

## Big Brothers Big Sisters of Central Indiana Gift Acceptance policy

Big Brothers Big Sisters of Central Indiana, a not for profit organization organized under the laws of the State of Indiana, encourages the solicitation and acceptance of gifts to Big Brothers Big Sisters of Central Indiana (hereinafter referred to as the BBBSCI) for purposes that will help BBBSCI to further and fulfill its mission. The following policies and guidelines govern acceptance of gifts made to BBBSCI or for the benefit of any of its programs.

BBBSCI prefers unrestricted gifts, however, it recognizes and encourages appropriate collaborations with a variety of stakeholders, including donors, that ensure careful control of the content and integrity of its programs and fiscal responsibility.

The mission of Big Brothers Big Sisters of Central Indiana is to provide children facing adversity with strong and enduring, professionally supported 1-to-1 relationships that changes their lives for the better, forever.

### I. Purpose of Policies and Guidelines

The Board of Directors of Big Brothers Big Sisters of Central Indiana and its staff solicit current and deferred gifts from individuals, corporations, and foundations to secure the future growth and mission of BBBSCI. These policies and guidelines govern the acceptance of gifts by BBBSCI and provide guidance to prospective donors and their advisors when making gifts to BBBSCI. The provisions of these policies shall apply to all gifts received by BBBSCI for any of its programs or services.

### II. Use of Legal Counsel

BBBSCI shall seek the advice of legal counsel in matters relating to acceptance of gifts where appropriate. Review by counsel is required for:

1. Review of all gifts involving contracts, such as bargain sales or other documents requiring BBBSCI to assume an obligation
2. Gifts of all closely held stock transfers
3. Review of all gifts involving real estate
4. Review of all transactions involving a potential conflict of interest
5. Other instances in which use of counsel is deemed appropriate

### III. Conflict of Interest

Prospective donors shall be urged to seek the assistance of personal legal, tax and financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences. BBBSCI will comply with the Model Standards of Practice for the Charitable Gift Planner promulgated by the National Committee on Planned Giving.

#### IV. Restrictions on Gifts

BBBSCI will accept unrestricted gifts and gifts for specific programs and purposes, provided that such gifts are consistent with its stated mission, purposes and priorities. BBBSCI will not accept gifts that are too restrictive in purpose, including those that violate the terms of its bylaws, gifts that are too difficult to administer or gifts that are for purposes outside the mission of BBBSCI. The Gift Acceptance Committee shall make decisions regarding the restrictive nature of a gift, and its acceptance or refusal.

#### V. The Gift Acceptance Committee – will meet only when needed

##### Purpose

The Gift Acceptance Committee (GAC) is charged with the responsibility of reviewing proposed gifts in order to determine acceptability. The GAC will review proposed gifts of real estate, tangible personal property, closely held stock, thinly traded stock, restricted stock, and other issues deemed by staff to merit such review.

##### Authority

Final authority for gift acceptance or denial, for gifts as defined above, lies with the Executive Committee. The Committee may seek guidance from the Board, Finance or Development committees, legal or other counsel if required by policy or if in its judgment such additional counsel is advisable. A minimum of three members must be present for official actions of the Committee.

##### Delegated Authority

The acceptance of a new gift is delegated to the Chief Development Officer when the gift is consistent with existing acceptance policies and established fees.

##### Membership

The GAC shall consist of the following members:

- President, BBBSCI Board of Directors
- Treasurer and/or Chairman of the Finance Committee, BBBSCI Board of Directors
- Chairman, Board Development Committee

- Chief Executive Officer
- Chief Development Officer
- Controller
- Individual Gifts Officer

## VI. Types of Gifts

### A. The following gifts are acceptable:

1. Cash
2. Tangible Personal Property
3. Securities
4. Real Estate
5. Remainder Interests in Property
6. Bargain Sales
7. Life Insurance and Life Insurance Beneficiary Designations
8. Retirement Plan Beneficiary Designations
9. Bequests
10. Charitable Gift Annuities
11. Charitable Remainder Trusts
12. Charitable Lead Trusts

### B. The following criteria govern the acceptance of each gift form:

1. Cash: Cash is acceptable in any form.
2. Tangible Personal Property: All gifts of tangible personal property shall be examined in light of the following criteria:
  - Does the property fulfill the mission of BBBSCI?
  - 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?

The Gift Acceptance Committee shall make the final determination on the acceptance of any tangible property gifts more than \$5,000 in value.

3. Securities: BBBSCI can accept gifts of both publicly traded and/or closely held securities.

- i. **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 Finance Committee. In some cases, applicable securities laws may restrict marketable securities; in such instance the Gift Acceptance Committee shall make the final determination on the acceptance of the restricted securities.
- ii. **Closely Held Securities:** Closely held securities, which include not only debt and equity positions in non-publicly traded companies but also interests in Limited Liability Partnerships (LLPs) and Limited Liability Corporations (LLCs) or other ownership forms, can be accepted subject to the approval of the Gift Acceptance Committee. However, gifts must be reviewed prior to acceptance to determine that:
  - There are no restrictions on the security that would prevent BBBSCI from ultimately converting those assets to cash,
  - The security is marketable, and
  - The security will not generate any undesirable tax consequences for BBBSCI.

If the proposed closely held security gift is particularly complex, further review and recommendation by an outside tax, legal and/or securities professional may be sought before making a final decision on acceptance of the gift. Every effort will be made to sell closely held 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 a real estate gift, BBBSCI shall require an initial inspection and review of the property to insure that the property is not contaminated with environmental damage. In the event that the initial inspection reveals a potential environmental problem, BBBSCI 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.

Where appropriate, a title binder shall be obtained by BBBSNT 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 Acceptance Committee shall approve the gift. Criteria for acceptance of real property shall include:

- Is the property useful for the purposes of BBBSCI?
- Is the property marketable?
- Are there any restrictions, reservations, easements or other limitations associated with the property?
- Are there any carrying costs, which may include insurance, property taxes, mortgages or notes, etc., associated with the property?
- Does the environmental audit reflect that the subject property is free from environmental damage?

5. **Remainder Interests in Property:** BBBSCI will accept a remainder interest in a personal residence, farm or vacation property subject to the provisions contained in the above section captioned Real Estate. The donor or other occupants may continue to occupy the real property for the duration of the stated life. At the death of the donor, BBBSCI may use the property or sell the property at its discretion. Where BBBSCI 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 primary life estate beneficiary. Terms of the remainder interest shall be reflected in an agreement executed by the parties to the referenced remainder interest.

6. **Bargain Sales:** BBBSCI will enter into a bargain sale arrangement in instances in which the bargain sale furthers the mission and purposes of BBBSCI. All bargain sales must be reviewed and recommended by the Gift Acceptance Committee and approved by the Finance Committee of the Board of Directors. Factors used in determining the appropriateness of the transaction include:

- BBBSCI must obtain an independent appraisal substantiating the value of the property
- If BBBSCI assumes debt with the property, the debt ratio must be less than 50% of the appraised market value
- BBBSCI must determine that it will use the property, or that there is a market for sale of the property allowing sale within 12 months of receipt
- BBBSCI will calculate the carrying costs to safeguard and insure the property. BBBSCI will also compute the other property expenses such as: property taxes, maintenance and marketing costs. These costs will be carefully factored into the bargain sale acceptance decision.

7. Life Insurance: BBBSCI 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, cash surrender value upon receipt or the then current generally accepted accounting procedures (GAAP) definition. If the donor contributes future premium payments, BBBSCI will include the entire 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, the Gift Acceptance Committee may decide to:

- Continue to pay the premiums,
- Convert to policy to paid up insurance, or
- Surrender the policy for its current cash value.

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

8. Retirement Plan Beneficiary Designations: Donors and supporters of BBBSCI may be encouraged to name BBBSCI as beneficiary of their retirement plans. Such designations shall not be recorded as gifts to BBBSCI 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.

9. Bequests: Donors and supporters of BBBSCI may be encouraged to make bequests to BBBSCI under their wills and trusts. Such gifts shall not be recorded as gifts to BBBSCI until such time as the gift is irrevocable. Where the gift is irrevocable, but not due until a future date, the present value of the gift may be recorded at the time the gift becomes irrevocable.

10. Charitable Gift Annuities: BBBSCI may offer both Immediate and Deferred Payment Charitable Gift Annuities. The minimum gift for funding shall be \$10,000. The minimum age for life income beneficiaries of immediate gift annuities shall be 60. Where a deferred payment gift annuity is offered, the minimum age for life income beneficiaries shall be 40; however, the annuitant(s) must be at least 60 years old before annuity payments begin. No more than two life income beneficiaries will be permitted for any gift annuity.

The gift annuity payout rates offered by BBBS CI will be consistent with the rates suggested by the American Council on Gift Annuities (Council). These rates are regularly reviewed in light of the changing interest rate environment and economic conditions by the Council and its actuaries and are consequently amended from time to time. The Finance Committee of BBBS CI will review Council suggested rate changes as they occur and determine the advisability of continuing to adhere to then current suggested payout rates. Annuity payments may be made on a quarterly, semi-annual, or annual schedule. The Gift Acceptance Committee must approve any exceptions to the above referenced gift annuity guidelines.

BBBS CI will not accept real estate, tangible personal property or any other illiquid asset in exchange for an immediate charitable gift annuity. BBBS CI may accept such assets in exchange for a deferred payment gift annuity so long as there is adequate time to sell the property and the value of the property is reasonably certain. In addition, the Gift Acceptance Committee must approve any such transaction. Gift Annuities of \$500,000 or more also need prior approval of the Gift Acceptance Committee.

Funds contributed in exchange for a gift annuity shall be set aside and invested during the term of the annuity payments. Once the annuity payments have terminated, the funds representing the remaining principal contributed in exchange for the gift annuity shall remain in a payment reserve pool until the pool level equals 150% of the present value of the outstanding annuity payment obligations. Since the gift annuity payments are a general obligation of BBBS CI, the Finance Committee will regularly monitor the capital adequacy of the payments reserve pool and the pool's investment performance.

11. Charitable Remainder Trusts: BBBS CI may accept designation as a remainder beneficiary of a Charitable Remainder Trust (Annuity Trust/Unitrust). Donors of charitable remainder trusts should contribute a minimum of \$100,000 and be at least 60 years of age. BBBS CI will assist the donor's legal and financial advisors to insure that the BBBS CI beneficiary designation language is appropriate and consistent with the wishes of the donor(s). Counsel for BBBS CI will review the charitable trust document or beneficiary designation language prior to acceptance. BBBS CI will not accept an appointment as Trustee of a charitable remainder trust.

12. Charitable Lead Trusts: BBBS CI may accept a designation as income beneficiary of a charitable lead trust. Counsel for BBBS CI will review any legal matters associated with the

proposed lead trust. BBBS CI will not accept an appointment as Trustee of a charitable lead trust.

## VII. Miscellaneous Provisions

A. **Securing Appraisals and Counsel for Gifts to BBBS CI:** It shall be the responsibility of the donor to secure a qualified appraisal, if needed, in order to substantiate the gift value for tax purposes. The donor shall be responsible for securing the guidance of legal, tax or financial counsel associated with gifts made to BBBS CI. BBBS CI will be responsible for any counsel it engages for its benefit.

B. **IRS Filings:** The donor is responsible for all gift related tax filings. BBBS CI is responsible for filing IRS Form 8282 upon the sale or disposition of any asset sold within two years of receipt by BBBS CI where the charitable deduction value of the item was \$5,000 or greater. BBBS CI must 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 to these policies.

C. **Valuation of gifts for development purposes:** BBBS CI will record a gift received at its valuation for gift purposes on the date of gift.

D. **Gift Acknowledgements:** Acknowledgement of all gifts made to BBBS CI will be in compliance with current IRS requirements as stated in the following IRS Publications:

- IRS Publication 526 Charitable Contributions
- IRS Publication 561 Determining the Value of Donated Property