



GIFT ACCEPTANCE AND ADMINISTRATION POLICY

Gift Acceptance and Administration Policy

I. INTRODUCTION

Maryville City Schools Foundation (hereinafter referred to as “MCSF”), a nonprofit organization organized under the laws of the State of Tennessee, encourages the solicitation and acceptance of gifts for purposes that will help to further and fulfill its mission. The following policies and procedures govern solicitation, acceptance, and administration of gifts.

A. Mission

MCSF's mission is to raise and administer funds to support educational excellence and innovation for the students of Maryville City Schools in Maryville, Tennessee.

B. Purpose of Gift Acceptance and Administration Policy

These policies and procedures govern the solicitation, acceptance, and administration of gifts by MCSF and provide guidance to prospective donors and their advisors when making gifts. The provisions of these policies shall apply to all gifts received by MCSF for any of its programs or services.

C. Administrative Responsibility

The Board of Directors of MCSF empowers the Executive Director to ensure appropriate compliance with this policy by all board members, staff, and volunteers.

D. Ethical Standards

1. Donor Bill of Rights

MCSF will comply with all federal, state and local laws in the conduct of activities, including acceptance of gifts. MCSF endorses and subscribes to a ***Donor Bill of Rights*** set forth in ***Appendix A*** hereto.

2. Confidentiality and Donor Disclosures

All information concerning donors' or prospective donors' gifts, including names of beneficiaries, gift amounts, and other personal information shall be kept confidential unless permission is obtained from the donor to release such information.

II. USE OF LEGAL COUNSEL

A. The Foundation

MCSF shall seek the advice of legal counsel in matters relating to acceptance of gifts when appropriate. Review by legal counsel is recommended for:

- Closely held stock transfers that are subject to restrictions or buy-sell agreements;
- Documents naming MCSF as trustee;
- Gifts involving contracts such as bargain sales, partnership agreements, or other documents requiring MCSF to assume an obligation;
- Transactions with a potential conflict of interest;
- Gifts of real estate;
- Pledge agreements;
- Any gift with conditions

B. Donors

MCSF does not provide legal, tax, or financial advice. For non-standard gifts, in order to avoid any conflicts or potential conflicts of interest, MCSF should encourage prospective donors to seek the assistance of their own legal and financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences.

III. GIFT ACCEPTANCE

A. Types of Gifts

The policy of MCSF shall be to encourage gifts of any type and description that are consistent with its mission and charitable objectives. However, MCSF reserves the right to abstain from accepting any and all gifts that are not consistent with its mission or are too difficult or expensive to administer. Gifts that will be considered for acceptance include:

- Cash
- Tangible Personal Property
- Securities
- Real Estate
- Remainder Interests in Property
- Life Insurance
- Retirement Plan Beneficiary Designations
- Bequests
- Other Beneficiary Designations

B. Authority

The Executive Director, Board Members, and staff may accept any and all gifts, except for those listed in section "C." below, requiring Board of Director or Executive Committee approval. Unrestricted gifts of cash are acceptable in any form without prior approval. Checks shall be made payable to MCSF.

C. Gifts Requiring Board of Directors or Executive Committee Approval

The following gifts require approval by the Board of Directors or Executive Committee prior to acceptance by MCSF:

1. Tangible Personal Property

Requires Executive Committee approval if the gift requires ongoing costs to maintain; entails restrictions on the use, display, or sale; or is not readily marketable.

2. Marketable Securities

Unrestricted marketable securities may be accepted without prior approval and may be transferred to an account maintained by MCSF at one or more brokerage firms or delivered physically with the transferor's signature or stock power attached. All marketable securities shall normally be sold as soon as practical following receipt, unless otherwise directed by the Board of Directors. If the marketable securities are restricted by applicable securities laws, the Board of Directors shall make the final determination on the acceptance of the restricted securities.

3. Closely Held Securities

Closely-held securities, including debt and equity positions in non-publicly traded companies, interests in LLPs and LLCs, or other ownership forms, can be accepted subject to the approval of the Board of Directors. The Board of Directors shall review and decide whether to accept closely held securities based on the following factors:

- Restrictions on the security that would prevent MCSF from ultimately converting the securities to cash;
- The marketability of the securities; and
- Any undesirable consequences for MCSF from accepting the securities.

All closely held securities shall normally be sold as soon as practical following receipt, unless otherwise directed by the Board of Directors.

4. Real Estate

All gifts of real estate require Board of Director approval. The Board will consider evaluation of the usefulness of the property for MCSF's mission, marketability, physical condition, zoning restrictions, appraised value, appreciation potential, management responsibilities, related expenses, environmental issues, and risk.

Unencumbered real property will be accepted upon approval by the Board of Directors and must have at least one qualified appraisal. In most cases, a single appraisal paid for by the donor will be adequate. In some instances, MCSF may obtain a second appraisal paid for by MCSF to eliminate any question of conflict of interest.

When appropriate, a title binder shall be obtained by MCSF prior to the acceptance of the real property gift. The cost of this title binder shall generally be an expense of the donor.

Real property that is encumbered by debt shall not be accepted unless there are assets provided to service or retire the debt.

Before acceptance of real property as a gift, the donor must agree in writing on arrangement for paying expenses associated with the property such as taxes, assessments, appraisal fees, environmental evaluations, finder's fee, maintenance costs and insurance coverage. MCSF will not make advances for the payment of such expenses. The donor is responsible for these expenses prior to the acceptance of the property as a gift.

If not previously completed, an appropriate environmental analysis will be completed on any proposed gift of real property and related assets of the property in order to avoid potential liability for environmental cleanup and toxic and hazardous waste issues. In the event that the initial inspection reveals a potential problem, MCSF shall retain a qualified inspection firm to conduct an environmental audit. The cost of the environmental audit shall generally be an expense of the donor.

5. Remainder Interests in Property

MCSF will accept a remainder interest in a personal residence, farm, or vacation property subject to the provisions of Paragraph 4 above. The donor or other occupants may continue to occupy the real property for the duration of the stated life. At the death of the life tenant(s), MCSF may use the property or reduce it to cash. Expenses for maintenance, real estate taxes, and any property indebtedness shall be paid by the donor or primary beneficiary.

6. Life Insurance

Although paid-up policies may be accepted without Board of Director approval, the Board shall determine if the policy will be held, surrendered for cash value, or exchanged for another policy. MCSF must be named as both beneficiary and irrevocable owner of an insurance policy before it can be recorded as an outright gift. The gift shall be valued in accordance with GAAP rules.

Insurance policies that are not paid-up require Board of Director approval. If the donor contributes future premium payments, MCSF will include the entire amount of the additional premium payment as a gift in the year that it is made. If the donor does not elect to continue to make gifts to cover premium payments on the life insurance policy, the Board shall determine whether it will continue to pay the premiums, convert or exchange the policy, or surrender the policy for cash value.

D. Planned Giving Opportunities

MCSF may or may not be informed of its status as a beneficiary or remainderman with regard to bequests, beneficiary designations, or charitable trusts. If informed, MCSF will provide guidance and appropriate language to the donor and/or donor's counsel to assist in ensuring that the donor's intentions are fulfilled. Donors who notify MCSF of a planned gift will be included as members of MCSF's Legacy Society. MCSF offers the following planned giving opportunities:

1. Charitable Bequests

Donors are able to make bequests to MCSF under their wills and trusts. Charitable bequests may be unrestricted or restricted. Unrestricted bequests may be accepted without review by the Board of Directors while restricted bequests will require such review. Bequests will not be recorded as gifts to MCSF until such time as the gift is irrevocable.

2. Retirement Plan Beneficiary Designations

Donors are able to name MCSF as beneficiary or contingent beneficiary of their retirement plans. Such designations will not be recorded as gifts to MCSF until such time as the gift is irrevocable.

3. Life Insurance Beneficiary Designation

Donors are able to name MCSF as beneficiary or contingent beneficiary of their life insurance policies. Such designations shall not be recorded as gifts to MCSF until such time as the gift is irrevocable.

4. Charitable Remainder Trusts

MCSF may accept designations as remainder beneficiary of a charitable remainder trust. MCSF shall not accept appointment as trustee of a charitable remainder trust.

5. Charitable Lead Trusts

MCSF may accept designations as income beneficiary of a charitable lead trust. MCSF shall not accept an appointment as trustee of a charitable lead trust.

E. Restricted Gifts

MCSF will accept unrestricted gifts and gifts for specific programs and purposes, provided that such gifts are consistent with its stated mission, purposes, and priorities. MCSF will not accept gifts that are too restrictive in purpose, difficult to administer, or are incompatible with its mission. All final decisions on the restrictive nature of a gift and its acceptance or refusal shall be made by the Board of Directors or Executive Committee.

The following guidelines apply to restricted gifts to MCSF:

1. Restricted Gifts (Temporarily Restricted)

Subject to approval by the Executive Director or Executive Committee, MCSF will accept gifts restricted for a specific purpose or in support of a specific school or program of MCSF. Principal and income is available for expenditure on such gifts. MCSF reserves the right to decline any gift that is too restrictive in purpose or too difficult to administer.

MCSF may, at the option of the Executive Committee, impose a nominal one-time gift fee against restricted purpose gifts to offset the costs of gift administration. Any fee imposed shall be a small percentage of the restricted gift's value. Any such gift fee shall be clearly communicated to donors in all MCSF solicitations for a particular purpose.

In the event of an unsolicited restricted purpose gift, any such gift fee shall be clearly communicated to the donor prior to acceptance by MCSF of the restricted gift. Any fee schedule adopted by the Executive Committee shall be attached as an Appendix to this Gift Acceptance and Administration Policy.

2. Permanently Restricted Gifts (Endowments)

True endowment funds are resources with respect to which a donor has stipulated that the gift is to be maintained in perpetuity. A true endowment is to be invested for the purpose of producing present and future income

that may, also by donor stipulation, be expended or reinvested with the original gift. The principal or corpus of the true endowment must be maintained intact.

MCSF does not currently maintain any true endowment funds. Donors interested in establishing an endowment fund for the benefit of MCSF or Maryville City Schools should be referred to East Tennessee Foundation.

3. Quasi or Board-Established Endowments

MCSF maintains a quasi-endowment at the East Tennessee Foundation. These are unrestricted funds that the Board of Directors, rather than our donors, has determined are to be retained and managed like an endowment. Principal and income of these funds may be utilized at the discretion of the Board of Directors.

IV. GIFT ADMINISTRATION

A. Receipts

Gift receipts will be issued for all gifts within 30 days from the date received. Receipts will state the name of the donor, date received, restrictions if applicable, and a description of the gifted property. If the donor received something of value in exchange for the gift (quid pro quo), the receipt will state the value of the item received. Gifts of tangible personal property (including securities) shall not include a valuation of the asset, which is the responsibility of the donor.

B. Record Keeping

Gift records reflecting the name of the donor and details of the gift will be maintained in an electronic database. The Executive Director and/or others as they may designate are responsible for maintaining gift records.

C. Recognition

It is MCSF's intent to communicate appreciation of gifts whenever it is acceptable to the donor and appropriate. Recognition of gifts will be guided by MCSF's current Donor Recognition Program.

D. Special Procedures

1. Appraisals and Donor Reporting Requirements

Donors are required to file Form 8283 for gifts of tangible personal property if the aggregate reported value of the property exceeds \$5,000 (or in the case of non-publicly traded stock - \$10,000) and obtain qualified appraisals as may be required. Executive Director will be responsible for signing on behalf of MCSF on Form 8283 when presented for signature by the donor.

2. Donee Reporting Requirements

MCSF will be responsible for filing IRS Form 8282 within 125 days from the date of sale of any asset sold within three years of receipt by MCSF when the charitable deduction value of the item is more than \$5,000.

3. Security Liquidation

It is the policy of MCSF as a fiduciary to liquidate publicly traded securities as soon as possible after receipt to avoid unnecessary market fluctuation. Realized gains or losses on security sales shall be reported as such and do not have an effect on the amount credited to the donor's gift record.

4. Serving as Trustee

To avoid potential conflicts of interest, MCSF will not serve in a trustee capacity on trusts established by donors, in which MCSF has a beneficial or remainder interest.

THIS POLICY WAS APPROVED BY THE MCSF BOARD OF DIRECTORS ON
JUNE 16, 2016.

APPENDIX A

Donor Bill of Rights

Philanthropy is based on voluntary action for the common good. It is a tradition of giving and sharing that is primary to the quality of life. To assure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in the not-for-profit organizations and causes they are asked to support, MCSF declare that all donors have these rights:

1. To be informed of MCSF's mission, of the way it intends to use donated resources, and of its capacity to use donations effectively for intended purposes.
2. To be informed of the identity of those serving on MCSF's governing board, and to expect the board to exercise prudent judgment in its stewardship responsibilities.
3. To have access to MCSF's most recent financial statements.
4. To be assured that their gifts will be used for the purposes for which they were given.
5. To receive appropriate acknowledgment and recognition.
6. To be assured that information about their donations is handled with respect and with confidentiality to the extent provided by law.
7. To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature.
8. To be informed whether those seeking donations are volunteers, employees of the organization, or hired solicitors.
9. To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share.
10. To feel free to ask questions when making a donation and to receive prompt, truthful, and forthright answers.

Developed by the American Association of Fundraising Counsel (AAFRC), Association for Health Care Philanthropy (AHP), Council for Advancement and Support of Education (CASE), and Association of Financial Professionals (AFP).