

APPENDIX A

A DONOR BILL OF RIGHTS

PHILANTHROPY is based on voluntary action for the common good. It is a tradition of giving and sharing that is primary to the quality of life. To assure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in the not-for-profit organizations and causes that they are asked to support, we declare that all donors have these rights.

<p>I. To be informed of the organization's mission, of the way the organization intends to use donated resources, and of its capacity to use donations effectively for their intended purposes.</p> <p>II. To be informed of the identity of those serving on the organization's governing board, and to expect the board to exercise prudent judgment in its stewardship responsibilities.</p> <p>III. To have access to the organization's most recent audited financial statements and periodic fund statements as needed.</p> <p>IV. To be assured their gifts will be used for the purposes for which they were given.</p> <p>V. To receive appropriate acknowledgment and recognition.</p>	<p>VI. To be assured that information about their donations is handled with respect and with confidentiality to the extent provided by law.</p> <p>VII. To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature.</p> <p>VIII. To be informed whether those seeking donations are volunteers, employees of the organization or hired solicitors.</p> <p>IX. To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share.</p> <p>X. To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.</p>
<p>DEVELOPED BY AMERICAN ASSOCIATION OF FUND RAISING COUNSEL (AAFRC) ASSOCIATION FOR HEALTHCARE PHILANTHROPY (AHP) COUNCIL FOR ADVANCEMENT AND SUPPORT OF EDUCATION (CASE) NATIONAL SOCIETY OF FUND RAISING EXECUTIVES (NSFRE)</p>	<p>ENDORSED BY INDEPENDENT SECTOR NATIONAL CATHOLIC DEVELOPMENT CONFERENCE (NCDC) NATIONAL COMMITTEE ON PLANNED GIVING (NCPG) NATIONAL COUNCIL FOR RESOURCE DEVELOPMENT (NCRD) UNITED WAY OF AMERICA</p>

APPENDIX B

MISSION STATEMENT

We improve the quality of life in Monterey County by raising, managing, and distributing charitable funds to worthy organizations and by creating positive connections between donors and their interests.

APPENDIX C

LIMITED PARTNERSHIP (LP) AND LIMITED LIABILITY COMPANY (LLC) GIFT ACCEPTANCE POLICIES

Gifts of Limited Partnership Shares or Limited Liability Company Interests may be accepted by CFMC. The following steps should be followed to facilitate a smooth gifting and asset management process:

- 1) The President/CEO must discuss with the donor or donor's representative the charitable intent of the donation, the assets that will fund the partnership, the percentage payment of the income to CFMC from the LP or LLC and other terms of the partnership.
- 2) CFMC must have adequate opportunity to review the entity documentation, which includes review by CFMC legal counsel. Gifts of LP or LLC interests offered to CFMC may be accepted or declined based on the response to this review.
- 3) Generally, if the documented present value of an LP or LLC interest is \$20,000 or more, that LP or LLC interest may be credited to a new, named component fund at CFMC. The fund may be treated as an advised, designated, scholarship, field of interest, or unrestricted fund as requested by the donor. Grants may be made only from income generated by the LP or LLC interest or from other liquid assets in the component fund, provided the fund's documented present value remains at least \$20,000.
- 4) Generally, if the documented present value of an LP or LLC interest is less than \$20,000, that LP or LLC interest will be treated as an unrestricted contribution to CFMC, and income from the LP or LLC interest will be treated as unrestricted income to CFMC. In the alternative, the donor may direct the contribution to an existing, named component fund at CFMC or combine the LP or LLC interest with other assets sufficient to bring the total present value of the contribution to at least \$20,000.
- 5) CFMC's administrative fees will be as follows:
 - Named component funds are charged an administrative fee on CFMC's standard published fee schedule based on the fund's fair market value or on contributions to the fund, declining as CFMC-managed assets in the fund exceed \$500,000.
 - If the LP or LLC interests do not produce sufficient income to pay the fees, CFMC reserves the right to invoice for annual fees.
- 6) CFMC must receive an annual tax filing or valuation for the LP or LLC interests (usually in the form of a K-1). This provides the basis for CFMC to book the asset, as required in FASB standards.

- 7) Donors of LP or LLC interests must be fully informed by their advisors of the tax implications of the gift of LP or LLC interests, including the non-income tax deductibility of the annual income payments to CFMC as an owner of the LP or LLC interests.

APPENDIX D

REAL ESTATE GIFT ACCEPTANCE PROCEDURES

When a donor expresses the desire to donate a gift of real estate, the following guidelines will be followed:

1. The Foundation staff and the donor should meet to visually evaluate the property and develop appropriate gift arrangements with the donor, subject to proper approval. The approval process includes consulting with the Chair of the Board of the Foundation and the Foundation's Gift Acceptance Committee.
2. An appraisal (MAI, FHA, or equivalent) is to be performed by an independent appraiser according to IRS guidelines.
3. The Checklist for Real Estate Gifts needs to be followed, if applicable (see Attachment I).
4. A financial analysis must be performed prior to acceptance to determine whether the gift makes a financially sound investment for the Foundation, especially if commercial or income property is involved.
5. The Gift Acceptance Committee will evaluate the value of the property in relation to the costs of holding the property and the likely proceeds from selling it.
6. Depending on the complexity (e.g., location, use of improvements, title) and value of the property being donated, the staff should discuss an appropriate fee/gift arrangement with the donor to help cover the overhead costs of accepting the gift. These costs may include but are not necessarily limited to property inspections, environmental assessment, market analysis, sales commissions, title work, closing costs, legal fees, property taxes, insurance and the cost of holding the property for eventual resale.
7. The donor will be required to provide a written appraisal of the fair market value of the real property prepared by a qualified appraiser, and, regardless of the use of the real property, a written disclosure statement in the form provided in California Civil Code sec. 1102.6 (or successor statute), together with any and all documents and information as the Gift Acceptance Committee may require.
8. The Gift Acceptance Committee will also evaluate any potential problems associated with co-ownership if less than the full interest in a property is being donated.

Considerations for Accepting Real Estate Gifts:

1. The Foundation will take into account the depreciation of real estate in considering gift proposals. If the donor has taken accelerated depreciation in excess of straight-line prior to making the gift, the donor will be responsible for making any recapture payments to the Internal Revenue Service.
2. The Foundation will consider encumbered property for acceptance only if the evaluation convincingly demonstrates that the property can be sold at a price that substantially exceeds the aggregate amount of the encumbrances and any costs associated with satisfying them.
3. The Foundation must weigh carefully whether or not it has the desire and ability to manage the property for whatever length of time is necessary to consummate the sale. If the property produces income, the Foundation must consider the amount of income it receives against the ongoing cost of the encumbrances.
4. The Foundation will not pay for appraisals, finder's fees, or the drafting of legal documents without approval of the Gift Acceptance Committee.

Disposition of Property:

Generally, the Foundation will sell property as quickly as possible after the gift is completed.

1. The Foundation should consider its investment objectives before selling.
2. The Foundation should avoid selling property at a distressed price. A quick distress sale may jeopardize the donor's charitable contribution deduction and might negatively impact the market values in the area.

Environmental/Pollution Concerns:

In all cases involving real property which has been used for commercial purposes, and in those cases involving real property which has been used for residential purposes as the President/CEO may determine, an Environmental Assessment shall be prepared for the property. The President/CEO shall determine whether the Assessment shall be prepared to ASTM Standard E 1527-00 (Phase I Environmental Site Assessment) or ASTM Standard E 1528-00 (Transaction Screen Process), or the appropriate successor to those standards.

The determination of the President/CEO whether to require an Environmental Assessment and if so, which type of Assessment shall be prepared, shall be made in writing. The President/CEO shall state the reasons why a particular determination is made. The decision of the President/CEO may be reviewed and changed by the Gift Acceptance Committee.

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Any Environmental Site Assessment prepared shall be reviewed and approved by the Gift Acceptance Committee prior to final acceptance of the gift by the Foundation.

The Foundation will generally not accept gifts of real property which are contaminated by hazardous materials at the time of the gift or have been so contaminated at any time in the past. However, in the unusual event that the Foundation does elect to accept gifts of such property, a written agreement shall be made with the donor acknowledging the facts and circumstances concerning the hazardous materials, allocating responsibility for any damage or cost caused or incurred as a result of such hazardous materials and any other matters deemed appropriate by the Foundation under the circumstances of the proposed gift.

Gifts Related to Real Estate:

The Foundation may accept trust deed notes and mortgages as gifts. In most cases, a qualified appraisal would determine the value, taking into account the unpaid principal balance, the interest rate payable under the loan, and the current interest rates.

Bargain Sale of Real Estate and Personal Property:

Gifts in the form of a bargain sale need to be appraised by an independent appraiser (MAI, FHA or equivalent) with the fee to be paid by the donor.

In addition, the asset must be readily marketable (maximum estimated selling period of one year) or of reasonable current use to the Foundation. The minimum gift valuation should be \$50,000, net of the Foundation's investment.

Gifts of Real Estate with Retained Life Tenancy:

Consideration of a life tenancy gift requires the Foundation staff to follow the stated guidelines for acceptance of real property. The donor pays for the appraisal and all transfer fees and costs. The gift value and anticipated value of property at the end of the life tenancy will be calculated by the Foundation when the gift is made.

There should be reasonable expectation that the property can be sold within one year after the death of the donor or donor's relinquishment of the property.

In accepting gifts of real estate with retained life tenancy, the Foundation will also take into consideration the potential use of the property during the life tenancy to avoid acceptance of a property that may become a liability in future years.

**Community Foundation for Monterey County
Checklist for Real Estate Gifts**

General Information

Donor's Name: _____

Address: _____

Phone Number: (Home) _____ (Business) _____

Location of Property: _____

Type of Property: _____

Owners of Record: _____

Ownership: Circle One: 1) Sole 2) Joint 3) General Partnership
 4) Limited Partnership 5) Community Property

Does the Ownership Include Mineral Rights, Water Rights, Any Restrictive Easements, Covenants or Rights of Way, etc.? _____

Legal Description (from owner's documents): _____

Is There Any Impending Litigation With Regard to the Property? _____

Valuation and Date of Most Recent Appraisal: _____

Annual Property Taxes: _____

Fees (association fees, sewer, water or other operating costs): _____

Are There Any Liens, Encumbrances, Mortgages, etc.? _____

Status of This Year's Taxes and Holding Costs (including delinquent fees): _____

Donor's Basis/Cost of Property and Length of Time Owned: _____

Estimated Time Required to Sell the Asset: _____

Zoning Uses (residential, commercial, etc.): _____

Has the Property Been the Subject of Any Regulatory Designations (such as wetland or other easement)? If So, List Type of Designation and Regulatory Agency: _____

Proposed Delivery Date of Deed: _____

Date of Physical Inspection of Property: _____

Documents to Obtain

Date Received:

Title Report:

Donor should be asked to supply.

Appraisal:

Must be ordered, paid for and submitted within 60 days of deed delivery.

Deed:

Shows how title is vested and is used to prepare the title transfer.

Property Tax Bill:

Shows assessed value of land, improvements, actual tax and any assessments.

Income/Expense Pro Forma For Three-Year Period:

(For commercial income-producing property.)

Association Agreement:

Ownership rights and responsibilities of some properties, primarily residential or condominium, are governed by an owners' association. The agreement should include fees or assessments, together with a statement showing the condition of any reserve fund for deferred maintenance.

Conditions, Covenants and Restrictions:

Conditions, covenants and restrictions are required of most subdivisions. A copy of these will show how the property may be used and what restrictions may apply.

Lease or Rental Agreements:

If the property is leased or rented to others, a copy of each rental agreement should be obtained, showing the terms of the agreement, term of rental, deposits, etc.

Notes and Trust Deeds or Mortgages:

If the property is encumbered by a note, mortgage, or other debt, copies of the promissory note, mortgage, or other relevant documents should be obtained showing the terms of the encumbrance.

Current Mortgage Statement:

Will show the current status of a loan and will be helpful in identifying and discussing the loan with the lender.

Insurance Policy:

Will verify cost of Insurance and provide information for the Foundation to transfer insurance, if desired, after gift is made.

Plot Map/Property Line:

This indicates location of property and is an important step in acquiring much of the information for gift analysis.

Inspection Reports:

Where inspection reports are available from previous activity related to the property, such as Code Officers, inspection reports or structural assessment reports by an engineer.

Fund Agreement:

Outline of donor's charitable interest.

Donor/Donee Transfer Agreement:

Must use Foundation-approved agreement form (if appropriate, depending on type of gift). The agreement should be drafted with help of legal counsel to meet the needs of each gift.
