

**The Grandview Foundation
Planned Giving/Gift Acceptance Policy**

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The Grandview Foundation
Planned Giving/Gift Acceptance Policies

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**THE GRANDVIEW FOUNDATION
PLANNED GIVING/GIFT ACCEPTANCE POLICY**

I. Policy & Purpose

The purpose of the Grandview Foundation (GVF) Planned Giving/Gift Acceptance Policy is to ensure that the best interests of both the donors and the Grandview Foundation (GVF) are served by the observance of established procedures for conveying a gift. As the credibility and integrity of the Planned Giving Program will be reflected in all Foundation dealings with prospective donors, all parties authorized to negotiate Planned Giving contracts must adhere to these policies. Gifts may be solicited, accepted, processed, used, or acknowledged only in accordance with the following policy:

II. Departments Affected:

All Dayton Osteopathic Hospital and affiliated facilities (dba Kettering Health Dayton System or KHDS).

III. Policy Guidelines:

Definition of Gifts: Gifts shall be defined as funds, equipment, supplies, real estate, stocks, bonds, securities, personal property, planned gifts or services given to or for Grandview Medical Education, Kettering Health Washington Township (Southview Hospital), Kettering Health Dayton (Grandview Medical Center), Victor J. Cassano Sr. Health Center, or other constituent organizations of the Kettering Health Dayton System. All gifts must be received and recorded through GVF in accordance with its policies and procedures.

Solicitation:

1. The solicitation of all gifts shall be limited to persons authorized to solicit under Kettering Health Dayton System Administrative Policy AM-8.
2. Employees, faculty, and professional staff members of KHDS may receive such authorization only upon the recommendation of the Vice President of the Grandview Foundation. Any applications for contributions, donations, or solicitations for gifts must be submitted through the GVF office with the prior knowledge of the President/CEO and appropriate Vice President of KHDS.

Acceptance:

1. Gifts offered to KHDS may be received only through the GVF in accordance with institutional policy, appropriate state and federal tax regulations, and for purposes acceptable to the Kettering Health Dayton

System Board of Trustees under the guidelines established by the GVF Board of Trustees.

2. The donor or prospective donor must be informed that all gifts are subject to formal acceptance by the GVF Board of Trustees.
3. Questions of legality and ethics pertaining to any gifts and its acceptability shall be cleared by the Vice President of the GVF, the Chief Financial Officer, and legal counsel for KHDS.

Criteria:

1. **Cash:** Cash is acceptable in any form. Checks shall be made payable to The Grandview Foundation and shall be delivered to (405 Grand Avenue, Dayton, Ohio) in the Charity's administrative offices.
2. **Tangible Personal Property:** All other gifts of tangible personal property shall be examined in light of the following criteria:
 - a. Does the property fulfill the mission of the Charity?
 - b. Is the property marketable?
 - c. Are there any undue restrictions on the use, display, or sale of the property?
 - d. Are there any carrying costs for the property?

The final determination on the acceptance of other tangible property gifts shall be made by the Executive Committee of The Grandview Foundation.

3. **Securities:** The Charity can accept both publicly traded securities and closely held securities.

Publicly Traded Securities: Marketable securities may be transferred to an account maintained at one or more brokerage firms or delivered physically with the transferor's signature or stock power attached. As a general rule, all marketable securities shall be sold upon receipt unless otherwise directed by the Investment Committee. In some cases, marketable securities may be restricted by applicable securities laws; in such instance the final determination on the acceptance of the restricted securities shall be made by the Executive Committee of The Grandview Foundation.

Closely Held Securities: 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, can be accepted subject to the approval of the Gift Acceptance Committee of the Charity. However, gifts must be reviewed prior to acceptance to determine that:

- there are no restrictions on the security that would prevent The Grandview Foundation from ultimately converting those assets to cash,
- the security is marketable, and
- the security will not generate any undesirable tax consequences for the Charity.

If potential problems arise on initial review of the security, further review and recommendation by an outside professional may be sought before making a final decision on acceptance of the gift. The final determination on the acceptance of closely held securities shall be made by the Executive Committee of The Grandview Foundation and legal counsel when necessary. Every effort will be made to sell non-marketable securities as quickly as possible.

4. **Real Estate:** Gifts of real estate may include developed property, undeveloped property, or gifts subject to a prior life interest. Prior to acceptance of real estate, the Charity shall require an initial environmental review of the property to ensure that the property has no environmental damage. Environmental inspection forms are attached as an appendix to this document. In the event that the initial inspection reveals a potential problem, the Charity 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.

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

Prior to acceptance of the real property, the gift shall be approved by the Executive Committee of the Charity and by the Charity's legal counsel. Criteria for acceptance of the property shall include:

- Is the property useful for the purposes of the Charity?
- Is the property marketable?
- Are there any restrictions, reservations, easements, or other limitations associated with the property?
- Are there carrying costs, which may include insurance, property taxes, mortgages, or notes, etc., associated with the property?
- Does the environmental audit reflect that the property is not damaged?

5. **Remainder Interests In Property:** The Charity 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 donor, the Charity may use the property or reduce it to cash. When the Charity receives a gift of a remainder interest, expenses for maintenance, real estate taxes, and any property indebtedness are to be paid by the donor or primary beneficiary.

6. **Oil, Gas, and Mineral Interests:** The Charity may accept oil and gas property interests, when appropriate. Prior to acceptance of an oil and gas interest the gift shall be approved by the Executive Committee, and if necessary, by the Foundation's legal counsel. Criteria for acceptance of the property shall include:

- Gifts of surface rights should have a value of \$20,000 or greater.
- Gifts of oil, gas and mineral interests should generate at least \$3,000 per year in royalties or other income (as determined by the average of the three years prior to the gift).
- The property should not have extended liabilities or other considerations that make receipt of the gift inappropriate.
- A working interest is rarely accepted. A working interest may only be accepted where when there is a plan to minimize potential liability and tax consequences.
- The property should undergo an environmental review to ensure that the Charity has no current or potential exposure to environmental liability.

7. **Bargain Sales:** The Grandview Foundation will enter into a bargain sale arrangement in instances in which the bargain sale furthers the mission and purposes of the Charity. All bargain sales must be reviewed and recommended by the Executive Committee and approved by the GVF Board of Trustees. Factors used in determining the appropriateness of the transaction include:

- The Charity must obtain an independent appraisal substantiating the value of the property.
- If the Charity assumes debt with the property, the debt ratio must be less than 50% of the appraised market value.
- The Charity must determine that it will use the property, or that there is a market for sale of the property allowing sale within 12 months of receipt.
- The Charity must calculate the costs to safeguard, insure, and expense the property (including property tax, if applicable) during the holding period.

8. **Life Insurance:** The Grandview Foundation must be named as both beneficiary and irrevocable owner of an insurance policy before a life insurance policy can be recorded as a gift. The gift is valued at its

interpolated terminal reserve value, or cash surrender value, upon receipt. If the donor contributes future premium payments, the Charity 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 Charity may:

- continue to pay the premiums,
- convert the policy to paid up insurance, or
- surrender the policy for its current cash value.

9. **Charitable Gift Annuity**

1. Acceptable Life Income Arrangements are for one or two lives. Younger ages (e.g., below around 50 years of age) may be acceptable pursuant to a review and approval by the Executive Committee.
2. The minimum contribution amount is \$10,000 for an annuity contract. The minimum amounts are established with the Executive Committee and so may be subject to change from time to time.
3. Gifts may be of cash, marketable securities, real estate, or other tangible personal property. If the proposed gift involves real estate, it will be subject to review by the GVF Executive Committee.
4. Charitable gift portion of each gift annuity must exceed 10% of the amount contributed for the annuity (computation based on IRS Tables).
5. Annuity rates available to donors will be based on the current rates recommended for donors based on age by the American Council on Gift Annuities (ACGA) unless that rate would result in the gift portion of the annuity being valued under 10% of the amount transferred for the annuity. The rates paid on gift annuities will be subject to periodic review of the GVF Executive Committee, which has the authority to adjust the rate. Additionally, the interest rate can be changed from the ACGA standard by .5%, subject to GVF Vice President's approval.
6. After the termination of the last life interest, the remainder interest must pass entirely to the sponsored institution/foundation named as beneficiary. There must be a 25% minimum for GVF up to \$100,000 with a subsequent sliding scale to 10% at \$1,000,000. More specifically:
 - 22% minimum: \$100,001 to \$500,000
 - 20% minimum: \$500,001 to \$800,000

-- 15% minimum: \$800,001 to \$999,999

- 1) Income will be paid to the donor quarterly, unless otherwise agreed to. Income to the donor will be characterized as ordinary income, capital gains or tax-free income.
- 2) Donors must be provided with an illustration and a copy of the agreement to meet “full disclosure” requirements. Donor will be requested to sign an acknowledgement that they have reviewed and understood the arrangement, which includes GVF’s recommendation that the donor seek outside council from a financial advisor/lawyer.
- 3) Management expenses will be charged against the reserve account.

b. **Deferred Gift Annuities**

- 1) Deferred Gift Annuities will be subject to all limitations of size and acceptable property outlined under the preceding section on gift annuities, unless changes are authorized by the GVF Executive Committee.

c. **Charitable Remainder Unitrusts and Annuity Trusts**

- 1) Life Income Arrangements may be for one, two, or more lives. Initial funding of the trust must be of assets with fair market value of at least \$250,000. Real estate or assets other than cash or readily marketable securities may require greater asset value; i.e., a function of the expenses involved.
2. Where other charitable interests are to share the trusts remainder, the portion designated to the foundation must be a substantial part of the trust.
3. Once established, no additions may be made to a Charitable Remainder Annuity Trust. Additions may be made to a Charitable Remainder Unitrust.
3. Donor must select rate of return to be received back from the trust. That rate of return must be at least 5% [§IRS Reg. 1.664-2 (a) (i)].
5. Payments will be received from the trust quarterly, or as otherwise agreed to. An annual statement will be provided payment beneficiaries as to the nature of payments received (ordinary income, capital gains, other/tax-free income or tax-free return of principal).

6. Assets acceptable for funding include cash or equivalents, and marketable securities. Real estate will be considered for unitrusts but not annuity trusts. Gifts of stock under restriction and contracts of sale will be reviewed on a one-by-one basis by the GVF Executive Committee.
7. Each trust will be responsible for its own expenses.
8. Donors will be provided with a charitable trust illustration and the donor will be requested to sign an acknowledgement that they have reviewed same and that GVF recommended outside professional help.

2. **Special Planned Gift Arrangements**

The following special planned gift arrangements will be accepted for consideration by the GVF:

a. **Charitable Lead Trust**

- 1) Initial funding of Charitable Lead Trusts must be of assets with minimum fair market value of \$500,000.
- 2) Donor must select rate of return to be returned from the trust and the duration of the trust arrangement.
- 3) Assets acceptable for funding include cash or equivalents and marketable securities. (All other assets for consideration will be pursuant to the GVF Executive Committee review.)
- 4) The Foundation Trustee will serve without compensation. The Foundation Trustee may employ a managing trustee for investment management and administrative duties. The trust will be responsible for its own expenses. As appropriate, the Foundation Trustee may defray expenses associated with the Management of charitable trusts.

3. **Wills/Bequests:**

Bequests under will are common planned gift arrangements. In working with donors who desire to name a sponsored institution/foundation in their will, the foundation representative, to avoid conflict of interest and assure legal sufficiency of the will, should:

- 1) Encourage the donor to have the will prepared by the donor's attorney.

- 2) Decline to prepare the donor's will or to pay for its preparation by an attorney and
- 3) Decline to be named personal representative for the donor.
- 4) Decline to act as a witness for the donor (as it might invalidate bequest).
- 5) Any gift must be subject to acceptance by the GVF.

Administration:

1. The wishes of the donor shall be honored in accordance with the terms of acceptance of a gift. In the absence of specified recorded instructions, it shall be the prerogative of the GVF Board of Trustees to designate the use of gifts. Generally, these designations will be expected to respond to the needs and priorities of KHDS, as interpreted by the President/CEO or appropriate vice presidents.
2. No other person or group shall undertake or agree to undertake the administration of any gift or the management, disposition, or expenditure of any fund provided, to be used for the benefit of KHDS without the approval of the GVF Board of Trustees and its Chief Financial Officer.
3. Funds offered as gifts to the KHDC cannot be obligated or expenditures incurred until these gifts have been formally accepted by the GVF Board of Trustees.

Processing:

1. Government grants (federal, state, county, or city) except those applied for by the GVF shall be processed through the GVF office in coordination with KH Finance.
2. Any gifts other than grants shall be processed through the GVF office. The Foundation shall:
 - a. Transmit an official receipt for the gift under existing law.
 - b. Record the gift in donor software management system.
 - c. Acknowledge the gift or see to its acknowledgement by the appropriate officer of the KHDS.

Recognition:

1. Special certificates, plaques, or awards may be used to recognize especially significant contributions. The occasion and manner of such

special acknowledgement shall be determined by the Vice President of the GVF in collaboration with the appropriate administrative officers or trustees of the KHDS.

2. News stories about a gift shall be issued by Kettering Health Marketing and Communications Office subject to its inherent general interest and the willingness of the donor. All public relations activities related to gifts must be approved by the Vice President of the GVF.
3. Gifts from donors wishing to remain anonymous will be handled the same as any other gift, but the mutual understanding that no public announcement regarding the donor will be made.
4. No acknowledgement of recognition of a gift shall be made until it has actually been received and reported on a Tender of Gift form.

IV. Guidelines for Planned Gifts Offered by the Grandview Foundation:

A. Trusteeship

The Foundation may elect to use the services of an agent to perform investment management, tax compliance, reporting and other trustee duties. Costs for such services will be borne directly by the individual trusts or life income arrangements as negotiated between the Grandview Foundation and the managing agent. Some program costs may be borne directly by the Grandview Foundation, which will not charge a fee for its services.

Where a managing agent has been selected to provide investment management and other services for the Grandview Foundation, the overall service relationships will be reviewed on a regular basis to determine whether to continue with that service provider or to consider alternative providers.

B. The Use of Counsel of Professional Advisors

All prospective donors shall be advised to seek the counsel of their professional advisors in any and all aspects of their proposed gift whether by bequest, trust agreement, contract or other. Especially, they shall be advised to consult their professional advisors on matters related to the tax implications of a gift and matters related to estate planning. Any tax calculations provided the prospective donor by the Grandview Foundation working directly with the prospective donor, shall be provided only as an illustration of the tax benefits to be generated by the gift. The donor will be requested to sign an acknowledgement that the GVF recommended that they seek outside professional help.

C. Fees

In those situations where professional trust management is provided by a corporate fiduciary, each trust will be responsible for its own expenses. The Grandview Foundation will itself charge no fees for its service.

D. Authorization to Negotiate

The Vice President or other such authorized individuals for the GVF, if appropriate, will have authority to negotiate life income contract terms, bargain sales, and other planned gift arrangements with the prospective donor.

E. Donors Interests are Primary

The task of all organizational personnel, both board members and staff, is to inform, serve, guide or otherwise assist the donor in fulfilling his or her philanthropic wishes but never, under any circumstances, to unduly persuade.

In keeping with this policy, all staff members of this organization employed to administer or promote planned gifts shall be paid a salary or hourly wages but shall not receive commission which might give such personnel a personal interest in any agreement.

F. Confidential Information

All information concerning donors or prospective donors including their names, the names of their beneficiaries, the amounts of gifts, size of estates, etc., shall be kept strictly confidential by this organization and its authorized personnel unless permission is obtained from the donor to release such information.

G. No Fees to be Paid

No “finders fees” or other fees will be paid to any financial planner or other financial consultant for the referral of a gift to any sponsored foundation of the Grandview Foundation.

VII. *Miscellaneous Provisions*

- A. **Securing appraisals and legal fees for gifts to the Charity:** It will be the responsibility of the donor to secure an appraisal (where required) and independent legal counsel for all gifts made to the Charity.
- B. **Valuation of gifts for development purposes:** The Charity will record a gift received by the Charity at its valuation for gift purposes on the date of gift.

- C. **Responsibility for IRS Filings upon sale of gift items:** The Gift Acceptance Committee of the Charity are responsible for filing IRS Form 8282 upon the sale or disposition of any asset sold within two years of receipt by the Charity when the charitable deduction value of the item is more than \$5,000. The Charity must file this form within 125 days of the date of sale or disposition of the asset. Form 8282 with Filing Instructions is attached as an appendix to these policies.

- D. Acknowledgement of all gifts made to the Charity and compliance with the current IRS requirements in acknowledgement of such gifts shall be the responsibility of the Board of the Charity. IRS Publication 561 *Determining the Value of Donated Property* and IRS Publication 526 *Charitable Contributions* are attached to these policies as an Appendix.

VIII. Changes to Gift Acceptance Policies

These policies and guidelines have been reviewed and accepted by the Executive Committee of The Grandview Foundation. The Executive Committee of The Grandview Foundation must approve any changes to or deviations from these policies.

Revised on the ____ day of _____, 2022.

Chairman, Board of Directors
The Grandview Foundation

ATTACHMENTS

- I. Model Standards of Practice of the Charitable Gift Planner**
- II. Environmental Review Forms**
- III. IRS form 8282 and Instructions**
- IV. IRS Publication 561 Determining the Value of Donated Property**
- V. IRS Publication 526 Charitable Contributions**