

**CONTRIBUTION AND ACCEPTANCE AGREEMENT
FOR THE ESTABLISHMENT OF THE
MPRPD Transportation Grant**

Special Purpose Fund

This agreement is executed this ___ day of _____, 2023, by the Monterey Peninsula Regional Park District (hereinafter referred to as "MPRPD") to evidence the contribution by MPRPD of certain property to the Community Foundation for Monterey County (hereinafter, the "Foundation") for its public, charitable, scientific, literary, and educational purposes, in order to establish a Special Purpose, Non-Endowed Fund. The fund ("Fund") shall be administered in accordance with the provisions set forth below.

1. Name and purpose of the Fund. The name of the fund shall be the **MPRPD Transportation Grant** (hereinafter, the "Fund"). The purpose of the Fund is to increase recreational, environmental, and cultural education access to MPRPD's natural areas, open spaces, museums, working landscapes, and cultural sites while supporting MPRPD's mission and values to have accessible open space for education and recreation enjoyment and protection of natural and cultural resources, and native habitat and wildlife.
2. Initial Contribution. MPRPD hereby contributes to the Foundation the property described in "EXHIBIT A," as attached herein. It is understood that subsequent contributions may be made by MPRPD or another party to the Fund at any time.

MPRPD shall be notified of all contributors to the Fund, and such information shall be included in the Foundation's annual report, unless a donor shall specifically request anonymity.

3. Acceptance of Property. The Foundation accepts the property contributed and affirms that it will hold such and any additional property contributed to the Fund on the terms and subject to the conditions of this agreement. The guidelines and procedures for such funds are described in the Foundation's governing instruments, in effect, and may be amended from time to time.
4. Fund Management. The property contributed shall be assets of the Foundation and administered, invested, and reinvested in accordance with its governing instruments and policies. MPRPD has the option of placing the Fund's assets in the Foundation's primary portfolio, the ESG portfolio, or the medium-term portfolio (see "EXHIBIT B").

5. Allocation for Foundation Support Services. The Foundation's fee for administering this Fund shall be 2% annually. Fees will be assessed quarterly. The administrative fee will normally be taken from the Fund, unless MPRPD wishes to make additional contributions to cover or exceed this quarterly amount. Extraordinary expenses directly attributable to the Fund, such as legal, accounting, appraisal fees, commissions, etc., shall be paid by the Fund.
6. Distributions from the Fund. The Foundation will make distributions from the Fund based on the criteria in EXHIBIT C. Distributions from the Fund are for the purpose of increasing recreational, environmental, and cultural education access as noted in Section 1, above, so long as such uses are legal, do not conflict with any parameters associated with said funds, and do not jeopardize MPRPD's status with the IRS or enabling legislation.
7. In the event MPRPD ceases to exist, the Foundation will administer the Fund in a manner that is consistent with the funding priorities established by MPRPD. As a non-endowed fund, any portion of the fund is available for granting. It is understood that authorized distributions from the Fund will be made available for grant-making and award to charitable organizations described in Section 501(c)(3) of the Internal Revenue Code for bona fide charitable activities (see "EXHIBIT C" for more specific information on grant guidelines). Such distributions shall be made in accordance with the Foundation's distribution policies, with a minimum of a \$500 award per grant.
8. Recipients of grants from the Fund will be notified as to the name of the Fund unless the Advisors request anonymity. In addition, information about such grants will be published in the Foundation's and MPRPD's annual reports, periodic news releases, etc.
9. Fund Not a Separate Trust. The assets of the Fund shall be the assets of the Foundation and not a separate trust. The Fund shall be organized and administered such that the Federal income tax status of the Foundation as a public charitable organization under Section 501(c)(3) of the Internal Revenue Code, as amended, will not be adversely affected under this arrangement.

The Fund is subject to the governing instruments of the Foundation and its variance power as described in the Foundation's Gift Acceptance Policy (See "EXHIBIT D"), which may be amended from time to time.

MPRPD understands and declares that this contribution is absolute and irrevocable and that, after the execution of this agreement, MPRPD has no right, title, interest, or incidence of ownership in the property contributed to this Fund.

If the Fund or program are no longer viable, MPRPD and the CFMC will work together to redirect funding to organizations or programs providing similar services as described in Section 1.

This agreement has been executed by MPRPD and on behalf of the Foundation:

Executed for the MPRPD:

| | |
|----------------------------------|-------|
| _____ | _____ |
| Monta M. Potter, Board President | Date |

| | |
|-----------------------------------|-------|
| _____ | _____ |
| Dr. Rafael Payan, General Manager | Date |

Executed for the Foundation:

| | |
|----------------------------------|-------|
| _____ | _____ |
| Daniel R. Baldwin, President/CEO | Date |

EXHIBIT "A"

**Initial Contributions to the
MPRPD Transportation Grant**

**A Special Purpose Fund of
The Community Foundation for Monterey County**

The following constitutes an official record of the initial contributions made to the Community Foundation for Monterey County for the establishment of the Fund.

| <u>Date</u> | <u>Description of Contribution</u> | <u>Amount</u> |
|-------------|------------------------------------|---------------|
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |

EXHIBIT "B"

Investment Options

Below are the investment options that the CFMC offers. Please initial next to your investment preference (choose only one):

Initial Here: _____ **Primary Portfolio:** The Primary Portfolio has a time frame in perpetuity. Our investment objective is to earn a return that allows a significant distribution of grants while striving to preserve the principal, allowing for inflation and expenses, and fulfill one's philanthropic goals into the future.

Initial Here: _____ **ESG Portfolio (Environmental, Social and Governance):** The ESG Portfolio is designed for those who seek both long term growth and positive social or environmental impact in a diversified investment portfolio. Composed of funds that meet a variety of social screens, both positive and exclusionary. This is the best option for those who prefer socially responsible investments.

Initial Here: _____ **Medium Term Portfolio:** The Medium Term Portfolio reduces volatility on a year-by-year basis when compared to our long-term primary portfolio. The Medium Term Portfolio has a greater emphasis on capital preservation while maintaining some potential for appreciation. It may be a good choice for those expecting to grant a significant percentage of their fund within 3-7 years, and willing to tolerate moderate levels of risk.

Initial Here: **X** **Money Market Account:** The Money Market Account is designed to preserve the principal of the fund, protect assets from market volatility, and produce a small return. It may be a good choice for those expecting to grant a significant percentage of their fund within 1-2 years, or who prefer a very low level of risk.

EXHIBIT "C" **Grant Guidelines**

The purpose of the Fund is to increase recreational, environmental, and cultural education access to MPRPD's natural areas, open spaces, museums, working landscapes, and cultural sites while supporting MPRPD's mission and values to have accessible open space for education and recreation enjoyment and protection of natural and cultural resources, and native habitat and wildlife.

The following grant guidelines are in line with MPRPD's current interests. These guidelines, for example, grant amounts, may change over time and reflect the amount of funding available and information learned from past grants and the community.

1. Organizations must be within the tri-county areas of Monterey, Santa Cruz, and San Benito.
2. Activities must occur on MPRPD properties specifically support MPRPD's mission and the Fund's purpose.
3. Annual Award Amounts issued each fiscal year (July 1-June 30) may be awarded as follows:
 - a. Grants are expected to range from \$1,000 to \$2,000, but in no case shall be less than \$500 per grant award; to two (2) grants awarded per fiscal year not to exceed \$4,000;
 - b. MPRPD's partnering or collaborative agencies/organizations, subject to prior approval by MPRPD's Board through an approved MOU or similar instrument, may qualify for competitive grant awards ranging from \$3,000 to \$5,000 per grant award; and,
 - c. School districts may apply for grant awards up to but not exceed \$10,000.
4. Grant awards shall be subject to prior authorization by MPRPD's Board and availability of funds based on MPRPD's fiscal year, which begins on July 1 and runs through June 30 each fiscal year.
5. Who is eligible:
 - a. School Districts
 - i. Public
 - ii. Private
 - iii. Homeschool groups
 - b. Public agencies
 - c. Not for profit organizations (e.g., churches, youth organizations, associations, conservancies, etc.)
 - d. Partnering and collaborative organizations (as authorized by MPRPD's Board through an MOU or similar instrument)
6. Political activities are not supported, including, but without limit, activities such as rallies, register people to vote, etc.

New Fund
Contact Information Sheet

Please provide contact information for all Monterey Peninsula Regional Park District Contacts:

Primary Contact

Name(s): Kelly McCullough, _____

Title: Finance Manager _____

Address: P.O. 223340 _____

Carmel, CA 93922 _____

Home Phone: _____

Work Phone: 831-372-3196 x103 _____

Cell Phone: 831-747-0486 _____

Email: mccullough@mprpd.org _____

Receives Qtrly Fund Statement: **Yes** No
(Please circle one)

Secondary Contact

Name(s): Shuran Parker _____

Title: Administrative Services Manager _____

Address: P.O. 223340 _____

Carmel, CA 93922 _____

Home Phone: _____

Work Phone: 831-372-3196 x107 _____

Cell Phone: 831-5788211 _____

Email: parker@mprpd.org _____

Receives Qtrly Fund Statement: **Yes** No
(Please circle one)

EXHIBIT "D"



Introduction

The Community Foundation for Monterey County ("Foundation"), a not for profit organization organized under the laws of the State of California, encourages the solicitation and acceptance of gifts for purposes that will help the Foundation to further and fulfill its mission. These policies and guidelines govern the acceptance of gifts by the Foundation and provide guidance to prospective donors and their advisors when making gifts to the Foundation. The Board of Directors ("Board") of the Foundation and its staff solicit current and deferred gifts from individuals, families, nonprofit organizations, corporations, and foundations to secure the future growth and mission of the Foundation. The goal is to encourage financial support for the Foundation without encumbering it with gifts which either generate more cost than benefit, or which may be restricted in a manner that is not in keeping with the Foundation's charitable purposes or applicable laws governing charitable gifts.

Scope

This set of guidelines is intended to cover the more common types of gifts to the Foundation. It is understood that special gifts or circumstances may require a case-by-case review and provisions not covered by this document. The Foundation reserves the right to refuse any gift that it believes is not in its best interest. Gifts to the 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 Foundation shall administer all gifts under and subject to the Foundation's governing instruments, as amended from time to time, and in accordance with procedures for the administration of similar funds of the Foundation, including charges for Foundation services.

Legal Provisions

The Foundation endorses and subscribes to A Donor Bill of Rights, **Appendix A**. The Board and the staff of the Foundation shall avoid any personal conflict of interests with respect to any gift to the Foundation. All information concerning donors and prospective donors shall be held in strict confidence by the Foundation, subject to legally authorized and enforceable requests for information by government agencies and courts. All other requests for or releases of information concerning a donor or prospective donor will be honored or allowed only if permission is obtained from the donor or the donor's representative prior to the release of such information.

The Foundation shall encourage all donors to consult independent financial, legal and/or tax counsel in matters relating to their gifts and any resulting tax and estate planning consequences. It is the donors' responsibility to directly employ and compensate independent counsel in these transactions. The Foundation shall seek the advice of legal counsel when appropriate in matters pertaining to its

development program.

Authority to Negotiate and Sign Fund Agreements

The President/CEO, Vice President of Finance & Human Resources, the Senior Vice President of Philanthropic Services, and the Director of Gift Planning will have the overall authority to handle inquiries, negotiate with donors, assemble documentation, retain expert and technical consultants. The President/CEO and Senior Vice President of Philanthropic Services shall have the authority to execute agreements on behalf of the Foundation. Assuming such activities follow approved procedures and assuming the Foundation's legal counsel approves such agreements, this authority to act will not require review or further approval by the Board.

Role and Responsibilities of Gift Acceptance Committee

The President/CEO, Vice President of Finance & Human Resources, Senior Vice President of Philanthropic Services, and Director of Gift Planning constitute the Gift Acceptance Committee, hereafter known as the "Committee." Other members may be appointed by the President/CEO. The Gift Acceptance Committee is charged with the responsibility of reviewing gifts made to CFMC in accordance with this policy, properly screening and accepting those gifts, and making recommendations to the Board on gift acceptance issues when appropriate. It is the responsibility of the Committee to expand this discussion with unusual gifts or those requiring additional staff resources or efforts. In circumstances where a clear determination cannot be made by the Committee, the matter will be submitted to the Board. The Board has the right to accept or refuse any gift, based on this policy or other considerations, when tendered to the Board. Advice may be sought from legal counsel or other professionals as needed.

General Guidelines for Acceptance of Gifts

The purposes of gifts to the Foundation should relate to the Mission Statement of the Foundation, **Appendix B**. The purpose of the gift and the procedures for its administration shall, when feasible, be defined in a letter or agreement signed by the donor. CFMC Board and staff must be able to assure that gifts accepted by CFMC do not place other Foundation assets at risk and can be easily converted into assets that fall within CFMC's investment guidelines. The Foundation must also ensure that it can administer the terms of the gift in accordance with the donor's wishes.

This policy establishes minimum balances for the creation of new funds. A new fund may be established, at the Foundation's discretion, with a lower minimum if the donor arranges regular payments to bring the fund to the minimum level within a reasonable time frame. No grants may be made from any fund until the minimum is reached. Exceptions are subject to the approval of the President/CEO. The Board may direct estate gifts which do not meet the minimum requirement for a given fund type into the Fund for Monterey County and/or General Scholarship Fund.

Costs of Accepting and Administering Gifts

Generally, costs associated with the acceptance of a gift, such as the donor's attorneys' fees, accounting fees, and appraisal and escrow fees, are borne by the donor. The direct costs of administering gifts are generally paid out of the assets of the individual funds. Custodial, investment, and administrative fees are paid from the respective funds in accordance with the Foundation's guidelines and fee schedules. The Foundation reserves the right to assess a set-up fee.

Treatment of Gifts of Illiquid Assets

The Foundation's general policy is to liquidate all gifts promptly. On occasion, the Gift Acceptance

Committee may decide that it will not liquidate certain gifts immediately. In such cases, the decision not

to liquidate a gift will be brought to the board for approval. Factors the Committee may consider shall include but not be limited to:

- Market conditions – a gift may be retained for a reasonable period of time if the likely sales price would be substantially less than the asset's real value. Similarly, a large block of stock might be sold over a period of time in order not to artificially depress the price;
- Use by the foundation – the Foundation may elect to keep gifts that it will employ directly in furtherance of its exempt purposes. For example, the Foundation might keep real property that it will use as its offices;
- Desirability as an investment – on rare occasions, the Foundation may be given property that it wishes to retain as an investment. Considerations in this decision include the projected return and how the asset fits into the Foundation's investment portfolio.

If a fund's illiquid assets do not generate a sufficient return to permit grantmaking that is consistent with the assets' value, the Foundation may seek from the donor an additional gift of cash or marketable securities to allow the fund to begin making distributions.

Variance Power

The Foundation's Board the ability to make changes to a fund when its purpose is no longer necessary, can no longer be fulfilled, or has become inconsistent with the charitable needs of the community. This power to update funds helps protect donors by avoiding the need for complex and costly legal proceedings.

Investment of Gifts

The Foundation reserves the right to make any or all investment decisions regarding gifts to it in accordance with its Investment Policy, as amended from time to time. In making a gift to the Foundation, the donor gives up all rights, title and interest to the assets contributed. In particular, the donor relinquishes the right to choose investments and investment managers, brokers, or to veto investment choices for the contributed assets. However, when the size of a fund warrants separate investment consideration, and when otherwise permitted by law, the Foundation will endeavor to accommodate requests from donors for separate investment of fund assets, or use a particular investment manager, broker or agent in accordance with the Foundation's Donor Recommended Investment Management Policy, and may consult with donors on investment options for such fund. Such actions will be determined on a case-by-case basis, with the approval of the Board.

Fundraising by Donors

Because the Foundation is legally responsible for all fundraising undertaken on its behalf, fundraising undertaken by donors in connection with funds of the Foundation must be approved in advance by the Foundation pursuant to the Foundation's Donor Initiated Fundraising Event Policy. All such fundraising activities are also subject the Foundation's supervision.

Legacy Society

The Foundation created a Legacy Society to honor donors who have remembered the Foundation by making gifts through their estate plans. In general, donors are eligible for the Legacy Society if they have:

- Included the CFMC in their estate plan (through a bequest in a will or living trust, or designation as the beneficiary of another type of planned gift);

- Created an endowed fund with CFMC; or
- Contributed cumulatively \$25,000 or more to an endowed fund

Fund Types

Options for fund structures at the Foundation include the following:

Fund for Monterey County (Unrestricted/Discretionary Fund)

The Fund for Monterey County is a collection of unrestricted and field of interest funds available to the Foundation for any of the charitable purposes encompassed by the Foundation's mission.

Field of Interest Funds (\$25,000 minimum)

Field of Interest funds are restricted in their use by the donor's preference for a limited charitable purpose (e.g. arts, education, health, animal welfare, etc), without designation of recipient organizations or programs through which such charitable purposes may be served. The Board determines which organizations and programs receive grants from field of interest funds and the amount and timing of such grants.

Donor Advised Funds (\$5,000 minimum for non-endowed, \$25,000 minimum for endowed)

Donors establish donor advised funds for unrestricted charitable purposes. The donor, or persons identified by the donor, maintains the ability to offer recommendations to the Foundation regarding the recipients and amounts of grants from the fund.

Excess Business Holdings: notwithstanding any other provision hereof, the Foundation shall not accept any gift of an interest in a business enterprise for a donor advised fund ("DAF") 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 DAF holding:

- A. a 20% or greater interest in a business or in an entity, or
- B. any interest in an entity in which any interest is owned by a donor or advisor to the DAF, by a family member of any such person, or by an entity in which any of the foregoing persons has an interest

Such gifts shall be referred to the Foundation's counsel for an opinion on the possible application of Code section 4943.

Scholarship Funds (\$10,000 minimum for non-endowed; \$25,000 minimum for endowed)

Scholarship funds are dedicated to providing grants for educational purposes to assist individuals within an identified charitable class, such as students with financial need, residents of a particular region, students attending a specific university or undertaking a selected course of study.

Designated Funds and Agency Endowment Funds (\$10,000 minimum)

These funds are earmarked for one or more charitable organization or program, and all grants made from such funds must be made to or for the use of the designated recipient organization. If the recipient organization ceases to exist or changes its status or mission as a charitable organization, the Foundation's Board may exercise its variance authority, selecting an alternate use for the fund compatible with its original charitable purpose.

Stewardship Funds (\$50,000 minimum)

The minimum to establish a Stewardship Fund is \$50,000. After establishing the fund, the agency can make additional deposits in any amount, and the Foundation can accept contributions directly from

donors as well. The agency may request a disbursement in any amount up to the balance of the fund. The agency will receive quarterly activity statements on your fund and should continue to report these assets and annual activity on its financial statements.

Supporting Organizations

Donors establish supporting organizations at the Foundation as independently incorporated tax-exempt nonprofit organizations with separate governance. A supporting organization is a grantmaking organization that avoids private foundation status by being operated, supervised, or controlled by, or in connection with the Foundation. This requirement can be met in part if the Board of the Foundation appoints a majority of the board of the supporting organization. The Board reserves the right to review the structure and purposes of each proposed supporting organization, with the option to decline or approve the supporting organization. Type III supporting organizations will require additional review to ensure compliance with IRS regulations.

Gift Types

The Foundation will accept gifts in the form of the following assets, subject to the conditions described below.

Cash

The Foundation will accept an outright gift of cash of any amount, although gifts to establish a separate fund at the Foundation must meet the minimum funding requirements set by the Board from time to time. Checks must be made payable to the Community Foundation for Monterey County.

Publicly-Traded Securities

The Foundation accepts gifts of marketable, publicly-traded stocks and bonds. As a general rule, publicly-traded stocks and bonds contributed to the Foundation will be redeemed or sold as soon as practicable. All proceeds from such redemption or sale less commissions and expenses are then credited to the component fund to which the stocks or bonds were originally contributed. The Foundation may accept gifts of publicly-traded stocks and bonds in any amount to any existing fund. However, gifts to establish a new component fund at the Foundation must meet the applicable minimum funding requirement. No appraisal is required so long as the stock or bond is not subject to any restrictions, including those imposed by contract or the Securities Exchange Commission. Where appraisal is not required, the value of the gift is determined by calculating the mean of the high and low prices of the securities on the date of the gift.

Real Estate

Gifts of real estate may be made outright, on a testamentary basis, on a current basis subject to a retained life estate, or to a charitable remainder trust or charitable lead trust. Such gifts require extra review. The Foundation reserves the right to refuse any gift of real estate.

1. Due Diligence Review. Acceptance of real property may be preceded by a review that includes but not is not limited to:
 - a. A valuation appraisal;
 - b. Physical inspection. In addition to a site visit by a Foundation representative, the Foundation may also commission a report by a professional property inspector;
 - c. Environmental review (a Phase I or Phase II review). In general, the Foundation will request that the donor provide a Phase 1 environmental assessment on gifts of commercial and industrial property;

- d. Cash Flow Statement and tenant leases (for rental property); and
 - e. Title examination and/or opinion of title by a qualified attorney or title company.
2. Cost Benefit Analysis. The property must have significant value in relation to the costs of holding and selling the property and any liability or exposure in connection with ownership of the property. The Foundation will evaluate the cost of holding and/or improving the property against the cost of liquidating the property immediately.
 3. Marketability. The property must be marketable within a reasonable time period.
 4. Suitability. The use or image of the property must be consistent with the Foundation's mission.
 5. Foreign Property. In general, the Foundation will not accept property located outside the United States.
 6. Title and Title Insurance. The Foundation will secure title insurance and a title insurance binder on gifts of real property.
 7. Insurance. All gifts of real property will be reported to the Foundation's insurance

A completed IRS Form 8283 ("Noncash Charitable Contributions") must accompany gifts of real property. Further details related to gifts of real property are included in **Appendix D**.

Oil, Gas and Mineral Interests

The Foundation may accept oil and gas property interests, when appropriate. Prior to acceptance of an oil and gas interest the gift shall be reviewed by the Foundation's legal counsel and approved by the Investment Committee. Criteria for acceptance of property shall be:

- Gifts of surface rights should have a value of \$20,000 or greater;
- Gifts of oil, gas, and mineral interests should generate at least \$3,000 per year in royalties or other income (as determined by the average of the three years prior to the gift);
- The property should not have extended liabilities or other considerations that make receipt of the gift inappropriate;
- A working interest is rarely accepted. It may only be accepted when there is a plan to minimize potential liability and tax consequences;
- The property should undergo an environmental audit to ensure that the Foundation has no current or potential exposure to environmental liability.

Bargain Sale

The Foundation will enter into a bargain sale arrangement in instances in which the bargain sale furthers the mission and purposes of the Foundation. All bargain sales must be reviewed and recommended by the Investment Committee and approved by the Board of Directors. Factors used in determining the appropriateness of the transaction include:

- The Foundation must obtain an independent appraisal substantiating the value of the property;
- If the Foundation assumes debt with the property, the debt ratio must be less than 50% of the appraised market value;
- The Foundation must determine that it will use the property, or that there is a market for sale of the property, allowing sale within 12 months of receipt;
- The Foundation must calculate the costs to safeguard, insure, and expense the property (including property tax, if applicable) during the holding period.

Business Interests

Donors may make gifts of interests in business entities (i.e., closely held marketable securities, limited partnership interests, interests in limited liability companies). These can be accepted if the Foundation assumes no liability in receiving them. In evaluating a proposed gift of such assets, the Gift Acceptance Committee may consider:

- the probability of conversion to a liquid asset within a reasonable period of time;
- the projected income that will be available for distribution and administrative fees;
- the nature of the business from which the asset is derived.

A completed IRS Form 8283 (“Noncash Charitable Contributions”) and/or a letter from the attorney drafting the partnership agreement or articles of organization must accompany gifts of limited partnership interests or interests in limited liability companies, providing the following information:

- Independent appraisal of the value of the subject entity and a statement of the percentage of the entity to be gifted to the Foundation;
- Assurance that the Foundation will be held harmless in the event the entity becomes bankrupt or is otherwise unable to satisfy its obligations;
- Assurance that the Foundation will be held harmless in the event the entity is sued.

The Foundation does not accept gifts of general partnership interests due to potential unlimited liability. When an interest in a business entity cannot be promptly liquidated, and the documented present value of the interest is \$20,000 or more, that interest may be credited to a new, named component fund at CFMC. The fund may be treated as an advised, designated, scholarship, field of interest, or unrestricted fund as requested by the donor. Grants may be made only from income generated by the business interest or from other liquid assets in the component fund, provided the fund’s documented present value remains at least \$20,000. In cases where an interest gifted to the Foundation is promptly liquidated, but its value is less than \$20,000, the gift generally shall be directed to the Foundation’s Fund for Monterey County or to one of the Foundation’s field of interest funds. The donor generally shall not have the option to direct such a gift to an advised fund, unless it is to one of the Foundation’s existing advised funds. Further details related to gifts of limited partnership and limited liability company interests are included in **Appendix C**. As a general rule, the Foundation does not hold closely held investments.

Tangible Personal Property

The Foundation may accept gifts of tangible personal property, including but not limited to, artwork, collectibles, antiques, jewelry, books, livestock, timber, and crops only after a review and approval by the Gift Acceptance Committee. The proposed gift must be readily marketable and free and clear of encumbrances, or related to the tax-exempt charitable purpose of the Foundation. The Foundation will inform the donor of how the Foundation expects to use the property. The donor should consult with their professional advisors to determine whether this anticipated use is related or unrelated to the Foundation’s tax-exempt purpose. In the case of a charitable gift of tangible personal property, this determination can affect whether the donor is eligible for a charitable income tax deduction for the fair market value (applicable in the case of related use) or for the donor’s cost basis in the property (applicable in the case of unrelated use). Unless the property is to be used in connection with the Foundation’s tax-exempt purpose, it will be sold at the highest possible price as soon as possible after conveyance. No commitment will be made to keep gifts of personal property. The Foundation

discourages gifts of personal property which cannot be readily sold or which require unusual expenses prior to sale. The Foundation reserves the right to reject any gift of tangible personal property.

Cryptocurrency

The Foundation may accept gifts of cryptocurrency after due diligence is performed on the type and source of the cryptocurrency and to determine that it is able to be transferred and liquidated. Sales proceeds minus applicable sales costs will be credited to a fund designated by the donor.

Life Insurance

Donors may transfer ownership of a paid-up policy to the Foundation. Donors may also transfer ownership of premium-due policies to the Foundation. In either case, the Foundation shall be the owner and permanent beneficiary of the policy and retain the policy in its offices. Upon redemption, the value of the policy may establish a new fund, or contribute to any existing fund at the Foundation. Contributions for premium-due policies must be made by direct payment to the Foundation at least ten days prior to the premium date. The Foundation cannot assume delinquent premium payments. If a policy is canceled, the cash value will be added to the Fund for Monterey County in the donor's name for the charitable and educational needs of Monterey County. Paid-up policies of any value may be accepted by the Foundation. Premium-due policies must have a minimum face value of \$20,000; a one-time administrative fee of \$500 will be assessed. Donation of policies or annuities written for a year-end tax purpose must have a certifiable date from the insurance company to be a qualified donation for that tax year.

Royalties & Distribution Rights

The Foundation may accept gifts of royalties or distribution rights on published works (such as books or films) where there is clear evidence of marketability or assurance of an income stream. A qualified appraisal is required. A completed IRS Form 8283 ("Noncash Charitable Contributions") must accompany gifts of royalties or distribution rights.

Deferred Gifts & Planned Giving

Foundation representatives are authorized to solicit direct charitable gifts through wills, as well as contributions to establish gift annuities or charitable trusts. The Foundation will work closely with donors and confer with financial advisors, at the request of the donors, to realize these gifts.

Bequests

Bequests received by the Foundation will be applied for the charitable purposes requested by the donor, if any are specified, so long as the Foundation determines, in the exercise of its reasonable discretion, that the gift's purpose is viable. A gift whose purpose is not viable will go into the Foundation's Fund for Monterey County and/or General Scholarship Fund. Donors and their advisors are encouraged to advise the Foundation of their intention to make such bequests to ensure that the donor's intent can be carried out through the Foundation's grantmaking activities and organizational capacity.

Retirement Plans or IRA Accounts

Retirement plans owned by the donor may be gifted to the Foundation while living, or at death. These include, but are not limited to, Individual Retirement Accounts (IRA), 401(k), 403(b), and defined contribution plans. Methods for gifting retirement assets include:

- Naming the Foundation as primary, successor or contingent beneficiary for all or part of the assets upon death of either the retirement asset owner or spouse; or
- Creating a testamentary charitable remainder trust with the assets upon the death of the asset owner, naming the Foundation as remainder beneficiary and non-charitable heirs as income beneficiaries.

Charitable Remainder Trust

This trust makes payments to one or more beneficiaries for their lifetimes, or for a fixed term, or a combination of both. Assets are put into a trust, beneficiaries are paid, and when the trust term ends, the remainder in the trust passes to the Foundation for charitable purposes. The donor names a Trustee to manage the trust and determines whether the payout will be:

- Fixed
 - Charitable Remainder Annuity Trust (CRAT), or
- Variable
 - Charitable Remainder Unitrust (CRUT)
 - Net Income Charitable Remainder Unitrust (NICRUT)
 - Net Income with Makeup Provision Charitable Remainder Unitrust (NIMCRUT)
 - Flip Charitable Remainder Unitrust (FLIPCRUT)

Trusts can be set up during the donor's lifetime or by will. The Foundation encourages donors to consult their own legal counsel and tax advisors to create a charitable remainder trust. At the donor's request, the Foundation will confer with his/her advisors to assist in establishing the trust from which it will ultimately benefit.

The Foundation may serve as Trustee of the trust, but will not serve as trustee for non-charitable trusts (including living trusts or special needs trusts). The Foundation prefers to serve as Trustee only when:

- The assets initiating the trust are valued at a minimum of \$100,000; and
- The Foundation is named as irrevocable remainder beneficiary, for endowment purposes, for a minimum of 25% of the remaining assets.

In situations in which the Foundation will serve as trustee, gifts of real estate or other illiquid assets will be considered only in relation to the funding of a Net Income Charitable Remainder Unitrust (NICRUT) or a Net Income with Makeup Provision Charitable Remainder Unitrust (NIMCRUT) or a FLIP Charitable Remainder Unitrust (FLIP CRUT).

The Foundation Board of Directors shall ratify any agreements that name the Foundation as trustee. A donor may establish or add to any of the fund types described above with the remainder proceeds of the charitable remainder trust. In the absence of such a designation, the proceeds will generally be used to establish (or be added to) a named fund within the Fund for Monterey County.

Charitable Lead Trust

This trust first makes distributions to the Foundation for a specified period, with the remainder reverting to the donor or another beneficiary at the end of the period. It may be set up during one's lifetime or in a will. The Foundation will work closely with the donor and/or his advisor to create the trust and may serve as Trustee. The Board shall ratify any agreements that name the Foundation as trustee. Exceptions to the above must be approved by the Gift Acceptance Committee of the Foundation prior to execution of the agreement. The minimum amounts applicable to Charitable Remainder Trusts shall also apply to Charitable Lead Trusts trusteeed by the Foundation.

Charitable Gift Annuity

As a part of its ongoing development efforts and planned giving program, the Foundation will issue Charitable Gift Annuities (CGAs) to interested donors for the benefit of a charitable organization designated by the donor.

1. Types of Annuity Contracts. Outright CGAs will be limited to those donors who are 65 years of age or older and Deferred CGAs to those of at least 45 years of age. For joint life annuities (a couple), both persons must meet the criteria listed above.
2. Minimum Gift Allowed. The minimum to establish a CGA is \$25,000. The minimum to establish a Deferred CGA is \$25,000. Board approval is required for CGAs in any amount.
3. Reserve Account. All CGAs and Deferred CGAs under contract will be administered by an external corporate trustee and invested in segregated "reserve" and "excess" accounts as required by the California Department of Insurance.
4. Recommended Rates. The Foundation will follow the recommended rates of the American Council on Gift Annuities (the "rate schedule"). The Foundation will inform the California Department of Insurance of any changes in its rate schedule, as required from time to time. Exceptions to the rate schedule shall be reviewed and approved by Foundation staff authorized to enter into gift agreements.
5. Investment Disclosure. As required by the Philanthropy Protection Act of 1997, the Foundation will disclose to annuitants the investment of annuity assets upon the creation of each annuity.
6. Assets Accepted. Donors may make gifts of liquid assets such as publicly traded securities and cash in exchange for a CGA or Deferred CGA. The Foundation will consider the receipt of illiquid assets in exchange for a CGA or Deferred CGA on a case-by-case basis. Such exceptions shall be reviewed and approved by the Foundation staff authorized to enter into gift agreements.
7. Use of Remainder. At the death of each annuitant (or the surviving annuitant), the remainder of each annuity shall be distributed as follows:
 - a. Annuity Reserve Fund. Ten percent (10%) of the remainder of each annuity will be transferred to the Foundation's annuity reserve fund. This fund shall be used for annuity and operating expenses associated with the annuity program, in particular, to fund payments on annuities that have exhausted their reserve and excess fund accounts. Following prudent review and analysis, the Foundation may transfer the balance of the annuity reserve fund to the Fund for Monterey County.
 - b. Annuity Distribution Options.
 - i. Donors can name any existing fund at the Foundation; or
 - ii. If Agency has an Endowment Fund: 90% of remainder goes to the agency endowment fund
 - iii. If Agency does not have an Endowment Fund:
 1. Remainder \$10,000 or more: 90% of remainder goes to establish an agency endowment fund
 2. Remainder \$5,000-10,000: 90% of remainder goes to establish agency endowment fund and reinvests until balance reaches \$10,000
 3. Remainder less than \$5,000: full direct payout to the named agency

Life Estate

A donor may wish to contribute a personal residence, farm, or real property to the Foundation and retain the right to use the property until death. Upon the donor's death, the Foundation owns the entire interest in the property. The Foundation will evaluate these gifts on a case-by-case basis, using the applicable policies and procedures regarding gifts of real estate described above. In addition, the donor and the Foundation will enter into an agreement regarding the donor's or life tenant's responsibilities for taxes, utilities, upkeep, maintenance, and limitations on the donor or life tenant's rights to make changes to the property, or allow liens to be placed on the property, without approval of the Foundation.

A DONOR BILL OF RIGHTS

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 assure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in the not-for-profit organizations and causes that they are asked to support, we declare that all donors have these rights.

| | |
|---|--|
| <p style="text-align: center;">I.</p> <p>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.</p> <p style="text-align: center;">II.</p> <p>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.</p> <p style="text-align: center;">III</p> <p>To have access to the organization’s most recent audited financial statements and periodic fund statements as needed.</p> <p style="text-align: center;">IV.</p> <p>To be assured their gifts will be used for the purposes for which they were given.</p> <p style="text-align: center;">V.</p> <p>To receive appropriate acknowledgment and recognition.</p> | <p style="text-align: center;">VI.</p> <p>To be assured that information about their donations is handled with respect and with confidentiality to the extent provided by law.</p> <p style="text-align: center;">VII.</p> <p>To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature.</p> <p style="text-align: center;">VIII</p> <p>To be informed whether those seeking donations are volunteers, employees of the organization or hired solicitors.</p> <p style="text-align: center;">IX.</p> <p>To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share.</p> <p style="text-align: center;">X.</p> <p>To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.</p> |
| <p style="text-align: center;">DEVELOPED BY</p> <p>AMERICAN ASSOCIATION OF FUND RAISING COUNSEL (AAFRC) ASSOCIATION FOR HEALTHCARE PHILANTHROPY (AHP) COUNCIL FOR ADVANCEMENT AND SUPPORT OF EDUCATION (CASE) NATIONAL SOCIETY OF FUND RAISING EXECUTIVES (NSFRE)</p> | <p style="text-align: center;">ENDORSED BY</p> <p>INDEPENDENT SECTOR NATIONAL CATHOLIC DEVELOPMENT CONFERENCE (NCDC) NATIONAL COMMITTEE ON PLANNED GIVING (NCPG) NATIONAL COUNCIL FOR RESOURCE DEVELOPMENT (NCRD) UNITED WAY OF AMERICA</p> |

Mission

To inspire philanthropy and be a catalyst for strengthening communities throughout Monterey County

Vision

Healthy, safe, vibrant communities

Values

We **advance positive change** through grantmaking, community engagement and collaboration.

We **build a legacy for future generations** through responsible stewardship of the resources entrusted to us.

We **operate with the highest standards** of integrity, ethics and accountability. We **embrace inclusivity** and diversity.

We **commit to fairness and respect** for the dignity of all people.

We **are open and honest** with our philanthropic partners, grantees and the community. We **strive for excellence** in all that we do.

APPENDIX C

LIMITED PARTNERSHIP (LP) AND LIMITED LIABILITY COMPANY (LLC) GIFT ACCEPTANCE POLICIES

Gifts of Limited Partnership Shares or Limited Liability Company Interests may be accepted by CFMC. The following steps should be followed to facilitate a smooth gifting and asset management process:

- The President/CEO must discuss with the donor or donor's representative the charitable intent of the donation, the assets that will fund the partnership, the percentage payment of the income to CFMC from the LP or LLC and other terms of the partnership.
- CFMC must have adequate opportunity to review the entity documentation, which includes review by CFMC legal counsel. Gifts of LP or LLC interests offered to CFMC may be accepted or declined based on the response to this review.
- Generally, if the documented present value of an LP or LLC interest is \$20,000 or more, that LP or LLC interest may be credited to a new, named component fund at CFMC. The fund may be treated as an advised, designated, scholarship, field of interest, or unrestricted fund as requested by the donor. Grants may be made only from income generated by the LP or LLC interest or from other liquid assets in the component fund, provided the fund's documented present value remains at least \$20,000.
- Generally, if the documented present value of an LP or LLC interest is less than \$20,000, that LP or LLC interest will be treated as an unrestricted contribution to CFMC, and income from the LP or LLC interest will be treated as unrestricted income to CFMC. In the alternative, the donor may direct the contribution to an existing, named component fund at CFMC or combine the LP or LLC interest with other assets sufficient to bring the total present value of the contribution to at least \$20,000.
- CFMC's administrative fees will be as follows:
 - Named component funds are charged an administrative fee on CFMC's standard published fee schedule based on the fund's fair market value *or* on contributions to the fund, declining as CFMC-managed assets in the fund exceed \$500,000.
 - If the LP or LLC interests do not produce sufficient income to pay the fees, CFMC reserves the right to invoice for annual fees.
- CFMC must receive an annual tax filing or valuation for the LP or LLC interests (usually in the form of a K-1). This provides the basis for CFMC to book the asset, as required in FASB standards.
- Donors of LP or LLC interests must be fully informed by their advisors of the tax implications of the gift of LP or LLC interests, including the non-income tax deductibility of the annual income payments to CFMC as an owner of the LP or LLC interests.

APPENDIX D

REAL ESTATE GIFT ACCEPTANCE PROCEDURES

When a donor expresses the desire to donate a gift of real estate, the following guidelines will be followed:

- C. The Foundation staff and the donor should meet to visually evaluate the property and develop appropriate gift arrangements with the donor, subject to proper approval. The approval process includes consulting with the Chair of the Board of the Foundation and the Foundation's Gift Acceptance Committee.
- D. An appraisal (MAI, FHA, or equivalent) is to be performed by an independent appraiser according to IRS guidelines.
- E. The Checklist for Real Estate Gifts needs to be followed, if applicable (see Attachment I).
- F. A financial analysis must be performed prior to acceptance to determine whether the gift makes a financially sound investment for the Foundation, especially if commercial or income property is involved.
- G. The Gift Acceptance Committee will evaluate the value of the property in relation to the costs of holding the property and the likely proceeds from selling it.
- H. Depending on the complexity (e.g., location, use of improvements, title) and value of the property being donated, the staff should discuss an appropriate fee/gift arrangement with the donor to help cover the overhead costs of accepting the gift. These costs may include but are not necessarily limited to property inspections, environmental assessment, market analysis, sales commissions, title work, closing costs, legal fees, property taxes, insurance and the cost of holding the property for eventual resale.
- I. The donor will be required to provide a written appraisal of the fair market value of the real property prepared by a qualified appraiser, and, regardless of the use of the real property, a written disclosure statement in the form provided in California Civil Code sec. 1102.6 (or successor statute), together with any and all documents and information as the Gift Acceptance Committee may require.
- J. The Gift Acceptance Committee will also evaluate any potential problems associated with co-ownership if less than the full interest in a property is being donated.

Considerations for Accepting Real Estate Gifts:

8. The Foundation will take into account the depreciation of real estate in considering gift proposals. If the donor has taken accelerated depreciation in excess of straight-line prior to making the gift, the donor will be responsible for making any recapture payments to the Internal Revenue Service.
9. The Foundation will consider encumbered property for acceptance only if the evaluation convincingly demonstrates that the property can be sold at a price that substantially exceeds the aggregate amount of the encumbrances and any costs associated with satisfying them.
10. The Foundation must weigh carefully whether or not it has the desire and ability to manage the property for whatever length of time is necessary to consummate the sale. If the property produces income, the Foundation must consider the amount of income it receives against the ongoing cost of the encumbrances.
11. The Foundation will not pay for appraisals, finder's fees, or the drafting of legal documents without approval of the Gift Acceptance Committee.

Disposition of Property:

Generally, the Foundation will sell property as quickly as possible after the gift is completed.

- a. The Foundation should consider its investment objectives before selling.
- b. The Foundation should avoid selling property at a distressed price. A quick distress sale may jeopardize the donor's charitable contribution deduction and might negatively impact the market values in the area.

Environmental/Pollution Concerns:

In all cases involving real property which has been used for commercial purposes, and in those cases involving real property which has been used for residential purposes as the President/CEO may determine, an Environmental Assessment shall be prepared for the property. The President/CEO shall determine whether the Assessment shall be prepared to ASTM Standard E 1527-00 (Phase I Environmental Site Assessment) or ASTM Standard E 1528-00 (Transaction Screen Process), or the appropriate successor to those standards.

The determination of the President/CEO whether to require an Environmental Assessment and if so, which type of Assessment shall be prepared, shall be made in writing. The President/CEO shall state the reasons why a particular determination is made. The decision of the President/CEO may be reviewed and changed by the Gift Acceptance Committee.

Any Environmental Site Assessment prepared shall be reviewed and approved by the Gift Acceptance Committee prior to final acceptance of the gift by the Foundation.

The Foundation will generally not accept gifts of real property which are contaminated by hazardous materials at the time of the gift or have been so contaminated at any time in the past. However, in the unusual event that the Foundation does elect to accept gifts of such property, a written agreement shall be made with the donor acknowledging the facts and circumstances concerning the hazardous materials, allocating responsibility for any damage or cost caused or incurred as a result of such hazardous materials and any other matters deemed appropriate by the Foundation under the circumstances of the proposed gift.

Gifts Related to Real Estate:

The Foundation may accept trust deed notes and mortgages as gifts. In most cases, a qualified appraisal would determine the value, taking into account the unpaid principal balance, the interest rate payable under the loan, and the current interest rates.

Bargain Sale of Real Estate and Personal Property:

Gifts in the form of a bargain sale need to be appraised by an independent appraiser (MAI, FHA or equivalent) with the fee to be paid by the donor.

In addition, the asset must be readily marketable (maximum estimated selling period of one year) or of reasonable current use to the Foundation. The minimum gift valuation should be \$50,000, net of the Foundation's investment.

Gifts of Real Estate with Retained Life Tenancy:

Consideration of a life tenancy gift requires the Foundation staff to follow the stated guidelines for acceptance of real property. The donor pays for the appraisal and all transfer fees and costs. The gift value and anticipated value of property at the end of the life tenancy will be calculated by the Foundation when the gift is made.

There should be reasonable expectation that the property can be sold within one year after the death of the donor or donor's relinquishment of the property.

In accepting gifts of real estate with retained life tenancy, the Foundation will also take into consideration the potential use of the property during the life tenancy to avoid acceptance of a property that may become a liability in future years.

**Community Foundation for Monterey County
Checklist for Real Estate Gifts**

General Information

Donor's Name: _____

Address: _____

Phone Number: (Home) _____ (Business) _____

Location of Property: _____

Type of Property: _____

Owners of Record: _____

Ownership: Circle One: 1) Sole 2) Joint 3) General Partnership
 4) Limited Partnership 5) Community Property Does

the Ownership Include Mineral Rights, Water Rights, Any Restrictive Easements,
Covenants or Rights of Way, etc.? _____

Legal Description (from owner's documents): _____

Is There Any Impending Litigation With Regard to the Property? _____

Valuation and Date of Most Recent Appraisal: _____

Annual Property Taxes: _____

Fees (association fees, sewer, water or other operating costs): _____

Are There Any Liens, Encumbrances, Mortgages, etc.? _____

Status of This Year's Taxes and Holding Costs (including delinquent fees): _____

Donor's Basis/Cost of Property and Length of Time Owned: _____

Estimated Time Required to Sell the Asset: _____

Zoning Uses (residential, commercial, etc.): _____

Has the Property Been the Subject of Any Regulatory Designations (such as wetland or
other easement)? If So, List Type of Designation and Regulatory Agency: _____

Proposed Delivery Date of Deed: _____

Date of Physical Inspection of Property: _____

Documents to Obtain

Date Received:

Title Report:

Donor should be asked to supply.

Appraisal:

Must be ordered, paid for and submitted within 60 days of deed delivery.

Deed:

Shows how title is vested and is used to prepare the title transfer.

Property Tax Bill:

Shows assessed value of land, improvements, actual tax and any assessments.

Income/Expense Pro Forma For Three-Year Period:

(For commercial income-producing property.)

Association Agreement:

Ownership rights and responsibilities of some properties, primarily residential or condominium, are governed by an owners' association. The agreement should include fees or assessments, together with a statement showing the condition of any reserve fund for deferred maintenance.

Conditions, Covenants and Restrictions:

Conditions, covenants and restrictions are required of most subdivisions. A copy of these will show how the property may be used and what restrictions may apply.

Lease or Rental Agreements:

If the property is leased or rented to others, a copy of each rental agreement should be obtained, showing the terms of the agreement, term of rental, deposits, etc.

Notes and Trust Deeds or Mortgages:

If the property is encumbered by a note, mortgage, or other debt, copies of the promissory note, mortgage, or other relevant documents should be obtained showing the terms of the encumbrance.

Current Mortgage Statement:

Will show the current status of a loan and will be helpful in identifying and discussing the loan with the lender.

Insurance Policy:

Will verify cost of Insurance and provide information for the Foundation to transfer insurance, if desired, after gift is made.

Plot Map/Property Line:

This indicates location of property and is an important step in acquiring much of the information for gift analysis.

Inspection Reports:

Where inspection reports are available from previous activity related to the property, such as Code Officers, inspection reports or structural assessment reports by an engineer.

Fund Agreement:

Outline of donor's charitable interest.

Donor/Donee Transfer Agreement:

Must use Foundation-approved agreement form (if appropriate, depending on type of gift). The agreement should be drafted with help of legal counsel to meet the needs of each gift.
