



Gift Acceptance & Valuation Policy



**GIVECLEAR FOUNDATION
("GC" OR "GIVECLEAR")
GIFT ACCEPTANCE & VALUATION POLICY**

OVERVIEW

GiveClear Foundation, Inc. ("GiveClear" or "the Foundation"), a Delaware nonprofit corporation and tax-exempt organization, encourages individuals and entities to make gifts to GiveClear as a means of furthering and fulfilling its mission. The following policies and guidelines govern acceptance, management and sale of gifts made to GiveClear, whether such gifts are outright, deferred and/or testamentary gifts, to be used for further benefit of the ministries and organizations that it supports. The provisions of these policies shall apply to all gifts received by GiveClear and shall also assist to protect the Foundation from third party liability and IRS sanctions, as well as from unanticipated costs, thus limiting the scope of the Foundation's liability.

I. Use of Legal Counsel

The Foundation will seek the advice of legal counsel retained by GiveClear when appropriate. The purpose of legal counsel is to enhance gift arrangements and to manage any risk to the Foundation. Legal counsel will assist in:

1. The review of documentation respecting the potential receipt of non-liquid gifts, such as closely held stock, real estate, partnership interests, etc.
2. The review of other transactions attended by contracts or legal documents or Other circumstances in which the Gift Acceptance Committee or GiveClear board members believe that use of counsel is appropriate.

The use of such legal counsel on behalf of GiveClear is not to be considered as legal counsel on behalf of the donor. Counsel is in place to assist GiveClear's board of directors (hereinafter referred to as the Board) and thereby the Gift Acceptance Committee, in fulfilling its fiduciary role of protecting the assets of the Foundation and providing guidance for the management of the Foundation.

External legal expenses incurred by the Foundation related to the receipt, management of or liquidation of a gift will be recouped from the gift proceeds.

II. Conflict of Interest

It is the policy of the Foundation to advise the donor to seek independent professional counsel prior to making a gift. A disclaimer should be attached to any gift related correspondence, illustrations, materials or documents sent to donors.

Board members and officers sign a conflict of interest statement.

III. Conditions of Acceptance

The Foundation will accept unrestricted gifts, and gifts for specific programs and purposes, if such gifts are consistent with the Foundation's mission and purpose. Gifts that present a degree of risk that is unacceptable or require management or resources that are beyond the scope, mission and purpose of the Foundation may be rejected.

All non-liquid gifts must be reviewed and approved by the Gift Acceptance Committee prior to their acceptance by the Foundation. Non-liquid gifts are defined as all gifts other than cash and non-restricted marketable securities.

The Internal Revenue Code and the revenue codes of the various states do not recognize as deductible charitable contributions irrevocable gifts in which donors are allowed to dictate or restrict investment decisions with regard to the maintenance of such irrevocable gifts. All charitable contributions to GiveClear of any type of property shall be governed in accordance with the Internal Revenue Code of 1986 as amended, and Treasury Department Regulations promulgated there under and the substantive laws of the state of GiveClear domicile.

For further general information, see IRS Publications 526 (Charitable Contributions) and 561 (Determining the Value of Donated Property).

IV. Confidentiality

The Foundation will maintain strict confidentiality throughout the entire gift intake and liquidation process. Information will be shared only to the extent that is necessary with professional counsel and Foundation staff and officers.

THE GIFT ACCEPTANCE COMMITTEE

The Gift Acceptance Committee shall consist of the Executive Director, the Treasurer, and such persons as the Board may appoint. This group is charged with the responsibility for accepting, declining, or negotiating the structure of a non-liquid gift in accordance with the Foundation's Gift Policy. Gifts will be reviewed in the following manner:

Reviewing the acceptability of any conditions applicable to receipt of the gift with respect to its use, disposition and distribution

1. Determining the risks associated with ownership of each asset and the extent to which such risks may expose the other assets of the Foundation to any unacceptable liabilities.
2. Evaluating the marketability of the asset
3. Determining the amount and level of management, as well as cost, that may be required to own and maintain each asset.
4. Ensuring that no donor, or any other person, receives an impermissible private benefit through the Foundation's acceptance, ownership or disposition of the gifted asset and those transactions will not result in the imposition of any "Intermediate Sanctions" by the IRS.
5. Determining fair market value of the asset and determining that any related transaction is based upon fair market value.
6. Demonstrating how the receipt of the gifted asset will further the mission of the Foundation.

I. Approval and Acceptance Process

All non-liquid gifts must be reviewed and approved by the Gift Acceptance Committee prior to their acceptance by the Foundation. A written summary regarding the proposed gift will be presented to the Gift Acceptance Committee. These summaries will include a description of the property, basic donor information, appraised value and marketability of the property, any

environmental risks, summary of potential carrying costs, and planned use of the asset. The Gift Acceptance Committee will review the material presented and make a determination to accept, reject or postpone a decision pending receipt of additional information.

The gift will be completed by the execution and delivery of a gift agreement or other appropriate conveyance and the delivery of the property, as applicable.

II. Gift Agreements

All gifts to the Foundation of non-liquid assets require a gift agreement. The gift agreement is used to protect the Foundation and its interest from out-of-pocket costs and liability exposure created by the gift. The gift agreement will be made available to donor's legal counsel in conjunction with the giving process for review and comments; however, any substantive legal changes made to the document that put the Foundation at risk must either be addressed through other means which adequately mitigate GiveClear's risks, or expressly approved as an exception by the Gift Acceptance Committee.

OUTRIGHT GIFTS

I. Cash

Checks should be made payable to GiveClear Foundation (GiveClear) and shall be delivered to 1924 Cleveland Ave. Ste. 201, Charlotte N.C. 28203

Gifts may also be made by wire or electronic check or credit card.

II. Marketable Securities

GiveClear will receive securities in certificate form with the appropriate assignment or endorsement to the Foundation. GiveClear will receive securities via direct transfer from brokerage accounts utilizing a letter of authorization from the donor of the shares. Marketable securities are sold upon receipt. Any exception to this policy must first be reviewed by the Gift Acceptance Committee and is subject to the Foundation's Investment Policy.

The gift date will be established according to IRS guidelines as noted in Publication 561; the date that the asset was placed irrevocably beyond the donor's control that could be interpreted as the date of mailing or the date the stock is transferred on the books of the corporation. Valuation of the gift for tax deduction purposes is the responsibility of the donor.

III. Tangible Personal Property

The Foundation may accept gifts of tangible personal property if they do not involve high storage or transportation costs or excessive insurance costs, there is clear title (if applicable) with no encumbrances, and they are easily liquidated. A tax deduction for the fair market value of the gift is only allowed when the Foundation will use the gift (related use) to further its exempt purpose.

See IRC Section 170(e)(1)(B)(i)

IV. Closely Held Securities

1. Acceptance

Closely held securities are generally defined as securities that are not broadly or publicly traded and include not only debt and equity issues of Subchapter C and Subchapter S corporations, but also limited liability companies (LLCs) and limited partnerships (LPs). The definition of "publicly" traded relates to the ability to establish a proven market in which a "willing buyer and a willing seller" set a price or value for the security.

It is the policy of the Foundation to request the following documents relative to the security in order to complete the necessary due diligence. These documents assist the Foundation and its legal counsel in determining the risks associated with receiving, managing and liquidating the asset. Additionally, it allows the Foundation to gauge the fair market valuation and marketability of the asset and to review what restrictions are associated with the asset and how to resolve any such restrictions prior to acceptance. Finally, they allow the Foundation to understand the scope of the obligations, tax liabilities and/or responsibilities associated with owning the asset.

- i. A copy of the certificate or document evidencing ownership of the security (front and back)
- ii. The organizational documents - articles of incorporation and bylaws and any shareholder agreements, if the entity is a corporation; certificate of limited partnership and limited partnership agreement, if the entity is a limited partnership; and articles of organization and operating agreement, if the entity is a limited liability company.
- iii. A listing of the current owners of all units/shares and the proposed gifted ownership interest to the Foundation
- iv. A recent appraisal or other evidence of valuation of the interests to be gifted
- v. Recent financial statements of the entity (audited financial statements with management letter comments are preferable, if available), balance sheets and K-1s, if applicable.

Closely held interests may be gifted to the Foundation by a gift of shares in certificate form or may be gifted by assignment of interest. The Foundation's assigned legal counsel will prepare the appropriate transfer and assignment document(s) and gift agreement.

2. Additional Considerations of Due Diligence Review

- i. In receiving any entity that could impute tax to the Foundation through a "flow through" scenario, a tax equalization clause must be part of the acceptance process.
- ii. The Foundation will evaluate a gift for the proposed ownership position. In the event that the Foundation owns the majority interest, updated appraisals and audits may be necessary on an annual basis due to reporting requirements and obligations.
- iii. An asset with associated debt is not acceptable unless the debt is of a non-recourse nature to the receiving entity as future owner of the asset.
- iv. The Foundation will not accept a gift of LLC interest that has provisions that require capital contributions of the members unless it has one of following two provisions also in place: (1) it writes out charitable members from the requirement, or (2) if the only remedy for not contributing is the diminution of the members percentage ownership

- v. The Foundation will not accept a gift where an ongoing financial obligation is required of the receiving entity, as in the case of general partnership interests, unless it is demonstrated that the risk of doing so is manageable within the financial resources of the gifted asset itself.
- vi. All assets are examined for the existence of UBTI or UDFI.
- vii. Business interest gifts are reviewed prior to acceptance for excess business holdings.

3. Management

- i. Reporting - The Foundation will periodically look for financial information from the management of the company in order to maintain the valuation of the company on the books of GiveClear. This will be done on the previously set reporting cycle established by the company prior to the Foundation receiving the ownership interest.
- ii. Income - As income is generated from the asset, it is the policy to net out any accrued non-liquid gift cost allocation and related expenses against the assets. The net amount will then be granted to the DAF at GiveClear for donor grant recommendations subject to the DAF Grant Policy.
- iii. Gift Specific Management Requirements

- a. UBTI Assets

Money sufficient to cover the tax generated by income or the sale of an asset with UBTI or UDFI will be withheld from any distribution or sales proceeds in order to pay the applicable federal and state tax owed by GiveClear related to its ownership of the asset as a result of the gift.

- b. Sales

If the asset is not income producing, the Foundation often will look to liquidate the shares/interest gifted at the earliest possible time in order to facilitate current giving. The Foundation will look for a current appraisal or valuation of the company in order to facilitate the sale at fair market value. The guiding principle is for all transactions to be at arm's length. Additionally, the Foundation will not enter into a sales agreement that requires it to make representations or warranties about the company or its products. It will seek to be written out of any such types of requirements and or sell its shares back to the donor or to the company prior to the sales transactions to avoid such requirements.

V. Real Estate

1. Gift Acceptance

The Foundation accepts gifts of residential, agricultural and commercial (whether developed or undeveloped) real estate. A thorough review of the criteria for acceptance set forth below is conducted prior to acceptance. It is the policy of the Foundation to request the following documents relative to the property in order to complete the necessary due diligence.

- i. Phase I Environmental Site Assessment – All gifts of commercial real property must be accompanied by a Phase I environmental report to provide for the “innocent landowners’ defense” for the Foundation. The environmental should be dated no earlier than 6 months prior to the gift date. For an older environmental, the Foundation will request an updated site assessment. Additionally, the donor will be asked to sign the appropriate indemnification agreement.
- ii. If a Phase I is not available because of time constraints or financial issues, a single-member limited liability company (SMLLC) can be used to protect the Foundation from potential environmental liability. However, the SMLLC must be a manager-managed SMLLC, and a put provision will be written into the gift agreement in order to assure that neither GiveClear nor an GiveClear staff member is ever deemed to be owner or operator of said property.
- iii. Limitations and Encumbrances - Any agreements associated with the property (easements, leases, etc.) must be disclosed and reviewed by GiveClear’s legal counsel. Any mortgages, debt, encumbrances or liens should be disclosed. If debt accompanies the gift of property, a provision must be made to service the debt or to discharge the debt, as a condition to the gift being accepted. There must not be any current contracts in place obligating the Foundation to sell the property.
- iv. Title Information - A copy of any title information in the possession of the donor, such as the most recent survey of the property, a title insurance policy and/or an attorney’s title opinion must be furnished. The Foundation may require title insurance on the gifted property.

Real estate may be transferred by a “deed of gift” and must include the following items:

- i. By Warranty Deed of Gift to “GiveClear Foundation Inc., a Delaware non-profit corporation and tax-exempt organization classified as a public charity pursuant to the Internal Revenue Code of 1986”.
- ii. Proper donative language utilized as: “in consideration of donative intent, the grantor hereby gives, grants and conveys . . . ” This is standard language and may vary slightly from state to state.
- iii. The full legal description and any title exceptions.

In coordination with the donor and their legal counsel, the Foundation’s assigned legal counsel may assist in drafting the deed of gift or may contract with legal counsel in the state of the gifted property to transfer and record title.

2. Gift-Specific Management Requirements

- i. Management and Sale

If the property is non-income producing, the Foundation will look to market the property immediately. It will be listed within 2 weeks of receipt by the Foundation. If the property is to be leased or rented, it will be at fair market value rates for its property type and geographic location. The Foundation will require the lessee to obtain hazard insurance on the property.

ii. Carrying Costs

In all cases, the donor is responsible for all carrying costs related to the Foundation owning the property. Minor expenses will be covered by the entity owning the property and accrued against the non-liquid DAF to be recouped out of income or sale proceeds, whichever is first available. Carrying costs can include, but are not limited to, association dues, transfer charges, insurance, property taxes, utilities and maintenance costs.

iii. Life Insurance

The Foundation may receive an irrevocable transfer of an existing whole, universal or variable life insurance policy, including all incidents of ownership, and may be named as both beneficiary and irrevocable owner of the policy. The gift is recorded by GiveClear upon receipt at a value proscribed by the IRS (typically the interpolated terminal reserve value or the cash surrender value). If after such transfer the donor intends to contribute future premium payments as a charitable contribution, GiveClear will keep the policy in effect. If funds are not available to pay premium payments, the Foundation may, at its discretion, either convert the policy to a paid up policy, use the cash values or dividends to temporarily offset the premiums due, or surrender the policy for its cash value.

Additionally, the donor may simply choose to designate a DAF at GiveClear as the beneficiary of a life insurance contract rather than contributing the contract.

iv. Savings Bonds

GiveClear is generally able to receive a gift of savings bonds; however, most savings bonds are subject to restricted transfer requirements and usually cannot be transferred during the donor's life without triggering the income tax to the donor on the accumulated income on those bonds. Savings bonds usually should be transferred by specific bequest of the bonds to the Foundation under the donor's will, trust or other manner of testamentary transfer, which will shift the built-in income to the tax-exempt charity.

v. IRA and Retirement Plan Beneficiary Designations

Donors may name GiveClear as beneficiary of IRAs and other retirement plans. Generally, as the Foundation receipts the assets, they will be sold and funds distributed according to recommendations on file.

ADDITIONAL GENERAL POLICIES

I. Appraisals

It is the full responsibility of the donor to obtain and cover the expense of a qualified independent appraisal of the gifted property in accordance with IRS publication 561: within the window of 60 days prior to the date of the gift, or by the date of the donor's tax return filing.

There may be circumstances when the Foundation requires a follow up appraisal to be completed when the asset has been held for over 2 years and the value of the asset represents a substantial portion of the total assets of the Foundation. The Foundation will first look to any funds over which the donor has advisory privileges to cover the cost of a subsequent appraisal. If sufficient funds are not held within such a DAF, then the Foundation will look to the original donor for a contribution to cover said expenses. See IRC Section 170(f)(1)(C), (D) and (E)

II. Valuation of Gifts

As governed by the Financial Accounting Standards Board (FASB) rules, the Foundation records the gift on the books of GiveClear at the fair market value appraisal on the date of gift.

Marketable securities are recorded at the mean value (average of the high and low trading price on the date of the gift).

Non-liquid assets are recorded at fair market value, which may be substantiated by the appraisal submitted by the donor or the completed form 8283. At times, the gift may be recorded initially at an estimate of value until the appraisal is received. As a gift is received, the Foundation requests a copy of the appraisal or the completed form 8283 from the donor.

III. Filing of IRS Forms

The asset manager is responsible for filing the Form 8282 upon liquidation or transfer of a gift as applicable and within 125 days of the date of sale or disposition of the asset held 3 years or less. The accounting department is responsible for any related tax filings associated with UBIT. Additionally the accounting department is responsible for any related 1099 INT forms that may be necessary. See IRC Section 6050L(a)(1)

IV. Acknowledgement Of Gifts

Cash and marketable securities will be acknowledged by the Foundation with a receipt and acknowledgement letter within a month of receipt of the gift.

Gifts of non-liquid assets will be receipted with an acknowledgement letter, an official receipt stating the date, donor's name and description of the gift, and Form 8283, within 10 business days from the receipt of the instrument(s) evidencing transfer of title. This will be provided to the donor by the asset manager for all gifts other than cash and marketable securities. All receipts must include the following language: (See Appendix A)

NOTE: GIVECLEAR FOUNDATION INC. HAS EXCLUSIVE LEGAL CONTROL OVER THE ASSETS CONTRIBUTED AND HAS NOT PROVIDED CONSIDERATION IN WHOLE OR IN PART FOR THE ABOVE-DESCRIBED GIFT.

NOTE: GIVECLEAR FOUNDATION INC. IS RECOGNIZED BY THE INTERNAL REVENUE SERVICE AS A TAX-EXEMPT ORGANIZATION UNDER SECTION 501(c)(3) AND SECTION 170(b)(1)(A) OF THE INTERNAL REVENUE CODE. ALL DONATIONS ARE TAX DEDUCTIBLE AS PERMITTED BY LAW.

See IRC Section 170(f)(8)

V. Prearranged Sales

Any gifted property must be transferred to the Foundation free of any pre-arranged or legally binding obligation with respect to the sale or transfer of an interest in the asset. While the Foundation will receive the donor's recommendation for marketing and the eventual sale of a gifted asset, the Foundation will not be obligated to sell or dispose of gifted property to any particular buyer/recipient and on any particular terms as a condition of receiving the gift.

POLICY CONTROL:

- Initial Ratification Date: 2019.06.25
- Current Version: 2021.09.08
- Date Policy Approved: 2021.09.17
- Date for Review: 2023.06