



American Heart Association®

Donor Advised Fund

GIFTS OF SPECIALTY ASSETS



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The American Heart Association Donor Advised Fund is a donor advised fund program sponsored and managed by Renaissance Charitable Foundation (RCF), an independent public charity dedicated to helping individuals effectively reach their philanthropic goals.



Gifts of Real Estate

Renaissance Charitable Foundation Inc. (Foundation) accepts gifts of real estate subject to its gift acceptance policy.

Special Purpose Limited Liability Company

It is the policy of the Foundation to create a special purpose, single-member limited liability company (LLC) with the Foundation as the sole member to receive, hold, and manage real estate gifts prior to the sale of such gifts. Per IRS Notice 2012-52, a transfer to a single member LLC where a charitable organization is the sole member is treated as a gift to the charitable organization. Because the LLC is intended to protect the Foundation against any potential liability arising from the ownership of real estate, the LLC must be created by the Foundation and not by the donor.

No Binding Agreement to Sell

Prior to contributing real estate, the donor should not have entered into a binding agreement to sell the real estate. As a general rule, an agreement is binding when the buyer can compel the seller to sell.

Costs of Ownership

Because the LLC is created and maintained solely for the benefit of one donor advised fund (DAF), all costs associated with the creation, ownership, and maintenance of the special purpose LLC are chargeable to the (DAF) account. In addition, any holding costs during the Foundation's ownership of the real estate gift are chargeable to the (DAF) account. Such costs include, but are not limited to:

- Real estate taxes and assessments
- Costs of insurance coverage
- Reasonably required travel expenses
- Agent's commissions
- Utilities
- Repairs and maintenance
- Any tax on unrelated business income or other income or excise taxes

Documents Necessary to Begin a Real Estate Gift Discussion

To initiate a discussion regarding a gift of real estate, the donor should complete the attached Real Estate Gift Evaluation Form and submit it to the Foundation.

Documents Necessary to Complete a Real Estate Gift

Prior to completing a real estate gift, a second, more in-depth fact finder is required to complete the gift due diligence process. This questionnaire will be provided to the prospective donor by the Foundation once the initial evaluation process is complete.

In addition to this questionnaire, donors wishing to make a real estate gift must sign a separate gift agreement that, among other provisions, will require the donor to contribute sufficient amounts of cash to cover any holding costs during the Foundation's period of ownership. At this time, the special purpose LLC referenced above will be created and registered in the state of Indiana and also registered as a foreign LLC in the state where the real estate is located. In addition, the donor will need to make a contribution to cover the cost of formation of the LLC.

At the Foundation's discretion, the donor may also be required to fund a Phase I or Phase II environmental study, a property survey, or other similar costs.

Type of Deed

The Foundation requires that the real estate be transferred into the LLC by means of a general warranty deed. Coincident with the transfer of title, the donor will need to pay for the cost of a title insurance policy naming the Foundation as the insured party or an attorney's title option.



Real Estate Gift Evaluation Form

Prepared By: _____ Phone Number: _____ Date: _____
Printed Name

Is the property currently under contract for sale? Yes__ No__

Please provide the Owner's name as it appears on the deed: _____

What is the prospective donor's ownership interest in the property? (e.g., sole owner, 50% undivided interest, etc.): _____

Location of the property (street address or other location suitable for locating the property using Google maps): _____

Describe how the property is used (e.g., residential real estate, multi-family dwelling, commercial, farm/ranch, raw land): _____

Is the property occupied or unoccupied? _____

Approximate fair market value: \$ _____

Is the property currently leased or otherwise income producing? Yes__ No__

Please provide the details of any mortgage or other encumbrance: _____

Lender or holder of loan _____

Estimated balance owed on loan \$ _____

Total balance on all loans \$ _____

Describe the marketability of the real estate including any recent offers: _____



RENAISSANCE SPECIAL GIFTS FOUNDATION ___ LLC Real Estate Expenses Agreement

I/We, _____ (Donor), desire to give real estate to RENAISSANCE SPECIAL GIFTS FOUNDATION ___ LLC (Foundation). The physical address of the property is _____.

This will be an irrevocable charitable gift to the Foundation to be added to a Donor Advised Fund known as the _____ Fund (Fund). In addition to the terms in the applicable current Donor Guide, the following terms and conditions shall apply:

1. The Foundation will be the sole owner of any property transferred to the Foundation. Donor agrees to cease use of the property as of the date Donor gives the property to the Foundation. The Foundation shall determine whether, when and under what terms to sell the property. The Foundation represents that it is an Indiana limited liability company whose single member is Renaissance Charitable Foundation Inc.; therefore, the Foundation is a disregarded single member LLC. Based on IRS Notice 2012-52, Donor understands that, for federal income tax purposes, the IRS will treat a gift to a disregarded single member LLC as a tax-deductible contribution to that LLC's sole member, namely Renaissance Charitable Foundation Inc.
2. The Foundation shall apply to the Fund all net earnings and net sales proceeds generated by Foundation's ownership of the property. Until the property is sold, the Donor agrees to pay to (or on behalf of) the Foundation all direct expenses with regard to the property to the extent the Fund does not contain sufficient liquid assets to pay such direct expenses of the Fund.
3. Direct Expenses of the Fund include but are not limited to all real estate taxes and assessments, costs of insurance coverage, reasonably required travel expense, agent's commissions, tax on Unrelated Business Income, other excise taxes, utilities, other expenses of maintenance and repair, and the Foundation's costs to create and run this single member LLC including state taxes, filing fees and similar expenses. Hazard insurance policies on the real estate shall name the Foundation as the beneficiary.
4. If the Fund grants more than 25% of its value within 24 months after the Fund receives a gift of real estate, the Foundation will assess an additional fee of 1% of the value of the real estate contributed to the Foundation. Further, if the Fund grants more than 15% of its value in any 12 (twelve) month period in the first 60 (sixty) months after the Fund receives real estate, the Foundation will assess an additional fee of 1% of the value of the real estate contributed to the Foundation.

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5. Donor understands that the use of real estate by Donor (or any party related to Donor) after the gift may force Donor and/or Foundation to owe excise taxes.

6. Upon the death of the Donor, or the last designated Grant Advisor, or their declination to serve further, the Fund shall become a permanent unrestricted fund of the Foundation.

DONOR:

By: _____ Date: _____

By: _____ Date: _____

RENAISSANCE SPECIAL GIFTS FOUNDATION, LLC:

By: _____ Date: _____

**American Heart Association
Donor Advised Fund Program**
8910 Purdue Road, Suite 555
Indianapolis, IN 46268

Call: 800-584-8946
Fax: 877-222-1829
Email: heart@reninc.com



Gifts of Small Business Interests C-Corporation Stock

Renaissance Charitable Foundation Inc. (Foundation) accepts gifts of C-Corporation stock (or an LLC taxed as a C-Corporation) subject to its gift acceptance policy, which requires the Foundation to perform due diligence prior to accepting the gift.

Benefits to the Donor:

- The Donor receives an immediate income tax charitable deduction in the year they make the contribution to a donor advised fund (DAF).
- Donor can receive an income tax charitable deduction up to 30% of adjusted gross income.
- Unused deductions can be carried forward for 5 years.
- The donor advised fund will not be subject to estate taxes.
- Donor keeps the relationship with their financial advisor.

IMPORTANT REQUIREMENTS

No Binding Agreement to Sell

Prior to contributing the C-Corporation stock, the donor should not have entered into a binding agreement to sell the business interest. As a general rule, an agreement is binding when the buyer can compel the seller to sell.

Costs of Ownership

All costs associated with the ownership of a small business interest, including the creation, ownership, and maintenance of any needed special purpose entity, are chargeable to the DAF.

Separate Gift Agreement

Donors wishing to give a small business interest to the Foundation must sign a separate gift agreement that, among other provisions will require the donor to contribute sufficient amounts of cash to cover any holding costs during the Foundation's period of ownership.

IRS Requires a Qualified Appraisal

In all cases where the value of the expected gift of a business interest is greater than \$10,000, the IRS requires a Qualified Appraisal if the donor wishes to claim a federal income tax charitable deduction. The donor reports this value on IRS Form 8283, which is attached to the donor's IRS Form 1040. The Foundation will report the proceeds received to the IRS by completing and filing IRS Form 8282 if the Foundation sells the asset within three years from the date of the donation.

This appraisal is an out-of-pocket expense of the donor, which could be claimed as a Miscellaneous Expense on Schedule A of IRS Form 1040. The appraisal must contain specific language and must describe the specific property actually contributed to the DAF (e.g., 42 shares of XYZ Corporation contributed on December 7, 2012). The appraisal may be obtained no earlier than 60 days before the date of the contribution and no later than the date of the donor's tax return for the year of the gift. The IRS will NOT accept a simple valuation of the entire company and it is not merely a letter from the company's auditors or business consultant. If a minority interest is contributed, the ownership interest should be valued as a minority interest which may require a discount.



Avoiding Capital Gains and Transferring the C-Corporation Stock

- The transfer of the C-Corporation stock prior to the execution of a binding agreement to sell the corporation, will avoid gain recognition by the donor.
- If the C-Corporation sells the company's assets instead of the stock, then the corporation will still be liable for any gain on the sale of the assets.
- A transfer of stock to a DAF will allow the donor to avoid gain recognition on the subsequent liquidation of the corporation (assuming the liquidation has not already been approved by the corporation's board at the time the stock is transferred to the DAF).

Selling Options

- The cleanest gift involving a business entity occurs when shares in a C-Corporation are given to the Foundation and then the Foundation sells the shares to a third-party purchaser.
- The Foundation may sell the shares back to the company or to the donor so long as the sales price is at fair market value.

Documents and Information Needed to Begin C-Corporation Gift Discussion:

- Governing documents of business (Articles of Incorporation and By-Laws)
- The most recent Audited Financial Statement for Corporation
- A description of the business operations
- A description of the current owners with their ownership percentages
- A summary describing the debt in, or on, the company
- If available, a copy of the company's shareholder agreements and/or Buy-Sell Agreement to determine if there are restrictions



Gifts of Small Business Interests S-Corporation Stock

Renaissance Charitable Foundation Inc. (Foundation) accepts gifts of S-Corporation stock (or an LLC taxed as an S-Corporation) subject to its gift acceptance policy, which requires the Foundation to perform due diligence prior to accepting the gift.

Benefits to the Donor:

- The Donor receives an immediate income tax charitable deduction in the year they make the contribution to a donor advised fund (DAF).
- Donor can receive an income tax charitable deduction up to 30% of adjusted gross income.
- Unused deductions can be carried forward for 5 years.
- The donor advised fund will not be subject to estate taxes.
- Donor keeps the relationship with their financial advisor.

IMPORTANT REQUIREMENTS

No Binding Agreement to Sell

Prior to contributing the S-Corporation stock, the donor should not have entered into a binding agreement to sell the business interest. As a general rule, an agreement is binding when the buyer can compel the seller to sell.

Costs of Ownership

All costs associated with the ownership of a small business interest, including the creation, ownership, and maintenance of any needed special purpose entity, are chargeable to the DAF.

Separate Gift Agreement

Donors wishing to give a small business interest to the Foundation must sign a separate gift agreement that, among other provisions, will require the donor to contribute sufficient amounts of cash to cover any holding costs during the Foundation's period of ownership.

IRS Requires a Qualified Appraisal

In all cases where the value of the expected gift of a business interest is greater than \$10,000, the IRS requires a Qualified Appraisal if the donor wishes to claim a federal income tax charitable deduction. The donor reports this value on IRS Form 8283, which is attached to the donor's IRS Form 1040. The Foundation will report the proceeds received to the IRS by completing and filing IRS Form 8282 if the Foundation sells the asset within three years from the date of the donation.

This appraisal is an out-of-pocket expense of the donor, which could be claimed as a Miscellaneous Expense on Schedule A of IRS Form 1040. The appraisal must contain specific language and must describe the specific property actually contributed to the DAF (e.g., 42 shares of XYZ Corporation contributed on December 7, 2012). The appraisal may be obtained no earlier than 60 days before the date of the contribution and no later than the date of the donor's tax return for the year of the gift. The IRS will NOT accept a simple valuation of the entire company and it is not merely a letter from the company's auditors or business consultant. If a minority interest is contributed, the ownership interest should be valued as a minority interest which may require a discount.



UBIT and Liquidating the S-Corporation Stock

The transfer of the S-Corporation stock to the Foundation prior to the execution of a binding agreement to sell the corporation, will avoid gain recognition by the donor. However, the Foundation will have to pay unrelated business income tax (UBIT) on any realized income and gain generated in the DAF including net gain on a sale of the S-Corporation shares. If the S-Corporation is not obligated to distribute to shareholders an amount to offset any “phantom” or real tax, the donor must contribute liquid assets to the DAF to cover the expected taxes. The amount of proceeds in the DAF will be net of the UBIT and any other direct expenses.

A transfer of stock to a DAF will allow the donor to avoid gain recognition on the subsequent liquidation of the corporation (assuming the liquidation has not already been approved by the corporation’s board at the time the stock is transferred to the DAF).

Selling Options

- The cleanest gift involving a business entity occurs when shares in an S-Corporation are given to the Foundation and then the Foundation sells the shares to a third-party purchaser.
- The Foundation may sell the shares back to the company or to the donor so long as the sales price is the fair market value.

Documents and Information Needed to Begin S-Corporation Gift Discussion:

- Governing documents of business (Articles of Incorporation and By-Laws)
- The most recent Audited Financial Statement for Corporation
- A description of the business operations
- A description of the current owners with their ownership percentages
- A summary describing the debt in or on the company
- If available, a copy of the company’s shareholder agreements and/or Buy-Sell Agreement to determine if there are restrictions



Gifts of Small Business Interests Partnership

Renaissance Charitable Foundation Inc. (Foundation) accepts gifts of an interest in a Partnership (or membership units in an LLC taxed as a Partnership) subject to its gift acceptance policy, which requires the Foundation to perform due diligence prior to accepting the gift.

Benefits to the Donor:

- Donor receives an immediate income tax charitable deduction in the year they make the contribution to a donor advised fund (DAF).
- Donor can receive an income tax charitable deduction up to 30% of adjusted gross income.
- Unused deductions can be carried forward for 5 years.
- The donor advised fund will not be subject to estate taxes.
- Donor keeps the relationship with their financial advisor.

IMPORTANT REQUIREMENTS

No Binding Agreement to Sell

Prior to contributing the interest in a Partnership, the donor should not have entered into a binding agreement to sell the business interest. As a general rule, an agreement is binding when the buyer can compel the seller to sell.

Costs of Ownership

All costs associated with the ownership of a small business interest, including the creation, ownership, and maintenance of any needed special purpose entity, are chargeable to the DAF.

Separate Gift Agreement

Donors wishing to give a small business interest to the Foundation must sign a separate gift agreement that, among other provisions will require the donor to contribute sufficient amounts of cash to cover any holding costs during the Foundation's period of ownership.

IRS Requires a Qualified Appraisal

In all cases where the value of the expected gift of a business interest is greater than \$10,000, the IRS requires a Qualified Appraisal if the donor wishes to claim a federal income tax charitable deduction. The donor reports this value on IRS Form 8283, which is attached to the donor's IRS Form 1040. The Foundation will report the proceeds received to the IRS by completing and filing IRS Form 8282 if the Foundation sells the asset within three years from the date of the donation. This appraisal is an out-of-pocket expense of the donor, which could be claimed as a Miscellaneous Expense on Schedule A of IRS Form 1040.

The appraisal must contain specific language and must describe the specific property actually contributed to the DAF (e.g., 42 shares of XYZ Corporation contributed on December 7, 2012). The appraisal may be obtained no earlier than 60 days before the date of the contribution and no later than the date of the donor's tax return for the year of the gift. The IRS will NOT accept a simple valuation of the entire company and it is not merely a letter from the company's auditors or business consultant. If a minority interest is contributed, the ownership interest should be valued as a minority interest which may require a discount.



UBTI and Capital Gains from Liquidating a Partnership Interest

- A transfer of the Partnership to the DAF prior to execution of a binding sales agreement may produce slightly different results than a gift for an interest in a Corporation. If the Partnership sells assets that would be taxed as capital assets in the hands of a partner, then that gain will generally not be taxed as unrelated business taxable income (UBTI) to the Foundation. But any amount that would be taxed as ordinary income, ordinary gain, or depreciation recapture, would be taxed as UBTI to the Foundation.
- If the Partnership is not obligated to distribute to partners an amount to offset any phantom or real tax, the donor must contribute liquid assets to the DAF to cover the expected taxes. The amount of net proceeds in the DAF will be net of any tax (including any tax on UBTI) and other direct expenses.
- Debt in or on the Partnership may cause the DAF to be taxed on UBTI.

Selling Options

- The cleanest gift involving a business entity occurs when the donor contributes to charity a limited partnership interest to the Foundation and then the Foundation sells that interest to a third-party purchaser.
- A donor advised fund (a DAF's owner is the Sponsoring Charity) may sell the partnership interest back to the partnership or to the donor so long as the sales price is the fair market value.

Documents and Information Needed to Begin Gift Discussion on Interest from a Partnership:

- Governing documents of business (i.e. Operating Agreement and/or Partnership Agreement)
- The most recent Audited Financial Statement for the Partnership
- A description of the business operations
- A description of the current owners with their ownership percentages
- A summary describing the debt in or on the Partnership
- If available, a copy of the Buy-Sell Agreement to determine if there are restrictions



Gift of a Business Interest

I/We, _____ (Donor), have transferred or intend to transfer to RENAISSANCE CHARITABLE FOUNDATION INC. (Foundation) a gift of an interest in a business, namely _____ . I/We understand that any gift to the Foundation is an irrevocable gift to the Foundation to be added to a Donor Advised Fund at the Foundation known as the _____ (Fund). The following terms and conditions shall apply:

1. The Foundation is or shall be the sole owner of the property transferred to the Foundation. The Foundation shall determine whether, when and under what terms to sell the property.
2. The type of business interest is a (check one):

<input type="checkbox"/>	Limited Partnership Interest in a Limited Partnership	<input type="checkbox"/>	Membership Interest or Units of a Limited Liability Company
<input type="checkbox"/>	General Partnership Interest in a Limited Partnership	<input type="checkbox"/>	Shares of an S-Corporation
<input type="checkbox"/>	General Partnership Interest in a General Partnership	<input type="checkbox"/>	Shares of an C-Corporation

3. The Foundation shall apply to the Fund all earnings and net sales proceeds generated by the Foundation’s ownership of the business interest in the Fund.
4. The Foundation may charge regularly to the Fund an administrative fee no greater (as a percentage of assets administered) than that charged for other funds of comparable size and complexity plus any Direct Expense incurred on behalf of the Fund. Until the business interest is sold, Donor agrees to pay to (or on behalf of) the Foundation the sum of all Direct Expenses with regard to the business interest to the extent the Fund does not otherwise contain sufficient liquid assets to pay such Direct Expenses of the Fund.
5. Donor understands that the Foundation is potentially subject to an excise tax on Excess Business Holdings under §4943 of the Internal Revenue Code of 1986 as amended (Code) if one of the Foundation’s Donor Advised Funds holds certain business interests for longer than sixty (60) months. To the extent that the business interest held by the Fund causes the Foundation to be subject to such a tax, the Foundation will treat that tax as a Direct Expense chargeable to the Fund.
6. Direct Expenses of the Fund caused by the Foundation’s ownership of the business interest in the Fund include but are not limited to: the Foundation’s tax on Unrelated Business Income (calculated solely with respect to the business interest held by the Fund); reasonably necessary appraisals; the Foundation’s tax on Excess Business Holdings under §4943 of the Code; the Foundation’s unusual costs related to accounting and tax preparation activities related to the business interest; the Foundation’s costs to create and run a single member LLC to hold the business interest including state taxes, state filing fees and state registration fees; bank fees; capital calls; reasonably required travel expenses; agent’s commissions; insurance coverage; real estate taxes and assessments; and utilities and other expenses of maintenance and repair.
7. If the Fund grants more than 25% of its value within 24 months after the Fund receives a business interest, the Foundation will assess against the Fund an additional fee of 1% of the value of the business interest contributed to the Foundation. Additionally, if the Fund grants more than 15% of its value in any consecutive 12 (twelve) month period in the first 60 (sixty) months after the Fund receives a business interest, the Foundation will assess against the Fund an additional fee of 1% of the value of the business interest contributed to the Foundation.



8. The Fund shall be a component fund of the Foundation and not a separate trust held by the Foundation. The Foundation shall have the ultimate authority and exclusive legal control over all property in the Fund. Nothing in this Agreement shall affect the status of the Foundation as an organization described in § 501(c)(3) of the Code, and as an organization, which is not a private foundation within the meaning of § 509(a) of the Code. This Agreement shall be interpreted in a manner consistent with the requirements of the Code and any applicable Treasury Regulations. This Agreement is irrevocable; however, the Foundation may unilaterally amend it to conform to provisions of any applicable law or regulation in order to maintain the tax-exempt status of the Foundation. References herein to provisions of the Code shall be deemed references to the corresponding provisions of any future Internal Revenue Code. This Agreement shall be governed by Indiana law.

9. The Fund shall be used only for charitable purposes in accordance with the Foundation's Articles of Incorporation and as described in §§501(c)(3), 170(c)(1) and (2), 2055(a)(1) and (2), and 2522(a)(1) and (2) of the Code. The Fund shall be administered according to the Foundation's policies and procedures as amended from time to time. No grant shall be made from the Fund, unless such grant would be deductible for federal income, gift and/or estate tax purposes if made directly by an individual, trust or estate.

DONOR:

By: _____ Date: _____

By: _____ Date: _____

RENAISSANCE CHARITABLE FOUNDATION, INC:

By: _____ Date: _____