

Pine Haven Christian Home Foundation

Gift Acceptance Policy

The Pine Haven Christian Home Foundation (PHCHF) is a 501(c)(3) publicly supported philanthropic institution governed by a board of private citizens representing the interests of and mission of Pine Haven Christian Home and the Pine Haven Christian Home Foundation. It in part acts as a fiduciary of individual funds contributed and bequeathed by individuals and other sources. PHCHF encourages the solicitation and acceptance of all gifts for purposes that will help it further and fulfill its mission. The following policies and guidelines govern acceptance of such gifts made to PHCHF for the benefit of any of its programs.

1. Purpose of Policy and Guidelines

The Board of Directors and staff of PHCHF solicit current and deferred gifts from individuals, corporations and foundations to secure its future growth and accomplish its mission. These policies and guidelines govern the acceptance of gifts by PHCHF and provide guidance to prospective donors and their advisors when making gifts. The provisions of these policies shall apply to all gifts received by PHCHF for any of its programs or services. These policies are policies of the Board of Directors of PHCHF and must be created and amended by majority vote of that Board.

The Executive Committee is charged with the responsibility of reviewing all gifts made to PHCHF, properly screening and accepting those gifts, and making recommendations to the Board of Directors on gift acceptance issues when appropriate. It is the purpose of this instrument to provide guidelines to the Executive Committee, so that all decisions regarding these policies and the enforcement of these policies will be vested in the Executive Committee. The Executive Committee, along with PHCHF legal counsel and appropriate PHCHF staff as may be pertinent, shall also adopt standard forms for agreements with donors and annually review Acceptance Guidelines for all gifts, consistent with policies and guidelines established and approved by the Board of Directors of PHCHF.

2. General Policy

The general policy of PHCHF is to inform, serve, guide or otherwise assist donors who wish to support its activities, but never under any circumstances to pressure or unduly persuade a donor to complete a gift.

Persons acting on behalf of PHCHF shall encourage the donor to discuss a proposed gift with legal and/or tax advisor(s) of the donor's choice and at the donor's expense. This is to ensure that the donor receives a full, accurate and independent explanation of all aspects of the proposed charitable gift.

Persons acting on behalf of PHCHF shall advise the donor that it is the donor's responsibility to obtain any necessary appraisals, file appropriate personal tax returns and defend against any challenges to claims for tax benefits.

The President of PHCHF, Vice President, Executive Director, PHCH Administrator, PHCH Director of Finance (when pertinent) and consultants retained by PHCHF for the purpose of the financial advancement of PHCHF, if any, are authorized to negotiate planned giving agreements with prospective donors, following guidelines outlined in this policy statement.

Planned giving agreements requiring execution by PHCHF shall first be reviewed and approved by PHCHF legal counsel. However, each agreement executed with a donor need not be reviewed provided it is based on a prototype agreement that has been previously reviewed and approved.

PHCHF will accept charitable gift annuities only under conditions described below. PHCHF may appoint or employ agents and advisors to facilitate the solicitation and investment of such annuities.

PHCHF may serve as trustee for irrevocable charitable remainder trusts under circumstances outlined below. Expenses related to investments and administrative services shall be charges to the respective trusts. However, PHCHF will not serve as trustee or co-trustee for any revocable trusts or for other trusts that are not qualified charitable remainder trusts or charitable lead trusts.

3. Use of Legal Counsel

PHCHF will seek the advice of legal counsel in matters relating to acceptance of gifts when appropriate. Review by legal counsel is recommended for:

- *Closely held stock transfers that are subject to restrictions or buy/sell agreements.
- *Documents naming PHCHF as trustee.

*Gifts involving contracts, such as bargain sales or other documents requiring PHCHF to assume an obligation.

*Transactions with potential conflict of interest that may invoke IRS sanctions.

*Other instances in which use of legal counsel is deemed appropriate by the Executive Committee.

4. Conflict of Interest

To assure that each donor has a complete and independent explanation of their charitable gift and to avoid any potential conflicts of interest that might arise in the explanation of a gift to a potential donor, PHCHF will urge all prospective donors to seek independent counsel through their own personal legal and financial advisors.

5. Procedures for review of gifts

PHCHF will accept unrestricted gifts and gifts for specific programs and purposes, provided that such gifts are consistent with its stated mission, purposes, and priorities. PHCHF will not accept gifts that are excessively restrictive in purpose. Gifts that are too restrictive are those that violate the terms of the corporate charter of PHCHF, gifts that are too difficult to administer, or gifts that are for purposes entirely outside of the mission of PHCHF. All final decisions on the restrictive nature of a gift and its acceptance or refusal shall be made by the Executive Committee, as authorized by these guidelines as they may be modified from time to time by the Board of Directors of PHCHF.

In reviewing gifts to PHCHF, the Executive Committee and/or the staff will consider the following: the charitable intent and ultimate benefit of the gift, the nature of any restrictions, the permanency of the fund, the projected costs of managing the gift asset, and the fee revenues that may accrue to PHCHF for administering the gift.

6. Types of Gifts

The following types of gifts that would be considered for acceptance are:

- *Cash
- *Bequests
- *Retirement Plan Beneficiary Designations
- *Life Insurance and Life Insurance beneficiary designations
- *Securities or qualified appreciated stock
- *Real Estate
- *Remainder interests in Real Property
- *Tangible Personal Property
- *Charitable Gift Annuities
- *Charitable Remainder Trusts
- *Charitable Lead Trusts
- *Royalties and Distribution Rights
- *Oil, Gas, and Mineral Rights
- *Bargain Sales
- *Interests in Limited Liability Companies

The following criteria govern the acceptance of each gift type.

Cash. Cash is acceptable in any form. Checks shall be made payable to PHCHF and shall be delivered to PHCHF in care of its office (531 Giddings Avenue, Sheboygan Falls, WI 53085).

Bequests. Donors and supporters of PHCHF will be encouraged to make bequests to PHCHF through their wills and trusts. Such bequests will not be recorded as gifts to PHCHF until such time as the gift is irrevocable and PHCHF has knowledge of such bequest. When the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

Retirement Plan Beneficiary Designations. Donors and supporters of PHCHF will be encouraged to name PHCHF as beneficiary of their retirement plans. Such designations will not be recorded as gifts to PHCHF until such time as the gift is irrevocable and PHCHF has knowledge of such designation. When the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

Life Insurance. Donors and supporters of PHCHF will be encouraged to name PHCHF as beneficiary or contingent beneficiary of their life insurance policies. Such designations shall not be recorded as gifts to PHCHF until such time as the gift is irrevocable and PHCHF has knowledge of such designation. Where the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

Securities. PHCHF can accept both publicly traded securities and closely held securities.

Publicly Traded Securities. Marketable securities may be transferred to an account maintained at one or more brokerage firms or trust companies, commercial banks, or delivered physically with the transferor's stock power attached. As a general rule, all marketable securities will be sold upon receipt unless otherwise directed by the Executive Committee. In some cases, applicable securities laws may restrict marketable securities. In such instance, the Executive Committee shall make the final determination on the acceptance of the restricted securities.

Closely Held Securities. Closely held securities, which include not only debt and equity positions in non-publicly traded companies, but also interests in limited partnerships and limited liability companies or other ownership forms, can be accepted subject to the approval of the Executive Committee. However, gifts must be reviewed prior to acceptance to determine:

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

To be accepted, closely held securities must have a qualified appraisal performed by an independent professional appraiser generally at the expense of the donor. If potential problems arise on initial review of the security, further review and recommendation by an outside professional may be sought before making a final decision on acceptance of a gift. Following advice of legal counsel, the Executive Committee shall make the determination on the acceptance of closely held securities. Every effort will be made to sell closely held securities as quickly as possible. If not immediately marketable, the stock will be held in safekeeping until they can be redeemed.

Real Estate. Gifts of Real Estate may include developed property, undeveloped property, or gifts subject to a prior life interest. The real estate being gifted must be titled to the donor(s). When appropriate, a title binder shall be obtained by PHCHF 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 real estate, PHCHF shall require an initial environmental review of the property to ensure that the property has no environmental damage. The PHCHF may, at its own discretion, waive the environmental inspection. In the event that the initial inspection reveals a potential problem, PHCHF shall retain a qualified inspection firm to conduct an environmental audit. The cost of the audit shall generally be an expense of the donor, although PHCHF will consider such expense at the advice of the Executive Committee. Prior to acceptance of the real property, the gift shall be approved by the Executive Committee and PHCHF legal counsel. The Board of Directors, at its discretion, may refuse any gift of real estate. Criteria for acceptance of the property shall include:

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

Remainder Interests in Property. PHCHF will accept a remainder interest in a personal residence, farm, or vacation property subject to the provisions of paragraph 4 above. The donor or other occupants may continue to occupy the real property for the duration of the stated life. At the death of the donor, PHCHF may use the property or reduce it to cash. Where PHCHF receives a gift of a remainder interest, expenses for maintenance, real estate taxes, insurance, and any property indebtedness are to be paid by the donor or primary beneficiary.

Tangible Personal Property. All other gifts of tangible personal property shall be examined in light of the following criteria:

- *Does the property fulfill the mission of PHCHF?
- *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?
- *Can the property be sold easily?
- *Are there costs associated with transportation, storage, selling, maintenance and repair for the property?

The Executive Committee will make the final determination on the acceptance of other tangible property gifts.

Charitable Gift Annuities. PHCHF may offer charitable gift annuities. Gift annuity rates will be based on the current gift annuity rates in force as adopted by the American Council on Gift Annuities. The minimum gift for funding is \$10,000. The minimum age for life income beneficiaries of a gift annuity shall be 55. Where a deferred gift annuity is offered, the minimum age for life income beneficiaries shall be 45. No more than two life income beneficiaries will be permitted for any gift annuity. Annuity payments are normally made on a quarterly schedule, although the PHCHF Executive Committee may approve exceptions to this payment schedule. PHCHF may accept real estate, tangible personal property, or any other illiquid asset-subject to the conditions set forth for these kinds of gifts in these policies-in exchange for deferred gift annuities so long as there is at least a 5-year period before the commencement of the annuity payment date, the value of the property is reasonably certain, and the Executive Committee approves the gift arrangement. Currently, all gift annuities shall be reinsured through a reputable provider of such services.

Charitable Remainder Trusts. PHCHF may accept a designation as remainder beneficiary of a charitable remainder trust at any time without the approval of the Executive Committee. It is the stated policy that PHCHF will accept appointment as trustee of a charitable remainder trust only under the following conditions:

- *That PHCHF has at least a 75% beneficial interest as the remainderman of these trusts, with the trust having a minimum value of \$50,000.
- *That PHCHF not generally accepts real estate or interests in limited partnerships as assets for the creation of these trusts; exceptions, however, can be made depending on the nature of the gift/trust.
- *That the Executive Committee accepts the trust only after thorough review of the proposed trust by the Legal Counsel of PHCHF.
- *If such trusteeship is accepted, PHCHF may serve directly as trustee, or appoint a trustee. For example, PHCHF may contract with a trust company as its agent, paying the same fees as it may reasonably receive as a trustee.

Charitable Lead Trusts. PHCHF may accept a designation as income beneficiary of a charitable lead trust at any time. However, the Board of Directors of PHCHF will not accept an appointment as trustee of a charitable lead trust.

Royalties and Distribution Rights. PHCHF 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. The Executive Committee will determine whether such a gift should be accepted after receiving a qualified appraisal, the cost of which shall generally be borne by the donor.

Oil, Gas, and Mineral Rights. PHCHF may accept oil, gas, and mineral rights, when appropriate. Prior to acceptance of such interests, the gift shall be approved by the Executive Committee, and if necessary, by PHCHF's Legal Counsel. Criteria for acceptance of the property shall include:

- *Gifts of surface rights should have a value of \$20,000 or more.
- *Gifts of oil, gas, or 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 acceptance of the gift inappropriate.
- *A working interest is rarely accepted. A working interest may only be accepted when there is a plan to minimize potential liability and tax consequences.

*The property should undergo an environmental review to ensure that there is no current or potential exposure to environmental liability.

Bargain Sales. PHCHF will enter into a bargain sale arrangement in instances only when it furthers the mission and purposes of PHCHF. All bargain sales must be reviewed and approved by the Executive Committee. Factors used in determining the appropriateness of the transaction include:

- *Obtaining an independent appraisal to substantiate the value of the property.
- *Determining that there is a market for sale of the property, allowing for sale of the property within 12 months of receipt.
- *Calculating the costs to safeguard, insure, and expense the property (including property tax, if applicable) during the holding period.

Interests in Limited Liability Companies (LLC) and Partnership Interests. Prior to approval of gifts of any other limited partnership interests or interests in an LLC, all relevant partnership and LLC agreements will be reviewed by Legal Counsel of PHCHF with particular attention given to the activity of the partnership/LLC and how allocations are made. Further, the underlying assets and liabilities of the partnership/LLC will be reviewed. PHCHF does not accept gifts of general partnership interests.

7. Classification of Donations

A donor can establish any of the following types of funds within PHCHF. Exceptions to these Types of Funds can be made only through the consent of the Executive Committee:

- *Unrestricted Funds – These funds are broadly discretionary to PHCHF and are available to meet operating and program needs as determined by the Board of Directors.
- *Named Endowed Funds – These funds can be for a general or specific purpose at the request of the donor, or established as part of PHCHF's general endowment. A minimum gift of \$10,000 is required for the establishment of named funds.
- *Donor advised funds – These funds are created and are broadly discretionary to the Board of Directors of PHCHF, but the input and advice from donors is sought in the distribution of grants from the Fund. In many cases, PHCHF provides suggestions to donors on specific needs at PHCHF. All suggestions from donors are investigated and PHCHF adheres to all procedures established by the Internal Revenue Service in the administration of donor advised funds. A minimum gift of \$20,000 is required for establishing a donor-advised fund.
- *Restricted Funds – These funds have a donor-placed restriction as to the purpose or timing of the use of the funds.

8. Donor Acknowledgement

All gifts to PHCHF will be acknowledged regardless of the amount of the gift. An on-going master list of named gifts will be maintained by PHCHF.

9. Confidentiality of Gifts

All information concerning donors and prospective donors shall be held in strict confidence by PHCHF, subject to legally authorized and enforceable requests for information by government agencies and courts. PHCHF will not disclose the amount of any gift through any publication or other public document without permission of the donor.

10. Periodic Reporting to Fund Donors

For donors establishing a Fund, PHCHF provides a financial statement to all living donors or fund advisors on a quarterly basis, unless less frequently, as requested by the donor.

11. Miscellaneous Provisions

- *Securing appraisals and legal fees for gifts. Costs for appraisals and/or legal fees will generally be borne by the donor, although in exceptional circumstances and with the advice of the Executive Committee, such costs may be borne by PHCHF.
- *Valuation of gifts for development purposes. PHCHF will record a gift received by PHCHF at its current market valuation for gift purposes on the date of the gift.
- *Responsibility for IRS filings upon sale of gift items. The Director of Finance of PHCHF is responsible for filing IRS form 8282 upon sale or disposition of any asset sold within two years of receipt by PHCHF when the charitable deduction value of the item is more than \$5,000. The

form must be filed within 125 days of the date of sale or disposition of the asset. Acknowledgement of all gifts made to PHCHF and compliance with the current IRS requirements in acknowledgement of such gifts shall be the responsibility of the Board of Directors of PHCHF.

12. Changes to Gift Acceptance Policies

The Board of Directors of PHCHF must approve any changes to, or deviations from, these policies at its regular Board meetings or during a special session called by the President of PHCHF.