



## **Gift Acceptance Policies and Guidelines**

Approved by the Board of Directors in February 2016. Updated October 2016.

Essential Partners (“EP”), a not for profit organization organized under the laws of the State of Massachusetts, encourages the solicitation and acceptance of gifts to or for the benefit of EP for purposes that will help EP to further and fulfill its mission.

The mission of Essential Partners is to foster constructive dialogue where conflicts are driven by differences in identity, beliefs, and values.

EP’s Board of Directors has a fiduciary duty to assure that EP’s assets are used efficiently and protected from potential liabilities and diversion to purposes other than those that further EP’s goals. The following policies and guidelines govern acceptance of gifts made to EP or for the benefit of any of its programs.

### **I. Purpose of Policies and Guidelines**

The Board of Directors (“the Board”) of EP and its staff solicit current and deferred gifts from individuals, corporations, and foundations to secure the future growth and mission of EP. We appreciate donors’ consideration of any gift to EP. In all matters involving current and prospective donors, the interest of the donor is important to EP. Please call EP’s Executive Director at 617-923-1216 if you have any questions or if you wish to discuss any aspect of this Policy.

These policies and guidelines govern the acceptance of gifts by EP and provide guidance to prospective donors and their advisors when making gifts to EP. The provisions of these policies apply to all gifts to EP for any of its programs. Gifts will be accepted only if they do not interfere with EP’s mission, purpose, and procedures.

EP shall accept only such gifts as are legal and consistent with organizational policy. While EP does not provide tax advice, every effort will be made to assist donors in complying with the intents and purposes of the Internal Revenue Service in allowing charitable tax benefits.

Key principles include safeguarding the confidentiality of the donor relationship, providing full disclosure to the donor, and ensuring that gifts are recorded, allocated, and used according to the donor intent and designation.

## II. General Policies Relevant to All Gifts

### A. Use of Legal Counsel

EP 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 EP as Trustee.
3. Gifts involving contracts, such as bargain sales or other documents requiring EP 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 Board of Directors.

### B. Conflict of Interest

EP 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. EP and its employees and agents are prohibited from advising donors about the tax consequences of their donations. Gifts are also subject to the provisions of other EP policies, including adopted Conflict of Interest policies.

EP makes every effort to ensure accepted gifts are in the best interests of the organization and the donor. EP works to follow [The Donor Bill of Rights](#) adopted by the AAFRC Trust for Philanthropy, the Association of Fundraising Professionals and other professional organizations. EP 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.

### C. Restrictions on Gifts

EP will accept unrestricted gifts, and gifts for specified programs and purposes, provided that such gifts are consistent with its stated mission, purposes, and priorities. Gifts for purposes that are not consistent with EP's mission or consonant with its current or anticipated future programs cannot be accepted. EP will not accept gifts that are too restrictive in purpose, such as, but not exclusively, gifts 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 EP. All final decisions on the restrictive nature of a gift, and its acceptance or refusal, shall be made by EP's Board of Directors.

### D. Establishing the Value of Donated Property

It is the responsibility of the donor to determine the monetary value of non-cash donations. EP highly encourages donors to work with accountants and/or tax advisors to ascertain fair market value (e.g., for donated property) for the purposes of reporting to the IRS or claiming tax deductions for charitable giving. EP fully complies with, and recommends for donor review, the valuation rules set out in [Publication 561](#) of the

Internal Revenue Service and the relevant income, gift and estate tax laws, and regulations. Copies of Publication 561 are available at [www.irs.gov](http://www.irs.gov) or at EP's office. Property contributed to EP that has a value in excess of \$5,000 must be accompanied by an appraisal unless it consists of (i) cash, (ii) marketable securities, (iii) closely held securities with a value of \$10,000 or less, (iv) a vehicle of any kind, the value of which will be determined by its sale, (v) intellectual property such as a copyright or patent, (vi) stock-in-trade, inventory or other property that would otherwise be held by the donor for sale to customers in the ordinary course of the donor's business or (vii) property contributed by a corporation that constitutes a "qualified contribution," as described in Section 170(e)(3)(A) of the Internal Revenue Code of 1986.

The fee for any required appraisal(s) **may not be based on the value of the appraised property**, and the appraiser must be "qualified," as that term is used in IRS Publication 561. A "qualified appraiser" is one who is ordinarily in the business of appraising similar property, has appropriate educational and experiential background, who performs appraisals for many different people and purposes (and not primarily either for EP or for the donor) and who is not employed by EP, the donor, any relative of the donor or any entity controlled by the donor or members of the donor's family. Duplicate originals of each appraisal should be prepared, one for EP and one for the donor.

Within legal constraints, EP reserves the right to alter the value of property contributed to it on the books and records of EP for accounting, tax-reporting, annual fund record-keeping or any other purpose if developments after the completion of the gift or information that comes to the attention of EP after the gift is completed are determined, in the discretion of the Board or EP's auditors, to merit such an alteration.

#### *F. Tax Compliance*

EP's policy is to comply with Internal Revenue Service reporting requirement and all other aspects of state and federal tax law.

### **III. Types of Gifts**

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

- Cash
- Tangible Personal Property, including vehicles
- Securities
- Real Estate
- Remainder Interests in Property
- Bargain Sales
- Life Insurance
- Charitable Gift Annuities
- Charitable Remainder Trusts

- Charitable Lead Trusts
- Retirement Plan Beneficiary Designations
- Bequests
- Life Insurance Beneficiary Designations

The Board of EP shall make the final determination on the acceptance or rejection of gifts of all forms and inform the donor(s) of such determinations in a timely manner.

The following criteria govern the acceptance of each gift form:

### **Cash.**

Cash refers to cash equivalents, including checks, money orders, currency/coin, and credit card payments. Checks or money orders shall be made payable to “Essential Partners”, shall appropriately identify the donor or donors and be delivered to EP’s administrative offices. Wire and Electronic Funds Transfer (EFT) can usually be arranged with the EP staff. If a matching gift company or workplace giving company wants to send an ACH/EFT every week instead of a check, these must be authorized by the cash receipting manager at EP before the enrollment form is sent back to the constituent.

### **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 EP?
- 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?

### **Securities.**

EP 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 Board. 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 Board.
- **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. Such gifts, however, must be reviewed prior to acceptance to determine that:
  - a. there are no restrictions on the security that would prevent EP from ultimately converting it to cash;
  - b. the security is marketable; and
  - c. the security will not generate any undesirable tax consequences for EP.

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. EP's Board, 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.

### **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, EP shall require an initial environmental review of the property to ensure that the property has no environmental damage or potential liability. In the event the initial inspection reveals a potential problem, EP shall retain a qualified inspection firm to conduct an environmental audit. Non-residential properties shall definitely require a Phase I audit. The cost of environmental audits shall generally be an expense of the donor.

When appropriate, a title insurance binder shall be obtained by EP 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 real property, the gift shall be approved by the Board with the advice of EP's legal counsel. Criteria for acceptance of the property shall include:

- Is the property useful for the purposes of EP?
- 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?

### **Remainder Interests in Property.**

EP 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, EP may use the property or reduce it to cash. Where EP 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).

### **Bargain Sales.**

EP will enter into a bargain sale arrangement in instances in which the bargain sale furthers the mission and purposes of EP. All bargain sales must be reviewed and approved by the Board.

Factors used in determining the appropriateness of the transaction include:

- EP must obtain an independent appraisal substantiating the value of the property.
- If EP assumes debt with the property, the debt ratio must be less than 50% of the appraised market value.

- EP 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.
- EP must calculate and approve the costs to safeguard, insure, and pay expenses of the property (including property tax, if applicable) during the holding period.

### **Life Insurance.**

EP will generally accept life insurance, but it 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. Whether any policy is accepted will depend on the economics of the transfer. If the donor contributes future premium payments, EP 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, EP may:

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

### **Charitable Gift Annuities.**

EP does not offer charitable gift annuities, but may in the future.

### **Charitable Remainder Trusts.**

EP may accept designation as remainder beneficiary of a charitable remainder trust with the approval of the Board. EP will not accept appointment as Trustee of a charitable remainder trust.

### **Charitable Lead Trusts.**

EP may accept a designation as income beneficiary of a charitable lead trust. EP will not accept an appointment as Trustee of a charitable lead trust.

### **Pooled Income Fund.**

EP does not maintain a pooled income fund.

### **Deferred Compensation/Retirement Plan Beneficiary Designations.**

EP generally will accept gifts designating EP as a beneficiary of the donor's retirement plans including, but not limited to, IRA's, 401(k)'s 403 (b)'s and other plans. Such designation will not be recorded as a gift to EP 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.

**Bequests.**

Donors and supporters of EP will be encouraged to make bequests to EP under their wills and trusts. Such bequests will not be recorded as gifts to EP 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. The criteria for the acceptance of the gift or bequest will be the same as otherwise provided herein.

**Life Insurance Beneficiary Designations.**

Donors and supporters of EP will be encouraged to name EP as beneficiary or contingent beneficiary of their life insurance policies. Such designations shall not be recorded as gifts to EP 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.

**IV. Miscellaneous Provisions*****A. Securing appraisals, environmental review, assessment or remediation costs and legal fees for gifts to EP.***

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 EP are generally the donor's responsibility.

***B. Fees and Commissions***

EP generally does not pay "finder's fees" or commissions to third parties in connection with any kind of gift to EP. EP does, however, pay commissions and fees to properly negotiate and transfer assets, including vehicles. No officer, employee or agent of EP is or will be compensated in a manner that is dependent on the size or nature of gifts made to EP by any person. If EP engages legal counsel, accounting professionals, appraisers or environmental consultants, their fees and expenses will be determined by the time they spend engaged in EP's work and not by reference to any particular gift in connection with which they are retained.

***C. Trips and Special Events***

When trips or special events involve a charitable contribution, the fair market value and the charitable contribution amount for each participant will be stated specifically in the promotional literature and donor acknowledgment letter. Donations given to offset the costs of a special event must be recorded as gift income, rather than as a credit to an expense account.

***D. Changes to Gift Acceptance Policies***

These policies and guidelines have been reviewed and approved by the Board of Essential Partners. The Board must approve any changes to these policies. The policies will be regularly reviewed.