COMMUNITY FOUNDATION of the OZARKS

GIFT ACCEPTANCE POLICY & GUIDELINES

I. Purpose of Policy and Gifts

A. The purpose of this Gift Acceptance Policy & Guidelines ("Policy") is to serve as a planning and guiding tool for the Community Foundation of the Ozarks (CFO) staff and board members, donors, professional advisors, affiliate community foundation board members and volunteers so that donors' charitable goals may be achieved.

B. The purposes of the gift must not be inconsistent with the Articles of Incorporation or the Bylaws of the CFO, or its policies as adopted by the Board of Directors from time to time.

C. This Policy addresses the procedures for accepting various types of assets and the types of gift mechanisms that can be used. The CFO seeks to ensure that any assets it accepts do not place CFO and its affiliated funds at risk.

D. All gifts to the CFO are contingent upon an appropriate fund agreement being executed for the management of the gift. The CFO will fully disclose to the donor the policies governing any fund for which a gift is intended.

E. If a gift is not accepted, the donor will be notified by the CFO staff immediately.

II. Scope

A. This Policy applies to all gifts to the CFO, including affiliate community foundations, whether the gifts are for the benefit of an existing fund or to establish a new fund or to support the general operations of the CFO.

III. Gift Acceptance Practices

A. The CFO encourages donors to make outright and planned gifts utilizing the types of assets and gift mechanisms described in this Policy. Donors' directions for the charitable use of gifts must be in alignment with the mission of the CFO, and are subject to the provisions of the CFO's governing documents, policies and all applicable statutes and regulations.

B. The purpose of the gift must be defined in a CFO governing document signed by the donor. In the case of estate gifts, estate paperwork such as a trust, will, beneficiary form, etc. will be used as the governing document.

C. Donor Relations -

1. The CFO believes it is our role to inform, serve, guide and/or assist donors who wish to support the CFO's mission. Donors will not be pressured or unduly persuaded to make a gift to the CFO.
2. The CFO has a Confidentiality Policy which applies to all staff, board members, affiliate community foundation board members and volunteers. The CFO will hold all information concerning donors and prospective donors in strict confidence, subject to legally authorized and enforceable requests for information by government agencies and courts.
3. The CFO does not provide legal or tax advice. The CFO and its representatives encourage potential donors consult their own legal and/or tax advisors at their own expense. The donor is responsible for the valuation of all gifts and the filing of any required personal tax return forms.

D. Donor Recognition - It is the CFO's practice that all donors will be recognized for contributions to the CFO. However, the CFO will respect the confidentiality of donors who do not wish to be publicly recognized.

E. Restrictions - Gifts should have no material restrictions or conditions that could prevent the CFO from freely or effectively utilizing the gift or could jeopardize the completion of the gift for tax-deductibility purposes. This applies to both current and deferred/planned gifts. The CFO's policy is to convert all gifts to cash or cash equivalents. Special circumstances may exist that would cause the holding of a gifted asset and will be handled on a case-by-case basis.

F. Variance Power - In accordance with IRS regulations and the Bylaws of the CFO, the Board of Directors retains the right and power to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to any specified organization if, in the sole judgment of the Board of Directors (without the approval of any trustee, custodian or agent), such restriction or condition becomes, in effect, unnecessary, undesirable, impractical or impossible, or the restriction is not consistent with the CFO effectively serving the charitable needs of the area.

G. Acknowledgement - The CFO will send a formal acknowledgement to the donor for contributions as required by IRS rules. The acknowledgement will include all information required by the IRS for charitable gift receipts. In accordance with IRS rules, the acknowledgement for non-cash gifts will include a description, but not a value, of the gifted property.

IV. Gift Acceptance Responsibilities Review of Gifts

A. A number of factors will be considered in determining whether gifts should be accepted, including the following:
   - Consistency with the CFO's vision, mission and values
   - The charitable intent and community benefit as outlined in the fund agreement
   - The nature of any restrictions related to the gifted asset or the charitable purpose
   - The administrative oversight and cost required to manage the gift
   - Lack of marketability of the asset to be gifted and/or the time expected before charitable benefit would be received
   - The ability of the CFO to appropriately manage the gift within the scope of its investment guidelines and resources available
   - Risks associated with the asset to be gifted
   - Compliance with IRS regulations on excess business holdings (for gifts to donor-advised funds)

B. All contributions of assets other than cash, cash equivalents, or publicly traded securities shall be subject to prior approval of the CFO staff. In addition, certain types of gifts as noted below are subject to the approval of the CFO Development Committee.

C. The acceptance of any contribution other than cash, cash equivalents, or publicly traded securities requires the completion of a due diligence process to assess the benefits, costs and risks associated with the acceptance of the gift. The due diligence will be completed by the CFO staff, with the assistance of affiliate community foundation board members and/or volunteers. Results of the due diligence will be reported to the CFO president, chief financial officer and/or Development Committee as appropriate.

D. Affiliate Community Foundations -
   1. An affiliate community foundation board member/volunteer may accept gifts of cash or cash equivalents to funds without the advance approval of the CFO when there are no restrictions on the gift and the fund already has an account established for the purpose designated by the donor. Gifts of publicly traded stock with no restrictions may also be accepted under the same circumstances, although the CFO staff will be involved in the transfer of the assets to the CFO's brokerage account.
   2. If the affiliate board member/volunteer is considering the acceptance of a gift of assets other than cash, cash equivalents or publicly traded securities, he/she/they must consult with the CFO staff in advance regarding the acceptance of the gift. Consultation should also occur if a new fund is being created so that the CFO can provide governing documents.
   3. Because affiliated funds and community foundations are component parts of the CFO, and are not separate legal entities, oral or written authorization

related to gift acceptance, management and disposition may only be given by a CFO staff member.

E. Development Committee -

1. The Development Committee is a committee of the CFO board of directors. Gifts requiring approval by the Development Committee include those defined as *Unique Assets* later in this policy document.
2. The CFO staff may refer other potential gifts to the Development Committee if, in their discretion, there are risks or concerns that should be addressed at the board level. All gifts are subject to final review by the Board of Directors or the Executive Committee of the CFO if deemed necessary by the Development Committee and/or the CFO staff.

F. Donor - In order for the CFO to provide written substantiation for gifts, the donor shall provide name, address and any necessary IRS documentation. For non-cash gifts for which the donor must obtain a qualified appraisal for tax purposes, the donor shall obtain such an appraisal at the donor's expense and shall provide a copy to the CFO.

V. Types of Gifts Asset Types

A. The CFO will accept gifts in the following form, subject to the conditions described in this Policy. In all cases, the donor should notify the CFO in writing the name of the fund/account for which the contribution is designated. Gifts may be directed to an existing fund or create a new fund.

B. Certain assets do not require prior acceptance by the Committee. These are called '*Qualifying Assets'* and are listed below:

1. <u>Cash, cash equivalents or checks</u>. Gifts of cash should be paid to the CFO, with the name fund/account for which the contribution is intended, noted.
2. <u>Stocks, bonds, mutual funds and/or other marketable securities.</u> Publicly-traded stocks and bonds may be electronically transferred to the CFO's brokerage account, re-registered in the name of the Community Foundation of the Ozarks or conveyed through use of a stock power form unless the security is subject to buy-sell agreements or other restrictions. The CFO staff should be notified before the transfer occurs to ensure the contribution is credited to the correct fund.
    a. The CFO will also accept interests in mutual funds and bonds. Staff should be consulted before transfer to ensure the gift can be carried out correctly.
    b. These gifts are sold upon receipt and the proceeds are invested according to the general investment policies of the CFO.
3. <u>Agricultural commodities.</u> The CFO will accept gifts of agricultural commodities such as grain or livestock. The donor must notify the CFO in advance of making the gift and be willing to transport the agricultural commodities to market without cost to the CFO. Such gifts shall follow procedures set forth by the CFO (like a bill of sale) to ensure that

ownership of the commodities is properly transferred. Agricultural commodities are sold upon receipt.

4. <u>Life insurance policies</u>. Donors may transfer ownership of paid-up policies or premium-due life insurance policies to the CFO. If ownership is transferred, the CFO shall have all rights of ownership, including rights to maintain, surrender or sell the policy.
    a. In the case of premium-due policies, the donor shall agree to make contributions to the CFO to fund the payment of such premiums. If the donor elects to discontinue to make premium payments or fails to make such payments, the CFO, in its discretion, may continue paying the premiums, convert the policy to a paid-up policy or surrender the policy for its cash value**.** If a policy is canceled or surrendered, the cash value, less any costs incurred by the CFO, will be added to the fund that is to be the beneficiary of the gift.
    b. Donors may also name the CFO, or any fund held at the CFO, as a beneficiary of a life insurance policy. This is done by beneficiary designation, and does not change the policy's ownership.
5. <u>Retirement Plans or IRA Accounts.</u> Donors may make lifetime gifts of retirement assets or name the Foundation as the beneficiary of their plan. Retirement plans include, but are not limited to, Individual Retirement Accounts (IRA, 401(k), 403(b)) and defined contribution plans.
6. <u>Tangible personal property</u>. Gifts of tangible personal property such as vehicles, artwork, collectibles, furniture, equipment and jewelry will be considered on a case-by-case basis. All such gifts with a value in excess of $5,000 must be accompanied by a qualified appraisal paid for by the donor. Unless the property is to be used in connection with the CFO's tax-exempt purpose, it will be sold or otherwise disposed of as soon as reasonably possible. No commitment will be made to keep gifts of personal property.
    a. The CFO discourages gifts of personal property that cannot readily be sold or would require unusual expenses before sale or to sell. The CFO may ask the donor to fund expenses associated with liquidating the property. To the extent that the donor does not cover carrying or transaction costs, such costs will be borne by the fund that is receiving the gift.

C. Certain assets do require prior acceptance by the CFO staff and/or Development Committee. These are called '*Unique Assets'* and are listed below:

1. <u>Interests in business entities</u>. Gifts of interests in a non-publicly-traded business entity (stock of a closely-held corporation, C-corporation, S-corporation, limited partnership interest or limited liability company interest) will be evaluated based on the considerations set forth here. The CFO generally does not accept general partnership interests unless a comprehensive examination of all circumstances is done by the Development Committee and/or the Board of Directors.
    a. Gifts of interests in non-publicly traded business entities raise several issues that bear on the advisability of accepting the gift. These issues can include:

The CFO's lack of control, exposure to creditors, lack of marketability, possible exposure to unrelated business income tax, compliance with excess business holdings rules for donor-advised funds, and/or possible adverse effects to the CFO's tax-exempt status.

b. Due diligence will be performed to assure that all potential issues are addressed prior to the acceptance of a gift of an interest in a business entity. The ability of the CFO to sell the interest in the business entity, including the impact of any buy-sell agreements among owners, will be considered.
c. The donor will be responsible for preparing the appropriate instruments necessary for transferring ownership of the interest in the business entity to the CFO. All such documents must be reviewed and approved by the CFO staff and/or Development Committee, as appropriate. If the interest in the entity is not expected to be liquidated immediately, the CFO may ask the donor to make a cash gift to cover the administrative fees associated with the fund holding the asset.

2. <u>Real property.</u> Because of the unique nature of real estate and state and federal environmental laws, the CFO must engage in thorough due diligence to determine whether to accept a real estate gift. Gifts of real estate are overseen by the Ozarks Charitable Real Estate Foundation board of directors, a supporting organization of the CFO. The following items will be addressed:
   - *Inspection* - A representative of the CFO may physically inspect the property prior to incurring any expenses in connection with the potential transfer.
   - *No Debt* - The property to be donated must be free of debt and encumbrances.
   - *Phase I Environmental Survey* - A Phase I Environmental Survey, completed by a qualified person or organization, may be required.
   - *Appraisal* - The donor is required by IRS rules to obtain a qualified appraisal completed in the last 60 days. A copy of the appraisal must be provided to the CFO to assist in the decision regarding whether to accept the gift. The appraiser shall comment on the marketability of the property.
   - *Geographical/size/type limitations* - Gifts of real estate will be limited to those the staff of the CFO can readily and realistically administer.
   - *Title Insurance* - Title Insurance is required at the time of transfer to the CFO.
   - *Property Taxes* - A tax certificate showing that property taxes are paid is required.

   a. In some instances, the CFO will pay certain expenses incurred during transfer of real property, but in no event will the CFO bear the cost of the appraisal. Costs to obtain, hold and dispose of the property that are not covered by the donor will be borne by the fund that is receiving the gift.

b. It is the intention of the CFO to sell or otherwise dispose of gifted real property as soon as reasonably possible. An exception to this practice may be considered when special circumstances exist.
c. Additional due diligence procedures will apply in determining whether to accept gifts of real estate where the donor retains a life interest in the property otherwise known as a Life Estate. The life tenant shall be responsible for insurance, taxes, utilities and maintenance sufficient to maintain the value of the property.

3. Other gifts. There may be other types of gifts such as mineral rights, royalty and/or intellectual property rights or other property that is considered unusual not covered in this policy. Those situations will be reviewed on a case-by-case basis.

D. Planned Gifts - The CFO is a strong believer in the power of planned charitable gifts. The CFO accepts many forms of gifts whose benefits do not fully accrue to the CFO until some future time, such as the death of the donor or other beneficiaries or the expiration of a predetermined period of time or whose benefits to the CFO are followed by the interests of non-charitable beneficiaries. Planned gifts may be placed in a previously created fund or create a new fund. Planned gifts include the following:

1. Bequests. Donors may make bequests to the CFO, including any fund of the CFO, through a will or trust.
2. Life Insurance and Annuity Beneficiary Designations. Donors may name the CFO, or any fund held at the CFO, as a beneficiary or contingent beneficiary of a life insurance or annuity policy.
3. Retirement assets. Donors may name the CFO, or any fund held at the CFO, as a beneficiary or contingent beneficiary of a retirement account such as an IRA, 401(k), 403(b) or profit-sharing plan.
4. Other Financial Account Designations. Donors may name the CFO, or any fund held at the CFO, as beneficiary of a financial account. Many financial institutions allow "Payable on Death" or "Transfer on Death" designations with respect to bank or brokerage accounts, certificates of deposit or mutual fund interests.
5. Charitable Gift Annuities. The CFO offers both immediate and deferred payment charitable gift annuities. The annuity rates to be used will be those set by the American Council on Gift Annuities (ACGA). The minimum funding amount for a gift annuity is $25,000. Please contact the CFO for more information on CGAs.
6. Charitable Remainder Trusts. A charitable remainder trust pays income to a private beneficiary during the term of the trust, with the remainder passing to a charitable entity. Remainder trusts can be set up by estate plan or during the donor's lifetime. The CFO will accept designation as a remainder beneficiary of a charitable remainder trust and may accept appointment as trustee of a charitable remainder trust. Please contact the CFO for more information.

7. Charitable Lead Trusts. A charitable lead trust pays income to a charity during the term of the trust, with the remainder passing to private beneficiaries or returning to the donor. Lead trusts can be set up by estate plan or during the donor's lifetime. The CFO will accept designation as a remainder beneficiary of a charitable remainder trust and may accept appointment as trustee of a charitable remainder trust. Please contact the CFO for more information.

E. Non-Accepted Gifts -

1. The CFO, one of the affiliate foundations, and/or a component fund will not accept a charitable gift from a business that engages in any activity that constitutes a violation of federal law or the laws of any state. This is a protection of the CFO's tax-exempt status.
2. The CFO typically does not accept non-marketable assets such as timeshares, cemetery plots or cadavers. Please contact the CFO for more information.

Note: The above information is of a general nature and is not intended as legal advice. It should not replace the counsel of tax, legal or estate planning advisors. The CFO is happy to provide referrals if the donor does not have his/her own advisors.

Adopted by the CFO Board of Directors April 2021