GREATER LOWELL COMMUNITY FOUNDATION
Gift Acceptance Policies

Reaffirmed by the Board July 26, 2012

Gifts to the Community Foundation may be made in any amount. Endowed funds can be created with any amount of initial contribution, but must be built-up to $5,000 within five years of the Fund's inception. Fund balances must reach $5,000 before grant distributions can be made.

Outright Gifts

1. **Cash**. The Community Foundation accepts cash, checks, and money orders.

2. **Marketable Securities.** The Community Foundation accepts gifts of publicly traded stocks and bonds. When the securities are in "street name," they are transferred to the Community Foundation's account; thereafter we may either sell or hold the securities for the benefit of the donor's fund. When the gift is in the form of physical securities, we may either sell or hold the securities for the benefit of a donor's fund.

Some gifts are more illiquid than in those in categories 1 or 2. In order to be accepted, illiquid gifts, such as those below, must have a charitable benefit to the Greater Lowell Community Foundation.

3. **Stock in Privately Owned Companies.** To be accepted, such stocks must have a qualified appraisal performed by an independent professional appraiser. If immediately marketable, the stocks are sold. If not, they are safely kept until they can be redeemed. Prior to approval, such gifts are reviewed by the Community Foundation staff and legal counsel.

4. **Stock in subchapter S Corporations**. To be accepted, such stocks must have a qualified appraisal performed by an independent professional appraiser. Prior to approval, such gifts are reviewed by the Community Foundation staff and legal counsel.

5. **Real Estate.** All real estate gifts are directed to the Community Foundation Realty, Inc. and must be approved by the board of that corporation. Prior to approval, such gifts are reviewed by the Community Foundation staff and legal counsel. Concerns include legality, mortgages, easements, restrictions, and environmental problems. Until the property is sold, the donor must provide for obligations such as taxes and insurance. (See Checklist)

6. **Tangible Personal Property**. 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 purpose related to its exempt purpose. At least one qualified appraisal by an independent professional is required. Prior to approval, such gifts are reviewed by the Community Foundation staff and legal counsel.

7. **Partnership Interests and Interests in Limited Liability Companies (LLC).** The Community Foundation does not accept gifts of general partnership interests. Prior to approval of gifts of limited partnership interests or interests in an LLC All relevant partnership and LLC agreements will be reviewed by the Community Foundation staff and legal counsel with particular attention given to the activity of the partnership/ LLC and how allocations are made. Further, the underlying assets and liabilities of the partnership/ LLC will be reviewed. Limited partnership interests in family limited partnerships will be considered, subject to review by the Community Foundation's Board of Directors.

Deferred Gifts

8. **Bequests.** The Community Foundation receives bequests from persons who have directed in their wills that certain assets be transferred to the Foundation. The Foundation's legal name is Greater Lowell Community Foundation, Inc. Unless there are specific restrictions attached by the donor, the Community Foundation's Board of Directors shall at its discretion create a permanent operating, field of interest or discretionary grant fund named after the donor with at least seventy five percent (75%) of the bequest proceeds. Up to twenty-five percent (25%) of Bequest proceeds may be allocated at the discretion of the Board of Directors to benefit the Community Foundation's operating capital fund or to support operating and/or program initiatives of the Greater Lowell Community Foundation. Bequests shall not be allowed to benefit specific agency or designated funds, donor advised funds, or other restricted funds or expenses.

9. **Life Insurance**. The Community Foundation accepts life insurance policies for which the donor has relinquished ownership by assigning all rights, title, and interest in the policy to the Foundation. If the insurance policy is not fully paid up, the usefulness of the gift is judged on a case-by-case basis. If the policy is accepted, the Foundation may choose either to cash it in for the current surrender value or continue to pay the premium (e.g., the Foundation has paid the premium on a policy for which the donor provides an annual contribution equal to the premium). (See Statement on Gifts of Life Insurance)

10. **Life Income Arrangements**. Several types of deferred giving arrangements can be established during one's lifetime or through a will and can be structured to provide a life income for oneself or a loved one. Life income arrangements include: charitable remainder annuity trust, charitable remainder unitrust, and a remainder interest in a residence or farm. Charitable lead trusts provide income over a term of years or a person's lifetime to charity. (See Community Foundation Statement on Charitable Remainder Trusts)

In conformance with the Treasury Department regulations governing community foundations, gifts to the Community 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.

The Community Foundation reserves the right to refuse any gift that it believes is not in the best interest of the Foundation. Call David Kronberg at 978-970-1600, to discuss a specific type of gift.

Checklist of Desired Items In Connection With Consideration or Acceptance of Real Estate Donation

All real estate gifts must be approved by the Board of Directors. Prior to approval, such gifts are reviewed by the Community Foundation staff and legal counsel. Until the property is sold, the donor must provide for obligations such as taxes and insurance. The Community Foundation will supply a real property disclosure checklist. To facilitate the transfer, please make note of those issues relevant to the property you wish to donate.

1. Exact legal name of donor and federal I.D. number.

2. Description of property.

3. Description of any buildings or other structures located on the land.

4. Boundary survey of property with location of all structures, easements and encumbrances appearing on the face of the survey.

5. Information regarding mortgage, if any.

6. Information on all ingress/egress for the property.

7. Information regarding existing zoning status.

8. Description of prior use of the property.

9. Description of use of surrounding property, with specific disclosure of any storage tanks or potential environmental factors affecting the property.

10. Disclosure of any contemplated or anticipated condemnations, right-of-ways or other actions by municipalities that may affect the subject property.

11. Phase I environmental report on the property, including environmental report on any structures located on the real estate.

12. A copy of title insurance commitment or schedule describing any liens, encumbrances or title matters affecting the property.

13. Copy of appraisal showing the fair market value of the property current within 180 days.

14. Disclosure of amount of existing real estate taxes, insurance premiums and assessments attributable to the property.

15. Discussion with 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.

16. Specimen of proposed Seller's Affidavit disclosing any and all tenants, leases, security instruments, graves or cemetery parcels, etc.

17. Draft of proposed Quickclaim Deed conveying title from proposed donor to the Greater Lowell Community Foundation, Inc.

18. Copy of Title Insurance Policy.

Charitable Remainder Trust Gift Acceptance Policy

The Community Foundation may accept charitable remainder trusts in whatever forms are approved by the Treasury Department regulations or are otherwise determined to be legal trusts for administration by the Community Foundation on the following terms:

1. The Community Foundation may accept the charitable remainder interest from any charitable remainder trust if the Foundation determines it is in its best interest to accept the gift.

2. The Community Foundation encourages the use of a Trustee suitable to the donor including banks or other appropriate institutions. The Community Foundation will consider serving as Trustee at a market rate if the Community Foundation is the irrevocable remainder beneficiary. Should the Community Foundation be selected to serve as Trustee, the Community Foundation will provide the donor’s advisors with certain necessary Trustee provisions.

3. The Community Foundation encourages donors to consult their own legal counsel and tax advisors to create a charitable remainder trust. When desirable, the Community Foundation will provide sample documents and calculations for the donor and his or her advisors to review.

Life Insurance Gift Acceptance Policy

The Community Foundation may accept life insurance policies as gifts to the Community Foundation on the following terms:

1. The Community Foundation shall be both the owner and the beneficiary of any policy accepted by the Community Foundation. The Community Foundation may decline to accept any insurance policy if it is not in the best interest of the Community Foundation to accept the proposed gift.

2. The donor agrees that the proceeds from the policy will be the property of the Community Foundation for the Community Partnership Fund or to be administered by the Community Foundation for such purposes as designated by the donor, subject to the policies and procedures of the Community Foundation.

3. The Community Foundation shall have no obligation to continue premium payments on insurance policies unless the donor provides sufficient funds for such payment, but the Community Foundation may continue payments from its own funds, if the Community Foundation deems it is in its best interest to continue such payments.

4. If any insurance policy lapses for non-payment prior to maturity because a donor fails to provide sufficiently for premium payments, the Community Foundation may redeem the policy and apply the proceeds from any cash settlement to the Community Partnership Fund.

5. The minimum dollar amount of the life insurance policies to be considered for acceptance by the Community Foundation is $25,000.

Family Limited Partnership Gift Acceptance Policy Statement

1 Prior to the Greater Lowell Community Foundation accepting family limited partnership interests, the partnership agreement must be reviewed by the Community Foundation's Investment Committee. The Committee will review the agreement's structure, function and underlying assets. Issues to be reviewed include but are not limited to the following:

2 Value of the limited partnership interest. Generally, a minimum discounted value of the limited partnership interest, as established by a qualified appraisal of $10,000 is required. The Community Foundation must be the beneficiary of both the income stream and the liquidation proceeds of the limited partnership.

3 Costs to the Community Foundation in holding the interest such as administrative responsibilities, tax return preparation and unrelated business income tax. The donor may be asked to cover all or some of these costs, particularly the unrelated business income tax which may be generated by phantom income. Is the Community Foundation's interest sufficiently liquid? Does the agreement provide the Community Foundation the power to redeem its interest, either through a preferred interest with a guaranteed return or a series of put options upon the expiration of which the Community Foundation has a right to absolute redemption or another

method agreed upon by both parties? Do the "family" partners intend to liquidate at some point in time?

Procedure for accepting gifts and establishing funds

Gifts and fund agreements must be reviewed by the Executive Director for conditional acceptance prior to the formal, vote acceptance by the Board of Directors.

Routine gifts may be accepted and deposited, and fund agreements may be executed by the Executive Director prior to ratification by the Board of Directors. However all funds require ratification by the Board of Directors at regularly scheduled meetings.

Gifts and fund agreements that require the acceptance of real estate, limited partner/private equity ownership, investments in unregistered, privately placed or below investment grade securities, options, financial futures, exotic derivatives, warrants, commodities or use of leverage and other non-publicly traded securities must be accepted by vote of the Board of Directors or its executive committee before the Executive Director and/or the Foundation's office may execute agreements and accept such gifts.

Minimum Amounts to Establish a Fund

As of the ratification date of this amendment, past fund agreements that have balances below $5,000 shall be grandfathered. The sum of $5,000 shall be minimally required to establish an endowed fund or scholarship.

The exception to this policy is that a donation of at least $100 may be accepted with the agreement that the donor has up to five years to bring the total of the fund or scholarship up to the $5,000 minimum. Any fund or scholarship that does not meet the $5,000 minimum after five years will be merged into the GLCF's Discretionary Grant or General Scholarship fund.

Any Endowed Fund or Scholarship that is below $5,000 will not be allowed to have a distribution until such time that the fund reaches $5,000.