

EXECUTIVE SUMMARY

GIFT-ACCEPTANCE POLICY AND PROCEDURES

Purpose

This policy is intended to provide a broad framework for the Saddlebrooke Rotary Club Foundation (SRCF) and Rotary Club of Saddlebrooke that will encourage donations, lead to positive and clear communication between donors and potential donors, and result in meaningful donor recognition.

Guidelines

Legal counsel may be used whenever deemed necessary by the Gift Acceptance Committee

SRCF members may not provide tax advice.

Once a donation is accepted the management of the funds will be the sole responsibility of the SRCF.

Types of Gifts

The policy outlines a broad range of possible asset categories providing guidelines for acceptance. It is, however, the clear preference to accept cash donations.

Implementation

A donation commitment form will be completed on all donations of \$1,000.00 and over.

A Gift Acceptance Committee consisting of the SRCF President, Club President, SRCF Treasurer, and one Board Member at large of the SRCF will review donations of \$1,000 or more or as they may determine necessary to insure that they meet with the guidelines of the policy. Final authority for acceptance of gifts will reside with the Board of Directors.

Donor Acknowledgement

Considerations for proper donor acknowledgement are included as the policy is intended to make sure that donors are appreciated and thanked.

GIFT-ACCEPTANCE POLICY AND PROCEDURES

SADDLEBROOKE ROTARY CLUB FOUNDATION, INC.

I. PURPOSE OF THIS POLICY

- a. The Saddlebrooke Rotary Club Foundation, Inc. (SRCF) seeks outright gifts and future gift commitments that are consistent with its mission.
- b. The Board of Directors of SRCF and its Members solicit current and deferred gifts from individuals, corporations, and foundations to secure the future growth and mission of SRCF. We appreciate donors' consideration of any gift. In all matters involving current and prospective donors, the interest of the donor is important to SRCF. Please call Foundation President or Treasurer if you have any questions about these policies. These policies and guidelines govern the acceptance of gifts by SRCF and provide guidance to prospective donors and their advisors when making gifts. The provisions of these policies apply to all gifts to SRCF for any of its programs.

II. USE OF LEGAL COUNSEL

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

- a. Closely held stock transfers subject to restrictions or buy-sell agreements
- b. Documents naming SRCF as Trustee.
- c. Gifts involving contracts, such as bargain sales or other documents requiring SRCF to assume an obligation.
- d. Transactions with potential conflict of interest that may involve IRS sanctions
- e. Other instances in which use of counsel is deemed appropriate by the gift acceptance committee.

III. CONFLICTS OF INTEREST

- a. SRCF will urge all prospective donors to seek the assistance of independent personal legal and financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences.
- b. SRCF members and directors are prohibited from advising donors about the tax consequences of their donations. Gifts are also subject to the provisions of other policies, including adopted Conflict of Interest policies. SRCF makes every effort to ensure accepted gifts are in the best interests of the organization and the donor. SRCF works to follow The Donor Bill of Rights adopted by the AAFRC Trust for Philanthropy,

the Association of Fundraising Professionals and other professional organization and will comply with the Model Standards of Practice for the Charitable Gift Planner, promulgated by the National Committee on Planned Giving, shown as an Attachment B to this document.

- c. SRCF will make every effort to understand the intent and any restrictions requested by a donor. Once a donation has been accepted all management decisions with regard to the use of the donated funds shall be independently made by SRCF without obligatory consultation with the donor.

IV. TYPES OF GIFTS AND DONATIONS WE WILL ACCEPT

- a. Donations may be accepted from individuals, partnerships, corporations, organizations, government agencies, or other entities—unless the acceptance of gifts from a specific source is inconsistent with the organization’s beliefs, values, and mission. The Saddlebrooke Rotary Club Foundation, Inc. will not accept gifts from companies whose products may be harmful to our clients or from donors whose requests for public recognition are incompatible with our philosophy of appreciation. In addition, Saddlebrooke Rotary Club Foundation, Inc. will not accept gifts from companies if gifts imply endorsement of their product.
- b. The following gifts may be acceptable but the list is not intended to represent an exclusive list of appropriate gifts: • Cash • Tangible Personal Property, including boats • Securities • Real Estate • Remainder Interests in Property • Oil, Gas, and Mineral Interests • Bargain Sales • Life Insurance • Charitable Gift Annuities • Charitable Remainder Trusts • Charitable Lead Trusts • Retirement Plan Beneficiary Designations • Bequests • Life Insurance Beneficiary Designations The gift acceptance committee of shall make the final determination on the acceptance or rejection of gifts of all forms and inform the Board of SRCF of such determinations in a timely manner. Criteria that govern the acceptance of each gift form are found in Attachment A to this policy.

V. RESTRICTIONS ON THE USE OF GIFTS AND DONATIONS

- a. Establishment of Memorials or Designated (Temporarily) Restricted Donations
- b. Donors wishing to establish memorial funds should complete the gift agreement form indicating the purpose of the memorial and providing details of the donation. Subsequently, individuals or organizations wishing to make a donation in the form of cash or check need only to indicate on the check the name of the established memorial. Likewise, a donor may request that donations be designated for a specific purpose. Designation donations will be restricted for up to 12 months and thereafter unused funds will be reclassified as “unrestricted” and thus be available for general use by the corporation.
- c. Establishment of Permanently Restricted Funds

- d. When donors wish to make cash donations to an established endowment (e.g. Harlan Nygaard Endowment) they need only to indicate in the memo section of their check or my letter the name of the Endowment. Copies of donor checks shall be retained.
- e. When gifts with restrictions are accepted, restrictions will be honored. These restrictions will be detailed in the donor's gift commitment letter.

VI. DONOR ACKNOWLEDGEMENT

- a. In processing, all gifts will be coded in the donor database for the constituency source from which the gifts were given (e.g., individual, corporation, foundation, organization, etc.). For Donations of \$1,000 or more a donor should complete and sign a gift agreement form detailing the purpose of the gift, the payment schedule, and how they wish their name to appear in donor recognition materials.
- b. Donors are encouraged to support areas reflecting their interests. The Saddlebrooke Rotary Club Foundation, Inc.'s priorities include gifts for unrestricted, restricted, and endowment purposes. A selection of opportunities may be made available to each donor. The intention is for the organization and the donor to create a partnership that is beneficial to all concerned.
- c. Donor information that should be private and confidential will not be made public.
- d. All donors will be thanked and acknowledged in the ways listed on their gift agreement form. In addition, donors will receive follow-up communications about the impact of their gift.

VII. DONATION COMMITMENT FORM

VIII. SAMPLE DONATION COMMITMENT FORM

Donor name: _____

Address: _____

Telephone number: _____

Gift commitment: \$ _____

Purpose of gift (Intent of donor/how the gift is to be used):

Gift is: Restricted Unrestricted Endowment.

Does the Donor wish to establish a Memorial? Yes No If Yes provide the name of the person to be honored > _____

If gift is restricted, the specific intent and restrictions are as follows:

If gift is for an endowment, the specific intent and method of distribution are as follows:

Donor recognition (how the donor will be recognized as per this agreement):

Preference for name listing in any donor recognition materials:

Please check here if donor prefers to remain anonymous

Payment Schedule: Amount \$ _____ to be given o Annually o Quarterly o Monthly.

Signature of Donor _____ Date

Signature of Organization Representative _____ Date

X. GIFT ACCEPTANCE COMMITTEE

The Board of Directors shall appoint a Gift Acceptance Committee. This committee shall review all gifts and donations to ensure that they are consistent with the guidelines of this policy and are consistent with the mission of SRCF. The committee shall consist of the following:

- a. President of SRCF**
- b. Treasurer of SRCF**
- c. President of Rotary Club of Saddlebrooke**
- d. An SRCF Director at large**

XI. RECOMMENDED PROCEDURES TO BE FOLLOWED

For example:

1. All gifts will be processed by SRCF Treasurer and acknowledgement letters sent.
2. When it comes to the attention of the club that a donor intends to give a gift greater than \$5,000, the donor will be invited to sit down with members of the Gift Acceptance Committee to have an open discussion regarding the intentions of the donor and the needs of the club. Determine the scope of the intended donation and understand if it is restricted, unrestricted or an endowment is intended. Ensure all parties understand the ramifications of those options. Once agreement is reached, a Gift Agreement Form will be completed and signed.
3. Depending on the desires of the donor, the President will meet with the relevant Rotary Club of Saddlebrooke committee chair(s) to discuss the gift and ask the committee to make recommendations to the Board on how the gift can be utilized and honor the donor's wishes.
4. On an annual basis, the committees involved will prepare an annual report of how the programs were implemented and the funds spent, so the donor can be notified of the impact of the gift. This report will be provided to the Club Board. The Club Board will forward the report to SRCF Board and to the donor in the form of a letter.

RECOMMENDED DONOR BILL OF RIGHTS

I

To be informed of the organization's mission, of the way the organization intends to use donated resources, and of its capacity to use donations effectively for their intended purposes.

II

To be informed of the identities of those serving on the organization's governing board, and to expect the board to exercise prudent judgment in its stewardship responsibilities.

III

To have access to the organization's most recent financial statements.

IV

To be assured their gifts will be used for the purposes for which they were given.

V

To receive appropriate acknowledgment and recognition.

VI

To be assured that information about their donations is handled with respect and with confidentiality to the extent provided by law.

VII

To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature.

VIII

To be informed whether those seeking donations are volunteers, employees of the organization, or hired solicitors.

IX

To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share.

X

To feel free to ask questions when making a donation and to receive prompt, truthful, and forthright answers.

ATTACHMENT A

Acceptable Types of Gifts May Include:

1) Cash. Cash refers to cash equivalents, including checks, money orders, currency/coin, and credit card payments. Checks or money orders shall be made payable to "Saddlebrooke Rotary Club Foundation, Inc.", shall appropriately identify the donor or donors, and be delivered to the President or Treasurer of SRCF. Wire and Electronic Funds Transfer (EFT) can usually be arranged with SRCF Treasurer. If a matching gift company or workplace giving company wants to send an ACH/EFT every week instead of a check, these must be authorized by the cash receiving manager at SRCF before the enrollment form is sent back to the constituent.

2) 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 SRCF? • 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? Are there any liens or encumbrances?

3) Securities. SRCF 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 delivered physically with the transferor's signature or stock power attached. As a general rule, all marketable securities shall be sold upon receipt unless otherwise directed by the investment committee. In some cases, marketable securities may be restricted by applicable securities laws; in such an instance the final determination on the acceptance of the restricted securities shall be made by the gift acceptance committee of SRCF. • 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. Such gifts, however, must be reviewed prior to acceptance to determine that: a) there are no restrictions on the security that would prevent SRCF from ultimately converting it to cash; b) the security is marketable; and c) the security will not generate any undesirable tax consequences for SRCF. If potential problems arise in an initial review of the security, further review and recommendation by an outside professional may be sought before making a final decision on acceptance of the gift. The Gift Acceptance Committee of SRCF with the advice of legal counsel shall make the final determination on the acceptance of closely held securities when necessary. Every effort will be made to sell non-marketable securities as quickly as possible.

4) Real Estate. Gifts of real estate may include developed property, undeveloped property, or gifts subject to a prior life interest. Prior to acceptance of real estate, SRCF shall require an initial environmental review of the property to ensure that the property has no environmental damage or potential liability. In the event the initial inspection reveals a potential problem, SRCF shall retain a qualified inspection firm to conduct an environmental audit. Non-residential properties shall definitely require a Phase I audit. The cost of environmental audits shall generally be an expense of the donor. When appropriate, a title insurance binder shall be obtained by SRCF 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 property, the gift shall be approved by the gift acceptance committee with the advice of SRCF's legal counsel. Criteria for acceptance of the property shall include: • Is the property useful for the purposes of SRCF? • 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?

5) Remainder Interests in Property. SRCF 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 their stated life or lives. Upon termination of the life interest, SRCF may use the property or reduce it to cash. Where SRCF receives a gift of a remainder interest, expenses for maintenance, real estate taxes, and any property indebtedness are to be paid by the donor or life tenant(s).

6) Oil, Gas, and Mineral Interests. SRCF may accept oil and gas property interests, when appropriate. Prior to acceptance of an oil and gas interest the gift shall be approved by the gift acceptance committee with the advice of SRCF's legal counsel, if necessary. Criteria for acceptance of the property shall include: • Gifts of surface rights should have a value of \$20,000 or greater. • Gifts of oil, gas, and 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 liabilities or other considerations that make receipt of the gift inappropriate • A working interest is rarely accepted. A working interest may only be accepted where there is a plan to minimize potential liability and tax consequences. • The property should undergo an environmental review to ensure that SRCF will have no current or potential exposure to environmental liability.

7) Bargain Sales. SRCF will enter into a bargain sale arrangement in instances in which the bargain sale furthers the mission and purposes of SRCF. All bargain sales must be reviewed and recommended by the gift acceptance committee and approved by the Board of Trustees. Factors used in determining the appropriateness of the transaction include: • SRCF must obtain an independent appraisal substantiating the value of the property. • If SRCF assumes debt with the property, the debt ratio must be less than 50% of the appraised market value. • SRCF must determine whether it will use the property or alternately, that there is a market for sale of the property, allowing sale within 12 months of receipt. • SRCF must calculate and approve the costs to safeguard, insure, and pay expenses of the property (including property tax, if applicable) during the holding period.

8) Life Insurance. SRCF will generally accept life insurance, but it must be named as both beneficiary and irrevocable owner of an insurance policy before a life insurance policy can be recorded as a gift. The gift is valued at its interpolated terminal reserve value, or cash surrender value, upon receipt. Whether any policy is accepted will depend on the economics of the transfer. If the donor contributes future premium payments, SRCF will include the amount of the additional premium payment as a gift in the year that it is made. If the donor does not elect to continue to make gifts to cover premium payments on the life insurance policy, SRCF may: • continue to pay the premiums; • convert the policy to paid up insurance; or • surrender the policy for its current cash value.

9) Charitable Gift Annuities. SRCF may offer charitable gift annuities in the future. The minimum gift anticipated for funding is \$50,000. SRCF's gift acceptance committee may make exceptions to this minimum. The minimum age for life income beneficiaries of a gift annuity shall be 62. Where a deferred

gift annuity is offered, the minimum age for life income beneficiaries shall be 55. No more than two life income beneficiaries will be permitted for any gift annuity. Annuity payments may be made on a quarterly, semi-annual, or annual schedule. SRCF's gift acceptance committee may approve exceptions to this payment schedule. SRCF will not accept real estate, tangible personal property, or any other illiquid asset in exchange for current charitable gift annuities. SRCF may accept real estate, tangible personal property, or other illiquid assets 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 gift acceptance committee approves the arrangement. Funds contributed in exchange for a gift annuity shall be set aside and invested during the term of the annuity payments. Once those payments have terminated, the funds representing the remaining principal contributed in exchange for the gift annuity shall be transferred to SRCF's general endowment funds, or to such specific fund as the donor designated.

10) Charitable Remainder Trusts. SRCF may accept designation as remainder beneficiary of a charitable remainder trust with the approval of the gift acceptance committee. SRCF will not accept appointment as trustee of a charitable remainder trust.

11) Charitable Lead Trusts. SRCF may accept a designation as income beneficiary of a charitable lead trust. SRCF will not accept an appointment as Trustee of a charitable lead trust.

12) Deferred Compensation/Retirement Plan Beneficiary Designations. SRCF generally will accept gifts designating SRCF as a beneficiary of the donor's retirement plans including, but not limited to, IRA's, 401(k)'s 403 (b)'s and other plans. Such designation will not be recorded as a gift to SRCF until such time as the gift is irrevocable. 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.

13) Bequests. Donors and supporters of SRCF will be encouraged to make bequests to SRCF under their wills and trusts. Such bequests will not be recorded as gifts to SRCF until such time as the gift is irrevocable. 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. The criteria for the acceptance of the gift or bequest will be the same as otherwise provided herein.

15) Life Insurance Beneficiary Designations. Donors and supporters of SRCF will be encouraged to name SRCF as beneficiary or contingent beneficiary of their life insurance policies. Such designations shall not be recorded as gifts to SRCF until such time as the gift is irrevocable. 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.

Attachment B

Code of Ethical Conduct

National Committee on Planned Giving

A code of ethical practice for all professionals who work together to structure gifts that balance the interests of the donor and the purposes of the charitable institution.

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 as such 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 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 finders fees, commissions or other fees by a donee organization to an independent Gift Planner as a condition for the delivery of a gift are 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 advisors 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 donee organization, the Gift Planners, 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 Planners 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.

Adopted and subscribed to by the National Committee on Planned Giving and the American Council on Gift Annuities, May 7, 1991. Revised April 1999.