GIFT ACCEPTANCE POLICIES

The Montana Community Foundation (MCF) 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 MCF.

AUTHORIZATION

It is the policy of the MCF Board of Directors (hereinafter Board) to encourage donors to make outright, planned and testamentary gifts for the benefit of Montana. 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 MCF. These policies will provide guidance to prospective donors and their professional advisors regarding the processes and procedures used by MCF when accepting gifts so as to effectively facilitate the gift giving process for donors.

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

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

FOUNDATION RESPONSIBILITIES

MCF will consider the interests of the donor as the first priority in planning gifts. The role of MCF 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)
- MCF's responsibility to provide periodic financial statements on donor funds, and
- Fees for managing philanthropic assets

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

MCF reserves the right to refuse any gift that it believes is not consistent with MCF'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 MCF'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 by MCF 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 MCF. MCF 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 MCF shall not be used for the purposes of establishing the value of the gift, for donors' income tax purposes. When advisors retained by MCF prepare documents or render advice in any form to MCF and a donor, it shall be disclosed in writing to the donor that the professional involved is in the employ of MCF 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.

**GIFT ACCEPTANCE COMMITTEE**
Certain gifts, including, but not limited to, those involving unusual funding arrangements, will be reviewed by the Gift Acceptance 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 Gift Acceptance Committee.
The Gift Acceptance Committee shall consist of:

- The Foundation Board Chair
- The Finance and Human Resources Committee Chair
- The Foundation Treasurer
- The Foundation Chief Executive Officer

The Board Chair shall serve as the Chair of the Committee. Three (3) members of the committee constitute a quorum.

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 or 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 MCF.

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 MCF 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 MCF may not be directly or indirectly subjected by a donor to any material restriction or condition that prevents MCF from freely and effectively employing the transferred assets, or the income derived therefrom, in furtherance of its exempt purposes.

USE OF LEGAL COUNSEL
MCF 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 MCF is named a Trustee;
- Gifts involving bargain sales or documents requiring MCF 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 MCF Foundation Board of Directors. Except as otherwise stated within these written policies, the Gift Acceptance 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
MCF 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 MCF 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 MCF 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
MCF may accept cash in the form of currency, money orders, checks or electronic transfer (either through a wire transfer to MCF's bank account or by a verified credit card transaction. Checks should be made payable to "Montana 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 MCF’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 MCF agrees to use the property for a specific use related to MCF’s tax-exempt status. Any costs incurred by MCF in the process of selling the personal property will be deducted from the gift proceeds.

3. SECURITIES
MCF 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. MCF 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 Gift Acceptance 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 MCF.

4. REAL ESTATE
MCF 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 MCF’s 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)
MCF may accept a remainder interest in a personal residence, farm or vacation property. The Gift Acceptance Committee will determine whether to accept such gifts on a case by case basis.

6. OIL, GAS AND MINERAL INTERESTS
MCF may accept such interests upon review and recommendation of MCF’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 Gift Acceptance Committee), and any other current or potential exposure to environmental liability, cleanup or restoration obligations under relevant law.

7. LIFE INSURANCE POLICIES AND DESIGNATIONS
MCF may accept gifts of unencumbered life insurance (i.e. no policy loan) if MCF 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 MCF chooses to discontinue premium payments) then the policy will be surrendered. No insurance products and no insurance companies or agents are endorsed by MCF for use in funding gifts to MCF. MCF 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
MCF may accept qualified retirement plans and individual retirement accounts (IRAs) 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 MCF as the beneficiary of a retirement plan (IRA, 401K, 403B, etc.).

9. CHARITABLE GIFT ANNUITIES
MCF may issue charitable gift annuities. A charitable gift annuity (CGA) is a contractual arrangement between a donor and MCF for which MCF 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 MCF 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. MCF 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 Gift Acceptance Committee.

MCF is licensed with the State of Montana Insurance Commission to enter into such contracts. Annuity payments can either commence immediately or commencement can be deferred to a later date specified by the donor. MCF’s obligation to make gift annuity payments is considered to be a general obligation of MCF.

Gift annuity contracts are governed by the laws of the state in which the donor resides. MCF is licensed with the Montana Insurance Commission to issue gift annuities. For gift annuities to be established in states other than Montana, the specific annuity regulations and requirements for that state will first be reviewed by the Director, Montana Office of Gift Planning of MCF. MCF
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.

10. CHARITABLE LEAD TRUSTS
MCF 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 MCF 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.

MCF 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
MCF may accept designation as income beneficiary and/or remainder beneficiary of charitable
remainder trusts. MCF may serve as trustee for which at least 50 percent of the remainder is
irrevocably designated for MCF. 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
MCF 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
MCF 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.

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

12. COMMERCIAL ANNUITIES
MCF 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 MCF 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 MCF by creating a new will, adding a codicil to
their current will or by naming MCF 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 MCF.

1. For the bequest of a specific amount

   "I hereby give to the Board of Directors of the Montana Community Foundation, a non-profit 501(c)(3) corporation located at 1 N. Last Chance Gulch, Ste. 1, Helena, 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 Montana Community Foundation, a non-profit 501(c)(3) corporation located at 1 N. Last Chance Gulch, Ste. 1, Helena, Montana, ______% 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 MCF. 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 MCF 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
MCF will consider accepting contributions of limited partnership interests. MCF cannot accept general partnership interests, due to the exposure to claims of creditors and other liabilities. MCF 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
MCF 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
MCF may accept shares of privately held companies that expect to go public. The Gift Acceptance Committee will review each case to ensure it is in the best interest of the Company and MCF to accept the stock.

17. STOCK OPTIONS
MCF may, after review, consider accepting testamentary transfers of Incentive Stock Options (ISO) and Non-statutory Stock Options (NSO). MCF will also accept stock resulting from donors' exercising of stock options.

Brian Patrick, Board Secretary