

**ST. AUGUSTINE ART ASSOCIATION
PLANNED GIVING FUND POLICY
10/1/18**

Purpose

The St. Augustine Art Association (STAAA) seeks to offer planned gift opportunities to its donor base and to that end has established a Planned Giving Fund Policy. The main purpose of the Planned Giving Fund is to produce income for the benefit of the STAAA and its charitable purposes, in accordance with this policy. This policy outlines the STAAA's rules and regulations pertaining to the investment of, the spending of, and the acceptance of planned gifts. This policy is intended to apply only to planned gifts and shall not be applicable to any other assets or types of funds of the STAAA. STAAA reserves the right to refuse any planned gift, or enter into any planned gift arrangement, that is not in STAAA's best interest.

Mission Statement

The St. Augustine Art Association is a 501(c)(3), non-profit organization whose mission is to promote artistic excellence through education, awareness and participation. STAAA brings together artists of all media and skill levels and encourages all who appreciate the arts to join through shows, classes, lectures, cultural, and social events. The STAAA, founded in 1924, has served as a Community Art Center at 22 Marine St. since 1954.

Planned Giving Fund Objectives

A planned gift is one which is legally provided for during the donor's lifetime but whose principle benefits do not accrue to the STAAA until some future date. The primary objective of the STAAA's planned giving fund is to encourage, solicit and recognize bequests, gifts of interests in retirement plans, gifts of life insurance and gifts created by life income agreements and trusts for all purposes consistent with the STAAA's mission statement.

This program is designed to supplement and enhance the programs of the STAAA by:

1. Safeguarding the wishes of donors.
2. Setting up specific agreements, if indicated, by donors as to the use of planned gifts.
3. Offering donors the opportunity to make a larger gift during their lifetime than could be made without income retention.
4. Offering donors the opportunity to make gifts of life insurance and retirement interests that are no longer needed to provide for a spouse or other loved ones.
5. Encouraging estate planning and preparation of wills which can provide for outright bequests, annuities for life income provisions for other beneficiaries, and additions to agreements and trusts which qualify for deduction of exemption under existing tax laws.
6. Offering donors the opportunity to establish a permanent endowment in one's own name or for another.

Delegation of Authority

The Investment Advisory Board shall make or ratify all decisions regarding STAAA's planned giving program. These decisions include the language of various gift documents and trusts, minimum size of gifts, and gifts to be accepted. It is the responsibility of the Investment Advisory Board to implement the Planned Giving Fund Objectives.

Approval of Planned Gifts

All planned gifts will meet the guidelines of this Planned Giving Fund Policy. The following planned gifts require approval by the Investment Advisory Board:

1. Gifts that have purposes that may fall outside of the mission of the STAAA or the purpose of this Planned Giving Fund Policy.
2. Any assets that may be unusual or fall outside the type of gifts usually handled by the Investment Advisory Board.
3. Gifts which the Investment Advisory Board, in its sole discretion, determines to include unusual, overly complex, or overly restrictive conditions.
4. The STAAA shall seek legal and/or professional counsel, as appropriate, in all matters pertaining to unusual gifts.

Gift Review Factors

Gifts that require review will be handled promptly by the President of the Board of Directors and will be accepted conditionally until a meeting of the Investment Advisory Board can be scheduled at which a decision will be made to accept or return the gift. The Investment Advisory Board will then make the recommendation to the Board of Directors. All gift reviews will be handled with confidentiality. The Investment Advisory Board will take into consideration the following factors:

1. The charitable intent and ultimate benefit to STAAA and its members.
2. The nature of any restrictions.
3. The permanency of the gift.
4. The administrative costs of managing the gift asset.
5. Potential for actual or perceived conflict of interest.
6. Consistency with the mission, purposes, Bylaws, and policies of the STAAA.

The Art of GIVING

One of the most difficult financial decisions to make is what charitable organization(s) you will support, now and through your legacy. Important questions you may ask are: How does the organization use donations to fulfill its mission? What impact does the organization have on its community? How will I be recognized as a donor and how will my legacy benefit from my donation?

WHY STAAA

At the core of St. Augustine Art Association, our mission is to support ALL creatives— young and old, beginners and professionals, locals and visitors/foreigners, the sighted and the blind, the 3D and the 2D artist, the performers and the writers. We believe that artists' successes shouldn't come after the fact, and because of your financial generosity, the St. Augustine Art Association can make their dreams a living reality.

The St. Augustine Art Association recognizes its donors through customizable opportunities including naming opportunities (funds, programs, awards, etc.), plaques, honorary memberships and benefits, website links and more. We will work with you to determine the best way to recognize your contribution.

WHERE & HOW TO GIVE

Through the **Art of Giving** you can join your legacy to ours by providing support that will ensure the continuation of this vibrant, living cultural arts institution for the **next 100-years**. Donations can be made for:

- General Fund – encompasses all of the operations of the St. Augustine Art Association
- Educational Funds – provides opportunities for classes and workshops for artists of all ages and backgrounds (naming opportunities)
- Building Fund – provides maintenance and improvements to ensure the gallery stays in excellent and state-of-the-art condition for exhibits and programs (naming opportunities)
- Permanent Collection Fund – provides maintenance and preservation of our large Permanent Collection, primarily of important St. Augustine Art, which is vital to our community in preserving our rich artistic history (naming opportunities)
- Award Fund – create or support a current award fund which goes straight to the artists (naming opportunities)

WAYS TO GIVE

Give Online – The easiest and most immediate way to donate to the St. Augustine Art Association is online at staaa.org (click here to donate).

Gifts in Honor/Memory of – Honor a lost loved one, recognize someone special, or commemorate a milestone by making a special gift in their name. Your honoree or their If the gift is not accepted, the donor will be notified immediately by either the Executive Director or the President of the STAAA.

Action to Accept Gifts

Contributions are recorded and deposited by the Executive Director, Treasurer, or President of the STAAA within five (5) business days of receipt unless special circumstances warrant further review of the gifts. Gift acknowledgement should be immediate with a phone call or email by the Executive Director of the STAAA and a mailed letter within two-weeks of the receipt of the gift unless otherwise indicated by the donor.

Planned Giving Fund

A planned gift is one which is legally provided for during the donor's lifetime but whose principle benefits do not accrue to the STAAA until some future date. The STAAA will accept planned gifts in the following forms:

1. Beneficiary designation in gifts of life insurance policies, deferred annuity contracts, IRA, defined benefit plans, 401(k) plans, or other qualified plans.
2. Gifts of cash and/or other assets with income reserved for the life of the donor and/or another beneficiary. These types of gifts can take the form of charitable gift annuity, charitable remainder trust, and charitable lead trust.
3. Bequests included in the will of a donor or a bequest in a trust created by the donor.
4. Gifts of personal residence, or other real property outright or with life use and enjoyment retained by the donor.
5. Gifts of current life insurance policies and/or the establishment of a life insurance endowment.
6. Gifts of publicly traded securities and mutual funds.

Beneficiary Designation

The STAAA may accept amounts it receives as a designated beneficiary (primary or contingent) of a life insurance policy, deferred annuity contract, IRA, defined benefit plan, 401(k) plan, profit-sharing plan or other qualified plan.

Bequests

Bequests are defined in an individual's will or trust. They can take many forms, including, but not limited to donating land, cash, and insurance. Bequests are completely controlled by the donor until their death. The Investment Advisory Board is authorized to encourage donors to leave outright gifts to the STAAA in their will or trust agreement or to establish gift annuities and trusts by means of such instruments. The Investment Advisory Board is responsible for maintaining a confidential record of information about known provisions in will or in trust for bequests to the STAAA.

Individuals interested in supporting the STAAA with bequests, do so through the Investment Advisory Board. The STAAA is a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code. The STAAA welcomes the following types of bequests:

1. Specific bequests are those where a donor bequeaths a specific dollar amount or a specific asset(s). Sample language: I give, devise, and bequeath \$_____ (or, the following asset) to the St. Augustine Art Association or its successor-in-interest, for its general purposes.

2. Percentage bequests are those where a donor bequeaths a percentage of the estate. Sample language: I give, devise, and bequeath to the St. Augustine Art Association or its successor-in-interest, an amount equal to _____ percent (___%) of my adjusted gross estate as finally determined for federal estate tax purposes for its general purposes.

3. Residuary bequests are those where a donor bequeaths all or a percentage of the remainder of the estate after other gifts, debts, taxes, and expenses. Sample language: I give, devise, and bequeath all (or a percentage) of the rest, residue and remainder of my estate, both real and personal and wheresoever situate, to the St. Augustine Art Association or its successor-in interest, for its general purposes.

4. Contingent bequests are received by the STAAA only if a donor's primary beneficiaries are not surviving at the time of the donor's death. Sample language: If (primary beneficiary) does not survive me, I give, devise, and bequeath such beneficiary's share of my estate (or trust) to the St. Augustine Art Association or its successor-in-interest, for its general purposes.

5. Restricted bequests are those where a donor bequeaths a gift to be used for a specific purpose. Sample language: I give, devise, and bequeath to the St. Augustine Art Association or its successor-in-interest, (the sum of \$_____) (the following asset) (___ percent of my adjusted gross estate) or (the rest, residue, and remainder of my estate). This gift shall be used for (state purpose) if and for so long as the Board of Directors of the St. Augustine Art Association determines that the need exists. If the Board of Directors of the St. Augustine Art Association shall determine at the outset or at a later time that the need does not exist, or no longer exists, or for some reason it is not possible (or prudent) for the bequest to be used as originally intended, the Board of Directors may, in its sole discretion, direct the use of my bequest for a purpose related as closely as possible to that stated above.

Charitable Gift Annuities

A charitable gift annuity is a contract between STAAA and the donor. STAAA agrees to pay the donor (and/or another person named by the donor) a lifetime annuity in exchange for an irrevocable gift to the STAAA. The annual payment to the donor (or named beneficiary) is fixed and is based on the number and ages of the beneficiaries and the fair market value of the gift.

1. The minimum amount required to establish a charitable gift annuity to the STAAA is \$25,000. A charitable gift annuity is usually funded with cash or publicly traded securities. However, a charitable gift annuity may be funded with real estate upon review and approval by the Investment Advisory Board.

2. The rate of return payable to annuitants shall not exceed those recommended by the American Council on Gift Annuities as of the date of contribution. Annuity agreements shall be limited to two (2) lives. Generally, for charitable gift annuities benefiting the STAAA, the minimum age for immediate annuities shall be 60, and 55 for deferred annuities.

Charitable Lead Trusts

A charitable lead trust is a trust from which the income or "lead" interest paid to the STAAA for a set number of years (not to exceed 20), after which the remaining trust assets pass to one or more non-charitable beneficiaries designated by the donor. The amount paid to the STAAA may be either a fixed sum (an "annuity" interest) or a percentage of the trust assets valued each year (a "unitrust" interest). Moreover, charitable lead trusts may be established during the donor's lifetime or upon his or her death

pursuant to his or her Last Will and Testament or Revocable Trust. Normally, the minimum market value of a charitable lead trust will be \$1,000,000.00.

1. Charitable lead trusts shall not be accepted without the prior review and approval of the trust by the Investment Advisory Board.
2. A charitable lead trust may be advantageous for donors who have a larger income than they currently need and in low interest rate environments, may present an opportunity for the donor to transfer assets to heirs at a reduced transfer tax cost. In addition, major gift donors may wish to use a charitable lead trust to fulfill a pledge.
3. The STAAA will not serve as the Trustee of a charitable lead trust.

Charitable Remainder Trusts

A charitable remainder trust is established by an irrevocable gift to a trustee made during the donor's lifetime or following his or her death. In general, the trustee is required to pay a fixed percentage (not less than 5%) of the value of the trust assets to at least one non-charitable beneficiary for the life or lives of the named beneficiary(ies), a term not to exceed 20 years, or a combination of the two. At the end of the trust term, the remaining assets pass to one or more charitable beneficiaries. The most common forms of charitable remainder trusts are Charitable Remainder Annuity Trusts (hereafter referred to as CRATs) and Charitable Remainder Unitrusts (hereafter referred to as CRUTs).

1. CRAT. A CRAT must provide for the payment to one or more non-charitable beneficiaries of a fixed percentage (no less than 5% and no more than 50%) of the initial fair market value of the trust's assets, payable at least annually. No additional contributions may be made to a CRAT after the initial contribution.
2. CRUT. A standard CRUT is similar to a CRAT, except that the payout to non-charitable beneficiaries is a fixed percentage (no less than 5%) of the trust assets, valued annually. Unlike a CRAT, the donor can add assets to a CRUT at any time during the donor's lifetime or following his/her death. There are many different variations of CRUTs, including Net Income Unitrusts, Net Income with Make-Up Unitrusts and Flip Unitrusts.
3. The STAAA will not serve as the Trustee of a charitable remainder trust.

Real Estate and Retained Interests

Real Estate and other real property, both improved and unimproved, is commonly used to make a charitable donation. The STAAA may accept a gift of a real property outright and in instances where the donor (and/or another person) retains a life estate, that is the right to use the property for a term of years or for the life or lives of the donor and/or another person. The STAAA may use or sell the real estate and other real property as it sees fit, subject to any restrictions on use imposed by the donor and agreed to by the STAAA. Such gifts are subject to the conditions and guidelines applicable to gifts of real estate as stated in this policy. The gift is accomplished by the execution of a Deed with the remainder interest being granted to the STAAA.

The following guidelines will apply in determining the types of property that would be generally accepted by the STAAA:

1. Gifts of real estate, both improved and unimproved, may be accepted only after review and approval by the Investment Advisory Board. Due to the expenses associated with gifts of real property, only gifts valued in excess of \$100,000 will generally be considered.
2. It is the Investment Advisory Board's general policy to dispose of all gifts of real estate as expeditiously as possible. This policy will be communicated to the donor when the STAAA receives notification of the donor's intent to make a gift of real estate. If the donor does not want the STAAA to immediately dispose of the real estate, the parties' must execute a written agreement regarding the disposition of the property before its acceptance by the STAAA.
3. At a minimum, gifts of real estate require: (a) a title insurance commitment showing marketable title in the donor, free and clear of unacceptable encumbrances, issued by a reputable title insurance company; (b) an appraisal by a qualified appraiser (not older than 60 days); (c) a Phase I environmental audit by a qualified engineer indicating that ownership will not expose the STAAA to environmental liability; (d) an onsite evaluation by the chairman of the Investment Advisory Board; (e) a structural engineering report (where appropriate); (f) a review of leases (for commercial property); (g) evidence of compliance with the Americans with Disabilities Act (where applicable); (h) a disclosure statement reflecting any and all carrying costs, including but not limited to taxes, insurance, association dues, membership fees and transfer charges. Under Treasury Regulations, the donor must pay for the initial appraisal of the property. Moreover, unless waived by the Investment Advisory Board, the donor shall be responsible for all costs related to the environmental impact study, title search, and any other related study.
4. A gift of real estate encumbered by a mortgage raises significant tax issues for the donor and the STAAA. Gifts of real estate encumbered by mortgages, liens, etc. may only be accepted after review and approval by the Investment Advisory Board.
5. The execution and delivery of a deed (preferably in the form of a warranty deed or trustees' deed) shall complete the gift. The donor shall pay the costs associated with the conveyance and delivery of the gift.
6. Gifts of real property shall be valued at their fair market value on the date of transfer as set forth in a "qualified appraisal" prepared in accordance with IRS Regulations. Such appraisal shall be obtained and paid for by the donor.

Life Insurance

A gift of life insurance for the benefit of the STAAA may take many forms. The following five are accepted by the Investment Advisory Board.

1. Give an existing paid-up policy by changing the owner and the beneficiary to the St. Augustine Art Association.
2. Give an existing policy on which the donor is still paying premiums and name the St. Augustine Art Association as irrevocable owner and beneficiary.
3. Purchase a new policy, transferring all incidents of ownership to the St. Augustine Art Association. The donor will hold the policy for a period of time as agreed by both parties.
4. Name the St. Augustine Art Association as beneficiary or as a co-beneficiary to share in the policy proceeds with another beneficiary.

5. Name the St. Augustine Art Association as a contingent beneficiary so the proceeds will become a charitable gift if the first beneficiary has died.

The STAAA is authorized to solicit gifts of insurance from prospective donors. Upon notification, the Investment Advisory Board will secure the following information: name of donor, name of insured, insured's date of birth, date of gift, face value of policy, type of policy, cash surrender value, timing and amount of premium payments, name and address of insurance company and the account number of the policy. A copy of the contract will be secured outlining the preferred billing procedure for the premium payments, if applicable.

Cash

Gifts of cash will be accepted in accordance with state and federal laws.

Publicly Traded Securities

1. Securities that are traded on the New York American Stock Exchange, as well as other major U.S. and foreign exchanges and the NASDAQ, corporate bonds, government issues and agency securities may be accepted as gifts. In general, such securities shall be sold as soon as possible after their receipt. No employee or volunteer may agree to hold, sell through a specific broker or trade on instruction of the donor a particular publicly-traded security without the approval of the Investment Advisory Board.

2. The value of a gift of securities is determined by averaging the highest and lowest selling prices quoted for the security on the day the transfer is completed by the donor to the STAAA in compliance with Internal Revenue Code (I.R.C.). Gifts of inactively traded securities or securities that do not trade on the gift date present more complex valuation questions and must be valued in accordance with the I.R.C.

3. Donors should notify the STAAA of the securities being gifted, the number of shares, the intended gift date and the intended use of the gift.

4. Securities may be delivered by mail or may be wired to a designated STAAA account. If the donor mails securities, certificates should be sent unsigned and by next day express mail. Signed stock/bond powers should be sent separately to the STAAA by next day express mail. It is imperative that the signature on the stock/bond power exactly match the name on the certificate.

Mutual Funds

1. Mutual fund shares may be accepted as gifts.

2. The fair market value of mutual fund shares is the redemption price of the valuation date of the gift.

3. The donor should be aware that in order to transfer mutual fund shares to a charity, the mutual fund company must establish an account for the charity. This process may be lengthy, and the donor should allow sufficient time between the date of the instructions to transfer the shares and the actual date of the share transfer.

Other Property

Other property of any description (e.g., cash, restricted stocks, bonds, CD, mortgages, notes, copyrights, royalties, closely held business interests, etc.) may be accepted only with the approval of the Investment Advisory Board.

Policy Change

This Planned Giving Fund Policy is intended to provide guidelines for the Investment Advisory Board. As ethics and laws evolve, it may be necessary to revise and update this policy in order to ensure that the guidelines outlined by this policy remain current and effective. It will be the responsibility of the Chair of the Investment Advisory Board to provide for the review of this policy and obtain suggested revisions. The Investment Advisory Board shall make recommendations to the Board of Directors for changes to any part of this policy with a simple majority vote of all Investment Advisory Board voting members. The revised edition must be presented to the Board of Directors for approval. A change in this policy shall require the affirmative vote of three-fourths (75%) of the entire Board of Directors.

Confidentiality

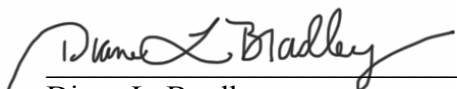
All information concerning donors and prospective donors, including names, names of beneficiaries, amount of gift, size of estate, etc. shall be kept strictly confidential by the organization and its authorized personnel or except and to the extent that written permission is granted by the donor to release such information.

Publicity

No public media exposure with respect to gifts will be given without the donor’s written consent. Donors will be asked to allow their “gift stories” to be told to encourage others to consider similar gifts.

Professional Advisors

STAAA strongly encourages all donors to discuss proposed gifts with their legal and financial advisors. Prospective donors shall be advised to seek their own counsel in matters related to charitable giving, tax, and estate planning. Under no circumstances will the STAAA, its staff, directors, or representatives, in their capacity with the STAAA, provide legal, tax, or estate planning advice to any donor.



Diane L. Bradley
President

10/11/18
Date