

UNITY FOUNDATION OF LA PORTE COUNTY, INC. GIFT DEVELOPMENT AND ACCEPTANCE POLICIES

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UNITY FOUNDATION OF LA PORTE COUNTY, INC. GIFT DEVELOPMENT AND ACCEPTANCE POLICIES

I. GENERAL

A. PURPOSE OF DEVELOPMENT

The Unity Foundation of La Porte County, Inc. (the "Foundation") seeks to improve life in La Porte County, Indiana. Our mission is to strengthen La Porte county now and forever by building permanent endowments, providing leadership, offering philanthropic vehicles for everyone, and being a catalyst for social and economic vitality. Primary support for this purpose is provided by distributions from the Foundation's permanently endowed funds contributed by many individual donors and groups who work with the Foundation to achieve shared charitable goals.

The Foundation has established a development program to encourage outright, planned, and testamentary gifts in order to further its charitable purposes and mission. The President is the chief development officer of the Unity Foundation, and works with board, staff and volunteers to set and meet the development goals of the Foundation.

B. PURPOSE OF GIFT ACCEPTANCE POLICIES

These gift acceptance policies and guidelines are set forth to:

- Protect the interests of donors of charitable gifts to the Foundation.
- Protect the interests of the Foundation.
- Delineate the administrative responsibilities of the Foundation with respect to charitable gifts.

These guidelines cannot embrace all areas in which judgment must be exercised. The Foundation senior staff and board members must exercise sound judgment in handling situations not specifically covered. In view of the importance of charitable gifts to the Foundation and the community-at-large, those charged with attracting and maintaining them must be given wide latitude and, at the same time, must insure that the dignity and integrity of the Foundation, the good of the community and the best interest of its donors be maintained.

C. FOUNDATION RESPONSIBILITIES

Foundation staff will disclose to all prospective donors certain important benefits and liabilities that reasonably could be expected to influence the donor's decision to make a gift to the Foundation. In particular, donors will be made aware of:

- the irrevocability of a gift,
- prohibitions on certain donor restrictions, and
- items subject to external conditions not controlled by the Foundation (market value, investment return and income yield for example).

The Foundation will not provide specific tax, financial or legal advice to a donor. The role of the Foundation staff is to inform, guide and assist the donor in fulfilling his or her philanthropic wishes but never to pressure or unduly influence a donor's decision.

D. ROLE OF THE BOARD OF DIRECTORS

The Board of Directors (the "Board") is responsible for policy-making and oversight of the Foundation's operations. All gift and fund policies referenced in this Gift Acceptance Policy have been adopted by the Board of Directors. The Board may amend or supplement these policies and guidelines at any time.

E. VARIANCE POWER

Federal income tax regulations require that a community foundation's governing instruments include a "variance power." The variance power contained in the bylaws of the Foundation states that the Board can modify any restriction or condition on the distribution of funds for any specified charitable purpose or to specified organizations if, in the sole judgment of the Board, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community.

F. FUNDS

The Foundation has developed several types of funds to help donors carry out their philanthropy and encourage donors to help the Foundation accomplish its mission. These funds (and their establishment) are subject to policies approved by the Board of Directors. A donor may contribute to any existing fund of the Foundation or may wish to establish a new component fund of one of the types described below. As a general policy, the Foundation will establish a separate component fund upon the donor's request subject to a minimum contribution value established by the Foundation. The current minimum needed to create a fund is \$5,000. This minimum amount may be changed when deemed appropriate by the Board of Directors.

All funds described in this section below are governed by a written fund agreement between the Foundation and the donor as well as applicable state and federal laws. Funds available through the Foundation include:

1. Community (Unrestricted) Funds

Community funds are those funds where the donor does not designate any particular charitable purpose or charitable organization. The Board of Directors determines how distributions from Community Funds are used.

2. Field of Interest Funds

Field of Interest funds are those funds where the donor expresses a preference that the fund be used for a specific charitable purpose, without designating the recipient organizations or programs through which such charitable purposes shall be served. Examples of

Field of Interest funds include funds designated to assist children and youth, to support environmental or beautification efforts, to promote the arts and culture.

3. Donor Advised Funds

Individuals or organizations may establish Donor Advised funds where they or persons they designate retain the right to offer grant recommendations to the Foundation's Board. The Board has final authority to determine distributions from Donor Advised funds.

When the fund is set up, donors may specify that once advising ceases, the fund will either become a Community Fund, Designated fund or a Field of Interest fund (they may name the field of interest). This charitable use will become effective upon the death, resignation or incapacitation of the final advisor of a donor-advised fund. If the ultimate charitable use of the fund's distributable income is unspecified when advising ceases, the fund will become a Community Fund.

4. Designated Funds

Designated funds are earmarked by the donor for a particular charitable organization or organizations. The Foundation's Board must approve the acceptance of a designated fund. All grants made from designated funds are made to or for the use of the designated recipient organization.

5. Agency Endowment Funds

Agency endowments are established by non-profit charitable organizations to provide themselves with a perpetual stream of annual grant income. Agencies wishing to transfer funds to the Foundation to establish a permanently endowed fund must submit a resolution from their Board of Directors stating that the majority of the members approved the action.

6. Scholarship Funds

Scholarship funds are dedicated to providing grants for educational purposes. They may be restricted in several ways, such as for use at a designated educational institution or for a particular course of study.

A donor establishing a scholarship fund must formulate a specific written set of guidelines under which such scholarship will operate. Staff will assist with this process.

G. SUPPORTING ORGANIZATIONS

A supporting organization is a grantmaking organization that avoids the burdens of private foundation tax status by being operated, supervised, or controlled by, or in connection with, the Foundation. Supporting organizations generally operate somewhat independently of the Foundation, and they must operate exclusively for the benefit of the Foundation.

H. SPECIAL FUNDS

Special Purpose Funds

The Foundation will consider establishing funds for special purposes that further the Foundation's mission. This type of fund may be established to hold funds for a specific public purpose (to pay for a monument or celebration, for example). Generally, they are non-permanent and limited in duration.

1. Focus Funds

The Foundation may establish funds aimed at building a permanent endowment to focus on a specific concern or objective. Examples of focus funds include affiliate funds (relating to a particular community), women's funds, catalyst funds (encouraging philanthropy among younger people), etc.

2. Operating Endowment

The Operating Endowment Fund helps the Foundation cover its present and future operating costs. The Foundation provides many more services to the community than fund management, for which it receives a fee. The Operating Endowment Fund helps assure the Foundation will be able to continue its valuable role in our community by encouraging citizens to contribute to its future strength and stability.

I. BUILD-A FUND

The minimum contribution needed to begin a fund may be waived in circumstances where it is deemed appropriate, such as when the donor commits to make additional gifts to the fund within a reasonable period of time. The fund will be built through contributions until it reaches the current minimum level required.

J. PROCESS TO AMEND A FUND AGREEMENT

If All Signatories (Founding Contributors) are Living:

1. If requested by the majority of the Founding Contributors, the Foundation is willing to consider amending the following provisions of the Fund Agreement:
 - a. Fund Name
 - b. Fund Purpose or Further Purpose
 - c. Advisors and Successor Advisors
 - d. Fund Type; i.e. from Scholarship to Designated
 - e. Schedule B: Criteria for Awards or Scholarships
 - f. To close a fund
2. An amendment and/or Amendment and Restatement document shall be prepared by staff or legal counsel to reflect the desired changes to the current agreement. On the rare occasion a fund closure is requested, funds should stay within UFLC or be directed to an appropriate 501c3 organization. The Unity Foundation board of directors shall review and either accept or reject such

amendments. In no circumstance shall the fund agreement be materially altered beyond the above provisions.

If NO Signatories (Founding Contributors) are Living:

1. If a fund is deemed to require a fund amendment, restatement or closure, the Foundation will consider amending of the following provisions of the Fund Agreement:
 - a. Fund Name
 - b. Fund Purpose or Further Purpose
 - c. Advisors and Successor Advisors
 - d. Fund Type; i.e. from Scholarship to Designated
 - e. Schedule B: Criteria for Awards or Scholarships
 - f. To close a fund
2. A fund may require a change due to the following:
 - a. Its fund balance does not meet the current fund minimums required by the Unity Foundation
 - b. Its purpose is no longer valid, legal or is outside the mission and scope of the Unity Foundation
 - c. The fund is unduly burdensome to the Foundation
3. An amendment and/or Amendment and Restatement document shall be prepared by staff or legal counsel to reflect the needed changes. If it is deemed the fund shall be terminated, it shall do so in compliance with the Variance Power. The Unity Foundation board of directors shall review and either accept or reject such amendments. Such Amendments and Restatements shall be reported to the Indiana Attorney General's office when required.

II. AUTHORITY & PROCEDURES TO ACCEPT GIFTS AND FUNDS

A. COMMITTEE ROLES AND RESPONSIBILITIES

Two Committees have specific responsibilities with respect to Development:

The *Development Committee* will assist in developing fund-raising plans and goals for the Foundation and will actively participate and carry out the Foundation's development efforts. In addition, the responsibilities of the Development Committee include periodic review and recommendations of development and gift acceptance policies and guidelines that are consistent with established policies and guidelines for Board approval.

The *Executive Committee* will have primary responsibility to review proposed funds and gift transactions referred to it. Referrals may come from the President when potential gifts or funds are presented that are outside the scope of standard gifts described in Section III b of this document. The Committee membership is described in the Foundation's governing documents.

B. GIFT & FUND ACCEPTANCE PROCEDURES

1. Staff Responsibility and Authority

The President and the Director of Development have the overall authority to handle inquiries, negotiate with donors, assemble documentation, and retain expert technical consultants on behalf of the Foundation. The President is authorized to accept all gifts and funds and bequests on behalf of the Foundation unless one or more of the following circumstances apply:

- a. The gift, fund or bequest includes a material restriction or suggestion regarding the Foundation's use of funds that would raise legal, ethical, policy or practical concerns for the Foundation;
- b. The gift or bequest includes instructions on investment allocation of gift assets or designation of investment manager of such assets; except where a Donor Advised Fund Marketing Agreement has been approved by the Board, or;
- c. In the judgment of the President, there are other risks or concerns that should be reviewed by the Executive Committee.
- d. The gift or bequest is one referenced in Section C.

2. Joint Marketing Agreements with Commercial Institutions for Donor Advised Funds

The Foundation has always valued its relationships with local financial and investment institutions. In an effort to strengthen those relationships, the Foundation provides the option to enter into a Marketing Agreement with such institutions with the goal of marketing Donor Advised Funds, branded with both the commercial institution and the Foundation's images. In pursuit of such relationships, the Foundation uses standard forms and marketing materials such as those produced by the Council on Foundations.

Each Agreement will be individually considered by the Executive Committee and Legal Counsel on a case by case basis. Separate fees, fund agreements, investment options are negotiated with the financial institution when the Marketing Agreement is written. The Executive Committee will evaluate potential firms. Only reputable financial and investment institutions may be considered.

Donor Advisors for funds created through commercial institutions, may only recommend grants to 501(c)(3) tax exempt organizations, and make not recommend scholarship awards or grants to individuals. The Foundation reserves the right to approve or disapprove any Donor recommendation on the basis of legality, charitable intent, or conflict of interest.

3. Procedure for Review of Gifts

When the President and the Director of Development determine that a potential gift requires further review, the President will present the terms of the gift to the Executive Committee. Presentation to the Committee will take the form determined most useful by the President, e.g. phone call, FAX, email or written communication to all available Committee members depending upon the complexity of the gift and the issues involved.

If one or more members of the Executive Committee believes that a gift or bequest should not be accepted, or that the full Board of Directors should review it, the issue will be referred to the full Board of Directors for consideration at its next regular meeting or, if time considerations make it necessary, at a special meeting. Results of the review process will be presented to the Board of Directors at its next regularly scheduled meeting. It will not require further approval by the Board of Directors.

Gifts requiring Executive Committee review will be handled promptly. If a gift is not accepted, the donor will be notified in writing by staff promptly. All gift reviews will be handled with confidentiality.

Gifts requiring immediate action (e.g., gifts on December 31, or pending sale of property) may be exempted from full Executive Committee review if, in the judgment of the President, in consultation with the Board Chairperson, that gift may be accepted without significant reservations or in any way jeopardizing the Foundation's tax exempt status.

The Chairperson may, in an emergency or for other good reason, modify the procedure set forth in this policy for a particular gift or bequest, but shall do so only after reasonable consultation with other members of the Executive Committee and shall report the modification to the full Board of Directors at its next regular meeting.

III. POLICIES AND GUIDELINES

A. CRITERIA

In reviewing gifts to the Foundation, staff and/or the Executive Committee will consider the following criteria:

- Is there charitable intent and will the community ultimately benefit?
- Is the nature of any restrictions within our expertise or policies?
- Is the gift permanent, or in the case of a non-permanent fund, how long will the fund remain with the Foundation?
- Will the property require ongoing management? What are the projected costs of managing the gift asset? Who will bear the expense? Who will bear the liability?
- Can the property be converted into an income-producing asset?
- Does the property expose the Foundation to unreasonable risk or burden, either in terms of dollars or staff/professional time?

B. GIFTS THAT [GENERALLY] DO NOT REQUIRE SPECIAL REVIEW

Gifts of cash, publicly traded securities or life insurance policies may be accepted by the President without prior approval of the Gift Acceptance Committee.

1. 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. A donor may establish a fund in a single transaction, or agree to build to the minimum over whatever period of time is mutually acceptable to the donor and the Foundation.

2. Publicly-Traded Securities

The Foundation will accept gifts of publicly traded stocks and bonds at fair market values as determined under Internal Revenue Service rules. As a general rule, gifts of publicly traded securities will be sold as soon as possible, and the fund the donor established will be credited with the proceeds from the sale, after commissions and expenses.

3. Life Insurance Policies

The Foundation will encourage outright gifts of life insurance. The transfer of existing policies should be absolute with full ownership vested in the Foundation, which will have the right to surrender the policy if it so desires. The transaction should make financial sense to the Foundation. When applicable, the donor should agree to contribute on an annual basis the amount necessary to maintain the policy in force.

The Foundation may also purchase life insurance on a donor's life with their permission as long as it makes financial sense to the Foundation.

4. Gifts of Retirement Plans or other "Income with Respect to Decedent" (IRD) Assets

The Foundation may be named as primary, secondary, partial or contingent beneficiary of an IRA and/or a retirement plan. The retirement plan administrator should be consulted to determine the proper designation procedure. The underlying assets will determine the level of gift acceptance review.

C. GIFTS THAT SHALL REQUIRE SPECIAL REVIEW

The following gifts shall need to be considered by the Executive Committee, in consultation with legal counsel where appropriate.

1. Tangible Personal Property

The Foundation may accept gifts of tangible personal property. In order to claim a deduction the donor will be required to seek a qualified appraisal for gifts of \$5,000 or greater. This is discussed further in Section J. "Donor Responsibility", below. If the personal property is unrelated to the Foundation's exempt purpose, the tax deduction is limited to the property's original cost and the donor receives no benefit from appreciation. With property unrelated to the Foundation's exempt purpose, the Foundation should encourage the donor to sell the property, pay the capital gains tax and

contribute the net proceeds to, or contribute the property to a charity that has a related purpose. Donors should consult with their tax advisors regarding the effect of the type of property and its tax characterization (for example, depreciated or appreciated) on the possible charitable deduction available.

The Foundation will evaluate proposed gifts of personal property on a case-by-case basis with specific consideration of the salability of the property and expenditures necessary to accept or maintain the gift. The donor will be responsible for obtaining any necessary qualified appraisal complying with IRS regulations for the property.

2. In-Kind Gifts

In-kind gifts may be accepted and acknowledged by the Foundation. The Foundation will not attempt to place a value on donated equipment or services. It is the donor's responsibility to verify the value on the donated goods or services, though contributions of services receive no tax deduction as outlined in the IRS codes as amended from time to time. Those who contribute services may take a tax deduction for their out-of-pocket expenses including mileage.

3. Real Estate

The general policy regarding gifts of real estate is as follows:

This policy applies to all gifts of real property, including outright gifts of residential and commercial property and farmland; bargain-sale transactions; and gifts of remainder interests in which the donor retains a life estate. The Foundation does not accept gifts of time shares. Prior to acceptance, a licensed inspector will inspect any improvements on the donated real estate, to determine that such structures comply with all local, state and federal regulations as well as to identify any ongoing significant items of maintenance or repair that may be required.

Gifts of real property must be reviewed by the Executive Committee or its appointee. Subject to the Committee's approval, the Foundation may accept gifts of real property to any fund. Gifts to establish a new component fund at the Foundation must meet the applicable minimum funding requirement. In deciding whether to accept real property gifts the Foundation will:

- Determine whether the real estate gift is an acceptable minimum value.
- Confirm that the donor has legal capacity and is entitled to convey the property through copies of deed, title report, etc., provided by donor.
- Determine whether, if property is encumbered by debt, the debt is of a level that will not unduly burden the Foundation or adversely affect the marketability of the property.
- Perform a market and financial analysis prior to acceptance of the gift to determine whether the gift is a financially sound acquisition.
- Weigh its ability to manage commercial property for the time necessary to sell the property. For example, income producing property may subject the Community Foundation to unrelated business income tax and/or other types of expenses, including but

not limited to, upkeep of land, maintenance of buildings and management of property.

- Evaluate whether any restrictions on the gift desired by donor will jeopardize the classification of such gift as charitable.

Appraisal. Each gift of real property giving rise to a charitable deduction of more than \$5,000 must be appraised in accordance with federal tax law. The donor will be responsible for obtaining such appraisal.

Distributions. Distributions from a component fund that consists entirely of real property are limited to the net income generated by the property less fees assessed by the Foundation and any unrelated business tax imposed thereon.

Liquidation. The Foundation will generally seek to sell real property as soon as possible and generally will not accept gifts that cannot be liquidated within three years.

Procedures for Accepting Gifts of Real Property. Donors will provide the information and documents requested in the Real Property Donation Checklist and the Real Property Inquiry Form at the earliest possible time prior to the acceptance of the gift. Copies of those forms are appended to this policy. The Foundation may request additional information or documents when necessary to its evaluation of the proposed gift.

Whenever possible, a member of the Foundation staff or an authorized representative will visit the property to determine its nature and type and to identify any potential problems not evident from information supplied by the donor that might hinder or prevent the foundation's sale of the property.

Environmental Assessment. If the property type warrants, Donors will provide at least a Phase I Environmental Report with disclosure of any environmental problems or statement that none exists.¹

4. Interests in Business Entities

If the Foundation is offered a gift of a business interest, for example a limited partnership interest, inquiries including the following will be made such as the nature of the underlying assets, the identity and reliability of the general partner, whether income flowing from the asset is unrelated business income, whether the veil of limited liability is a reliable shield from actual liability, and whether the cash flow from the asset gives us an adequate return after possible tax liabilities and assessments. The following will also be reviewed: the partnership agreement or other organizational documents, leasing arrangements, debt obligations, tax returns, K-1's, and an exit strategy.

Business Interests as Gifts to Donor Advised Funds: The Foundation will adhere to donor advised fund guidelines and rules as established by the Pension Protection of 2006. Such adherence includes particularly and specifically all areas of the act related to excess business holdings as they apply to donor advised funds.

The Unity Foundation will ensure that any gifts of interest in a business enterprise will be divested within five-years of the receipt of such a gift. A "business enterprise" is the active conduct of a trade or business, including

¹ Not every property will warrant an environmental assessment, however the Foundation reserves the right to require such assessment at Donor's expense.

any activity which is regularly carried on for the production of income from the sale of goods or the performance of services. Specifically excluded from the definition are:

- Holdings that take the form of bonds or other debt instruments unless they are a disguised form of equity
- Income from dividends, interest, royalties and from the sale of capital assets
- Income from leases unless the income would be taxed as unrelated business income
- "Functionally-related" businesses and program-related investments
- Businesses that derive at least 95 percent of their income from passive sources (dividends, interest, rent, royalties, capital gains). This will have the effect of excluding gifts of interests in most family limited partnerships, and other types of holding company arrangements.

Unity Foundation Policy with regards to asset categorized under the Pension Protection Act (PPA) of 2006 as "excess business holdings", the Foundation will identify and monitor any new gift to a donor advised fund of any interest qualifying as an "excess business holding" under the PPA. The Unity Foundation will put forth its best effort to dispose of the contributed interest at the best possible price within five years of the date of the gift, as required under the PPA. In all cases, the five year window will be adhered to by the Foundation and the Foundation will dispose of any excess business holding prior to the five year limit, except in the case of the Treasury Department granting an additional five year holding period. The Unity Foundation will notify potential donors (holders) of such interests of this requirement prior to the contribution of such interest.

5. Bargain Sales

A "bargain sale" is a sale of property to the Foundation for an amount less than the property's current fair market value. The excess of the value over the sale price represents a contribution. The amount of the allowable deduction for a bargain sale will be subject to the rules of the Internal Revenue Service relating to bargain sales.

6. Life Estate Arrangements

A donor may contribute a personal residence, vacation home, farm, etc., to the Foundation and retain the right to occupy the property until death. Upon the donor's death, the Foundation will own the entire interest in the property and the donor shall be responsible for maintaining and insuring the property as if he/she were the only owner. Such gifts will be subject to the same rules governing other gifts of real estate.

D. DONOR RECOGNITION, STEWARDSHIP AND GIFT ACKNOWLEDGEMENT

The Foundation recognizes the paramount role of donors as partners with the Foundation in achieving its charitable purposes. In carrying out the Foundation's development program, staff will recognize and acknowledge donors in appropriate ways both publicly and privately. The Foundation will inform donors and other interested parties of gifts to and grants from named funds.

All gifts to the Foundation will be acknowledged and receipted in writing in a timely fashion and in accordance with the current IRS codes. The Foundation will provide donors with periodic written reports regarding the fund's activities as may be appropriate or required, including market value and information necessary to the donor for preparing federal and state tax returns.

E. "DISTRIBUTABLE" GIFTS

The Foundation permits donors establishing a new fund to designate part of their initial gift over the minimum otherwise distributable under the spending policy. The money designated as distributable may be awarded as a grant after the fund is established (even prior to the fund being invested for four quarters). The effect of this policy is that any portion over \$5,000 could be used to deliver directly and immediately as a grant to a specified charity. Donors may earmark subsequent gifts to the fund as distributable as well.

F. CONFIDENTIALITY AND ANONYMITY

All agreements with donors and all information concerning donors and prospective donors will be held in strict confidence by the Foundation, subject to legally authorized and enforceable requests for information by government agencies and courts. It is the Foundation's policy not to sell or license any information in its database without a donor's consent. Foundation Staff, Board and Volunteers are subject to the Confidentiality and Conflict of Interest Policy.

A donor's expressed wishes for public anonymity will be respected. Internally, only those staff members with a need to know for legal, processing or other substantive reasons will know the donor's name or details of the gift.

G. STANDARD FORM DOCUMENTS

For administrative ease and convenience, the Foundation has developed standard fund agreements and other documents relating to the Foundation's development program as deemed appropriate. Legal counsel has reviewed all such standard form and will be updated and revised as appropriate. The Foundation will provide standard forms to a prospective donor and the donor's advisors upon request and will encourage their use.

H. DONOR'S COUNSEL

The Foundation's staff will encourage each prospective donor to seek professional advice when considering a gift to the Foundation and to have the terms of all proposed agreements reviewed by the donor's own legal and/or financial advisors.

I. DONOR RESPONSIBILITY

The Foundation will advise donors that it is the donor's responsibility to obtain and pay for any necessary appraisals, to file appropriate tax returns, and to defend against any challenges to claims for tax benefits. The Foundation will also advise the donor that there are no representations or indemnities with regard to the income, estate, or gift tax consequences of any gift to the Foundation.

Additionally, the Foundation staff will encourage donors to comply with IRS Code when the value of a gift of property (other than cash or publicly traded stock) reaches the amount where an I.R.S. Form 8283 is required.

It is the donor's responsibility to provide an appraisal of all property (except cash and publicly-traded securities) with a value of \$5,000 or over to support a charitable deduction [Reg. Sec. 1.170A-13(c)(i)(i)]. The appraisal must be done either within 60 days of the date of the gift or any time prior to the due date (or extended due date) of the income tax return.

If it receives property valued at over \$5,000 (or \$10,000 in the case of non-publicly traded stock), the Foundation will sign a copy of the appraisal report (Form 8283) which the donor attaches to his/her income tax return. The Foundation is certifying receipt of the gift but not necessarily agreeing with the value.

The Foundation will file I.R.S. form 8282 (Donee Information Return) with the I.R.S. and send a copy to the donor if the Foundation sells the gifted property within two years of receipt. I.R.C. sec. 6050L(a)

J. INTEGRITY OF THE FOUNDATION'S ACTIVITIES

Foundation staff and board 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 a finder's fee or other private inurements to anyone as a result of such person's involvement in acquiring gifts for the Foundation.

Programs, trusts, contracts or commitments that would benefit the Foundation at the expense of the donor's interests will not be urged upon any donor. To ensure donors' desires are accomplished, all efforts will be made to solidify those desires through meetings and appropriate documentation.

K. PROMOTION AND PUBLIC EDUCATION

Foundation staff will establish appropriate ongoing programs and systems for educating, informing, and engaging donors and prospective donors about the Foundation, its mission, activities and the community's charitable needs.

L. MATERIAL RESTRICTIONS

The Foundation reserves the right to refuse any gift that it believes is not in the best interests of the Foundation. In conformity with Treasury Department regulations governing community foundations, 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.

M. INVESTMENT OF GIFTS

1. In General

It is the preference of the Foundation that, to the extent feasible, assets from current and future gifts will be commingled with other assets of the Foundation for investment purposes. All investments shall be selected in conformance with investment policies established by the Foundation from time to time. The Investment Committee of the Board oversees investment of all Foundation assets and reports to the Board of Directors. Foundation funds are invested to meet foundation goals and not as a result of personal or business relationships.

2. Gifts are Irrevocable

All gifts to the Foundation are irrevocable. Once transferred to the Foundation, these gifts become the property of the Foundation. Individuals and organizations establishing funds cannot later ask to have their money returned.

3. Corporate Structure and Fiduciary Oversight

The Foundation exists as a not-for-profit corporation. The Foundation's Board of Directors is the fiduciary for funds and selects all investment managers. The Foundation has an Investment Policy Statement and a separate Spending Policy and closely monitors investments of all assets. The Foundation's board can hire and fire managers, custodians and third party investment advisors.

The Foundation has hired an independent Investment Advisory firm, Fund Evaluation Group, (FEG). FEG meets quarterly with the Investment Committee and reports are reviewed with the Board of Directors. The Investment Policy Statement clearly delineates duties and responsibilities of all parties.

4. Separate Investment of Fund Assets and Investment Managers

Donors who establish funds in the Foundation give up all right, title, and interest to the assets transferred and such gifts may contain no material restriction that would prevent the fund from being considered as a component fund of the Foundation under Internal Revenue Service rules. In particular, donors give up the right to choose investments and investment brokers or to veto investment choices for their gifts.

N. DONOR-INITIATED FUND RAISING

People interested in organizing an event intended to encourage gifts to a fund at the Foundation fund must consult with the Director of Development or President prior to proceeding with the event who will provide a copy of the guidelines governing these events. Specifically, organizers must:

1. Submit a proposed event budget and event plan and be willing to furnish proof of insurance coverage for the event prior to the Foundation's approval.
2. Furnish proof of compliance with relevant laws of the State of Indiana, particularly with regards to "Gaming" laws and registration requirements.
3. Obtain Foundation approval for any publicity and promotional materials for the event (materials should make clear that funds are being raised *on behalf of* rather than *by* the Foundation).
 - a. Comply with IRS acknowledgement requirements regarding charitable donations. These acknowledgement requirements include but are not limited to the following:
 - b. If the event involves providing goods or services in exchange for a dollar amount, the fund-raising group must determine the value of the goods and/or services, and state on the ticket or solicitation the value of the tax- deductible portion.

- c. Gifts of \$250 or more must be properly acknowledged. Organizers and the Foundation must determine how this shall be done.
- d. Work with the Director of Development to determine the methods of accounting to the Foundation for expenses and proceeds from the event.
- e. Provide procedures and supervise the event so that no person or entity will benefit unduly from the event.

The fund-raising group and the Foundation will agree to a plan as to how expenses will be paid prior to the event. This would involve one of the following three options:

1. Checks/cash are accepted by the fund-raising group. Expenses are paid from the event income and proceeds are gifted with a single check payable to the Foundation to the "XYZ" Fund.
2. Checks/cash are gifted to the component fund and presented to the Foundation along with all receipts from the event. Expenses are paid from the annual distribution amount from the component fund.
3. Under special circumstances the Foundation will act as a fiscal sponsor for an event. In this case, the Foundation will accept all gifts for the event and pay all expenses from event proceeds. All proceeds, checks and cash, must be delivered to the Foundation along with an accounting of all expenses within one week of the event. In some cases a special fee for this service may be activated.

Donors who contribute to the fund will receive a written acknowledgement from the Foundation in order to claim a tax deduction for the contribution; provided, however, that the fund-raising group which accepts check/cash as set forth in (a) maintains adequate records. The Foundation will provide the appropriate acknowledgement to the donor, upon receipt of the following:

- the donor's complete name and address,
- the date and amount of the contribution,
- whether the contribution was in cash or property,
- if property or a service, a detailed description must be provided (contributions of services, while appreciated, are not generally tax deductible.)

In all cases the fund-raising group will be responsible for any and all fund-raising losses.

The Foundation cannot lend its name or that of any of its funds to the following activities:

- That use "paid" professional telemarketing or fund raising services.
- Events that are political in nature.
- Travel programs.
- Activities involving sales of goods or personal property involving payment of sales tax or where the Foundation must determine market values.
- Fund-raisers that are expected to produce less than \$5,000.

O. UNRESTRICTED AND RESTRICTED GIFTS

1. Unrestricted Gifts

An unrestricted gift is not restricted to a fund or for a particular purpose by the donor. These gifts may be used for current operations and needs or placed in the Operating Endowment Fund depending upon the gift and the current needs of the Foundation. The current goal is to place 10% of all unrestricted gifts in the Operating Endowment.

2. Restricted Gifts

A restricted gift has restrictions as to the use of the gift. The Foundation will accept gifts restricted by the donor for special use if that use is consistent with the mission and plans of the Foundation. The Foundation reserves the right to refuse a restricted gift deemed unusable or impractical by the Executive Committee. In all cases, IRS guidelines shall be followed to protect both the Foundation and the Donor from negative consequences.

IV. PLANNED GIVING PROGRAM GUIDELINES

A. INTRODUCTION

Gifts to the Foundation take a variety of forms. Many are outright gifts by living donors either on a one-time or a periodic basis. Others are testamentary gifts that take effect upon a donor's death. Some are other forms of deferred or split-interest gifts.

Current Gift: A donor transferring money or property to the Foundation without receiving consideration or economic benefit. The donor retains no control over the money or property transferred to the Foundation.

Deferred Gift: A donor transfers an irrevocable gift to the Foundation. The donor generally retains either an income stream or a remainder interest in compliance with stipulations in the Internal Revenue Code.

Donors planning to name the Foundation as a beneficiary are always encouraged to speak with Development staff before finalizing their plans. This helps to assure the donor that the Foundation can accomplish the donor's charitable goals and that these goals are clearly described in accompanying documentation.

B. PURPOSE

The purpose of the Foundation's planned giving program is to further the Foundation's charitable purpose and mission by maximizing financial support for the Foundation and other charities. Such financial support may be in the form of current gifts, bequests, or deferred gifts. Specifically, the program seeks to: (1) help donors meet their charitable goals by making planned gifts tailored to suit their individual circumstances; (2) encourage planned gifts to the Foundation that benefit the

Foundation and/or other charities, in our community; and (3) increase the permanent endowment funds of the Foundation, thereby providing a growing charitable resource for future generations in our community.

The Foundation has established a planned giving program to facilitate deferred and testamentary gifts.

C. PLANNED GIFTS ADMINISTERED BY THE FOUNDATION

1. Charitable Gift Annuity Program

Under a charitable gift annuity ("CGA"), a donor irrevocably transfers property to the Foundation in exchange for a commitment by the Foundation to pay the donor, or beneficiaries designated by the donor, a specified amount each year for the life or lives of the designated beneficiaries. Upon termination of the income beneficiary's interest, the remainder interest in the property is transferred to the Foundation for uses specified by the donor at the time the gift is made.

The Foundation's obligation to make gift annuity payments is considered to be a general obligation of the Foundation, and thus all of the Foundation's assets are potentially available to make such payments. Unlike charitable remainder unitrusts and annuity trusts the assets are not held in a separate trust. The Foundation generally uses gift annuity rates as recommended by the American Council on Gift Annuities.

The Foundation established guidelines for acceptance and administration of immediate and deferred Charitable Gift Annuities. (Appendix C: Charitable Gift Annuity Guidelines.)

D. OTHER FORMS OF PLANNED GIFTS

The following planned giving arrangements are available to donors and should be established through consultation with their professional advisors.

1. Charitable Remainder Unitrust

Under the Charitable Remainder Unitrust, the donor irrevocably transfers money, securities or other property to a trustee selected by the donor. The trustee pays the donor (or one or more income beneficiaries designated by the donor) a fixed percentage of the net fair market value of the trust's assets, as determined each year. The donor and his/her advisors determine the assets used to fund the remainder trust and the payout percentage. The payments are made for the life or lives of one or more income beneficiaries or for a fixed period of time not to exceed twenty years. Upon termination of the income beneficiary's interest, the assets of the Unitrust are transferred to the Foundation.

2. Charitable Remainder Annuity Trust

A Charitable Remainder Annuity Trust is similar to a Unitrusts, except that the income beneficiary receives a fixed dollar amount annually from the trust based on the value of the trust assets as of the date of the creation of the trust. The donor and his/her advisors determine the assets used to fund the remainder trust and the annual payout amount.

3. Charitable Lead Trust

The charitable lead trust is a significant form of charitable giving. The charitable lead trust is used both for lifetime charitable giving and for charitable bequests. It is often part of a plan for transfer of the remainder to younger generation family members. Under a charitable lead trust, the Foundation is given an income interest in the trust assets for a period of years or the lives of one or more individuals, at the end of which time the assets of the trust are distributed to non-charitable beneficiaries designated by the donor. The donor and his/her legal or financial advisor select assets used to fund a lead trust.

4. Gifts by Will (bequests)

Bequests will be applied for the charitable purpose requested by the donor, as long as those requests are reasonable and promote the broad mission of the Foundation. Language for use in bequests is available upon request.

5. Beneficiary Designations for Insurance and Retirement Plans

Donors may add "Unity Foundation of La Porte County, Inc." as a full or partial beneficiary of a life insurance contract, an Individual Retirement Plan, 401(k) or other asset that offers the option of naming a beneficiary. In Indiana, Pay on Death accounts, such as Certificate of Deposits, bank and savings accounts, etc. may also be used to meet charitable goals.

E. POLICIES AND GUIDELINES

1. Disclosure to Donor in the Donor's Interests

The Foundation's staff will disclose to a prospective donor the benefits and liabilities that could reasonably be expected to influence the donor's decision to make a planned gift to the Foundation. In particular, the donor should be advised that all gifts other than testamentary gifts are irrevocable. Items subject to variability (such as market value, investment return and amount of income payments) should be discussed fully. Unity Foundation discloses the gift planning process and roles of parties through a Disclaimer notice. (Appendix E)

Donors will be urged to check with their own legal and financial advisors before making an inter vivos or a testamentary charitable gift or creating a life income plan. They should review charitable gifts with their legal and financial advisors due to the complexity of such transactions and the appropriateness of a charitable gift according to each person's particular situation. If a donor requests

advice on tax or estate planning issues, the Foundation staff may provide names of at least three (3) estate/tax planning attorneys.

2. The Foundation as Trustee

The Foundation does not currently serve as trustee of charitable remainder trusts, charitable lead trusts, or other trust arrangements and will recommend that the donor seek the services of a personal or professional trustee. The donor of a gift to the Foundation involving the creation of a trust has the right to select the trustee of the trust. No staff member of the Foundation may knowingly serve as trustee, conservator or executor of a charitable trust involving the Foundation for a donor or prospective donor without the express permission of the President of the Foundation.

The Foundation will on a case by case basis accept administration of trusts that benefit charitable entities if they can be legally transitioned from "Trust" to a "Fund Agreement."

3. Conflicts of Interest

The staff of the Foundation will avoid personal conflicts of interest with respect to the planned giving program. No staff member shall receive a commission for planned gifts (or any gift). Staff, board members and volunteers are subject to the Conflict of Interest and Confidentiality Agreement established by the Unity Foundation.

4. Distribution of Proceeds

When the planned gift is established, donors may specify one or more funds or an unaffiliated charity to receive the proceeds of deferred gift arrangements when the gift matures. These proceeds will be transferred into the funds or to the charity specified at the Foundation for the purpose specified by the donor.

F. DONOR CLUBS: UNITY VISIONARIES, LEADERSHIP BUILDERS AND FRIENDS OF UNITY

The Unity Visionaries was established to formally recognize those individuals who have indicated that they will support the Foundation through a planned future gift or by permanently endowing a gift with the establishment of a component fund.

The Unity Visionaries is intended to promote good will and partnerships in philanthropy. While encouraged, the Foundation does not require written or signed verification of a person's plan for a future gift in order for the person to qualify as a member of the Visionaries. Once a member of the Visionaries, a donor will always be a member, even after passing. This is to honor the visions of donors – past, present and future.

Individuals who started a permanent endowment fund and/or informed the Foundation of a future gift they planned to make to the Foundation before December 31, 2005 became *founders* of the Unity Visionaries. After that date, all those who informed the Foundation became *members* of the Visionaries.

The Unity Leadership Builders are a group of donors recognized for making significant gifts to the Foundation. Donors gifts are added together over the years

and each year are recognized for the cumulative giving level they have achieved. Levels are segmented by the following:

\$1,000 and over level
\$10,000 and over level
\$25,000 and over level
\$50,000 and over level
\$100,000 and over level

Corporate gifts will be listed at the same levels, but separately. Individual gifts are cumulative.

Friends of Unity represent donors who make gifts from \$25 to \$999 to any fund.

1. **Recognition**

Each person will be listed as a Founder/Member of the Unity Visionaries and or as a Leadership Builder in the Foundation's Annual Report and will be invited to special social and educational events, and will be recognized through periodic publications and announcements. Upon request, those in the Unity Visionaries or Leadership Builders may be listed as anonymous.

DONOR ADVISED FUND GUIDELINES

What is a Donor Advised Fund?

A donor advised fund defined under the Internal Revenue Code possesses three characteristics:

- The Fund is separately identified with reference to the contributions of a donor or donors. For example the Smith Family Fund established by the Smith family children.
- The Fund is owned and controlled by a sponsoring organization such as the Foundation.
- The donor or persons appointed by the donor expect to have the privilege of providing advice with respect to the fund's investments or distributions.

Minimum Fund Size

The minimum amount required to establish a Donor Advised Fund in the Unity Foundation is \$5,000. Exceptions to this are made on a case-by-case basis with approval of the President or a Board Co-Chair, and the amounts are subject to change at any time.

Contributing to a Fund

Gifts to a fund are irrevocable. The assets of donor advised funds are owned and controlled by the Foundation. As long as the Fund meets the minimum balance requirements, contributions to a fund may be made in any amount and at any time. Contributions may be made using cash, publicly traded securities or other property, including closely held stock, partnership interests, real estate, personal property, trusts and life insurance. Contributions are subject to acceptance by the Foundation. Contributions should be clearly designated by fund name: "The XYZ Fund of **Unity Foundation of La Porte County, Inc.**"

Many donors make contributions using appreciated, publicly traded stock that has been held for longer than a year, to enjoy maximum tax benefits. Contributions of property that may not have immediate liquidity are accepted at the discretion of the Foundation, and subject to completion of our due diligence procedures. Donors considering a gift in any form other than cash should contact the Foundation to discuss its appropriateness and to obtain delivery instructions.

Business Interests as Gifts to Donor Advised Funds: The Foundation will adhere to donor advised fund guidelines and rules as established by the Pension Protection of 2006. Such adherence includes particularly and specifically all areas of the act related to excess business holdings as they apply to donor advised funds.

Variance Power

Some donor advised fund agreements restrict distributions to a specific charitable purpose, such as education or the environment. Others may limit distributions to particular named organizations. These restrictions may apply from the inception of the fund or may come into effect at the conclusion of the advisory period. Any such restrictions are subject to modification by the Foundation if it determines, in its sole discretion, that the restriction or condition is unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or area served.

Fund Advisors

The initial advisors to the fund are those persons named in the fund agreement. Only the donor, the donor's spouse, and other advisors designated at fund inception advise on distributions from the fund. The advisory relationship terminates with the death of the donor, or the appointed advisor, or by Fund Agreement. After death, the foundation becomes the advisor.

The Foundation generally limits successor advisors to two generations. When Advised Fund balances exceed \$ 1 million, the Board may extend successor advisors beyond two generations.

If at any time there is more than one advisor to the fund, the advisors will appoint a designee and all communications to and from the Foundation will be through the designee. If no designee has been appointed, the Foundation will consider the first advisor named in the agreement to be the designee.

Recommending a Grant

Grants must be for charitable purposes. The minimum grant amount is \$250. You may recommend grants to any organization described in section 501(c)(3) of the Internal Revenue Code except that the Foundation does not make grants to private foundations. You may also recommend grants to most units of government (e.g., public schools, colleges and universities, town and municipal governments, police departments, etc.).

The Foundation makes grants to US organizations that carry on their work in other countries. However, the Foundation does not make grants from donor advised funds to non-US organizations or governmental entities.

Grant recommendations can be made via email or by completing a donor advised fund grant suggestion letter. In the cases where grants are made via phone conversations, the Unity staff member will take steps to verify identification and will typically send a follow-up email asking the Grantee to reply with an affirmative response. Grants usually take five to seven business days to process.

From time to time the Foundation may bring to the advisor's attention grant making opportunities in which the advisor may have an interest. The advisor is not obligated to recommend a grant for the identified program. Donors shall be furnished with lists of the unmet charitable needs of the community as determined by the Foundation from time to time.

Grant Restrictions

The Internal Revenue Code prohibits grants to individuals from donor advised funds. Also prohibited are grants for political contributions or to support political campaigns. Grants may not result in benefits, goods, or services to the donor, the fund advisor, members of their families, and businesses they control. Failure to observe this restriction can subject the fund advisor to tax penalties. Benefits include the payment of pledges, event tickets, meals, sponsorships, registration fees, discounted merchandise, preferred parking and/or seating, and memberships unless the membership confers nothing of value. Please contact the Foundation if you have specific questions about whether a grant you are considering recommending will result in a prohibited benefit.

Payments from a Donor Advised Fund

Expense reimbursements, loans, compensation, and other similar payments are not permitted from a donor advised fund to a donor, fund advisor, or related party.

Grant Acknowledgment

Unless other arrangements have been made (e.g. anonymity requested), the grant letter will indicate that the contribution is from "The XYZ Fund of **Unity Foundation of La Porte County**" and that it has been given upon the recommendation of the named advisor. The recipient organization is encouraged to acknowledge the gift to the advisor and also to the Foundation. Additional language confirms that no benefits have been offered or provided to the Foundation or the advisor in exchange for the accompanying grant. If the recipient organization publishes a news release or a list of donors, it is asked to indicate the contribution as a grant from "The XYZ Fund of **Unity Foundation of La Porte County**."

Fundraising

Donors sometimes want to raise money to add to their advised funds. The Foundation's policies on fundraising are found at www.uflc.net or upon request. Fundraising, if permitted, must strictly adhere to the guidelines in the policy and to any additional restrictions imposed as a condition of the Foundation's consent.

Investments

The Foundation has the sole responsibility and authority for investment of the assets of each Donor Advised Fund. Decisions with respect to the retention, investment, or reinvestment of assets and with respect to commingling of assets shall be made by the Foundation's Investment Committee [Board of Directors]. Donor Advised Funds are customarily invested and commingled with assets of other funds of the Foundation.

When the size of an endowed fund warrants separate investment consideration, typically for funds over \$500,000 dollars, the Foundation will endeavor to accommodate requests from donors for separate investment of fund assets, or use of a particular investment manager, broker or agent in accordance with the Foundation's Investment Policy.

The Foundation's long-term investment objective is to preserve the real value of its permanent funds. This means that the Foundation seeks a total rate of return that supports the

Foundation's grantmaking, expenses, investment fees, and inflation. The Foundation will normally measure whether it has achieved that objective over a rolling five-year period. The Foundation appoints an investment consultant and investment managers from time to time to carry out its investment management responsibilities with respect to its invested asset pool.

Fees and Minimums

The Foundation assesses fees, including investment management fees, against all its funds to cover the cost of administration and to continue the Foundation's important work in our community. Fees provide the necessary resources to operate efficiently and effectively, ensuring fiscal responsibility in grant due diligence, donor and nonprofit education, research, and other activities. The Foundation's current administrative fee schedule for donor advised funds is between one and one and a half percent depending upon the activity level of the fund

Inactive Funds

A fund is deemed inactive if:

- The fund advisor dies or resigns or evidence of his or her incapacity is provided to the Foundation, and if no successor advisor has been named.
- All named successor advisors are unable or unwilling to serve as such.
- No recommendations are made with respect to grants from the fund for a period of two years and, during such period, the advisor or successor advisor does not reply to the Foundation's attempts to contact them.

If the fund becomes inactive, the Foundation will deem the advisory period to have ended and will initiate distributions from the fund in accordance with the provisions of the fund agreement.

Termination

Unless otherwise specified in the fund agreement, upon the death, resignation or incapacity of the last advisor to the fund, or if the fund is determined to be inactive, the assets of the fund will become a part of the Foundation's unrestricted permanent endowment. If the principal balance of the fund exceeds \$25,000, the Fund may continue to be maintained as a separate named endowed fund for discretionary purposes or as a field of interest, if the donor(s) or successor-advisor(s) have specified in writing one or more broad fields of interests for the fund.

APPENDIX B

Real Property Donation Checklist

1. Exact legal name of donor and federal identification number.
2. Description of property (copy of deed).
3. Description of any buildings or other structures located on the land.
4. Boundary survey of property with location of all structures, easements, and encumbrances appearing on the face of the survey.
5. Information regarding existing zoning status.
6. Information on all ingress/egress for the property.
7. Description of prior use of the property.
8. An inspection has occurred by a licensed inspector to inspect any improvements on the donated real estate, to determine that such structures comply with all local, state and federal regulations as well as to identify any ongoing significant items of maintenance or repair that may be required.
9. Description of use of surrounding property, with specific disclosure of any storage tanks or potential environmental factors affecting the property.
10. Disclosure of any contemplated or anticipated condemnations, right-of-ways or other actions by municipalities that may affect the subject property.
81. Phase I environmental report on the property, including environmental report on any structures located on the real estate.
12. Evidence of title, such as title examination and report, title insurance commitment, or schedule describing any liens, encumbrances, or title matters affecting the property.
13. Copy of appraisal showing the fair market value of the property current within sixty days.
14. Disclosure of amount of existing real estate taxes, insurance premiums, and assessments attributable to the property.
15. Discussion with proposed donor regarding any special arrangements for donor's fund or other sources to address ongoing expenses for taxes, insurance, assessments, maintenance, grass cutting, security, utilities, and similar items.

Real Property Inquiry Form

I. General Information

Owner(s)	Phone
Address	
Property Location	
Land area (acres or square feet)	
Building area (sq. ft. each floor)	
Zoning	
Replacement cost of building	
Current property insurance coverage	
Date of acquisition/form of acquisition	
Current cost basis (includes improvements)	
Principal balance of mortgage	Current fair market value
Assessed value for real estate taxes	
Real estate taxes	
Land value	Building value
Most recent appraisal (date)	Appraised value
Appraiser	
Occupancy status after transfer of title to charity	
Unimproved (no buildings)	
Unoccupied (building, but not occupant	
Occupied (building with occupants)	

Please indicate by checking "yes" your awareness of any condition or problem which may affect the title or marketability of the property. Use Section VII to provide additional information.

II. Title/Zoning	Yes	No
A. Title	_____	_____
B. Zoning variances, violations or special permits	_____	_____
C. Zoning violations	_____	_____
D. Restrictions or easements	_____	_____
E. Survey available	_____	_____
III. Condition of Building	Yes	No
A. Foundations/slab	_____	_____
B. Basement water/dampness/sump pump	_____	_____
C. Roof leaks	_____	_____
D. General structural	_____	_____
E. UFFI (formaldehyde insulation)	_____	_____
F. Asbestos	_____	_____
G. Lead paints	_____	_____
H. Termites/ants/pests	_____	_____
I. Swimming pool	_____	_____
J. Radon	_____	_____
K. Building systems	_____	_____
1. Plumbing	_____	_____
2. Electrical	_____	_____
3. Heating	_____	_____
4. Air conditioning	_____	_____
5. Hot water	_____	_____
6. Water supply	_____	_____
7. Sewage; type	_____	_____
8. Other fixtures	_____	_____
IV. Rental/Condominium/Cooperative	_____	_____
A. Building systems	_____	_____
1. Leases	_____	_____
2. Rental arrears	_____	_____
3. Last month's rent/security deposit	_____	_____
B. Common area fees in arrears	_____	_____
C. Building or sanitary code violations	_____	_____
D. Operating/capital budget	_____	_____
V. Environmental	Yes	No
A. History of property	_____	_____
1. Property has prior or current use for industrial, commercial, agricultural, manufacturing, waste disposal or any other non-residential purposes	_____	_____
B. Condition of property	_____	_____
1. Stressed or denuded vegetation or unusual barren areas	_____	_____
2. Discoloration, oil sheens, or foul/unusual odors in water	_____	_____
3. Storage drums	_____	_____
4. Above or underground storage tanks; vent or filler pipes	_____	_____
5. Evidence of oil or other chemicals in soil	_____	_____
6. Evidence of PCBs	_____	_____
7. Evidence of toxic air emissions	_____	_____
C. Adjacent properties	_____	_____
1. Properties adjacent or close to subject have conditions requiring "yes" answer to any questions in (A) and (B) above	_____	_____
D. Flood plain/wetlands/drainage	_____	_____

E. Endangered plants or wildlife _____

Are you aware of any other information concerning any part of the land or buildings which might affect the decision of a buyer or affect value of property or affect use by buyer? _____

VI. Property Expense Budget

To hold this property as a Foundation asset, the following income and expenses are anticipated:

A.	Income		Annual
	1. Rent		_____
	2. Other		_____
B.	Expenses		_____
	1. <u>Real estate taxes:</u>		
	First payment due _____ (date) _____		
	Second payment due _____ (date) _____		
	2. <u>Utilities:</u>		
	Gas		_____
	Oil		_____
	Electric		_____
	Water/sewer		_____
	Other		_____
	3. <u>Services:</u>		
	Caretaker/property manager		_____
	Landscaping		_____
	Heating/cooling service contract		_____
	Snow removal		_____
	Pool services		_____
	Common area charge (condominium)		_____
	Security		_____
	Other		_____
	4. Maintenance/Repairs		_____
	5. Insurance		_____
	Total Expenses		_____
	Net Income (Loss)		_____

VII. Additional Information on Sections II through VII

VIII. Acknowledgments

Owner(s) hereby acknowledge that the information set forth above is true and accurate to the best of my (our) knowledge

Owner Date _____

Owner Date _____

APPENDIX C

CHARITABLE GIFT ANNUITY GUIDELINES

Definition:

A combination of a gift to charity and an annuity. A portion of the annuity payment is considered a tax-free return of principal, thus creating a smaller tax burden on the annuitant.

Rates:

The Unity Foundation and Donor will negotiate an appropriate annuity rate consistent with the donor's charitable intentions and prudent management of the Foundation's exposure to risk.

Age Limits:

The minimum age for immediate payment gift annuities is 50. If two lives are involved, the younger age must be at least 50.

Minimum Contribution:

\$5,000 minimum, \$25,000 or greater is preferred.

Number of Annuitants:

The Unity Foundation offers single-life and two-life annuities, subject to the age limits specified above. The donor may choose one of two options for a joint and survivor annuity.

1. Payments are made jointly to both annuitants, and then to the survivor,
2. Payments are made to one annuitant and then, after his or her death, to the survivor.

Availability:

Available only to legal residents of the State of Indiana. Other limitations may apply.

Permissible Assets to Fund Contracts:

Immediately marketable assets are preferred. Gifts other than cash and marketable securities, such as real estate or closely-held stock, will be considered on a case-by-case basis. Generally, gifts of publicly-traded securities shall be liquidated upon receipt.

Payment Schedule:

Annually, semi-annually or quarterly, direct deposit preferred.

Fees

Gift Annuities shall be assessed a quarterly .25% fee plus any direct costs.

Investment:

All gift annuities shall be accounted for separately, but may be pooled for investment purposes. The Unity Foundation reserves the right to make all decisions regarding the investment of gift annuity funds.

Allocations:

The donor may specify a new or existing permanent endowment fund of the Foundation to receive up to ninety percent (90%) of the amount remaining in the gift annuity fund at the conclusion of the annuity period. Ten percent (10%) of the amount in such fund shall be allocated to the Foundation's unrestricted endowment funds. If no fund is specified by the donor, the Foundation's Board of Directors shall have discretion with respect to allocation of the remaining funds.

Approval Procedures:

All charitable gift annuities entered into by the Unity Foundation must be reviewed and approved prior to acceptance by the President and/or Executive Committee or the Investment Committee. Each annuity shall be evaluated to assess associated risks, determine the appropriate investment strategy, and evaluate reinsurance options.

Independent Advice:

Proposed annuity contracts must be reviewed by the donor's professional advisor.

Bequest Language – for Donor use

The following sample language can be used for estate gifts through:

- Wills
- Living Trusts
- Retirement Plans Designations
- Life Insurance Beneficiary Designations
- Contingent provisions in any of the above estate documents

Each individual situation is unique: therefore, these are basic sample provisions. To assist you with your estate plans, the Community Foundation can provide customized sample language for the causes you may wish to support. To request customized language, please contact Jamie Miller, Development Officer or Maggi Spartz, President at 219-879-0327.

Suggested Bequest Language

Percentage of Estate or Residuary Bequest

"I give to the Unity Foundation of La Porte County, Inc. (Federal Tax ID #35-165-8674) a nonprofit corporation located in Michigan City, IN, an amount equal to _____ percent of the total value of the assets in my estate (or the residue of my estate), whatever the amount shall be at the time of my death. This gift is for discretionary purposes to meet the highest priority needs of the community as those arise (Community Fund) or are to be added to the (name the existing endowment of the Foundation here _____) Unity Foundation Fund ID Code _____)."

Alternatively, you may establish an endowment for a specific purpose through your estate by stating, "This gift is to be added to the _____ Fund with the Unity Foundation Fund ID Code of _____ and used in accordance with the written agreement entered into by me and the Community Foundation during my lifetime."

In this case, we work with you to establish the fund particulars in a separate document that may be amended at any time before the bequest is received. This avoids the necessity of amending estate documents if you change your mind about the purpose of the fund.

Specific Bequest

"I give to the Unity Foundation of La Porte County, Inc. a nonprofit corporation located in Michigan City, IN (Federal Tax ID #35-165-8674) all my right title and interest in the following described property: (list property here). This gift is for discretionary purposes to meet the highest priority needs of the community as those arise (Community Funds) OR is to be added to the (name the existing endowment of the Foundation Fund here: _____) Unity Foundation Fund ID Code _____)."

Alternatively, you may establish an endowment for a specific purpose through your estate by stating, "This gift is to be added to the _____ Fund with the Unity Foundation Fund ID Code of _____ and used in accordance with the written agreement entered into by me and the Unity Foundation during my lifetime."

In this case, we work with you to establish the fund particulars in a separate document that may be amended at any time before the bequest is received. This avoids the necessity of amending estate documents if you change your mind about the purpose of the fund.

Bequest Language – for professional advisor use

The following sample language can be used for estate gifts through:

- Wills
- Living Trusts
- Retirement Plans Designations
- Life Insurance Beneficiary Designations
- Contingent provisions in any of the above estate documents

Each individual situation is unique: therefore, these are basic sample provisions. To assist you with your client's plans, the Unity Foundation of La Porte County, Inc. can provide customized sample language for the causes your client may wish to support. To request customized language, please contact Jamie Miller, Development Officer or Maggi Spartz, President at 219-879-0327.

Suggested Bequest Language Percentage of Estate or Residuary Bequest

"I give to the Unity Foundation of La Porte County, Inc. (Federal Tax ID #35-165-8674) a nonprofit corporation located in Michigan City, Indiana, an amount equal to _____ percent of the total value of the assets in my estate (or the residue of my estate), whatever the amount shall be at the time of my death. This gift is for discretionary purposes to meet the highest priority needs of the community as those arise (Community Fund) or are to be added to the (name the existing endowment of the Foundation here _____) Unity Foundation Fund ID Code _____)."

Alternatively, your client may establish an endowment for a specific purpose through his or her estate by stating, "This gift is to be added to the _____ Fund with the Unity Foundation Fund ID Code of _____ and used in accordance with the written agreement entered into by me and the Community Foundation during my lifetime."

In this case, we work with you and your client to establish the fund particulars in a separate document that may be amended at any time before the bequest is received. This avoids the necessity of amending estate documents if a client changes his or her mind about the purpose of the fund.

Specific Bequest

"I give to the Unity Foundation of La Porte County, Inc. a nonprofit corporation located in Michigan City, IN (Federal Tax ID #35-165-8674) all my right title and interest in the following described property: (list property here _____). This gift is for discretionary purposes to meet the highest priority needs of the community as those arise (Community Funds) OR is to be added to the (name the existing endowment of the Foundation Fund here: _____) Unity Foundation Fund ID Code _____)."

Alternatively, your client may establish an endowment for a specific purpose through his or her estate by stating, "This gift is to be added to the _____ Fund with the Unity Foundation Fund ID Code of _____ and used in accordance with the written agreement entered into by me and the Community Foundation during my lifetime." In this case, we work with you and your client to establish the fund particulars in a separate document that may be amended at any time before the bequest is received. This avoids the necessity of amending estate documents if a client changes his or her mind about the purpose of the fund.

APPENDIX E

GIFT PLANNING PROCESS AND ROLES OF PARTIES DISCLAIMER

Gift Planning Process: The process of making a gift to the Unity Foundation varies greatly, from simply writing a check, to adding bequest language in a will, to intricate multigenerational wealth transfer strategies. Beyond the simplest gifts, the Unity Foundation recommends the use of competent professionals.

The Unity Foundation is an Indiana non-profit corporation that serves as a vehicle for completing and stewarding gifts. It does not provide professional advice to donors about personal financial matters.

All gifts to the Foundation are irrevocable and cannot be returned. Cash and non-cash gifts to Donor Advised Funds are under the exclusive control of the Foundation.

The Foundation's operations are funded by a small fee on assets and contributions from supportive individuals, businesses and foundations. The staff and volunteers of the Unity Foundation, in accordance with the Indiana Ethical and Operational Standards, are not compensated for the solicitation of gifts or funds.

Gift Planning Roles: There are four different roles that parties may play:

1. Donor, donors' family or other income beneficiaries
2. Party that looks out for donor's interests; usually paid by the donor in some way; commission, fee, business retention or good will such as attorneys, CPA's, etc.
3. Party that looks out for charitable interests or community benefit; the Foundation or other charities.
4. Third party to provide a product or service to complete the gift; usually compensated financially, such as an insurance agent or broker.

In planning this gift of _____, the party(ies) looking out for my interests is/are: _____; the party(ies) representing charitable interests is/are: _____; and a third party that provides a product or a service is: _____. The third party that provides a product or a service will receive _____ in the amount of _____.

I have read and received a copy of this disclaimer.

Donor

Date

HOW FUNDS WORK—An Example

↓
Donor establishes a fund: \$100,000

↓
Principal is invested and earns: 7.2%

↓
From earnings the following disbursements are made:



FEES (2):

1.0% Support for Unity Operations
or
1.5% or 2%
for “Actively Managed Funds”

CHARITABLE INCOME:

Target: 4–5% (3)

BALANCE:

Set aside in same fund for inflation, market changes, or
Charitable payout

- (1) Principal and earnings are not guaranteed or insured. Rate of return goals are net of fees. Earnings are subject to market fluctuations. Estimated goals are forecasted annually!
- (2) Annual fees are based upon the market value of the fund and taken quarterly at the end of each quarter. Generally fees are paid from earnings and not taken from principal so every dollar donated stays in the fund.
- (3) The charitable income or amount that is “spendable” is calculated by taking a percentage of the average market value over the past 20 quarters. This practice is used by Unity and other foundations to “smooth out” the payment streams. Funds less than one calendar year old or those with market depreciation will receive an “income” only payout. The actual payout percentage is determined annually by Unity Foundation to reflect market conditions.

Important Note:

- All funds in Unity Foundation are subject to a “variance power” which means that if the purpose of the fund no longer exists, the Foundation board of directors may adjust the purpose to one that is as close as possible to the original.
- As always, Unity Foundation encourages people interested in establishing funds or making significant gifts to consult with their professional advisors.

For more information contact the Unity Foundation of La Porte County 422 Franklin Street Suite C
Michigan City, IN 46360 219-879-0327 www.uflc.net