

AFRICA FOUNDATION (USA)

GIFT ACCEPTANCE POLICIES AND GUIDELINES

Africa Foundation (USA) ("AF(USA)"), a not for profit organization, encourages gifts to or for the benefit of AF(USA) to further and fulfill its mission.

The mission of AF (USA) is to empower communities and enable conservation in Southern and East Africa through projects in the areas of Education, Healthcare and Clean Water, Income Generation, and Wildlife and Environment.

AF (USA)'s Board of Trustees ("the Board") has a fiduciary duty to ensure that AF(USA)'s assets are used efficiently and protected from potential liabilities and diversion to purposes other than those that further AF(USA)'s goals. The following policies and guidelines govern acceptance of gifts made to AF(USA) for the benefit of any of its programs.

I. Purpose of Policies and Guidelines

The Board and its staff solicit current and deferred gifts from individuals, partnerships, corporations, foundations, government agencies, and other entities to secure the future growth and mission of AF(USA).

These policies and guidelines govern the acceptance of gifts by AF(USA) and provide guidance to prospective donors and their advisors when making gifts to AF(USA). The provisions of these policies apply to all gifts to AF(USA) for any of its programs. Gifts will be accepted only if they do not interfere with AF(USA)'s mission, purpose, and procedures.

AF(USA) shall accept only such gifts as are legal and consistent with organizational policy. While AF(USA) does not provide tax advice, every effort will be made to assist donors in complying with the provisions of the United States Internal Revenue Code allowing tax benefits for gifts to qualified charitable organizations. AF(USA) will provide acknowledgements to donors meeting IRS substantiation requirements for property received by AF(USA) as a gift.

Key principles include safeguarding the confidentiality of the donor relationship, providing full disclosure to the donor, and ensuring gifts are properly recorded, allocated, and used.

II. General Policies Relevant to All Gifts

A. Use of Legal Counsel

AF(USA) shall seek the advice of legal counsel in matters relating to acceptance of gifts when appropriate. Review by counsel is recommended for:

- 1) Closely held stock transfers subject to restrictions or buy-sell agreements.
- 2) Gifts involving contracts, such as bargain sales or other gifts requiring AF(USA) to assume an obligation.
- 3) Transactions with potential conflict of interest that may involve IRS sanctions.
- 4) Other instances in which use of counsel is deemed appropriate by the Gift Acceptance Committee.

B. Conflict of Interest

AF(USA) 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. AF(USA) 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 AF(USA) policies, including adopted Conflict of Interest policies.

AF(USA) will make every effort to ensure accepted gifts are in the best interest of the organization and the donor. No gift, whether outright or life income in character, will be accepted if under any reasonable set of circumstances the gift would jeopardize the donor's financial security.

C. Restrictions on Gifts

AF(USA) will accept unrestricted gifts and gifts for specified programs and purposes, provided that such gifts are consistent with its stated mission, purposes, and priorities and with the understanding that the final decision on the use of funds received by gift will be in the discretion of the Board. AF(USA) will not accept gifts that are too restrictive in purpose. Gifts for purposes that are not consistent with AF(USA)'s mission or consonant with its current or anticipated future programs will not be accepted. Examples of gifts that are too restrictive are those that violate the terms of the corporate charter

including gifts that are too difficult or expensive to administer, gifts that would result in any unacceptable consequences for AF(USA), or gifts that are for purposes outside the mission of AF(USA). All final decisions on the restrictive nature of a gift, and its acceptance or refusal, shall be made by the Gift Acceptance Committee of AF(USA).

D. The Gift Acceptance Committee

The Gift Acceptance Committee shall consist of:

- 1) A Trustee of AF(USA)
- 2) An Officer of AF(USA)
- 3) The Executive Director of AF(USA)

The Gift Acceptance Committee is charged with the responsibility of reviewing all gifts proposed to be made to AF(USA), including properly screening, accepting, or rejecting those gifts, and making recommendations to the Board on gift acceptance issues when appropriate.

E. Establishing the Value of Donated Property

It is the policy of AF(USA) to comply fully with the valuation rules set out in Publication 561 of the Internal Revenue Service and the relevant income, gift, and estate tax laws and regulations. Publication 561 is available at www.irs.gov or at AF(USA)'s office. Property contributed to AF(USA) that has a value in excess of \$5,000 must be accompanied by an appraisal in the form required by the IRS unless the property consists of cash or marketable securities.

The fee for the appraisal may not be based on the value of the appraised property, and the appraiser must be "qualified," as that term is used in IRS Publication 561. Duplicate originals of each appraisal should be prepared, one for AF(USA) and one for the donor.

AF(USA) is required to provide a description of donated property on the acknowledgement letter. It is the responsibility of the donor and their tax preparer to determine the amount to deduct. The value of services rendered to AF(USA) or the rent-free use of property are not deductible.

AF(USA) reserves the right to alter the value of property contributed to it on the books and records of AF(USA) for accounting, tax-reporting, annual fund record-keeping, or any other purpose if developments after the completion of

the gift or information that comes to the attention of AF(USA) after the gift is completed are determined, in the discretion of the Gift Acceptance Committee or AF(USA)'s auditors, to merit such attention.

F. Tax Compliance

AF(USA)'s policy is to comply with Internal Revenue Service reporting requirements and all other aspects of state and federal tax law.

III. Types of Gifts

The Gift Acceptance Committee shall make the final determination on the acceptance or rejection of gifts of all forms and inform the Board of such determination in a timely manner.

The following criteria govern the acceptance of the following types of gifts:

A. Cash

Cash refers to cash equivalents, including checks, money orders, currency/coin, and credit card payments. Checks or money orders shall be made payable to "Africa Foundation (USA)", shall appropriately identify the donor or donors, and shall be delivered to AF(USA)'s administrative offices. Wire and Electronic Funds Transfer (EFT) may be arranged with the AF(USA) staff.

B. Tangible Personal Property, In-Kind Services

All gifts of tangible personal property shall be examined in light of the following criteria:

- 1) Does the property fulfill the mission of AF(USA)?
- 2) What are the costs to store, transport, ship, and/or comply with International Customs procedures including local import duties?
- 3) Is the property marketable?
- 4) Are there any undue restrictions on the use or sale of the property?
- 5) Additional criteria will be considered for gifts of tangible personal property for auction at fundraising events:
 - Is the quantity and type of auction item appropriate given the expected attendees at the fundraising event?

- What are the anticipated costs of returning to the donor (or otherwise disposing of) unsold items?

C. Securities

AF(USA) can accept both publicly traded securities and closely held securities.

Publicly traded 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 advised by investment counsel. 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 Gift Acceptance Committee.

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, however, must be reviewed prior to acceptance to determine that:

- 1) There are no restrictions on the security that would prevent AF(USA) from ultimately converting it to cash;
- 2) The security is marketable; and
- 3) The security will not generate any undesirable tax consequences for AF(USA).

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 Gift Acceptance Committee with the advice of legal counsel shall make the final determination on the acceptance of closely held securities when necessary. Every effort will be made to sell non-marketable securities as quickly as possible.

D. 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, AF(USA) shall require an initial environmental review of the property to ensure that the property has no environmental damage or potential liability. In the event the initial inspection reveals a potential problem, AF(USA) shall retain a qualified inspection firm to conduct an environmental audit. Non-residential properties

shall in all cases require a Phase I audit. The cost of environmental audits shall be an expense of the donor.

When appropriate, a title insurance binder shall be obtained by AF(USA) prior to the acceptance of the real property gift. The cost of this title binder shall be an expense of the donor. Prior to acceptance of real property, the gift shall be approved by the Gift Acceptance Committee with the advice of AF(USA)'s legal counsel. Criteria for acceptance of the property shall include:

- 1) Is the property useful for the purposes of AF(USA)?
- 2) Is the property marketable?
- 3) Are there any restrictions, reservations, easements, or other limitations associated with the property?
- 4) Are there carrying costs, which may include insurance, property taxes, mortgages, or notes, associated with the property?
- 5) Does the environmental audit reflect that the property is not damaged?

E. Remainder Interests in Property

AF(USA) 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 their stated life or lives. Upon termination of the life interest, AF(USA) may use the property or reduce it to cash. Where AF(USA) 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 life tenant(s).

F. Oil, Gas, and Mineral Interests

AF(USA) 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 Gift Acceptance Committee with the advice of AF(USA)'s legal counsel, if necessary. Criteria for acceptance of the property shall include:

- 1) Gifts of surface rights should have a value of \$20,000 or greater.
- 2) 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).
- 3) The property should not have liabilities or other considerations that make receipt of the gift inappropriate.

- 4) A working interest is rarely accepted. A working interest may only be accepted where there is a plan to minimize potential liability and tax consequences.
- 5) The property must undergo an environmental review to ensure that AF(USA) will have no current or potential exposure to environmental liability.

G. Bargain Sales.

AF(USA) will enter into a bargain sale arrangement in instances in which the bargain sale furthers the mission and purposes of AF(USA). All bargain sales must be reviewed and recommended by the Gift Acceptance Committee and approved by the Board. Factors to be used in determining the appropriateness of the transaction include:

- 1) AF(USA) must obtain an independent appraisal substantiating the value of the property; the cost of the appraisal shall be an expense of the donor.
- 2) If AF(USA) assumes debt with the property, the debt ratio must be less than 50% of the appraised market value.
- 3) AF(USA) must determine that it will use the property or alternatively, that there is a market for sale of the property, allowing sale within 12 months of receipt.
- 4) AF(USA) must calculate and approve the costs to safeguard, insure, and pay expenses of the property (including property tax, if applicable) during the holding period.

H. Life Insurance

AF(USA) will generally accept life insurance but it 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 will be valued at its interpolated terminal reserve value, or cash surrender value, upon receipt. Whether any policy is accepted will depend on the economics of the transfer. If the donor contributes future premium payments, AF(USA) will include the 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, AF(USA) may:

- 1) Continue to pay the premiums;

- 2) Convert the policy to paid up insurance; or
- 3) Surrender the policy for its current cash value.

I. Charitable Remainder Trusts

AF(USA) may accept designation as remainder beneficiary of a charitable remainder trust with the approval of the Gift Acceptance Committee. AF(USA) will not accept appointment as trustee of a charitable remainder trust.

J. Charitable Lead Trusts

AF(USA) may accept designation as income beneficiary of a charitable lead trust. AF(USA) will not accept an appointment as trustee of a charitable lead trust.

K. Deferred Compensation/Retirement Plan Beneficiary Designations

AF(USA) generally will accept gifts designating AF(USA) as a beneficiary of the donor's retirement plans including, but not limited to, IRAs, 401(k)s, 403 (b)s, and other plans. Such designation will not be recorded as a gift to AF(USA) until such time as the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the present value of the gift may be recorded at the time the gift becomes irrevocable.

L. Bequests

Donors and supporters of AF(USA) will be encouraged to make bequests to AF(USA) under their wills and trusts. Such bequests will not be recorded as gifts to AF(USA) until such time as the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the present value of the gift may be recorded at the time the gift becomes irrevocable. The criteria for the acceptance of the gift or bequest will be the same as otherwise provided herein.

IV. Miscellaneous Provisions

A. Securing appraisals, environmental review, assessment, or remediation costs and legal fees for gifts to AF(USA)

The cost to secure an appraisal, environmental review, assessment, or remediation (where required) and independent legal counsel for any gifts proposed to be made to or for the benefit of AF(USA) are the donor's responsibility.

B. Fees and Commissions

AF(USA) will not pay "finder's fees" or commissions to third parties in connection with any kind of gift to AF(USA). AF(USA) will, however, pay commissions and fees to properly negotiate and transfer assets once those assets have been irrevocably transferred to AF(USA). If AF(USA) engages legal counsel, accounting professionals, appraisers, or environmental consultants, their fees and expenses will be determined by the time they spend engaged in performance of services for AF(USA) and not by reference to the value of any particular gift in connection with which they are retained.

C. Special Events

When special events involve a charitable contribution, the fair market value and the charitable contribution amount for each participant will be stated specifically in both the promotional literature and in the donor acknowledgment letter. Donations given to offset the costs of a special event must be recorded as gift income, rather than as a credit to an expense account.

D. Approval of and Changes to Gift Acceptance Policies and Guidelines

These policies and guidelines have been reviewed and recommended to the Board by the Gift Acceptance Committee and have been approved by the Board. The policies will be regularly reviewed by the Gift Acceptance Committee. The Board must approve any changes to these policies.

E. Approval of Gift Acceptance Policies and Guidelines

Africa Foundation (USA) Gift Acceptance Policies and Guidelines approved by the Board on _____, 2016.