

COMMUNITY FOUNDATION OF MARQUETTE COUNTY

GIFT ACCEPTANCE POLICY

PURPOSE

The purpose of this policy of the Community Foundation of Marquette County and affiliated entities (referred to as the “Foundation” in the following sections of this policy), is to serve the best interests of the Foundation, its donors, and a healthy, caring community by providing guidelines for negotiating and accepting various types of gifts for various types of funds. Given the increasing complexity of IRS regulations, the volume of real estate and other property gifts, and state and federal environmental laws, the Foundation recognizes the value in carefully screening proposed gifts.

The purposes of the gift must fall within the broad charitable purpose of the Foundation. In addition, the Foundation Board and staff must be able to assure that gifts accepted by the Foundation do not place other assets of the Foundation at risk, and that they can be easily converted into assets that fall within the Foundation’s investment guidelines. The Foundation must also assure that it can administer the terms of the gift in accordance with the donor’s wishes.

To facilitate this purpose, the Foundation follows the *Model Standards of Practice for the Charitable Gift Planner* adopted by the National Committee on Planned Giving and the American Council on Gift Annuities. This code of ethics for planned giving practitioners is Appendix A of this policy.

FOUNDATION RESPONSIBILITIES

Foundation Staff should disclose to all prospective donors the benefits and liabilities that could reasonably be expected to influence the donor’s decision to make a gift to the Foundation. Donors will be encouraged to consult with legal counsel and financial advisors in making their decision. In particular, donors should be made aware of:

- The irrevocability of a gift,
- Prohibitions on donor restrictions,
- Items subject to variability (market value, investment return, and income yield),
- The Foundation’s responsibility to provide periodic financial statements on donor funds, and
- The Foundation’s responsibility to provide a donor bill of rights to donors.

Staff should maintain a written record of discussions with donors. The role of Foundation staff shall be to inform, guide and assist a donor in fulfilling his or her philanthropic wishes, but never to pressure or unduly influence a donor’s decision.

GIFT ACCEPTANCE COMMITTEE

A gift Acceptance Committee will be appointed by the President, as necessary to make recommendations to the Board. In circumstances where a clear determination cannot be made by the

Gift Acceptance Committee, advice will be sought from legal counsel or other professionals or the matter will be addressed by the Board of Trustees.

FORM OF GIFTS TO THE FOUNDATION

Illiquid Assets Requiring Committee Review and Foundation Board Approval

- Tangible personal property that is not readily marketable
- Real property
- Closely-held and S corporation stock
- Partnership interests
- Accounts receivable (gifts of loans, notes, mortgages, etc.)
- Gifts of intellectual property, mineral reserves, precious metals, and other types of assets carrying their own challenges
- Gifts whose structure fall outside the ordinary purposes, bylaws, and procedures of the Foundation
- Life insurance policies requiring future premium payments by the Foundation

Liquid Assets Requiring Foundation Board Approval

- Cumulative Gifts of \$5,000.00 and above in one calendar year.

Liquid Assets Not Requiring Committee Review

- Cash or cash equivalents
- Checks
- Marketable securities
- Gifts of personal property for use in Foundation offices or programs
- Life insurance policies except as noted above

See Appendix B for detail on each gift category

GIFTS DECLINED

The Foundation reserves the right to refuse and gift it believes is not in the best interests of promoting a healthy, caring community. In addition, the Foundation will not knowingly accept a charitable gift from a donor who:

- A. Has insufficient income and assets remaining after making a gift to provide for his/her needs such as personal support and healthcare.
- B. Has insufficient income and assets remaining after the gift to provide for his/her heirs for whom he/she is fiscally responsible.
- C. Has an apparent insufficient mental capacity to make a rational decision.

- D. Has insufficient input from competent financial, legal, and/or personal counsel.

Procedure for Review of Gifts

In reviewing gifts to the Foundation, the Gift Acceptance Committee and/or staff will consider the following criteria:

- The charitable intent and ultimate community benefit
- The nature of restrictions, if any
- The permanency of the gift; or in case of non-permanent fund, the amount of time the fund will remain with the Foundation
- Projected costs of managing the gift asset
- Fee Revenues to the Foundation for administering the gift

Acceptance by staff of gifts consistent with the purpose, bylaws and procedures of the Foundation shall not require review by the Gift Acceptance committee if the gifts are in any of the following forms:

- Cash
- Check
- Marketable securities
- Gifts of precious metals, where the value is easily established
- Charitable remainder trusts, charitable lead trusts, or charitable gift annuities, if funded with cash or publicly traded securities
- Gifts of real estate or any other asset that has real estate holdings as an element of its value (e.g., certain limited partnerships or other business entities)

Gifts requiring review and approval of the Gifts Acceptance Committee include the following

- Charitable remainder trusts, charitable lead trusts, or charitable gift annuities, if funded with assets other than cash or publicly traded securities
- Interests in some business entities (i.e., closely held corporations, partnership with limited liability company interests)
- Remainder interest in a residence, ranch or farm
- Rights in copyrighted materials, patents, and royalties
- Tangible personal property
- Other property that may be unusual or fall outside the type of gifts usually handled by the foundation, including tangible personal property unrelated to the Foundation's charitable purpose.

Gifts requiring committee review will be handled promptly; Foundation staff will deliver to the committee all information necessary to make a decision. If a gift is not accepted, the donor or prospective donor will be notified in writing by staff immediately. All gift reviews will be handled with confidentiality.

In reviewing gifts to the Foundation, the Gift Acceptance Committee and/or staff will consider the following criteria:

- The charitable intent and ultimate community benefit
- The nature of restrictions, if any
- the permanency of the gift; or in case of a non-permanent fund, the amount of time the fund will remain with the Foundation
- Projected costs of managing the gift asset
- Fee revenues to the Foundation for administering the gift

Notwithstanding any other provision hereof, the Foundation shall not accept any gift of a business interest in a business enterprise for a donor advised fund that the Foundation determines would likely subject the Foundation to tax under Section 4943 of the Internal Revenue code regarding “excess business holdings”. Any potential gift what would result in a donor advised fund holding:

- Twenty percent or greater interest in a business or in any entity
- Any interest (other than a 2% or lesser interest in both (x) value of all outstanding interests and (y) voting stock, capital interest, or beneficial interest) in an entity in which any interest is owned by a donor or advisor to the donor advised fund by a family member or any such person, or by an entity in which any of the foregoing persons has an interest, shall be referred to the Foundation’s legal counsel for a determination on the potential application of Code Section 4942. To the extent that such assets would constitute or become excess business holdings and are accepted in a donor advised fund, the Foundation will establish procedures to ensure disposal of the assets within the time periods prescribed by the tax law. The Foundation will notify potential donors of such requirements prior to the acceptance of such interest.

In cases where an interested gift to the Foundation is promptly liquidated, but its value is less than the amount specified by the Foundation for a fund to be eligible for payout, the gift generally shall be directed to the Foundation’s discretionary funds or tot one of the Foundation’s field of interest funds.

TYPES OF FUNDS

The Foundation offers a continuum of funds designed to be responsive to donor needs. While all philanthropy adds value to the community, each type of Foundation fund can provide added value to philanthropy in the community. The fund types are listed in the order of minimum added value.

A standard letter of direction is required to establish a fund with the Marquette community Foundation. The minimum fund balance for each fund type (whether endowed or non-endowed) shall be \$5,000 except for scholarship and agency funds. Scholarship funds must be endowed and require a minimum \$10,000 balance. The minimum amount for endowed funds may be attained over and up to for a five year period as described in the fund development agreement.

The establishment of any fund type requires Foundation Board approval.

Endowed Discretionary Funds (The funds with which the Foundation adds the highest value to the community.)

Discretionary Funds – unrestricted

Broad Field-of-Interest Funds

Endowed Restricted Funds (The funds with which the Foundation adds moderate value to the community.)

Narrow Field-of-Interest Funds

Advised Funds – The donor retains an advisory capacity in making grants from the fund. The minimum level of individual grant distribution shall be \$100. All grants made from advised funds will be distributed to other charitable entities provided they met the qualifications set forth by section 501(c)(3) and 170(b)(1)(A) of the Internal revenue Service code. A grant from an advised fund cannot be used to satisfy an irrevocable personal or corporate pledge or obligation of the donor, or to provide a benefit to the donor such as paying some membership dues. In addition:

- Generally, when an advised fund is established, the fund may upon the donor's request, be advised by persons representing up to two generations – the donor's and one additional generation.
- At such time as advisors from the second-generation become active advisors, the fund, if not already endowed, will become an endowed fund and the Foundation's spending policy will determine the amount available for distribution annually.
- In addition, the donor (and the successor advisors) will be encouraged to take advantage of the knowledge and expertise of the Foundation's grant making staff.

The Committee will consider an exception to the above policy upon the request of the donor to involve a third generation. The response to a donor who has requested that a third generation be included as successor advisors will take into account the desire of the donor to encourage/expect that:

- A. Successor advisors (whether residing within Marquette County or not) will be active participants in the Foundation.
- B. A significant portion of the advised fund grants remain within Marquette County.

Grant Restrictions and Prohibitions

Grants from a Donor Advised Fund cannot result in the donor, advisors or any related parties receiving an exchange of goods or services or any personal or material benefit that is not provided to the general public. Prohibited benefits include tickets, memberships, meals, preferred parking, preferred seating, discounted merchandise or other preferential treatment from a donee organization.

Donor Advised Fund grants also cannot be used to satisfy all or a portion of a pre-existing personal pledge or other financial obligation of the donor, advisors or any related parties. Advisors may, however, recommend that a grant be paid out over multiple years, subject to

grant approval and annual due diligence.

Provisions of the Pension Protection Act of 2006, prohibit Donor Advised Funds from making any grants to individuals such as scholarships, emergency hardship grants or disaster relief grants. This includes checks written directly to an individual or checks written to an entity for the benefit of a specified individual.

Donors, advisors or any related parties may not receive grants, loans, compensation or similar payments (including expense reimbursements) from donor advised funds.

Supporting Organization Funds

Designated Funds

Broad Scholarship Funds

Field-of-interest Scholarship Funds

Designated Scholarship Funds

Non-Endowed Restricted Funds (The Funds with which the Foundation adds low value to the community.)

Broad Field-of-Interest Funds

Narrow Field-of-Interest Funds

Advised Funds – The same guidelines apply as with endowed advised funds.

Supporting Organization Funds

Non-Endowed Restricted Funds (The funds with which the Foundation adds minimal value to the community.)

Designated Funds

Capital Campaign Funds – The Marquette Community Foundation will accept and administer capital campaign funds when a significant portion of the campaign provides for the establishment of an endowed fund. The cost of administering the non-endowed portion of the campaign will be estimated up front and an appropriate fee will be agreed upon at the inception of the campaign.

Scholarship Funds – The Foundation will not receive or administer funds of this type.

Designated One-Time Funds – The Foundation will not receive or administer gifts of this type except under extenuating circumstances as approved by the Committee or the President.

Geographical Component or Affiliated Funds (The funds with which the Foundation adds unknown value to the community.)

The Board of Trustees has indicated its willingness to be involved in conversations about Foundation boundary extension with communities which are “focused” toward Marquette County. These types of funds must:

- Meet all Foundation policies and standards
- Have a local advisory committee with appropriate and competent leadership
- Be established by formal agreement with the Foundation

ACKNOWLEDGEMENT

Donors shall receive an expression of sincere thanks and gratitude from the Foundation and an acknowledgement of the gift in accordance with federal regulations.

PUBLICITY

No public media exposure with respect to a donor’s gift will be generated without the consent of the donor.

RESTRICTIONS

In conformance with Treasury Department regulations governing community foundations, 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 there from, in furtherance of its exempt purposes.

ACTING AS TRUSTEE

By opinion of Legal Counsel, the Foundation may not serve as a trustee. Further, no employee shall serve as a trustee, conservator, executor, or personal representative for one of the Foundation’s donors or prospects unless specifically approved by the Foundation President. The Board of Trustees will be made aware of such trusteeships. All officers shall report such relationships in the “Related Parties” section as provided periodically to the Board of Trustees in their monthly Meeting Book.

INVESTMENT OF GIFTS

It is the policy of the Foundation to convert all gifts to cash as soon as possible. the Marquette Community Foundation reserves the right to make any or all investment decisions regarding gifts in accordance with its Investment Policy.

In making a gift to the Foundation, donors give up all rights, title, and interest to the assets contributed. In particular, donors give up the right to choose investments and investment managers, brokers, or to veto investment choices for their gifts.

However when the size of a fund warrants separate investment consideration, the Foundation will endeavor to accommodate requests from donors for separate investment of fund assets, or use of a

particular investment manager, broker, or agent in accordance with the Investment Policy, and may consult with donors on investment options for such funds.

COSTS OF ACCEPTING AND ADMINISTERING GIFTS

Generally, costs associated with the acceptance of a gift such as attorney fees, accounting fees, other professional fees as well as other costs to establish a gift such as appraisal, escrow, evaluation, and environmental assessment fees will be borne by the donor.

The direct costs of administering outright and planned gifts of the Foundation will be borne from the assets of the individual funds, except for those special circumstances as determined by the Gift Acceptance Committee. Custodial, investment, and administrative fees will be paid from the respective funds in accordance with the Foundation's guidelines and fee schedules.

CONFIDENTIALITY

Foundation staff shall maintain strict control over files and information received from or about donors or prospective donors so as to maintain confidentiality of such information.

PUBLIC FUND RAISING

Fundraising undertaken by donors in connection with funds of the Foundation requires special consideration. See appendix C.

AUTHORITY TO NEGOTIATE

The Foundation management and administrative officers authorized to accept letters of direction and amendments thereto and to negotiate and sign charitable giving agreements with prospective donors are:

- Executive Director
- President
- Vice President

APPENDIX A

Model Standards of Practice for the Charitable Gift Planner

Preamble

The purpose of this statement is to encourage responsible gift planning by urging the adoption of the following Standards of Practice by all individuals who work in the charitable gift planning process, gift planning officers, fund raising consultants, attorneys, accountants, financial planners, life insurance agents and other financial services professionals (collectively referred to hereafter as “Gift Planners”), and by the institutions that these persons represent.

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 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. Payment of finder’s fees, commissions or other fees by a done organization to an independent Gift Planner as a condition for the delivery of a gift is 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 done 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. Description and Representation of Gift

The Gift Planner shall make every effort to assure that the donor receives a full description and an accurate representation of all aspects of any proposed charitable gift plan. The consequences for the charity, the donor and, where applicable, the donor's family, should be apparent, and the assumptions underlying any financial illustrations should be realistic.

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.

APPENDIX B

Forms of Gifts to the Foundation

Gifts to the Foundation take on a variety of forms. Many are outright gifts by living donors, either on a one-time or periodic basis. Others are testamentary gifts that take effect upon a donor's death or other forms of deferred gifts.

If the value of a gift other than cash or marketable securities exceeds \$5,000, a donor is required to have a qualified appraisal performed and submitted to the IRS on Form 8283. If such gifts are sold within two years of receipt at a price other than the appraised value, Form 8282 must be filed by the Foundation.

The Foundation reserves the right to accept or reject any gifts it sees fit. It is the policy of the Foundation to convert all gifts to cash as soon as possible.

Cash

The Foundation accepts cash, checks, or money orders made payable to the Foundation or any of its funds.

Marketable Securities

The Foundation will add the net proceeds of a marketable securities contribution to a fund of the Foundation. The Foundation will govern the disposition of securities, and will make all decisions regarding the sale or retention of securities.

Stock in Privately Owned Companies and Partnerships

Donors wishing to make gifts of stock in a closely held corporation or S corporation or a gift of a partnership interest must have it valued by a qualified independent accounting or appraisal company prior to making a contribution. If it is immediately marketable, it will be sold. Otherwise it will be held by the Foundation until it may be redeemed or sold for cash.

Generally, the Foundation does not accept gifts of general partnership interests due to potentially unlimited liability.

The acceptability of a gift of closely held stock, S corporation stock, or a partnership interest will depend on the ultimate financial liability of the Foundation, the amount of management attention required, whether the gift provides minority or majority control, or whether the donor requires that such interest not be sold.

Consideration will be given to whether the S corporation stock or partnership interest generates unrelated business taxable income, if there is corresponding revenue to pay such taxes, the nature of the business, recordkeeping and accounting requirements, and how quickly the gift can be converted to cash.

Pooled Income and Gift Annuities

The Foundation may offer a pooled income fund and gift annuity contracts in the future. Income beneficiaries are limited to two and must be 50 years old when entering into the contract. The charitable remainder interest must be designated for an existing or new endowed fund at the Foundation.

Life Insurance Policies

The Foundation will accept gifts of permanent life insurance policies if the Foundation is named as owner of or is assigned ownership in such policies. Policies continuing on a premium-paying basis will be maintained as such by the Foundation so long as gifts are made to the Foundation in the amount of the premiums due. Premiums can be of a reducing amount if dividends are directed toward future premiums. Should such premium gifts not be forthcoming, the Foundation may, on the recommendation of the Gift Acceptance Committee, elect:

- To have the Foundation continue the premium payments.
- To surrender the policy in exchange for its cash surrender value.
- To invoke procedures under which the existing policy values can sustain the policy without further outlay of Foundation funds for premium. This can take on any of the following forms:
 - Change the dividends to Net (Have the dividends pay future premiums)
 - Use the Automatic Premium Loan feature (Borrow against the cash value to pay as much of the premium as possible and borrow against the cash value for the remainder amount)
 - Change the policy to Paid-Up in which case, no more premiums will be due

The Foundation discourages the contributions of life insurance policies subject to policy loans and reserves the right to accept or reject such policies as well as those carrying assignments to other entities. The Foundation will consider its own interest and the best interest of the donor in the light of tax ramifications in determining on a case-by-case basis the acceptability of encumbered life insurance policies. Particular care will be given to problems of self-dealing, jeopardy investments, and unrelated business income in this regard.

Gifts Naming Multiple Beneficiaries

From time-to-time, donors may wish to designate multiple beneficiaries of the proceeds from their life insurance policies, IRA's, other qualified retirement plans, pooled income funds, gift annuities, or other forms of gifts to the Foundation. It will be encouraged that other charitable organizations be named as beneficiaries on the contract. However, if the Foundation is selected as sole beneficiary and then requested to distribute funds to other organizations, the following guidelines shall apply:

- A. The Committee will take into consideration the amount of the total gift, the amount designated for the Foundation both discretionary and restricted, the added value to the community, and the case of life insurance policies, whether or not the premiums are paid up.

- B. In the case where the Foundation becomes the sole owner of a donor's life insurance policy, the Foundation subsequently has the exclusive right to change the beneficiary/distribute designations. It can then name the Foundation or other charitable organizations as beneficiaries. These other charitable organizations must qualify as such under Section 501(c)(3) and which are described under Section 170(b)(1)(A) on the Internal Revenue Code.

If a policy beneficiary/distribute designation is to be changed to a charitable organization other than the Foundation, the Foundation shall consider the charitable intentions of the donor. It is understood, however, that a donor's recommendations in this regard are advisory and that the Foundation, as owner or the policy, retains exclusive authority to direct the death benefits, maturity, and surrender proceeds of the policy.

Real Property

If a donor wishes to contribute real property or an interest in real property to the Foundation either directly or through a life estate arrangement, the Gift Acceptance Committee shall consider all facts and circumstances in determining whether to recommend accepting the gift. Donors always should be advised to confer with their own counsel to review the terms of the gift.

Following the Appendices is the checklist that will be utilized for all transactions involving real estate gifts.

Tangible Personal Property

The donor will be advised whether the gift will be retained and used by the Foundation or disposed of immediately.

Accounts Receivable

The Foundation will consider gifts of loans, notes, and mortgages, subject to review by the Gift Acceptance Committee.

Illiquid Assets

An illiquid asset is a gift of property which generally cannot be readily liquidated. The Foundation, within a reasonable time after receiving the illiquid asset shall make and carry out decisions concerning the retention and disposition of the property or to rebalance a portfolio, in order to bring the institutional fund into compliance with the purposes, terms, and distribution requirements. The Foundation will contact the donor to determine the intended charitable purpose of the gift. If the Foundation is not able to do this within a year of receipt of the gift, the gift will be liquidated to cash as soon as possible to ensure the gift will have charitable benefit.

APPENDIX C

Public Fundraising for Endowed Funds of the Foundation

The Foundation is staffed to develop endowment and other funds through the acquisition of major and planned gifts and to cultivate new and existing relationships with donors. The Foundation is not equipped to operate public fundraising events for its funds. In general, the Foundation will administer a public fundraising event in association with a fund only under extenuating circumstances.

Public fundraising events refer to those special events that are intended to raise dollars for funds. For example, a golf outing, fundraising dinner, raffle, or other special event would be considered a public fundraising event. The term is not intended to encompass the annual giving to funds through the Foundation's year-end letter and other solicitations for purely charitable purposes.

Foundation Approval of Events

In the event the Foundation approves a fundraising event, the guidelines listed below must be adhered to. These guidelines encompass the legal and other requirements the Foundation is subject to and, therefore, must be abided by.

Before undertaking public fundraising events, the fundraising event coordinator will define to the Foundation each program, event, or other effort to raise money for the fund. The fundraising event coordinator will then obtain Foundation approval to proceed according to Foundation guidelines. All uses of the Foundation's name in advertising and promotion must be approved in advance by the Foundation's communications officer.

Responsibilities of the Foundation

The Foundation is held accountable for public fundraising events related to funds of the Foundation. It cannot delegate this responsibly to any other parties. In considering whether to approve the event, staff should take into account the following responsibilities:

- Budget and payment of expenses
 - Who will prepare a budget?
 - Who will be responsible for authorization for and payment of expenses?
 - Who will oversee the budget and ensure that the budget is adhered to?
 - Will the Foundation assess a special administrative fee for this service?

- Compliance with laws
 - Is the event included under the scope of the annual solicitation license?
 - Is there a need for a special raffle or gambling license?
 - Are the appropriate sales taxes being collected on items sold and who will file the sales tax return?
 - Is there a clear understanding that the expenses of fundraising events are not exempt from sales tax?

- Liability Covering the Foundation
 - Is there a need for additional general liability or other insurance due to the event?
 - Should a letter of credit or a written personal guarantee be provided?

- Acknowledgements
 - If the contributors receive goods or services in return for their payment, who will determine the appropriate charitable portion of the payment so that the correct tax acknowledgement will be prepared?

- Management of money and property received from the event
 - Will all checks be made payable to the fund at the Foundation?
 - Where checks and other forms of payment should be sent?
 - If someone else is collecting cash, what safeguards need to be in place?

- Application on income and principal to charitable uses
 - Can the fund be administered in the manner in which it is advertised?

**Marquette County Community Foundation
Illiquid Asset Acquisition Checklist**

(Including but not limited to real estate, closely held stock, tangible personal property)

Description of property: _____

TASK (if applicable)

COMPLETED BY
AND DATE

CONSIDERATIONS BEFORE ACCEPTANCE OF GIFT

Request that the donor pay all costs associated with acceptance of asset including title insurance policy, survey, environmental, and legal costs.

Review:

- the value of the asset,
- the likelihood that the asset can be liquidated,
- projected income from the gift if the foundation holds it as an investment ,
- charitable nature of the gift ,
- risks to the community foundation (e.g., environmental hazards, potential liability),
- projected carrying costs (e.g., insurance, property taxes),
- unrelated business income tax consequences.

Review gift acceptance policies

EVIDENCE OF CLEAR TITLE

Obtain title insurance commitment before acquiring title

Items to deliver to title company if available:

Recent prior title policy

Abstract

Condominium project

Master deed

Letter from association verifying status of assessments

Obtain title insurance policy after taking title

EVIDENCE OF BOUNDARIES

Assess need for survey

- Obtain recent survey and review

- Obtain mortgage report and review

- Determine if any improvements subsequent to survey

- Determine if surrounding properties are improved

Obtain a survey

- Residential properties – stake survey

- Commercial properties – ALTA survey

EVIDENCE OF CONDITION OF ASSET

Environmental

Obtain Phase I Environmental Site Assessment

Have Phase I reviewed by an attorney

Obtain Phase II sampling if any “recognized environmental conditions” were identified in Phase I

Have Phase II reviewed by an attorney

Obtain Baseline Environmental Assessment if property meets definition as a “facility” – must be performed within 45 days of transfer

Have BEA reviewed by MDEQ – fee is approximately \$750

Obtain sellers disclosure statement

Obtain building inspection

Check with local government for code/ordinance violations

Obtain well/septic inspection

RENTAL PROPERTIES

Confirm zoning compliance with local government including use, setbacks, parking, square footage, and city registration

Obtain copies of leases

Verify Lessor right to assign

Verify no pending real estate commissions

Verify existence and amount of security deposits

Obtain copies of service contracts and management contracts

Obtain estoppel certificate

Verify no lessor defaults

Verify no oral agreements

Obtain copy of approved site plan

TRANSFER OF TITLE

Obtain deed transferring title – usually prepared by donor’s attorney

Record deed with county clerk’s office

Obtain assignment of lease

File Property Transfer Affidavit – since property is transferred for less than \$100 there is no tax on transfer

File Real Estate Transfer Tax Valuation Affidavit

Sign Form 8283 for donor’s tax return

SALE OF PROPERTY

Listing of property with a broker – suggest no more than 10% commission and 6 months in length with a three month protected period following listing term expiration

File Form 8282 if property sold within 2 years of gift