

LCIF OPERATIONS AND POLICY MANUAL – EXHIBIT B

LCIF GIFT ACCEPTANCE GUIDELINES

I. INTRODUCTION

In order to protect the interests of Lions Clubs International Foundation (“LCIF” or “the Foundation”), a 501(c)(3) not-for-profit organization incorporated under the laws of the State of Illinois, Gift Acceptance Guidelines (“guidelines”) are designed to assure that all gifts to, or for the use of, LCIF are structured in ways that help LCIF to further its mission to empower volunteers to serve their communities, meet humanitarian needs, encourage peace, and promote international understanding through Lions clubs. Please contact LCIF at (630) 468-6901 or at lcif@lionsclubs.org if you have any questions or if you wish to discuss any aspect of these guidelines.

The Gift Acceptance Guidelines will become part of the LCIF Operations and Policy Manual.

This document will focus on both current and deferred gifts, with special emphasis on various types of deferred gifts and gifts funded with property of other than cash.

The goal of these guidelines is to encourage funding of LCIF without encumbering the organization with gifts that may prove to generate unacceptable costs, or that are restricted in a way which is not in keeping with the mission of LCIF.

Prior to the acceptance of any gift by LCIF, appropriate inquiry shall be made and special consideration shall be given to the nature of the gift and whether it is in keeping with the mission of LCIF. The LCI Executive Administrator and LCIF Executive Administrator shall have the authority for the day-to-day management of gift acceptance.

A. Gift Definition. For the purpose of these guidelines, a gift is:

1. Gratuitous
2. Voluntary
3. Transfer of cash or property
4. From individual(s) or organization(s) to LCIF.

A gift must have all of these qualities before it may be properly recorded as a contribution in the donation records of LCIF.

B. Use of Legal Counsel. LCIF shall seek the advice of legal counsel in matters relating to acceptance of gifts when appropriate. Review by counsel is recommended for:

- Closely held stock transfers subject to restrictions or buy-sell agreements.
- Documents naming LCIF as Trustee.
- Gifts involving contracts, such as bargain sales, or other documents requiring LCIF to assume an obligation.
- Transactions with a potential conflict of interest.

- Other instances in which use of counsel is deemed appropriate by the gift acceptance committee.
- C. Conflict of Interest. LCIF will urge all prospective donors to seek the assistance of independent personal legal and financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences. LCIF and its employees and agents are prohibited from advising donors about the tax consequences of their donations. Gifts are also subject to the provisions of other LCIF policies, including adopted Conflict of Interest policies. LCIF makes every effort to ensure accepted gifts are in the best interests of the organization and the donor.
- D. Gift Acceptance Committee. To optimize funding from individuals and other entities, LCIF must be capable of responding quickly, and in the affirmative where possible and consistent with these guidelines, to all gifts offered by prospective donors. It is understood that in implementing these guidelines, flexibility must be maintained and in some cases decisions can only be made after careful consideration of a number of factors.

In the case of a number of the types of gifts described herein, it shall be necessary that there be a determination of acceptance of a gift by a gift acceptance committee (“committee”). The LCIF gift acceptance committee shall be comprised of the following individuals:

- The LCIF Board of Trustees Chairperson
- The LCIF Board of Trustees Vice Chairperson
- The LCIF Board of Trustees Secretary
- The LCI Executive Administrator
- The LCIF Executive Administrator

The gift acceptance committee is charged with the responsibility of reviewing all gifts proposed to be made to LCIF, properly screening, accepting or rejecting those gifts, and making recommendations to the board on gift acceptance issues when appropriate. The committee may act on decisions via telephone, electronic mail, fax or other acceptable means. Decisions of the committee shall be by majority vote. Decisions of the committee shall be recorded in writing, including the reasoning behind any dissenting votes. The committee will conduct business on an “as needed” basis.

II. OUTRIGHT GIFTS

A. Cash

Cash refers to cash equivalents, including checks, money orders, currency, and credit card payments.

1. Gifts in the form of cash shall be accepted, without need for approval of the gift acceptance committee, regardless of amount, unless, as in the case of all gifts, LCIF is aware of facts creating a reasonable doubt as to the authority and competence of the donor or signatories on checks, if applicable, to legally transfer the funds as a gift to LCIF, or other concerns consistent with these guidelines.

2. All checks must be made payable to LCIF and shall in no event be made payable to an employee, agent, or volunteer for the credit of LCIF.
 3. Funds may be transferred electronically to LCIF. Donors should consult a representative of their financial institution to make contributions via electronic transfer. Donors should also notify the Foundation when such transfers are initiated, in order to ensure that proper electronic transfer information, appropriate and timely gift acknowledgment, and correct gift credit are given.
- B. Publicly Traded Securities
1. Securities which are traded on the New York or American Stock Exchanges, NASDAQ, or other publicly traded and readily marketable securities may be accepted by LCIF. It may be anticipated that such securities will be immediately sold by LCIF. In no event shall an employee or volunteer working on behalf of LCIF commit to a donor that a particular security will be held by LCIF unless authorized to do so by the gift acceptance committee.
- C. Closely Held Securities
1. Closely held securities, which include not only debt and equity positions in non-publicly traded companies but also interests in limited partnerships and limited liability companies, or other ownership forms, can be accepted. Such gifts must be reviewed prior to acceptance to determine that there are no restrictions on the security that would prevent LCIF from ultimately converting it to cash; to analyze whether the security is marketable; and to verify that the security will not generate any undesirable tax consequences for LCIF. Closely held securities may only be accepted and subsequently converted into cash after approval of the gift acceptance committee.
 2. No legally binding commitments shall be made by LCIF prior to the completion of a gift of securities for the repurchase of such securities by the issuer of the securities or either by the donor or persons or entities related to the donor.
- D. Real Property
1. No gift of real estate shall be accepted without prior approval of the gift acceptance committee of LCIF.
 2. No gift of real estate shall be accepted without first being furnished with:
 - a. an appraisal satisfactory to the gift acceptance committee by a party approved by LCIF who shall have no business or other relationship to the donor, which would disqualify such party from being a qualified appraiser under IRS regulations and
 - b. a Phase I environmental report or other evidence satisfactory to the gift acceptance committee that there are not likely to be risks of hazardous waste or materials being on or dangerously near the property.
 3. In general, residential real estate will not be accepted as a gift unless its value appears to be within an acceptable proximity of the median value of property in the market in which it is located and there is reason to believe it is readily marketable. The gift acceptance committee may make exceptions to this policy if conditions warrant.
 4. No commercial real estate shall be accepted by anyone on behalf of LCIF without prior approval of the gift acceptance committee.

5. Upon review and approval by the gift acceptance committee, the foundation may accept ownership of outright gifts of real estate with a minimum appraised value of US\$25,000 when undeveloped and US\$100,000 when developed. In accordance with these guidelines, the foundation will liquidate such gifts as soon as possible after receipt.

The gift acceptance committee will meet as needed to review all potential gifts of real estate. To be considered acceptable, potential gifts of real estate should meet the following criteria:

- They should be of sufficient value so that the foundation will ultimately realize significant benefit from the gift, considering legal, administrative, and other costs likely to be incurred by the Foundation in accepting the real estate
- They should be readily marketable at or close to the appraised value
- They should be able to be liquidated based on current market conditions.
- They should be free from any liens, loans, mortgages, or other special conditions that would cause the foundation to incur significant potential additional expense, risk, or liability, or that would restrict the foundation's ability to use the property in any manner it determines best for furthering the purposes of the foundation, or that would place undue burdens on the foundation in maintaining the gift prior to sale.

Proper documentation must be provided to the foundation before a gift of real estate may be considered. The foundation requires the following information in order to consider acceptance of a gift of real estate:

- A title insurance commitment showing marketable title in the donor's name, free and clear of unacceptable encumbrances, issued by a title insurance company deemed acceptable by the foundation
- A qualified appraisal
- A phase one environmental audit by a qualified engineer indicating that ownership will not expose the Foundation to environmental liabilities
- A market feasibility study for the property
- An American Land Title Association survey of the property by a registered land surveyor, or equivalent if outside the U.S.
- Evidence of compliance with the Americans with Disabilities Act
- A structural engineering report (when applicable)
- A review of any leases and corresponding documents, including but not limited to proof of tenant's insurance
- A disclosure statement for residential property (when applicable), including any mineral, oil, or gas rights

It is the responsibility of the donor to pay all costs incurred in transfer of the property, including the cost of complying with any of the Foundation's requirements outlined above. Real estate shall not generally be accepted to fund a charitable gift annuity. Before acceptance of real estate to fund a gift annuity a legal opinion shall be obtained as to the permissibility of this action under the

laws of the state or states involved and there shall be unanimous approval by the gift acceptance committee. Special attention shall be given to the receipt of real estate encumbered by a mortgage, as the ownership of such property may give rise to unrelated business income for LCIF, and disqualification of certain split interest gifts unless handled in a proper manner.

E. Tangible Personal Property

No gift of tangible personal property shall be accepted without prior approval of the gift acceptance committee of LCIF. No tangible personal property will be accepted without an appraisal satisfactory to the gift acceptance committee by a party approved by LCIF who shall have no business or other relationship to the donor, which would disqualify such party from being a qualified appraiser under IRS regulations.

1. Jewelry, artwork, collections, and other personal property will not generally be accepted unless the employee, agent, or volunteer working on behalf of LCIF shall have reason to believe the property has a per item value, or by grouping value where the items are inherently part of a group, approximating \$5,000 or the current appraisal thresholds established by IRS regulation. Such property can only be accepted by the gift acceptance committee or such other person or persons authorized to do so by the gift acceptance committee.
2. No personal property shall be accepted by LCIF unless there is reason to believe the property can be quickly disposed of by auction or sale to a wholesale or retail dealer. No personal property shall be accepted that obligates LCIF to ownership of it in perpetuity. No perishable property or property which will require special facilities or security to properly safeguard will be accepted without prior approval of the gift acceptance committee.
3. Only the gift acceptance committee or persons authorized by the gift acceptance committee to do so may represent to a donor that property will or will not be held by LCIF for a specific period of time or for purposes related to its tax-exempt status. Donors should be notified at the time of receipt of a gift that LCIF will, as a matter of corporate policy, cooperate fully in all matters related to IRS regulation of non-cash charitable gifts.

F. Oil, Gas, and Mineral Interests

Because the foundation's headquarters is not located in an active mineral-interest state, and these interests are generally difficult to sell and unpredictable in income generation, the foundation may accept oil and gas property interests only upon approval by the gift acceptance committee. Criteria for acceptance of proposed gifts of oil, gas, and mineral interests include the following:

- Gifts of surface rights must have a minimum value of US\$25,000
- Gifts of oil, gas, and mineral interests must generate at least US\$3,000 per year in royalties or other income (as determined by the average of the three years preceding the gift)
- The property must not have extended liabilities or other considerations that make receipt of the gift inappropriate (the Foundation may consult a professional adviser for further review)
- The donor must provide an environmental review to ensure that the Foundation has no current or potential exposure to environmental liability

G. Timeshare Units

Because of the limited value and market, and inherent expenses associated with timeshare units, the Foundation will not consider a gift of this nature unless it has an estimated fair market value of US\$100,000 or more. The foundation may accept gifts of timeshare units of this value only upon approval by the gift acceptance committee. Donors who intend to gift a timeshare unit to the Foundation must make their gift proposal in writing. The proposal must include a description of the gift.

H. Other Property

Other property of any description including mortgages, notes which are not publicly traded, copyrights, royalties, easements, whether real or personal, shall only be accepted by action of the gift acceptance committee or, pursuant to further guidelines that may hereinafter be adopted, by persons duly acting on its behalf.

III. DEFERRED GIFTS

A. Bequests

1. Gifts through wills, living trusts, and other will substitutes shall be actively encouraged by LCIF.
2. In the event of inquiry by a prospective bequest donor, representations as to the future acceptability of property proposed to be left to LCIF in a will or through any other deferred gift arrangement shall only be made in accordance with the terms and provisions of Section II (~~A-G~~) of these guidelines.
3. Gifts from the estates of deceased donors consisting of property which is not acceptable shall be rejected only by action of the gift acceptance committee. The legal counsel of LCIF shall expeditiously communicate the decision of the gift acceptance committee to the legal representatives of the estate.
4. Where possible, intended bequests of property other than cash or marketable securities should be brought to the attention of the gift acceptance committee and an attempt be made to encourage the donor involved to conform his or her plans to LCIF policy.
5. LCIF shall also encourage donors to designate LCIF as a beneficiary of life insurance, retirement plans, as recipient of pay on death accounts and other similar testamentary arrangements in addition to bequests via wills and trusts.

B. Charitable Remainder Trusts

1. When requested by a donor to do so, consistent with these guidelines, and authorized by the gift acceptance committee, LCIF is authorized to serve as trustee of irrevocable charitable remainder trusts for its benefit. Any remainder interest of LCIF in such a trust must be irrevocable. In cases where LCIF serves as trustee, it shall delegate its administrative duties to a corporate fiduciary agent serving as trustee or co-trustee of planned gift assets with a total value of US\$1 billion or more. In such a case, LCIF shall continue to act as trustee with all responsibilities inherent in that role, but the agent shall indemnify LCIF for liability incurred as a result of its failure to perform the duties delegated to it. Alternatively, LCIF may serve as co-trustee of a charitable remainder trust along with a corporate trustee providing such trustee already serves as trustee or co-trustee of planned gift assets with a total value of US\$1 billion or more and LCIF

has the power to remove and replace such trustee at its discretion. Any co-trustee shall agree to indemnify LCIF for any liability incurred as a result of its failure to fulfill any fiduciary duties assumed by the co-trustee. Any trust that LCIF shall accept as trustee shall provide that reasonable trustee and administrative fees shall be paid by the trust in accordance with the language of the trust.

2. The fees for trust or administrative services of any irrevocable charitable remainder trust where LCIF does not serve as trustee or co-trustee will only be paid by LCIF upon prior approval of the gift acceptance committee, and provided doing so will not jeopardize the trust's status as a charitable remainder trust.
 3. The gift acceptance committee and other employees and volunteers acting on behalf of LCIF should become familiar with the types of property generally accepted by corporate fiduciaries as suitable contributions to charitable remainder trusts and employees or others acting on behalf of LCIF shall not encourage donors to make gifts of any property to charitable remainder trusts which are not in keeping with such guidelines.
 4. No representations shall be made by any employee or other persons acting on behalf of LCIF as to the manner in which charitable remainder trust assets will be managed or invested by LCIF or its agents or co-trustees, unless such representations shall be in written form approved by the gift acceptance committee.
 5. Charitable remainder trusts and all other deferred gifts shall be encouraged as a method of making gifts to LCIF while retaining income which may be needed by the donor or other persons chosen by the donor for personal purposes for lifetime or other appropriate time period. Such trusts shall not be marketed as tax avoidance devices or as investment vehicles, as it is understood such activity may violate federal and/or state securities regulations.
 6. The minimum amount required to establish a charitable remainder trust where LCIF serves as trustee shall be \$100,000. A charitable remainder trust for which LCIF serves as trustee or co-trustee shall be accepted when the anticipated present value of LCIF's remainder interest in the trust, after subtracting the present value of anticipated management costs, shall approximate 80% of the present value of the anticipated remainder. The anticipated remainder value shall be determined based on investment assumptions, mortality tables, and discount rates furnished by the LCIF corporate fiduciary agent or co-trustee and approved by the gift acceptance committee. LCIF may serve as trustee of a charitable remainder trust that benefits charitable entities other than LCIF only upon prior approval of the gift acceptance committee.
 7. Donors of charitable remainder trusts must be a minimum of 60 years old to be considered eligible.
- C. Charitable Lead Trusts
1. LCIF will not normally serve as trustee or co-trustee of a charitable lead trust unless such action is approved by the gift acceptance committee. Because of the nature of charitable lead trusts and the ultimate ownership of the funds held in such trusts by parties other than LCIF and/or other charitable entities, it will typically be more appropriate for a donor or donors to choose an independent trustee to serve as the fiduciary of such a trust.

D. Pooled Income Funds

1. It is anticipated that LCIF may establish a pooled income fund, a gifting device established by Congress under the terms of section 642 of the Internal Revenue Code and regulations promulgated there under.
2. A corporate fiduciary will be selected to manage the fund. If LCIF serves as trustee, it shall delegate its administrative duties to a corporate fiduciary agent serving as trustee or co-trustee of planned gift assets with a total value of \$1 billion or more. Such assets shall include at least five other pooled income funds. In such a case, the agent shall indemnify LCIF for any liability incurred as a result of its failure to perform any duties. Alternatively, LCIF may serve as co-trustee of a pooled income fund along with a corporate trustee providing such trustee already serves as trustee or co-trustee of planned gift assets with a total value of \$1 billion or more and LCIF has the power to remove and replace such trustee at its discretion. Such assets shall include at least five pooled income funds.
3. LCIF will pay the administrative fees of managing the pooled fund until such time as the gift acceptance committee shall determine that the fund has sufficient assets that administrative expenses can be born from earnings of the fund.
4. No contribution to an LCIF pooled income fund shall be accepted unless the charitable contribution deduction shall approximate at least 25% of amount contributed to the pooled income fund.
5. The minimum initial contribution to the fund shall be US\$10,000.
6. The minimum additional contribution by a participant in the fund shall be US\$5,000.
7. The corporate fiduciary shall furnish guidelines governing the acceptance of property other than cash as contributions to a LCIF Pooled Income Fund. Final guidelines shall be adopted by the gift acceptance committee and shall be incorporated by reference in these gift acceptance guidelines.
8. No representation concerning the fund shall be made which would constitute marketing the fund as an investment or security of any type. All disclosures required by state and federal regulatory agencies shall be made in a thorough and timely manner.

E. Charitable Gift Annuities

1. Charitable gift annuities shall be issued by LCIF following review by the gift acceptance committee while taking into account prevailing market conditions. Gift annuities will not typically be accepted in amounts less than US\$10,000 for initial contracts or US\$5,000 for additional contracts from the same donor.
2. There shall not be more than two income beneficiaries for each gift annuity.
3. Donors of charitable gift annuities must be a minimum of 60 years old to be considered eligible.

F. Life Estate Gifts

1. Donors shall generally not be encouraged to make gifts of real property to LCIF under which they maintain a life interest in the property.
2. This standard is based on the fact that such transfers are often not in the best interest of the donor involved, and there is potential for negative publicity for LCIF should a donor have a need to sell the property to generate funds, only to find that a relatively small portion of the proceeds would be available to the donor as owner of the life estate.

3. Subject to these guidelines, such gifts may be accepted by approval of the gift acceptance committee in situations where the asset involved appears to be a minor portion of the donor's wealth, and the committee is satisfied that there has been full disclosure to the donor of the possible future ramifications of the transaction.

G. Gifts of Life Insurance

1. LCIF will encourage donors to donate existing policies that have accumulated value to LCIF or to name LCIF to receive all or a portion of the benefits of life insurance policies which they have purchased on their lives.
2. LCIF will not, however, as a matter of course agree to accept gifts from donors for the purpose of purchasing life insurance on the donor's life. Exceptions to this policy will be made by the gift acceptance committee only after determining that LCIF would have an insurable interest under applicable state law. Whether any policy is accepted will depend on the economics of the transfer.
3. No particular insurance product offered by an insurer may be recommended or endorsed for use in funding gifts to LCIF without board approval.
4. In no event shall lists of LCIF donors be furnished to anyone for the purpose of marketing life insurance for the benefit of donors and/or LCIF. This policy is based on the fact that this practice represents a potential conflict of interest, may cause donor relations problems, and may subject LCIF to state insurance regulation should the activity be construed as involvement in the marketing of life insurance.

Life insurance policies must meet the following criteria to be eligible for acceptance as a gift by LCIF:

- The policy must have a minimum face value of US\$1,000
- The life expectancy of the insured must be less than 15 years, as determined by an actuarially
- The policy must be free of loans when the LCIF takes ownership
- LCIF must have the ability to liquidate the policy for cash value net of any liquidation charges

H. Acceptance and Crediting of Deferred and/or Planned Gifts

Deferred gifts will be reflected in funds raised totals as expectancies upon receipt of a signed declaration form. The form must be signed by the donor(s) and a representative of the foundation. Deferred gifts will not be reported on in financial totals and audit. Gift shall be counted and credited at the full value indicated in the form. Donors making deferred gifts will be recognized with their permission, as indicated on the form, with recognition available exclusively for these types of gifts. Deferred gifts will not be eligible for recognition available only for outright gifts, including the Melvin Jones and Progressive Melvin Jones Fellowships, Humanitarian Partners, etc.

IV. PAYMENT OF FEES RELATED TO GIFTS TO LCIF

A. Finder's Fees or Commissions

1. In general, LCIF will pay no fees to any person as consideration for directing a gift to LCIF. It is understood that such fees may or may not be legal and that in the case of irrevocable deferred gifts which involve management of assets, the payment of such fee may subject LCIF and its management and board of directors to federal and state security regulation.
2. In no event whatsoever will a commission or finder's fee of any type be paid to any party in connection with the completion of a gift to LCIF without prior written approval of the gift acceptance committee and subsequent written notification to the donor involved of the amount and recipients of any such fee.

B. Professional Fees.

1. In situations where advisors retained by LCIF prepare documents or render advice in any form to LCIF and/or a donor to LCIF, it shall be disclosed to the donor that the professional involved is in the employ of LCIF and is not acting on behalf of the donor and that any documents or other advice rendered in the course of the relationship between LCIF and the donor should be reviewed by counsel for the donor prior to completion of the gift.

V. GIFT RESTRICTIONS

Gifts that are restricted to a particular use or purpose may be accepted by LCIF only with prior approval of the gift acceptance committee or pursuant to operating guidelines established by the gift acceptance committee.

1. In the case of gifts that are completed via bequest or remainder from other testamentary gift vehicles, LCIF shall act expeditiously to consider any restrictions placed on such gifts and shall in a timely manner reject gifts that are restricted in ways that are not in keeping with LCIF policy.
2. Gifts to LCIF may be restricted in the following ways, with approval by LCIF, but without prior gift acceptance committee approval:
 - a. For LCIF's Empowering Service fund.
 - b. For disaster relief activities pursued by LCIF.
 - c. For sight-related programs pursued by LCIF.
 - d. For ongoing humanitarian efforts as approved by the LCIF board.
3. Lead Gift donors (US\$100,000+) may designate up to the full amount (100%) of their contribution to the global cause area(s) or approved LCIF project(s) of their choice provided that:
 - a. Designation of a Lead Gift will be permitted upon completion of all pledge payments;
 - b. Designation of a Lead Gift will be permitted for five years from the date the pledge was signed;
 - c. Funds will be disbursed only after a pledge is paid in full;
 - d. Designations must be in increments equal to or greater than US\$25,000;
 - e. Designated amounts are ineligible for District and Club Community Impact Grants or as matching funds for other LCIF grant program applications, and;
 - f. A written gift agreement is executed by both parties.

4. Gifts may be accepted for the benefit of organizations that are affiliated with Lions Clubs International or LCIF upon prior approval of the gift acceptance committee or pursuant to operating guidelines established by the gift acceptance committee.