



## **CFMC Gift Acceptance Policy**

### **Introduction**

The Community Foundation for Monterey County (“Foundation”), a not-for-profit organization organized under the laws of the State of California, encourages the solicitation and acceptance of gifts for purposes that will help the Foundation to further and fulfill its mission. These policies and guidelines govern the acceptance of gifts by the Foundation and provide guidance to prospective donors and their advisors when making gifts to the Foundation. The Board of Directors (“Board”) of the Foundation and its staff solicit current and deferred gifts from individuals, families, nonprofit organizations, corporations, and foundations to secure the future growth and mission of the Foundation. The goal is to encourage financial support for the Foundation without encumbering it with gifts which either generate more cost than benefit, or which may be restricted in a manner that is not in keeping with the Foundation’s charitable purposes or applicable laws governing charitable gifts.

### **Scope**

This set of guidelines is intended to cover the more common types of gifts to the Foundation. It is understood that special gifts or circumstances may require a case-by-case review and provisions not covered by this document. The Foundation reserves the right to refuse any gift that it believes is not in its best interest. Gifts to the Foundation may not be directly or indirectly subjected by a donor to any material restriction or condition that prevents the Foundation from freely and effectively employing the transferred assets, or the income derived therefrom, in furtherance of its exempt purposes. The Foundation shall administer all gifts under and subject to the Foundation's governing instruments, as amended from time to time, and in accordance with procedures for the administration of similar funds of the Foundation, including charges for Foundation services.

### **Legal Provisions**

The Foundation endorses and subscribes to A Donor Bill of Rights, **Appendix A**. The Board and the staff of the Foundation shall avoid any personal conflict of interests with respect to any gift to the Foundation. All information concerning donors and prospective donors shall be held in strict confidence by the Foundation, subject to legally authorized and enforceable requests for information by government agencies and courts. All other requests for or releases of information concerning a donor or prospective donor will be honored or allowed only if permission is obtained from the donor or the donor’s representative prior to the release of such information.

The Foundation shall encourage all donors to consult independent financial, legal and/or tax counsel in matters relating to their gifts and any resulting tax and estate planning consequences. It is the donors’ responsibility to directly employ and compensate independent counsel in these transactions. The Foundation shall seek the advice of legal counsel when appropriate in matters pertaining to its development program.

## **Authority to Negotiate and Sign Fund Agreements**

The President/CEO, Vice President of Finance & Human Resources, the Senior Vice President of Philanthropic Services, and the Director of Gift Planning will have the overall authority to handle inquiries, negotiate with donors, assemble documentation, retain expert and technical consultants. The President/CEO and Senior Vice President of Philanthropic Services shall have the authority to execute agreements on behalf of the Foundation. Assuming such activities follow approved procedures and assuming the Foundation's legal counsel approves such agreements, this authority to act will not require review or further approval by the Board.

## **Role and Responsibilities of Gift Acceptance Committee**

The President/CEO, Vice President of Finance & Human Resources, Senior Vice President of Philanthropic Services, and Director of Gift Planning constitute the Gift Acceptance Committee, hereafter known as the "Committee." Other members may be appointed by the President/CEO. The Gift Acceptance Committee is charged with the responsibility of reviewing gifts made to CFMC in accordance with this policy, properly screening and accepting those gifts, and making recommendations to the Board on gift acceptance issues when appropriate. It is the responsibility of the Committee to expand this discussion with unusual gifts or those requiring additional staff resources or efforts. In circumstances where a clear determination cannot be made by the Committee, the matter will be submitted to the Board. The Board has the right to accept or refuse any gift, based on this policy or other considerations, when tendered to the Board. Advice may be sought from legal counsel or other professionals as needed.

## **General Guidelines for Acceptance of Gifts**

The purposes of gifts to the Foundation should relate to the Mission Statement of the Foundation, **Appendix B**. The purpose of the gift and the procedures for its administration shall, when feasible, be defined in a letter or agreement signed by the donor. CFMC Board and staff must be able to assure that gifts accepted by CFMC do not place other Foundation assets at risk and can be easily converted into assets that fall within CFMC's investment guidelines. The Foundation must also ensure that it can administer the terms of the gift in accordance with the donor's wishes.

This policy establishes minimum balances for the creation of new funds. A new fund may be established, at the Foundation's discretion, with a lower minimum if the donor arranges regular payments to bring the fund to the minimum level within a reasonable time frame. No grants may be made from any fund until the minimum is reached. Exceptions are subject to the approval of the President/CEO. The Board may direct estate gifts which do not meet the minimum requirement for a given fund type into the Fund for Monterey County and/or General Scholarship Fund.

## **Costs of Accepting and Administering Gifts**

Generally, costs associated with the acceptance of a gift, such as the donor's attorneys' fees, accounting fees, and appraisal and escrow fees, are borne by the donor. The direct costs of administering gifts are generally paid out of the assets of the individual funds. Custodial, investment, and administrative fees are paid from the respective funds in accordance with the Foundation's guidelines and fee schedules. The Foundation reserves the right to assess a set-up fee.

## **Treatment of Gifts of Illiquid Assets**

The Foundation's general policy is to liquidate all gifts promptly. On occasion, the Gift Acceptance Committee may decide that it will not liquidate certain gifts immediately. In such cases, the decision not

to liquidate a gift will be brought to the Board for approval. Factors the Committee may consider shall include but not be limited to:

- Market conditions – a gift may be retained for a reasonable period of time if the likely sales price would be substantially less than the asset’s real value. Similarly, a large block of stock might be sold over a period of time in order not to artificially depress the price;
- Use by the Foundation – the Foundation may elect to keep gifts that it will employ directly in furtherance of its exempt purposes. For example, the Foundation might keep real property that it will use as its offices;
- Desirability as an investment – on rare occasions, the Foundation may be given property that it wishes to retain as an investment. Considerations in this decision include the projected return and how the asset fits into the Foundation’s investment portfolio.

If a fund’s illiquid assets do not generate a sufficient return to permit grantmaking that is consistent with the assets’ value, the Foundation may seek from the donor an additional gift of cash or marketable securities to allow the fund to begin making distributions.

### **Variance Power**

The Foundation’s Board has the ability to make changes to a fund when its purpose is no longer necessary, can no longer be fulfilled, or has become inconsistent with the charitable needs of the community. This power to update funds helps protect donors by avoiding the need for complex and costly legal proceedings.

### **Investment of Gifts**

The Foundation reserves the right to make any or all investment decisions regarding gifts to it in accordance with its Investment Policy, as amended from time to time. In making a gift to the Foundation, the donor gives up all rights, title and interest to the assets contributed. In particular, the donor relinquishes the right to choose investments and investment managers, brokers, or to veto investment choices for the contributed assets. However, when the size of a fund warrants separate investment consideration, and when otherwise permitted by law, the Foundation will endeavor to accommodate requests from donors for separate investment of fund assets, or use a particular investment manager, broker or agent in accordance with the Foundation’s Donor Recommended Investment Management Policy, and may consult with donors on investment options for such fund. Such actions will be determined on a case-by-case basis, with the approval of the Board.

### **Fundraising by Donors**

Because the Foundation is legally responsible for all fundraising undertaken on its behalf, fundraising undertaken by donors in connection with funds of the Foundation must be approved in advance by the Foundation pursuant to the Foundation’s Donor Initiated Fundraising Event Policy. All such fundraising activities are also subject the Foundation’s supervision.

### **Legacy Society**

The Foundation created a Legacy Society to honor donors who have remembered the Foundation by making gifts through their estate plans. In general, donors are eligible for the Legacy Society if they have:

- Included the CFMC in their estate plan (through a bequest in a will or living trust, or designation as the beneficiary of another type of planned gift);

- Created an endowed fund with CFMC; or
- Contributed cumulatively \$25,000 or more to an endowed fund

## **Fund Types**

Options for fund structures at the Foundation include the following:

### **Fund for Monterey County (Unrestricted/Discretionary Fund)**

The Fund for Monterey County is a collection of unrestricted and field of interest funds available to the Foundation for any of the charitable purposes encompassed by the Foundation's mission.

### **Field of Interest Funds** (\$25,000 minimum)

Field of Interest funds are restricted in their use by the donor's preference for a limited charitable purpose (e.g., arts, education, health, animal welfare, etc.), without designation of recipient organizations or programs through which such charitable purposes may be served. The Board determines which organizations and programs receive grants from field of interest funds and the amount and timing of such grants.

### **Donor Advised Funds** (\$5,000 minimum for non-endowed, \$25,000 minimum for endowed)

Donors establish donor advised funds for unrestricted charitable purposes. The donor, or persons identified by the donor, maintains the ability to offer recommendations to the Foundation regarding the recipients and amounts of grants from the fund.

Excess Business Holdings: notwithstanding any other provision hereof, the Foundation shall not accept any gift of an interest in a business enterprise for a donor advised fund ("DAF") that would subject the Foundation to tax under section 4943 of the Internal Revenue Code, concerning "excess business holdings".

Any proposed gift that would result in the DAF holding:

- A. a 20% or greater interest in a business or in an entity, or
- B. 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

Such gifts shall be referred to the Foundation's counsel for an opinion on the possible application of Code section 4943.

### **Scholarship Funds** (\$10,000 minimum for non-endowed; \$25,000 minimum for endowed)

Scholarship funds are dedicated to providing grants for educational purposes to assist individuals within an identified charitable class, such as students with financial need, residents of a particular region, students attending a specific university or undertaking a selected course of study.

### **Designated Funds and Agency Endowment Funds** (\$10,000 minimum)

These funds are earmarked for one or more charitable organization or program, and all grants made from such funds must be made to or for the use of the designated recipient organization. If the recipient organization ceases to exist or changes its status or mission as a charitable organization, the Foundation's Board may exercise its variance authority, selecting an alternate use for the fund compatible with its original charitable purpose.

### **Stewardship Funds** (\$50,000 minimum)

The minimum to establish a Stewardship Fund is \$50,000. After establishing the fund, the agency can make additional deposits in any amount, and the Foundation can accept contributions directly from

donors as well. The agency may request a disbursement in any amount up to the balance of the fund. The agency will receive quarterly activity statements on your fund and should continue to report these assets and annual activity on its financial statements.

### **Supporting Organizations**

Donors establish supporting organizations at the Foundation as independently incorporated tax-exempt nonprofit organizations with separate governance. A supporting organization is a grantmaking organization that avoids private foundation status by being operated, supervised, or controlled by, or in connection with the Foundation. This requirement can be met in part if the Board of the Foundation appoints a majority of the Board of the supporting organization. The Board reserves the right to review the structure and purposes of each proposed supporting organization, with the option to decline or approve the supporting organization. Type III supporting organizations will require additional review to ensure compliance with IRS regulations.

## **Gift Types**

The Foundation will accept gifts in the form of the following assets, subject to the conditions described below.

### **Cash**

The Foundation will accept an outright gift of cash of any amount, although gifts to establish a separate fund at the Foundation must meet the minimum funding requirements set by the Board from time to time. Checks must be made payable to the Community Foundation for Monterey County.

### **Publicly-Traded Securities**

The Foundation accepts gifts of marketable, publicly-traded stocks and bonds. As a general rule, publicly-traded stocks and bonds contributed to the Foundation will be redeemed or sold as soon as practicable. All proceeds from such redemption or sale less commissions and expenses are then credited to the component fund to which the stocks or bonds were originally contributed. The Foundation may accept gifts of publicly-traded stocks and bonds in any amount to any existing fund. However, gifts to establish a new component fund at the Foundation must meet the applicable minimum funding requirement. No appraisal is required so long as the stock or bond is not subject to any restrictions, including those imposed by contract or the Securities Exchange Commission. Where appraisal is not required, the value of the gift is determined by calculating the mean of the high and low prices of the securities on the date of the gift.

### **Real Estate**

Gifts of real estate may be made outright, on a testamentary basis, on a current basis subject to a retained life estate, or to a charitable remainder trust or charitable lead trust. Such gifts require extra review. The Foundation reserves the right to refuse any gift of real estate.

1. Due Diligence Review. Acceptance of real property may be preceded by a review that includes but not is not limited to:
  - a. A valuation appraisal;
  - b. Physical inspection. In addition to a site visit by a Foundation representative, the Foundation may also commission a report by a professional property inspector;
  - c. Environmental review (a Phase I or Phase II review). In general, the Foundation will request that the donor provide a Phase 1 environmental assessment on gifts of commercial and industrial property;

- d. Cash Flow Statement and tenant leases (for rental property); and
  - e. Title examination and/or opinion of title by a qualified attorney or title company.
2. Cost Benefit Analysis. The property must have significant value in relation to the costs of holding and selling the property and any liability or exposure in connection with ownership of the property. The Foundation will evaluate the cost of holding and/or improving the property against the cost of liquidating the property immediately.
  3. Marketability. The property must be marketable within a reasonable time period.
  4. Suitability. The use or image of the property must be consistent with the Foundation's mission.
  5. Foreign Property. In general, the Foundation will not accept property located outside the United States.
  6. Title and Title Insurance. The Foundation will secure title insurance and a title insurance binder on gifts of real property.
  7. Insurance. All gifts of real property will be reported to the Foundation's insurance

A completed IRS Form 8283 ("Noncash Charitable Contributions") must accompany gifts of real property. Further details related to gifts of real property are included in **Appendix D**.

### **Oil, Gas and Mineral Interests**

The Foundation may accept oil and gas property interests, when appropriate. Prior to acceptance of an oil and gas interest the gift shall be reviewed by the Foundation's legal counsel and approved by the Investment Committee. Criteria for acceptance of property shall be:

- Gifts of surface rights should have a value of \$20,000 or greater;
- Gifts of oil, gas, and mineral interests should generate at least \$3,000 per year in royalties or other income (as determined by the average of the three years prior to the gift);
- The property should not have extended liabilities or other considerations that make receipt of the gift inappropriate;
- A working interest is rarely accepted. It may only be accepted when there is a plan to minimize potential liability and tax consequences;
- The property should undergo an environmental audit to ensure that the Foundation has no current or potential exposure to environmental liability.

### **Bargain Sale**

The Foundation will enter into a bargain sale arrangement in instances in which the bargain sale furthers the mission and purposes of the Foundation. All bargain sales must be reviewed and recommended by the Investment Committee and approved by the Board of Directors. Factors used in determining the appropriateness of the transaction include:

- The Foundation must obtain an independent appraisal substantiating the value of the property;
- If the Foundation assumes debt with the property, the debt ratio must be less than 50% of the appraised market value;
- The Foundation must determine that it will use the property, or that there is a market for sale of the property, allowing sale within 12 months of receipt;
- The Foundation must calculate the costs to safeguard, insure, and expense the property (including property tax, if applicable) during the holding period.

## **Business Interests**

Donors may make gifts of interests in business entities (i.e., closely held marketable securities, limited partnership interests, interests in limited liability companies). These can be accepted if the Foundation assumes no liability in receiving them. In evaluating a proposed gift of such assets, the Gift Acceptance Committee may consider:

- the probability of conversion to a liquid asset within a reasonable period of time;
- the projected income that will be available for distribution and administrative fees;
- the nature of the business from which the asset is derived.

A completed IRS Form 8283 (“Noncash Charitable Contributions”) and/or a letter from the attorney drafting the partnership agreement or articles of organization must accompany gifts of limited partnership interests or interests in limited liability companies, providing the following information:

- Independent appraisal of the value of the subject entity and a statement of the percentage of the entity to be gifted to the Foundation;
- Assurance that the Foundation will be held harmless in the event the entity becomes bankrupt or is otherwise unable to satisfy its obligations;
- Assurance that the Foundation will be held harmless in the event the entity is sued.

The Foundation does not accept gifts of general partnership interests due to potential unlimited liability. When an interest in a business entity cannot be promptly liquidated, and the documented present value of the interest is \$20,000 or more, that 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 business interest or from other liquid assets in the component fund, provided the fund’s documented present value remains at least \$20,000. In cases where an interest gifted to the Foundation is promptly liquidated, but its value is less than \$20,000, the gift generally shall be directed to the Foundation’s Fund for Monterey County or to one of the Foundation’s field of interest funds. The donor generally shall not have the option to direct such a gift to an advised fund unless it is to one of the Foundation’s existing advised funds. Further details related to gifts of limited partnership and limited liability company interests are included in **Appendix C**. As a general rule, the Foundation does not hold closely held investments.

## **Tangible Personal Property**

The Foundation may accept gifts of tangible personal property, including but not limited to, artwork, collectibles, antiques, jewelry, books, livestock, timber, and crops only after a review and approval by the Gift Acceptance Committee. The proposed gift must be readily marketable and free and clear of encumbrances, or related to the tax-exempt charitable purpose of the Foundation. The Foundation will inform the donor of how the Foundation expects to use the property. The donor should consult with their professional advisors to determine whether this anticipated use is related or unrelated to the Foundation’s tax-exempt purpose. In the case of a charitable gift of tangible personal property, this determination can affect whether the donor is eligible for a charitable income tax deduction for the fair market value (applicable in the case of related use) or for the donor’s cost basis in the property (applicable in the case of unrelated use). Unless the property is to be used in connection with the Foundation’s tax-exempt purpose, it will be sold at the highest possible price as soon as possible after conveyance. No commitment will be made to keep gifts of personal property. The Foundation

discourages gifts of personal property which cannot be readily sold, or which require unusual expenses prior to sale. The Foundation reserves the right to reject any gift of tangible personal property.

## **Cryptocurrency**

The Foundation may accept gifts of cryptocurrency after due diligence is performed on the type and source of the cryptocurrency and to determine that it is able to be transferred and liquidated. Sales proceeds minus applicable sales costs will be credited to a fund designated by the donor.

## **Life Insurance**

Donors may transfer ownership of a paid-up policy to the Foundation. Donors may also transfer ownership of premium-due policies to the Foundation. In either case, the Foundation shall be the owner and permanent beneficiary of the policy and retain the policy in its offices. Upon redemption, the value of the policy may establish a new fund, or contribute to any existing fund at the Foundation. Contributions for premium-due policies must be made by direct payment to the Foundation at least ten days prior to the premium date. The Foundation cannot assume delinquent premium payments. If a policy is canceled, the cash value will be added to the Fund for Monterey County in the donor's name for the charitable and educational needs of Monterey County. Paid-up policies of any value may be accepted by the Foundation. Premium-due policies must have a minimum face value of \$20,000; a one-time administrative fee of \$500 will be assessed. Donation of policies or annuities written for a year-end tax purpose must have a certifiable date from the insurance company to be a qualified donation for that tax year.

## **Royalties & Distribution Rights**

The Foundation may accept gifts of royalties or distribution rights on published works (such as books or films) where there is clear evidence of marketability or assurance of an income stream. A qualified appraisal is required. A completed IRS Form 8283 ("Noncash Charitable Contributions") must accompany gifts of royalties or distribution rights.

## **Deferred Gifts & Planned Giving**

Foundation representatives are authorized to solicit direct charitable gifts through wills, as well as contributions to establish gift annuities or charitable trusts. The Foundation will work closely with donors and confer with financial advisors, at the request of the donors, to realize these gifts.

## **Bequests**

Bequests received by the Foundation will be applied for the charitable purposes requested by the donor, if any are specified, so long as the Foundation determines, in the exercise of its reasonable discretion, that the gift's purpose is viable. A gift whose purpose is not viable will go into the Foundation's Fund for Monterey County and/or General Scholarship Fund. Donors and their advisors are encouraged to advise the Foundation of their intention to make such bequests to ensure that the donor's intent can be carried out through the Foundation's grantmaking activities and organizational capacity.

## **Retirement Plans or IRA Accounts**

Retirement plans owned by the donor may be gifted to the Foundation while living, or at death. These include, but are not limited to, Individual Retirement Accounts (IRA), 401(k), 403(b), and defined contribution plans. Methods for gifting retirement assets include:



- Naming the Foundation as primary, successor or contingent beneficiary for all or part of the assets upon death of either the retirement asset owner or spouse; or
- Creating a testamentary charitable remainder trust with the assets upon the death of the asset owner, naming the Foundation as remainder beneficiary and non-charitable heirs as income beneficiaries.

### **Charitable Remainder Trust**

This trust makes payments to one or more beneficiaries for their lifetimes, or for a fixed term, or a combination of both. Assets are put into a trust, beneficiaries are paid, and when the trust term ends, the remainder in the trust passes to the Foundation for charitable purposes. The donor names a Trustee to manage the trust and determines whether the payout will be:

- Fixed
  - Charitable Remainder Annuity Trust (CRAT), or
- Variable
  - Charitable Remainder Unitrust (CRUT)
  - Net Income Charitable Remainder Unitrust (NICRUT)
  - Net Income with Makeup Provision Charitable Remainder Unitrust (NIMCRUT)
  - Flip Charitable Remainder Unitrust (FLIPCRUT)

Trusts can be set up during the donor’s lifetime or by will. The Foundation encourages donors to consult their own legal counsel and tax advisors to create a charitable remainder trust. At the donor’s request, the Foundation will confer with his/her advisors to assist in establishing the trust from which it will ultimately benefit.

The Foundation may serve as Trustee of the trust, but will not serve as trustee for non-charitable trusts (including living trusts or special needs trusts). The Foundation prefers to serve as Trustee only when:

- The assets initiating the trust are valued at a minimum of \$100,000; and
- The Foundation is named as irrevocable remainder beneficiary, for endowment purposes, for a minimum of 25% of the remaining assets.

In situations in which the Foundation will serve as trustee, gifts of real estate or other illiquid assets will be considered only in relation to the funding of a Net Income Charitable Remainder Unitrust (NICRUT) or a Net Income with Makeup Provision Charitable Remainder Unitrust (NIMCRUT) or a FLIP Charitable Remainder Unitrust (FLIP CRUT).

The Foundation Board of Directors shall ratify any agreements that name the Foundation as trustee. A donor may establish or add to any of the fund types described above with the remainder proceeds of the charitable remainder trust. In the absence of such a designation, the proceeds will generally be used to establish (or be added to) a named fund within the Fund for Monterey County.

### **Charitable Lead Trust**

This trust first makes distributions to the Foundation for a specified period, with the remainder reverting to the donor or another beneficiary at the end of the period. It may be set up during one’s lifetime or in a will. The Foundation will work closely with the donor and/or his advisor to create the trust and may serve as Trustee. The Board shall ratify any agreements that name the Foundation as trustee. Exceptions to the above must be approved by the Gift Acceptance Committee of the Foundation prior to execution of the agreement. The minimum amounts applicable to Charitable Remainder Trusts shall also apply to Charitable Lead Trusts trusted by the Foundation.

## Charitable Gift Annuity

As a part of its ongoing development efforts and planned giving program, the Foundation will issue Charitable Gift Annuities (CGAs) to interested donors for the benefit of a charitable organization designated by the donor.

1. Types of Annuity Contracts. Outright CGAs will be limited to those donors who are 65 years of age or older and Deferred CGAs to those of at least 45 years of age. For joint life annuities (a couple), both persons must meet the criteria listed above.
2. Minimum Gift Allowed. The minimum to establish a CGA is \$25,000. The minimum to establish a Deferred CGA is \$25,000. Board approval is required for CGAs in any amount.
3. Reserve Account. All CGAs and Deferred CGAs under contract will be administered by an external corporate trustee and invested in segregated "reserve" and "excess" accounts as required by the California Department of Insurance.
4. Recommended Rates. The Foundation will follow the recommended rates of the American Council on Gift Annuities (the "rate schedule"). The Foundation will inform the California Department of Insurance of any changes in its rate schedule, as required from time to time. Exceptions to the rate schedule shall be reviewed and approved by Foundation staff authorized to enter into gift agreements.
5. Investment Disclosure. As required by the Philanthropy Protection Act of 1997, the Foundation will disclose to annuitants the investment of annuity assets upon the creation of each annuity.
6. Assets Accepted. Donors may make gifts of liquid assets such as publicly traded securities and cash in exchange for a CGA or Deferred CGA. The Foundation will consider the receipt of illiquid assets in exchange for a CGA or Deferred CGA on a case-by-case basis. Such exceptions shall be reviewed and approved by the Foundation staff authorized to enter into gift agreements.
7. Use of Remainder. At the death of each annuitant (or the surviving annuitant), the remainder of each annuity shall be distributed as follows:
  - a. Annuity Reserve Fund. Ten percent (10%) of the remainder of each annuity will be transferred to the Foundation's annuity reserve fund. This fund shall be used for annuity and operating expenses associated with the annuity program, in particular, to fund payments on annuities that have exhausted their reserve and excess fund accounts. Following prudent review and analysis, the Foundation may transfer the balance of the annuity reserve fund to the Fund for Monterey County.
  - b. Annuity Distribution Options.
    - i. Donors can name any existing fund at the Foundation; or
    - ii. If Agency has an Endowment Fund: 90% of remainder goes to the agency endowment fund
    - iii. If Agency does not have an Endowment Fund:
      1. Remainder \$10,000 or more: 90% of remainder goes to establish an agency endowment fund
      2. Remainder \$5,000-10,000: 90% of remainder goes to establish agency endowment fund and reinvests until balance reaches \$10,000
      3. Remainder less than \$5,000: full direct payout to the named agency

## Life Estate

A donor may wish to contribute a personal residence, farm, or real property to the Foundation and retain the right to use the property until death. Upon the donor's death, the Foundation owns the entire

interest in the property. The Foundation will evaluate these gifts on a case-by-case basis, using the applicable policies and procedures regarding gifts of real estate described above. In addition, the donor and the Foundation will enter into an agreement regarding the donor's or life tenant's responsibilities for taxes, utilities, upkeep, maintenance, and limitations on the donor or life tenant's rights to make changes to the property, or allow liens to be placed on the property, without approval of the Foundation.