Acceptance Committee if the gift is an asset other than cash or publicly-traded securities. Any such asset will be evaluated in accordance with the Guidelines specified for the acceptance of an outright gift of that type of asset.

**The Community Foundation of the Northwest Georgia, Inc.
Gift Acceptance Policies and Guidelines**

**Appendix A
Checklist for Acceptance of
Gifts of Non-Publicly Traded
Interests in Limited Partnerships**

Date: _____

Prepared by: _____

Name of Donor _____

Name of Limited Partnership _____

Federal Tax ID number _____

State in which partnership was formed _____

Type of partnership (check one): ___ limited partnership
 ___ limited liability partnership ___ limited liability limited partnership

Percentage interest to be donated _____

Names of Partners and Percentage Owned by Each:

Value of the Donor's Partnership interest: \$ _____ Date of Valuation: _____
Valuation Determined by: _____

NOTE: valuation must be by a credible, independent source.

Donor's legal counsel _____ Phone number _____

Donor's accountant _____ Phone number _____

Partnership's legal counsel _____ Phone number _____

Partnership's accountant _____ Phone number _____

Staff discussed donor's responsibility for payment of costs, appraisal requirements and other Policies with donor: Staff member: _____ Date: _____

A. Documentation Donor is to Provide prior to Gift	Date Received
(1) Copies of the original limited partnership agreement and any amendments thereto	_____
(2) Copies of the partnership's most current financial statements (audited, if available)	_____
(3) The most recent Schedule K-1 and Form 1065 (U.S. Partnership Return of Income) the donor has received from the partnership [to allow a determination of whether the income generated by the partnership would be classified as passive or active]	_____
(4) List of the assets and liabilities of the partnership and the amount of the donor's share of liabilities	_____
(5) A list and copies of all material contracts binding on or affecting the partnership	_____
(6) A list of all pending or threatened litigation	_____
(7) List of all partners and the percentage interest owned by each	_____
(8) Most current appraisal of the partnership (if available)	_____
(9) Copy of Partnership Certificate filed with Florida Secretary of State (or similar filing) and any amendments thereto	_____

B. Questions to be answered (by donor or from review of documentation)

1. Is the partnership interest registered with the SEC? Yes No
 With any state securities regulator? Yes Where? _____ No

2. Has the partnership used financing to acquire any of its assets? Yes No
 NOTE: If the partnership has debt financing, a gift of a partnership interest may be treated as a "partial sale" with the donor being subject to taxable income to the extent of the debt, and the charitable deduction limited to the excess of the fair market value of the property over the outstanding debt.

3. Is there a liquidation event in the near future? Yes No
 (a) If so, what is the event?
 (b) Is it with respect to an asset or group of assets or with respect to substantially all the assets?
 (c) When is it?
 (d) How do we know?

4. Has the donor obtained the advice of legal counsel on the tax implications of donating this particular limited partnership? Yes No

5. Does the partnership agreement permit assignments/transfers? Yes ___ No ___
Is the consent of the general partner or other partners required? Yes ___ No ___
6. Is there a negative capital account? Yes ___ No ___
NOTE: A negative capital account generally reflects the fact that there is debt financing which results in UBIT and the Community Foundation does not accept them. The latest K-1 must show the balance in the partner's capital account; check the K-1 to see if there is a negative capital account.
7. What amount of capital has the donor committed to the partnership? \$ _____

Has the donor contributed the full amount committed? Yes ___ No ___
If not, what are the consequences to the Community Foundation?
8. Is there an IRC Section 754 election in effect? Yes ___ No ___
9. What is the trade or business of the partnership?
NOTE: If the business of the partnership is an active "trade or business," this results in UBIT. This information is shown on the top of the K-1.
10. Does the partnership agreement contain any mechanism for converting a limited partner interest into a general partner interest? Yes ___ No ___
On what event?
11. The Community Foundation will not take any partnership interest which may result in its becoming an additional or substituted general partner. We accept *assignment of interests* only when we incur no obligation to fund additional capital contribution or other obligations. Do the donor and general partner agree to this?

Donor	<input type="checkbox"/> Yes	<input type="checkbox"/> No
General Partner	<input type="checkbox"/> Yes	<input type="checkbox"/> No
12. The Community Foundation cannot agree to make future capital contributions or other additions, and therefore will require indemnification from the donor and/or agreement to relief from the general partner. Will the donor and the general partner agree to giving us relief and/or indemnification against future payment?

Donor	<input type="checkbox"/> Yes	<input type="checkbox"/> No
General Partner	<input type="checkbox"/> Yes	<input type="checkbox"/> No
13. Does the partnership agreement give the Community Foundation the right to redeem its interest either through a preferred interest with a guaranteed return or a series of put options, a right of absolute redemption, or other method? Yes No
If so, indicate in what manner.
14. Do the partners intend to liquidate the partnership? Yes No
If so, when?

15. What portion of the interest consists of IRC Section 751 items that are carved out and treated under the aggregate approach?
16. Regarding bargain sale treatment, is the allowability test positive? Yes No
If so, what part of the gain is treated as ordinary income?
17. Is this a Family Limited Partnership under IRC Section 2701? Yes No
18. Are there multiple classes of partnership interests? Yes No
If so, what are they?
19. Does the partnership agreement contain restrictions on the transfer of partnership interests? Yes No
If so, what are the nature of the restrictions?
20. Who manages the partnership business?

What is their background/education/experience in this business?
21. Is the interest considered a capital asset?
22. What is the donor's adjusted cost basis?
23. What is the donor's share of partnership liabilities?
24. Are ordinary income amounts allocated to the donor's share?
25. Are there any special or preferred allocations of cash, property, income or loss under the applicable partnership agreement?

**The Community Foundation of the Northwest Georgia, Inc.
Gift Acceptance Policies and Guidelines**

**Appendix B
Checklist for Acceptance of Gifts
of Non-Publicly Traded Stock**

Date: _____

Prepared by: _____

Name of Donor _____

Name of Corporation _____

Federal Tax ID number _____

State of Incorporation _____

Number of Shares of Stock to be donated _____

Representing Percentage Interest _____%

Names of Other Shareholders and Number of Shares/Percentage Owned by Each:

Value of the Stock: \$ _____ per share Date of Valuation: _____

Valuation Determined by: _____

NOTE: Valuation must be by a credible, independent source.

Donor's legal counsel _____ Phone number _____

Donor's accountant _____ Phone number _____

Partnership's legal counsel _____ Phone number _____

Partnership's accountant _____ Phone number _____

Staff discussed responsibility for payment of costs, appraisal requirements and other applicable policies with donor: Staff member: _____

Date: _____

A. Documentation Donor is to provide before gift is made

**Date
Received**

1. Copies of the articles of incorporation and by-laws of the corporation, and any amendments thereto _____
2. Copies of any shareholder, buy-sell, or other agreement that imposes any restrictions or limitations on the sale or transfer of the stock _____
3. Copies of the corporation's most current financial statements (audited, if available) _____
4. A list of the assets and liabilities of the corporation _____
5. A list of all material contracts binding on or affecting the corporation _____
6. Copies of all canceled and outstanding stock certificates _____
7. A list of all pending or threatened litigation _____
8. Copy of the donor's schedule K-1 (if applicable) _____
9. Copy of Issuer's tax returns for last 3 years _____
10. Copies of Annual Reports filed with Secretary of State (or comparable governing authority) for last 3 years _____
11. Minutes of all meetings and written actions of the Board of Directors and shareholders for the last 2 years _____
12. List of Board of Directors, officers and senior management employees _____

B. Questions to be Answered

1. What is the nature of the corporation's business?
2. Is the corporation profitable? Yes No
If not, what are its prospects for becoming profitable?
3. What is the fair market value of the stock? _____
How was the value determined?

Date of Valuation _____
Name of appraiser _____
Qualifications of appraiser:
4. Is there a market for the stock?
5. When will the Community Foundation be able to sell the stock?
6. Is there a Subchapter S election in effect for the corporation? Yes No
7. Is the corporation a limited liability corporation? Yes No
8. If the Issuer is a limited liability company, have all of the other owners consented to the transfer of stock to the Community Foundation? Yes No

Note: The Community Foundation cannot be a member of a limited liability company unless all the other members consent.

9. What is the donor's adjusted basis in the stock?
10. What is the projected taxable income (or loss) of the corporation?
11. What are the projected cash and property distributions to the Community Foundation?
12. Is the corporation registered with the SEC? Yes No
With any state securities regulator? Yes No
If so, where? _____
13. Is there a liquidation event in the near future? Yes No
(a) If so, what is the event?
(b) Is it with respect to an asset or group of assets or with respect to substantially all the assets?
(c) When is it?
(d) How do we know?
14. Has the donor obtained the advice of legal counsel on the tax implications of donating these particular securities? Yes No
15. Is there an existing buy-sell agreement or other similar agreement among the Issuer's shareholders? Yes No
If so, does it permit assignments/transfers of the securities by the donor? Yes No
Is the consent of the other shareholders required? Yes No
Does the agreement give the Community Foundation a right to have the Issuer redeem the stock through an absolute right of redemption or other method? Yes No
If so, by what method?
16. What amount of capital has the donor committed to the corporation? \$ _____
Has the donor contributed the full amount committed? Yes No
If not, what are the consequences to the Community Foundation?

Will the donor indemnify the Community Foundation and/or will the other shareholders agree to relieve the Community Foundation of an obligation to make a future capital contribution? Yes No

17. Who manages the corporation's business?

What is their background/education/experience in this business?

18. Does the stock carry voting rights? Yes No
Are there any restrictions on such voting rights? Yes No
If so, please describe:

19. If the stock is non-voting, is it convertible to voting stock? Yes No
If so, upon what event or condition?

20. Are there multiple classes of corporate stock? Yes No
If so, what are they and what are the different rights of each class of stock?

The Community Foundation of The Northwest Georgia, Inc.
GIFT ACCEPTANCE POLICIES AND GUIDELINES

APPENDIX C
Real Property Disclosure Checklist
[To be completed by Donor(s) and Staff]

I. Information about Donor(s) and Contemplated Gift

- A. Type of Gift Contemplated (*check one*):
- Outright gift to CFCV
 - Undivided interest to CFCV
 - Gift to Charitable Remainder Trust
 - Gift to Pooled Income Fund
 - Gift to Charitable Lead Trust
 - Charitable Gift Annuity
 - Other (*specify what*)
- B. Donor's Name(s): _____
- C. Donor's Marital Status: Single Married Divorced Widow/er
If married, will the donor's spouse join in the gift? Yes No
- D. Donor's Federal Tax Identification Number _____
- E. Donor's Address: _____

- F. Donor's Phone Numbers:
Home:(____) _____ Office:(____) _____
Fax:(____) _____
- G. Donor's email address: _____
- H. Name of Donor's attorney: _____
Attorney's Phone number: _____
Attorney's email address: _____
- I. List any other Professional Advisor(s) involved with the gift:
- J. Will the gift include any personal property? Yes No
If so, the personal property must be segregated into a separate gift.
- K. Does any other person or entity have an ownership or beneficial interest in the property? Yes No
- L. Is property marketable within six months? Yes No
[Please indicate why or why not in Section V.]

- M. The Community Foundation will require you to obtain a current appraisal of the property and to obtain a Phase I Environment Assessment (and, if necessary, a Phase II Environmental Assessment). Are you willing to pay all costs of investigation and evaluation of the property (including appraisal, Phase I Environmental report, title insurance and, if non-residential property, a survey) and all closing costs?
 Yes No
- N. Proposed date of gift: _____
- O. Are you willing to provide all the information and documentation listed in Appendix D? Yes No
- P. Is property subject to a mortgage, lien or other encumbrance? Yes No
 If so, do you intend to pay off or secure the release of the mortgage or other encumbrance prior to making the gift? Yes No
- Q. Are you willing to pay all expenses related to holding the property as an asset of the Community Foundation prior to its sale? Yes No
- R. What is the estimated net value of the property (after costs of sale, holding, improving if necessary)? \$ _____
- S. What is the estimated net cost of holding the property for 1 year? \$ _____
- T. Do you have an “as-built” survey of the property? Yes No
 If so, please provide a copy to the Community Foundation.
- U. What is your best estimate of the time it will take to sell the property? _____

II. Description of Property

1. Type of Ownership (check one): Individual Joint Venture Tenancy in Common
 Tenancy by the Entirety General Partnership Limited Partnership Corporation
2. Legal name of owner(s) of record: _____

3. If the donor is not an individual, has the governing body of the owner approved the proposed gift? Yes No
4. Date of acquisition/form of acquisition: _____

5. Type of Property: Single-family Residential Multi-family residential
 Condominium Commercial Other (please specify): _____
6. Property Address _____

7. Legal Description (attach deed):
8. Land area (acres or sq.ft.): _____
 Existing Zoning: _____

Any pending zoning changes? Yes No
(If yes, please describe nature and status in Section V.)

9. Current use of property: _____

Use of surrounding properties: _____

Prior use(s) of property: _____

10. Current property insurance (types and amounts of coverage):

_____ Amount of annual insurance premiums: _____

11. Current cost basis (including improvements): \$ _____

Assessed value for real estate taxes: \$ _____

Fiscal tax year: _____ Real estate taxes: \$ _____

Land value: \$ _____ Building value: \$ _____

Have the current year's real estate taxes been paid? Yes No

If not, when are/were they due? _____

12. Date of most recent appraisal: ____/____/____ Appraised value:

Appraiser's name and phone number:

13. Has property previously been listed for sale? Yes No

(If yes, please indicate when, for how long and at what price in Section V.)

14. Does property include mineral rights, water rights, etc.? Yes No

(If yes, please describe in Section V.)

15. Is property subject to a mortgage? Yes No

If so, please provide copies of all existing mortgages and indicate:

Principal balance: \$ _____ Interest Rate: _____ %

Term remaining: _____ Mortgage Holder _____

Is the mortgage assumable? Yes No

(If more than one, please provide the same information for the other mortgages in Section V.)

16. Other liens and encumbrances (nature and amount): _____

17. Does property produce income? Yes No

If so, indicate nature and amount (annually):

18. Current Occupancy status (check one):

Unimproved (no building; no occupants) _____

Vacant (*building has no personal property, no occupants*) _____
 Unoccupied (*building has personal property but no occupants*) _____
 Occupied (*building has personal property with occupants*) _____
 Expected occupancy status after conveyance to Community Foundation? _____

19. Description of buildings or other improvements: _____
 Building area (*sq. ft. of each floor*): _____
 Replacement cost of building: \$ _____

20. Are there any delinquent taxes, assessments or fees related to the property?
 Yes No (If yes, please explain nature and amounts in Section V.)

III. Condition of Property

Please indicate by checking “yes” or “no” your awareness or knowledge of any condition or problem which may affect the title or marketability of the property. Use Section V below to provide additional information about any item checked “yes.”

	Yes	No
A. Title	_____	_____
B. Zoning variances, violations or special permits	_____	_____
C. Violation of state, county or city code	_____	_____
D. Violation of other law, ordinance or regulation	_____	_____
E. Restrictions, covenants or easements	_____	_____
F. Survey	_____	_____
G. Subdivision approval required to convey property	_____	_____
H. Homeowners association and/or fees	_____	_____
I. Ingress or Egress	_____	_____
J. Subject to Lease(s)	_____	_____
1. Rentals in Arrears	_____	_____
2. Rent or Security Deposits	_____	_____
3. Rent Control	_____	_____
K. Condemnation or similar action by municipal or state Government pending or expected	_____	_____
L. Assessments	_____	_____
M. Building or other improvements		
1. Community Foundation/slab	_____	_____
2. Basement water/dampness/sump pump	_____	_____
3. Roof leaks	_____	_____
4. General structural	_____	_____
5. UFFI (<i>formaldehyde insulation</i>)	_____	_____
6. Asbestos	_____	_____
7. Lead paint	_____	_____
	Yes	No
8. Termites/ants/pests	_____	_____
9. Wood or coal stove	_____	_____
10. Swimming pool	_____	_____
11. Radon	_____	_____

12. Building systems		
a. Plumbing	_____	_____
b. Electrical	_____	_____
c. Heating	_____	_____
d. Air Conditioning	_____	_____
e. Hot water	_____	_____
f. Water supply	_____	_____
g. Sewage	_____	_____
h. Other fixtures	_____	_____
13. Building or sanitary code violation	_____	_____
N. Condominium or Cooperative Ownership	_____	_____
1. Building Systems	_____	_____
2. Common Area Fees in Arrears	_____	_____
3. Building or Sanitary Code Violations	_____	_____
4. Assessments Pending or Expected	_____	_____
O. Environmental Problems	_____	_____
1. Prior or current use for industrial, commercial, agricultural, manufacturing, waste disposal or any other non-residential purpose	_____	_____
2. Stressed or denuded vegetation or unusual barren areas	_____	_____
3. Discoloration, oil sheens, or foul/ unusual odors in water	_____	_____
4. Storage drums	_____	_____
5. Above or underground storage tanks; vent or filler pipes	_____	_____
6. Evidence of oil or other chemicals in soil	_____	_____
7. Evidence of PCBs	_____	_____
8. Evidence of toxic air emissions	_____	_____
9. Properties adjacent or close to subject property have conditions requiring “yes” answer to any of questions 1 through 8 above	_____	_____
10. Flood plain/ wetlands/ drainage	_____	_____
11. Endangered plants or wildlife	_____	_____
12. Regulatory designation (e.g., wetlands)	_____	_____

Yes

No

P. General

1. Are you aware of any other information concerning any part of the land or buildings which might affect the decision of a buyer to buy or affect value of property or affect use by buyer?
2. Are you aware of any threatened or pending litigation involving the property or its owners?

IV. Property Maintenance Budget

During the holding period, the Community Foundation can expect the following income and expenses:

A. Income	Annual
1. Rent	\$ _____
2. Other (specify): _____	_____
Total Income	\$ _____
B. Expenses	
1. Real Estate taxes	\$ _____
First payment: \$ _____ Due date: _____	
Second payment \$ _____ Due date _____	
2. Utilities	
Gas	_____
Oil	_____
Electric	_____
Water/ sewage	_____
Other (specify) _____	_____
3. Services	
Caretaker/property manager	_____
Landscaping/lawn service	_____
Heating/cooling service contract	_____
Snow removal	_____
Pesticide	_____
Pool service	_____
Common area charge (condominium)	_____
Security	_____
Other (specify) _____	_____
4. Maintenance/ repairs	_____
5. Insurance	_____
6. Homeowners Association Fees	_____
7. Other (specify) _____	_____
Total Expenses	\$ _____
Net Income (loss)	\$ _____

V. Additional Information on Sections I through IV (continue on additional page(s) if necessary.)

VI. Acknowledgments

1. I/we, the undersigned, as the owner(s) of real property proposed to be given to the Community Foundation of the Northwest Georgia, Inc., hereby acknowledge that Staff of the Community Foundation, advised me/us of my/our responsibilities in connection with the gift, including but not limited to my/our obligation to obtain the required appraisal and inspections, to pay all associated costs associated with the gift and to make certain indemnities for environmental and other liabilities.

2. I/we, the owner or owner(s), hereby represent and warrant that the information set forth above is true and accurate to the best of my/our knowledge and acknowledge that the Community Foundation will be relying on such representations and warranties in deciding whether to accept a gift of the subject property.

Owner _____ Date _____
Owner _____ Date _____

When this checklist has been completed and signed, please return it to:

David Aft
President
Community Foundation of the Northwest Georgia
P.O. Box 942
714 South Thornton
Dalton, GA 30720-0942

THE COMMUNITY FOUNDATION OF THE NORTHWEST GEORGIA, INC.
GIFT ACCEPTANCE POLICIES AND GUIDELINES

APPENDIX D
Documentation Checklist
for Gifts of Real Property

Donor's Name: _____

Location of Property: _____

I.	Preliminary Information	Staff Member	Date
	A. Completed Real Estate Disclosure Checklist	_____	_____
	B. Made site visit/inspection	_____	_____
	C. Discussed Policies and advised donor re: donor's responsibilities in connection with the gift (including appraisal and inspections required, all costs associated with the gift and requested indemnities	_____	_____
II	Documents Donor is to provide during review process		Date Received
	A. Evidence of clear title:		
	1. Title Opinion or current title insurance policy		_____
	2. Abstract of Title or owner's duplicate certificate of title		_____
	B. Current appraisal by independent qualified appraiser		_____
	Note: Must be ordered, paid for, performed and submitted within 60 days prior to anticipated transfer		
	C. Deed to donor showing legal description		_____
	D. Plat Map showing location of property		_____
	E. If non-residential: Current "as-built" survey of property showing all structures, easements and encumbrances		_____
	F. Most recent property tax bill, showing assessed value of land and improvements, actual tax and any assessments		_____
	G. If income-producing property:		
	Income/expense pro forma for a three-year period		_____
	An Operating Statement		_____

	Date Received
H. Homeowners' Association Agreement: The agreement must describe ownership rights and responsibilities and must include fees or assessments, together with a statement showing the condition of any reserve fund for deferred maintenance	_____
I. Copy of Conditions, Covenants and Restrictions indicating how the property may be used and what restrictions apply	_____
J. Lease or Rental Agreements: If the property is leased or rented to others, provide a copy of each rental agreement showing the terms of the agreement, expiration date, rental amounts, deposits held, etc.	_____
K. Information re: existing zoning status	_____
L. Copies of Promissory Note(s) and Mortgages and current statement(s) for all existing mortgages	_____
M. Copies of all other contracts affecting the property	_____
N. Originals of all insurance policies currently covering the property and documentation of premium amounts and payment	_____
O. Copies of all available inspection reports (e.g., Code Officer's inspection report or structural assessment reports by engineer)	_____
P. If acceptable to the Community Foundation, a transactional screening for environmental hazards (residential property only)	_____
Q. If required: Phase One Environmental Report dated within six months of gift transfer, including environmental report on any structures located on the property	_____
R. Representation letter from donor and/or environmental consultant covering the time period since the date of the assessment	_____
S. Phase Two Environmental Report (if requested by the Community Foundation)	_____
T. Preliminary title examination and report showing conditions, covenants, liens, restrictions and encumbrances	_____
U. If requested by the Community Foundation, percolation testing to determine whether property meets local regulations concerning drainage	_____
V. Statement from Homeowners' Association regarding any fees or assessments that are due and payable	_____
W. List of personal property and/or fixtures to be included with the gift	_____

II. Documents to obtain before accepting title

**Date
Received**

1. Bankruptcy, Judgment and Tax Lien Searches _____
2. If donor is not an individual, appropriate documentation of donor’s authority to convey property (e.g., certificate of secretary or general partner) _____
3. If property is rental property: tenant estoppel letters; subordination, non-disturbance and attornment agreements _____
4. Fund agreement outlining donor’s charitable intent _____
5. Donor/Donee transfer agreement:
Must be Community Foundation-approved form; must be drafted with legal counsel. _____
6. Representation and indemnification agreement signed by the donor, protecting the Community Foundation from potential environmental and other liability associated with accepting the property _____
7. Donor’s executed, recordable Warranty Deed appropriate to convey the property to the Community Foundation, with no exclusions of known or unknown liabilities _____
8. A completed IRS Form 8283 signed by the donor and appraiser (to be signed by the Community Foundation and returned to donor for filing with donor’s tax return) _____
9. Satisfactory Wood Destroying Organisms Inspection Report Survey _____
10. Evidence of satisfaction or release of mortgages, liens and other encumbrances affecting the property _____
12. If property is to remain encumbered, a limitation of liability from the lender(s) or a satisfactory legal opinion concerning the recourse/ non-recourse nature of the encumbrance) _____
13. Expense reimbursement agreement between donor and Community Foundation _____
14. Owner’s Title Insurance Policy _____
15. If property has multiple owners, written consent to the gift to the Community Foundation signed by all owners _____
16. Engineer’s Report (if required by Community Foundation) _____
17. Seller’s storage tank affidavit (if applicable) _____
18. Review of ADA Compliance _____
19. Review of Code Compliance _____
20. Individual Sewerage Treatment System Disclosure Agreement _____

	Date Received
IV. Documents reviewed by Community Foundation's attorney:	
A. Phase One Environmental Assessment	_____
B. Title records	_____
C. Local code/ordinance compliance	_____
D. Leases	_____
E. Mortgages or other encumbrances	_____
F. Service or management contracts	_____
G. Transfer deed	_____
H. Other closing documentation	_____
I. Gift agreement if not standard Fund Agreement	_____
 V. Post-transfer	
A. Deed recorded	_____
B. Title insurance policy received	_____
C. List property with broker	_____
D. Preparation of Form 8282	_____

**THE COMMUNITY FOUNDATION OF THE NORTHWEST GEORGIA, INC.
GIFT ACCEPTANCE POLICIES**

**APPENDIX E
Donor's Representation Letter
For Gifts of Real Estate**

[Date]

[President or President of the Board of Directors]
The Community Foundation of the Northwest Georgia, Inc.
P.O. Box 942
714 South Thornton
Dalton, GA 30720-0942

Dear _____:

I hereby acknowledge that I am making a gift of that certain parcel of real property located at _____ (the "Property") to the Community Foundation of the Northwest Georgia, Inc. (the "Community Foundation"). In consideration of the Community Foundation's acceptance of the gift, I hereby make the following agreements, representations and warranties to the Community Foundation:

1. I hereby represent and warrant to the Community Foundation that, to the best of my knowledge:
 - (A) The Property and all improvements and operations thereon are and have been in all material respects in compliance with the requirements of all applicable federal, state and local laws, statutes, regulations, codes, ordinances and court or administrative orders (including but not limited to those related to environmental matters) and no notice has been served by any governmental body or agency claiming any violation thereof;
 - (B) There is no litigation or other legal proceeding which is pending, threatened or anticipated with respect to the Property;
 - (C) There are no pending or threatened private or governmental claims or judicial or administrative actions relating to environmental impairment or regulatory requirements with respect to the Property;
 - (D) All necessary permits, licenses and governmental approvals have been obtained for use of the Property;
 - (E) No Hazardous Materials (as hereinafter defined) are or have been disposed of on or released or discharged from any part of the Property or the improvements thereon;
 - (F) There are not now nor have there been any Hazardous Materials [other than possible asbestos contained in materials commonly used to insulate heating pipes prior to 1978] on, in or under the Property or the improvements constructed on the Property;
 - (G) There are not now and have never been any underground storage tanks located on the Property;

- (H) There are no unrecorded easements or other agreements affecting title to the Property nor are there any real property taxes, assessments or other impositions due and owing with respect to the Property, except as set forth in the [Preliminary Title Report] delivered to the Community Foundation; and
- (I) I/We have legal title to the Property with full power and authority to sell it.

For purposes of this letter agreement, “Hazardous Materials” shall mean any hazardous or toxic substances, materials, waste, pollutants, or contaminants, as defined, listed or regulated by any federal, state or local law, regulation or order or by common law decision, including without limitation petroleum by-products and asbestos.

2. I hereby agree to pay (i) all costs and expenses associated with making the gift of the Property to the Community Foundation (including but not limited to costs of required appraisals, environmental analyses, title insurance, survey, legal fees, and recording costs) and (ii) all costs and expenses incurred in connection with the Community Foundation’s acceptance, holding and sale of the Property (including but not limited to attorneys’ fees, brokers’ fees, realtors’ commissions, income taxes (including unrelated business income tax), property taxes, repairs, maintenance, depreciation recapture, insurance coverage and management fees). I further agree to reimburse the Community Foundation if the proceeds from the sale of the Property are insufficient to cover any such expenses or any other payments the Community Foundation’s has made in connection with the Property.

3. I hereby agree to indemnify, defend and hold the Community Foundation harmless from any and all Claims (as hereinafter defined) which are incurred by or asserted against the Community Foundation. For purposes of this agreement, “Claims” shall mean any and all liabilities, claims, demands, damages, losses and costs, whether known or unknown, foreseeable or unforeseeable, on account of or in any way arising out of the physical condition of the Property, including but not limited to the condition of the soil and/or groundwater on or about the Property, and any such claims, liabilities, damages and costs arising under the Comprehensive Environmental Response, Compensation and Liability Act, as amended.

4. I acknowledge that the Community Foundation is relying on these agreements, representations, warranties and indemnities in agreeing to accept a gift of the Property.

(Donor’s signature): _____

Donor’s Legal Name (printed or typed): _____

**THE COMMUNITY FOUNDATION OF THE NORTHWEST GEORGIA, INC.
GIFT ACCEPTANCE POLICIES AND GUIDELINES**

SCHEDULE OF DEFINITIONS

“Board” means the Board of Trustees of the Community Foundation of the Northwest Georgia, Inc., as such Board may be constituted from time to time.

“Community Foundation” means the Community Foundation of the Northwest Georgia, Inc., a nonprofit corporation and community foundation formed under the laws of the State of Georgia .

“Fund Agreement” means a written agreement signed by the donor (or a representative designated in writing by the donor) to document a current or deferred gift to establish or add to a fund at the Community Foundation and setting forth the purpose of and any directions for administering such fund. The agreement must also be signed by an officer of the Community Foundation.

“Guidelines” means the Guidelines for Acceptance of Gifts that are a part of these Policies.

“IRS” means the Internal Revenue Service of the United States.

“IRC” means the Internal Revenue Code of 1986, as now or hereafter amended.

“Issuer” means the entity that has issued shares of stock or partnership shares representing an ownership interest in such entity.

“Non-Public Securities” means any or all of the following: (i) shares of stock issued by a for-profit corporation (including any corporation that has elected Subchapter S status under the IRC or a limited liability company), (ii) an ownership interest in a limited partnership (including a family limited partnership or limited liability partnership), or (iii) an ownership interest in any other entity created under the laws of any state, which entity has as one of its characteristics the limited liability of its owners, and which stock, partnership interest or other ownership interest is not registered, traded or quoted on the NYSE, NASDAQ or any other stock exchange or quotation system.

“Policies” means the Gift Acceptance Policies and Guidelines for the evaluation and acceptance of gifts to the Community Foundation, as adopted and amended by the Board from time to time.

"Professional Advisor" means any attorney, accountant, investment advisor, broker, insurance agent, estate planner or other advisor who has been engaged (i) by a donor or potential donor to provide professional advice in connection with tax, estate or other financial planning for the donor or potential donor, or (ii) to provide professional advice to the Community Foundation in connection with a proposed gift.

"Staff" means the Community Foundation's President, Controller, or Operations Coordinator. Only the President is authorized to accept gifts and establish funds on behalf of the Community Foundation.

7

Approved by the Board of Directors: