

## **GEORGE C. MARSHALL FOUNDATION GIFT ACCEPTANCE POLICIES**

The George C. Foundation (herein referred to as the “Foundation”), a nonprofit organization headquartered in Lexington, VA, encourages the solicitation and acceptance of gifts for purposes that will help further and fulfill its mission. The following policies and guidelines govern acceptance of gifts made to the Foundation to provide the maximum benefit to the organization and its donors.

### **I. Purpose of the Policies**

The purpose of this document is to set forth the criteria the Foundation and its Gift Acceptance Committee will use to determine whether a proposed gift is acceptable and to inform prospective donors and their advisors of the types of gifts the Foundation will accept. While these guidelines establish best practices, they also are designed to provide flexibility as directed by the Gift Acceptance Committee and to establish a formal process for evaluating potential gifts.

### **II. Guiding Principles**

All gifts to the Foundation will be evaluated within the following guiding principles:

- In accepting a gift, the Foundation accepts the responsibility to the donor to be good stewards of the gift, including providing the donor with appropriate gift acknowledgements and information about the use of the gift.
- Gifts for unrestricted, general purposes are strongly encouraged as they provide the most flexibility to the Foundation
- All costs associated with the acceptance of a particular gift will be thoroughly evaluated by the Gift Acceptance Committee prior to notifying the donor whether the proposed gift will be accepted. Should appraisals of the proposed gift be required, the donor will bear the costs of the appraisal.
- Restricted gifts must comply with the Foundation’s endowment policies prior to acceptance.

### **III. Use of Legal Counsel**

The Foundation will seek the advice of outside legal counsel as appropriate on matters relating to acceptance of gifts. Review by legal counsel is usually sought in connection with:

- Gifts other than cash and freely publicly traded securities including:
- Closely held and restricted stock transfers, which are subject to trading restrictions or buy-sell agreements
- Real estate and any interests in real estate
- Gifts of tangible personal property not readily usable as part of the Foundation’s operations
- Documents naming the Foundation as Trustee
- Gifts involving contracts, such as bargain sales or other documents requiring the Foundation to assume a legal obligation
- Gifts of patents and intellectual property
- Transactions with potential conflicts of interest or which may be subject to potential IRS

sanctions

- Other instances in which use of counsel is deemed appropriate by the Foundation's staff, Board of Trustees or Gift Acceptance Committee.

#### **IV. Communications with Donors**

The Foundation holds all communications with donors and 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 a prospective donor will be granted only if written permission is first obtained from the donor. Unless the donor objects, his or her donation may be publicly disclosed by the Foundation in its reports of donations.

#### **V. Donor Interests and Due Diligence**

The Foundation does not provide personal legal, financial or other professional advice to donors or prospective donors. Donors and prospective donors are strongly urged to seek the assistance of their own professional advisors in matters relating to their gifts and the resulting tax and estate planning consequences.

#### **VI. Restrictions on Gifts**

Unrestricted gifts and gifts for specific programs and purposes may be accepted, provided they are consistent with the Foundation's mission, purposes and priorities and meet the funding levels described in this Policy. The Foundation will not accept gifts which are inconsistent with its mission, purposes or priorities, are judged too difficult to administer, may violate the terms of the Foundation's governing documents or gift policies, or for other good cause.

#### **VII. The Gift Acceptance Committee of the George C. Marshall Foundation**

The Gift Acceptance Committee will review all prospective gifts to the Foundation identified in Article III and those gifts referred to it by the President or the Director of Development. The Gift Acceptance Committee shall consist of the following individuals: the Foundation's President, Chief Financial Officer, Development officer and Trustees appointed by the Chairman of the Foundation's Board of Trustees.

The Gift Acceptance Committee is responsible for regularly reporting its decisions to accept gifts to the Board of Trustees. The Gift Acceptance Committee is also responsible for reviewing these Policies at least annually to ensure that they remain consistent with applicable laws and conform to evolving best practices among nonprofit institutions..

#### **VIII. Types of Gifts**

- A. The following gifts may be considered for acceptance :
- Cash
  - Tangible personal property, including in-kind gifts
  - Real Estate
  - Securities
  - Remainder interests in property

- Life insurance
- Charitable gift annuities
- Charitable remainder and lead trusts
- Retirement Plan and Life Insurance owner and beneficiary designations
- Bequests

B. The following criteria apply to the acceptance of gifts in these categories.

1. Cash: Cash may be accepted in any negotiable form. Checks must be made payable to the George C. Marshall Foundation and may be mailed or hand delivered to the Foundation. Additional forms of cash acceptance include ACH, credit cards and wire transfers.
2. Tangible Personal Property: The Foundation will consider accepting tangible personal property gifts if the gift can either (a) be immediately sold for cash, (b) furthers the purpose of the Foundation by contributing to the Museum or Library, or (c) if it will generate revenue for the organization which exceeds the fair market value of the gift. Gifts of fine art or unique objects will be subject to additional approval by the Accessions and Collections Committee prior to approval by the Gift Acceptance Committee. The Gift Acceptance Committee will conduct a thorough review of any proposed gift of tangible personal property to further ensure it meets the mission of the Foundation, carries no undue restrictions regarding use, disposal, display or sale, and has no carrying costs.
3. Real Estate: The Foundation will consider real property gifts or interests therein with a market value of \$50,000.00 or more. Gifts of real estate may include developed property, undeveloped property and gifts subject to a prior life interest. Prior to acceptance of real estate, the Foundation will require an initial environmental assessment of the property by a licensed environmental engineer to ascertain that the property is free of any environmental issues. The prospective donor will bear the cost of the environmental audit and investigation, and all costs of the transfer including title insurance issued by a nationally recognized title insurance company for the benefit of the Foundation and any survey and other closing costs. In assessing the appropriateness of a real estate gift, the following procedures will be followed:
  - Assigned staff will visit the property to determine its appropriateness as a gift to the Foundation;
  - the President must approve the gift prior to referring the gift to the Gift Acceptance Committee for consideration.
  - An independent appraisal of the fair market value of the property will be obtained by the donor at his or her expense. The Foundation reserves the right to reject a gift if the appraisal appears to be inconsistent with the IRS regulations governing their use and professional standards.
  - No gift of real estate encumbered by a mortgage or lien will be accepted.
  - No gift of real estate will be accepted without good and marketable title. Any potential gift which has unpaid federal or state or local taxes, unpaid homeowner's association dues, or unrecorded rights of way or easements will not be accepted.
  - The Foundation will reserve the right to dispose of gifts of real estate.
4. Securities: The Foundation will accept both publicly traded securities (stocks, bonds, mutual funds, etc.) and closely held securities. Marketable securities will be transferred to

an account maintained by the Foundation at a brokerage firm. As a general rule, all marketable securities will be sold upon receipt unless otherwise directed by the Finance Director. In some cases marketable securities may be restricted by applicable securities laws; in such instance the final determination of the acceptance of the restricted securities shall be made by the Gift Acceptance Committee. Proposed gifts of closely held securities, which include not only debt and equity positions in non-publicly traded companies, but also interests in LLPs and LLCs or other ownership forms, will be reviewed by the Gift Acceptance Committee to determine their actual value, marketability and risks for unrelated business income tax (UBIT). If potential problems arise on initial review of the security, further review may be sought from outside professionals before making a decision whether to accept the gift.

5. Remainder Interests in Real Estate: The Foundation may accept a remainder interest in a personal residence, farm, or vacation property subject to the provisions of paragraph 3. The Foundation will reserve the right during the life term to monitor the condition of the property (including such reasonable inspections as may be appropriate) and remain in touch with the donor. At the death of the life tenants, the Foundation may sell the property. Where the Foundation receives a gift of a remainder interest, expenses for maintenance, real estate taxes, insurance (the Foundation will need to be named as an insured under the policy) and any property indebtedness will be paid by the donor or the primary beneficiary.
6. Life Insurance: The Foundation may accept gifts of certain types of life insurance, and all policies will be carefully reviewed by the Gift Acceptance Committee prior to acceptance. In general, policies which require a continued payment by the Foundation to keep the policy in force will not be accepted. Offers of a donation of cash contingent upon the Foundation taking out a life insurance policy on a named individual where the Foundation is named as the beneficiary and owner will be the preferred method of accepting life insurance gifts. For all gifts of life insurance the Foundation will be named as both beneficiary and irrevocable owner before the policy can be accepted or recorded as a gift.
7. Charitable Gift Annuities: A charitable gift annuity is a contract between the Foundation and a donor in which a donor makes a payment of cash or marketable securities to the Foundation and the Foundation agrees to pay the donor as an unsecured general legal obligation of the Foundation an “annuity” for the remainder of the donor’s life. The Foundation will accept gift annuities only when all of the following are satisfied:
  - The minimum funding amount is established by the Gift Acceptance Committee.
  - The minimum age will be set at no less than 65 for current charitable gift annuities and no less than 65 for the youngest annuitant at the time the annuity starts for deferred charitable gift annuities.
  - Both the annuitant and the Foundation have agreed to the total annual payment to be made and the frequency of payments, which will be made on a quarterly, semi-annual, or annual schedule.
  - Counsel is satisfied the issuance of the gift annuity will comply with all applicable laws and regulations
  - The rate the Foundation agrees to pay the donor will be based upon the rates established by the American Council on Gift Annuities as changed from time to time.
  - All fund received to establish the annuity will be invested as part of the Foundation’s endowment funds. Funds received from the gift annuity will not be available for general uses of the Foundation until the annuitants are deceased.

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In all circumstances the Foundation will make all final decisions regarding the investment of the charitable gift annuity.

8. Charitable Trusts: The Foundation will encourage its donors to name the organization as a remainder beneficiary of a charitable remainder trust (CRUTs or CRATS) or the lead beneficiary for a charitable lead trust (a CLT), and will work with its donors to structure such agreements. However, the Foundation will not serve as the sole trustee of a charitable remainder or lead trust and will instead encourage the donor to use a professional or other qualified fiduciary.
9. Retirement Plan and Life Insurance Beneficiary Designations: Donors and supporters of will be encouraged to name the Foundation as beneficiary of their retirement plans and life insurance policies. Such designations will not be recorded as gifts until such time as the gift becomes irrevocable. Donors who wish to name the Foundation will be encouraged to discuss the decision and seek advice from their own professional(s) to assure the proper beneficiary designations.
10. Endowed Funds: The Foundation maintains an endowment which consists of four major funds whose earnings are directed to the following programs/projects:
  - George C. Marshall Award
  - Frances McNulty Logan Lewis Lecture Series
  - Maintenance of the 100<sup>th</sup> Division Archives
  - Any restricted fund approved by the Board of Trustees with a minimum gift of \$100,000 for a named fund restricted in perpetuity as to its use. Such gifts shall be subject to a donor agreement executed by the Foundation and the Donor.

In compliance with the Virginia UPMIFA statute, the Foundation has adopted the following spending policies that govern its endowed funds:

“The Foundation employs a total-return, endowment spending policy that establishes the amount of endowment investment return that is available to support current needs and restricted purposes. This policy is designed to insulate program spending from capital market fluctuations and increase the amount of return that is reinvested in the corpus of the fund in order to enhance its long term value. The Board has approved a spending formula for the endowment at an annual spending rate of not more than 5.75% of the twelve-quarter trailing average endowment market value, with certain modifications. If cash yield (interest and dividends) is less than the spending rate, realized gains can be, but are not required to be, used to make up the deficiency. Any income in excess of the spending rate is to be reinvested in the endowment.”

Any individual who is considering a bequest to the Foundation will first be directed to the President to discuss the donor’s intentions and to obtain an overview of the structure of the endowment. The donor will receive in writing the Foundation’s endowment guidelines as well as a copy of the Virginia UPMIFA statute, and will be encouraged to seek advice from their own professional advisors. Upon notification of the intent by the donor to contribute to the endowment, the Gift Acceptance Committee will need to review and approve the proposal and prior to gift acceptance.