

THORNWELL

Clinton, South Carolina

Gift Acceptance Policy

The purpose of this Policy is to provide guidelines for the acceptance, valuation, and reporting of gifts to Thornwell (hereinafter, "Thornwell"). This Policy is designed to protect Thornwell and its supporters, and ensure that all gifts to Thornwell are structured to provide the maximum benefit to the parties involved.

TAX-EXEMPT STATUS

Thornwell has tax-exempt status under Internal Revenue Code 501 (a) as an organization described in section 501 (c) (3). Therefore, gifts to the Thornwell are tax deductible to the extent allowed by law. Thornwell does not render legal or tax advice to its donors.

ACCEPTANCE OF GIFTS

Thornwell will not accept gifts, enter into business relationships, or accept external support that will compromise its integrity, autonomy or programmatic freedom, or will impose on Thornwell disproportionate burdens or potential liability. Thornwell may elect to accept or decline any gift. The ultimate authority to accept or decline a gift rests with Thornwell's Board of Trustees (hereinafter, the "Board"), and no gift presented to the Board for approval shall be deemed accepted until the Board has granted its approval.

This Policy contemplates that the Finance and Investment Committee of the Board (hereinafter, the "F&I Committee") will make recommendations to the Board regarding certain gifts and related matters. The Mission Advancement Committee of the Board may make a recommendation to the Board with respect to any gift or related matter.

The date of an accepted gift under this Policy shall be the date that the donor transfers to Thornwell title to and control over the gift, regardless of when Thornwell receives the proceeds of the gift.

DONOR BILL OF RIGHTS AND PRIVACY

Thornwell recognizes that donors have the right to be treated respectfully and intends to comply fully with the Donor Bill of Rights and Privacy Statement found on Thornwell's website.

VALUATION OF GIFTS, REPORTING

Accepted gifts will be valued for tax deduction purposes as prescribed in the applicable provisions of the Internal Revenue Code. This Policy states how Thornwell currently values certain gifts for its own records, but the Internal Revenue Code will control if it and this Policy conflict. Thornwell is not permitted to furnish appraisals or

otherwise make representations concerning the value of non-cash gifts.

Thornwell may require appraisals provided by the donor for non-cash gifts.

Thornwell intends to comply with the applicable provisions of the Internal Revenue Code regarding reporting of accepted gifts and as may be required with respect to certain aspects of accepted gifts.

UNRESTRICTED CURRENT GIFTS

Thornwell may accept the following unrestricted gifts and report them in compliance with applicable law:

A. Cash, Checks, and Electronic Payments

Cash in US currency delivered to an appropriate representative of Thornwell and receipted for by Thornwell.

Checks, bank drafts, money orders, and similar financial instruments that are made payable to or endorsed to Thornwell.

Electronic payments (wire transfer, credit card, debit card, and payments from pay-through facilities such as PayPal) received in Thornwell's designated account.

B. Quid Pro Quo Contributions

To the extent that donors receive value in exchange for their payment, donors who patronize galas, auctions and similar fund-raising functions make *quid pro quo* contributions. The Internal Revenue Service (hereinafter, the "IRS") defines a *quid pro quo* gift as "a payment made partly as a contribution and partly in consideration for goods and services provided to the payor by the donee organization." The goods or services received by the payor are called "premiums." For gift reporting purposes, the gift value of *quid pro quo* contributions is equal to the total contribution minus the value of the premium.

C. Publicly Traded Securities

Readily marketable securities, such as those traded on a stock exchange or in the active over-the-counter market, may be accepted by Thornwell.

Thornwell currently values such securities at the mean of the high and low quoted selling prices on the date of the gift. For certain securities traded in the over-the-counter market, the mean of the bid and the asked price may be used to value the gift.

It is Thornwell's general practice to sell gift securities promptly upon receipt, with the final decision to sell a security or retain it in Thornwell's portfolio being made by Thornwell's investment advisor as guided by the Investment Policy Statement. In accordance with standard gift reporting guidelines, neither losses nor gains realized on the sale of the stock by Thornwell, nor brokerage fees or other expenses associated with the transaction, will affect the valuation of the gift. Exceptions may occur, e.g. a large block of thinly traded securities, the immediate sale of which may be undesirable. In these circumstances, if the Board did not previously determine that an exception to this practice is

appropriate, the F&I Committee shall make that determination.

D. Mutual Fund Shares

Thornwell currently values mutual fund shares at their public redemption price on the date of the gift. If there is no such quotation for the fund on the date of the gift (e.g. because the gift is made on a Saturday, Sunday or holiday,) Thornwell currently values the shares at the public redemption price on the last day prior to the date of the gift that such redemption price is publicly available, whether that price is publicly quoted by the fund or reported in a publicly disseminated publication reasonably deemed to be reliable.

E. Closely Held Business Interests

Thornwell will accept gifts of interest in closely held businesses (corporations, partnerships and limited liability companies) with the recommendation by the F&I Committee and the approval of the Board. Because the income they generate may subject Thornwell to Unrelated Business Income Tax, gifts of these interests will be subject to additional scrutiny. Acceptance may require review by legal counsel to Thornwell.

Thornwell currently values gifts of closely held business interests exceeding \$10,000 at the fair market value placed on them by a qualified independent appraiser as required by the IRS. Typically, this value shall be obtained from IRS Form 8283, on which the donor must obtain the donee's signature for such gifts.

Thornwell currently values gifts of closely held business interests valued at \$10,000 or less at the per-share cash purchase price of the latest recent transaction, which may include a redemption. If no such purchase was made recently, Thornwell may value such a gift at the value placed on the shares by a qualified independent certified public accountant that audits the books of the closely held business, or at the value placed on the shares by a qualified independent certified public accountant that prepared the closely held business's income tax returns for the last fiscal year, or at the fair market value placed on the shares by a qualified independent appraiser.

F. Real Estate

Gifts of real estate are subject to review by the F&I Committee and approval by the Board. In general, gifts of real estate will be acceptable, unless there is reason to believe the property is not marketable or useful to Thornwell or is unduly burdensome for Thornwell.

As a condition of Thornwell's acceptance of a proposed gift of real estate, the donor is responsible for the following at its expense, which are to be reasonably acceptable to Thornwell:

- (1) Delivery to Thornwell of a current qualified appraisal of the real estate;
- (2) Delivery to Thornwell of a Phase I environmental and toxic waste assessment

for the real estate confirming no unacceptable condition; and

(3) Title to the land must be clear, marketable, and unencumbered by mortgage and other liens.

In exceptional cases where the property is highly desirable to Thornwell, Thornwell may bear some or all of the cost of the Phase I assessment. If the Phase I assessment recommends a Phase II assessment, or if the Phase I assessment reports one or more conditions that prudently warrant a Phase II assessment, the proposed gift of real estate will typically not be accepted.

If the real estate is subject to significant carrying costs for utilities, maintenance, property owners' association dues, or other charges; or if the real estate is subject to restrictions on sale or use; or if market conditions are unfavorable, the proposed gift of real estate will typically not be accepted.

Thornwell may accept a gift of real estate with a retained life estate, and a gift of real estate subject to use or sale restrictions or other interest(s) or limitations, after review by the F&I Committee and approval by the Board. The agreement creating a life interest must provide that the donor and/or life tenant will remain responsible for the timely payment of mortgages, taxes, assessments, insurance, utilities, maintenance/repairs, and other costs associated with the real estate, unless other specific provisions are made for the payment of these expenses. The donor(s) shall not violate or allow to be violated any environmental laws/ordinances covering this real estate.

Thornwell currently values gifts of real estate at their fair market value. Thornwell values gifts of real estate with fair market values exceeding \$5,000 at the value placed on them by qualified independent appraisers, as required by the IRS for valuing non-cash charitable contributions. Typically, this value can be obtained from IRS Form 8283, on which the donor must obtain the donee's signature for such gifts. Thornwell values gifts of real estate with fair market values of \$5,000 and under at the value declared by the donor. IRS requirements for gift substantiation place the responsibility for valuing real estate gifts on the donor for tax deduction purposes.

Thornwell intends to comply with all IRS requirements in connection with disposing of gifts of real estate and filing of appropriate tax reporting forms. If a gift of real estate is sold, exchanged, consumed or otherwise disposed of by Thornwell within two years after the date of the gift, Thornwell must file IRS Form 8283 with the IRS that discloses that fact. Thornwell intends to also provide the donor with a copy of Form 8283.

G. Tangible Personal Property

On a case-by-case basis, Thornwell may accept gifts of tangible personal property and other illiquid tangible assets upon recommendation by the F&I Committee and

approval by the Board. Examples include gifts of jewelry, artwork, collections, equipment and software. Tangible personal property will not be accepted unless Thornwell determines the gift has substantial value or can be utilized or disposed of quickly.

All gifts of tangible personal property will be considered unrestricted unless donor designations are provided and approved by Thornwell at the time the gift is made. All restricted gifts of tangible personal property will be subject to the section below titled Restricted Gifts.

Unrestricted gifts of cash or cash-equivalents to maintain any tangible personal property made be made to Thornwell. Thornwell currently values those gifts at their face value.

Thornwell currently values a gift of tangible personal property having a publicly available fair market value at its fair market value. Thornwell currently values gifts of tangible personal property with fair market values exceeding \$5,000 at the values placed on them by qualified independent appraisers, as required by the IRS for valuing non-cash charitable contributions. Typically, this value can be obtained from IRS Form 8283, on which the donor must obtain the donee's signature for such gifts. Thornwell currently values gifts of tangible personal property with fair market values of \$5,000 and under at the value declared by the donor or at the values placed on them by qualified independent appraisers.

IRS requirements for gift substantiation place on the donor the responsibility for valuing tangible personal property gifts for tax deduction purposes. The donor shall be responsible for obtaining and delivering all required valuations to Thornwell prior to acceptance by Thornwell.

Thornwell intends to comply with all IRS requirements in connection with disposing of gifts of tangible personal property and filing of appropriate tax reporting forms. If a gift of tangible personal property is sold, exchanged, consumed or otherwise disposed of by Thornwell within two years after the date of the gift, Thornwell must file IRS Form 8282 with the IRS that discloses that fact. Thornwell intends to also provide the donor with a copy of Form 8282.

H. Intangible Personal Property

On a case-by-case basis, Thornwell may accept gifts of intangible personal property upon recommendation by the F&I Committee and approval by the Board. Examples include gifts of patents, licenses, royalty agreements, and other contract rights. Because each item of intangible property presents unique questions regarding ownership, term of utility, potential liability, and value to Thornwell, gifts of intangible personal property will be subject to additional scrutiny and acceptance may require review by legal counsel and other advisers to Thornwell. Intangible personal property will not be accepted unless Thornwell determines the

gift has substantial value or can be utilized or disposed of quickly.

All gifts of intangible personal property will be considered unrestricted unless donor designations are provided and approved by Thornwell at the time the gift is made. All restricted gifts of intangible personal property will be subject to the section below titled Restricted Gifts.

Unrestricted gifts of cash or cash-equivalents to maintain any intangible personal property in effect (e.g., pay periodic filing fees) made be made to Thornwell. Thornwell currently values those gifts at their face value.

Regardless of their tax deduction value, Thornwell anticipates that it will value a gift of intangible personal property at its estimated fair market value. The mechanism to determine and document that estimated value will depend on the nature and amount of the intangible personal property in the gift.

The donor shall be responsible for obtaining and delivering all required valuations to Thornwell prior to acceptance by Thornwell.

I. Life Insurance Policies Donated During Lifetime

Thornwell encourages gifts of paid-up life insurance policies and of existing policies that are not fully paid-up. For insurance policies to be accepted as gifts, the donor must make Thornwell the owner and sole irrevocable beneficiary of the policy. In its financial statements, Thornwell currently values gifts of life insurance policies in accordance with generally accepted accounting principles in effect in the United States (hereinafter, "GAAP").

Thornwell also encourages gifts of proceeds under life insurance policies that Thornwell does not own and/or for which it is not the sole beneficiary.

In its financial statements, to comply with GAAP, the insurance company's settlement amount received by Thornwell under a life insurance policy will be recorded as a gift to Thornwell, less any gift value reported earlier.

J. Charitable Lead Trusts

For annual reporting purposes, Thornwell currently reports only the income it receives each year from a charitable lead trust.

PLANNED GIVING

Thornwell may accept the following gifts under a donor's planned giving program.

A. Bequests

Gifts through Wills (bequests). Thornwell intends to follow to conclusion all probate proceedings where Thornwell is a named beneficiary. Bequests of interests in a closely held business, real estate, tangible personal property, and intangible personal property are subject to the conditions for that type of gift stated above. Thornwell will communicate through the legal representative(s) of the estate.

B. Irrevocable Planned Gifts

- Charitable Gift Annuities
- Charitable Remainder Trusts
- Pooled Income Funds
- Remainder Interest in Real Estate

Thornwell currently does not intend to accept Charitable Gift Annuities with a payout rate that exceeds the rate established by the American Council on Gift Annuities or a similar organization. In its financial statements, Thornwell currently values irrevocable planned gifts in accordance with GAAP.

C. Revocable Planned Gifts

- Written statements of intention to make a bequest
- Beneficiary of a living trust
- Beneficiary of an IRA or retirement plan

Thornwell currently acknowledges Revocable Planned Gifts but, to comply with GAAP, does not record Revocable Planned Gifts in its financial statements.

RESTRICTED GIFTS

Thornwell may also accept restricted gifts as described below.

A. Acceptance

Restricted gifts are gifts which are delivered with one or more limitations imposed by the donor on Thornwell's use. These gifts can be characterized by unique, unusual, demanding, or highly detailed restrictions. The acceptance of restricted gifts will be subject to a case-by-case review and is contingent on approval by the Board after review of a recommendation from the F&I Committee. This approval may be given in advance in connection with specific fund-raising plans and initiatives approved by the Board.

Thornwell is not permitted to give advice as to the impact of any restriction on the tax-deductibility of a gift.

B. Gift Agreements

The terms of named gifts and or restricted gifts will be specified in a written gift agreement that outlines the program or purpose to be supported, any schedule of contributions, and the specific restrictions. Other gifts may also be committed to a gift agreement. The donor and Thornwell's President or his/her designee will sign the gift agreement for all such gifts accepted by the Board. Thornwell may request donors to provide their written consent for Thornwell to apply for any matching funds that might be available as a result of their gifts.

C. Donor's Restrictions

Thornwell supports and encourages both unrestricted gifts and gifts whose use is restricted by the donor, provided those restrictions are acceptable to Thornwell as described in this Policy. The Board's acceptance of designated or restricted gifts is contingent on, among other things, their fidelity to the mission of Thornwell and their compatibility with Thornwell's strategic plan.

Thornwell will not comply with clauses in favor of or against any race, color, religion, nationality, national origin, or other category as to which discrimination is then prohibited by law.

The terms of any gift should be as flexible as possible to permit the most productive uses of the gift consistent with the original intent of the donor.

D. Changing Restrictions

Thornwell generally seeks to honor donors' restrictions. However, if the Board determines another use is necessary or advisable, consent for using the gift in that different manner may be sought from the donor or members of the donor's family, if appropriate; or the gift agreement may be amended in accordance with its terms. If the use stipulated in the gift agreement becomes illegal, obsolete, inappropriate, or impracticable, court approval may be sought to alter the use. For a donor or one or more appropriate members of the donor's family to change the use of restricted gifts from that stated in its gift agreement, the change must be accepted by the Board after review of a recommendation from the F&I Committee.

Any use of a restricted gift other than in accordance with its gift agreement must be affirmed in a writing signed by the donor(s) (or one or more appropriate members of the donor's family) and by Thornwell's President or his/her designee.

NAMING OPPORTUNITY

Thornwell may accept gifts in connection with naming opportunities as described below.

- A. Ultimate authority to accept or decline any proposed naming opportunities and actual naming recognition at Thornwell rests with the Board.
- B. Ultimate authority to discontinue the designated name of a building, room, area, or activity, or to transfer the name to another building, room, area, or activity, at Thornwell rests with the Board.
- C. No naming will be approved or continued that will call into serious question public respect of Thornwell.
- D. Thornwell may choose to extend recognition by designating a facility, a portion of a facility, a program, or a portion of a program in the name of one of more donors, or in the name of a third party designated in writing by the donor/donors; *provided* that the donor/donors will provide all or the major part of the cost of funding the facility or activity. Thornwell may choose to defer publicizing or publicly confirming a naming recognition until Thornwell has received at least the major part of the cost of funding the named facility, activity, or portion thereof. For this purpose, "major" means greater than 50% of the cost to complete the facility or activity.
- E. Thornwell reserves the right to decide on the physical displays that may acknowledge or accompany a named recognition.
- F. A permanent named endowment fund is a fund whose donor has stipulated that the fund principal must remain inviolate and that only income and/or a designated portion of the corpus may be expended. In

determining the minimum acceptable funds, projected annual endowment income, both now and in the future, should be sufficient to fulfill the donor's intended purpose. A name for an endowed fund is selected by the donor and must be approved by the Board.

MODIFICATION OF THIS POLICY

The Board may consider proposed gifts that would not otherwise be acceptable under this Policy. As part of that consideration, the Board may refer the proposed gift to the F&I Committee for review and recommendation. Only the Board may approve the acceptance of any such gift.

From time to time, proposed gifts may be presented to Thornwell under circumstances in which Thornwell's decision to accept or reject is required in a very short time-frame. The Board may modify this Policy by general amendment, and the Board may also approve exceptions to the application of this Policy on a case-by-case basis solely with respect to one or more specific gifts.

In all instances in which this Policy calls for review and recommendation by the F&I Committee, the Board on a case-by-case basis may act prior to receiving that recommendation. Such action by the Board will absolve the F&I Committee of any duty to review and recommend regarding that gift(s) that is/are the subject of the action by the Board.

Record of Action

Adopted by the Board of Trustees to supersede all prior versions of this Policy:
July 17, 2020.

