

ADOPTED - 8.22.16

**ARTICLE III
Section IV**

GIFT ACCEPTANCE POLICY AND GUIDELINES

This gift acceptance policy and guidelines are set forth to:

- *Protect the interests of donors of charitable gifts to the Midland Area Community Foundation.
- *Protect the interests of the Midland Area Community Foundation.
- *Delineate the administrative responsibilities of the Midland Area Community Foundation with respect to charitable gifts.

These guidelines cannot encompass all areas in which judgment must be exercised. The Midland Area Community Foundation senior staff and trustees must exercise sound judgment in handling situations not specifically covered. In view of the importance of charitable gifts to the Foundation and the community-at-large, those charged with attracting and maintaining them must be given wide latitude and, at the same time, must ensure that the dignity and integrity of the Midland Area Community Foundation, the good of the community and the best interest of its donors be maintained.

To that end in part, the Foundation subscribes to the Model Standards of Practice for the Charitable Gift Planner as adopted by the National Committee on Planned Giving and the Committee on Gift Annuities. The code of ethics for planned giving practitioners is hereby incorporated as Appendix A of this policy.

General Provisions

General Purpose The need for such a policy as this arises from the fact that donors of charitable gifts must assign a value to their gifts to establish their charitable income tax deduction basis. The tax regulations relating to valuations of charitable gifts are complex, and tax deductions are dependent on how the donor acquired the property, its current value, and the use to which the gift is being put by the Foundation. To avoid misunderstanding or conflict between a donor and the Foundation as to valuation when a gift is made, the Foundation will follow the guidelines set forth below. However, the Foundation cannot give assurance that any valuations given will be acceptable to the Internal Revenue Service for charitable tax deduction purposes. In every case, donors must rely on their own professional legal and tax consultants. The

Foundation will abide by the substantiation rules for valuing charitable gifts as outlined in the IRS Code and regulations thereunder.

Scope The basic items to be covered in this section are:

- *Circumstances under which a gift will be accepted.
- *Circumstances under which a financial valuation amount will be acknowledged to the donor in the form of a receipt.
- *Circumstances under which NO financial valuation amount will be acknowledged, but under which only a description of the item received will be issued to the donor in the form of a receipt.

Creation of a Contributions Review Committee

Establishment of the Committee Reference will be made in this policy statement to a Contributions Review Committee. This committee will consist of the following Foundation Officers:

- *President and CEO
- *Chief Financial Officer

Function of the Committee

The Midland Area Community Foundation reserves the right to refuse any gift that is not in the best interests of the Midland Area Community Foundation. Of prime importance to the Midland Area Community Foundation in the acceptance of a gift is the identification and motivation of the donor. If there is any questions about the source or the appropriateness of the funds, the gifting instrument, or the donor, (e.g., the gift might derive from sources inconsistent with the philosophy of the Midland Area Community Foundation), the decision to accept such a gift must be made by the Contributions Review Committee. In circumstances where a clear determination cannot be made by the Contributions Review Committee, the intended gift may be reviewed by legal/financial counsel as appropriate and/or referred to the Real Estate Oversight Committee (when appropriate) and/or the Executive Committee of the Board or the Chair or Vice Chair of the Board at a minimum. Because of the varied nature of the charitable gifts, proposed or offered gifts which have unusual restrictions, or which have limited application to the mission of the Midland Area Community Foundation must be reviewed by the Contributions Review Committee before acceptance. The Committee must evaluate both if the acceptance of a given gift is in the best interest of the Midland Area Community Foundation, and if the Foundation can administer the terms of the gift to meet the wishes of the donor. Generally, donors should be encouraged to make unrestricted gifts to the Midland Area Community Foundation.

Definition of Kinds of Gifts

Most donors give gifts to the Midland Area Community Foundation for use by the Midland Area Community Foundation as it so determines (unrestricted gifts), or for some specific purpose within the Midland Area Community Foundation's charitable mission (restricted gifts). Gifts, whether restricted or unrestricted, are either made outright allowing the foundation to use the gift immediately (current gifts) or the gifts are made subject to some manner of deferral resulting in the Midland Area Community Foundation being unable to use the gifts until some certain or undeterminable time has passed (deferred gifts). Deferred gifts are usually personal will and trust charitable bequests although other gifts may involve the payment of income from the donated gift assets to individuals over their

lifetimes (life income gifts). Where life income deferred gifts are involved, in order to determine the value of the income to be paid to the income beneficiaries and the value of the charitable income tax deduction taken by the donor, a valuation of the gift assets will need to be agreed upon by the Midland Area Community Foundation and the donor in a manner acceptable to the IRS.

Fund Types

Gifts to Midland Area Community Foundation may be used to establish endowed and non-endowed funds, subject to the terms and conditions of a fund agreement between the donor and Midland Area Community Foundation. The types of funds and the minimum donations required to establish each fund type are set forth in the Criteria for Establishing Funds as established by Midland Area Community Foundation's Board of Trustees. A copy of the current Criteria for Establishing Funds is available upon request from Midland Area Community Foundation.

Policy Concerning Financial Valuation of Specific Types of Gifts

The Midland Area Community Foundation will accept gifts and issue gift receipts of various types depending on the nature of the charitable gift made. The Midland Area Community Foundation's staff and legal counsel will conform to existing laws and regulations in recommending the terms of agreement to prospective donors. In general, it is the policy of the Midland Area Community Foundation to make immediate disposition of all securities, real estate and personal property gifted to the Foundation. In instances where the Midland Area Community Foundation issues a receipt with no financial valuation, the donor is required to establish the gift's value by independent appraisal. It is the donor's personal responsibility to defend against challenges to claims for tax benefits.

Cash (including cash equivalent, such as Certificates of Deposit and savings accounts). Receipts including gift value will be issued to donors making cash gifts.

Marketable Securities (stocks, bonds, U.S. Government securities). Gifts of publicly traded securities will be accepted and will be acknowledged by receipt for the number of the Internal Revenue Code, concerning "excess business holdings." Any proposed gift that would result in the DAF holding: 20% or greater interest in a business or in an entity, or any interest in an entity in which any interest is owned by a donor or advisor to The DAF, by a family member of any such person, or by an entity in which any of the foregoing persons has an interest (unless the gift is of publicly traded securities and, after accepting the gift, the Midland Area Community Foundation would hold less than 2% of the voting stock and less than 2% of all outstanding shares of all classes of stock of such entity) shall be referred to the Foundation's legal counsel for an opinion on the possible application of IRC section 4943.

Insurance Policies If the Midland Area Community Foundation is made the owner of a term insurance policy, a receipt without gift valuation that describes the policy will be issued to the donor. If an insurance policy has a cash value at the time of the gift, a receipt containing the policy description and the amount of the policy interpolated terminal reserve as of the date of the gift will be issued to the donor. A receipt will be issued for the value of all gifts contributed by the donor to the Foundation for the purpose of paying the premiums of shares given and the mean value of the high and low selling prices of the securities on the date of the gift.

Non-Publicly Traded Securities (closely held stock). The Contributions Review Committee must review the advisability of accepting gifts of closely held stock. Receipt for a gift of such stock will reflect valuation only after the donor has provided in writing an independent appraisal of the value.

Prohibition Against Excess Business Holdings Midland Area Community Foundation shall not accept any gift of an interest in a business enterprise for a Donor Advised Fund (DAF) that would subject the Midland Area Community Foundation to tax under section 4943.

Cryptocurrency (adopted 2/27/23) As determined by the IRS, gifts of cryptocurrency are considered gifts of personal property. At this time, the Foundation shall use a third party of the Foundation's choice to accept, process, and sell, as soon as possible, all gifts of cryptocurrency to reduce donor barriers and mitigate Foundation risk. Types of cryptocurrencies accepted is determined by the third-party platform. Gifts of cryptocurrency do not require review or acceptance of the Gift Acceptance Committee as the Foundation relies upon a third party to accept, process, and sell cryptocurrency gifts.

Real Estate (non-income producing). The Contributions Review Committee will carefully review all offers of real estate to the Midland Area Community Foundation. The Contributions Review Committee may seek advice from the Real Estate Oversight Committee as needed and will use legal counsel and auditors as appropriate. Generally, if the real estate has potential resale value, and is anticipated to provide a positive net return to the Midland Area Community Foundation, the gift will be accepted. If real estate has questionable potential disposition, consideration should be given to declining the gift. Unless there are unusual conditions surrounding such a gift, the Board authorizes the staff to accept and dispose of such gifts as needed. If accepted, the Midland Area Community Foundation will issue a receipt containing only the legal description of the real estate.

Real Estate (income producing). The Contributions Review Committee and the Investment Committee will carefully review all offers of income-producing real estate and utilize the expertise of legal counsel and auditors as appropriate. The receipt of unrelated business income and its effect on the nonprofit status of the Midland Area Community Foundation, as well as the administrative obligation of the gift must be completely reviewed before it is accepted. Such opportunities will be brought to the Board of Trustees with recommendations from the Contributions Review Committee and the Investment Committee. If accepted, the Midland Area Community Foundation will issue a receipt containing only the legal description of the real estate.

Real Estate (to be held for public use). Under most conditions, it is not the preference of the Midland Area Community Foundation to be a long-term property owner/manager. Exceptional cases would be brought by the Contributions Review Committee to the Real Estate Oversight Committee for review and recommendation to the Board of Trustees. Certain conditions may arise in which the Midland Area Community Foundation may serve as a catalyst or facilitator for a project if a short-term holding of real estate is provided; reasonable consideration should be provided in such cases. If accepted, the Midland Area Community Foundation will issue a receipt containing only the legal description of the real estate.

Personal Property There are several types of personal property that could be received by the Midland Area Community Foundation. In general, no gift value will be included in a receipt for personal property. Because of the complications of the decision to accept personal property gifts, the

Midland Area Community Foundation
Board Book



Contributions Review Committee must review all personal property gift offers prior to acceptance and if acceptable, advise the donor if the Midland Area Community Foundation intends to retain or make immediate disposition of the object(s).

Donative Intent

Solicitation of charitable gifts for the Midland Area Community Foundation should be based on the assumption that prospective donors are interested in helping the Midland Area Community Foundation and, therefore, the general community through his/her gift arrangement, even though gift-encouraging investments and tax benefits for the donor may be present.

Donor Protection

The Foundation will not knowingly accept a charitable gift from a donor who: Has insufficient income and assets remaining after making the gift to provide for his/her needs such as personal support, health care, etc.; *Has insufficient income and assets remaining after making the gift to provide for his/her heirs for whom he/she is fiscally responsible.; *Has insufficient mental capacity to make a rational decision.; *Has insufficient input from competent financial, legal and personal council.

Trusteeship

Generally, the Midland Area Community Foundation shall refrain from accepting a position of trustee/fiduciary of charitable deferred gift trusts and will recommend that the donor seek the services of a personal or professional trustee, e.g., an individual person or a bank trust department. It is unclear at this time whether a community foundation can serve as a trustee in the State of Michigan. No employee of the Midland Area Community Foundation shall serve as trustee, conservator, executor, or personal representative for one of the Foundation's donors or prospects.

Legal Counsel

The Midland Area Community Foundation shall seek the advice of legal counsel in all legal aspects of its charitable giving program. Specimen agreements shall be approved by legal counsel and require no further review by counsel when used as approved. A prospective donor should have a review performed by the donor's attorney or financial advisor as appropriate.

Gift Use Designation

Given the mission of the Midland Area Community Foundation and the unpredictability of its future financial needs and circumstances, the Midland Area Community Foundation encourages donors to leave unrestricted the ultimate use of future proceeds of their charitable gift arrangements. Given that charitable gifts are usually made from donors' assets, unrestricted, maturing gift funds will be placed in endowment funds maintained for the benefit of the Midland Area Community Foundation. Donors may, however, specify other foundation endowment(s) into which such funds will be placed with concurrence of the Midland Area Community Foundation.

Publicity

No public media exposure with respect to his/her gift will be given to any donor without the donor's consent.

Confidentiality

The Midland Area Community Foundation staff shall maintain strict control over files and information received from donors or prospective donors to maintain confidentiality of such information.

Hard to Value Property

When property other than cash, life insurance policies, listed securities, or securities traded over the counter are offered by a donor, the approval of acceptance by the Contributions Review Committee shall be required.

Professional Advisor's Counsel

The Foundation shall use its best efforts to ensure that any written materials sent to a prospective donor describing the potential tax, legal or accounting effects or benefits of a charitable gift vehicle shall urge that a prospective donor consult his/her own legal and accounting advisors as to the consequences of a proposed gift in his/her situation; extreme care must be taken at all times not to place the Midland Area Community Foundation in the position of having warranted a particular tax or legal result.

Authority to Negotiate

The Foundation officers authorized to negotiate and sign charitable giving agreements with prospective donors are: *President and CEO (negotiate and sign) *Chief Financial Officer (negotiate only).

Other Deferred Giving Arrangements

As the Foundation becomes more versed in various deferred gift arrangements, additional sections of this Gift Acceptance Policy and Guidelines will be added to address this issue.

Life Estate Arrangements

The Midland Area Community Foundation can accept gifts of real estate in which the donor reserves a life estate. In such cases, the donor will agree in writing with the Midland Area Community Foundation that the donor assumes full responsibility for all expenses incurred regarding said real estate as if the donor were the owner of the property. Such expenses shall include but not be limited to property taxes, utilities, maintenance, insurance, furnishings, etc. Prior to acceptance of real property subject to a life estate, acceptance of gifts of real estate are subject to an acceptable environmental investigation and report, along with other criteria as determined by the Contributions Review Committee. The decision to accept such property shall be made with the approval of the Contributions Review Committee and others as deemed necessary.

Gift Valuation and Appraisals

Acceptance of gifts involving land, buildings, or other real or personal property shall be contingent upon the obtaining of at least one appraisal by a person competent and qualified to make such an appraisal. IRS requirements regarding gift valuation substantiation shall be strictly adhered to by the Midland Area Community Foundation. Acceptance of a gift of real estate is subject to an acceptable environmental investigation and report. Should such potential liability be discovered through the study; the decision to accept the gift of real estate shall rest with the Board of Trustees, upon considering the recommendations of the Contributions Review Committee and the Real Estate Oversight Committee.

Expenses

Acceptance of a gift of real estate is subject to an acceptable environmental investigation and

report. Although some of these expenses are rightfully the responsibility of the donor, the Midland Area Community Foundation may offer to have those expenses paid by the Midland Area Community Foundation considering the likelihood of receiving the intended gift if not paid by the Midland Area Community Foundation and considering the relative size of the intended gift. The foregoing notwithstanding, the Midland Area Community Foundation shall not pay finder's fees, commissions, or other fees to independent gift planners as a condition of delivery of a gift.

Investments

Investment of charitable gift funds by the Midland Area Community Foundation will be according to specific guidelines established by the Investment Committee, realizing that such investment must be prudent in order to serve the interests of the donor as well as those of the Midland Area Community Foundation.

Model Standards of Practice for the Charitable Gift Planner

Preamble

The purpose of this statement is to encourage responsible charitable gift planning by urging the adoption of the following Standards of Practice by all who work in the charitable gift planning process, including charitable institutions and their gift planning officers, independent fund-raising consultants, attorneys, accountants, financial planners and life insurance agents, collectively referred to hereafter as "Gift Planners."

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

I. Primacy of Philanthropic Motivation

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

II. Explanation of Tax Implications

Congress has provided tax incentives for charitable giving, and the emphasis in this statement on philanthropic motivation in no way minimizes the necessity and appropriateness of a full and accurate explanation by the Gift Planner of those incentives and their implications.

III. Full Disclosure

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

of the charity, and shall not, while employed by the charity, act or purport to act as a representative of the donor, without the express consent of both the charity and the donor.

IV. Compensation

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

V. Competence and Professionalism

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

VI. Consultation with Independent Advisors

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

VII. Consultation with Charities

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

VIII. Explanation of Gift

The Gift Planner shall make every effort, insofar as possible, to insure that the donor receives a full and accurate explanation of all aspects of the proposed charitable gift.

IX. Full Compliance

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

X. Public Trust

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