

COMMUNITY FOUNDATION FOR NANTUCKET, INC.

ARTICLE XVII – GIFTS TO THE FOUNDATION

- 17.01           General. Donors may make gifts to the Foundation by naming or otherwise identifying the Foundation, whether or not a trustee, custodian or agent is designated to receive the property contributed. Gifts shall vest in the Foundation upon receipt and acceptance by it (whether signified by a Foundation officer, employee, or agent).
- 17.02           Administration. The Foundation has the power and authority to receive, hold, sell, invest, reinvest and distribute property contributed by donors as well as other property of the Foundation. The Foundation will apportion its assets to separately named funds ("directly-held funds") that carry out the charitable purposes specified by its donors and by the Board. Alternatively, a donor may designate one or more trustees, custodians, or agents to have custody of and administer the investment of a gift, and, if more than one, the portions of the gift to be held and administered as to investment by each. Each such fund shall be administered by The Foundation as a "component fund" (a component part of the Foundation as described in Treasury Regulation Section 1.170A-9(e)(11)(ii), or any successor regulation or Code provision). In the case of failure of a donor to designate a trustee, custodian or agent of such portions, or failure of a designated trustee, custodian or agent to accept custody of a gift, the property will generally be administered by the Foundation although the Board may designate one or more of the trustees, custodians or agents to have custody of and administer the investment of the gift, and if more than one, the portions to be so held and administered by each. The Foundation may enter into agreements with trustees, custodians or agents having custody of funds of the Foundation, specifying additional terms of such custody. No gift shall be separately invested or held unless the donor so directs, or it is necessary in order to carry out any other direction by the donor as to purpose, or in order to prevent tax disqualification, or it is required by law.
- 17.03           Acceptance of Terms. Each donor, by making a gift to the Foundation, shall be deemed to have accepted and agreed to all the terms of the Articles of Incorporation and the Bylaws, and shall be further deemed to have agreed that the fund so created shall be subject to the provisions for presumption of donors' intent, for modification of restrictions or conditions, and for amendments and termination, and to all other terms of the Articles of Incorporation and Bylaws of the Foundation and to the terms of any trust, custodian, or agency agreement between the Foundation and trustees, custodians, or agents having custody of the funds of the Foundation, each as from time to time amended.

- 17.04 Directions in the Instrument. Any donor may, with respect to a gift made by such donor to the Foundation to establish a directly-held fund or a component fund and within such limits of policy as the Board from time to time may establish, give directions in the instrument of gift or transfer as to (i) field of charitable purposes or particular charitable organizations or purposes to be supported, (ii) manner of distribution, including amounts, times, and conditions of payments and whether from principal and/or income, and (iii) a name as a memorial or otherwise for a fund given, or addition to a fund previously held, or anonymity for the gift. Notwithstanding the foregoing, any such directions which at any time would cause, or be a material factor in causing, the Foundation to be deemed a "private foundation" as described in Internal Revenue Code Section 509, or to be deemed not to be a qualified charitable organization described in Internal Revenue Code Section 501(c)(3) or 170(b)(1)(A)(vi), shall be null and void, but in either such event, to the extent permitted by law and approved by the Board of Trustees, any such directions shall be deemed to have been modified or supplemented so as not to affect the status of the Foundation.
- 17.05 Names of Funds; Memorials. A donor who establishes a directly-held fund or a component fund may assign any name to the fund. In the absence of contrary instructions from its donors, directions for naming a fund as a memorial or otherwise may be satisfied either by keeping under such name accounts reflecting the interest of such fund in each common investment or by commingling the funds with others but referring in the Foundation's literature and other commemorative communications to the amount of the gift at the time it was received by the Foundation.
- 17.06 Presumptions. Each fund of the Foundation shall be presumed to be intended (i) to be used only for charitable purposes, (ii) to be productive of a reasonable rate of return over a reasonable period of time which is to be distributed at least annually or, if accumulated, is to be accumulated only in a reasonable amount and for a reasonable period for a charitable purpose or purposes, and (iii) to be used only for such of those purposes and in such manner as not to disqualify the gift from deduction as a charitable contribution, gift, or bequest in computing any federal income, gift, or estate tax of the donor or his estate and not to disqualify the Foundation from exemption from federal income tax as a qualified charitable organization described in either Internal Revenue Code Section 501(c)(3) or Section 509 (a)(1) and shall not be otherwise applied. If a direction by the donor, however expressed, would, if followed, result in use contrary to the intent so presumed, or if the Board is advised by counsel that there is substantial risk of such result, the direction shall not be followed but shall be modified by the Board so far as necessary to avoid such result, except that if the donor has clearly stated that compliance with the direction is a condition of the gift, then the gift shall not be accepted unless an appropriate judicial or administrative body first determines that the conditions and direction need not be followed. Reasonable charges and expenses of counsel for such advice and proceeding shall be proper expenses.

- 17.07 Charitable Purposes and Organization. For purposes of these Bylaws, "charitable purposes" includes educational, religious, scientific, literary, public and other purposes permitted to be carried on by organizations described in Internal Revenue Code Sections 170(c)(1) and 170(c)(2)(B) and "qualified charitable organization" means an organization which is described in Internal Revenue Code Section 170(c)(1) or (2). Specifically, one of the charitable purposes of this Foundation may be to provide administrative and other support services to other Internal Revenue Code Section 501(c)(3) charitable organizations in order to assist them in carrying out their grant-making programs and their charitable purposes.
- 17.08 Benefit Outside Nantucket. It is recognized that there can be an identifiable benefit to the citizens of the Nantucket through grants made outside Nantucket. The Board of Trustees or donors may allocate income or principal from any such fund, for charitable purposes or to organizations beyond Nantucket (but within the United States of America).
- 17.09 Variance Power. Notwithstanding any provision in these Bylaws or in any transfer creating or adding to a fund of this Foundation, and in accordance with the Articles of Incorporation, if a donor has made any request, condition, or directive with respect to property or funds of the Foundation, then if, and only if, the Board of Trustees in its sole discretion determines that circumstances are such as to render its execution obsolete, inappropriate, impractical, unnecessary, incapable of fulfillment, or inconsistent with the Foundation's charitable purposes, then the Board shall have the power to modify or override such request, condition or directive so as to provide for the distribution of such property or funds in a manner which is appropriate, practical and consistent with its charitable purposes.

#### ARTICLE XVIII - DISTRIBUTION AND DISBURSEMENTS

- 18.01 Determination and Authorization by Board. The Board, not less frequently than annually, shall (i) determine all distributions to be made from net income and/or principal of this Foundation (including funds held by trustees, custodians or agents of the Foundation) pursuant to provisions of the Articles of Incorporation, these Bylaws, and the donors' directions if, and to the extent applicable as provided herein, (ii) make, or authorize and direct the respective trustees, custodians or agents having custody of funds of this Foundation to make payments to organizations or persons to whom payments are to be made, in such amounts and at such time and with such accompanying restrictions, if any, as it deems necessary to assure use for the charitable purposes and in the manner intended, and (iii) determine all disbursements to be made for administrative

expenses incurred by the Foundation and direct the respective trustees, custodians or agents having custody of funds of this Foundation as to payment thereof and fund to be charged.

18.02 Advance Notice; Adjustment of Directions. Determinations may be made by the Board to distribute capital from funds given without directions as to principal or income as well as pursuant to directions expressly permitting use of principal, but the Board shall inform the trustee, custodian or agent having custody of the funds of this Foundation, as far in advance as the Board deems practicable, so as to permit such trustee, custodian or agent to adjust its investment policies accordingly, and may, upon advice from such trustee, custodian or agent as to how the desired distribution and any necessary liquidation of investments can most economically be accomplished, adjust its directions for distributions so far as it deems appropriate.

18.03 Research and Analysis. The Board may gather and analyze facts and conduct investigation and research, as from time to time is necessary, in order to determine the most effective means for fulfilling its charitable purposes, through application of funds for charitable purposes, and may direct disbursements for such fact gathering and analysis, investigation, and research from funds given for such purposes or from funds given without designation as to purpose. Disbursements for other proper administrative expenses incurred by the Board, including salaries for such professional and other assistance, as it from time to time deems necessary, shall be directed to be paid, so far as possible, first from any funds designated by the donor for such purpose, and any balance out of income of the funds of the Foundation or such of its principal as is not specifically restricted against such use.