



FUNDRAISING AND GIFT ACCEPTANCE POLICIES

PURPOSE

The purpose of this policy is to serve the best interests of the community, the donors to the Steuben County Community Foundation (Foundation), and the Foundation by providing guidelines for negotiating and accepting various types of gifts.

These policies outline the basic facts about charitable giving and the types of gifts that donors may wish to consider. Given the increased complexity of IRS regulations, the potential for real estate and other property gifts, and state and federal environmental laws, the Foundation recognizes the value in carefully screening proposed gifts. The Foundation will not accept any gift which will jeopardize the Foundation's tax-exempt status or place the donor in jeopardy.

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

Solicitations of businesses and individuals will be made in accordance with the highest ethical and business fund raising practices. The Foundation has adopted and subscribes to the Model Standards of Practice for the Charitable Gift Planner, attached hereto. Appeals to vendors and businesses will be made in the spirit of philanthropy with no overt or implied promise of future business or threat of withdrawal of business.

POLICIES AND GUIDELINES

The Foundation shall formally establish policies which officially commit the organization to a position which will protect: (1) the best interests of the donor, (2) the official representatives of the Foundation, (3) the welfare of the Foundation itself, and (4) the administrators charged with management related to the deferred gifts program. No agreement shall be made between the Foundation and any other operation, agency, person, or organization on any matter which would knowingly jeopardize or compromise the donor's interest.

CONFLICT OF INTEREST

The interest of the donor shall come before that of the Foundation. No program, agreement, trust, contract or commitment shall be knowingly urged upon any prospective donor that would benefit the Foundation at the expense of the donor's interests and welfare.

No agreement shall be made between the Foundation and any agency, person, company or organization on any matter related to investments, management, or otherwise, which would knowingly jeopardize the donor's interest.

ACCEPTANCE OF GIFTS

The Steuben County Community Foundation reserves the right to decline any financial commitment, gift, or bequest, as well as the right to determine how a gift will be credited and/or recognized. The board shall have the right to refuse contributions that do not enhance, promote, and further the purpose of the community foundation.

Gifts will only be accepted where there is a charitable intent on the part of the donor. The Steuben County Community Foundation is unable to accept gifts that are overly restrictive in purpose. Unless the board grants a specific exception, the Steuben County Community Foundation will not accept any gifts that:

- Contain a condition that requires any action on the part of the organization that is unacceptable to the board
- Contain a condition that the proceeds be spent by the organization for the personal benefit of a named individual or individuals
- Require the organization to employ a specific person now or at a future date
- Inhibit the organization from seeking gifts from other donors
- Expose the organization to adverse publicity, litigation, or other liabilities

COUNSEL

Prospective donors shall be advised to consult with counsel of their choice in all matters related to planned gift instruments such as drafting of wills, trusts, agreements, contracts or other. They shall be advised to consult with their attorney or accountant on matters related to the tax implications and estate planning aspects of a deferred gift agreement.

If a representative of the Foundation makes a referral to an attorney, it shall be understood that the attorney is retained to represent the donor/client's interests.

The Foundation shall consult with legal counsel in all matters pertaining to its deferred gift program and shall execute no agreement, contract, trust or other legal document with any donor without the service of legal counsel.

INFLUENCE

Representatives of the Foundation shall exercise extreme caution to avoid pressure, persuasion or undue influence when the representative is to inform, counsel and assist the donor in gift planning concerns, including the exercise of prudent consideration of the donor's personal interests as well as charitable objectives.

All personnel employed by the Foundation to contact prospective donors or to promote the planned gifts program shall be paid a salary or fixed wage, but shall not receive commissions which could give such personnel a direct beneficial interest in any agreement.

SCOPE OF SERVICE

Services of representatives of the Foundation shall extend beyond the consideration of only the Foundation, to help donors facilitate whatever additional charitable interests they may have in other organizations and agencies.

CONFIDENTIAL INFORMATION

All information concerning prospective donors including names and addresses, names of beneficiaries, nature and worth of estates, amounts of provisions, etc., shall be kept strictly confidential by the institution and its authorized personnel unless the donors grant permission to use selective information for purposes of referral, testimonial or example at the discretion of authorized representatives. Employees of the institution who violate this policy are subject to dismissal. All requests by donors for anonymity will be honored, except to the extent that the Steuben County Community Foundation is required by law to disclose the identity of donors.

AUTHORIZATION FOR NEGOTIATION

Only the President/CEO or personnel approved by the Board of Directors shall be authorized to negotiate on behalf of the Foundation with any donor in respect to gift annuities, trusts, life income agreements and other formal planned gift instruments that follow the format described in this program and are approved by the Board. Any agreements which involve a legal obligation on the part of the Foundation or its agents which do not follow the forms described in this program or are special agreements of any kind will require the approval of the governing board. Any real estate, real property or hard-to-value assets exchanged for an agreement of any kind must be approved through the governing board.

STANDARD FORM DOCUMENTS

For administrative ease and convenience, the Foundation has developed standard forms of fund agreements and other documents relating to the Foundation's development program as deemed appropriate. All such standard forms have been reviewed and approved by legal counsel. The Foundation will provide standard forms to a prospective donor and the donor's advisors upon request and encourage their use. The President/CEO shall be authorized to negotiate any of these selected permanent or nonpermanent fund agreements with any donor without prior full Board or Executive Committee approval.

REPORTS

The Foundation will provide all donors with a gift acknowledgement letter. This information will assist the donor with preparation of federal and state tax returns. When a donor establishes a fund within the Foundation, semi-annual reports are provided that details the activity in the fund for the period.

ADMINISTRATIVE FEES

The Board approved administrative fee schedule will apply to all funds except in those instances where the board approves a different fee. Steuben County has two types of fees based on whether the fund is a permanent asset of the Foundation, or money that merely "passes through" the Foundation. Fees are debited quarterly in advance. Fees will be prorated whenever the funds are not held for the entire quarter.

Endowed Funds:

These funds are permanent assets of the Foundation and only the income is distributed. The annual fee is 1% (1.5% for unrestricted funds) based on the market value balance as of January 1, April 1, July 1, and October 1.

Non-Permanent or Pass-Through Funds:

These funds are only temporarily part of the Community Foundation. These funds may be given to the Foundation for redistribution when certain conditions are met. Or, as a convenience to donors, the Foundation may agree to receive securities, sell them, and distribute the net proceeds to beneficiaries designated at the time of the gift. They may be given by individuals, organizations, or corporations. The annual fee for these funds is 2%, or at the discretion of the Foundation up to 5% or the Foundation may impose a \$25 per check fee on short-term deposits to cover administrative expenses.

Investment of Gifts

It is the preference of the Foundation that, to the extent feasible, assets from gifts will be commingled for investment purposes. All investments will be selected in conformance with investment policies established by the Foundation. All assets that are accepted as gifts may be retained by the Foundation as long as such decisions serve the interests of the Foundation.

The Foundation will attempt to accommodate requests from donors for separate investment management of fund assets when the initial gift to establish the fund is \$500,000*. However, the Foundation's board must approve the addition of any new investment manager. Investment performance of said money managers is subject to annual review by the Finance Committee, and fees will be reviewed and negotiated by same. It is understood that complete, timely and accurate information be provided to the Foundation or its designated representative for portfolio reconciliation.

TYPES OF FUNDS

A minimum of \$5,000* is required to create a new endowed fund. Distributions from an endowed fund will be made in accordance with the Foundation's Spending Policy and Fund Agreement requirements. In the event the initial gift is less than \$5,000, the Foundation may accept it as an identified fund and reserve the right to review progress of the fund. At the end of 24 months from the date of creation, if the carrying balance of the fund is less than \$5,000, the Foundation's board shall have the right to transfer the fund to one or more funds maintained by the Foundation and the decision of the board relative to the transfer and the fund to which the transfer will be made rests in the sole and unfettered discretion of the board and its decision shall be final. The Foundation offers the following types of funds to meet the needs of donors:

ADVISED FUNDS

Advised Funds are established by donors who wish to participate in the distribution decision by making award recommendations to the SCCF Board of Directors. Additions may be added to the fund as dictated by the donor. Annual earnings, based upon spending policy calculations, and/or principal, are available each year for distribution. As required by IRS regulations, an advisor's grant recommendation is not binding on the Foundation, which retains final authority to determine distributions from the fund. Donors may name their children, or others, as advisors. Once all successor advisors, if any, are deceased, the Foundation's board shall have the right to transfer the fund to one or more funds maintained by the Foundation and the decision of the board relative to the transfer and the fund to which the transfer will be made rests in the sole and unfettered discretion of the board and its decision shall be final. The Foundation prefers to limit successor advisors to only one generation beyond the life of the original donor.

DESIGNATED/AGENCY

Designated and/or Agency Endowment Funds are established by a single donor or by a 501 (c) (3) charitable agency. Contributions may be made to the fund by others. Annual earnings based upon spending policy calculations are distributed to the designated beneficiary institution or program.

DISCRETIONARY

Discretionary Funds give the Foundation the flexibility to respond to new programs, emergency needs, and innovative activities that otherwise might not receive funding from traditional sources. Donors do not place restrictions on how these funds are to be spent, leaving the decision to the board of directors.

FIELD OF INTEREST

Field of Interest Funds are established by individuals, groups or organizations and are open to contributions by others. Annual earnings based upon spending policy calculations are distributed to a beneficiary institution or program within a specified area of interest.

SCHOLARSHIP

Scholarship Funds are established to financially assist individuals continuing their education in private or parochial schools, accredited colleges or universities, vocational or trade school, and certificate programs. The donor will typically recommend the scholarship selection criteria. The Foundation welcomes donor involvement in the selection process, however, as required by IRS regulations, an advisor's grant recommendation is not binding on the Foundation, which retains final authority to determine distributions from the fund.

SUPPORTING ORGANIZATIONS

Supporting Organizations of the Foundation are established by donors as separately incorporated nonprofit corporations with separate governance and tax-exempt status. A supporting organization of the Foundation is a grantmaking organization that avoids the burdens of private foundation tax status by being operated, supervised, controlled by, or in connection with, the Foundation. This requirement can be met, in part, if at least a majority of the board of directors of the supporting organization is appointed by the Board of Directors of the Foundation. A supporting organization may be created if the initial gift amount is at least \$1 million*.

* Amounts are subject to change

GIFTS TO THE COMMUNITY FOUNDATION

OUTRIGHT GIFTS

This is a simple, convenient way to donate money to the Community Foundation and receive maximum tax advantages. Checks should be made payable to Steuben County Community Foundation.

BEQUESTS

Provision for a planned gift may be made in the form of a bequest or devise through a properly executed last will and testament, and/or trust. Such a bequest should read: "I give and devise the following gift to the Steuben County Community Foundation, Inc...." followed by a description of the property to be given in specific kinds, percentages, number of dollars or remainders.

SECURITIES

Gifts of securities include publicly-traded stocks, mutual funds, Treasury Bills, bonds, and closely-held stock. It is the donor's responsibility to obtain any necessary appraisals of securities. Donors should understand that securities donated to the Community Foundation will, in all likelihood, be sold.

Publicly Traded Securities:

Securities are to be electronically transferred directly to the Foundation's account or, a stock power for each certificate being contributed must be completed. The donor or broker must be careful NOT sell the securities prior to the transfer.

The value of the gift is based on the closing price for the exchange on the date the gift is received.

Closely Held Stock:

Gifts of closely held business interests such as C corporations, LLPs, and LLCs are evaluated on a case-by-case basis and are subject to board approval. An acceptance checklist must be completed and submitted, along with any supporting documentation to the board for approval.

DEFERRED GIFTS

Deferred gifts encompass all forms of gifts in which benefits do not fully accrue to the Community Foundation until sometime in the future; such as the death of the donor or other income beneficiaries, or the expiration of a predetermined period of time.

Gift Annuity

A donor may provide for a planned gift investment in the Foundation, guarantee a life income for him/herself and/or someone else he/she may designate and qualify for both income and estate tax benefits through a charitable gift annuity. The donor provides for a guaranteed life income that is determined at a rate calculated from actuarial tables noted in Table S in IRS publication 1457 based on the life expectancy of the life income beneficiaries. The total assets of the institution are pledged to guarantee the life income. Contributions for gift annuities are retained in 100% funded reserve until the demise of the life income beneficiaries. The donor also provides for an ultimate gift to the Steuben County Community Foundation. The donor qualifies for the income tax charitable deduction for the computed value of the future gifts on his/her tax return for the year in which the annuity is purchased. The deduction qualifies under the carry-over rules. A portion of the annual income is excludable, tax exempt income. At the time of the Donor's death, the balance of the gift annuity qualifies for an estate tax charitable deduction. The donor must make formal application for an annuity. *The Foundation reserves the right not to accept annuity applications for less than \$25,000*, for more than two lives or for annuitants under fifty-five years of age.*

Deferred Payment Gift Annuities

Deferred payment gift annuity plans provide for a guaranteed life income at some point in the future (must be more than one year from the date of the agreement), a charitable gift, and a tax deduction now. The annuity income is computed from the amount of the principal invested plus the accumulation of compound interest from the time of the investment to the time payment begins. The rate is computed from life expectancy tables at the age payment begins. This plan provides for income tax contribution deductions, some tax exempt income in the future (although less than would have been received from an immediate payment gift annuity), estate tax deductions, and probate cost savings.

Charitable Remainder Trusts

Charitable remainder trusts are created when an individual transfers property over to a trustee under the terms of a legal document which describes the purpose and manner under which the trustee administers the property to fulfill the objectives established by the trustor. The Foundation may act as trustee for charitable remainder trusts, if the donor does not have a preference to name a third party of their choice to act as same. The trustee manages, administers, and makes disposition of both the income and the principal under whatever terms are specified by the trust. He/she may pay a percentage of income, but not less than 5%, to the trustor and/or someone he/she designates for life or a specified number of years, not to exceed 20 years, and then the remainder must be paid over to the Foundation. Trusts may be modified in a variety of ways to suit the objectives of the donor. *The Foundation reserves the right not to serve as trustee of trust arrangements for less than \$25,000*, for more than two lives, or for income beneficiaries under fifty-five years of age.*

* Amounts are subject to change

Annuity Trust

The annuity trust specifies a fixed dollar amount to be paid annually to the income beneficiaries. The annuity payment must be an amount equal to at least 5% of the fair market value of the property transferred into the trust. The remainder, after the life income interests have terminated, is paid over to the charitable institution.

Unitrust

The unitrust specifies a fixed percentage of the net fair market value of the trust assets as valued annually to be paid over to the donor or anyone designated by the donor as income beneficiary. The unitrust must be an amount equal to at least 5% per year.

Unitrusts may also be written with two options: 1) to pay out actual income or a specific percent (not less than 5%), whichever is lower, with make-up payments in future years when income exceeds the specified percent; and 2) to pay out actual income or a specified percent (not less than 5%), whichever is lower, without make-up payments for any deficiency.

CHARITABLE LEAD TRUSTS

An individual may establish a trust designating the income be paid to the charity for a specified term of years after which the property reverts back to the owner or the owner's heirs or whomever the owner designates. Under this arrangement, the donor may take an immediate income tax deduction for the present value of the income interest.

If the owner chooses not to take an immediate deduction the income will not be taxable to him/her. The trust itself is a taxable entity to the extent it realizes income in excess of that which it pays out to the charitable organization.

If the owner designates the trust property revert back to heirs, he/she has created a taxable gift under the unified gift and estate tax for the present value of the future interest.

INSURANCE

Insurance can be used to accomplish charitable objectives in a variety of ways. An individual may make a charity the beneficiary of a policy or may irrevocably make the institution both owner and beneficiary. Where the charity is both owner and beneficiary, the donor may take a contribution deduction for the replacement value of the policy and may deduct the premium amount as a charitable deduction if he/she continues to pay them.

GIFTS IN KIND

With certain exceptions, a donor may give any kind of property such as inventory, stock acquired in a non-taxable transaction treated as ordinary income when sold, or items or property given by the person who prepared them.

GIFTS OF TANGIBLE PERSONAL PROPERTY

The Foundation will review all proposed gifts of real estate, artwork, and collectibles to determine their interest in accepting such gifts. All gifts of real estate directed to the Foundation or its supporting organization(s) must be approved by the board of directors of that corporation. Prior to approval, such gifts are reviewed by the Foundation and legal counsel. Until the property is sold, the donor must provide for obligations such as taxes and insurance. A comprehensive list of issues and requested information that may be relevant to the donation are listed on Appendix 1.

GIFTS OF LIFE INTEREST

An individual may deed a personal residence (including vacation property), acreage, and/or buildings held for agricultural production to the Foundation, reserving a life estate for one or more persons. The life tenant(s) has the right to use the property for the rest of his or her lifetime, and is entitled to all rents from the property. The life tenant(s) remains responsible for the payment of real estate taxes, property insurance, and the costs of maintenance. All gifts of real estate directed to the Foundation, or its supporting organization (s), must be approved by the board of directors of that corporation. Prior to approval, such gifts are reviewed by the Foundation and legal counsel. Until the property is sold, the donor must provide for obligations such as taxes and insurance. A comprehensive list of issues and requested information that may be relevant to the donation are listed on Appendix 1.

GIFTS FOR DONOR ADVISED FUNDS

Notwithstanding any other provisions, the Foundation shall not accept any gift of an interest in a business enterprise for a Donor Advised Fund that would subject the Foundation to tax under Section 4943 of the Internal Revenue Code, concerning "excess business holdings." Any proposed gift that would result in the Donor Advised Fund holding:

- a. a 20% or greater interest in a business or an entity, or
- b. any interest in an entity in which any interest is owned by a donor or advisor to the Donor Advised Fund,
- c. by a family member of any such person, or by an entity in which any of the foregoing persons has an interest, shall be referred to the Foundation's legal counsel for an opinion on the possible application of Code Section 4943.

APPENDICES

APPENDIX 1- REAL ESTATE GIFT CHECKLIST

Items the Foundation must have to consider the donation:

- ✓ Exact legal name of donor and federal ID number
- ✓ Description of property
- ✓ Information regarding mortgage, if any
- ✓ Information regarding existing and/or potential zoning status
- ✓ Information on all ingress/egress for the property
- ✓ Description of prior use of the property
- ✓ Description of surrounding property, with specific disclosure of any storage tanks or potential environmental factors affecting the property
- ✓ Disclosure of any contemplated or condemnation, right of ways or other actions by municipalities that may affect the subject property
- ✓ Phase I environmental report on the property, including environmental report on any structures located on the real estate
- ✓ Specimen of title insurance commitment or schedule describing any liens, encumbrances, or title matter affecting the property
- ✓ Copy of appraisal showing the fair market value of the property current to within 90 days
- ✓ Specimen of proposed Sellers Affidavit disclosing any and all tenants, leases, security instruments, graves or cemetery parcels, etc.
- ✓ Draft of proposed Warranty Deed conveying title from proposed donor to the CF
- ✓ Boundary survey of the property with location of all structures, easements and encumbrances appearing on the face of the survey
- ✓ Disclosure of amount of existing real estate taxes, insurance premiums and assessments attributable to the property
- ✓ Discussion with the proposed donor regarding any special arrangements for donor's fund or other sources to address ongoing expenses for taxes, insurance, assessments, maintenance, grass cutting, security, utilities, etc.
- ✓ A qualified list of potential buyers for the property, if any

APPENDIX 2- CLOSELY HELD STOCK CHECKLIST

The Donor is responsible for the following:

- ✓ Provide written communication of intent of the gift
- ✓ Maintain communication with Foundation legal counsel to acquire some or all of the following: (1) whether the company is S or C corporation, (2) a description of the nature of the company's business and its prospects for profitability, (3) the company's audited financial statements for the three most recent fiscal years, (4) copies of the company's Articles of Incorporation, By-Laws, corporate minutes, and stock books, (5) review of the company's most recent tax returns, (6) a review of any existing or potential environmental issues involving the company and its assets, (7) an opinion letter from the company's attorney concerning legal existence, authority, subsidiaries, litigation, and other such matters reasonably requested by the Foundation, (8) a recent appraisal of the company, (9) whether there has been any market in the company's stock in the last three years, (10) the number of outstanding shares of stock and who owns them, (11) information regarding the condition of the business and whether there are factions among stockholders or disputes within the company, (12) whether there are any procedures for valuing the stock on a periodic basis, (13) whether the company pays any dividend and if so, the amount currently being paid, and (14) assurance in writing that in accepting the proposed gift of stock the Foundation will not become a majority shareholder in the company, that the

- donor and the Foundation together will not have a controlling interest, and that the Foundation assumes no liability in receiving the stock.
- ✓ Agree, in writing, on arrangements for paying all expenses associated with the acceptance of the gift, including, but not limited to appraisal fees and attorney fees; and understanding that the donor will pay for related expenses even if gift is not accepted.
 - ✓ Prepare appropriate instruments which are necessary to transfer the stock to the Foundation. All proposed transfer instrument must be reviewed by the Foundation's legal counsel prior to acceptance by the Foundation.
 - ✓ Provide assurance that the fund will have adequate cash to pay administrative fees, either from the investment itself or from further contributions from the donor.
 - ✓ Provide documentation of any shareholder, buy-sell, or other agreements that impose any restriction or limitations upon the sale or transfer of stock. Foundation legal counsel shall review such documentation.
 - ✓ Obtain a qualified appraisal complying with IRS regulations for the purpose of establishing the value of the gift for federal income tax purposes and for Foundation valuation purposes. (IRS regulations require an appraisal to be made between 60 days before the date of the gift and not later than the due date of the tax return on which the deduction is being claimed). Advise the donor that the Foundation will not establish or corroborate the value of any property for the purpose of substantiating the donor's income tax charitable deduction. The IRS has stated that when valuing stock of closely-held corporations or the stock of corporations where market quotations are either lacking or too scarce to be recognized, all available financial data, as well as all relevant factors affecting the fair market value, should be considered. The following factors, although not all-inclusive, are considered fundamental key factors and require careful analysis in each case (1) the nature of the business and the history of the enterprise from its inception, (2) the economic outlook in general and the condition and outlook of the specific industry, (3) the book value of the stock and the financial condition of the business, (4) the earning capacity of the company, (5) the dividend paying capacity, (6) whether or not the enterprise has goodwill or other intangible value, (7) sales of the stock and the size of the block of stock to be valued, and (8) the market price of stocks of corporations engaged in the same or similar line of business having their stock actively traded in a free and open market, either on an exchange or over-the-counter.
 - ✓ Prior to transfer of the closely-held stock to the Foundation, the donor and the Foundation will sign a standard fund agreement, or other form of fund agreement that has been approved by legal counsel to the Foundation. The agreement must state the terms of the gift and specify that there are no material restrictions on the Foundation's right to use or convey the property. The Foundation will not guarantee or pre-arrange a sale or make any other agreement that might imply or cause a material restriction to be imposed upon the contribution.

The Community Foundation is responsible for the following:

- ✓ Make determination if gift of closely-held stock is in the best interest of the Foundation. The Foundation may refuse any offered gift of closely-held stock that is not in the best interest of the Foundation.
- ✓ Engage corporate attorney to review and prepare papers as necessary.
- ✓ Research likelihood of selling the closely-held stock. In the case of closely-held stock that is not readily marketable at the time of the gift, it should reasonably appear that the stock will be sold or converted into income-producing property within a specific time frame, not to exceed three to five years.
- ✓ Evaluate whether acceptance of the closely-held stock may result in adverse tax consequences, such as UBIT, to the Foundation.

- ✓ Obtain approval of the Foundation Board to accept the gift.
- ✓ Foundation will advise the donor that if the property listed on IRS Form 8283 is sold, liquidated, or otherwise disposed of within two years of receipt, the Foundation is required to file a separate report with the IRS on IRS Form 8282 and disclose facts about the disposition.
- ✓ Sell closely-held stock. In negotiating the sale, a fair market value (price per share) will be established at the time of sale. No warranty is given by the Foundation that the valuation will be acceptable to the IRS. In some cases, the Foundation may obtain an independent appraisal of the value of the stock prior to agreeing to a proposed sale of the stock. In many cases, upon the subsequent sale of closely-held stock, there will be a stock purchase agreement setting forth the proposed terms and conditions of sale. The Foundation cannot join in or participate in the issuance of warranties and representations and in indemnification agreements.
- ✓ File IRS Form 8282 if closely-held stock is sold within two years of the gift (Form 8282 is due within 125 days of sale).

MODEL STANDARDS OF PRACTICE FOR THE CHARITABLE GIFT PLANNER

The purpose of this statement is to encourage charitable gift planning by urging the adoption of the following Standards of Practice by all who work in the charitable gift planning process, including charitable institutions and their gift planning officers, independent fund-raising consultants, attorneys, accountants, financial planners and life insurance agents and other financial service 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.

PRIMACY OF PHILANTHROPIC MOTIVATION

The principal basis for making a charitable gift should be desire on the part of the donor to support the work of charitable institutions.

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.

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.

COMPENSATION

Compensation paid to Gift Planners shall be reasonable and proportionate to the services provided. Payments of finder's 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.

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.

CONSULTATION WITH INDEPENDENT ADVISERS

A Gift Planner acting on behalf of a charity shall in all cases strongly encourage the donor to discuss the proposed gift with competent independent legal and tax advisers of the donor's choice.

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 Planner, in order to insure that the gift will accomplish the donor's objectives, should encourage the donor, early in the gift planning process, to discuss the proposed gift with the charity to whom the gift is to be made. In cases where the donor desires anonymity, the Gift Planner shall endeavor, on behalf of the undisclosed donor, to obtain charity's input in the gift planning process.

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.

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.

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.

This Model Standards of Practice for the Charitable Gift Planner was adopted by both the National Committee on Planned Giving and the Committee on Gift Annuities in the spring of 1991.