

# THE ROTARY FOUNDATION OF ROTARY INTERNATIONAL



## Gift Acceptance Policy Manual©

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## **I. Mission Statement & Purpose of Gift Acceptance Policy**

The Mission of The Rotary Foundation (the “Foundation”) is to support the efforts of Rotary International in the fulfillment of the Object of Rotary, Rotary’s Mission, and the achievement of world understanding and peace through local, national, and international humanitarian, educational, and cultural programs. The Foundation is headquartered at 1560 Sherman Ave., Evanston, IL 60201 USA. Its US federal tax identification number is 36-3245072.

The purpose of the Foundation’s Gift Acceptance Policy (the “Policy”) is to govern the acceptance of gifts and to provide guidance to donors and their professional advisors in completing gifts. All gifts are to be considered for acceptance in accordance with the policies set forth herein.

The scope of this Policy is limited to acceptance or non-acceptance of proposed gifts; it is not intended to cover disposition of property owned by the Foundation or donor recognition.

## **II. Gift Acceptance Policy for Gifts Outside the United States**

The Foundation is an international organization. It is, to varying degrees, able to accept, or consider for acceptance, contributions of cash and property from donors in the countries in which it operates.

The acceptance of a gift of any kind by an associate foundation of The Rotary Foundation must comply with the policies and procedures established by the Trustees, including but not limited to those outlined in this gift acceptance policy as amended periodically. The acceptance of a gift of any kind by an associate foundation must comply with all local laws, and transfer of the assets to the Foundation cannot violate any US or local laws.

The associate foundations of The Rotary Foundation include:

The Rotary Foundation (Canada)  
Rotary Deutschland Gemeindienst e.V.  
The Rotary Foundation (India)  
Rotary Foundation of the United Kingdom  
Australian Rotary Foundation Trust  
Associação Brasileira da The Rotary Foundation  
NPO Rotary Foundation Japan

All numbers referenced in this policy are in US Dollars and all references to the IRS are to the United States Internal Revenue Service. Any transmittal instructions provided in this Policy are for gifts given in the United States only. Check with the appropriate associate foundation and/or International Office for transmittal instructions for gifts outside the United States.

### **III. Use of Legal Counsel**

Use of legal counsel by both the donor and the Foundation is advantageous to all parties. The Foundation cannot serve as both the donor's advisor and beneficiary of the donor's gifts. Therefore potential donors should be advised to consult independent tax and/or legal counsel before making gifts to the Foundation.

#### **A. The Donor's Use of Legal Counsel**

Foundation representatives (staff and volunteers) shall encourage donors to consult independent tax and/or legal counsel prior to making a contribution to the Foundation. It is the donor's responsibility to retain appropriate independent legal and tax counsel in these transactions. Prior to signing gift agreements, such as gifts of partial interests, charitable gift annuities, charitable remainder trusts and charitable lead trusts, counsel for the donor should be given the opportunity to review and approve the documents.

#### **B. The Rotary Foundation's Use of Legal Counsel**

Split-interest gifts and outright gifts of assets other than cash or publicly traded securities should be reviewed in advance by Rotary International's Legal Services Division. Under certain circumstances, Legal Services will retain outside legal counsel to assist with the evaluation of potential gifts.

### **IV. Gift Definition**

A gift is defined as a voluntary transfer of assets from a person or an organization to the Foundation. Gifts usually take the form of cash, securities, real estate or personal property. The Foundation may accept or decline any gift. The following criteria generally identify a gift:

- A. A gift is motivated by charitable intent.
- B. Gifts are irrevocable transfers of assets.
- C. Gifts are not generally subject to an exchange of consideration or other contractual duties between the Foundation and the donor, except for certain split-interest gifts as set out in this Policy, although objectives may be stated and funds may be restricted to a specific purpose.
- D. Donors are not provided formal financial accountings. A general report to the donor stating the utilization or impact of the gift is appropriate, and may be desirable, especially in the case of named gifts to the Permanent Fund, the Foundation's endowment.
- E. Generally, funds received from individuals, closely held corporations, and family foundations will be classified as gifts. Funds received from corporations, corporate foundations, and major foundations will be classified as gifts unless the grant requires performance or other consideration.
- F. A gift is not completed until it has been accepted by the Foundation, or in the case of securities, bonds or mutual funds, when deposited into the Foundation's account.

### **V. Gift Designation**

When received without donor instructions, gifts of \$10,000 or more will be placed in the Permanent Fund with the annual spendable earnings directed to the World Fund.

## **VI. Types of Acceptable Gifts**

### **A. Outright Gifts**

An outright gift involves the donor's voluntary and intentional transfer of money or property to the Foundation, without expectation of receiving a benefit equal to the value of the transfer. Although the donor may place restrictions on the use of the property, the donor may not retain control over the money or property transferred to the charity to qualify as a current gift. Examples of outright gifts include cash, securities, tangible personal property and some real estate gifts.

#### **1. Cash and Checks**

Cash and checks may be accepted regardless of the amount. The value of any cash or check gift is its face value. Checks must be made payable to The Rotary Foundation, and sent to:

The Rotary Foundation  
14280 Collections Center Drive  
Chicago, IL 60693

#### **2. Wire Transfer of Funds**

Funds may be wire transferred to the Foundation from donors' bank accounts. Donors should consult a representative of their financial institution to make contributions via wire transfer. Donors should also notify the Foundation when such transfers are initiated to ensure appropriate and timely gift acknowledgement and proper gift credit.

Bank Name:	Bank of America
Bank Address:	231 South LaSalle Street Chicago, IL 60604
Bank Routing Number:	026009593
Account Name:	The Rotary Foundation of Rotary International
Account Number:	8666023173

Wire transfers must be in US Dollars and transfer must originate in the USA.

#### **3. TRF-Direct**

The TRF-Direct Donations program allows donors to transfer funds automatically from their checking, savings or credit card accounts to the Foundation.

- a. When the donor agrees to have regularly scheduled deductions made from a personal savings or checking account through the TRF-Direct Donations program, a \$10 minimum per gift transaction is required.
- b. When the donor agrees to have regularly scheduled deductions made from a credit card through the TRF-Direct Donations program, a \$25 minimum per gift transaction is required.

#### **4. Credit Card Contributions**

Funds may be transferred to the Foundation via donors' credit cards. A credit card contribution form, available for download on the Foundation's website, must be completed in order to initiate this type of gift. For donors making individual credit card contributions there is no minimum amount.

#### **5. Securities**

Securities that are actively traded on recognized stock exchanges and other readily marketable securities, including bonds and mutual funds, may be accepted as gifts by The Rotary Foundation, according to the policies described below. Securities given to the Foundation will typically be sold as soon as possible.

##### **a. Publicly Traded Securities**

The value of a gift of securities is the mean (average) of the high and low of the stock(s) or bond(s) on the day the securities are transferred by the donor to The Foundation. The value of less actively traded securities, rarely traded securities or a security that does not trade on the gift date should be determined according to IRS rules as found in IRS Publication 561.

The Foundation should be notified in advance of the securities being transferred, the number of shares, the intended gift date and the intended designation of the gift (for example Annual Programs Fund, Permanent Fund or PolioPlus). The Foundation will sell such securities as soon as possible after the securities have been received.

##### **i. Donation of Securities via Wire Transfer**

Securities may be wired directly to the Foundation's brokerage account via DTC. Direct such gifts to:

The Rotary Foundation of Rotary International  
Account #695-04362, DTC #5198  
Steven H. Loewenthal, Merrill Lynch  
400 Skokie Boulevard  
Northbrook, IL 60062  
Telephone: 847-564-7240

##### **ii. Donation of Securities via Mail**

If the donor has physical custody of stock certificates, they should be mailed, unsigned and by registered mail, to The Rotary Foundation's Gift Administration Department at 1560 Sherman Avenue, Evanston, IL, 60201. The signed stock/bond power forms must be sent and received separately from the stock/bond certificates. The signature on the stock/bond power must exactly match the name(s) on the certificates.

### iii. Donation of Securities via Hand Delivery

Stock certificates may be delivered to the Foundation's Gift Administration Department at the Secretariat in Evanston, 1560 Sherman Avenue, Evanston, IL, 60201. Donors may deliver securities to the trust department of any bank, and ask them to report the gift immediately to the Foundation. Signed stock/bond powers should be provided to TRF and/or the trust department or broker.

### **b. Mutual Fund Shares**

Mutual fund shares may be accepted by the Foundation. In most cases, the Foundation must open an account in order to accept gifts of mutual fund shares. Aspects of this process are beyond the Foundation's control and can take several weeks before the transaction is complete. Therefore, donors are advised to allow sufficient time (two to three weeks) to complete such transactions.

To initiate a gift of mutual fund shares, the Foundation must be notified of the mutual fund shares being gifted, the name of the institution at which the shares are held (brokerage firm, financial institution or the mutual fund company itself), the number of shares, the intended gift date, and the intended use of the gift (for example Annual Programs Fund, Permanent Fund or Polio Plus). If the shares are held at the mutual fund company, the donor and TRF must follow the necessary steps required by that company for transfer of ownership of the shares. If the shares are held at a brokerage firm or financial institution, the Foundation will contact the institution and establish an account there if none is currently open. When the account is open, that institution will transfer the shares into the Foundation's account. In all cases the shares will be sold as soon as possible after successful transfer into the Foundation's account.

The fair market value of mutual fund shares will be determined by the public redemption price of the shares on the date of the gift to the Foundation's account. If such a price is not readily available, then the value shall be determined as if the shares were non-publicly traded securities in accordance with IRS Publication 561.

### **c. Closely Held Securities**

Closely held or non-publicly traded securities may be accepted only after prior review and approval by the Gift Acceptance Committee.

Valuation of closely held securities may be challenging due to infrequent trading, which makes it difficult to establish fair market value. The Rotary Foundation will only consider gifts of closely held securities in amounts of \$10,000 and above.

The following documentation must be provided to the Gift Acceptance Committee before a gift of closely held securities will be considered for acceptance:

- i. a qualified independent appraisal as defined in the Internal Revenue Code and IRS Publication 561

- ii. copies of any shareholder buy/sell agreements
- iii. copies of transfer restrictions on the transfer contained in the bylaws and/or reflected on the stock certificates

Donors are advised to consult their own counsel and IRS Publication 561, which describes the protocol in detail, including the procedures for appraisers, contents of appraisals, in establishing the value of their gift for tax purposes.

**d. Restricted Securities**

Restricted securities (also known as unregistered securities, investment-letter stock, control stock or private placement stock) are infrequently given as gifts because of the difficulty in transferring ownership and determining fair market value. They may be accepted by The Rotary Foundation only upon prior approval by the Gift Acceptance Committee.

The Rotary Foundation will only consider gifts of restricted securities in amounts of \$10,000 and above. The following documentation must be provided to the Gift Acceptance Committee before a gift of restricted securities will be considered for acceptance:

- i. a qualified independent appraisal as defined in the Internal Revenue Code and IRS Publication 561
- ii. copies of any shareholder buy/sell agreements
- iii. copies of transfer restrictions

Donors are advised to consult their own counsel and IRS Publication 561, which describes the protocol in detail, including the procedures for appraisers, contents of appraisals, in establishing the value of their gift for tax purposes.

## 6. Gifts of Real Estate

Gifts of real estate may include land both improved and unimproved, detached single-family residences, condominiums, apartment buildings, rental property, commercial property, farms, and gifts subject to a retained life estate.

Upon review and approval of the Gift Acceptance Committee, The Foundation may accept ownership of outright gifts of real estate with a minimum appraised value of \$25,000 when undeveloped and \$100,000 when developed. In accordance with this Policy, the Foundation will sell such gifts as soon as possible after receipt (except in the case of gifts subject to a retained life estate).

### Acceptance Criteria

The Gift Acceptance Committee will meet as needed to review all potential gifts of real estate. To be considered acceptable, potential gifts of real estate should meet the following criteria:

- a. Be of sufficient value so that the Foundation will ultimately realize significant benefit from the gift, considering legal, administrative and other costs likely to be incurred by the Foundation in accepting the real estate;
- b. Be readily marketable at or close to the appraised value; and
- c. Be free from any liens, loans or other special conditions that would place the Foundation in a position of incurring significant potential additional expense, risk or liability, or which would restrict the Foundation's ability to use the property in any manner the Foundation determines best for furthering the purposes of the Foundation, or which would place undue burdens on the Foundation in maintaining the gift prior to sale.

### Required Documentation

Documentation must be provided to the Gift Acceptance Committee before a gift of real estate will be considered, including a completed "Real Estate Acquisition Form". The Foundation may require the following information in order to consider acceptance of a gift of real estate:

- a. A title insurance commitment showing marketable title in the donor's name, free and clear of unacceptable encumbrances, issued by a title insurance company deemed acceptable by TRF
- b. A qualified appraisal (see additional comments below)
- c. A phase one environmental audit by a qualified engineer indicating that ownership will not expose the Foundation to environmental liabilities
- d. A market feasibility study for the property
- e. ALTA (American Land Title Association) survey of the property by a registered land surveyor
- f. Evidence of compliance with Americans with Disabilities Act (when applicable)
- g. A structural engineering report (when applicable)
- h. A review of any leases and corresponding documents including but not limited to proof of tenant's insurance
- i. A disclosure statement for residential property (when applicable) including any mineral, oil or gas rights

It is the responsibility of the donor to pay all costs incurred in transfer of the property, including the cost of compliance with any of the Foundation's requirements outlined above.

### Tax Considerations

Under applicable IRS regulations, a donor must pay for any initial appraisal made on the property. The appraisal must be made not earlier than 60 days before the date of the contribution, and before the filing of the tax return on which the deduction is first claimed.

Donors must complete IRS Form 8283. If The Rotary Foundation sells a gift of real estate within two years of receipt, the sale will be reported to the IRS with submission of Form 8282. A copy of Form 8282 will be provided to donors to whom this applies. In considering gifts of real estate, donors are advised to consult with a professional advisor regarding the related use rules that apply to such gifts and their tax deductibility.

## **7. Gifts of Real Property with Retained Life Estates or other Restrictions/limitations**

A gift of real property with a retained life estate involves the transfer of the title to a personal residence or farm to the Foundation whereby the donor or another person retains use of the property for a term of years or the life/lives of the donor and/or another person.

Such gifts are subject to both the general conditions and the guidelines for acceptance of outright gifts of real estate as set forth in this Policy (see Section V.A.6 “Gifts of Real Estate”). The agreement creating the life interest must provide that the donor and/or life tenant shall remain responsible for the payment of mortgages, taxes, insurance (property insurance with The Rotary Foundation as loss payee, general liability insurance with The Rotary Foundation as additional insured and other appropriate insurance as determined by The Rotary Foundation), utilities, maintenance/repairs and all other costs associated with the property, unless other specific provisions are made for the payment of these expenses. Proof of payment for applicable items and certificates of insurance may be required by the Foundation as appropriate. Donor(s) shall not violate or allow to be violated any environmental laws/ordinances covering this property.

## **8. Bargain Sales (including mortgaged property)**

A bargain sale is a sale of property to the Foundation for an amount less than the property's current fair market value as determined by a recent, qualified appraisal. The excess of the value over the sales price generally represents a contribution to the Foundation.

The Foundation, upon review and approval of the Gift Acceptance Committee, may purchase real estate, securities, or other property on a bargain sale basis.

Ordinarily the purchase price for the property should not exceed 60% of its appraised value. The bargain sale price may be paid either in a lump sum or in installments. Restrictions as to the type of asset set forth above shall also be met.

## **9. Tangible Personal Property (accepted with intent to sell)**

Tangible personal property is an asset that can be touched, handled, or moved by an individual (as opposed to intangible assets such as ownership in a company). The most common tangible personal property assets include art, coin and stamp collections, jewelry, furniture, or any similarly unique asset or collectible owned by a donor.

The Foundation, upon review and approval of the Gift Acceptance Committee, may accept gifts of tangible personal property. However, gifts of automobiles, boats, airplanes and motorcycles are not accepted by the Foundation. The Foundation will sell gifts of tangible personal property and invest the proceeds as soon as is practical.

#### Acceptance Criteria

Generally, gifts of tangible personal property may be accepted if they 1) meet the Foundation's minimum gift value requirements, 2) are readily marketable and 3) are free and clear of encumbrances. Gifts of tangible personal property must be of sufficient value to cover holding, maintenance, sale and administrative costs.

The Gift Acceptance Committee, assuming all other guidelines are also met, will consider gifts of jewelry valued at US \$10,000 or more, and gifts of artwork and collectibles valued at US \$25,000 or more.

#### Documentation Required

Donors who intend to give tangible personal property to the Foundation must submit their gift proposal in writing. The proposal must include a description of the gift, proof of ownership, the donor's cost basis, date of acquisition, and a qualified appraisal performed within 60 days of the gift proposal date.

Criteria for acceptance of the proposed gifts of tangible personal property shall include the following:

- a. The type of gift the donor intends to fund with the property. Most personal property is not appropriate for funding gift annuities, pooled income funds, charitable remainder trusts or charitable lead trusts;
- b. Whether the property is readily marketable and what additional costs may be involved with the sale of the property;
- c. Whether the donor has requested any restrictions on the use, display or sale of the property;
- d. Whether the donor is aware of The Rotary Foundation's policy of selling such gifts as soon as possible after receipt;
- e. Whether the donor is willing and able to finance the packing, shipping and in-transit security, insurance and other associated costs in transferring the gift to the Foundation.

The donor is responsible for any packing, shipping, in-transit security and insurance costs for gifts of tangible personal property. The item(s) must be insured at the donor's expense until delivered safely to The Rotary Foundation, and transfer of ownership is complete.

#### Tax Considerations

Donors must complete IRS Form 8283. If The Rotary Foundation sells a gift of tangible personal property within two years of receipt, the sale will be reported to the IRS with submission of Form 8282. A copy of Form 8282 will be provided to donors to whom this applies. In considering gifts of tangible personal property, donors are advised to consult with a professional advisor regarding the related use rules that apply to such gifts and their tax deductibility.

## **10. Gifts in Kind (retained for Foundation use)**

Furniture, equipment, medical supplies, computer hardware and software and Rotary-related memorabilia are examples of gifts in kind that may be considered for acceptance by The Rotary Foundation. The Gift Acceptance Committee will consider such gifts on a case-by-case basis.

### Acceptance Criteria

Depending on the nature of the gift, there may be maintenance, storage, shipping and insurance costs associated with it. Generally, the Gift Acceptance Committee will use the following criteria to determine whether a gift in kind will be accepted by The Rotary Foundation:

- a. Whether the property furthers the mission or enhances the history of The Rotary Foundation
- b. Whether the donor has requested any restrictions on the use or display of the property
- c. Whether the donor is willing and able to finance the packing, shipping and in-transit security, insurance (until safe delivery of items to the Foundation and transfer of ownership is complete) and other associated costs in transferring the gift to The Rotary Foundation.

### Documentation Required

Donors who intend to give gifts in kind to the Foundation must submit their gift proposal in writing. The proposal must include a description of the gift, proof of ownership, the donor's cost basis, date of acquisition, and a qualified appraisal performed within 60 days of the gift proposal date. In addition, the donor must provide a written document clearly identifying the property (describing the item(s) in detail) and stating the donor's clear intent to transfer all rights of ownership to the Foundation.

### Tax Considerations

In considering such gifts, donors are advised to consult with a tax/financial professional regarding the related use rules that apply to such gifts. Unless it can be determined that the item being donated will be used by the Foundation to further its mission, a donor's deduction will be limited to the lesser of his/her cost basis and the fair market value of the property.

## **11. Other Non-Traditional Asset Gifts**

Gifts of nontraditional assets are complicated and can carry with them additional risks and costs to both donor and The Rotary Foundation. This policy is meant to ensure that the Foundation makes prudent decisions regarding the acceptance of these types of gifts such that maximum benefit toward Foundation programs is achieved.

- a. Intellectual Property

The Rotary Foundation will consider gifts of intellectual property such as royalties, copyrights, patents, contract rights and similar intangible interests only upon approval of the Gift Acceptance Committee. The Gift Acceptance Committee will consider the appraised value of the intellectual property, the administrative costs involved in accepting such a gift, and whether the donor agrees to assign all of the rights with respect to the copyright or royalty.

Criteria for acceptance of a gift of intellectual property shall include the following:

1. Whether the intellectual property furthers the mission of The Rotary Foundation
2. Whether ownership of the intellectual property right can be clearly transferred or assigned to The Rotary Foundation
3. Whether the intellectual property right is a full or fractional interest
4. Whether the interest is worth more than \$5,000, the minimum at which the Gift Acceptance Committee will consider such a gift
5. Whether any costs are associated with acceptance of the intellectual property right
6. Whether the donor has requested any restrictions on the retention or use of the property

b. Oil, Gas and Mineral Interests

Because The Rotary Foundation headquarters is not located in an active mineral interest state, and these interests are generally difficult to sell and unpredictable in income generation, the Foundation may accept oil and gas property interests only upon approval by the Gift Acceptance Committee.

Criteria for acceptance of the proposed gifts of oil, gas and mineral interests shall include the following:

1. Gifts of surface rights should have a value of \$25,000 or greater.
2. Gifts of oil, gas and mineral interests should generate at least \$3,000 per year in royalties or other income (as determined by the average of the three years prior to the gift).
3. The property should not have extended liabilities or other considerations that make receipt of the gift inappropriate. The Foundation may consult an outside professional advisor for further review.
4. The donor should provide an environmental review to ensure that the Foundation has no current or potential exposure to environmental liability.

c. Timeshare Units

Because of the limited value and market, and inherent expenses associated with timeshare units, The Rotary Foundation will not consider a gift of this nature unless it has an estimated market value of \$100,000 or more. The Foundation may accept gifts of timeshare units of this value only upon approval by the Gift Acceptance Committee. Donors who intend to gift a timeshare unit to The Foundation must make their gift proposal in writing. The proposal must include a description of the gift, proof of ownership, and a qualified appraisal performed within 60 days of the gift proposal date.

## **B. Split-Interest Gifts**

### **1. Charitable Gift Annuities**

A charitable gift annuity is an agreement between the donor and a charitable organization in which the donor agrees to make a gift of cash or property and the charity agrees, in return, to provide the donor with a fixed payment (annuity). Annuity payments never change in size or

frequency during the life of the annuitant(s). The Foundation's available assets back the payments.

The Foundation uses the annuity rates recommended by the American Council on Gift Annuities. The number of annuitants and their ages determine the annuity rate. There is a maximum of two annuitants for each annuity, and they must be at least 50 years old at the time of the gift. The minimum amount required to establish a gift annuity is \$10,000.

## **2. Charitable Lead Trusts**

A charitable lead trust is a trust in which the income, or "lead" interest, is paid to the Foundation, and the "remainder" interest is given to one or more non-charitable individuals. The amount paid to the Foundation may be either a fixed sum (an "annuity trust" interest) or a percentage of the trust assets as valued each year (a "unitrust" interest). At the conclusion of the payment period, the trust assets are returned either to the donor or to someone designated by the donor.

The Foundation may serve as trustee of a charitable lead trust to which the initial contribution is at least \$100,000, and the trust term may be at the discretion of the donor, subject to the approval of the Foundation.

## **3. Charitable Remainder Trusts**

A charitable remainder trust is an irrevocable trust that provides for a specified distribution to the donor or other individuals named by the donor for a term of years or lives. Upon termination, all remaining trust assets pass to one or more qualified charities.

A charitable remainder annuity trust pays a fixed annual amount to the income beneficiary(ies), which must be at least 5% of the fair market value of the assets initially contributed to the trust. No additional gifts may be made to the annuity trust after its creation.

A charitable remainder unitrust pays the income beneficiary(ies) a fixed percentage (at least 5%) of the fair market value of trust assets, as valued annually. Because the value of assets will change from year to year, the unitrust payment will vary in amount each year. Additional cash contributions may be made to the trust after it is established if the trust agreement so provides. Additional contributions in amounts greater than \$10,000 can also be made to the trust if provisions allow. Several variations of the unitrust exist providing a great deal of flexibility, including a flip unitrust which is generally used by the Foundation for charitable remainder trusts funded with real estate.

The Foundation may serve as trustee of a charitable remainder trust to which the initial contribution is at least \$100,000 and in which the Foundation is named as the sole charitable beneficiary. If the income interest is for life, the beneficiary(ies) must be at least 50 years of age and there may be no more than two beneficiaries.

#### **4. Pooled Income Fund**

Under the terms of The Rotary Foundation Pooled Income Fund, donors can make a gift of cash or publicly traded securities to the “Fund”. In return, units in the Fund are assigned to each donor, and the donor or their designated beneficiaries who will receive all income from those units for life. Donors may name one or two income beneficiaries. Income beneficiaries must be at least 50 years old.

Assets contributed to the Fund are pooled or commingled for investment purposes. The amount of quarterly income paid to Pooled Income Fund income beneficiaries is based on the fair market value of the gift and the variable rate of return that the Fund is producing.

The minimum initial gift amount for participation in the Pooled Income Fund is \$5,000. Subsequent additions may be made in increments of \$1,000 or more.

#### **C. Deferred Gifts**

Deferred gifts are generally put in place during life and are effective at death. Any deferred gift agreement that requires execution by the Foundation should first be reviewed and approved as to form and substance by the Foundation. Donors are advised to consult with the Foundation regarding how to designate the gift and to discuss any restriction that is being considered.

##### **1. Bequests**

A bequest to the Foundation is a gift made in the donor's will. Gifts made in a donor's revocable trust that are effective at the donor's death are treated the same as bequests. The donor can designate a specific amount, a percentage, or the remainder of an estate to the Foundation.

Direct, unencumbered bequests shall be accepted by the Foundation if the underlying assets are in conformity with the guidelines set forth in Section VI.A of this Policy entitled “Outright Gifts”. The Foundation reserves the right to not accept gifts from the estates or trusts of deceased donors that are not in conformity with the terms of this Policy.

Donors should be encouraged to notify the Foundation when considering a bequest in order to ensure that the assets left to the Foundation meet the criteria set forth in this policy.

##### **2. Life Insurance Policies**

The Foundation will accept ownership of life insurance policies that meet the following criteria:

- a. When/if the policy to be gifted is fully paid-up as of the date of the gift:
  - policy must have a minimum face value of \$1,000;
  - the life expectancy of the insured must be less than 15 years on an actuarially determined basis;
  - the Foundation may liquidate the policy for cash value net of any policy loans or other charges.

- b. When/if the policy to be gifted is not fully paid-up as of the date of the gift, and the donor requests that the Foundation make premium payments on their behalf:
  - policy must have a minimum face value of \$5,000;
  - the life expectancy of the insured must be less than 15 years on an actuarially determined basis;
  - the Foundation may liquidate the policy for cash value net of any policy loans or other charges;
  - donor agrees to forward contributions to the Foundation in amounts equal to the cost of corresponding periodic premium payments;
  - amount of the periodic premium must be greater than \$200.
  
- c. When/if the policy to be gifted is not fully paid-up and the donor will pay future owed premiums directly to the insurance company until policy is fully paid-up:
  - policy must have a minimum face value of \$1,000;
  - the life expectancy of the insured must be less than 15 years on an actuarially determined basis;
  - the Foundation may liquidate the policy for cash value net of any policy loans or other charges.

Only individual gifts of life insurance shall be accepted; individual insurance policies purchased by a group of individuals will not be accepted. The Rotary Foundation will not accept ownership of term life insurance policies.

### **3. Designating the Foundation as Beneficiary**

The Foundation will accept any proceeds that it receives as a designated beneficiary (or an alternate beneficiary) of a life insurance policy, a deferred annuity contract, an IRA, a defined benefit plan, a 401(k) plan, a defined contribution (profit sharing) plan or other qualified plan, unless the designation imposes restrictions or a trust arrangement, in which case, prior review and approval by the Foundation is required.

The Foundation will accept beneficial interest in an insurance policy without minimum, but reserves the right to decline to pursue receipt of funds offered under such interest if it proves administratively burdensome.

### **D. Major Gift Pledges**

The Foundation may accept unconditional promises to give (pledges) with payment terms generally three years or less and valued at \$10,000 or more. A pledge meeting these criteria is considered active upon receipt of the first payment, which shall generally represent a proportional share of the total pledge amount. Pledge terms must be established in writing. These pledges are considered by the Foundation to represent a binding obligation of the donor and are recorded on the Foundation's financial statements.

## **E. The Rotary Foundation Donor Advised Fund**

The Rotary Foundation Donor Advised Fund is a separate fund held by the Foundation. Contributions are irrevocable and are tax-deductible to the fullest extent provided by law. A donor advised fund is a charitable giving vehicle that offers individuals and Rotary-affiliated groups the flexibility to make grant recommendations to the Foundation and other IRS-approved charities, anywhere in the United States.

All activities of The Rotary Foundation Donor Advised Fund and donor participation in the program are subject to the terms and conditions of the Donor Advised Fund Program Circular.

## **VII. Gift Acknowledgment**

The Foundation will acknowledge the receipt of all gifts in writing and in a manner which satisfies the IRS's substantiation requirements set forth in IRC Section 170(f) for the deduction of charitable gifts by individual donors.

## **VIII. Gift Acceptance Committee**

The purpose of the Gift Acceptance Committee is to advise the General Secretary concerning acceptance of gifts to the Foundation; to advise the General Secretary concerning Trustee policy regarding acceptance of such gifts; and to develop effective practices and procedures for acceptance and management of gifts to the Foundation.

Members of the committee include the General Secretary, The Rotary Foundation General Manager, Chief Financial Officer, Controller, Treasury Department Manager, Corporate Counsel, and Fund Development Division Manager. Other staff members may be called upon as resources as needed.

Meetings of the Gift Acceptance Committee are called on an as-needed basis to review gifts of real estate, tangible personal property, privately held stock and gifts which fall outside of current gift acceptance practices or guidelines, and to review updates in practices due to changes in legal or financial requirements, or as requested by the General Secretary.

## **IX. Policy Amendment and Review**

Responsibility for review of and recommended amendments to the Policy shall be that of the Gift Acceptance Committee of the Foundation. The Gift Acceptance Committee shall review this Policy at least annually. To amend the Policy, a written amendment shall be prepared and submitted to the Board of Trustees for review and approval.

Additionally, the General Secretary shall have the authority to amend the Policy to comply with the law whenever it becomes inconsistent with the Internal Revenue Code of 1986, as amended, (the "IRC"), the regulations promulgated thereunder, or other applicable state or federal laws as of the effective date of the legal change. The General Secretary shall provide a written report to the Gift Acceptance Committee explaining the reason for any change to this Policy. The General Secretary shall also submit any changes or amendments for approval at the next meeting of the Board of Trustees.

## **X. Policy Effective Date**

The Gift Acceptance Policy was adopted on 27 April 2005 and became effective on that date. Updated bank information and minor revisions were approved and adopted on 20 December 2006. All gift agreements shall be governed by the Gift Acceptance Policy in effect at the time the original gift was accepted.