

» Types of Assets

Donors may contribute any of the following assets to open a fund. Gift acceptance is subject to Foundation approval and must meet criteria as outlined below. The Foundation may request additional information (depending upon the asset proposed) prior to final acceptance.

» Cash

The Foundation accepts cash in the form of checks or credit cards for donations.

» Publicly Traded Securities

The Foundation will accept publicly traded stocks and bonds at fair market value as determined under IRS rules. Special attention will be given to gift transactions with unique tax considerations (e.g., restrictions on excess business holdings, restricted or controlled stock, and capital gains treatment of discounted bonds upon maturity).

» Mutual Funds

The Foundation will accept readily marketable mutual fund shares. Gift values are determined as of the date of gift pursuant to IRS rules.

» Business Interests

The Foundation may accept gifts of interests in businesses as follows:

- Non-publicly traded or closely held stocks: The Foundation may accept closely held stock if an acceptable means of converting the stock into liquid assets can be anticipated within a reasonable time. This may occur through redemption, liquidation, or other means.
- Subchapter S Corporation stock: The Foundation may accept S Corporation stock subject to certain restrictions as determined by the Foundation.
- Limited liability company interests: The Foundation will evaluate gifts of membership interests in limited liability companies (LLCs) on a case-by-case basis with particular attention paid to the company's line of business, investments, debt and financing structure. If income or distributions from LLC interests would create unrelated business income tax (UBIT), arrangements must be made to pay the UBIT from the donor's fund or other sources.
- General partnership interests: The Foundation does not accept gifts of general partnership interests due to potential unlimited liability.

- **Limited partnership interests:** The Foundation accepts gifts of limited partnership interests (publicly traded or closely held) depending on an assessment of any potential liability to the Foundation and the staff attention that may be required. The Foundation also will consider whether partnership income may be treated as unrelated business income subject to the UBIT. IRS rules regarding deductions for gifts of these interests require an appraisal by an expert in the field. If the limited partnership interest gift creates UBIT, the UBIT must be paid by the donor's fund or the donor must have made arrangements to pay the UBIT from other sources.

» **Procedures for Review of Business Interest Gifts**

In order to consider business interests, Foundation staff may request information regarding the asset to be contributed. The Foundation may request the following information from the donor or professional advisor:

- Description of the asset
- Intended use of the gift
- Appraisal of the asset's fair market value
- Any special arrangements regarding sale (e.g., price considerations, investment management, potential interested purchasers)
- Articles of incorporation, bylaws or shareholder agreements
- Estimated cash flow to the Foundation
- Donor's adjusted tax basis for the gift property
- A written explanation of the line of business and prospects for profitability
- Information about the potential market for the business interest
- Estimated period for disposition of the interest
- Prior-year tax returns to identify historical accounting income and cash flows
- Projected timing of distributions from the business entity

The Foundation generally will consider the value of the gift and ease of administration. In addition, the Foundation will consider:

- **Market value and marketability:** The Foundation will review a reasonably current appraisal of the fair market value of the asset, its potential income stream, capital gain and any other relevant financial information. IRS rules may require that a qualified appraisal of the property may be made not more than 60 days before the contribution of the property and not later than the due date of the tax return on which a deduction for the contribution is claimed. This appraisal must be filed in order for the donor to claim a charitable tax deduction. If the asset is disposed of within three years of the date of its contribution, IRS rules require the Foundation to file an information return.
- **Corporate or partnership governance:** The Foundation will consider information relating to the management of the business entity and the duties, background, experience, stability and other attributes of the entity's managers.
- **Debt:** In addition to normal business concerns regarding debt load, the Foundation also must consider the effect of debt to determine if the Foundation may be required to pay UBIT.
- **Existing and contingent liabilities/contracts:** The Foundation will review information about the nature of the business for the proposed gift so that the Foundation may consider whether there are any potential tax or other liabilities that it may incur.

- **Unrelated business income tax:** Certain assets, including mortgaged real estate and interests in S Corporations, limited partnerships, and limited liability companies can subject the Foundation to unrelated business income tax (UBIT). The Foundation may incur additional costs for accounting services to determine the amount of any UBIT and to report it to the IRS. The fund donor or supporting organization will be responsible for paying any UBIT and any administrative expenses associated with legal or accounting issues.
- **Rights and obligations of shareholders or partners:** The Foundation will review its rights and obligations as a partial owner of the business entity.
- **Material restrictions:** A gift of a business interest may not be subject to a “material restriction” as defined by IRS rules. Such restrictions guard against:
 - Selling the contributed assets
 - Granting oneself a right of first refusal to purchase the contributed property or assume leases affecting the property
 - Contractual obligations, pledges or other liabilities
 - Establishing irrevocable relationships for the maintenance or management of assets transferred to the Foundation

» Real Property

The Foundation refers all gifts of real property to Charitable Holdings II, a supporting organization of the Foundation, created specifically to hold real property.

- **Real property inquiry form:** Donors must complete Charitable Holdings II’s real property inquiry form (available from the Foundation) which outlines background information, conditions, restrictions, allowances, expenses and income from the property.
- **Appraisal:** IRS rules require that a qualified appraisal of the property be made not more than 60 days before the contribution of the property and not later than the due date of the tax return on which a deduction for the contribution is claimed.
- **Marketability:** Charitable Holdings II will pay particular attention to the property’s potential marketability, will request all relevant information regarding the property and may consult with other parties.
- **Environmental health:** The donor must bear the cost of an environmental audit to protect Charitable Holdings II from any potential liability for environmental conditions. A Phase I or comparable environmental analysis will be requested.
- **Property under contract:** To avoid being taxed on capital gain from property contributed to Charitable Holdings II, donors should be careful not to enter into any contracts to sell real estate prior to contributing the property to Charitable Holdings II.
- **Debt:** Charitable Holdings II will not ordinarily accept real property that is encumbered by mortgage indebtedness unless satisfactory arrangements can be made with regard to any UBIT that Charitable Holdings II may incur.