

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, and June 5, 2012

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 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 such gifts. The provisions of these policies shall apply to all gifts received by or for the benefit of 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, trusts, or other unusually restrictive documents requiring GRLT to assume an obligation.
- 4) Transactions with potential conflict of interest or that may involve IRS sanctions.
- 5) Other instances in which use of counsel is deemed appropriate by the gift acceptance committee or the Board of Directors.

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 Partnership for Philanthropic Planning (as amended), shown as an appendix to this document.

IV. Restrictions on Gifts

GRLT will accept unrestricted gifts, and gifts for specified programs and purposes, provided that such gifts are consistent 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 (#9-15 in Section VI) will be invested in GRLT's Stewardship Reserve Fund unless otherwise directed by the gift acceptance committee or the Board at the Board's discretion. All final decisions on acceptance or refusal of a restricted gift shall be made by the gift acceptance committee of the GRLT or the Board at the Board's discretion.

V. The Gift Acceptance Committee

The gift acceptance committee shall consist of:

- 1) the President of the Board of GRLT;
- 2) the Vice-President 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 of GRLT.

The gift acceptance committee is charged with the responsibility of reviewing all gifts proposed to be made to or for the benefit of GRLT, properly screening, accepting or rejecting those gifts, and making recommendations to the Board for its determination on gift acceptance issues when there are unusual circumstances, restrictions, or they are outside the usual course of giving to GRLT.

VI. Types of Gifts

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

- Cash
- Conservation Land or Conservation Easement
- Tangible Personal Property
- Securities
- Nonconservation Lands
- 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 shall make the final determination on the acceptance or rejection of gifts of all forms, maintain records of its actions, and inform the Board of GRLT of such determinations in a timely manner. GRLT shall always consider whether a sizable gift in any given year will jeopardize GRLT's status as a public charity. In all cases, the committee shall seek to avoid jeopardizing such status.

Subject to any changes in the Federal or State tax laws which may be in effect at the time of making the gift, the following criteria govern the acceptance of each gift:

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) **Conservation Land or Conservation Easement.** Landowners who want to conserve their land through a donation of fee title or a conservation easement are giving a charitable gift to GRLT. Prior to acceptance, such gifts go through a rigorous evaluation process to determine the conservation values on the site, potential constraints, potential conflicts of interest, stewardship responsibilities, and all other due diligence aspects. The process for acceptance of such gifts is detailed in the Land Conservation Project Approval Policy approved by the Board on July 27, 2010.

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

- Does the property further and 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 taxes or other carrying costs for the property?

4) **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, together with any other documents required at the time of transfer to allow the stock to be immediately sold. As a general rule, all marketable securities shall be sold upon receipt unless otherwise directed by the finance committee. In some cases, applicable securities laws may restrict marketable securities; in such instances, the final determination on the acceptance of the restricted securities shall be made by the gift acceptance committee.
- **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 with the advice of legal counsel shall make the final determination on the acceptance of closely held securities. Every effort will be made to sell non-marketable securities as quickly as possible.

5) Nonconservation Lands. Gifts of land not suitable for long-term conservation may be sold, transferred, or exchanged to provide income or more suitable conservation lands to GRLT. Nonconservation lands may include developed property, undeveloped property, or gifts subject to a prior life interest. Before accepting nonconservation lands, GRLT shall provide documentation to the donor clearly stating its intent to sell, transfer, or exchange such land for the purposes of advancing GRLT's conservation mission, and shall require acknowledgment from the donor.

Prior to acceptance of nonconservation lands, GRLT shall require an initial environmental review of the property to ensure that the property has no environmental damage or potential liability. 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 nonconservation lands gift. The cost of this title binder shall generally be an expense of the donor. Prior to acceptance of the nonconservation lands, the gift acceptance committee with the advice of GRLT's legal counsel shall approve the gift. 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?

6) 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 designated 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).

7) Oil, Gas, and Mineral Interests. GRLT may accept oil, gas, or mineral property interests, when appropriate. 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 when there is a plan to minimize GRLT's 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.

8) 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, as determined by GRLT's appraiser.
- 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.

9) **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 an 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.

10) **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 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 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 may approve exceptions to this payment schedule.

11) **Charitable Remainder Trusts.** GRLT may accept designation as remainder beneficiary of a charitable remainder trust with the approval of the gift acceptance committee, or the Board at the Board's discretion. GRLT will not accept appointment as trustee of a charitable remainder trust.

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

13) **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 IRAs, 401(k)s, and 403(b)s. 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.

14) **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.

15) **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 generally be borne by the Donor.

Valuation of gifts for development purposes. For internal purposes, GRLT will record a gift at its valuation on the date the gift is received. This shall not necessarily be the date the donor can declare that the gift has been made for tax purposes.

Responsibility for IRS filings upon sale of gift items. The Treasurer is responsible for filing IRS Form 8282 and/or any state form required upon the sale or disposition of certain assets sold within two years of receipt by GRLT. This requirement applies to assets with charitable deduction values of more than \$5,000 (or such amount as designated by the IRS). GRLT must currently file Form 8282 within 125 days of the date of sale or disposition of the asset.

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 should be consulted as appropriate.

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.

IX. Appendix

A. Model Standards of Practice of the Charitable Gift Planner



Model Standards of Practice for the Charitable Gift Planner

Preamble

The purpose of this statement is to encourage responsible gift planning by urging the adoption of the following Standards of Practice by all individuals who work in the charitable gift planning process, gift planning officers, fund raising consultants, attorneys, accountants, financial planners, life insurance agents and other financial services professionals (collectively referred to hereafter as "Gift Planners"), and by the institutions that these persons represent.

This statement recognizes that the solicitation, planning and administration of a charitable gift is a complex process involving philanthropic, personal, financial, and tax considerations, and often involves professionals from various disciplines whose goals should include working together to structure a gift that achieves a fair and proper balance between the interests of the donor and the purposes of the charitable institution.

I. Primacy of Philanthropic Motivation

The principal basis for making a charitable gift should be a desire on the part of the donor to support the work of charitable institutions.

II. Explanation of Tax Implications

Congress has provided tax incentives for charitable giving, and the emphasis in this statement on philanthropic motivation in no way minimizes the necessity and appropriateness of a full and accurate explanation by the Gift Planner of those incentives and their implications.

III. Full Disclosure

It is essential to the gift planning process that the role and relationships of all parties involved, including how and by whom each is compensated, be fully disclosed to the donor. A Gift Planner shall not act or purport to act as a representative of any charity without the express knowledge and approval of the charity, and shall not, while employed by the charity, act or purport to act as a representative of the donor, without the express consent of both the charity and the donor.

IV. Compensation

Compensation paid to Gift Planners shall be reasonable and proportionate to the services provided. Payment of finder's fees, commissions or other fees by a donee organization to an independent Gift Planner as a condition for the delivery of a gift is never appropriate. Such payments lead to abusive practices and may violate certain state and federal regulations. Likewise, commission-based compensation for Gift Planners who are employed by a charitable institution is never appropriate.

V. Competence and Professionalism

The Gift Planner should strive to achieve and maintain a high degree of competence in his or her chosen area, and shall advise donors only in areas in which he or she is professionally qualified. It is a hallmark of professionalism for Gift Planners that they realize when they have reached the limits of their knowledge and expertise, and as a result, should include other professionals in the process. Such relationships should be characterized by courtesy, tact and mutual respect.

VI. Consultation with Independent Advisers

A Gift Planner acting on behalf of a charity shall in all cases strongly encourage the donor to discuss the proposed gift with competent independent legal and tax advisers of the donor's choice.

VII. Consultation with Charities

Although Gift Planners frequently and properly counsel donors concerning specific charitable gifts without the prior knowledge or approval of the donee organization, the Gift Planner, in order to insure that the gift will accomplish the donor's objectives, should encourage the donor early in the gift planning process, to discuss the proposed gift with the charity to whom the gift is to be made. In cases where the donor desires anonymity, the Gift Planner shall endeavor, on behalf of the undisclosed donor, to obtain the charity's input in the gift planning process.

VIII. Description and Representation of Gift

The Gift Planner shall make every effort to assure that the donor receives a full description and an accurate representation of all aspects of any proposed charitable gift plan. The consequences for the charity, the donor and, where applicable, the donor's family, should be apparent, and the assumptions underlying any financial illustrations should be realistic.

IX. Full Compliance

A Gift Planner shall fully comply with and shall encourage other parties in the gift planning process to fully comply with both the letter and spirit of all applicable federal and state laws and regulations.

X. Public Trust

Gift Planners shall, in all dealings with donors, institutions and other professionals, act with fairness, honesty, integrity and openness. Except for compensation received for services, the terms of which have been disclosed to the donor, they shall have no vested interest that could result in personal gain.

Adopted and subscribed to by the National Committee on Planned Giving (now the Partnership for Philanthropic Planning) and the American Council on Gift Annuities, May 7, 1991. Revised April 1999. Reprinted with permission.