JEFFERSON COUNTY COMMUNITY FOUNDATION

GIFT ACCEPTANCE POLICIES AND GUIDELINES

Adopted August 28, 2006

The Jefferson County Community Foundation (hereafter referred to as "JCCF"), a nonprofit organization organized under the laws of the State of Washington, encourages the solicitation and acceptance of gifts for purposes that will help JCCF to further and fulfill its mission. The following policies and guidelines govern acceptance of gifts made to JCCF or for the benefit of any of its programs.

The mission of JCCF is to inspire donors to invest in Jefferson County and achieve their charitable goals from generation to generation through grantmaking, enlightened civic leadership and strategic investments.

I. Purpose of Policies and Guidelines

The Board of Directors of JCCF and JCCF staff solicit current and deferred gifts from individuals, corporations, and foundations to secure the future growth and missions of JCCF. It is the purpose of these policies and guidelines to govern the acceptance of gifts by JCCF. The provisions of these policies shall apply to all gifts received by JCCF.

II. Gift Review Prior to Acceptance

2.1 Gift Review and Approval. The President of the Foundation shall have the authority to approve unrestricted gifts or bequests of cash, publicly-traded securities that are not subject to sale restrictions under the applicable securities laws, and retirement plan beneficiary designation.

2.2 Mandatory Review. The Executive Committee of the Board of Directors of JCCF or the JCCF Board itself must review and approve any of the following actions:

a. acceptance of gifts of closely held stock transfers or gifts involving legally restricted publicly traded stock;

b. acceptance of gifts involving tangible personal or real estate interests;

c. acceptance of a remainder interest in a charitable remainder trust or an income interest in a charitable lead trust;

d. acceptance of gifts with restrictions on use or on spending in excess of those contained in the JCCF's Community Endowment Fund Agreement;

e. acceptance of gifts involving contracts which require JCCF to assume any legal obligation;

f. execution of transactions with potential conflict of interest that may invoke Internal Revenue Service ("IRS") sanctions; and

g. gifts which will require amendments to JCCF's standard form of gift agreements.

2.3 Legal Review. The Executive Committee, shall, whenever it deems appropriate, seek the advice of legal counsel in these matters and such other instances involving gifts, contributions and beneficial transactions involving JCCF.

III. Standards of Conduct with Donors

All prospective donors shall be strongly urged by JCCF to seek the assistance of personal legal and financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences. In all instances, it shall be the donor's responsibility to obtain, and bear the costs of, independent legal and financial advisors. JCCF shall not act as a personal consultant or tax advisor to any donor.

IV. Restrictions on Gifts

4.1 Unrestricted Gifts and Gifts with Restrictions on Use. JCCF may accept unrestricted gifts and gifts for specific programs and purposes, provided that such gifts are not inconsistent with JCCF's stated mission, purposes, and priorities. JCCF will not accept gifts that are unduly restrictive in purpose. Gifts that are unduly restrictive in purpose shall include, but shall not be limited to, those gifts that violate the terms of the JCCF governing documents or policies, are onerous to administer, or are for purposes outside the mission of JCCF.

4.2 Gifts with Restrictions on Spending. JCCF shall not accept gifts designated as "permanent endowment" or gifts that place limitations on the withdrawal of funds other than those spending limitations contained in the JCCF Community Endowment Fund Agreement, unless the JCCF Executive Committee or Board approves in advance the acceptance of such gift and the donor terms outlined in a customized gift agreement.

4.3 Decisions on Restrictive Gifts. All final decisions on the restrictive nature of a gift, and its acceptance or refusal, shall be made by the Executive Committee or the Board of JCCF.

V. Types of Gifts

5.1. **Acceptable Gifts**. The following gifts are acceptable, subject to the limitations provided in Section 2.2, above:

- **a.** Cash;
- **b.** Tangible Personal Property;
- **c.** Securities;
- **d.** Real Estate;
- **e.** Remainder Interests in Property;
- f. Charitable Remainder Trusts;
- g. Charitable Lead Trusts;
- h. Retirement Plan Beneficiary Designations; and
- **i.** Bequests.

5.2 Prohibited Gifts.

a. Listed or Conflict of Interest Transactions. JCCF will not accept gifts in any transaction that the IRS has identified as a "listed transaction" tax shelter, or in any transaction that legal counsel has determined is substantially similar to any "listed transaction, or in any transaction that legal counsel has determined to be

an "excess benefit transaction" within the meaning of Section 4958 of the Internal Revenue Code of 1986.

b. **Finders Fees or Commissions.** JCCF will not pay finders fees or commissions as consideration for directing a gift to JCCF or its affiliates.

c. **Encumbered Gifts.** JCCF will not accept gifts subject to encumbrances, including mortgages.

d. **JCCF as Trustee.** JCCF will not accept any gift where JCCF will be required to serve as Trustee.

5.3 Procedure for Acceptance of Gifts.

The following criteria govern the acceptance of each gift form:

a. **Cash:** Cash is acceptable in any form. Checks shall be made payable to Jefferson County Community Foundation and shall be delivered to PO Box 1955, Port Townsend, WA 98368.

b. **Tangible Personal Property.** All gifts of tangible personal property shall be examined by the Executive Committee or the JCCF Board in light of the following criteria.

- Does the property fulfill the mission of JCCF?
- Is the property marketable?
- Are there any undue restrictions on the use, display, or sale of the property?
- Are there any carrying costs for the property?

c. **Securities**

i. **Publicly Traded Securities.** Publicly traded securities, defined as securities traded on a recognized national exchange in the United States (e.g., NYSE, NASDAQ), may be transferred to a JCCF account maintained at one or more brokerage firms or delivered physically with the transferor's signature or stock power attached. The Executive Committee or the JCCF Board must approve the acceptance of any publicly traded securities that are restricted by applicable securities laws.

ii. **Closely Held Securities:** Closely held securities (including debt and equity positions in non-publicly traded companies, interests in LLPs and LLCs or other ownership forms) may be accepted subject to the approval of the Executive Committee or Board of JCCF. Prior to acceptance, the JCCF Executive Committee or Baord must determine that:

- there are no restrictions on the security that would prevent JCCF from ultimately converting those assets to cash;
- the security is marketable; and
- the security will not generate any undesirable tax consequences for JCCF.

Every effort will be made to sell closely held securities as quickly as possible.

d. Real Estate: Prior to acceptance of real property, JCCF shall require an initial environmental review of the property to insure that the property is not contaminated with environmental damage. In the event that the initial inspection reveals a potential problem, JCCF shall retain a qualified inspection firm to conduct an environmental audit. The cost of the environmental review and audit shall be expenses paid by donor unless the JCCF Executive Committee or Board approves JCCF's assumption of this expense. Where appropriate, a title binder shall be obtained by JCCF prior to the acceptance of the real property gift. The cost of this title binder shall generally be an expense of the donor.

Prior to acceptance of the real property, the gift shall be approved by the Executive Committee or Board of JCCF, with advice from JCCF's legal counsel. Criteria for acceptance of the property shall include:

- Is the property useful for the purposes of JCCF?
- Is the property marketable?
- Are there any restrictions, reservations, easements, or other limitations associated with the property?
- Are there carrying costs, which may include insurance, property taxes, mortgages, or notes, etc., associated with the property?
- Does the environmental audit reflect that the property is not damaged?

e. Remainder Interests in Real Property: JCCF may accept a remainder interest in a personal residence, farm, or vacation property subject to the provisions of paragraph d. above. The life tenant or other person with a beneficial interest in the property may continue to occupy the real property until the expiration of his/her interest (e.g., death of the life tenant, or expiration of a stated term of years). At the expiration of all prior interests, JCCF may use the property or reduce it to cash. Where JCCF receives a gift of a remainder interest, JCCF shall not be liable for any expenses for maintenance, real estate taxes, and any property indebtedness prior to the time at which JCCF takes title to the property.

f. Charitable Remainder Trusts: JCCF may accept a designation as remainder beneficiary of a charitable remainder trust with the approval of the Executive Committee. JCCF shall not accept appointment as Trustee of a charitable remainder trust.

g. Charitable Lead Trusts: JCCF may accept a designation as income beneficiary of a charitable lead trust with the approval of the Executive Committee. JCCF shall not accept an appointment as Trustee of a charitable lead trust.

h. Retirement Plan Beneficiary Designations: Donors and supporters of JCCF are encouraged to name JCCF as beneficiary of their retirement plans.

i. Bequests: Donors and supporters of JCCF are encouraged to make bequests to JCCF in their wills and trusts.

VI. Compliance Responsibilities

6.1 Securing Appraisals for Gifts to JCCF. In cases where the donor is required under the federal tax law to obtain a qualified appraisal in order to substantiate the donor's charitable contribution deduction, it shall be the responsibility of the donor to secure and to pay all fees for such an appraisal for all gifts made to JCCF.

6.2 Donor Craft Agreement. The JCCF President shall be responsible for ensuring that JCCF and each donor have executed the JCCF Gift Agreement Form applicable to the particular gift, prior to JCCT's acceptance of the gift.

6.3 Gift Acknowledgement and IRS Compliance. Acknowledgement of all gifts made to JCCF and compliance with the current IRS requirements in acknowledgement of such gifts shall be the responsibility of JCCF's President. IRS Publication 561 **Determining the Value of Donated Property**, IRS Publication 526 **Charitable Contributions,** and IRS Publication 1771 **Charitable Contributions Substantiation and Disclosure Requirements** are attached to these policies and guidelines as Exhibit A.

6.4 Responsibility for IRS Reporting Requirements. The President of JCCF is responsible for filing IRS Form 8282 upon the sale or disposition of any asset sold within two years of receipt by JCCF where the charitable deduction value of the item was $5,000 or greater. JCCF must file this form within 125 days of the date of sale or disposition of the asset. The JCCF President shall also be responsible for any tax reporting requirements applicable to any specific type of gift including, but not limted to, automobiles, boats, planes, and intellectual property.

VII. Changes to Policies

These policies and guidelines have been reviewed and accepted by the Executive Committee and Board of Directors of JCCF. The Board of Directors of JCCF must approve any changes to or deviations from these policies.

This Policy was approved on the _____ day of _____ 2006.

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President, Board of Directors, JCCF

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Exhibit A

IRS Publications