



The Foundation
of the Pennsylvania Medical Society

AND
MEDICAL LEGACY FUND, ITS SUPPORTING ORGANIZATION

Mechanicsburg, Pennsylvania

GIFT ACCEPTANCE POLICIES AND PROCEDURES

Initially Approved by the Board of Trustees

March 22, 2013
Reapproved June 19, 2015

Prior to completing a prospective donor's gift, an appropriate representative of the Foundation will present and review this document with the prospective donor.

Foundation of the Pennsylvania Medical Society

Gift Acceptance Policies and Procedures

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I. Introduction

This memorandum describes the gift acceptance policies of The Foundation of the Pennsylvania Medical Society (the "Foundation") and of the Medical Legacy Fund (the "Fund"). The Foundation and the Fund are collectively called the "Group."

PURPOSE OF THE FOUNDATION: The Foundation is a public charity organized under the Declaration of Trust of the Pennsylvania Medical Society, dated January 18, 1955, as amended, being an organization described in Sections 501(c)(3) and 509(a)(3) of the Internal Revenue Code. The Foundation is organized to promote educational, scientific and charitable purposes, including those in the medical field and in the field of giving financial assistance to worthy students, as the Trustees deem appropriate. The Foundation is controlled by its Board of Trustees (the "Trustees").

PURPOSE OF THE FUND: The Fund is a Pennsylvania nonprofit corporation organized for the exclusive benefit of the Foundation. The Fund is a "supportive organization" as described in Section 509(a)(3) of the Internal Revenue Code of 1986 (and exempt from Federal income taxation under Code Section 501(c)(3), under a determination letter issued August 18, 1992, by the Internal Revenue Service). The Trustees of the Foundation serve as the directors of the Fund. The Fund's directors elect the officers of the Fund. The executive director of the Foundation is the current President of the Fund. Since the Foundation is a Pennsylvania unincorporated Trust, it does not have fiduciary powers to hold property directly. In order to accomplish the charitable purposes of the Foundation necessary for a planned giving program, the Fund was incorporated. The Fund is the proper organization to receive a planned gift to the Foundation.

PURPOSE OF THE PLANNED GIVING PROGRAM: The purpose of the philanthropy program is to solicit and accept funds from donors, including individuals, trusts, associations, corporations and governmental agencies and other entities. The Fund is established to serve as a vehicle for accepting such contributions, and is authorized to administer such funds in trust, or upon such other conditions as may be imposed by the donors (provided such restrictions are acceptable to the directors). The planned giving program includes making potential donors aware of the benefits of deferred gifts.

It is the general policy of **The Foundation of the Pennsylvania Medical Society** (hereinafter, the "Foundation") and its Board of Trustees: (1) to offer diverse opportunities for gift support of its programs which foster the educational, service, and philanthropic purposes of the Foundation; (2) to communicate such opportunities to constituents on a regular basis; and (3) to provide the resources for a full and effective philanthropy program for the benefit of both donors and Foundation program participants. This policy supersedes and replaces all previously-approved gifts acceptance policies.

II. Summary

- A. Gifts are sought and accepted only for programs and purposes which have been approved by the Foundation's Board of Trustees. The availability or potential of private gift or grant support does not determine organizational priorities. The Foundation will not accept gifts which: (1) do not conform to the guidelines of the

Internal Revenue Code; (2) limit, beyond a general description of the subject area, the work of a staff member or administrator; or (3) restrict the ability of the Foundation to seek and accept gifts and grants from other sources.

- B. The Foundation reserves the right to accept (or, in cases where absolutely necessary, to decline) any commitment which is offered to them. The Foundation also reserves the right to determine how any commitment will be credited and/or how such commitments will be recognized. Requests by donors for anonymity will be honored.
- C. Although representatives of the Foundation will provide all appropriate assistance, the ultimate responsibility regarding asset evaluations, tax deductibility, and/or similar federal, state and/or local legal compliance issues rests with the donor(s) and/or with such financial advisors as the donor(s) shall secure. All donors need competent financial advisors, and representatives of the Foundation will always recommend potential donors obtain such.
- D. The Foundation will not knowingly seek, nor accept, any commitment regardless of size, designation or other condition which it believes is not in the potential donor's best interest or in the best interest of the Foundation.
- E. Except in the case of irrevocable planned gifts, a donor may upon written request, without explanation, withdraw or modify a gift intention commitment.
- F. Staff shall avoid personal conflicts of interest. No staff member shall knowingly serve as trustee, conservator or executor for a donor or prospect without full disclosure to, and authorization by, the Executive Director.
- G. The Foundation will pay no commission, or finder's fee, to anyone, including staff, in connection with the completion of any gift to the organization. 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 amount to a violation of state and federal securities laws by the Foundation and its management and Board of Trustees.
- H. Arbitration Clause: All contracts written from January 1, 2004, onward shall include an arbitration clause as follows:

In the event of a controversy or claim arising out of this agreement which cannot be settled by the Board of Directors of the Medical Legacy Fund and/or Board of Trustees of The Foundation of the Pennsylvania Medical Society (Members) or their legal representatives, it shall be settled by arbitration, restricted to the Commonwealth of Pennsylvania, in accordance with the rules of the American Arbitration Association, and judgment upon the award may be entered in any court having jurisdiction.

- I. The policies outlined herein may only be waived by action of the Board of Trustees of the Foundation of the Pennsylvania Medical Society. These gift acceptance policies will be reviewed periodically and suggested amendments acted on by the Board of Trustees.

Development personnel and fund raising volunteers may accept gifts subject to the terms of these policies and the Gift Acceptance Procedures based on these policies. In the event gifts are accepted which are not in keeping with the terms of these policies and no exception is subsequently made, every attempt shall be made to return the donated property or to amend the terms of the gift in a way which is mutually acceptable to the donor of such property and the Foundation.

III. General Guidelines

The following procedures are set forth: (a) to define the working rules for the advancement program of the Foundation; (b) to protect the Foundation, its Trustees, staff and volunteers; and (c) to inform the Foundation's advisors, donors and prospective donors.

The Foundation welcomes expressions of interest and financial support, regardless of size or form, from individuals, families, businesses, corporations, foundations or similar sources.

The Foundation staff and volunteers are available to meet with any prospective donor(s) and their financial advisors, without obligation, to discuss areas of interest, the programs and funding priorities of the Foundation, types of gift commitments, options for payment, estate planning, and the tax planning consequences of a possible gift commitment so as to provide every possible assistance to a prospective donor.

Gifts should be made payable to The Foundation of the Pennsylvania Medical Society, a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code and should be directed to the Mechanicsburg, Pennsylvania, headquarters of The Foundation of the Pennsylvania Medical Society where such gifts will be accepted, acknowledged and processed in accordance with the oversight and policies of the Board of Trustees. Gifts of cash and publicly-traded securities do not require Board approval. All other gifts, including but not limited to, tangible personal property, closely-held stock, real estate, and hard-to-value assets will be brought to the attention of the Board through the Finance Committee for Board approval before formally accepting those gifts.

No solicitation of donations or gifts of funds or real property for the benefit of the Foundation shall be made by anyone without the approval of the Executive Director or his/her designated representative. All gift and private grant proposals from the Foundation to potential donors must be reviewed by the Executive Director or his/her designated representative. Acceptance of non-cash gifts will be subject to the approval of the Board of Trustees.

Commitments to the Foundation and/or payment of same may take the form of one, or a combination, of the following:

- Cash;

- Appreciated securities or other personal assets;
- Gifts-in-kind;
- Interests in limited partnerships, royalties, mineral rights, etc.;
- Deferred or planned gifts including trusts, pooled income funds, insurance policies gifts of property with or without a retained life interest, and/or bequest intentions.

It is understood that charitable remainder trusts and other deferred gifts shall be encouraged as vehicles the primary purpose of which are to make gifts to the Foundation. 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.

Individuals authorized to sign on behalf of the Foundation shall have authority to sign planned giving agreements. Any agreement which does not follow the format of the specimen agreements or otherwise meet the requirements of the current guidelines shall require the approval of the Board of Trustees.

Generally, it shall be the responsibility of the donor to assume all costs, legal and otherwise, associated with making a non-cash or planned gift.

The procedures which follow differentiate the receipting, reporting, and recognition of gifts received by the Foundation.

- A. Gifts will be receipted, for current income tax purposes (if applicable), as dictated by the rules and regulations of the Internal Revenue Service.
- B. Gifts and gift intentions shall be reported in the Foundation 's printed materials consistent with the procedures outlined herein.
- C. Gifts and gift intentions shall be recognized, in terms of named or commemorative gift opportunities, according to the policies adopted from time to time by the Board of Trustees.

Intentions to make an outright gift should be written and should commit to a specific dollar amount that will be paid according to a fixed time schedule. Annual operating gift commitments may be open-ended.

Unless specifically stated, no gift intention shall be considered to be legally binding on the donor or the donor's heirs.

All gift and gift intention commitments are welcomed and the Foundation will provide all possible staff and volunteer assistance to potential donors to discuss the organization's current funding priorities, the donor's interests, etc. However, gifts of immediate cash or negotiable securities are the forms of donor commitment which have the greatest impact on the Foundation and its plans for the immediate future. **Donors are encouraged to**

indicate their intention to provide a gift by will or other estate planning document through the will or trust.

Any gift that will, or may, require expenditure of funds either at the time of the gift or at some future date (e.g., non-performing assets gifted to fund a charitable trust or charitable gift annuity, bargain sales, outright gifts of real estate that may impose present obligations on the Foundation, etc.) shall require the prior approval of the Board of Trustees.

IV. Procedures Pertaining to Certain Types of Commitments

- A. Gifts shall be valued (for receipting purposes) on the date the donor(s) relinquished control of the assets in favor of the Foundation.
- B. Gifts of cash may be made in the form of currency, personal check, cashier's check, money order or credit card drafts (Mastercard/Visa/American Express/Discover).

All checks should be made payable to the Foundation of the Pennsylvania Medical Society and should not be made payable to an employee, agent, or volunteer for the credit of the Foundation. Checks shall be deposited in the ordinary course of business and no employee or agent of the Foundation shall delay deposit of such.

- C. In cases where gifts are made with assets other than cash, the following guidelines will be observed:
 - 1. It is the Foundation's standard policy to have its investment manager(s) sell publicly-traded securities when received with the funds being used consistent with the gift intentions of the donor and the established policies of the Foundation.

Gifts of Publicly-traded Securities will be receipted at the average of the high and low market value on the date the donor relinquished control of the assets in favor of the Foundation. Such securities will be conveyed to the Executive Director for sale.

The Foundation will not receive or process proposed transfers of stock which have no current market value (i.e., "worthless stock") at the time it is transferred to the Foundation.

Gifts of publicly-traded securities may be made by delivering the security itself to the Foundation's Executive Director or by arranging an electronic transfer between the donor's broker and the Foundation's designated transfer agent.

- 2. Gifts of Closely-held Stock will be accepted only on prior approval of the Board of Trustees and will be receipted at the per-share cash purchase price of the most recent transaction. While there can be no binding agreement regarding when or to whom such securities will be offered, the

value of the gifted stock normally will be determined by any buy-back price. If no buy-back is consummated within twelve months, a gift of closely held stock will be receipted and reported at a value determined by the last qualified appraisal.

All such gifts of closely-held stock will be held until sold. The Foundation is not prepared to accept gifts of closely held stock made with the anticipation that the stock will be held long-term.

3. Outright gifts of Real Estate will be accepted only on prior approval of the Board of Trustees and will be receipted, reported and/or recognized at fair market value (less any encumbrances) at the time the asset is transferred to the Foundation. The fair market value of the property shall be determined by an independent, qualified appraiser in the employ of the donor.

Gifts of real estate must be accepted by the Foundation in accordance with statutory requirements governing the acquisition of real property by the organization. Generally, real estate will only be considered for acceptance if there is a reasonable assurance that the stated property can be sold within a reasonable period of time.

In view of the potential liability for environmental cleanup and toxic and hazardous waste issues concerned with real estate, any proposed real estate gift shall be subjected to an EPA Phase I environmental audit of the property by a professional consultant and submitted to the Foundation for review by legal counsel before the gift is accepted, unless this requirement is specifically waived by the Board of Trustees.

The environmental audit shall be performed in accordance with generally accepted commercial standards and directed to the Foundation's legal counsel in order to ensure standards of due diligence. The Foundation must have control over the conduct of the audit and the preparation of the audit, even though it shall be the responsibility of the donor to pay for the cost of the audit.

4. Gifts made through Bargain Sales will be accepted only on prior approval of the Board of Trustees and will be receipted, reported and recognized at fair market value (less any encumbrances) at the time the asset is transferred to the Foundation. The fair market value of real estate gifted through a bargain sale shall be determined by an independent, qualified appraiser in the employ of the donor.

Gifts of Mortgaged Real Estate are treated as bargain sales and will be accepted only on prior approval by the Board of Trustees. Generally, the Foundation will not accept a gift of mortgaged real estate unless: (a) there is a reasonable assurance that the stated property can be sold within a reasonable period of time; and (b) there is substantial equity in the property which will be realized at the time of sale.

5. Outright gifts of Hard-to-value Assets such as mineral rights, limited partnerships, notes, copyrights, royalties, easements, etc., will be reported at \$1 and additional credit will be given as the proceeds are received.
6. Outright gifts of Tangible Personal Property for which the donor(s) may qualify for a charitable gift deduction under current IRS rules will be receipted, reported and/or recognized at the appraised value of the property (less any encumbrances) at the time it is transferred to the Foundation. Unless otherwise authorized by the Board of Trustees, the Foundation will liquidate such assets in order to secure the cash needed to fund its current program priorities and/or to invest such proceeds in ways consistent with the currently-authorized investment strategies of the Board.

In order to qualify for a current income tax charitable deduction at the full fair market value, appreciated gifts of tangible personal property must be used by the Foundation in ways which are related to the tax-exempt purposes of the organization. Most gifts of tangible personal property will not meet the "related-use test" of the Internal Revenue Service and will, therefore, be receipted and reported at the lower of the cost basis or the depreciated market value of the property.

The following are general guidelines or considerations in connection with gifts of tangible personal property:

- (a) Generally, the Foundation's acceptance of such gifts cannot involve significant additional expense for their present or future use, display, maintenance, or administration. The Foundation will make no prior agreement to display or otherwise utilize any gift of tangible personal property.
- (b) Generally, no burdensome financial or other obligations can be incurred, directly or indirectly, by the Foundation as a result of its acceptance of such gifts.
- (c) Gifts of real and personal property exceeding \$5,000 in value shall be reported at the fair market value placed on them by an independent, expert appraiser at the time the donor relinquished control in favor of the Foundation. The cost of the appraisal is the responsibility of the donor.

Gifts of \$5,000 and under may be reported at the value declared by the donor or a qualified expert.

- (d) Generally, the Foundation will not accept gifts of tangible personal property if such gifts are to be made on the condition, understanding, or expectation that the gifted items will be held for a period of time or will be loaned to the donor or to persons

designated by the donor for life or for an extended period of time as determined by the donor.

- (e) Any gifts-in-kind which can be liquidated will be reported on an item- for-item basis.

7. Insurance-based gift commitments:

- (a) Fully paid up, or otherwise vested, insurance policies for which the Foundation is owner and sole beneficiary will be reported as "future" expectancies of the Foundation at the unrealized death benefit (face value) of the policy when proof of ownership has been established and the original policy has been given to the Executive Director.

Such gifts will be receipted at the lesser of the cost or replacement value as established by the insurance company and may be recognized through membership in the Foundation.

- (b) The Foundation will accept non-fully-paid-up insurance policies if:
 - (1) the organization is designated as owner and sole beneficiary;
 - (2) the original policy is given to the Executive Director; and
 - (3) the donor agrees to continue making premium payments (which may qualify for current charitable deductions). The Foundation makes no commitment to continue making premium payments should the donor cease to do so.
- c. The Foundation will not accept gifts for the purpose of purchasing a new life insurance policy on any individual(s).
- d. Commitments of term insurance naming the Foundation as beneficiary will not be reported or recognized until assets are distributed to the organization.
- e. No insurance products are endorsed for use in funding gifts to the Foundation.

8. Bequest Intentions and other revocable deferred gifts will be reported as "future" expectancies at the value established in writing by the donor through a bequest intention form, a contract to make a will, a letter, or a copy of appropriate sections of the will or of the insurance or trust document, etc.

Since such commitments are revocable, they do not constitute "legally binding commitments" and, therefore, are not reflected on the Foundation's financial statements.

- (a) Bequest intentions for which the donor does indicate a specific, or estimated, value and for which the donor provides written confirmation will be reported at full face value.
- (b) When a donor designates the Foundation as the beneficiary of an Individual Retirement Account (IRA), such commitments will be reported as future expectancies at a minimum value level of \$1,000.
- (c) Bequest intentions for which the donor does not indicate a specific gift value and/or does not provide an estimate of a residuary bequest will be reported as future expectancies at a minimum value level of \$1,000.
- (d) Bequests will be reported as outright gifts as received. Such bequest distributions will be receipted, reported and/or recognized at the value established at the time of probate and/or at the fair market value on the date of the transfer of the asset(s). If any portion of the amount distributed to the Foundation has previously been reported as a "future" expectancy, cumulative expectancies figures will be reduced by the amount previously reported.
- (e) When persons indicate their intention to bequeath property other than cash or cash equivalent to the Foundation, the provisions of preceding paragraphs IV.C.1-6 of these procedures shall be communicated to such persons where feasible and deemed appropriate by the Board of Trustees.
- (f) Bequest distributions will be allocated consistent with the gift intentions of the donor.

Lacking any such designation in the donor's will, undesignated bequest distributions will be allocated, when received, where needed most to meet the current funding priorities of the Foundation.

- (g) Gifts from the estates of deceased donors shall be accepted subject to the terms of paragraphs IV.C 1-6 of these procedures. Legal counsel of the Foundation shall expeditiously communicate the terms of applicable policies to the legal representatives of the estate.

9. Irrevocable Charitable Remainder Trusts and similar life income agreement commitments (whether administered by a Trustee on behalf of the Foundation or known to be administered by others on behalf of the Foundation.)

- (a) Will be reported and recognized at the fair market value of the asset (on the date of transfer, less any encumbrance) being used to "fund" the life income agreement.
- (b) For purposes of current income tax deductions such gifts will be receipted at the charitable deduction value as established by Internal Revenue Service regulations.
- (c) Generally, the Foundation does not encourage donors to place encumbered assets into a trust.
- (d) Where an income interest is to be retained by the donor, the asset offered must be of sufficient value to produce the income anticipated by the donor, otherwise the potential gift will not be accepted.
- (e) When a trust is to be funded with hard-to-value or non-income-producing property, a net income unitrust will generally be used. Such a trust obligates the trustee to pay only the lower of a specified percent of fair market value or actual income. When such a net income unitrust is used, a separate letter of agreement should be signed by the Foundation and the donor, indicating that the donor understands the income concept of the net income trust.
- (f) The fees for management of a charitable trust will be paid by the trust. Any such management fees would be paid by the Foundation only upon prior approval of the Board of Trustees.
- (g) Remainder trust distributions will be allocated to such programs or activities as are indicated in the trust agreement. A portion of the distributions may be utilized for administrative costs associated with such designation.

Lacking any such designation in the trust agreement, distributions will be allocated, when received, where needed most to meet the current funding priorities of the Foundation.

- (h) While the Foundation is prepared to provide specimen trust agreements to potential donor(s) and their advisors, the legal costs of setting up a charitable remainder trust shall be covered by the donor(s) unless other provisions have been approved by the Board of Trustees.
- (i) Proposed charitable remainder trusts should be funded initially with assets of at least \$100,000.
- (j) The interest rate used in preparing charitable remainder trusts will range from at least five percent (5%) to a ceiling established from time to time by action of the Board of Trustees. Within the approved range, higher rates may be authorized by the Board of

Trustees, based on: (1) the ages of the donor(s) and any beneficiaries; and (2) income needs vs. tax relief.

- (k) The Foundation will not accept a charitable remainder trust through its Trustee unless the Foundation is at least a 50% charitable remainderman. If the Foundation's share of the remainder interest is not at least 50%, donors will be encouraged to name a trust company or the trust office of their bank as trustee.
- (l) The Foundation is not prepared to serve as sole trustee of a charitable remainder trust but shall, with the approval of the donor(s), designate as administrative co-trustee a professional trust/investment manager selected, and advised, by the Board of Trustees. While a unitized accounting approach is taken with regard to the investment of trust assets, separate accounting is provided to the donor on each trust agreement. Trust payments shall be made at the donor's choice: quarterly, semi-annually or annually. In order to control the cost of trust administration, the Foundation prefers to make payments semi-annually or annually.

10. Charitable Lead Trusts

- (a) Will be reported and recognized at the total anticipated payout.
- (b) Proposed charitable lead trusts should be funded initially with assets of at least \$100,000.
- (c) The interest rate used in preparing charitable lead trusts will be at least five percent (5%).
- (d) Funds received by the Trustee for the Foundation for charitable lead trusts are managed by professional investment managers selected, and advised, by the Board of Trustees.

11. Pooled Income Funds (PIF)

- (a) Will be reported and recognized at the fair market value of the asset (on the date of transfer, less any encumbrance) being used to "fund" the pooled income funds.
- (b) For purposes of current income tax deductions such gifts will be receipted at the charitable deduction value as established by Internal Revenue Service regulations.
- (c) Pooled income fund distributions will be allocated to such programs or activities as are indicated in the PIF agreement. A portion of the distributions may be utilized for administrative costs associated with such designation.

Lacking any such designation in the PIF agreement, distributions will be allocated, when received, where needed most to meet the current funding priorities of the Foundation.

12. Retained Life Estates

- (a) The gift of a primary residence, a vacation home, or a farm with retained life interest on the part of the donor may be arranged without a trust agreement.

The donor deeds the property to the Foundation immediately but continues to assume full responsibility for all taxes, utilities and maintenance costs as long as the donor occupies the residence. Calculation of the remainder interest which is allowed for Federal Income Tax Deduction Credit is based on an IRS formula.

- (b) Any such transaction shall be subject to procedures outline above for gifts of real estate.

13. Donor-Advised Endowment Funds

- (a) Proposed donor-advised funds will be considered on a case-by-case basis by the Board of Trustees.

- (b) The Foundation will not accept a donor-advised fund unless the organization is at least a 50% beneficiary of the fund. If the Foundation 's share of the remainder interest is not at least 50%, donors will be encouraged to establish a donor-advised fund through their community foundation.

- (c) Distributions from the fund shall be made no more frequently than quarterly. In no case shall a distribution be made for less than \$1,000. All such distributions will be confirmed in a telephone conversation between the Executive Director and the donor(s).

14. Charitable Gift Annuities

- (a) Fulton Financial Advisors has agreed to prepare our charitable gift annuity proposals.
- (b) Effective July 21, 2015 the Foundation will review any new charitable gift annuity proposals and determine whether the annuity should be reinsured, kept in house uninsured, or be housed outside the Foundation.. This review will be done by finance and development committees and will be done because of the dwindling assets available to support a robust Charitable Gift Annuity Program independently.

- (c) If it is determined that the charitable gift annuity is to be housed outside of the Foundation, the Foundation will work with the prospective donor to identify a third-party community foundation to establish the charitable gift annuity. This will place the financial liability on the community foundation and eliminate risk for the Foundation of the Pennsylvania Medical Society.
- (d) The Foundation will work with the prospective donor to identify a community foundation that will offer this service. If the donor cannot identify a community foundation the Foundation of the Pennsylvania Medical Society will refer the donor to the Lancaster County Community Foundation and/or Everence (the Mennonite Community Foundation) or another like-minded Community Foundation. The partnering community foundation will have its own rules for managing gift annuities.

Procedures Pertaining to Named Endowments

- A. For the purposes of this document, "endowment fund" shall refer to any Foundation restricted fund, or any part thereof, not wholly expendable by the Foundation on a current basis under the terms of the applicable gift instrument. This includes named scholarship or programmatic funds.

Each such fund shall be recorded and reported as either: (a) donor-designated endowment, or (b) Board-designated endowment.

Endowments are invested and the income earnings used according to policies established by the Board of Trustees.

- B. Gifts may be used to establish a special endowment opportunity or may be added to existing endowments.
- C. Persons interested in establishing named endowments are encouraged to consult with the Executive Director prior to making the gift so that the donor's intentions are appropriately established in writing. Negotiation of any named endowment agreement on behalf of the Foundation shall be done over the signature, and with the full knowledge, of the Executive Director.

In designating an endowment gift for a specific purpose, the donor is encouraged: (a) to describe that purpose as broadly as possible; (b) to avoid detailed limitations and restrictions; and (c) to provide a clause granting the Foundation maximum flexibility to make use of designated funds in a manner most consistent with the intent of the donor and with the interests of the Foundation should programmatic or other developments make it impossible to apply the endowment proceeds to the purpose for which it was designated originally.

Upon receipt of the gift, a gift agreement must be signed by the donor and the Executive Director.

- D. Gifts to establish named endowment programs for specific purposes must meet the minimum dollar requirements set by the Board of Trustees. In no case will a named endowment be established at a level less than \$50,000 for a named unrestricted endowment or \$50,000 for a named restricted endowment. The principal amount of the original gift need not meet the minimum dollar requirement if the donor agrees to fully fund the endowment at the minimum dollar requirement within a specified and reasonable period of time.

The minimum dollar requirements established by the Board of Trustees for a named endowment shall not apply to any named endowments(s) already established or in process at the time these policies are adopted.

The Foundation reserves the right to review the minimum amounts required for named endowments periodically and to amend the minimum amount required so as to ensure that endowment proceeds are sufficient to fund the intended purpose(s) of the endowment. If, and when, the Board of Trustees acts to increase the minimum amount required to establish a particular named endowment, such action shall not be retroactive to named funds already established or in process.

- E. Administrative Fee: Effective January 1, 2003, an administrative fee will be extended to include not only scholarship funds, but also named and endowed funds, and The Foundation of the Pennsylvania Medical Society will continue to assess a 1.5 percent administrative fee against the value of such funds per annum. Exceptions to this policy must be approved by the Foundation's Board of Trustees. If a fund is approved by the Foundation's Board of Trustees and established with an initial gift that is below the \$50,000 minimum, an administrative fee of 1.5% of \$50,000 (\$750.00) will be deducted annually.