



MUHAMMAD SUBUH FOUNDATION

The Foundation of the Worldwide Subud Community

There is a large variety of presents that can be given to the MSF. Check the following list to find out which is the best option for you.

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1. SECURITIES

Securities that are actively traded on recognized stock exchange and other readily marketable securities, including bonds may be accepted as gifts by the Foundation. Typically the Foundation will sell such securities but will evaluate them on a case-by-case basis after the securities have been received.

Mutual funds – In most cases, the Foundation must open an account in order to accept gifts of mutual fund shares. Aspects of this process are beyond the Foundation’s control and may be lengthy before a transaction is complete. Therefore, donors are advised to allow sufficient time to complete such transfers. The donor must notify MSF of the mutual fund shares being gifted, the name of the institution at which the shares are held (brokerage firm, financial institution or the mutual fund company itself), the number of shares, the intended gift date, and the intended use of the gift.



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Closely held or non-publicly traded securities – must be approved by the MSF Endowment Advisory Committee. Valuation of closely held securities may be challenging due to infrequent trading, which makes it difficult to establish fair market value. MSF does not accept more than 49% of such securities.

Restricted Securities – must be approved by the MSF Endowment Advisory Committee. Restricted securities (unregistered securities, investment-letter stock, control stock or private placement stock) are limited due to the difficulty in transferring ownership and determining fair market value.

Donors are advised to consult their own legal advisors and IRS Publication 561, which describe the protocol in detail, including the procedures for appraisers, and contents of appraisals, in establishing the value of their gift for tax purposes.

2. REAL ESTATE

Gifts of real estate (other than land located at Rungan Sari or Wisma Subud, Indonesia) are typically liquidated to a cash asset. Such a gift may include land both improved and unimproved, detached single-family residences, condominiums, apartment buildings, rental property, commercial property, farms, and gifts subject to a retained life estate. Plots located at Rungan Sari will be transferred to Yayasan Muhammad Subuh (YMS) domiciled in Indonesia, with which MSF has a mutually supportive relationship.

Upon review and approval of the MSF Endowment Advisory Committee, the Foundation may accept ownership of outright gifts of real estate with a minimum appraised value of USD 15,000 when undeveloped and USD 50,000 when developed.

Several documents are necessary prior to any real estate being considered:

- a. A title insurance commitment showing marketable title in the donor's name, free and clear of unacceptable encumbrances, issued by a title insurance company deemed acceptable by the Foundation,
- b. A qualified up to date appraisal of the property,
- c. A phase one environmental audit by a qualified engineer indicating that ownership will not expose the Foundation to any environmental liabilities including asbestos,



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- d. A market feasibility study for the property,
- e. A structural engineering report,
- f. A disclosure statement for the property including any mineral, oil or gas rights,
- g. A survey of the property by a registered land surveyor,
- h. A review of any leases and corresponding documents including but not limited to proof of tenant's insurance, and
- i. If the property is in the USA, evidence of compliance with Americans with Disabilities Act.

It is the responsibility of the donor to pay all costs incurred in the transfer of the property, including the cost of compliance with any of the Foundation's requirements outlined above.

3. RETAINED LIFE ESTATES

A gift of real property with a retained life estate involves the transfer of the title to a personal residence or farm to the Foundation whereby the donor or another person retains use of the property for a term of years or the life/lives of the donor and/or another person.

Such gifts are subject to both the general conditions and the guidelines of outright gifts of real estate.

The agreement creating the life interest must provide that the donor and/or life tenant shall remain responsible for the payment of mortgages, taxes, insurance (property insurance with the Foundation as loss payee, general liability insurance with the Foundation as additional insured and other appropriate insurance as determined by the Foundation), utilities, maintenance, repairs and all other costs associated with the property, unless other specific provisions are made for the payment of these expenses. Proof of payment for applicable items and certificates of insurance may be required by the Foundation as appropriate. Donor(s) shall not violate or allow to be violated any environmental laws or ordinances covering this property.



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4. BARGAIN SALES

A bargain sale is a gift of property to the Foundation for an amount less than the property's current fair market value as determined by a recent, qualified appraisal. The excess of the value over the sales price generally represents a contribution to the Foundation.

The Foundation, upon review and recommendation of the MSF Endowment Advisory Committee, may accept or purchase real estate or other property on a bargain sale basis. Ordinarily the purchase price for the property would not exceed 60% of its appraised value. The bargain sale price may be paid either in a lump sum or in installments. Agreements to these types of assets are subject to restrictions.

5. TANGIBLE PROPERTY

Tangible property is an asset that can be touched, handled, or moved by an individual. Gifts of tangible personal property must be of sufficient value to cover holding, maintenance, sale and administrative costs. The most common tangible personal property assets include art, coin and stamp collections, jewelry, furniture, or any similarly unique asset or collectible owned by a donor. The Foundation will sell gifts of tangible personal property and invest the proceeds as soon as is practical.

Upon review and approval of the MSF Endowment Advisory Committee, the Foundation may accept gifts of tangible personal property. However, single gifts of automobiles, boats, airplanes and motorcycles are not accepted by the Foundation, unless they are part of an overall estate. Gifts of jewelry valued at USD 10,000 or more, and gifts of artwork and collectibles valued at USD 25,000 or more will be considered. Generally, gifts are accepted if they

- a. meet the Foundation's minimum gift value requirements,
- b. are readily marketable, and
- c. are free and clear of encumbrances.

Donors who intend to give tangible personal property to the Foundation must submit their gift proposal in writing. The proposal must include a description of the gift, proof of



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ownership, the donor's cost basis, date of acquisition, and a qualified appraisal performed within 60 days of the gift proposal date.

The donor is responsible for any packing, shipping, in-transit security and insurance costs for gifts of tangible personal property. The item(s) must be insured at the donor's expense until delivered safely to the Foundation, and transfer of ownership is complete.

6. NON-TRADITIONAL GIFTS

Gifts of non-traditional nature are complicated and can carry with them additional risks and expenses to both the donor and the Foundation. Decisions regarding the acceptance of these types of gifts are made after careful review to assure maximum benefit is achieved for the Foundation.

6.1. Intellectual Property

The Foundation will consider gifts of intellectual property such as royalties, copyrights, patents, contract rights and similar intangible interests only upon recommendation of the MSF Endowment Advisory Committee. The MSF Endowment Advisory Committee will consider the appraised value of the intellectual property, the administrative costs involved in accepting such a gift, and whether the donor agrees to assign all of the rights with respect to the copyright or royalty. Criteria for acceptance shall include the following:

- a. the intellectual property is compatible with the mission of the Foundation,
- b. ownership of the intellectual property right can be clearly transferred or assigned to the Foundation,
- c. the intellectual property right is a full or fractional interest,
- d. the interest is worth more than USD 5,000, the minimum at which the MSF Endowment Advisory Committee will consider such a gift,
- e. any costs are associated with acceptance of the intellectual property right, and
- f. the donor has requested any restrictions on the retention or use of the property,

6.2. Mineral assets



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As these interests are generally difficult to sell and unpredictable in income generation, the Foundation may accept oil, gas or other mineral property only upon the recommendation of the MSF Endowment Advisory Committee. Criteria for acceptance shall include the following:

- a. gifts of surface rights should have a value of USD 25,000 or greater,
- b. gifts of oil, gas and mineral interests should generate at least USD 3,000 per year in royalties or other income (as determined by the average of the three years prior to the gift),
- c. the property should not have extended liabilities or other considerations that make receipt of the gift inappropriate; the Foundation may consult an outside professional advisor for further review, and
- d. the donor should provide an environmental review to ensure that the Foundation has no current or potential exposure to environmental liability.

6.3. Timeshare units

Because of the limited value and market, and inherent expenses associated with timeshare units, the Foundation will not consider a gift of this nature unless it has an estimated market value of USD 100,000 or more. Donors who intend to gift a timeshare unit to the Foundation must make their gift proposal in writing. The proposal must include a description of the gift, proof of ownership, and a qualified appraisal performed within 60 days of the gift proposal date.

7. DEFERRED GIFTS

Deferred gifts are generally put in place during one's lifetime and are effective at death. Any deferred gift agreement that requires execution by the Foundation should first be reviewed and approved as to its form and substance. Donors are advised to consult with the Foundation regarding how to designate the gift and to discuss any restriction that is being considered.

Donors are encouraged to notify the Foundation when considering such a gift in order to ensure that the assets left to the Foundation meet the criteria set forth in MSF policy.



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The Foundation will accept ownership of life insurance policies when and if the policy to be gifted is:

7.1. fully paid-up as of the date of the gift:

- a. policy must have a minimum face value of USD 1,000;
- b. the life expectancy of the insured must be less than 15 years on an actuarially determined basis;
- c. the Foundation may liquidate the policy for cash value net of any policy loans or other charges.

7.2. not fully paid-up as of the date of the gift, and the donor requests that the Foundation make premium payments on their behalf:

- a. policy must have a minimum face value of USD 5,000;
- b. the life expectancy of the insured must be less than 15 years on an actuarially determined basis;
- c. the Foundation may liquidate the policy for cash value net of any policy loans or other charges;
- d. donor agrees to forward contributions to the Foundation in amounts equal to the cost of corresponding periodic premium payments;
- e. amount of the periodic premium must be greater than USD 200.

7.3. not fully paid-up and the donor will pay future owed premiums directly to the insurance company until policy is fully paid-up:

- a. policy must have a minimum face value of USD 1,000;
- b. the life expectancy of the insured must be less than 15 years on an actuarially determined basis;
- c. the Foundation may liquidate the policy for cash value net of any policy loans or other charges.



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Only individual gifts of life insurance shall be accepted; individual insurance policies purchased by a group of individuals will not be accepted. The Foundation will not accept ownership of term life insurance policies.

8. PLEDGES

The Foundation may accept unconditional promises to pledge with payment terms generally five years or less. A pledge meeting these criteria is considered active upon receipt of the first payment, which shall generally represent a proportional share of the total pledge amount.

These pledges are considered by the Foundation to represent a binding obligation of the donor and are recorded on the Foundation's financial statements.

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