

GEORGES RIVER LAND TRUST
GIFT ACCEPTANCE POLICIES AND GUIDELINES

Approved by the Board of GRLT on the **23rd day of February, 2006**

Amended: February 2, 2010, March 23, 2010, March 29, 2011

Georges River Land Trust, sometimes also referred to hereinafter as “GRLT”, a not for profit organization organized under the laws of the State of Maine, encourages the solicitation and acceptance of gifts to or for the benefit of GRLT for purposes that will help GRLT to further and fulfill its mission. The mission of GRLT is to conserve and steward the natural resources and traditional character of the Georges River watershed region for the public benefit. The following policies and guidelines govern acceptance of gifts made to GRLT or for the benefit of any of its programs.

I. Purpose of Policies and Guidelines

The Board of directors of GRLT and its staff solicit current and deferred gifts from individuals, corporations, and foundations to secure the future growth and mission of GRLT.

These policies and guidelines govern the acceptance of gifts by GRLT and provide guidance to prospective donors and their advisors when making gifts to GRLT. The provisions of these policies shall apply to all gifts received by GRLT for any of its programs.

II. Use of Legal Counsel

GRLT shall seek the advice of legal counsel in matters relating to acceptance of gifts when appropriate. Review by counsel is recommended for:

- 1) Closely held stock transfers subject to restrictions or buy-sell agreements.
- 2) Documents naming GRLT as Trustee.
- 3) Gifts involving contracts, such as bargain sales or other documents requiring GRLT to assume an obligation.
- 4) Transactions with potential conflict of interest that may involve IRS sanctions.
- 5) Other instances in which use of counsel is deemed appropriate by the gift acceptance committee.

III. Conflict of Interest

GRLT will urge all prospective donors to seek the assistance of independent personal legal and financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences.

GRLT will comply with the Model Standards of Practice for the Charitable Gift Planner, promulgated by the National Committee on Planned Giving, shown as an appendix to this document.

IV. *Restrictions on Gifts* (Other than conservation property gifts)

GRLT will accept unrestricted gifts, and gifts for specified programs and purposes, provided that such gifts are not inconsistent with its stated mission, purposes, and priorities. GRLT will not accept gifts that are too restrictive in purpose. Examples of gifts that are too restrictive are those that violate the terms of the corporate charter, gifts that are too difficult to administer, or gifts that are for purposes outside the mission of GRLT. Unrestricted planned gifts (#8-14 in Section VI) will be invested in GRLT's Watershed Society Fund unless otherwise directed by the gift acceptance committee. All final decisions on the restrictive nature of a gift, and its acceptance or refusal, shall be made by the gift acceptance committee of the GRLT.

V. *The Gift Acceptance Committee*

The gift acceptance committee shall consist of:

- 1) the Chair of the Board of GRLT;
- 2) the Vice-Chair of the Board of GRLT
- 3) the Treasurer of GRLT;
- 4) the Secretary of GRLT;
- 5) the Chair of the Development Committee of GRLT; and
- 6) ex-officio members shall include the executive director and the development director of GRLT.

The gift acceptance committee is charged with the responsibility of reviewing all gifts proposed to be made to GRLT, properly screening, accepting or rejecting those gifts, and making recommendations to the Board on gift acceptance issues when appropriate.

VI. *Types of Gifts*

The following gifts are acceptable but not intended to represent an exclusive list of appropriate gifts:

- Cash
- Tangible Personal Property
- Securities
- Real Estate
- Remainder Interests in Property
- Oil, Gas, and Mineral Interests
- Bargain Sales
- Life Insurance
- Charitable Gift Annuities
- Charitable Remainder Trusts
- Charitable Lead Trusts
- Retirement Plan Beneficiary Designations
- Bequests
- Life Insurance Beneficiary Designations

The gift acceptance committee of GRLT shall make the final determination on the acceptance or rejection of gifts of all forms and inform the Board of GRLT of such determinations in a timely

manner. Consideration of whether a sizable gift in any given year will jeopardize GRLT's status as a public charity shall always be given and in all cases practicable, shall seek to avoid jeopardizing such status.

The following criteria govern the acceptance of each gift form:

1) **Cash.** Cash is acceptable and checks shall be made payable to "Georges River Land Trust" or "GRLT", shall appropriately identify the donor or donors and be delivered to the Executive Director at GRLT's administrative offices.

2) **Tangible Personal Property.** All other gifts of tangible personal property shall be examined in light of the following criteria:

- Does the property fulfill the mission of GRLT?
- Is the property marketable?
- Are there any undue restrictions on the use, display, or sale of the property?
- Are there any carrying costs for the property?

3) **Securities.** GRLT can accept both publicly traded securities and closely held securities.

- **Publicly Traded Securities.** Marketable securities may be transferred to an account maintained at one or more brokerage firms or delivered physically with the transferor's signature or stock power attached. As a general rule, all marketable securities shall be sold upon receipt unless otherwise directed by the investment committee. In some cases, marketable securities may be restricted by applicable securities laws; in such instance the final determination on the acceptance of the restricted securities shall be made by the gift acceptance committee of GRLT.
- **Closely Held Securities.** Closely held securities, which include not only debt and equity positions in non-publicly traded companies but also interests in limited partnerships and limited liability companies, or other ownership forms, can be accepted. However, gifts must be reviewed prior to acceptance to determine that:
 - there are no restrictions on the security that would prevent GRLT from ultimately converting it to cash;
 - the security is marketable; and
 - the security will not generate any undesirable tax consequences for GRLT.

If potential problems arise on initial review of the security, further review and recommendation by an outside professional may be sought before making a final decision on acceptance of the gift. The gift acceptance committee of GRLT with the advice of legal counsel shall make the final determination on the acceptance of closely held securities when necessary. Every effort will be made to sell non-marketable securities as quickly as possible.

4) **Real Estate.** Gifts of real estate may include developed property, undeveloped property, or gifts subject to a prior life interest. Prior to acceptance of real estate, GRLT shall require an initial environmental review of the property to ensure that the property has no environmental damage or potential liability. Environmental inspection forms are attached as an appendix to this document. In the event that the initial inspection reveals a potential problem, GRLT shall retain a qualified

inspection firm to conduct an environmental audit. The cost of the environmental audit shall generally be an expense of the donor.

When appropriate, a title insurance binder shall be obtained by GRLT prior to the acceptance of the real property gift. The cost of this title binder shall generally be an expense of the donor. Prior to acceptance of the real property, the gift shall be approved by the gift acceptance committee with the advice of GRLT's legal counsel. Criteria for acceptance of the property shall include:

- Is the property useful for the purposes of GRLT?
- Is the property marketable?
- Are there any restrictions, reservations, easements, or other limitations associated with the property?
- Are there carrying costs, which may include insurance, property taxes, mortgages, or notes, etc., associated with the property?
- Does the environmental audit reflect that the property is not damaged?

5) Remainder Interests in Property. GRLT will accept a remainder interest in a personal residence, farm, or vacation property subject to the provisions of paragraph 4 above. The donor or other occupants may continue to occupy the real property for the duration of their stated life or lives. Upon termination of the life interest, GRLT may use the property or reduce it to cash. Where GRLT receives a gift of a remainder interest, expenses for maintenance, real estate taxes, and any property indebtedness are to be paid by the donor or life tenant(s).

6) Oil, Gas, and Mineral Interests. GRLT may accept oil and gas property interests, when appropriate. Prior to acceptance of an oil and gas interest the gift shall be approved by the gift acceptance committee, if necessary, with the advice of GRLT's legal counsel. Criteria for acceptance of the property shall include:

- Gifts of surface rights should have a value of \$20,000 or greater.
- Gifts of oil, gas, and mineral interests should generate at least \$3,000 per year in royalties or other income (as determined by the average of the three years prior to the gift).
- The property should not have liabilities or other considerations that make receipt of the gift inappropriate
- A working interest is rarely accepted. A working interest may only be accepted where when there is a plan to minimize potential liability and tax consequences.
- The property should undergo an environmental review to ensure that GRLT will have no current or potential exposure to environmental liability.

7) Bargain Sales. GRLT will enter into a bargain sale arrangement in instances in which the bargain sale furthers the mission and purposes of GRLT. All bargain sales must be reviewed and recommended by the gift acceptance committee and approved by the Board of directors. Factors used in determining the appropriateness of the transaction include:

- GRLT must obtain an independent appraisal substantiating the value of the property.
- If GRLT assumes debt with the property, the debt ratio must be less than 50% of the appraised market value.
- GRLT must determine that it will use the property or alternately, that there is a market for sale of the property, allowing sale within 12 months of receipt.
- GRLT must calculate and approve the costs to safeguard, insure, and pay expenses of the property (including property tax, if applicable) during the holding period.

8) **Life Insurance.** GRLT must be named as both beneficiary and irrevocable owner of an insurance policy before a life insurance policy can be recorded as a gift. The gift is valued at its interpolated terminal reserve value, or cash surrender value, upon receipt. If the donor contributes future premium payments, GRLT will include the amount of the additional premium payment as a gift in the year that it is made.

If the donor does not elect to continue to make gifts to cover premium payments on the life insurance policy, GRLT may:

- continue to pay the premiums;
- convert the policy to paid up insurance; or
- surrender the policy for its current cash value.

9) **Charitable Gift Annuities.** GRLT may offer charitable gift annuities. GRLT will not accept real estate, tangible personal property, or any other illiquid asset in exchange for current charitable gift annuities. GRLT may accept real estate, tangible personal property, or other illiquid assets in exchange for deferred gift annuities so long as there is at least a 5-year period before the commencement of the annuity payment date, the value of the property is reasonably certain, and the Board Chair approves the arrangement.

Funds contributed in exchange for a gift annuity shall be set aside and invested during the term of the annuity payments. Once those payments have terminated, the funds representing the remaining principal contributed in exchange for the gift annuity shall be transferred to GRLT's general long-term Board restricted funds, or to such specific fund as designated by the donor.

- The minimum gift for funding is \$10,000. GRLT's Board Chair may make exceptions to this minimum. The minimum age for life income beneficiaries of a gift annuity shall be 65. Where a deferred gift annuity is offered, the minimum age for life income beneficiaries shall be 55. No more than two life income beneficiaries will be permitted for any gift annuity. Annuity payments may be made on a quarterly, semi-annual, or annual schedule. GRLT's Board Chair may approve exceptions to this payment schedule.

10) **Charitable Remainder Trusts.** GRLT may accept designation as remainder beneficiary of a charitable remainder trust with the approval of the gift acceptance committee. GRLT will not accept appointment as trustee of a charitable remainder trust.

11) **Charitable Lead Trusts.** GRLT may accept a designation as income beneficiary of a charitable lead trust. The Board of GRLT will not accept an appointment as Trustee of a charitable lead trust.

12) **Deferred Compensation/Retirement Plan Beneficiary Designations.** Donors and supporters of GRLT will be encouraged to name GRLT as a beneficiary of their retirement plans including but not limited to IRA's, 401(k)'s 403 (b)'s and other plans. Such designations will not be recorded as gifts to GRLT until such time as the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

13) **Bequests.** Donors and supporters of GRLT will be encouraged to make bequests to GRLT under their wills and trusts. Such bequests will not be recorded as gifts to GRLT until such time as the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

14) **Life Insurance Beneficiary Designations.** Donors and supporters of GRLT will be encouraged to name GRLT as beneficiary or contingent beneficiary of their life insurance policies. Such designations shall not be recorded as gifts to GRLT until such time as the gift is irrevocable. Where the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

VII. *Miscellaneous Provisions*

Securing appraisals, environmental review, assessment or remediation costs and legal fees for gifts to GRLT. The cost to secure an appraisal, environmental review, assessment or remediation (where required) and independent legal counsel for any gifts proposed to be made to or for the benefit of GRLT shall be born by the Donor.

Valuation of gifts for development purposes. GRLT will record a gift “received” at its valuation for gift purposes on the date of gift.

Responsibility for IRS Filings upon sale of gift items. The gift acceptance committee of GRLT is responsible for filing IRS Form 8282 upon the sale or disposition of any asset sold within two years of receipt by GRLT when the charitable deduction value of the item is more than \$5,000 or such amount as designated by the IRS requiring such filing. GRLT must currently file this form within 125 days of the date of sale or disposition of the asset. Form 8282 with Filing Instructions is attached as an Appendix.

Acknowledgement of all gifts made to GRLT and compliance with the current IRS requirements in acknowledgement of such gifts shall be the responsibility of the Board of GRLT. IRS Publication 561 Determining the Value of Donated Property and IRS Publication 526 Charitable Contributions are attached as an Appendix.

VIII. *Changes to Gift Acceptance Policies*

These policies and guidelines have been reviewed and recommended to the Board by the gift acceptance committee of GRLT. The gift acceptance committee of GRLT and Board of GRLT must approve any changes to these policies.

Chair, GRLT Board of Directors

IX. Attachments

- A. Model Standards of Practice of the Charitable Gift Planner
- B. Environmental Review Forms
 1. IRS Form 8282 and Instructions.
 2. IRS Publication 561 Determining the Value of Donated Property.
 3. IRS Publication 526 Charitable Contributions.