

PARK COUNTY

COMMUNITY

FOUNDATION

GIFT ACCEPTANCE POLICY

The Park County Community Foundation (the “Foundation”) solicits and accepts outright gifts with income dedicated immediately to the charitable needs of the community, planned gifts with split interest of income and principal reserved to charitable and non-charitable beneficiaries, and testamentary gifts created by requests for all purposes consistent with the objectives of The Foundation.

AUTHORIZATION

It is the policy of the Park County Community Foundation Board of Directors (hereinafter Board) to encourage donors to make outright, planned and testamentary gifts for the benefit of Park County. Planned and testamentary gift types include bequests, charitable gift annuities, charitable remainder trusts, charitable lead trusts, retained life estates, gifts of life insurance or retirement assets, interests in business entities such as partnerships or closely-held stock, and such other gift arrangements as the Board may from time to time approve. It is the Board's directive that staff shall actively seek such gifts, and that adequate staff and resources for an effective program are maintained. All programs, solicitation plans and activities shall be subject to the oversight of the Board.

PURPOSE OF POLICY

The purpose of these policies is to define the practice and policies governing the acceptance of gifts by the Foundation. These policies will provide guidance to prospective donors and their professional advisors regarding the processes and procedures used by the Foundation when accepting gifts so as to effectively facilitate the gift giving process for donors.

These policies will be reviewed at least annually by the Executive Committee, and updated as appropriate by the Board. Procedures outlining mechanics of gift acceptance, including tax implications, shall be maintained by the Foundation staff to assist staff as they work with donors.

The purposes of gifts must fall within the mission of the Foundation. In addition, the Foundation staff and Board must be able to ascertain 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 investment guidelines. The Foundation must also be assured it can administer the terms of the gift in accordance with the donor's wishes.

FOUNDATION RESPONSIBILITIES

The Foundation will consider the interests of the donor as the first priority in planning gifts. The role of the 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.

In particular, donors should be made aware of:

- The irrevocability of a gift,
- IRS prohibitions on donor restrictions,
- Items subject to variability (market value, investment return, and income yield)
- The Foundation responsibility to provide periodic financial statements on donor funds, and
- Fees for managing philanthropic assets.

The Foundation pays no fees or commissions of any kind to any party as consideration of directing gifts to the Foundation, nor does the Foundation endorse any professional or fiduciary services.

The Foundation reserves the right to refuse any gift that it believes is not consistent with the Foundation's mission and will not knowingly accept a charitable gift from a donor who (1) has insufficient income and assets remaining after making a gift to provide for his/her needs such as personal support and healthcare, (2) has insufficient income and assets remaining after the gift to provide for his/her heirs for whom she/he is fiscally responsible, (3) has an apparent insufficient mental capacity to make a rational decision, or (4) has insufficient input from financial, legal, and/or personal counsel, or where perceived character or donor intent is inconsistent with the Foundation's unique mission and values.

DONOR RESPONSIBILITIES

Donors are advised to seek the advice of independent financial, investment and legal counsel prior to making a gift. Any proposals and tax calculations prepared for the donor are for illustrative purposes only.

Donors are responsible for deciding whether to secure an appraisal and engage the advice of independent legal and financial counsel for all gifts made to the Foundation. The Foundation reserves the right to obtain an appraisal, at its own expense, of any tangible property or real estate offered for donation, prior to acceptance. Any appraisal obtained by the Foundation shall not be used for the purposes of establishing the value of the gift, for donors' income tax purposes. When advisors retained by the Foundation prepare documents or render advice in any form to the Foundation and a donor, it shall be disclosed in writing to the donor that the professional involved is in the employ of the Foundation and is not acting on behalf of the donor.

CONFIDENTIALITY

All agreements and all information concerning donors and prospective donors shall be held in strict confidence, subject to legally authorized and enforceable requests for information by governing agencies and courts. All other requests for donor information will be honored or allowed only if the donor grants permission, in writing, prior to the release of such information.

EXECUTIVE COMMITTEE

Certain gifts, including, but not limited to, those involving unusual funding arrangements, will be reviewed by the Executive Committee, as described in this policy. All final decisions on the restrictive nature of a gift, and its acceptance or refusal, shall be made by the Executive Committee.

The types of gifts which will generally be referred to the committee include, but are not limited to, the following:

- Gifts requiring unusual funding arrangements or other commitments;
- Gifts which may subject the Foundation to substantial budgetary commitments of potential liability;
- Gifts of real estate;
- Gifts of non-publicly traded securities;
- Gifts of partnership interests and other non-traditional investments;
- Gifts with special restrictions that may be difficult or costly to administer; and
- Any gifts that are exceptions to existing guidelines or which fall outside the definition of acceptable gifts as defined by this policy statement, bylaws and procedures of the Foundation.

GIFT PURPOSE

Gifts, or their proceeds, may be used to establish new funds, or contribute to existing funds, in accordance with the donor's wishes. If no instructions are received by the Foundation as to the recommended charitable purpose or the minimum funding requirement cannot be satisfied, the gift will be used at the discretion of the Board.

MATERIAL RESTRICTIONS

In conformity 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 therefrom, in furtherance of its exempt purposes.

USE OF LEGAL COUNSEL

The Foundation may seek the advice of legal counsel in matters relating to acceptance of gifts when appropriate. Such matters include, but are not limited to, the following:

- Closely held stock transfers that are subject to restrictions, buy-sell agreements or other arrangements that limit the marketability of the securities;
- Arrangements and documents pertaining to such arrangements where the Foundation is named a Trustee;
- Gifts involving bargain sales or documents requiring the Foundation to take or refrain from taking some action or assume an obligation; and
- Transactions with potential conflicts of interest that may involve IRS or other legal sanctions.

REVISIONS TO GIFT ACCEPTANCE POLICY

These policies have been reviewed and approved by the Foundation Board of Directors. Except as otherwise stated within these written policies, the Executive Committee must approve any exceptions to policy revisions to the Board of Directors. Any changes in these written policies require approval of the Board of Directors.

CURRENT AND DEFERRED GIFTS

The Foundation accepts the following forms of assets subject to the conditions described by each asset type. Donors must provide a legal name and a complete address so that the Foundation can comply with Internal Revenue Service and State of Montana gift substantiation requirements.

Current Gifts - A current gift involves the irrevocable transfer of money or property by a donor. Such gifts are placed at the immediate disposal of the Foundation and may be either restricted or unrestricted in purpose. Most types of property may be donated as current gifts, although gifts and other publicly traded securities must comply with the provisions and guidelines contained within this policy statement.

Deferred Gifts - A deferred gift involves the irrevocable transfer of an asset. The donor generally retains either an income interest or a remainder interest. Prospective donors are encouraged to seek the assistance of personal legal and financial advisors in matter relating to their deferred gifts and the resulting tax and estate planning consequences.

Types of Acceptable Gifts:

1. Cash
2. Tangible personal property
3. Securities
4. Real estate
5. Remainder interests in property
6. Oil, gas and mineral interests
7. Life insurance policies and beneficiary designations
8. Retirement plan assets
9. Charitable gift annuities
10. Charitable lead trusts
11. Charitable remainder trusts
12. Commercial annuities
13. Bequests

14. Partnership interests and interests in LLCs
15. Pass through gifts
16. Pre-IPO Stock
17. Stock Options

1. CASH

The Foundation may accept cash in the form of currency, money orders, checks or electronic transfer, either through a wire transfer to the Foundation's bank account or by a verified credit card transaction. Checks should be made payable to the "Park County Community Foundation." Gifts of cash should include a statement of purpose, or identify the specific fund to which the contribution is being made. Cash gifts are receipted on the date received at the Foundation's office.

2. TANGIBLE PERSONAL PROPERTY

Tangible personal property is property (corporeal movable property) other than real property (immovable property), which is often defined as property that can be touched. The property must be saleable and the donor must agree that the property can be sold unless the Foundation agrees to use the property for a specific use related to the Foundation's tax-exempt status. Any costs incurred by the Foundation in the process of selling the personal property will be deducted from the gift proceeds.

3. SECURITIES

The Foundation may accept both publicly traded securities and closely held securities under the conditions described below:

Publicly-Traded Securities - These are securities regularly traded on a public stock exchange. The Foundation will accept gifts of marketable, publicly-traded stocks and bonds. As a general rule, gifts of publicly-traded securities will be sold as soon as possible, and the component fund will be credited with the proceeds from the sale, less any commissions and expenses. Unless otherwise provided by law or other agreement, the value of the gift will be calculated using the mean share price between the high and low selling prices quoted on the date the security is effectively transferred.

Closely-Held Securities - Acceptance of closely held securities, which not only includes debt and equity positions in non-publicly traded companies but also includes limited partnerships and limited liabilities companies, or other ownership funds, must be approved by the Executive Committee, with the following factors to be considered: any restrictions on the security that would prevent its conversion to cash, the marketability of the security, and the potential for other undesirable consequences for the Foundation.

4. REAL ESTATE

The Foundation may accept gifts of real estate, which will be evaluated on a case-by-case basis. Property that is subject to liens, unpaid mortgages, deeds of trust, judgment liens, unpaid taxes or assessments, mechanics' liens or other encumbrances will be accepted only in exceptional circumstances and upon advice from the Foundation legal counsel. If accepted, property that is subject to encumbrances will be evaluated as a "bargain sale". Gifts of real estate require an average of 6-8 weeks to be processed.

5. REMAINDER INTERESTS IN PROPERTY, OR RETAINED LIFE ESTATE GIFT (RLE)

The Foundation may accept a remainder interest in a personal residence, farm or vacation property. The Executive Committee will determine whether to accept such gifts on a case by case basis.

6. OIL, GAS AND MINERAL INTERESTS

The Foundation may accept such interests upon review and recommendation of the Foundation's legal counsel. Factors to be considered include: any extended liabilities or other considerations that make receipt of the gift inappropriate, whether the proposed gift is a working interest (an expense bearing interest, for which acceptance would require approval of the Executive Committee), and any other current or potential exposure to environmental liability, cleanup or restoration obligations under relevant law.

7. LIFE INSURANCE POLICIES AND DESIGNATIONS

The Foundation may accept gifts of unencumbered life insurance (i.e. no policy loan) if is made irrevocable owner and primary beneficiary of the policy. If premium payments can no longer be made (either there is insufficient value in the policy to keep the policy in force or the Foundation chooses to discontinue premium payments) then the policy will be surrendered. No insurance products and no insurance companies or agents are endorsed by the Foundation for use in funding gifts to the Foundation. The Foundation does not furnish donors' names to third parties for the purpose of marketing life insurance to donors or for any other purpose.

8. RETIREMENT PLAN ASSETS

The Foundation may accept qualified retirement plans and individual retirement accounts (IRAs) which may represent a substantial portion of a donor's assets. Since retirement assets passing to individuals other than a spouse are heavily taxed at death (except for ROTH IRAs), testamentary charitable gifts of retirement plan and IRA proceeds are recommended. Donors may name the Foundation as the beneficiary of a retirement plan (IRA, 401K, 403B, etc.).

9. CHARITABLE GIFT ANNUITIES

The Foundation may issue charitable gift annuities. A charitable gift annuity (CGA) is a contractual arrangement between a donor and the Foundation for which the Foundation accepts a transfer of cash, cash equivalents, or publicly traded securities from the donor in return for periodic payments to the donor and/or one other named beneficiary for life. A portion of the annual payment to the donor and/or annuitant may be tax-free income to the donor, being considered return of principal. Since the gift annuity is in part gift, in addition to the purchase of the annuity, the donor may be allowed an income tax deduction.

The rate of return used by the Foundation is determined from tables provided by the American Council on Gift Annuities. The rates in these tables take into account the age of the donor and/or beneficiary at the time of the gift and are actuarially calculated to provide approximately fifty percent of the market value of each gift to remain at the death of the last annuitant. There may be no more than two annuitants designated by the charitable gift annuity contract. The Foundation may enter into CGA contracts with minimum funding of \$25,000 (established over a five year period) and minimum age for the life income beneficiaries of 60. Exceptions to minimum requirements require approval of the Executive Committee.

Either annuity payments can commence immediately or commencement can be deferred to a later date specified by the donor. The Foundation's obligation to make gift annuity payments is considered to be a general obligation of the Foundation. **NOTE: This applies only if the Foundation is licensed with the State of Montana Insurance Commission.**

Gift annuity contracts are governed by the laws of the state in which the donor resides. The Foundation reserves the right to reject any annuity contract proposals from states where the regulations are deemed overly burdensome or when excessive compliance costs would be required. **NOTE: This applies only if the Foundation is licensed with the State of Montana Insurance Commission.**

10. CHARITABLE LEAD TRUSTS

The Foundation may either benefit from, or act as trustee for, charitable lead trusts. Under a charitable lead trust, the donor irrevocably transfers cash, securities or other property to a trust. The trustee pays the Foundation either a fixed percentage of the trust's market value, or a fixed dollar amount, depending on the type of trust. Upon termination of the income interest, the assets of the trust are transferred to the non-charitable beneficiary as determined by the donor. Lead trusts are very appealing wealth transfer vehicles for donors with estates of several million dollars or more. The tax benefits are particularly appealing when the IRS discount rate (used to compute a charitable deduction) is low.

The Foundation will accept charitable distributions from a charitable lead trust in any amount. However, if the donor to the charitable lead trust wishes to create a fund with the charitable distributions, they must meet the minimum fund size for the type of fund the donor wishes to create.

11. CHARITABLE REMAINDER TRUSTS

The Foundation may accept designation as income beneficiary and/or remainder beneficiary of charitable remainder trusts. The Foundation may serve as trustee for which at least 50 percent of the remainder is irrevocably designated for the Foundation. Under a charitable remainder trust, the donor irrevocably transfers cash, securities or other property to a trustee selected by the donor. The trustee pays the donor, or income beneficiaries designated by the donor, either a fixed percentage of the trust's market value, or a fixed dollar amount, depending on the type of trust. The payments are made for the life or lives of the income beneficiaries or for a fixed period of years not to exceed twenty years. Upon termination of the income interest, the assets of the trust are transferred to the Foundation to create a component fund as determined by the donor or to augment an existing fund.

The minimum contribution to fund a Charitable Remainder Unitrust or Annuity Trust of which the Foundation is to be Trustee is \$100,000. Donors can make additional contributions to Charitable Remainder Unitrusts but cannot legally make additions to Charitable Remainder Annuity Trusts. Establishing a Charitable Remainder Trust requires an average of three (3) weeks to be processed.

The Foundation will consider serving as Successor Trustee of "FLIP" Trusts established with a gift of real estate or other complex property. In these cases, the Foundation will not assume the role of Trustee until and unless the land is sold by the Trust.

12. COMMERCIAL ANNUITIES

The Foundation may accept gifts of commercial annuities in any amount as an outright gift or to augment an existing fund, or to meet the minimum funding requirement to establish a new fund or planned gift.

13. BEQUESTS

Donors and supporters are encouraged to make bequests to the Foundation through their wills and trusts. A bequest may be given as an unrestricted gift or restricted to a purpose or program designated by the donor. A donor can make a bequest to the Foundation by creating a new will, adding a codicil to their current will or by naming the Foundation as a beneficiary in their revocable or irrevocable trust or qualified retirement plan.

Bequest Wording – The following language may be inserted in the will (or in a codicil to the will) to accomplish a simple bequest to the Foundation:

1. For the bequest of a specific amount

"I hereby give to the Board of Directors of the Park County Community Foundation, a non-profit 501(c)(3) corporation located at 202 E. Callender St., Livingston, Montana, the sum of \$_____ (or describe the property to be given)."

2. For the bequest for all or a portion of the remainder of an estate

"I hereby give to the Board of Directors of the Park County Community Foundation, a non-profit 501(c)(3) corporation located at 103½ South Main St., Suite 2, Livingston, MT 59047, _____% of the rest, residue and remainder of my estate."

The foregoing is not intended as legal advice. Donors are encouraged to consult with their attorney when drafting wills and other legal documents and with their financial advisors when preparing estate plans.

Specific Restrictions:

Additional wording may be included which gives more specific instructions as to how the bequest is to be used by the Foundation. For example, a donor may specify that the bequest be used in support of existing funds, or to create a new fund, provided the bequest is sufficient to meet the financial requirements for the creation of such endowments.

Donors are encouraged to complete a fund agreement with the Foundation if the purpose of the bequest is to create a new, permanent endowment fund at the Foundation. If the donor wishes to create a new designated fund with the bequest, donors are advised to specify a percentage of the annual fund distributions to the named charitable beneficiaries, rather than specific dollar amounts.

14. PARTNERSHIP INTEREST AND INTERESTS IN LIMITED LIABILITY COMPANIES

The Foundation will consider accepting contributions of limited partnership interests. The Foundation cannot accept general partnership interests, due to the exposure to claims of creditors and other liabilities. The Foundation will only accept interests in passive, investment-type partnerships, such as those holding rental real estate, stocks, bonds, and other investments.

15. PASS-THROUGH GIFTS

The Foundation may accept an outright gift in any amount, as a pass-through gift. Pass-through gifts are gifts which come to the Foundation with a clear designation of destination to a 501(c)(3) public charity. Pass-through gifts intended for a beneficiary with a 501(c)(3) private foundation designation cannot be accepted.

16. PRE-IPO STOCK

The Foundation may accept shares of privately held companies that expect to go public. The Executive Committee will review each case to ensure it is in the best interest of the Company and the Foundation to accept the stock.

17. STOCK OPTIONS

The Foundation may, after review, consider accepting testamentary transfers of Incentive Stock Options (ISO) and Non-Statutory Stock Options (NSO). The Foundation will also accept stock resulting from donors' exercising of stock options.

Approved by the Park County Board of Directors: October 10, 2017