

CHANCO ON THE JAMES
POLICIES
regarding
GIFTS

Executive Summary

The Policies' statement lists each category of gifts and concludes whether Chanco on the James may or may not accept such gift. With the exception of a couple of categories, the overall theme of the Policies is that Chanco on the James may accept a gift, but is not required to accept any gift or any condition with respect to a gift.

The Policies' statement also lists what programs Chanco on the James is willing to establish and/or administer. For example, Chanco on the James will neither establish nor administer a revocable charitable trust, but may establish and/or administer a charitable remainder trust.

Attached to the Policies statement is the Procedures Guidelines. The Board is not being requested to approve these Procedures since the Procedures merely reflect how each gift is to be handled if such gift is accepted.

In addition to each category of gifts, the Procedures set forth the requirements for any gifts of real estate. The Procedures require a package be prepared and provided to the Board for review. The Board must specifically approve any gift of real estate before Chanco on the James may accept a gift of real estate.

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I. INTRODUCTION

This statement sets forth Chanco on the James' policies regarding solicited and unsolicited gifts. These policies will become effective once this statement is approved by Chanco on the James' Board of Trustees.

II. GENERAL POLICY

Subject to the policies set forth in this statement, Chanco on the James may encourage, solicit and accept contributions of cash, personal property and real property.

III. TYPES of GIFTS

A. Cash and Personal Property

1. Chanco on the James may accept any gifts of cash or checks, regardless of the amount.
2. Chanco on the James may accept securities traded on the New York Stock Exchange or other stock exchanges and any marketable securities. Chanco on the James will not accept closely-held, non-publicly traded stock.
3. Chanco on the James may accept personal property, provided that the personal property may be immediately sold or alternatively, can be used by Chanco on the James.

B. Transfers on Death (Bequests, Payable on Death accounts and IRAs)

1. Chanco on the James may accept being named as a beneficiary in an individual's will or a testamentary trust. To avoid a conflict of interest, procedures to be implemented by Chanco on the James should be followed if Chanco on the James is informed that a testator intends to name Chanco on the James in his/ her will or testamentary trust and requests assistance in preparing the will or trust.
2. Chanco on the James may accept being named as a beneficiary of a "payable on death" account.
3. Chanco on the James may accept being named as a beneficiary of an individual's retirement plan (e.g., a section 401(a) plan, a section 403(b) plan, an Individual Retirement Account).

C. Life Insurance

1. Chanco on the James will not accept a gift of a term life insurance policy, unless the Board of Trustee's Finance Committee recommends otherwise and such recommendation is approved by the Board of Trustees.
2. Chanco on the James may accept a gift of a whole life insurance policy, provided that there is a cash surrender value and provided that, in its sole discretion, Chanco on the James may surrender the policy for the cash surrender value.

D. Annuities

Chanco on the James may accept being named as an income beneficiary of an annuity.

Pursuant to a donor's request and subject to certain requirements set out in the Procedures Guidelines, Chanco on the James may establish and administer a charitable gift annuity. A charitable gift annuity is an annuity which provides that the individual purchasing the annuity will receive annuity payments for a fixed term or for life and on the beneficiary's death, the principal is paid to Chanco on the James.

E. Trusts

Subject to the following, Chanco on the James may accept being named the beneficiary of a trust and in limited circumstances, may assist in the creation and/ or administering the trust.

The following provides the policies on certain forms of trusts:

1. **Revocable Charitable Trusts.** Chanco on the James may accept being named the beneficiary of a revocable charitable trust. A Revocable Charitable Trust is a trust that is revocable by the donor; the income is paid to the donor or to the donor's designated beneficiary during the trust's term; the trust's term is for the donor's life or a stated period. The property is distributed to Chanco on the James at the end of the trust's term.

Chanco on the James will neither establish nor administer a revocable charitable trust.

2. **Charitable Remainder Trusts.** Chanco on the James may accept being named the beneficiary of a charitable remainder trust.

Chanco on the James may establish and administer a charitable remainder trust and subject to certain requirements set out in the Procedures Guidelines, Chanco on the James may offer such plans to potential donors.

A charitable remainder trust is a trust that makes annual payments to a non-charitable recipient for a term of years or for the recipient's life, and at the end of such period, the remaining property in the trust is distributed to Chanco on the James. There are two types of charitable remainder trusts: a charitable remainder annuity trust and a charitable remainder unitrust.

- a. **Charitable Remainder Annuity Trust ("CRAT").** A CRAT is a trust that gives one or more persons the right to receive fixed annual payments for a term of years or for life. Whatever remains in the CRAT at the end of the term of years or at the death of the last annuity beneficiary becomes the property of the remainderman. The fixed annual payment (i.e., annuity) payable to the annuity beneficiary or beneficiaries is calculated by multiplying a fixed annuity percentage (established in the CRAT document) times the initial fair market value of the property transferred to the CRAT.

- b. **Charitable Remainder Unitrusts ("CRUT").** A CRUT is similar to a CRAT, except that the annual payments are a percentage of the fair market value of the property determined annually.

3. **Charitable Income or "Lead" Trust.** Chanco on the James may accept being named the beneficiary of a charitable income trust. A Charitable Income or Lead Trust is a trust that is irrevocable for a term of years, with the income being paid to Chanco on the James during the term. The property then reverts to the grantor or his designated beneficiaries at the end of the term.

If Chanco on the James is requested to administer the trust, the trust must be funded with assets with a fair market value of at least \$250,000.

4. **Pooled Income Fund.** Chanco on the James may accept being named the beneficiary of a pooled income fund. A Pooled Income Fund is a trust funded by a number of donors, each retaining for life the income from the trust. Each donor is paid a pro rata share of the trust earnings. Each donor's portion of the principal becomes the property of Chanco on the James at the death of the donor.

F. Real Estate

Subject to the prior approval of the Board of Trustees, Chanco on the James will accept a gift of real estate, either in fee simple or as a remainder interest.

All gifts of real estate (e.g., a personal residence, vacation property, farm, etc.) must comply with the Procedures Guidelines.

G. Endowments

Chanco on the James may accept being named as the beneficiary of an endowment, whether incorporated or in trust.

IV. CHANCO ON THE JAMES' RESPONSIBILITY

In soliciting and accepting gifts, Chanco on the James recognizes its obligations to fulfill its mission and its fiduciary obligations toward donors. Accordingly, Chanco on the James (including its Board members, officers, employees and volunteers) shall adhere to the following principles:

A. Conflict of Interest

In all matters that may arise with respect to gifts involving donors or prospective donors, the interests and concerns of the donor shall be paramount to those of Chanco on the James.

B. Legal Counsel

1. Chanco on the James may seek the advice of legal counsel in all matters pertaining to gifts and may decline to execute any agreements with donors or other third parties without first obtaining the advice of its attorney.
2. Chanco on the James may not accept a gift with a principal value exceeding \$250,000, or a gift of the donor's principal residence, without confirmation that the donor has been

represented by counsel with respect to the gift or has expressly waived such representation in writing.

3. If Chanco on the James is requested by a donor to prepare a trust or other gift documents, Chanco on the James's attorney may draft those documents only to the extent permitted by the Rules of Professional Conduct governing attorneys admitted to practice in the Commonwealth of Virginia.

C. Confidential Information

At the time any gift is made, the donor will be asked whether he or she wishes to be recognized and how, or whether the donor wants to be anonymous. If the donor wishes to be anonymous, all information concerning the gift (except the amount) shall be kept in strictest confidence, and no public announcement will be released without written permission from the donor or income beneficiary.

D. Investments

The investment of assets donated to Chanco on the James and held directly by Chanco on the James or held in trust for the ultimate benefit of Chanco on the James by Chanco on the James, or its agent, as Trustee, shall be made as set forth in Chanco on the James's Investment Guidelines.

E. Trustees

A member of the Board of Trustees or an officer or employee of Chanco on the James may serve as trustee of any trust established for the purpose of benefiting Chanco on the James.

When any officer or employee of Chanco on the James serves as a trustee of any gift arrangement for the benefit of Chanco on the James, such officer or employee shall not be paid nor may such officer or employee accept remuneration (other than regular salary or fees as an employee or contractor of Chanco on the James), either directly or indirectly, in cash or in kind, for the performance of such services.

F. Procedures Guidelines

Chanco on the James, acting through its President, will prepare and implement "procedures guidelines" to implement the Policies set forth in this statement. Such "procedures guidelines" may be amended, restated and/ or revised as the President feels is appropriate.

G. Gifts with Conditions

If a donor designates a gift for a specific purpose, fund or project, other than one of the established endowment funds, such gift must be approved by Chanco on the James' President prior to the gift being accepted.

If a gift is subject to any condition other than for an endowment purpose, Chanco on the James, solely in Chanco on the James's President's discretion, may decline accepting such gift.

Generally, if a gift is subject to a condition that the gift be used for a specific purpose which is included in Chanco on the James current operations, or if the gift is subject to a condition that the funds be used for an established endowment purpose, such condition will be accepted.

Chanco on the James' President may seek advice of the Board of Trustees with respect to any conditions being proposed by the donor.

H. Exceptions

When appropriate, Chanco on the James' Board of Trustees may approve an exception to the policies set forth in this statement.

V. PAYMENTS OF FEES

Fees and expenses connected with a charitable gift generally should be borne by the donor. However, in certain situations, Chanco on the James may consider paying some or all of these expenses.

A. Finders Fees

Chanco on the James will not pay a finder's fee for gifts.

B. Donor's Legal Fees

Chanco on the James will not agree to pay the legal fees of the donor. However, in unusual circumstances (e.g., where a donor's assets are not liquid), Chanco on the James may consider paying the reasonable fees of donor's counsel for drafting or reviewing documents. Chanco on the James' President may approve payment of such fees in amounts not exceeding \$2,500. Payment of fees in excess of that amount requires the approval of Chanco on the James' Board of Trustees.

C. Appraisal Fees

Chanco on the James does not pay appraisal fees relating to gifts from a donor. However, Chanco on the James may consider paying reasonable fees for the appraisal of property used to fund gifts if by doing so, it is in Chanco on the James' best interests.

D. Broker of Record

If a gift is proposed to Chanco on the James by a licensed real estate or securities broker, and if so requested, Chanco on the James may name that broker as broker of record with respect to the assets used to fund the trust.

VI. ADMINISTRATIVE MATTERS

To ensure that gifts are properly received and acknowledged, the following procedures should be followed.

1. Anyone desiring to make a gift of cash or property to Chanco on the James, or an endowment fund for Chanco on the James's benefit, is to make it directly through Chanco on the James' President or his/ her designated representative.
2. Donations of personal property must be inspected by Chanco on the James' President or his/ her designated representative and deemed appropriate for use by Chanco on the James or determined that such property can be readily sold.
3. All agreements relating to gifts and requiring Chanco on the James' approval shall be executed and acknowledged by Chanco on the James' President.
4. The President of Chanco on the James and Chanco on the James' Board of Trustees will be advised of any request by a proposed donor to receive special recognition (e.g., naming a building or a fund in his honor) in respect of the gift. Acceptance of the gift must be contingent on the approval of such recognition by Chanco on the James' Board of Trustees.
5. All accepted gifts will be acknowledged in writing by Chanco on the James' President in accordance with Internal Revenue Code section 170(f)(8).
6. Information regarding required charity registration in the Commonwealth of Virginia will be maintained and coordinated through Chanco on the James' President. Copies of pertinent documents will remain in Chanco on the James' Business Office at P.O. Box 378, Surry, Virginia 23883. Donors requesting information about Chanco on the James' charitable registration should be told to contact the Business Office.

Approved: _____ 2005
by the Board of Trustees