



Human
Resources
Center of
Edgar and
Clark
Counties

GIFT ACCEPTANCE
POLICIES

HUMAN RESOURCES CENTER OF EDGAR AND CLARK COUNTIES GIFT ACCEPTANCE POLIIES

AUTHORIZATION

The Human Resources Center of Edgar and Clark Counties (HRC) encourages donors to make both immediate and planned gifts, including bequests, retirement fund plan designations, charitable gift annuities, charitable remainder trusts, charitable lead trusts, life insurance policies and proceeds, retained life estates, and bargain sales. The HRC Board of Directors (Board) reserves the right to approve and accept gifts of those listed in this policy.

HRC staff members do not provide legal or tax advice. All donors are encouraged to consult with an attorney or financial advisor before making a charitable gift.

GENERAL GUIDELINES

1. HRC staff will inform, guide and assist a donor in fulfilling his or her philanthropic wishes, but never pressure or unduly influence a donor's decision. Staff should maintain a written record of discussions with donors.
2. Donors will be encouraged to seek independent counsel when necessary, ensuring the donor receives a full and accurate explanation of the proposed charitable gift. In particular, donors should be made aware of irrevocability of a gift; prohibitions on donor restrictions; their right, upon written request, to receive information regarding income; and disbursements from designated gifts.
3. The Executive Director is authorized to negotiate planned gift agreements as approved by the Board. HRC staff members may be consulted to evaluate the appropriate and cost efficiency of potential gifts.
4. The Executive Director, on behalf of HRC, shall sign all necessary documents in acceptance of a planned gift.
5. HRC negotiates gifts in compliance with the Model Standards of Practice for the Charitable Gift Planner as approved by the National Committee on Planned Giving and the Committee on Gift Annuities, and the Code of Ethical Principles and Standards of Professional Practice of the Association of Fundraising Professionals.
6. Unless otherwise stated, gifts will be reported in accordance with the most recent edition of the CASE Management Reporting Standards as approved by the Council for Advancement and Support of Education (CASE).
7. Prior to acceptance, planned giving agreements may be reviewed by HRC legal counsel and the donor's counsel.
8. HRC is authorized to issue immediate and deferred charitable gift annuities and invest assets contributed for such annuities, employing agents and advisors to facilitate investments. HRC shall endeavor to comply with the laws of all states in which gift annuities are offered.
9. HRC may serve as a trustee of charitable remainder trusts and charitable lead trusts where HRC is named charitable beneficiary and trustee responsibilities are approved by HRC legal counsel. The Board reserves the right to hire or select a successor trustee

and may charge a management fee sufficient to cover administrative costs; fees may be an expense of the respective trust.

10. HRC staff and Board members will adhere to strict confidentiality requirements with regard to information, records, and personal documents pertaining to all gifts, pledges, and planned gifts.

Role of the HRC Board

All gift and fund policies referenced in this gift acceptance policy have been adopted by a majority vote of the Board. The Board may amend or supplement these policies and guidelines at any time.

Role of the Executive Staff

The Executive Director, on behalf of the Board, shall officially receive all gifts. The Executive Director will develop the terms, restrictions, and conditions that apply to each gift in accordance with this policy. Any potential gift that is either not covered by this policy, or includes non-standard terms, restrictions or conditions must be reviewed and approved by the Board prior to final acceptance.

Right of Refusal

HRC reserves the right to refuse gifts. Reasons for refusing a gift include:

1. The cost to manage the asset exceeds the eventual benefit of the gift, or
2. The gift or its purpose:
 - a. Would jeopardize HRC's tax exempt status,
 - b. Is discriminatory in nature, or
 - c. Does not fall within the HRC's Gift Acceptance Policies as specified in this document.

The Executive Director has the authority to refuse gifts, up to \$10,000, that clearly do not benefit HRC. If the benefit is questionable, difficult to determine, or in excess of \$10,000 the Board will review the gift and make a recommendation to the Executive Director.

GIFT TYPES

Assets for Gifts

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

Gifts of Cash

1. Cash

Cash gifts are receipted on the date received by the HRC office. If the gift is designated for a specific purpose, that purpose should be noted within the written documentation that accompanies the cash.

2. Checks

Checks must be made payable to HRC. If the gift is designated for a specific purpose, that purpose should be noted in the lower left hand corner (memo section) of the face of the check or within the written documentation that accompanies the check. Checks are receipted on the date received by the HRC office. Checks that are dated at the end of the year must be received or mailed and postmarked no later than December 31st in order to be considered as a gift in the current year.

3. Credit Cards and Online Giving

Credit Card gifts and gifts made online are receipted on the date received by the HRC office. If the gift is designated for a specific purpose, that purpose should be noted within the written or online documentation.

4. Other Gifts

HRC accepts gifts via payroll deduction, Electronic Fund Transfer (EFT), and wired. Gifts wired to HRC require specific routing instructions which will be provided at the donor's request.

Pledges

All pledges must be in writing and, if applicable, include a specific purpose. The anticipated payment schedule along with the signature of the donor is required. Pledge payment reminders will be sent to the donor.

Non-Cash Gifts

Tangible personal property exceeding \$5,000 in value (art, antiques, rare books, jewelry, gems, collections, etc.), shall be reported at the fair market value placed on them by an independent, qualified certified appraiser. The appraisal must be prepared no more than 60 days prior to the date the contribution is made and no later than the due date for the donor's tax return. The donor shall pay the cost of an appraisal. Non-cash gifts with a fair market value of less than \$5,000 may be reported at the value declared by the donor. Personal property will be sold at the highest possible price as soon as practical after conveyance, unless the property is to be used in connection with HRC's exempt purpose. HRC discourages gifts of personal property that cannot readily be sold or which require unusual expenses prior to the sale. If a lengthy selling period is anticipated, HRC may refuse the gift or request that the donor cover the expenses with a cash gift.

Brokerage Accounts

Donors may establish a brokerage account to transfer assets to HRC, whereby a broker commission will be paid. The Executive Director will evaluate the request and authorize the account. Upon approval by the Executive Director, banks authorized by the Board and acting as an agent for HRC may open brokerage accounts in the name of the bank.

Gifts of Securities, Stocks, Bonds, U.S. Saving Bonds and Mutual Funds

HRC accepts gifts of marketable securities, stocks, bonds, U.S. saving bonds, and mutual funds.

1. Securities – Public

Securities for which there is a recognized market are generally valued at the arithmetic mean of the highest and lowest selling prices for that stock or bond in its principal sales market on the date of the gift. The value of a share in a mutual fund is its public redemption price (the "bid price") in effect at the time of the gift. The date of the gift is the date the security is:

- Unconditionally delivered or mailed in proper negotiable form to HRC or its agent;
- The date the security is transferred and held in "street name" on the books of a brokerage firm; or
- The date the security is transferred on the books of the issuing corporation when delivered to the corporation for transfer in to HRC's name.

2. Securities – Private (Closely Held Stock)

HRC will accept closely held stock (CHS) if the gift is made through a Charitable Trust. The individual owning the CHS makes a gift into a Charitable Trust held outside of HRC. HRC is named as the charitable recipient of either earnings or assets of the trust. (There are several types of charitable trusts and giving scenarios.) The trustee sells the stock back to the corporate treasury, employee, or family members, other than the original

owner or spouse. The proceeds of the sale are invested by the Trust and eventually result in a gift to HRC. HRC does not act as trustee in these situations, only as the charitable recipient.

This gift:

- Provides income paid to donor or designated income beneficiary for life, after the fiduciary trustee sells the stock back to the corporate treasury, employee, or family members, other than original owner or spouse;
- Provides income tax deduction for full fair market appraised value of the stock, \$10,000 in value or above;
- Avoids capital gains tax on the gift and subsequent sale by the fiduciary trustee of the Charitable Trust;
- Makes a generous gift, after some delay for HRC, at low cost.

Certificates and other documentation mailed or delivered to HRC should be addressed as follows: The Human Resources Center of Clark and Edgar Counties, PO Box 1118, Paris, IL 61944.

Documents should be sent certified mail. It is recommended the stock certificate and signed stock power be mailed in separate envelopes to prevent theft.

3. Gifts of Federal Reserve Items

HRC accepts gifts of Federal Reserve items including U.S. Treasury Bonds, government bonds, treasury bills, and other bonds and bills issued by the Reserve. Federal Reserve items will be transferred pursuant to routing directions provided by HRC. The gift will be recognized as of the date of transfer recorded by the appropriate issuing government agency.

4. Gifts of U.S. Savings Bonds

HRC accepts gifts of U.S. Savings Bonds including E bonds and series HH bonds. Series E bonds may be gifted by (1) converting them into series HH bonds in the name of HRC, or (2) cashing the E bonds and donating the proceeds.

Series HH bonds may be gifted by (1) re-registering them in the name of HRC, or (2) cashing the Series HH bonds and donating the proceeds.

Gifts of S Corporation Stock, Partnership Interests, and Other Assets

HRC accepts gifts of S Corporation stock, partnership interests (including family limited partnerships), royalty interests (i.e. gas, mineral, oil), intellectual property (i.e. patents), and other assets. HRC assumes no management or fiduciary duties, and no unrelated business income tax in receiving such assets unless approved by the Board. The following guidelines will be used to determine acceptability of the gift:

- Partnership interests must not subject HRC to cash calls or other liability and must not have adverse tax consequences;
- HRC legal counsel shall approve transfer of such interest in order to prevent transferee liability, operational duties and liabilities, proxy fights, unrelated business income tax, etc.
- In the event a gift of such interest is made as a bequest, HRC legal counsel will be notified and acceptance shall be determined under the direction of counsel and the Board.

Gifts of Real Estate

Gifts of real property include gifts of land, buildings and improvements.

Gifts of real property can be valuable assets for furthering the mission of HRC. However, gifts of real property can create financial, legal and logistical obligations for HRC, particularly if the gift is provided with the expectation or condition that HRC retains the gift for extended periods, for specific purposes, or in a specific condition. For these reasons, it is important that there be criteria in place for the acceptance of gifts of real property and a process for administrative approval before gifts are accepted either by HRC.

This regulation addresses the criteria to be applied by HRC in accepting gifts of real property and the process for review and Board approval that must take place before HRC will accept gifts of real property.

Procedures for Review of Proposals for Accepting Gifts of Real Property

Submission of Proposal: Any proposal for the acceptance of a gift of real property must be in writing and contain a description of the specific criteria that supports acceptance of the gift. In addition the following information also must be provided:

Issues in Acquiring the Property Prior to Conveyance:

Proposals to accept gifts of real property that support programmatic goals also must address the following:

- The immediate and long term potential for the gift to support one or more specific programs;
- The department or programs that the gift would support;
- The uniqueness or special value of the gift to support the identified programs;
- A proposed financial, management, and maintenance plan for the property and the programs that will occur on it; and
- Specific criteria to be used over time to evaluate the success of the proposed program and whether or not the program should be continued, and to enable a judgment as to whether the property should be retained, used for another purpose, sold or transferred to another owner.

Proposals to accept gifts of real property that may generate income to support programs must include a business plan that addresses the following:

- The intended use of the gift;
- The relation of the gift to a programmatic interest of HRC;
- A logistical plan for managing the property;
- The expected annual net returns to HRC cover the expected retention period of the property;
- The identification of a source of funds to cover expenses incurred while holding the property until it becomes income generating; and
- Specific criteria to be used over time to evaluate the proposed business plan to enable a judgment as to whether the property should be retained, used for another purpose, sold or transferred to another owner.

Proposals to accept gifts of real property to be sold for proceeds to support other HRC objectives must include the following:

- A plan for sale and immediate management of the property;
- The identification of a source of funds to cover expenses incurred while holding the property until it is sold; and

- A description of the anticipated proceeds to be realized from the sale and the proposed use of such proceeds.
- Proposals to accept gifts for other institutional purposes must be supported by a compelling rationale for acceptance of the gift.

The Executive Director shall evaluate the proposal relative to legal, financial and other general property-related considerations and make a recommendation to the Board. Upon approval of the Board, the gift of real property may be accepted.

See Appendix A for Real Estate Acquisition Checklist

Bargain Sales

A bargain sale is the sale of property to HRC for an amount less than the property's current fair market value. The excess of the value over the sale price represents the donor's contribution. HRC may pay the sale price in a lump sum or installments.

HRC may purchase real estate, securities, or other property on a bargain sale basis. The price paid for the property will not exceed 60 percent of its appraised value. The donor is responsible for obtaining the appraisal from a qualified appraiser. HRC legal counsel is required to approve the bargain sale if the property is in the form of real estate or closely held business. Interest.

PLANNED GIVING

Bequests

A bequest is an outright gift to HRC through a will or trust. HRC representatives may actively solicit bequests as long as the purpose of the gift is in accordance with the charitable purposes of HRC.

Bequest language for endowment, restricted and unrestricted gifts are available to the donor and his or her attorney to ensure the bequest is properly represented to benefit HRC and, when applicable, a specific designation. The donor will provide a confidential copy of the notation in his or her will or trust that names HRC as a beneficiary.

If the bequest is in the form of real estate, closely held stock, partnership interest, or other non-cash gift, acceptance will be conditional until reviewed and approved by HRC legal counsel and the Board.

HRC's Executive Director, in consultation with the organization's legal counsel, will be engaged in the estate probate process as appropriate until the gift is received.

Retirement Plan Designations

A donor may name HRC as the designated beneficiary of retirement plan asset. Upon designating HRC as a beneficiary, the donor will be asked to provide a copy of the beneficiary designation.

Life Insurance Policies and Proceeds

A donor may contribute to HRC through a life insurance policy, or its proceeds, through three methods

1. Assign irrevocably a paid-up policy to HRC.
2. Assign irrevocably a life insurance policy on which premiums remain to be paid. Should HRC be named owner and beneficiary of such a policy, HRC will accept annual gifts from the donor for the premium amount, using the gift to pay the premium.
3. Name HRC as a primary or successor beneficiary of the proceeds.

Life insurance gifts, whether newly issued or long-established policies, shall not be reported at the face value of the policy. This applies even when the donor retains no rights (“incidents of ownership”) to the policy.

Gifts of newly purchased life insurance policies, in which HRC is both owner and beneficiary, shall be reported at the amount of premiums paid, in the year the premiums are paid.

The value of a paid-up ordinary life insurance policy accepted as a gift is its replacement cost. The value of a nonpaid-up life insurance policy is determined by adding to the “interpolated terminal reserve” of the policy (which, in a policy that has been owned for a while, will be approximately equal to its cash surrender value) plus an unearned premium and accrued dividends, less any policy loan. The issuing insurance company is to be consulted for assistance with both the transfer of the policy and its valuation.

When a policy is owned by HRC, regardless of whether the donor or the institution pays the premiums, the difference between the cash value and the insurance company’s settlement at the death of the donor is not reported as a gift, but rather as a gain on the disposition of assets. In those cases where HRC received the proceeds of an insurance policy in which it was named beneficiary but not owner, the full amount received shall be reported as a gift on the date delivered.

Should the deduction of the life insurance gift exceed \$5,000, the donor must obtain a qualified appraisal from an independent appraiser.

Retained Life Estates

An individual may transfer to HRC a title to a personal residence or farm, with the donor or other person retaining residence and use of the property for a term of years or the life of the donor or other person. The donor will be responsible for real estate taxes, insurance, utilities, and maintenance after transferring the title, unless HRC agrees to assume responsibility for any of these liabilities.

Charitable Gift Annuities (Immediate and Deferred)

The Charitable Gift Annuity is a contract between HRC and the donor. In return for a gift of cash, securities, or other property, HRC will pay the donor, or other person named by the donor, lifetime or terms of years annuity income. The payment may continue for the life of a second individual such as a spouse. The minimum age for an immediate annuity is 55.

The payments may begin at a later time through a deferred gift annuity. A deferred gift annuity contract may include a commutation clause to pay income in a lump sum or for a finite period of not more than ten years. A deferred gift annuity contract may provide for an optional beginning date for income payment. The minimum age for deferred annuity payments to begin is 55.

The minimum initial amount for an annuity agreement is \$2,000. Additional gift annuities may be issued for \$1,000 per annuity. Agreements will be limited to two lives. Gift annuities will be managed by HRC, who may employ agents and advisors to assist with the administration and investment of gift annuity assets. Rates offered for immediate and gift annuities, including commutation clauses and optional beginning dates, will assume a charitable residual or remainder value for HRC of approximately 50% of the original gift face value.

Charitable Remainder Trusts

The Charitable Remainder Trust is a separately administered trust established by the donor; it provides payments to the donor or other named beneficiary for life or a term of years not to exceed 20. The remaining trust assets are distributed to one or more charities.

A **charitable remainder annuity trust** pays a fixed amount, which must be at least 5 percent of the fair market value of the assets initially contributed to the trust. The amount does not change, and no additional gifts can be made to the annuity trust after its creation.

A **charitable remainder unitrust** pays a fixed percentage, at least 5 percent, of the fair market value of trust assets as valued on an annual basis. The value of assets can change from year to year, causing the unitrust payment to vary. Additional contributions can be made to the trust after it is established. There are three variations to the unitrust:

1. Straight unitrust: pays the stipulated, even if it is necessary to draw in the principal to do so;
2. Net income unitrust: pays the lesser of the stipulated amount or the actual net income, so the principal is not touched;
3. New income with make-up-provision unitrust: similar to the net income unitrust, except that excess earnings can be applied to cover accrued deficiencies resulting from the net income being less than the stipulated amount.

Charitable remainder trusts can be established during life or at death. HRC may provide copies of the Internal Revenue Service (IRS) prototype charitable remainder trust forms to the donor with appropriate explanations and disclaimers. In the cases where HRC is a remainder beneficiary, but not a trustee, a copy of the trust document and annual report of the trust's value is required.

Guidelines to establishing the charitable remainder trust:

- The minimum initial amount for a charitable remainder trust, in which HRC is the trustee, is \$500,000;
- The income beneficiaries must be at least 45 years of age, unless the trust is for a term of years, then the beneficiaries may be any age;
- The number of income beneficiaries is limited to two when trust payments are to be made for the life of the beneficiaries;
- The maximum state rate of earned income is 8 percent; the minimum is the rate set by law;
- HRC will not manage charitable trusts if there are other remainder interests. HRC reserves the right to charge a fee for its trustee services.

Charitable Lead Trust

A Charitable Lead Trust is a trust in which the income, or lead interest, is paid to HRC with the remainder interest paid to one or more non-charitable beneficiaries, which can include the donor or family members. The amount paid to HRC is either a fixed sum in the form of an annuity trust, or a percentage of trust assets as valued each year in the form of a unitrust. HRC legal counsel must approve the trust prior to acceptance.

The minimum amount for a charitable lead trust in which HRC is the trustee is \$500,000, with the term of the trust at least 10 years.

GIFTS TO THE ENDOWMENT

Unrestricted Gifts to the Endowment

HRC accepts unrestricted gifts to the endowment fund. All unrestricted proceeds from bequests and other matured plans will be applied to the endowment fund unless otherwise authorized by the Board. Appreciation of the principal may be realized and expended in an unrestricted manner.

Restricted Gifts to the Endowment

Restricted gifts may be made to establish named endowed funds for scholarships, staff positions, programs, or other appropriate purposes as designated by the donor. The gift may be pledged

and paid over a period of years. If a planned gift is used to create an endowed fund, the gift will be credited according to established guidelines.

The following serve as guidelines to establishing an endowed fund:

- The establishment of a named endowed fund is accomplished by a minimum gift equal to the amount of capital required to produce an annual income adequate to fulfill the donor's wishes for an indefinite period of time;
- The gift will be placed in a restricted endowment account with the annual income dedicated to the donor's specified purpose;
- A substantial portion of the fund income may be returned to principal rather than expended in order to ensure the integrity of the fund. Calculations will assume a spendable income of income return of 5 percent, with the balance reinvested to perpetuate the fund;
- Unless otherwise restricted by the donor, appreciation of the gift principal may be realized and expended for the purpose of the endowed fund;
- If the endowed fund is less than the minimum funding level, it may be combined with other endowed funds for the same purpose. The transfer of funds will be at the discretion of the Executive Director in compliance with the donor's original intent.

A gift may be designed to HRC's endowment fund, or to a specified named endowed fund, without otherwise more specifically identified purpose or use as the proceeds of the endowment fund gift. In such instances, the historic value principal amount of said gifts, as defined in the Federal Accounting Standards Board Statements, will be designated as appropriate, permanent or temporarily restricted net assets in compliance with Financial Accounting Standards Boards Statement No. 117 and any subsequent standards, rules and regulations.

Establishing an Endowed Staff Position

The establishment of a named endowed staff position is accompanied by a minimum gift equal to the amount of capital required to produce an annual income adequate to fund a specific staff position, as designated by the Executive Director, for an indefinite period of time.

The levels for endowed staff positions are:

- Full expenses (100% funded) for one staff position;
- Three-quarter expenses (75% funded) for one staff position;
- Half expenses (50% funded) for one staff position;
- One-quarter (25% funded) for one staff position.

Establishing an Endowed Program

The establishment of a named endowed program is accompanied by a minimum gift equal to the amount of capital required to produce an annual income adequate to fund a specific program, as designated by the donor, for an indefinite period of time.

The levels for endowed programs are:

- Full expenses (100% funded) for the program;
- Three-quarter expenses (75% funded) for the program;
- Half expenses (50% funded) for the program;
- One-quarter (25% funded) for the program.

DOCUMENTATION AND REPORTING OF GIFTS

Receipts for Gifts

HRC will comply with all state and federal rules and regulations, including the Internal Revenue Code sections 170(f)(8) and 6115, 16CFR parts 1 and 602.

Cash Gifts

HRC will provide a written acknowledgement and receipt containing the name of the donor and the date and amount of the contribution. A statement regarding fair market value of the gift will be made when applicable; otherwise the statement will acknowledge that no goods or services were received by the donor in exchange for the gift.

Non-cash Gifts

HRC will provide a written acknowledgement for gifts of stock, real or personal property, gifts-in-kind, and all other forms of non-cash gifts. The acknowledgement will include the donor name, date of gift, description of the non-cash gift, and dollar amount credited.

In the case of real property, the description will include the street address, if applicable, and legal description. In the case of marketable stock and securities, the description may include an illustrative calculation of the value of the stock on the date of the donation. If the donor provides a gift of personal property that requires appraisal, the description accompanying the appraisal will be used.

In all cases, statements required by law will be included in the acknowledgement. In circumstances where an appraisal is not required, donors are responsible for assigning a dollar value to their gift for tax-reporting purposes.

HRC will comply with all applicable filing requirements of the IRS, including communication regarding proper completion of Form 8282.

Documentation of Gift Restrictions

HRC will comply with all state and federal rules and regulations, and administrative agencies including, but not limited to, the IRS. Donors may be advised of applicable rules to qualify for income, gift, and estate tax-deductions.

When applicable, the donor must provide HRC with written documentation regarding the restriction of their gift. HRC reserves the right to accept or reject the gift.

Donor-restricted contributions whose restrictions are met in the same reporting period may be reported as unrestricted new assets in HRC's financial statements, pursuant to Financial Accounting Standards Board Statement No. 117, paragraph 21.

Please note: unrestricted Funds give HRC the most flexibility to effectively respond to their immediate needs. These funds are used to support all aspects of HRC's mission. Unrestricted funds have the flexibility to make a difference where it is needed the most.

Documentation of Gifts

HRC requests documentation of certain contributions to assure accuracy of the gift, fulfill legal obligations, and confirm gift expectations for future planning.

Donors are required to provide gift documents when:

- HRC is named beneficiary, remainder, trustee, or owner in a will; codicil; any trust or annuity; retirement plan designation; life insurance policy; or other planned gift. The documentation will be provided in its entirety or portion as appropriate.

- A donor is establishing a named endowed fund. In such a case, a Memorandum of Understanding or other document the fund is required. The memorandum will include the name of the fund, gift restriction, and other applicable information.
- A donor is making a multi-year pledge.

Other documentation will be requested as deemed appropriate and necessary.

Recognition and Crediting of Gifts

HRC will recognize all gifts in equitable and appropriate manners. The Board may award special recognition in the manner and instances deemed appropriate.

HRC will comply with all IRS regulations and other legal requirements regarding written receipts to donors. In addition, HRC will adhere to the reporting guidelines provided in the CASE Management Reporting Standard for annual and campaign giving. CASE standards will also be followed when applying testamentary pledge commitments in campaign totals. Endowment funds will be credited to the donor at the face value of assets donated to establish the fund.

CONFIDENTIALTY

HRC staff will employ strict control over files and information received from or about donors or prospective donors to maintain confidentiality of such information.

INTEGRITY OF HRC ACTIVITIES

HRC staff and Board of Trustees members

- Cannot benefit personally from fees related to gifts received;
- Cannot participate in any activity which could be deemed a conflict of interest;
- Shall not pay or receive a finder's fee or other private inurnments to or from anyone as a result of such person's involvement in acquiring gifts for HRC.

APPENDIX A
Real Estate Acquisition Checklist

Description of property: _____

Task

Completed by

Date

CONSIDERATIONS BEFORE ACCEPTANCE OF GIFT

Request that the donor pay all costs associated with acceptance of property including appraisal, title insurance policy, survey, environmental, and legal costs.

Review gift acceptance policies.

Initial Environmental Review before acceptance.

EVIDENCE OF CLEAR TITLE

Obtain title insurance commitment before acquiring title

Items to deliver to title company if available:

Recent prior title policy

Abstract

Condominium project

Master deed

Letter from association verifying status of assessments

Obtain title insurance policy after taking title

EVIDENCE OF BOUNDARIES

Assess need for survey

Obtain recent survey and review

Obtain mortgage report and review

Determine if any improvements subsequent to survey

Determine if surrounding properties are improved.

Obtain a survey

Residential properties – stake survey

Commercial properties – ALTA survey

EVIDENCE OF CONDITION OF PROPERTY

Appraisal – a qualified real estate appraiser licensed in the state for which the real estate is located must perform the appraisal.

Environmental

- Obtain Phase I Environmental Site Assessment
- Have Phase I reviewed by attorney
- Obtain Phase II sampling if any recognized environmental conditions were identified in Phase I

- Have Phase II reviewed by attorney
- Obtain Baseline Environmental Assessment (BEA) if property meets definition as a “facility” – must be performed within 45 days of transfer
- Have BEA reviewed by MDEQ

Obtain sellers disclosure statement

Obtain building inspection

Check with local government for code/ordinance violations

Obtain well/septic inspection

RENTAL PROPERTIES

Confirm zoning compliance with local government including use, setbacks, parking, square footage, and city registration.

Obtain copies of leases

- Verify Lessor right to assign
- Verify no pending real estate commissions
- Verify existence and amount of security deposits

Obtain copies of service contracts and management contracts

Obtain estoppel certificate

- Verify no lessor defaults
- Verify no oral agreements

Obtain copy of approved site plan

TRANSFER OF TITLE

Obtain deed-transferring title – usually prepared by donor’s attorney

Record deed with county clerks office

Obtain assignment of lease

File Property Transfer Affidavit – since property is transferred for less than \$100 there is not tax on transfer.

Sign Form 8283 for donor’s tax return

SALE OF PROPERTY

Listing of property with broker – suggest shopping for broker charging reasonable commission and a six-month listing term with a three month protected period following listing term expiration.

File Form 8282 if property sold within 2 years of gift.

The Donor Bill of Rights

The Donor Bill of Rights was created by the American Association of Fund Raising Council, Association for Healthcare Philanthropy, the Association of Fundraising Professionals, and the Council for Advancement and Support of Education. These have been endorsed by numerous organizations.

Philanthropy is based on voluntary action for the common good. It is a tradition of giving and sharing that is primary to the quality of life. To ensure that philanthropy merits the respect and trust of the general public; and the donors and prospective donors can have full confidence in the nonprofit organizations and causes they are asked to support, we declare that all donors have these 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 identity 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 to the purposes for which they were given.
- V. To receive appropriate acknowledgement and recognition.
- VI. To be assured that information about their donation 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 or 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.

Human Resources Center of Edgar and Clark Counties
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