Home for Families

FUND DEVELOPMENT & GIFT ACCEPTANCE POLICY

HOME FOR FAMILIES
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SECTION 1 OVERVIEW

1.1 Mission

The mission of Home for Families (HFF) is to educate and nurture children while empowering families to achieve stable housing and self-sufficiency.

1.2 Purpose

The purpose of this Fund Development and Gift Acceptance Policy ("Policy") is to uniformly treat donors and their gifts with full disclosure and provide guidelines for the acceptance and stewardship of gifts. The provisions of this policy apply to all gifts received by HFF for any of its programs or services. Specific gifts are considered on their merits and final action is taken on those as authorized by HFF's Board of Trustees.

The Board of Trustees of HFF, with an understanding of its mission and responsibilities, has established and approved the Policy. The Policy governs the acceptance of gifts by HFF and provides guidance to current and prospective donors and their advisors when gifting to HFF.

HFF shall utilize the Policy to assess and accept gifts. The Policy is intended to serve as a guide and to allow for flexibility on a case-by-case basis to accommodate a proposed gift or a circumstance that is unique

1.3 Administration

POLICY

Gift Acceptance Committee ("Committee")

- The Committee is charged with the responsibilities outlined within the Policy.
- The Committee shall consist of the Executive Director, Director of Donor Relations and Development, Finance Director, the Executive Committee, and such other persons with professional expertise appointed by the Executive Director on an ad hoc basis.

SECTION 2 AUTHORITY & RESPONSIBILITIES

2.1 Board of Trustees

HFF's Policy is determined exclusively by the Board of Trustees. The Board may revise the Policy at any time. The Board's Development Committee and Gift Acceptance Committee should review the Policy regularly and present any recommended changes to the Board for approval.

The Board's key fund development responsibilities are as follows:

- Active participation in the fund development and stewardship program.
- Identify and assist in soliciting gifts from prospective donors.
- Coordinate all solicitation efforts with the Director of Donor Relations and Development so appropriate management is assured.
- Approve the criteria for the naming of a building or space

2.2 Development Committee

The Development Committee's key fund development responsibilities are as follows:

- Reviewing this Policy regularly and recommend changes to this Policy to the Board of Trustees.
- Annually approve fundraising activities and Development Plan.
- Identify and assist in soliciting gifts from prospective donors.
- Coordinate all solicitation efforts with the Director of Donor Relations and Development so appropriate management is assured.

2.3 Executive Director

The Executive Director's key fund development responsibilities are as follows:

- Responsible for day-to-day fundraising activities.
- Identify and assist in soliciting gifts from prospective donors.
- Bring any solicitation efforts to the specific attention of the Director of Donor Relations and Development so appropriate coordination is assured.
- Approve and sign agreements related to grant funding.

2.4 Gift Acceptance Committee

The Gift Acceptance Committee's key fund development responsibilities are as follows:

- Reviewing this policy regularly and recommend changes to this Policy to the Board of Trustees.
- Review all gifts of real estate made to HFF.
- Determining when an independent appraisal is required for a gift.
- Determining when legal counsel is required for the review of a gift.
- Approving exceptions to this Policy; and other appropriate matters that relate to the acceptance of gifts.

2.5 Director of Donor Relations and Development

Overall responsibility for assuring compliance with the requirements of this Policy is assigned to the Director of Donor Relations and Development.

The Director of Donor Relations and Development's key fund development responsibilities are as follows:

- Responsible to the Executive Director and the Development Committee for day-to-day management of all fundraising activities.
- Submit annual fundraising goals for individuals, corporations, foundations, and organizations to the Development Committee for approval.
- Submit an Annual Development Plan to the Development Committee for approval.
- Leadership, management, and direct support to fundraising program.
- Acknowledgement of all gifts and maintenance of donor records and recognition.
- Accounting for all gifts received.
- Inform the heads of various departments or programs when major gift solicitations are contemplated or gifts benefiting their program and/or department are received.
- Identify, and evaluate programs for fundraising support to assess anticipated public support, budget, staff, and volunteer requirements for successful solicitation.
- Supervision of annual fundraising budget and Development Plan.
- Direction of all employees, consultants, and vendors hired to support the development department.
- Define volunteer responsibility, period of service, reporting relationships, staff support, and other details as required stewardship and recognition.

SECTION 3 AUTHORITY TO NEGOTIATE

POLICY

Pursuant to this Policy, the Executive Director, Director of Donor Relations and Development, and designated staff of the development office are authorized to negotiate current and planned gifts to HFF. The Board of Trustees of HFF retains oversight of all programs, assesses development plans, and activities related to fund development.

SECTION 4 LEGAL & ETHICAL CONSIDERATIONS

POLICY

- HFF cannot give accounting, tax, or legal advice.
- HFF does not serve or act as trustee for any charitable remainder trust, charitable lead trust, revocable or irrevocable trust, or as co-trustee with an individual or trust institution.

- Where appropriate, HFF seeks the advice of legal counsel in matters relating to the acceptance of gifts. Review by counsel is recommended for: all gifts involving contracts or other documents where HFF is to assume an obligation; all transactions with potential conflict of interest that have the potential for IRS sanctions; and other instances in which the use of counsel is deemed appropriate by the Committee.
- In situations where advisors retained by HFF prepare documents or render advice in any form to HFF and/or a donor to HFF, the professional involved is in the employ of HFF and is not acting on behalf of the donor in any documents or other advice rendered. The documents should be reviewed by the donor's counsel prior to the completion of the gift(s).
- At all times HFF employees and members of the Board of Trustees are to avoid conflicts of interest and the appearance of conflicts of interest. A conflict of interest exists whenever a HFF employee, Trustee, or immediate family member has a formal relationship with an actual or prospective donor or a material interest in a firm that is an actual or potential vendor to HFF.
- HFF does not pay fees to any person as consideration for directing a gift to HFF.
- HFF does not pay commissions or percentages associated with negotiation and acceptance of any form of gift.

PROCEDURE

- HFF may work closely with the donor's advisors. Donors are strongly encouraged to consult with a qualified advisor. It is the donor's responsibility to secure independent legal counsel for all gifts made to HFF.
- In accordance with the Association of Fundraising Professionals' *Code of Ethical Principles & Standards of Professional Practice*, no employee is compensated based on a percentage of funds raised or on a contingent basis. Independent contractors and consultants are compensated on a project basis.

SECTION 5 AUTHORITY TO SOLICIT &RECEIVE GIFTS

POLICY

- Coordination of Fund Development Efforts
    - All departments and all members of the HFF community are encouraged to identify and assist in soliciting gifts from prospective donors. However, before making such a solicitation or accepting a gift on behalf of HFF, the individual or the department must bring the proposed effort to the specific attention of the Director of Donor Relations and Development so appropriate coordination is assured.
    - The Director of Donor Relations and Development informs the heads of various departments or programs when major gift solicitations are contemplated or gifts benefiting their program and/or department are received.

- In compliance with Ohio law, no consultants may solicit funds for HFF unless they are registered as a charitable solicitor.
- Only Executive Director of HFF may approve and sign agreements related to grant funding.

SECTION 6 PUBLIC SOLICITATION

POLICY

- All charitable contributions, regardless of value, form, or designated use, are made only to this organization.
- Use of “Home for Families” for any fundraising purpose by any other organization or entity requires prior approval of the Development Committee, acting on recommendations from the development department.
- All restricted and unrestricted monies received by HFF are put to direct use or invested under the guidelines of the investment policy adopted by the Board of Trustees.
- Special Project Campaigns
  - Any special project campaign requires approval of the Development Committee prior to initiation, based on the following: appropriate fit to the existing calendar of fundraising activities; recruitment of an adequate volunteer committee or sponsoring agency or organization; and demonstrated potential for profit.
  - Separate solicitation programs may be developed to meet urgent priorities or to take advantage of unusual opportunities offered by donors that match well with current fund development objectives.
- HFF’s gift accounting policies and procedures are in accordance with generally accepted accounting principles (GAAP) as prescribed by the Financial Accounting Standards Board.
- Refunds of donations of will be considered on case by case bases.

SECTION 7 DONOR PRIVACY,CONSIDERATION & RECOGNITION

7.1 Privacy and Consideration

POLICY

- HFF endorses and subscribes to a Donor Bill of Rights, set forth in Appendix A.
- All programs, trust agreements, contracts, or commitments benefit, first and foremost, the individual needs of the donor, and secondly, HFF. A charitable gift that benefits HFF at the expense of the donor’s interest should not be encouraged.

- Donor Privacy: All information concerning donors or prospective donors, including their names, the names of their beneficiaries, the exact amount of the gift, size of the estate, or any other information for which there is a reasonable expectation of privacy and/or confidentiality is kept strictly confidential by HFF, its Board of Trustees, volunteers, and staff, unless written permission is obtained from the donor to release such information.
- HFF does not sell or share its donor and mailing lists with other organizations.

PROCEDURE

- Donors who wish to remain anonymous and not be included in published lists of donors must state so at the time of the gift. Completion of the donation remittance envelope or mention of name on any correspondence accompanying the donation is deemed written permission to be included in published lists of donors.
- Donors are welcome to request and receive a complete copy of their records.
- Only the Executive Director, Director of Donor Relations and Development, and the Associate Development Director are permitted to view donor files.
- Donor files remain locked and onsite at HFF
- Donors and prospective donors may opt out of fundraising mailings via telephone, letter, e-mail, or in person and a do not solicit code will be attached to their name in the donor data base.

7.2 Recognition

POLICY

All recognition and reward accorded to donors by reason of their gift frequency, amounts, or cumulative total shall be in accordance with procedures contained in the Policy.

PROCEDURE

A. Giving Clubs

Annual giving club membership is based on the donor's non sponsorship cumulative giving total for the fiscal year (January 1 – December 31). HFF reserves the right to modify the corresponding dollar amounts to keep pace with inflation or to reflect trends in giving.

- **The Hope Society:** Freedom Circle ($5,000 or more); Vision Circle ($1,000 to $4,999); Mission Circle ($500 to $999); Nurturing Circle ($250 to $499); Friends Circle (>$250)
- **Champions of Hope:** donors who make regular recurring gift. Donors may be Champions of Hope and another appropriate giving club based on their cumulative giving total.

B. Naming of Building or Space Therein

All areas of HFF, are subject to naming. Such identification is appropriate in light of the gift or gifts received and will be sensitive to function and location while being consistent with the building's interior design.

- HFF reserves naming opportunities for outright gifts by living donors.
- Naming opportunities will be established between the donor and The Director of Donor Services and Development on case by case bases and approved by the gift the Committee.

C. Legacy Society

The legacy society for HFF donors is the 1986 Society. All planned giving donors, including those who have named HFF in their wills, are recognized, according to their wishes, as members of the 1986 Society in published donor lists. Membership in the 1986 Society is granted to individuals who have provided for HFF in their will or through irrevocable or revocable deferred gift arrangements that can be confirmed in writing with a letter of intent. Donors who have designated HFF as a beneficiary of retirement plan assets (e.g. IRA, 401(k)) or life insurance are also eligible to join the 1986 Society. The exact value of the gift does not have to be discernable or disclosed to HFF to qualify for membership in the1986 Society.

SECTION 8 RESTRICTED & UNRESTRICTED GIFTS

Definition: A Restricted gift is a gift made by a donor for a particular purpose or project. An unrestricted gift is a gift made by a donor with no limitations on how the gift is to be used.

POLICY

- All receipts from unrestricted bequests and unrestricted planned gifts shall become a part of the general endowment, unless the Committee determines a particular unrestricted gift of the type enumerated in this paragraph should be deposited in a different account.
- In drafting instruments for the gift of restricted funds to HFF, donors and their advisors shall be encouraged to use language that would permit application of the gift to a more general purpose if, in the opinion of the board, the designated purpose is no longer feasible.

PROCEDURE

Unrestricted gifts shall be encouraged unless: the donor indicates that he or she is only willing to make a restricted gift or; the option of a restricted gift will otherwise significantly increase the chances of obtaining a gift from the donor.

SECTION 9 COSTS OF ACCEPTING & ADMINISTERING GIFTS

POLICY

Except as the Committee may approve in unusual circumstances, the costs associated with the transfer of a gift by the donor, such as attorney fees, accounting fees, and other professional fees as well as other costs including, but not limited to, appraisal, escrow, evaluation, title insurance, and environmental assessment fees are the responsibility of the donor.

Custodial, investment, and administrative fees shall be assessed and paid from the respective funds.

SECTION 10 CURRENT GIFTS

POLICY

HFF may accept outright current gifts including cash and check, gifts in kind, tangible personal property and publicly-traded securities.

PROCEDURE

- Pledges are considered on a case-by-case basis and may be fulfilled on a schedule established between the donor and the Director of Donor Relations and Development or designated staff over a specified period, up to a maximum of five years from the date of the pledge.
- Grant Funds: Prior to submission of a grant proposal, the grant writer is responsible for verifying that HFF can use the funds as requested. All grant funds given to HFF are to be spent in accordance with the funding agreement as specified by each grant.
- Sponsorship: HFF solicits and encourages the business community, individuals, service clubs, and other organizations to become sponsors of HFF events, programs and services. A sponsorship is defined as a mutually beneficial exchange arranged in advance whereby:
    - HFF obtains support for a specific activity.
    - Sponsors may receive value in return for cash and/or products and services.
    - Sponsorship agreements may vary by sponsor and purpose.
- Third Party Gifts: The gross amount of donations made through employers or other agencies are credited to a donor for recognition purposes.
    - For accounting purposes, the donations are recorded net of employers or other agencies' administrative fees.
    - Donors do not receive credit for these donations until substantiation is received from the employer or agency.
    - Corporate matching gifts are encouraged, and the donor receives recognition credit for the match.

10.1 Cash & Checks

POLICY

HFF accepts gifts of cash and checks.

PROCEDURE

- Checks should be made payable to “Home for Families”.
  - The donor shall attach written notice of restricted purpose of gift or if the gift is a memorial or honorarium to a named person or event.
  - Upon request, notification of the gift is mailed to a third party. The gift amount is not disclosed.
  - Gifts made by a donor on behalf of another individual are credited to the actual donor’s record.
- HFF has internal management systems for receipt and recording of gifts of cash and checks.
  - All cash and check gifts are first delivered to the development office for processing. (see Financial Policy section:6.2)
  - If the donation is made using a credit card, the name of the donor is written on the credit card receipt and delivered to the development office for processing.
  - Gifts are recorded as of the date postmarked, if received via postal mail.
  - Hand delivered gifts are recorded as of the date of receipt. Every donation (gift cards, checks, cash) delivered by a donor must have a fully completed receipt, name, contact info, gift description. Receipts are located on the front desk and should be issued in number order.
    - The white copy is given to the donor,
    - The yellow copy to Associate Development Director
    - And, the pink copy stays in the book or with the Community Liaison.
  - HFF records credit card contributions charged on the donor’s bank credit card as of the date of the charge.
  - IRS rules provide that if a check is dated at the end of the year, the delivery envelope must show a postmark no later than December 31st for recording as a gift in the current year.

10.2 Memorial and Honorary Gifts

POLICY

- HFF accepts memorial and honorary gifts. A memorial gift perpetuates the values and ideals that defined a loved one's life. Honorary gifts commemorate a significant event or an exceptional person who is still living.
- All receipts from unrestricted memorial and honorary gifts shall become a part of the general endowment, unless the Committee determines a particular unrestricted gift of the type enumerated in this paragraph should be deposited in a different account.

10.3 Gifts In Kind

POLICY

HFF accepts certain in-kind gifts, including donations of food, household staples, seasonal items, certain types of equipment, gifts of service, and other gifts that are consistent with and support HFF services.

PROCEDURE

- Noncash gifts with a fair market value of less than $5,000 must be recorded at the value declared by the donor.
- Every donation delivered by a donor must have a fully completed receipt, name, contact info, gift description, and THE DONOR'S* declared VALUE. If the donor declares no value then the value is $0. Receipts are located on the front desk and should be issued in number order.
  - The white copy is given to the donor,
  - The yellow copy to Associate Development Director
  - And, the pink copy stays in the book or with the Community Liaison.
- The development office is responsible for the acknowledgement of the gift.
- The IRS regulations prohibit charitable organizations from assigning monetary value to in-kind donations. HFF will acknowledge the gift by description and name of donor, but will not assign a value for tax purposes

10.4 Tangible Personal Property

POLICY

HFF may accept gifts of tangible personal property, only after a review and approval by the Committee. The proposed gift must be readily marketable, free and clear of encumbrances, or related to the tax-exempt charitable purpose of HFF**.** HFF will inform the donor of how HFF expects to use the property. The donor should consult with the donor's professional advisors to determine whether this anticipated use is related or unrelated to HFF'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).

PROCEDURE

- The donor is responsible for obtaining a qualified appraisal of the value of the tangible personal property if it exceeds $5,000.
- The donor is responsible for filing IRS Form 8283 and must provide a completed copy. HFF is required to file IRS form 8282 if the property is sold within two (2) years of the gift.
- The delivery of tangible personal property generally requires an actual transfer of possession to affect a completed gift for tax purposes.

- Noncash gifts with a fair market value of less than $5,000 will follow the procedures for Gifts in Kind.

10.5 Publicly Traded Securities

A. Common and Preferred Stock

POLICY

HFF may accept gifts of common and preferred stock that are readily marketable or traded on a recognized market. In accordance with tax and other law, HFF has the right to make all decisions regarding the immediate sale of the gifted securities or to retain as an asset of the fund. HFF's standing policy is to sell the securities upon receipt.

PROCEDURE

- Prior to wire transfer, HFF requests that the donor notify HFF's Director of Donor Relations and Development, in writing via email or letter of the securities being gifted, the number of shares, the intended transfer date, the fund or purpose of the gift, and the name and phone number of the financial advisor, bank or brokerage firm, if applicable. This information enables HFF to properly track the gift and to credit it to the correct donor and purpose. HFF's Director of Donor Services and Development will provide the appropriate account number and DTC wire number of HFF's account as well as other relevant information. The date of the gift is the date the securities are transferred to HFF's account or when the transfer is made on the books of the brokerage firm.
- If gift of certificate(s) by mail, the donor should send the unendorsed stock certificate(s) by registered mail to HFF at our business address. In a separate envelope, by regular mail, the donor should send to HFF at our business address a signed stock power (one power for each certificate with signature block only completed) and a written statement identifying the donor, address, phone number and email and the number of shares, the name of the stock, and the purpose for which the donor is contributing the securities. The donor should mail both envelopes on the same day. The date of gift is determined by the later postmark.
- If gift of certificate(s) by hand delivery, the donor should bring the unendorsed stock certificate(s) to HFF. The donor should sign a stock power (one power for each certificate with the signature block only completed). The donor should sign a letter indicating that the donor is gifting the shares to HFF, in addition to the signed stock power. HFF can provide the donor a receipt acknowledging the delivery and purpose of the delivery. The date of the gift is the date the donor delivers the securities to HFF or authorized staff of the Foundation.
- If the donor delivers the certificate(s) to the issuing corporation or a broker for transfer to the name of HFF, the gift is complete when the stock is transferred on the corporation's books.

- If gift of certificate(s) is held in the name of an organization or corporation, the donor organization or corporation should provide a corporate resolution indicating that the individual executing the stock power is authorized to do so.
- In accordance with tax and other law, HFF recognizes the gift of securities and values it at the mean between the highest and lowest quoted selling prices on the valuation date multiplied by the number of shares.
- HFF reserves the right to review and evaluate proposed gifts of securities that may be subject to sale restrictions, right of first refusal, real estate investment trust, debt instruments, or options on a case-by-case basis.

<u>B. Mutual Funds</u>

POLICY

HFF may accept gifts of mutual funds.

PROCEDURE

- HFF acknowledges the gift of mutual funds and values it at the public redemption price multiplied by number of shares on the effective date of the transfer.
- The process for transfer of mutual funds is specific to the fund company, bank or brokerage firm. Therefore, prior to transfer, the donor and HFF's Director of Donor Relations and Development should conduct independent efforts to verify the documentation and forms required to affect the transfer.
- The donor should provide HFF a copy of the most recent mutual fund statement.
- As appropriate, HFF may instruct and assist the donor in the process. Due to confidentiality laws and standards, HFF is unable to obtain account- specific information directly from the fund company.
- HFF recommends that the donor monitor the process closely because it may take two (2) – six (6) weeks.
- In accordance with tax and other law, HFF has the right to make all decisions regarding the immediate sale of the gifted mutual funds or to retain as an asset of the fund. HFF's standing policy is to sell the mutual funds upon receipt.

SECTION 11 CLOSELY_HELD STOCK,LIMITED PARTNERSHIP & LIMITED LIABILITY COMPANY INTERESTS

POLICY

HFF does not accept gifts of closely-held stock, limited partnership or limited liability company interests.

SECTION 12 REAL ESTATE

POLICY

HFF may accept gifts of real estate including, but not limited to, residential, commercial, developed, and undeveloped.

A. Outright Gift of Real Estate

Generally, the donor irrevocably and outright transfers all of the donor's right, title and interest in the real estate.

B. Remainder Interest in a Personal Residence or Farm

The donor outright gifts his/her remainder interest, but retains the right to live in or use the residence or farm for the remainder of the donor's lifetime. The personal residence need not be the donor's principal residence. A residence includes the land, house and fixtures, but does not include household furnishings. A farm is land used for raising livestock, poultry or crops and includes the farmhouse as well as barns and other improvements. The remainder interest must be in the residence or farm itself, and not the proceeds from the sale.

PROCEDURE

- HFF will review and evaluate all gifts of real estate on a case-by-case basis. The donor should provide relevant documentation and information to facilitate an assessment.
- HFF generally intends to sell the contributed real estate for its full fair market value as soon as possible. HFF reserves the right to make all decisions regarding sale or retention of contributed real estate.
- HFF requires that any proposed gift of real estate involve $50,000 or more of equity.
- HFF will consider encumbered real estate only if the property can be sold at a price that substantially exceeds the aggregate amount of the encumbrances and any costs associated with satisfying them.
- If the real estate is subject to recapture of accelerated depreciation deductions or short-term capital gains, the donor will be responsible for determining the effect on the donor's deduction.
- The donor should provide the location or plot map of the property and arrange access to permit a visual inspection.
- The donor should provide copies of all leases, mortgages and any other contracts affecting the property.
- The donor should contract and pay for a Phase I Environmental Assessment of the property. If the Phase I indicates environmental problems exist, the donor must contract and pay for an additional assessment or remediation.
- The donor should obtain a qualified appraisal of the property and provide a copy to HFF.

- The donor should provide evidence of clear title to the property through title insurance.
- The donor should sign an indemnification agreement as to expenses that may require a cash outlay on the part of HFF between the time the property is contributed and eventually sold. These expenses include, but are not limited to, taxes, insurance, maintenance, condominium charges and fees.
- The donor should sign a recordable general warranty deed conveying the property to HFF. The donor should provide an Exemption from Real Property Conveyance Fee Form for filing of the deed with the Auditor's Office and the Recorder's Office of the county or state in which the property is located.
- HFF will consider any proposed gift of a partial-interest in real estate, such as a gift of an undivided interest or for qualified conservation purposes, on a case-by-case basis.

SECTION 13 BARGAIN SALE

Description: Bargain sales are often used by donors who wish to make a charitable donation to an organization in a form other than cash. In some cases, the property transferred is exchanged for other similar property of lesser value, and the difference is considered a gift.

If the property being sold has appreciated in value, the cost basis must be divided proportionately between the portion of the property that is actually sold and the remainder that is donated. The gain on the portion of the property that is sold must then be reported as income. The donation portion is written off, within the limits of charitable contributions for appreciated property.

POLICY

HFF may consider a gift resulting from a bargain sale transaction.

PROCEDURE

HFF will apply this Policy to review and evaluate any proposed gift of property that results from a bargain sale transaction. Although real estate is generally the most common property involved in a bargain sale, other types of property may be proposed by the donor.

SECTION 14 MISCELLANEOUS GIFTS OF PROPERTY

POLICY

HFF acknowledges that many forms of property exist that may not be specifically described in the Policy. HFF reserves the right to consider and evaluate acceptance of other forms of gifts on a case-by-case basis.

SECTION 15 PLANNED GIFTS

POLICY

- HFF may accept deferred gifts, also called planned gifts. A deferred gift, is any form of a gift that the benefit does not accrue to HFF until a future time, may include charitable gift annuities, charitable remainder trusts, charitable lead trusts, retirement plan beneficiary designations, bequests, and life insurance.
- All receipts from unrestricted bequests and unrestricted planned gifts shall become a part of the general endowment, unless the Committee determines a particular unrestricted gift of the type enumerated in this paragraph should be deposited in a different account.

Memorandum of Intent:
This memorandum sets forth the instructions of the donor to HFF regarding future administration of the donor's planned gift. HFF encourages the donor or his/her advisor to consult with HFF staff to assist in structuring the future gift to achieve the donor's charitable objectives and intent. The memorandum of intent should be signed by the donor and retained by the donor and in the donor's file at HFF. The memorandum of intent can be modified and revised at any time at the request and instructions of the donor. Upon receipt of the proceeds of the planned gift, HFF will exercise due diligence to carry out the instructions and intent of the donor. In the event that this is not feasible or practical and an alternative purpose is not set forth in the memorandum of intent, HFF will exercise its variance power and seek to administer the gift in a manner similar to the donor's instructions.

15.1 Bequests

POLICY

HFF may accept gifts through a will or other bequest vehicle.

PROCEDURE

- Bequests from a will, trust or other documents may be specific, contingent or of the residue of the estate.
- Upon notification of a planned gift, HFF requests that the donor or his or her advisor provide a copy of the applicable bequest provision in the will, trust or other document.
- HFF recommends that a general bequest provision state the beneficiary as "…to Home for Families, to be administered in accordance with the provisions of the Amended Articles of Incorporation of Home for Families, of Columbus, Ohio, and any amendments or additions thereto at any time made." HFF development staff can provide more specific language as necessary.
- HFF recommends that the donor set forth his or her instructions in a memorandum of intent, prepared after consultation with HFF staff.

- The proceeds will be deposited in memory of the donor to the existing endowment fund of HFF.

15.2 Retirement Plan & Beneficiary Designations

POLICY

- HFF may accept gifts from retirement plans which includes, but is not limited to, Individual Retirement Accounts (IRAs), 401(k) and 403(b) plans, or other qualified or nonqualified plans.
- The proceeds will be deposited in memory of the donor to the existing endowment fund of HFF.

PROCEDURE

- The donor should designate HFF as the primary, successor or contingent beneficiary for all or a percentage of the assets upon the death of the donor as owner or upon death of the owner’s spouse, if applicable.
- Such beneficiary designation must be on the form prescribed by the trustee or administrator of the retirement account and properly filed with the same.
- Upon notification of the beneficiary designation, HFF requests that the donor provide a copy of the form.
- HFF recommends that the donor set forth his or her instructions in a memorandum of intent, prepared after consultation with HFF staff.

15.3 Charitable Gift Annuity

POLICY

HFF may be named as the beneficiary of a charitable gift annuity.

<u>A. Charitable Gift Annuity</u>

Charitable Gift Annuity: A charitable gift annuity is a contract (not a "trust"), under which a charity, in return for a transfer of cash, marketable securities or other assets, agrees to pay a fixed amount of money to one or two individuals, for their lifetime. A person who receives payments is called an "annuitant" or "beneficiary." The payments are fixed and unchanged for the term of the contract. A portion of the payments are considered to be a partial tax-free return of the donor's gift, which are spread in equal payments over the life expectancy of the annuitant(s).

<u>B. Immediate Payment Gift Annuity</u>

Under this arrangement, the annuitant begins receiving payments at the beginning of the payment period immediately following the contribution. The first payment is customarily prorated from the date of the contribution to the end of the first period and is rolled into the following payment period. Payments can be made monthly, quarterly, semi-annually or annually.

C. Deferred Payment Gift Annuity

Under this arrangement, the annuitant begins receiving payments on a future date, usually based on the age of the annuitant. The first payment will be for the full amount due for that payment period. Payments can be made monthly, quarterly, semi-annually or annually. An additional factor affecting the amount of the payout is the length of the period between the date of the contribution and the annuity starting date since the amount contributed grows at a guaranteed rate during the deferral period.

PROCEDURE

- HHF will not manage a charitable gift annuity program but may be named as a beneficiary of an existing program managed by another organization.
- HFF encourages the donor to provide a copy of the charitable gift annuity agreement for our records of the donor's planned gift.
- Upon receipt of the remainder, HFF may use the distribution to add to the endowment fund in the donor's name.

15.4 Charitable Remainder Trusts

POLICY

HFF may be named as the charitable remainder beneficiary of a charitable remainder trust.

A. Charitable Remainder Trust ("CRT")

This is a split interest trust in which the interests are split between an income non-charitable beneficiary and a charitable remainder beneficiary. The donor irrevocably transfers assets to a separately administered trust. The donor names one or more income beneficiary(ies) to receive income for life or a term of years, not to exceed twenty (20) years. The income beneficiary will receive an annual payout of trust assets. The payout may be distributed to the income beneficiary(ies) either concurrently or successively. The payout must be made at least annually, or may be made quarterly or semi-annually. The donor names the charitable beneficiary to receive the remainder interest after the expiration of trust period. Each CRT must have a trustee, either corporate or individual fiduciary, to perform duties including, but not limited to, managing assets, selling and reinvesting assets, determining and distributing annual payout and remainder interest, and filing annual tax returns.

The donor is eligible for a charitable income tax deduction (with a five (5) year carryover) in the year the CRT is created. The deduction is for the value of the charitable remainder interest as determined by Treasury tables. Factors affecting the charitable deduction include the age or ages of the income beneficiary(ies) or the term of the trust, the percentage to be paid to the beneficiary(ies), the Applicable Federal Rate and the amount of cash or fair market value of appreciated property contributed to the trust.

B. Charitable Remainder Annuity Trust ("CRAT")

An annuity trust pays a fixed dollar amount annually to the income beneficiary. The payout amount is specified in the trust document as a specific amount or a percentage of the initial fair market value of the assets contributed to the trust. This payout amount must be a minimum of five percent (5%) and no more than fifty percent (50%) of the initial fair market value of assets as of the date of contribution. The payout amount cannot vary over the term or life of the trust. If the income exceeds the payout, the excess is added to the principal. If the income is less, the difference is derived from realized capital gain or principal. The present value of the charitable remainder must be at least ten percent (10%) of the original contribution to the trust. Additional contributions cannot be made to an annuity trust.

C. Charitable Remainder Unitrust

There are the following variations of the unitrust.

1. Straight Unitrust ("CRUT")

A straight unitrust pays a fixed percentage of the net fair market value of its assets, valued annually, to the income beneficiary(ies). The straight unitrust may invade principal to pay the fixed percentage if the annual income or realized gains do not equal the specified fixed percentage. The payout amount is specified in the trust document and must equal no less than five percent (5%) and no more than fifty percent (50%) of the fair market value of the assets, valued annually. The present value of the charitable remainder must be at least ten percent (10%) of the initial and any subsequent contributions to the trust. Additional contributions may be made to a unitrust.

2. Net Income with Make-up Unitrust ("NIMCRUT")

This unitrust provides that the trust's payments are to be the lesser of the specified fixed percentage payout or the actual annual income generated from the investments of the trust assets. In subsequent years, any income generated from the trust in excess of the specified fixed percentage payout is used to make-up any deficit from previous years and is paid to the income beneficiary(ies) prior to being added to the trust principal.

3. Net Income Only

This unitrust provides that the payout is made from income only and principal is not invaded for payout.

4. Flip Unitrust ("FLIP")

This unitrust begins as a net income only or a net income with make-up unitrust. Upon the occurrence of a specified event, such as a specific date or the sale of real estate, a flip unitrust "flips" to a straight unitrust.

PROCEDURE

- HFF does not serve as trustee of a CRT.
- HFF staff may review draft trust documents, provide specimen trust documents, or calculations of proposed benefits upon request of the donor or his or her advisor. Such review or comments by the staff of HFF does not constitute legal or tax advice and the donor should retain independent legal and tax counsel.
- HFF encourages the donor to provide a copy of the trust document for our record of the donor's planned gift.
- In the event HFF does not have prior knowledge that HFF is the charitable remainder beneficiary of an inter vivos trust or a testamentary trust, HFF reserves the right to disclaim any interest that would be a violation of the Policy.
- Upon receipt of the remainder interest, HFF may use the distribution to add to the endowment fund in the donor's name.
- HFF encourages the donor and his or her advisors to consult with HFF staff to assist in structuring the future gift to achieve the donor's charitable objectives. The donor may set forth instructions outlining the donor's intent for administration of the future gift in a memorandum of intent, prepared after consultation with HFF staff.
- Upon receipt of the remainder interest, the HFF will consult any memorandum of intent signed by the donor.

15.5 Charitable Lead Trust

POLICY

HFF may be named as a charitable beneficiary under a charitable lead trust ("CLT").

A CLT is a split interest trust with both charitable and noncharitable beneficiaries. The donor makes a gift to a trust that directs a specific payout to one or more charitable beneficiaries for a term of years or for the life or lives of a named individual or individuals. At the expiration of this measuring period, all the remainder interest passes to or is held in trust for the benefit of one or more noncharitable beneficiaries. A CLT may provide for a guaranteed annuity interest which is a fixed percentage of the initial value of the trust principal. The charity will receive a fixed dollar amount each year regardless of trust performance. Alternatively, a CLT may provide for a unitrust interest which is a fixed percentage of the annually revalued trust principal. The charity will receive a payout that fluctuates in dollar amount with trust performance. A CLT must distribute annual payouts.

PROCEDURE

- HFF does not serve as trustee of a CLT.
- HFF staff may review draft trust documents, provide specimen trust documents or calculations of proposed benefits upon the request of the donor or his or her

advisor. Such review or comments by the staff of HFF does not constitute legal or tax advice and the donor should retain independent legal and tax counsel.

- The donor or his or her advisor should provide a copy of the executed trust document.
- Upon receipt of the distribution from the CLT, HFF may use the distribution to add to the endowment fund in the donor's name.
- HFF encourages the donor to consult with us to assist in structuring the gift to achieve the donor's objectives.

15.6 Life Insurance Policies & Procedures

POLICY

HFF may accept gifts of life insurance policies and proceeds. HFF may use the gift to add to the existing endowment fund in the donor's name.

<u>A. Beneficiary Designation</u>

The donor may name Home for Families as the primary or contingent beneficiary of a life insurance policy and the donor retains ownership of the policy. The donor is not eligible for a charitable income tax deduction for such designation. The Foundation shall not record such designation as a gift until receipt of the proceeds.

<u>B. Gift of Fully Paid-Up Policy</u>

The donor may irrevocably transfer ownership of the policy to HFF. As owner, HFF will name itself the primary beneficiary. The donor is eligible for a charitable income tax deduction generally equal to the policy's replacement value or the donor's basis, if the replacement value exceeds the basis.

<u>C. Gift of Premium-Due Policy</u>

The donor may irrevocably transfer ownership of the policy to HFF. As owner, HFF will name itself the primary beneficiary. The donor is eligible for a charitable income tax deduction based on the policy's interpolated terminal reserve value, and the proportionate part of the premium last paid before the date of the gift which covers the period extending beyond the gift date. Upon receipt of the premium-due notices from the insurance company, HFF will notify the donor of the amount and due date of the premium and request direct payment to HFF. HFF will record the donor's contribution as a gift and utilize it to cover the cost of ongoing premium payments. The donor is eligible for a charitable income tax deduction for such gifts. In the event that the donor does not elect to continue to gift the premium amount, HFF may surrender the policy for its cash surrender value or convert the policy to paid up insurance.

PROCEDURE

(Applicable to Ownership of Policy)

1. HFF will perform an initial review of the policy illustrations for each proposed gift of life insurance. HFF, in its discretion, may seek further review by a knowledgeable and disinterested third party.
2. HFF reserves the right to decline consideration and acceptance of any proposed gift of life insurance.
3. The donor, through the donor's agent or advisor, shall provide an original of the policy and all pages of the financial illustration that clearly states the cash surrender value and death benefits.
4. Each year, HFF should receive an annual policy statement showing actual policy performance to date, an in-force illustration of performance record and future estimate, and if the payment pattern changes, then a revised in-force projection reflective of those changes.
5. HFF discourages gifts of policies subject to loans or other assignments and may decline consideration.
6. HFF will not enter into any split dollar arrangements.
7. HFF will not assume delinquent premium payments.
8. The original policy should be locked in HFF's safe deposit box or sent to the trustee bank that manages the assets of the fund, if applicable.
9. A gift of a policy written for a year-end tax purpose must have a certified date from the insurance company to be a qualified donation for that tax year.
10. HFF encourages the donor to consult with HFF staff to assist in structuring the future gift to achieve the donor's charitable objectives. The donor may set forth instructions outlining the donor's intent for administration of the future gift in a memorandum of intent, after consultation with HFF staff.

APPENDIX

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 Home for Families (HFF) and its affiliates, we declare that all donors have these rights.

I. To be informed of HFF's mission, of the way the organization intends to use donated resources, and of its capacity to use donations effectively for their intended purposes. **II.** To be informed of the identity of those serving on HFF's governing board, and to expect the board to exercise prudent judgment in its stewardship responsibilities. **III.** To have access to the HFF's most recent financial statements. **IV.** To be assured their gifts will be used for the purposes for which they were given. **V.** To receive prompt acknowledgment and appropriate recognition for all gifts.	**VI.** To be assured that information about their donations is handled with respect and with confidentially to the extent provided by law. **VII.** To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature. **VIII.** To be informed whether those seeking donations are volunteers, employees of the organization or hired solicitors. **IX.** To be assured that the organization will not share mailing lists with any other entity. **X.** To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.