

# **The Community Foundation of Middle Tennessee**

## **Gift Acceptance Policies**

*Adopted September 14, 2011*

The purpose of this policy of The Community Foundation of Middle Tennessee and affiliated entities (“The Foundation”) is to serve the best interests of The Foundation, its donors, its grantees, and its community by providing guidelines for negotiating and accepting various gifts for the range of component funds within The Foundation. Given the increasing complexity of IRS regulations, the volume of real estate and other property gifts and state and federal environmental laws, The Foundation recognizes the value, to both the Donor and The Foundation, in screening proposed gifts.

It is important to The Foundation that Donors feel good about the gifts they make – both in advance and in hindsight. The Foundation urges prospective Donors to consult their own financial and legal advisors as they contemplate any gifts to charity which might have an impact on their tax or estate planning. IRS rules and regulations change constantly as do legal and accounting solutions. The Foundation can assist in this process but cannot offer tax or legal counsel to Donors.

The purpose of the gift must fall within the broad charitable purpose of The Foundation. In addition, The Foundation Board and staff must be able to assure that gifts accepted by The Foundation do not place other assets of The Foundation at risk, and that they can be easily converted into assets that fall within The Foundation’s investment guidelines. The Foundation must also understand how any costs associated with acceptance of the gift will be covered either by the Donor or through the sale or disposition of the asset. The Foundation must also assure that it can administer the terms of the gift in accordance with the Donor’s wishes and intentions.

The Foundation also endorses and subscribes to A Donor Bill of Rights, Appendix A.

### **AUTHORIZATION**

It is the policy of The Community Foundation of Middle Tennessee’s Board of Directors (the “Board”) to encourage donors to make outright, planned and testamentary gifts to The Foundation. Planned and testamentary gift types include bequests, charitable gift annuities, charitable remainder trusts, charitable lead trusts, retained life estates, gifts of life insurance or retirement assets, interests in business entities such as partnerships or closely-held stock, and other such gift arrangements as may emerge as solutions in tax and estate planning. It is the Board’s directive that staff shall seek such gifts, and that adequate staff and resources for a fully effective program are maintained.

### **PURPOSE OF GIFTS**

The purposes of all gifts to The Foundation must be related to the mission of The Foundation which is to ensure the quality of life in Middle Tennessee and our goals:

- To serve as a leader, catalyst, and resource for philanthropy.

- To build and hold a permanent and growing endowment for the community's changing needs and opportunities.
- To strive for excellence in strategic grantmaking that benefits all citizens of our community in fields such as social services, education, health, the environment, and the arts.
- To provide flexible and cost-effective ways for civic-minded individuals, families and companies to contribute to their community – now and for all time.

The purposes of specific gifts and the procedures for their administration shall, when feasible, be defined in a letter or agreement signed by the donor. Such letters or agreements to be written according to existing prototypes and all such letters or agreements must include the language which gives “ultimate authority and control” of the gift to The Foundation.

## **POLICIES**

The policy of The Foundation is to inform, serve, guide or otherwise assist donors who wish to support The Foundation's activities, but never, under any circumstances, to pressure or unduly persuade.

The Foundation holds all information concerning donors and prospective donors in strict confidence, subject to legally authorized and enforceable requests for information by government agencies and courts. All other requests for or releases of information concerning a donor or prospective donor are honored or allowed only if permission is obtained from the donor prior to the release of such information. Unless we are told that a donor wishes to act anonymously on every occasion, we do publish donors names annually in Foundation publications as a means of recognizing their generosity and support.

Those acting on behalf of The Foundation encourage the donor to discuss the proposed gift with the legal and/or tax advisors of the donor's choice, at the donor's expense. This is to ensure that the donor receives a full, accurate, and independent explanation of all aspects of the proposed charitable gift.

Those acting on behalf of The Foundation advise the donor that it is the donor's responsibility to obtain any necessary appraisals, file appropriate personal tax returns, and defend against any challenges to claims for tax benefits.

The President of The Foundation and any staff, volunteers or consultants he/she deems appropriate are authorized to negotiate planned gift agreements with prospective donors, consistent with Foundation policies such as this.

The Foundation does not serve as trustee of any Charitable Remainder Trusts, Charitable Remainder Living Trusts, or Charitable Lead Trusts. The Foundation does not currently offer Charitable Gift Annuities but has authorized the President to begin this service if/when deemed appropriate, after consultation with the Board Chair.

## **PROCEDURES FOR REVIEW OF GIFTS**

In reviewing gifts to The Foundation, the staff considers the following criteria:

- The charitable intent and ultimate community benefit
- The nature of any restrictions
- The permanency of the gift; or in the case of a non-permanent fund, the long-term relationship with the donor thereof, and the amount of time the fund will remain with The Foundation
- Projected costs of managing the gift asset
- Fee revenues to The Foundation for administering the gift

The President is authorized to accept gifts consistent with the purposes, bylaws and procedures of The Foundation such as:

- Marketable securities
- Cash
- Checks
- Credit Card charges
- Bequests
- Gifts of Life Insurance
- Gifts of furniture and equipment usable for the offices or programs of The Foundation
- Gifts of precious metals or currency, where the value is easily established
- Charitable gift annuities, if funded with cash or publicly traded securities
- Gifts of Real Estate. Through the nonprofit LLC created under authorization by The Foundation Board in 2003, gifts of real estate (and other assets including but not limited to 1) Interests in business entities (i.e. closely-held securities, partnership and limited liability company interests), Retained life tenancy in a residence, ranch or farm, and 3) Tangible Personal Property) are encouraged. Under the rules of that LLC and The Foundation, the donor will be required to provide an independent appraisal and an environmental review (in most cases a Phase I) as well as a description of the property. The Board of the LLC will review these documents as well as consider any liabilities, restrictions or other conditions related to the gift. These policies also may apply to other assets which have real estate holdings as an element of its value.
- Interests in Charitable Remainder Trusts and /or Charitable Lead Trusts

If the President has any concerns or questions, he/she should consult the Board Chair and/or legal/financial counsel.

The President is further authorized to turn down any gifts if they do not fit these criteria, if the donor is unable or unwilling to supply required information, if the gifts in anyway put other Foundation assets at risk, and/or if the gifts are deemed to be intended to establish funds for a purpose that may fall outside the mission, bylaws and procedures of The Foundation.

## **FUNDS**

The Foundation establishes component funds – with a minimum gift of \$5,000 (\$10,000 for scholarships) -- in response to community needs and donor's charitable priorities.

The Board of The Foundation has responsibility for acceptance, management and disposition of component funds. Options for fund structures within The Foundation include:

**Impact Funds** are unrestricted and provide the greatest flexibility, allowing The Foundation to respond to the community's pressing needs through changing time and circumstance. The Foundation's Allocation and Distribution Committee determines how the proceeds of these funds are distributed.

**Field of Interest Funds** address a donor's preference for focus on a broad charitable purpose or area of concern without designation of recipient organizations or programs through which charitable purposes may be served. Examples may include a geographic area (like Wilson County), a target population (like seniors), or a type of endeavor (like the arts).

**Designated Funds** benefit one or more charitable organization or program, and all grants made from such funds are made to or for the use of the designated recipient organization. If the recipient organization ceases to exist or changes its mission or its status as a charitable organization, The Foundation's Board may exercise, in its sole discretion, its variance power, selecting an alternate use for the fund compatible with its original charitable purpose.

**Donor Advised Funds** are established by donors for unrestricted purposes. The donor, or persons identified by the donor, maintains the ability to offer recommendations to The Foundation regarding the recipients and amounts of grants from the fund. Advised funds typically treat donations as permanent endowments and do not permit grants to be made from the donation corpus. In some cases, however, donors may choose to establish an advised fund which permits gifts greater than the annual proceeds would generate.

Although it remains the expectation that the majority of Donor Advised Funds created within The Community Foundation of Middle Tennessee will continue to involve gifts of assets given with the expectation of long-term charitable giving spanning years, decades and/or generations through either an endowed Donor Advised Fund, a Donor Advised Fund which allows participation from a second generation, or a Donor Advised Fund which terminates into an Unrestricted, Field of Interest or Designated Fund, the Board of The Community Foundation understands that from time to time these expectations may not fit the charitable goals and intentions of the Donor(s).

Therefore, the Board of The Community Foundation of Middle Tennessee may in its discretion, create Donor Advised Funds for which the stated goal and the donor's intentions are to recommend distributions from the Fund which "spend down" the fund's corpus in relatively short order. Such recommendations shall always be made consistent with the requirements of the IRS and The Foundation's duly adopted Procedures for Operation of Advised Funds as amended by The Foundation's Board at its sole discretion from time to time. In every case, consistent with the requirements of the IRS, The Community Foundation of Middle Tennessee must have the ultimate authority and

control over every gift it receives and over every component fund created within The Foundation.

**Scholarship Funds** provide grants for educational purposes to assist individuals in an identified class, such as residents of a particular region, students attending a specific university, or those undertaking a selected course of study. Applications are sought and reviewed, and awards are made by an impartial committee of volunteers assembled by The Foundation. Donors are not involved in the evaluation or selection of recipients.

**Affiliate Funds** support a variety of charitable purposes and organizations within a specific community, county or region. A local advisory board is appointed within each affiliate community, which has grantmaking and asset acquisition responsibility for that area. Affiliate Funds (like the Community Foundation for Dickson County) enable smaller communities to enjoy the benefits of a community foundation while taking advantage of The Foundation's services, staff, and expertise and avoiding the costs and administrative burdens of a separate community foundation. Affiliate funds, like all component funds, must abide by all Foundation policies.

**Agency Endowment Funds** are created by nonprofit organizations as a means of protecting charitable dollars for the future of their mission and their work.

**Memorial Funds** ensure a special person is remembered through a fund that reflects his or her legacy and bears his or her name, in perpetuity. They can be structured in any of the aforementioned ways.

**Special Project Funds** are those that require – or existing funds which evolve to require – more significant Foundation staff involvement than is typical of component funds (such as seeking to undertake programmatic or fundraising initiatives). In such cases, The Foundation's Chair and/or President is authorized to charge a fee based on those special needs after discussion with the donor, if s/he is still living. Such fees are over and above the customary administrative fees and include but not be limited to covering direct expenses associated with such activities. If a Special Project Fund's activity returns to more customary levels of staff involvement because of a reduction in the special needs, the fees may revert to those charged by The Foundation for similar component funds.

## **GIFTS**

### **Asset Types**

The Foundation accepts gifts in the form of the following assets, subject to the conditions described below. In order to provide written substantiation for gifts, the donor's name and address must be provided.

### **Cash**

Gifts of cash should be paid to The Foundation accompanied by a written document (fund agreement, letter, or other written instruction) signed by the donor indicating to which fund the contribution should be credited. Gifts made in person should get such

instructions in writing if possible but otherwise should be heard from the donor by more than one staff person, whenever practicable.

### **Checks**

Should be made payable to The Foundation. The specific fund for which the check is intended should be noted in the bottom left corner of the check or in attached correspondence.

### **Credit Card gifts**

Credit card gifts should be made on-line at [www.cfmt.org](http://www.cfmt.org), [www.givingmatters.com](http://www.givingmatters.com), or [www.nowplayingnashville.com](http://www.nowplayingnashville.com) or any other web portals established by The Foundation which contain secure links. If a donor wants to use a credit card to make a gift but is unable or unwilling to make the gift online, Foundation staff shall use established procedures to facilitate the gift and then, at its conclusion, all credit card information should be destroyed.

### **Bequests**

The Foundation should be informed of any gifts being contemplated so that we can be certain of understanding the donor's intentions which we promise to protect. Bequests are often included in Wills and estate plans after a donor has taken care of the usual details, assigned sentimental possessions and provided for relatives. Bequests to The Foundation enable donors to provide a set amount, a percentage of his/her estate or that all remaining assets go to accomplish your charitable goals within The Foundation. Taxes are often reduced or eliminated and the donor knows that their wishes will be carried out in perpetuity.

### **Gifts of Life Insurance**

**Existing Policies:** A donor may have been paying premiums on life insurance for years, and now the protection it offered earlier is really no longer needed. The policies have some value and donor would like charity to benefit. The donor donates the policies to The Foundation making it the owner and beneficiary and receiving an immediate tax deduction, usually equal to the cash surrender value. The Foundation, as owner and beneficiary, may elect to continue to pay the premiums if the donor contributes a fully-deductible annual amount which is equal to or greater than the premium.

**New Life Insurance Policies:** For many who want to leave a charitable legacy but who don't have a large estate, beginning a new charitable life insurance policy is a wonderful tool. Donor chooses an insurance agent and arranges for a life insurance policy to be owned by The Foundation. Donor makes a fully-deductible contribution to The Foundation every year to cover the premium payments. Donor also writes The Foundation a letter telling us how they wish the proceeds to be used when the policy matures. All proceeds can go to a fund established by the donor for its broad charitable purposes or to create designated funds to continue their lifetime support of favorites charitable organizations. All of the proceeds of the policy must remain the property of The Foundation although the donor is invited to update our information about his/her goals for the money at any point during their lifetime.

## **Pledges**

Written pledges to make gifts may be made applicable to any fund within The Foundation. A schedule of pledges payable should be included in the fund agreement, letter or other written instruction from the donor.

## **Marketable securities**

Publicly traded stocks and bonds may be electronically transferred, re-registered in the name of The Foundation, or conveyed through use of a stock power form. The Foundation will also accept interests in mutual funds or alternative investments. Generally, these securities are sold upon receipt. Stock controlled under Securities and Exchange Commission Rule 144 will be held until the restriction on sale expires and will then be sold. Gifts of bonds that require a holding period may be accepted and cashed when the holding period has expired.

Securities of other types will be accepted solely at the discretion of The Foundation. However, we can not accept securities which may create a liability, which have no apparent value, or which, by their nature, may not be assigned.

## **Interests in business entities** (i.e.: closely held securities, partnership interests, interests in limited liability companies)

Donors may make gifts of interests in business entities (i.e.: closely held securities, partnership interests, interests in limited liability companies). These can be accepted if The Foundation assumes no liability in receiving them. In evaluating a gift proposal of such assets, the President may consider the timeframe of conversion to a liquid asset, projected income that will be available for distribution and administrative fees, actual and potential liabilities, and the nature of the business from which the asset is derived.

A completed IRS Form 8283 (“Noncash Charitable Contributions”) and/or letter from the attorney drafting the partnership agreement or articles of organization must accompany gifts of limited partnership interests or interest in limited liability companies, providing the following information:

- Independent appraisal of value of the subject entity and statement of the percentage of the entity to be gifted to The Foundation;
- Assurance that The Foundation will be held harmless in the event the entity becomes bankrupt or is otherwise unable to satisfy its obligations;
- Assurance that The Foundation will be held harmless from all damages and expenses in the event the entity is sued or The Foundation is a party to a suit involving such a gift or the asset.

The Foundation does not customarily accept gifts of general partnership interests due to the potential unlimited liability.

When an interest in a business entity cannot be promptly liquidated, and the documented present value of the interest is \$5,000 or more, that interest may be credited to a new, named component fund with The Foundation. The fund may be treated as an advised, designated, field of interest, or impact fund (or scholarship fund if the value of the

interest is \$10,000 or more) as requested by the donor. Grants may be made only from the income generated by the business interest or from other liquid assets in the component fund after the fund's fees or expenses have been paid. At no time should the value of the fund's documented present value fall below \$5,000.

In cases where an interest gifted to The Foundation is promptly liquidated, but its value is less than \$5,000, the gift generally shall be directed to The Foundation's unrestricted impact funds or to one of The Foundation's field of interest funds. The donor shall not have the option to request that the remaining funds go to an advised fund.

### **Real Property**

Generally, gifts of real property should result in a contribution which should exceed \$1,000 after the expenses associated with its sale, including but not limited to staff time spent on the sale itself.

Gifts of real estate should be made to The Community Foundation of Middle Tennessee Properties Nonprofit LLC and include certain procedural steps:

- A site visit to the property.
- An environmental assessment paid for by the donor in order to avoid potential liability for environmental cleanup and toxic and hazardous materials issues related to real estate gifts.
- At least one qualified appraisal provided by the donor, so that unencumbered real property can be accepted at fair market value.
- Evidence of clear title to the property must be provided by the donor (property with multiple owners will be accepted only if all owners of the property agree in writing to the gift).
- Determination as to whether the property has a mortgage or is subject to other liens or encumbrances.
- Prior to the acceptance of a gift of real property, The Foundation and the donor must agree, in writing, on arrangements for paying expenses associated with the property, including taxes and assessments, insurance coverage and maintenance costs.

In addition to the considerations listed above, commercial properties and businesses will be examined in relationship to the potential for exposure of The Foundation to unrelated business taxable income, and title thereto may be taken in the name of The Community Foundation of Middle Tennessee Nonprofit LLC.

A completed IRS Form 8283 ("Noncash Charitable Contributions") must accompany gifts of real property.

Further details related to gifts of real estate are included in Appendix B.

### **Tangible Personal Property**

Gifts of assets such as art, antiques, jewelry, collectibles, boats, airplanes, equipment, gems and metals, etc. must be accompanied by a qualified appraisal. Unless the property is to be used in connection with The Foundation's work, it will be sold at the highest possible price as soon as possible after the conveyance. Commitments can rarely be made to keep gifts of personal property. If a lengthy selling period is anticipated based on a gift of property for which there is not a ready or identifiable market, The Foundation may ask the donor to cover the expenses (like insurance costs or staff time associated with the sale itself) with a cash gift.

A completed IRS Form 8283 ("Noncash Charitable Contributions") must accompany gifts of tangible personal property.

### **Royalties, distribution rights**

The Foundation may accept gifts of royalties or distribution rights on published works (such as books, films or songs) where there is clear evidence of marketability or assurance of an income stream or where there is an expectation of marketability not yet fully proven. A qualified appraisal is required for a tax deduction.

A completed IRS Form 8283 ("Noncash Charitable Contributions") must accompany gifts of royalties or distribution rights.

### **Artist/Performance Services**

The Foundation is grateful that, from time to time, an artist will offer to furnish their performance services to benefit The Community Foundation of Middle Tennessee and one of its charitable funds. In such cases, the Artist and The Foundation should enter into an agreement that:

- all services performed by the Artist shall be gratuitous and without compensation and are intended to be voluntary
- the Artist is an independent contractor and not an employee and that no employment relationship is intended by either party
- the Artist may not, in any manner, assume or create any obligation or responsibility, express or implied, on behalf of or in the name of The Foundation or act for or bind The Foundation in any respect, specifically including but not limited to, representations and warranties made to any party
- Artist assumes full responsibility for his/her own acts in performing the services and for the compliance with any applicable law
- Artist shall have use of event sound, light and state systems per advance agreement with The Foundation
- Artist grants The Foundation the non-exclusive, non-transferable right to use Artist's name, approved image, approved likeness, professional statistics and biographical information solely with respect to the services to be rendered in connection with the event, and the promotion, marketing and advertising thereof
- Artists expressly assumes all risks, of whatever kind, involved with the performance of the services and indemnifies, defends and holds The Foundation harmless from and against any and all damages, third party claims, losses, expenses and causes of actions, threatened or actual, which occur out of or in

connection with a) the performance of the services and b) artist's breach of the terms of this agreement

- The Foundation indemnifies the Artist but under no circumstance shall The Foundation indemnity extend beyond or be in excess of insurance coverage, if any, available to The Foundation for this purpose

### **Insurance Policies and Proceeds**

Donors may transfer ownership of a paid-up policy to The Foundation and take a tax deduction for the interpolated terminal reserve (typically cash surrender value). Donors may transfer ownership of premium-due policies to The Foundation and make income tax deductible contributions in an amount equal to or greater than the amount of the premiums. In either case, The Foundation shall be the owner and permanent beneficiary of the policy and retain the policy in its offices. Upon redemption, the value of the policy may establish a new fund, or contribute to any existing fund at The Foundation.

Contributions for premium-due policies should be made to The Foundation at least ten (10) days prior to the premium date. The Foundation is unlikely to assume delinquent premium payments. If a policy is canceled, the cash value will be added to the Impact (Unrestricted ) Fund in the donor's name.

Paid-up policies of any value may be accepted by The Foundation.

Donation of policies or annuities written for a year-end tax purpose must have a certifiable date from the insurance company to be a qualified donation for that tax year.

The Foundation does not enter into charitable reverse split dollar agreements.

### **Retirement Assets**

"Account" type retirement plans, in which a balance accumulates as principal, may be given to The Foundation. These include Individual Retirement Accounts (IRA), 401(k), 403(b), and defined contribution plans. ("Annuity" plans, such as defined benefit plans, in which retirement benefits are paid out as income and principal does not accumulate, generally cannot be used for charitable gifts, but donors are welcome to discuss these with The Foundation.)

Methods for giving retirement assets include:

- Naming The Foundation as successor or contingent beneficiary for all or part of the assets upon death of either the retirement asset owner or spouse;
- Creating a testamentary charitable remainder trust with the assets upon the death of the asset owner, naming The Foundation as remainder beneficiary and non-charitable heirs as income beneficiaries.

### **Planned and Testamentary Gifts**

The Foundation's planned and testamentary giving program encompasses all forms of gifts whose benefits do not fully accrue to The Foundation until some future time (such as the death of the donor or other income beneficiaries or the expiration of a

predetermined period of time), or whose benefits to The Foundation are then followed by the interests of non-charitable beneficiaries.

Donors using planned and testamentary gift techniques may establish any of the fund types listed above. Will, trust, or other documents should specify The Foundation as the charitable recipient and name the fund(s) to which the donor's gift will contribute. The type and purpose of the fund may be described in detail in a separate fund agreement(s).

Bequests: may be from a will or trust and may be specific or contingent in nature.

Representatives of The Foundation are authorized to solicit direct testamentary charitable contributions through wills or trusts, as well as testamentary contributions to establish charitable remainder and lead trusts (and, when applicable, gift annuities). As always, prospective donors are urged to seek the advice of their financial and legal counsel before making any such gift.

A bequest through a will or trust to The Foundation should include the following:

- The name of The Community Foundation of Middle Tennessee, a Tennessee nonprofit corporation located at 3833 Cleghorn Avenue, Nashville, TN 37215.
- The name of the fund(s) to which the bequest is made (this may be a new or existing fund). In the case of a new fund, The Foundation will, upon notification that the bequest has been included in a will or trust, prepare a separate fund agreement(s) defining the purpose for which the fund has been created and the donor's intentions.

## **A DONOR BILL OF RIGHTS**

**Philanthropy is based on voluntary action for the common good. It is a tradition of giving and sharing that is primary to the quality of life. To assure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in the nonprofit organizations and causes they are asked to support, we declare that all donors have these rights.**

- I. To be informed of the organization's mission, of the way the organization intends to use donated resources, and of its capacity to use donations effectively for their intended purposes.**
- II. To be informed of the identity of those serving on the organization's governing board, and to expect the board to exercise prudent judgment in its stewardship responsibilities.**
- III. To have access to the organization's most recent financial statements.**
- IV. To be assured their gifts will be used for the purposes for which they were given, in ways consistent with the donor's intentions.**
- V. To receive appropriate acknowledgment and recognition.**
- VI. To be assured that information about their donations is handled with respect and with confidentiality to the extent provided by law.**
- VII. To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature.**
- VIII. To be informed whether those seeking donations are volunteers, employees of the organization or hired solicitors.**
- IX. To have the opportunity for their names and their personal information to be kept confidential.**
- X. To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.**

**The Community Foundation of Middle Tennessee  
Properties, Nonprofit LLC  
Acceptance Policies for Real Estate**

**Purpose**

The purpose of this policy is to provide guidance to donors and their professional advisors in structuring the transfer of real estate to The Community Foundation of Middle Tennessee Properties, Nonprofit LLC (The Foundation Nonprofit LLC).

**Guidelines**

Generally, it is the policy of The Foundation Nonprofit LLC to accept real estate gifts provided the following requirements are met:

**DONOR'S OBLIGATIONS**

1. The Donor is responsible for complying with all applicable requirements to transfer the property to The Foundation Nonprofit LLC as a gift.
2. The Donor is responsible for obtaining, at the Donor's cost, such qualified appraisals as may be required for the purpose of establishing the value of the gift for Income, Gift or Estate Tax purposes. Normally, The Foundation Nonprofit LLC will accept an appraisal if it has been completed within the last twelve months. Appraisals that are older than twelve months may need to be updated as determined by the LLC. The Foundation Nonprofit LLC takes no responsibility in the accuracy of the valuation or any tax deduction that may result from it.
3. The Donor is responsible for obtaining a Phase One environmental report. No property will be accepted if there is a likelihood or reasonable possibility of any liability that could attach to The Foundation Nonprofit LLC as a result of its taking title to property.
4. The Donor is responsible for any survey, as needed.
5. The Donor is to provide status of current insurance coverage, together with a warranty deed, real estate taxes, insurance premiums, assessments and other documents that may be requested by The Foundation Properties Nonprofit LLC. Additional documents will normally include, but may not be limited to, a title report, opinion, policy or other evidence of title in form and substance acceptable to The Foundation Properties Nonprofit LLC. The Foundation Properties Nonprofit LLC may also require an affidavit of the owner that there are no mechanics' liens or parties in possession.

6. Donor should also provide information regarding existing property zoning status, conservation easements or overlays, description of prior use of the property, any contemplated or anticipated condemnations, right-of-ways or other actions by municipalities that may affect the subject property. Donor should also disclose any and all tenants, leases, security instruments, graves or cemetery parcels, etc.
7. The Donor and The Foundation Nonprofit LLC will discuss any special arrangements for the Donor's fund or other sources to address ongoing expenses for taxes, insurance, assessments, maintenance, grass cutting, security, utilities, etc. Unless otherwise arranged, until the property is sold, the Donor must provide for these obligations.

### **FOUNDATION'S EVALUATION AND IMPLEMENTATION**

1. Prior to acceptance of any gift of real estate, The Foundation Nonprofit LLC staff, or a designated agent, will inspect the property that is subject to transfer.
2. Once the appropriate documentation is received from the Donor, staff will notify the LLC that a real estate gift is being contemplated.
3. No real estate gift shall be accepted without the written approval of the LLC.

### **MANAGEMENT**

1. Normally, The Foundation Nonprofit LLC will seek to sell the property that is transferred.
2. In the event the property is retained, the following conditions apply:
  - a. For commercial real estate, or real estate that is subject to rental, a local real estate company will be retained, as appropriate, for management. Normal, customary fees will be paid to the management company from any rental proceeds.
  - b. For other real estate, the staff, or an appropriate agent, will inspect the property as appropriate, normally annually.

### **SELLING REAL ESTATE**

1. If The Foundation Nonprofit LLC determines that the property should be sold, then all potential listing brokers selected by The Foundation Nonprofit LLC shall be required to provide a comprehensive marketing program. The Foundation Nonprofit LLC shall consider such factors as it deems appropriate in selecting a broker which may include the marketing program, the commission rate and the reputation and location of the broker.
2. All real estate commissions shall be paid from the proceeds of the sale.

3. The Foundation Nonprofit LLC reserves the right to assess an extraordinary fee for services rendered in connection with the sale.
4. All sales must be approved by the President.

### **GENERAL POLICIES**

1. Before acceptance of any real estate as a gift to The Foundation Nonprofit LLC will evaluate the costs of ownership of the property, including upkeep and maintenance costs, insurance and taxes, existing liabilities and contracts, contingent liabilities and the unrelated business income tax, to determine the appropriateness of the proposed transfer.
2. The Foundation Nonprofit LLC staff, or one or more members of the Investment and Finance Committee, may consult with one or more legal or other advisers as The Foundation Nonprofit LLC deems necessary or appropriate, in its discretion.
3. The Foundation Nonprofit LLC reserves the right to reject the acceptance of any property, as it deems appropriate, to protect The Foundation Nonprofit LLC from liability or for other reasons including, but not limited to, the size or location of the property.
4. These policies may be amended, as appropriate, by the Board of The Foundation Nonprofit LLC in its sole and absolute discretion.
5. The Foundation Nonprofit LLC will not accept mortgaged/debt encumbered property, except in extraordinary circumstances approved by the Board; provided, however, that in no event will The Foundation Nonprofit LLC assume liability for such indebtedness.
6. An administrative fee will be charged from the date the gift is made.

# CHECKLIST OF DESIRED ITEMS IN CONNECTION WITH CONSIDERATION OF ACCEPTANCE OF REAL ESTATE DONATION

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1. Exact legal name of donor.
2. Legal description of property (copy of deed).
3. Description of any buildings or other structures located on the land.
4. Boundary survey of property with location of all structures, easements, and encumbrances appearing on the face of the survey.
5. Information regarding existing zoning status (including historical classifications, if applicable).
6. Information on all ingress/egress for the property.
7. Description of prior use of the property.
8. Description of use of surrounding property, with specific disclosure of any storage tanks or potential environmental factors affecting the property.
9. Disclosure of any contemplated or anticipated condemnations, right-of-ways or other actions by municipalities that may affect the subject property.
10. Phase I Environmental Site Assessment (ESA) on the property, including environmental report on any structures located on the real estate. In some cases, an Environmental Screening Report (ESR) can be performed as an initial step to assess the need for a Phase I ESA.
11. Evidence of title, such as title examination and report, title insurance commitment, or schedule describing any liens, encumbrances, or title matters affecting the property. Copies of all cases, contracts, partnership agreements and other agreements affecting the property.
12. Copy of appraisal showing the fair market value of the property current within sixty days. The donor will be responsible for obtaining a qualified appraisal to comply with IRS regulations for the purposes of establishing the gift for federal income tax purposes. See Treas. Reg 1.170A-13(a)
13. Disclosure of amount of existing real estate taxes, insurance premiums, and assessments attributable to the property.
14. Discussion with proposed donor regarding any special arrangements for donor's fund or other sources to address ongoing expenses for taxes, insurance, assessments, maintenance, grass cutting, security, utilities, and similar items.

# REAL PROPERTY INQUIRY FORM



I. Owner(s) \_\_\_\_\_ Phone \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

Property location \_\_\_\_\_

\_\_\_\_\_

Land area (acres or sq. ft.) \_\_\_\_\_

Building area (sq. ft. each floor) \_\_\_\_\_

Zoning \_\_\_\_\_

Replacement cost of building \_\_\_\_\_

Current property insurance coverage \_\_\_\_\_

Date of acquisition/form of acquisition \_\_\_\_\_

Current cost basis (includes improvements) \_\_\_\_\_

Principal balance of mortgage \_\_\_\_\_ Current fair market value \_\_\_\_\_

Assessed value for real estate taxes \_\_\_\_\_

Real estate taxes \_\_\_\_\_

Land value \_\_\_\_\_ Building value \_\_\_\_\_

Most recent appraisal (date) \_\_\_\_\_ Appraised value \_\_\_\_\_

Appraiser \_\_\_\_\_

Occupancy status after transfer of title to charity:

Unimproved (no buildings) \_\_\_\_\_

Unoccupied (building, but no occupant) \_\_\_\_\_

Occupied (building with occupants) \_\_\_\_\_



# REAL PROPERTY INQUIRY FORM

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

<b>II.</b>	<b>Title/Zoning</b>	<b>Yes</b>	<b>No</b>
	A. Title	_____	_____
	B. Zoning variances, violations or special permits	_____	_____
	C. Zoning violations	_____	_____
	D. Restrictions or easements	_____	_____
	E. Survey available	_____	_____
<b>III.</b>	<b>Condition of Building</b>	<b>Yes</b>	<b>No</b>
	A. Foundations/slab	_____	_____
	B. Basement water/dampness/sump pump	_____	_____
	C. Roof leaks	_____	_____
	D. General structural	_____	_____
	E. UFFI (formaldehyde insulation)	_____	_____
	F. Asbestos	_____	_____
	G. Lead paints	_____	_____
	H. Termites/ants/pests	_____	_____
	I. Swimming pool	_____	_____
	J. Radon	_____	_____
	K. Building systems	_____	_____
	1. Plumbing	_____	_____
	2. Electrical	_____	_____
	3. Heating	_____	_____
	4. Air conditioning	_____	_____
	5. Hot water	_____	_____
	6. Water supply	_____	_____
	7. Sewage; type	_____	_____
	8. Other fixtures	_____	_____
<b>IV.</b>	<b>Rental/Condominium/Cooperative</b>	_____	_____
	A. Building systems	_____	_____
	1. Leases	_____	_____
	2. Rental arrears	_____	_____
	3. Last month's rent/security deposit	_____	_____
	B. Common area fees in arrears	_____	_____
	C. Building or sanitary code violations	_____	_____
	D. Operating/capital budget	_____	_____

## REAL PROPERTY INQUIRY FORM

<b>V. Environmental</b>	<b>Yes</b>	<b>No</b>
A. History of property		
1. Property has prior or current use for industrial, commercial, agricultural, manufacturing, waste disposal or any other non-residential purposes	_____	_____
B. Condition of property		
1. Stressed or denuded vegetation or unusual barren areas	_____	_____
2. Discoloration, oil sheens, or foul/unusual odors in water	_____	_____
3. Storage drums	_____	_____
4. Above or underground storage tanks; vent or filler pipes	_____	_____
5. Evidence of oil or other chemicals in soil	_____	_____
6. Evidence of PCBs	_____	_____
7. Evidence of toxic air emissions	_____	_____
C. Adjacent properties		
1. Properties adjacent or close to subject have conditions requiring "yes" answer to any questions in (A) and (B) above	_____	_____
D. Flood plain/wetlands/drainage	_____	_____
E. Endangered plants or wildlife	_____	_____

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

## VI. Property Expense Budget

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

A. Income	<b>Annual</b>	
1. Rent	_____	
2. Other	_____	
B. Expenses		_____
1. <u>Real estate taxes:</u>		
First payment due _____ (date) _____		
Second payment due _____ (date) _____		
2. <u>Utilities:</u>		
Gas	_____	
Oil	_____	
Electric	_____	
Water/sewer	_____	
Other	_____	

# REAL PROPERTY INQUIRY FORM



- 3. Services:
  - Caretaker/property manager \_\_\_\_\_
  - Landscaping \_\_\_\_\_
  - Heating/cooling service contract \_\_\_\_\_
  - Snow removal \_\_\_\_\_
  - Pool services \_\_\_\_\_
  - Common area charge (condominium) \_\_\_\_\_
  - Security \_\_\_\_\_
  - Other \_\_\_\_\_
- 4. Maintenance/Repairs \_\_\_\_\_
- 5. Insurance \_\_\_\_\_

**Total Expenses**

**Net Income (Loss)**

## VII. Additional Information on Sections II through VI

## VIII. Acknowledgments

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

\_\_\_\_\_  
Owner Date \_\_\_\_\_

\_\_\_\_\_  
Owner Date \_\_\_\_\_

**PLEASE RETURN TO:**

**THE COMMUNITY FOUNDATION OF MIDDLE TENNESSEE  
3833 Cleghorn Avenue, #400  
Nashville, TN 37215  
Phone: 615-321-4939 or Fax: 615-327-4726**

# REAL PROPERTY INQUIRY FORM

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