

Finance Committee Meeting  
December 31, 2018

Present:

Jenny Wallach  
Cynthia Eckelkamp  
Marty Lackey

Staff:

Ben Washington, interim CFO  
Sharon Walls  
Jill Quaid

Absent:

Rick Pica  
Julia Hampton, ex-officio member

The Finance Committee Meeting was called to order at 9:10 am by Cynthia Eckelkamp at Jefferson Franklin Community Action Corporation (JFCAC), #2 Merchant Street, Hillsboro, Missouri 63050. Cynthia Eckelkamp and Sharon Walls were physically present for the meeting, while, Jenny Wallach, Marty Lackey, Jill Quaid, and Ben Washington participated in the meeting via a conference call.

The August 30, 2018, Finance Committee Minutes were unanimously approved.

Ben Washington reviewed the November 2018 Financial Statements & Reports. The statements show all of the ECIP funding received without showing that we have to provide services before the money is earned. Thus when we show the receipt of the cash, we need to show a corresponding liability till we have earned the funds from the grant. Although our current method is often used by non-profits and trued-up at fiscal year end, we will be using a more correct accrual accounting method to present our financial information in the future. This new accrual method will have the following benefits: 1. We will show the Ameren and Laclede weather receivables that are billed on the 10<sup>th</sup> day of the next month as receivables making these statements balance each month, 2. We will show the Head Start and Early Head Start draw-downs owed to us as receivables thereby eliminating the very large earnings deficits these statements seem to show, and 3. Once we show the Head Start money owed to JFCAC as a receivable, it will be unlikely that we will fail to make all draw-downs, like we did in May 2015 resulting in a \$348,000 shortfall only noticed recently. The drawback to this method is that the current reports show a significant increase in cash that will not be seen in the next statements. So our next statement will seem to show a large reduction in available cash. Our next statements should show the more helpful accrual reporting method, however, so the benefits outweigh the drawback.

The budget for administration was not completed. All other budgets were unanimously approved. The complete budgets will be available for approval at the January board meeting.

No information was included for PRO, the agency's wholly owned subsidiary. This is due in part to the fact that we have not had the opportunity to discuss how this should

be reported with our auditors and attorneys. This issue will be resolved in the very near future.

Receipts from Medicaid billing are increasing. We should see a budget for this area in the future.

The \$348,000 Head Start draw-down was received in early December so it is not reflected (other than as a receivable) in our current reports.

The reports included an oral summary of our \$25,000 investment through Community Foundation of the Ozarks ("CFOO"), which was made in September. We are investing in equities (stocks). We will get a quarterly statement from CFOO but should be given an oral report during all other months. Directly related to recent financial market conditions, the corpus investment amount was about \$23,948 at December 31, 2018 reflecting an unrealized market loss of \$1,052.

The Finance Committee unanimously approved the November 2018 Financial Statements and Reports.

The Committee thanked Ben Washington for his efforts to make the financial reports more clear to all of the members of the board. We are very glad that he has agreed to work with us.

We reviewed two different proposed procedures for donor recognition concerning donations of cash and goods. The Human Resources Department is developing a policy concerning volunteers of time. The policy that was recommended previously was not included in the information for the full board and a more detailed policy was introduced for consideration. The Finance Committee unanimously agreed to recommend that the board adopt the more detailed financial donation policy at the next board meeting. That policy is attached at the end of these minutes. Unfortunately, the formatting changed for the worse with this attaching.

The next Finance Committee meeting will be held on February 28, 2019, at noon at the St. Clair office, 1020 Plaza Court, St. Clair, Missouri 63069.

The meeting was adjourned at 10:10 am.

**Gift Acceptance (Donations)  
Policies  
Policy No. 321**

# JEFFERSON FRANKLIN COMMUNITY ACTION CORPORATION GIFT POLICIES

## TABLE OF CONTENTS

### **PART I: GIFT POLICIES ACCOUNTING AND ADMINISTRATION POLICIES**

A.	Review and Amendments.....	Page 1
B.	Reporting on Value Of Gift.....	Page 1
C.	Gift Accounting.....	Page 1
D.	Gift Designations.....	Page 2
	1. Unrestricted Gifts	
	2. Restricted Gifts	
	3. Gifts to the Endowment	
	4. Policy for Naming Opportunities	
E.	Types of Outright Gifts Received.....	Page 4
	1. Cash	
	2. Pledges	
	3. Credit Cards	
	4. Publicly Traded Securities	
	5. Closely Held Securities	
	6. Bequests	
	7. Gifts of Goods, Personal Property and Services	
	8. Gifts of Real Property	
F.	Types of Deferred and Planned Gifts Received.....	Page 6
	1. Bequest Expectancies	
	2. Gifts Of Life Insurance	
G.	Specific Policies Governing Deferred & Gifts In Trust.....	Page 7
	1. Authorization to Negotiate	
	2. Investment of Funds	
	3. Jefferson Franklin Community Action Corporation serving as Trustee/Administrator	



**PART II: GUIDELINES GOVERNING THE ADMINISTRATION OF FUNDRAISING PROGRAMS**

A. Code of Conduct.....Page 9

B. Confidentiality.....Page 9

C. Protection Of Donor’s Interest.....Page 9

D. Use of Legal Counsel.....Page 9

E. Gift Acceptance Committee.....Page 10

**PART III: GIFT ACKNOWLEDGMENT POLICIES**

A. Gift Acknowledgement.....Page 11

B. Disclosure.....Page 11

C. Donor Recognition.....Page 11

D. Gift Entry and Recording Policy and Procedures.....Page 12

**ADDENDUM A: GIFTS OF REAL ESTATE**

A. Information to Obtain Prior to Accepting Gifts.....Page 13

B. Criteria for Determining Whether to Accept the Gift.....Page 14

C. Criteria for Determining Whether to Hold or Sell Donated Property.....Page 15

D. Criteria for Disposing of Donated Property.....Page 16



# JEFFERSON FRANKLIN COMMUNITY ACTION CORPORATION

## GIFT POLICIES

These policies establish requirements for accepting, recording and acknowledging gifts to Jefferson Franklin Community Action Corporation (JFCAC). A gift is defined as an unconditional transfer of cash or other assets to JFCAC.

### **PART I: GIFT POLICIES ACCOUNTING AND ADMINISTRATION POLICIES**

#### **A. Review and Amendments**

1. These policy guidelines shall be reviewed every three years. The date of review will be recorded in the Gift Acceptance Policies.
2. Responsibility for review and suggested amendments shall be within the Finance Committee of the Board of Directors.
3. The procedure to amend these guidelines shall be as follows: Upon the direction of the Chief Executive Officer, Chief Financial Officer, and Chair, Finance Committee, the Committee Chair will present a written amendment to the Executive Committee or the Board of Trustees for approval.

#### **B. Reporting on Value of Gift**

It is understood that in cases of in-kind or non-cash gifts, the value of a gift credited to a donor may not always be the value of the gift used for federal income tax purposes. Questions about the appropriate valuation of a gift will be referred to the Chief Financial Officer and/or Chair, Finance Committee. They may determine the need to seek the advice of legal counsel and/or accounting professionals.

#### **C. Gift Accounting**

JFCAC has adopted Statement of Financial Accounting Standards No. 116 and Accounting for Contributions Received and Contributions Made (SFAS No. 116). The following are the guidelines that should be used for counting gifts:

1. Only gifts and pledges actually received or committed during the specified year or time identified for a program or campaign should be counted in totals.
2. Gifts and pledges may be counted to only one campaign and/or one fund.
3. The value of cancelled or unfulfilled pledges should be subtracted from program or campaign totals when it is determined they will not be realized.

#### **D. Gift Designations**

Only donors may restrict a gift. Gifts, which are not accompanied by a designation document, are treated as unrestricted gifts.

JFCAC may refuse to accept any gift for any reason, such as the gift is administratively burdensome, is unusable and unsalable, or is inconsistent with, or offensive to, JFCAC's policies and mission. Further, JFCAC may agree to accept a gift subject to any one or more conditions it deems appropriate.

The following are general categories of gift designations to which JFCAC adheres:

### 1. Unrestricted Gifts

An unrestricted gift is defined as a gift which has no restrictions placed on it by the donor, or a gift which is designated as unrestricted by the donor.

- a. Pledges: If a donor has an outstanding pledge, his/her gift will first be applied directly to that pledge, unless JFCAC receives other written instructions from the donor.
- b. General Operating: If a donor has no outstanding pledge, his/her gift, with the exception of bequests and other planned giving donations, will be applied directly to General Operating.
- c. Matching Gifts: Unless the company specifies otherwise, matching gifts from corporations are considered to follow the restrictions of the donor whose gift is being matched: If a donor makes an unrestricted gift, the matching gift is unrestricted and, if the donor makes a restricted gift, the match is likewise restricted. For gift accounting purposes however, JFCAC does count matching gifts toward an individual's giving total in the year the matching gift is received.

### 2. Restricted Gifts

If a donor designates that a gift is restricted, JFCAC will regard the request as a condition of gift acceptance.

### 3. Gifts to the Endowment

If a donor designates a gift for endowment, JFCAC will regard the request as a condition for accepting the gift and will hold this gift in perpetuity as an asset of JFCAC, with only the income being utilized for the purposes identified by JFCAC, unless a specific purpose is designated by the donor. Such gifts are commingled with other assets of JFCAC, and are subject to policies established by JFCAC for the regulation, investment and management of its various endowment funds.

- a. Gifts of any size may be accepted into existing endowment funds.
- b. A named endowment fund will be established with a minimum gift of \$100,000. Recognition of the named endowment fund will occur upon receipt of the full gift or receipt of the first payment on a multi-year pledge and receipt of required documentation.
- c. To establish a named endowment fund, an agreement must be signed by the donor, the Chief Executive Officer and the Chief Financial Officer which sets forth: 1) The name of the donor/donors; 2) The name of the Fund; 3) The initial amount given or

pledged to establish the Fund; 4) An understanding that the Fund will be used toward the mission of JFCAC, unless specified by the donor; and 5) An understanding that the Fund's principal will be pooled with other assets of JFCAC for purposes of investment and income distribution, and that the Fund will be governed under the general policies established by JFCAC's Board of Directors with regard to the investments and disbursements of endowment funds, as amended from time to time.

Endowment contracts should be reviewed and approved by the Chief Executive Officer and the Chief Financial Officer prior to signing. Endowment contracts, once signed, will be on file in the Finance office.

#### 4. Policy for Naming Opportunities

This policy sets forth the criteria and procedures for naming facilities, programs or services.

Naming opportunities are provided to donors who have made substantial financial contributions to JFCAC towards new construction, renovation of an existing building, program or service.

- a. Significant contributions toward new construction or significant renovation of an existing building or space shall be based on a minimum of one half of the total project cost or a number agreed upon by JFCAC Board of Directors.
- b. Contributions to name a program or service shall be an amount agreed upon by JFCAC's Board of Directors.
- c. A named facility will retain that name for the useful life of the facility or until there is a change in the designated use or activity of the facility unless (a) a facility is named for a term of years or (b) an exception is made by JFCAC's Board of Directors. Replacement or substantial renovation of the facility shall be considered the end of the useful life of the facility.
- d. Any proposal to rename a facility or to add a second name in recognition of a gift shall be reviewed and approved by JFCAC's Board of Directors.
- e. When a facility is proposed for renaming, JFCAC will make all reasonable efforts to inform in advance the original donors or honorees and their immediate family members.
- f. The name of the facility may be changed if a benefactor ceases payment on a pledged donation for naming the facility, or after a pro rata period of time that reflects the number of pledge payments made, given the estimated useful life of the building or the term of years covered by the naming agreement, as applicable.
- g. Proposals for naming facilities and programs shall be forwarded to JFCAC's Board of Directors to review and approve the proposals.
- h. Naming signage will be posted after all required documents are signed and the first payment towards the multi-year pledge is received.

## **E. Types of Outright Gifts Received**

### **1. Cash (U.S. Dollars)**

Gifts by check or cash are credited at face value on the date the donor relinquished control over the asset (usually established by a postmark or by physical delivery). For gifts of non-US currency, the exchange rate on the date the JFCAC receives the gift shall be used to determine donor credit.

### **2. Pledges**

All pledges must be documented in writing.

### **3. Credit Cards**

JFCAC will accept credit card online.

### **4. Publicly Traded Securities**

Upon receipt of a gift of donated securities, the Chief Executive Officer or Chief Financial Officer shall direct their sale at the earliest practical date. It is not JFCAC's policy to hold donated securities for an extended length of time.

When JFCAC receives a gift of stock, the value of the gift is determined by identifying the high and low values of the stock on the date that the donor relinquished control of the assets to JFCAC, adding the high and low values together, dividing by two and multiplying this mean value by the number of shares donated by the donor. The appropriate date is the date of the postmark on the envelopes of a properly executed power of attorney and stock certificate, the date the donor transferred stock to JFCAC or the date the stock was hand-delivered to JFCAC. Neither losses nor gains realized by the institution's sale of the securities after their receipt nor fees or expenses associated with this transaction should affect the value of the gift.

### **5. Closely Held Securities**

Gifts of closely held securities are subject to prior approval of the Finance Committee. The valuation of securities which are not publicly traded is the responsibility of the donor, and such gifts are required to be accompanied by an independent qualified appraisal to be credited to the donor.

### **5. Bequests**

Bequests of any size are accepted by JFCAC, provided the type of bequeathed assets and purposes to which they are to be applied are consistent with JFCAC's gift policy and mission.

### **6. Gifts of Goods, Personal Property and Services**

When JFCAC receives a Gift In Kind (e.g. equipment, supplies, services), it is processed as a non-cash gift using the value provided by the donor. Under federal law, a deduction is not allowed for services performed for a charity.

Gifts with an apparent value of more than \$5,000 should be appraised by an outside appraiser and it is the donor's responsibility to arrange for this.

JFCAC should not issue receipts showing the cash value of such gifts, but should receipt the object or service. For any Gift In Kind with an apparent value in excess of \$5,000, JFCAC is required to sign a Form 8283 which must be filed by the donor with the Internal Revenue Service; JFCAC will retain a copy of the signed and executed Form 8283 and provide a copy for the donor. If JFCAC disposes of the item in question within two years of its receipt, JFCAC must file a Form 8282 with the Internal Revenue Service.

#### 7. Gifts of Real Property

Gifts of property (homes, commercial structures, etc.) may be accepted by JFCAC with the approval of JFCAC's Board of Directors, upon the recommendation of the Finance Committee. This committee shall determine in each case whether a hazardous waste inquiry is required and if there are any unusual circumstances surrounding the title or deed to the property. Certified appraisals shall be completed for each piece of real property to the company within IRS guidelines. The fees for these appraisals shall be the responsibility of the donor.

Gifts of real estate may be given outright to JFCAC, provided that all the conditions detailed in the Gifts of Real Estate Acceptance Procedures (Addendum A) are met.

A Bargain Sale gift of real estate occurs when JFCAC is given an opportunity to purchase property at less than its fair market value. The gift is deemed to be the difference between the sale price and the market value. A gift of real property subject to mortgage is also considered to be a Bargain Sale gift. Before a Bargain Sale gift of real estate is accepted, all conditions of the Gifts of Real Estate Acceptance Procedures must be met.

### F. Types of Deferred and Planned Gifts Received

#### 1. Bequest Expectancies

JFCAC encourages donors to consider making provisions in their estate planning for eventual bequests to JFCAC, and welcomes discussion about such provisions in order to ensure that the purposes to which the funds are to be applied are consistent with JFCAC's gift policies and mission.

Bequest expectancies are not irrevocable, so the dollar amounts of such gifts are not usually credited to JFCAC until they are actually received.

#### 2. Gifts of Life Insurance

JFCAC shall accept gifts of life insurance policies in instances where ownership of the policy and beneficial interest has been irrevocably transferred to JFCAC.

If policy is fully paid, JFCAC, after consultation with the donor, may decide, among other options to:

- a. Keep the policy, or
- b. Cash it in

If the policy is not fully paid, JFCAC, after consultation with the donor, Chief Executive Officer and Chief Financial Officer may decide, among options, to:

- a. Convert it to a smaller policy
- b. Cash it in
- c. Use future dividends to offset future premiums
- d. Pay the full potential premiums

The donor shall be encouraged to continue to make premium payments and shall be informed of the advantages of making an outright gift in the amount of the premium directly to JFCAC rather than to the insurance company.

JFCAC may also be named as beneficiary of a donor's life insurance policy or as assignee of the dividends of a donor's life insurance policy.

Ways to give life insurance are:

- a. With a fully paid policy in which the deduction is equal to the replacement value if all rights of ownership are transferred to JFCAC.
- b. With a policy with premiums remaining to be paid. This will provide a deduction for any interpolated terminal reserve of the policy (an amount slightly in excess of cash surrender value). If the donor continues to pay the premiums on the policy, a contribution deduction is allowed for the payments. Again, all rights of ownership are transferred to JFCAC.
- c. JFCAC can be named as the charitable beneficiary. This designation does not yield an income tax charitable deduction, since the donor has not relinquished ownership of the policy. Under such circumstances, the proceeds of the policy are includable in the donor's estate at death. An estate tax charitable deduction does offset the inclusion.
- d. A donor may name JFCAC as sole beneficiary of a group life insurance plan of the insurance in excess of \$50,000. This is allowed because the employee must recognize taxable income based on the cost of the coverage over \$50,000.

Acceptance is determined by the Finance Committee.

Beneficiary Designation – is issued by donor with instructions to Life Insurance Company as to change of beneficiary, change of ownership to legal name of JFCAC.

Proceeds Instruction – is provided by donor with written statement on how proceeds are to be used. This information is retained in files for eventual distribution.

Tax Implications – will vary because of so many types of insurance, each situation must be considered individually.

Recognition – is made as appropriate to gift.

## **G. Specific Policies Governing Deferred Gifts and Gifts in Trust**

## 1. Authorization to Negotiate

Authorization to negotiate deferred gift agreements, following the guidelines outlined in this policy statement and the format of the specified agreements approved by legal counsel for JFCAC, is given to the Executive Committee of the Board of Directors.

The Chief Executive Officer or Chief Financial Officer shall have the authority to sign deferred gift agreements on behalf of JFCAC.

All agreements must receive the approval of the Finance Committee before they are signed.

For property received other than cash, listed securities, or securities traded over the counter, the approval of JFCAC's Board of Directors shall be required.

## 2. Investment of Funds

Funds shall be managed under the jurisdiction of the Finance Committee and Treasurer of JFCAC. Investment practices shall comply with guidelines established and approved by JFCAC Board of Directors, utilizing the most competent professional advisory services available.

## 3. Trustee/Administrator

JFCAC shall encourage prospective donors to have competent family members or corporate trust departments serve as a personal representative of their estate. JFCAC shall have the option of engaging outside legal and/or accounting professionals to assist in the settling of these estates.

# **PART II: GUIDELINES GOVERNING THE ADMINISTRATION OF THE FUNDRAISING PROGRAMS**

## **A. Code of Conduct**

Representatives of JFCAC shall exercise caution to avoid pressure, persuasion or undue influence informing, counseling and assisting the donor with gift planning concerns, including the prudent consideration of the donor's personal interest as well as charitable objectives.

All personnel employed by JFCAC who contact prospective donors or promote the planned gifts program shall be paid a salary or a fixed wage, and shall not receive commissions which could give such personnel a direct beneficial interest in any agreement.

## **B. Confidentiality**

JFCAC recognizes that it is in a position of trust with the donor, and that donor has placed trust in JFCAC concerning confidentiality. Therefore, all donor information, correspondence and governing instruments will be kept in a locked file, which will be

accessible to individuals with approval of one of the following: the Chief Executive Officer, the Chief Financial Officer or an appropriate designee.

It shall be known throughout JFCAC that this is confidential information.

### **C. Protection of Donor's Interests**

No program, agreement, trust, contract or commitment shall be knowingly urged upon any prospective donor which would benefit JFCAC at the expense of the donor's interest and welfare.

No agreement shall be made between JFCAC and any agency, person or company on any matter related to investments, management or otherwise which would knowingly jeopardize the donor's interest.

### **D. Use of Legal Counsel**

The prospective donor will be advised to seek the legal or tax counsel of his/her attorney in any and all aspects of the proposed gift, whether by bequest, trust, agreement, contract, or outright. Prospective donors will be advised to consult with their own attorney or accountant on matters related to the tax implications and estate planning aspects of a planned gift agreement.

JFCAC will consult with separate legal counsel in all matters pertaining to its planned giving program and will consult counsel when executing agreements, trusts or legal documents.

No legal fee will be paid by JFCAC for the drafting of wills or other trust instruments in behalf of prospective donors even if JFCAC is to be named as a beneficiary.

JFCAC is not in the practice of law, and therefore, will not draft any legal instruments pertaining to an individual's estate plan. In all cases, an individual will be advised to seek his or her own counsel. In no case is JFCAC's attorney the attorney for the donor. Donors will be advised to seek their own legal or tax advisement.

### **E. The Finance Committee**

The Chief Executive Officer or Chief Financial Officer shall be assisted in the interpretation and implementation of these guidelines, which shall include the Chair, Finance Committee. They may seek the advice of JFCAC's legal counsel and auditors. Other board members may be consulted at the Committee's discretion. The Committee's role shall be as specified in these policies and it may also approve exceptions to the policies.

## **PART III: GIFT ACKNOWLEDGMENT POLICIES**

### **A. Gift Acknowledgement**

1. All gifts shall be acknowledged in writing within 10 business days using appropriate thank you letters based on gift level.
2. All gifts will be acknowledged with the appropriate thank you letter signed by the Chief Executive Officer or Chief Financial Officer and including the required IRS language. If

no goods or services were received in exchange for the gift, insert “No goods or services were received in exchange for your gift. Therefore, the full amount of your contribution is tax-deductible as allowed by law.” If a good or service was received, JFCAC must inform the donor of its fair market value in order for the donor to know the tax-deductible portion of the contribution. For example, “In exchange for your contribution of \$500, you received a book with an estimated fair market value of \$75, so \$425 may be treated as a charitable donation.”

## **B. Disclosure**

JFCAC shall be in full compliance of the law that requires charities to provide written disclosure about the solicitation or receipt of quid pro quo contributions that exceed \$75.00. The disclosure must inform the donor that the amount that is tax deductible for federal income tax purposes is limited to the excess of the amount on any money and other property contributed by the donor over the value of goods and services provided by the charity; and provide the donor with a good faith estimate of the value of such goods and services. This disclosure must be made when the contribution is solicited or when the contribution is received.

There are three situations in which a disclosure is not required: where the goods or services are “insubstantial,” i.e., token or otherwise de minimus; where no donative intent is present, i.e., sales of t-shirt; and where only an intangible benefit is provided to the donor, i.e., participation in a religious ceremony.

## **C. Donor Recognition**

All donor recognition, such as listing on a donor wall, published names in giving societies, printed materials or on the Web site, will be approved by JFCAC’s Board of Directors.

## **D. Gift-Entry and Recording Policy and Procedure**

1. All checks will be sent to accounting for recording and depositing. Then, the list of names will be forwarded to the Chief Executive Officer for acknowledgement.
2. Donor information will be updated in the database if the information on the check and/or response form is different. The date of change will be recorded.
3. Gifts will be recorded according to the donor’s intent.
4. The source of the gift (i.e. direct-mail appeal, special event, etc.) will be recorded in the database.

## **ADDENDUM A: GIFTS OF REAL ESTATE**

JFCAC may accept both outright and planned gifts of real estate based upon all of the terms and conditions listed in this policy.

Prior to accepting any gift of real property, JFCAC shall view such facts as sale and holding costs, current and future market conditions, encumbrances, liabilities, title, use or other restrictions and any potential environmental issues. JFCAC views gifts of real estate the same way they would if they wanted to buy a piece of property.

### **A. Information to Obtain Prior to Accepting Gifts of Real Estate**

1. **Information from the Donor:** JFCAC shall obtain the following information from the donor prior to accepting a gift of real property.
  - a. **Basic Information.** The donor shall provide basic information including (1) the address of the property; (2) assessor's parcel number; (3) a description of any and all improvements on the property; (4) a copy of the deed; (5) a copy of the current year's tax bill; (6) a description of known or suspected toxic hazardous waste contamination; (7) a list of encumbrances on the property; and (8) any other information which would be relevant to JFCAC.
  - b. **Disclosure.** The donor shall provide JFCAC with a disclosure statement for any gift of real property, covering such items as set forth in Real Estate Transfer Disclosure Statement, 1102.6 and 11 02.6a of the Civil Code.
  - c. **Survey.** JFCAC may request a donor to provide a survey before accepting the property. A survey may be necessary if survey markers are not visible on undeveloped land or there are known boundary disputes.
  - d. **Donor's Appraisal.** The donor is responsible for obtaining an independent appraisal on the property. The IRS requires the appraisal to be dated within 60 days of the gift. JFCAC shall explain to the donor, and obtain written confirmation of the donor's understanding of the fact, that the property will not necessarily be sold at the appraisal price.
2. **Information from Other Sources:** JFCAC shall obtain the following additional information prior to accepting the gift of real estate.
  - a. **Preliminary Title Report.** JFCAC shall obtain a current preliminary title report on the property, including copies of all documents shown as exceptions to title on the report.
  - b. **Market Determination.** JFCAC shall obtain two appraisals or a Comprehensive Market Analysis ("CMA") prepared by a real estate broker qualified for this purpose. If there is significant divergence between the two appraisals, JFCAC shall make further analysis.
  - c. **Use of Appraisal Analysis.** Provided there is not significant divergence between the qualified appraisals, the appraisal value shall be the basis for establishing a value for accounting purposes and an asking price for the property.

3. **Costs.** The Donor shall be encouraged to pay for, or contribute to, the cost of surveys, title reports, and other fees associated with gifting the property, inasmuch as such expenses may be deductible to the donor. However, in the event that the donor is unwilling to pay these expenses, JFCAC's Chief Executive Officer or Chief Financial Officer shall determine whether it would be in the best interest of JFCAC to pay such expense in order to receive the gift. If the gift is not completed, JFCAC shall be reimbursed for these costs.

## **B. Criteria for Determining Whether to Accept the Gift of Real Estate**

1. **General Criteria.** JFCAC shall consider the cost of acquiring, maintaining, and selling a property before accepting a gift of such property. Factors such as significant environmental hazards, structural defects, unusually high maintenance expenses, and potential income tax on unrelated business income shall generally negate the value of an offered gift of property. The Chief Executive Officer and Chief Financial Officer shall determine whether or not an offered gift of property will be accepted.
  - a. **On-Site Inspection.** One or more representatives, agents or staff of JFCAC shall make an on-site inspection of the property prior to acceptance of the gift. JFCAC may retain a licensed contractor to inspect the property and render an opinion as to its condition.
  - b. **Analysis of Holding Costs and Costs of Sale.** JFCAC shall evaluate the holding costs and prospective sales costs of the offered property on the basis of an analysis of all relevant factors including, but not limited to, the following variables:
    - 1) Present market value
    - 2) Future market value (appreciation potential)
    - 3) Costs of acquisition
    - 4) Encumbrances
    - 5) Zoning and use restrictions
    - 6) Maintenance and repair expense
    - 7) Hazard clean expense
    - 8) Loan principal and interest expense
    - 9) Property tax, unrelated business income tax, and other tax expense
    - 10) Marketing, sales commission, and closing costs

## 2. Hazardous Materials and Other Environmental Considerations.

JFCAC shall undertake such investigation of environmental issues related to the property as JFCAC deems necessary or appropriate to determine whether problems exist. JFCAC may engage a qualified engineering or other firm to undertake an environmental review and deliver a report to JFCAC. The following are examples of some types of prior uses that indicate a need for an environmental study prior to acceptance: underground fuel storage (such as gas station and vehicle fleet servicing); chemical and manufacturing plants; dumps; dentist's office; drycleaners; and

agricultural operations. The following policies shall be followed with respect to environmental issues.

- a. Properties with no evidence of a likelihood of toxic substances shall be qualified for acceptance if the donor provides representations and warranties to the effect that donor has no knowledge of significant toxic contamination or past use which could produce such toxins.
- b. In the case of properties with potential for toxic contamination, the donor shall provide representations and warranties to the effect that donor has no knowledge of significant toxins or past use which could produce such toxins.
- c. In the case of properties with potential for toxins, JFCAC may elect to obtain a Phase I toxins report of the property. If such report is favorable, the property may be accepted.
- d. If a Phase I toxins report is not favorable, JFCAC may elect to obtain a Phase II toxic report. If the Phase II report is acceptable, the property may be accepted.
- e. If the Phase II toxins report is not favorable, then JFCAC may elect to accept the gift if the down side liability risk is substantially less than the value of the gifted property. Such a decision shall be based on the recommendation of the Chief Executive Officer and Chief Financial Officer and the approval of the Finance Committee. If approved, the donor would need to be thanked and recognized by an appropriate representative of JFCAC. All forms, such as 8283 and possibly 8282, and appraisals would need to be completed by both parties to satisfy the Internal Revenue Service.

### **C. Criteria for Determining Whether to Hold or Sell Donated Property**

1. **General Rule.** The general rule of JFCAC is to sell donated properties as soon as possible. However, properties may be held if the Chief Executive Officer and Chief Financial Officer, and the Finance Committee recommend that it would be beneficial to do so, subject to final approval by the Board of Directors.
2. **Other Criteria.** JFCAC shall exercise all due caution as it deems necessary or appropriate in determining to hold or sell gifted property relative to factors such as:
  - a. Maintenance and repair costs
  - b. Liability under any mortgage, deed or trust or encumbrance
  - c. Income generated from property
  - d. Unrelated business income tax issues
  - e. Reasonableness of holding costs
  - f. Market conditions
  - g. Potential for future use of the property by JFCAC
3. **Life Estates.** The decision to hold or sell gifts of real property subject to reservations of life estates shall be made in accordance with the terms of the life estate arrangement.

4. **Funding of Trusts with Real Property.** Trusts may be funded through the transfer of real property to such trusts.

#### **D. Criteria for Disposing of Donated Property**

1. **Broker Listing.** JFCAC may, but shall not be required to, engage a broker or brokers in connection with the sale of donated property. A listing contract shall be negotiated for a minimum period of time commensurate with the type of property and its marketability.
2. **Marketing Program.** If it is determined that listing the property with a broker is in the best interest of JFCAC, then all potential listing brokers selected shall be required to provide a marketing plan to JFCAC. JFCAC shall consider such factors as it deems appropriate in selecting a broker.
3. **Reasonable Marketing.** JFCAC shall allow a property to remain on the market at the asking price determined by appraisal for a reasonable period of time to receive an offer in the range of the established asking price. JFCAC shall review the asking price and the implementation of the broker's marketing plan no less frequently than every sixty (60) days and make adjustments in the asking price as deemed necessary, commensurate with market conditions and the best interests of the donor and JFCAC.
4. **Tax Law Compliance.**
  - a. JFCAC shall comply with all applicable provisions of tax law.
  - b. JFCAC shall encourage the donor to obtain qualified professional counsel regarding donor's tax law compliance obligations.