



# GIFT ACCEPTANCE POLICY

Big Brothers Big Sisters of Central Minnesota (BBBSCM or Big Brothers Big Sisters) is a nonprofit corporation organized under the laws of the state of Minnesota. Big Brothers Big Sisters solicits and accepts gifts that will further and fulfill its mission of providing children facing adversity with strong and enduring, professionally supported one-to-one relationships that change their lives for the better. The purpose of this gift acceptance policy is to govern the acceptance of potential gifts and to provide guidance to donors and their professional advisors in the completion of their gifts.

Big Brothers Big Sisters urges all prospective donors to seek the assistance of personal legal and financial advisors in matters relating to their gifts, including the resulting tax and estate planning benefits and consequences of a gift.

The following policies and guidelines govern acceptance of gifts made to Big Brothers Big Sisters for the benefit of any of its operations, programs, or services.

## **Decision-Making Process**

### **A. Board of Directors**

The Board of Directors ("Board") will make all decisions regarding acceptance of proposed gifts that have one or more of the following characteristics:

1. The gift includes a restriction that requires Big Brothers Big Sisters to conduct a major program, capital project or other activity which it would not otherwise undertake.
2. The gift requires Big Brothers Big Sisters to enter into a legally binding obligation that involves an unusually large financial commitment by Big Brothers Big Sisters.
3. The gift is of publicly traded securities that are subject to Securities and Exchange Commission ("SEC") restrictions.
4. A provision of this Gift Acceptance Policy requires that the Board decide whether Big Brothers Big Sisters will accept the gift.

5. The Gift Acceptance Committee, in its discretion, refers the proposed gift to the Board for a final decision.
6. The proposed gift requires an exception to this Gift Acceptance Policy.

B. Gift Acceptance Committee

The Gift Acceptance Committee will consist of a group of individuals or designees selected by Big Brothers Big Sisters for their understanding of the organization and its goals and their involvement in fund development for Big Brothers Big Sisters. The Gift Acceptance Committee will review and make all decisions regarding acceptance of the following kinds of gifts:

1. Gifts of tangible personal property (*e.g.*, artwork, computers, and other equipment) valued at more than \$5,000.
2. A provision of this Gift Acceptance Policy requires that the Gift Acceptance Committee decide whether Big Brothers Big Sisters will accept the gift.
3. Gifts that involve contracts, restrictions, or buy-sell agreement, or other documents that require Big Brothers Big Sisters to assume a legally binding obligation.
4. Gifts that will generate unrelated business taxable income for Big Brothers Big Sisters.
5. Gifts that present any special risk of liability for Big Brothers Big Sisters.
6. All restricted gifts.
7. Gifts that involve an interest in real estate.
8. Any gift referred to the Gift Acceptance Committee by the Executive Director.

C. Executive Director

The Executive Director or his or her designee will review and make final decisions regarding acceptance of all types of gifts not described in sections A and B above.

## Review Procedures

- A. *Gifts Generally Accepted Without Review*— The Executive Director is authorized to accept the following gifts on behalf of the organization:
1. *Cash.* Cash gifts are generally acceptable in any form, including check, money order, credit card, or online.
    - i. Checks should be made out to Big Brothers Big Sisters of Central Minnesota.
    - ii. Donors wishing to make a gift by credit card must provide the card type (e.g., Visa, MasterCard, Discover), card number, expiration date, CVV code, zip code, and name of the card holder as it appears on the credit card.
  2. *Marketable Securities.* Marketable securities that are not subject to SEC restrictions may be accepted by the Executive Director without review. Marketable securities may be transferred electronically to our designated account maintained at one or more brokerage firms or delivered physically with the transferor's endorsement or signed stock power (with appropriate signature guarantees) attached. Big Brothers Big Sisters establishes the date of the gift on the day that Big Brothers Big Sisters legally receives the securities. The Treasurer or his or her designee must determine the disposition of each gift of publicly traded securities. The normal preference of Big Brothers Big Sisters is to liquidate donated publicly traded securities as soon as feasible..
  3. *Tangible Personal Property* – The Executive Director has the authority to accept all gifts of tangible personal property with a value of \$5,000 or less that support Big Brothers Big Sisters' mission.
- B. *Gifts Accepted Subject to Prior Review*—The following provides guidance on gifts that are subject to review by the Gift Acceptance Committee prior to acceptance.
1. *Tangible Personal Property.* The Gift Acceptance Committee will review and determine whether to accept any gifts of tangible personal property exceeding \$5,000 in light of the following considerations:
    - i. Does the property further the organization's mission or useful for the organization's purposes?
    - ii. Is the property marketable?
    - iii. Are there any unacceptable restrictions imposed on the property?

- iv. What are the carrying costs for the property for which Big Brothers Big Sisters may be responsible?
  - v. Is the title/provenance of the property clear?
- 2. *Life Insurance.* Big Brothers Big Sisters may accept gifts of life insurance where Big Brothers Big Sisters is named as both beneficiary and owner of the insurance policy. If there are additional premium payments to be made, the donor must agree to pay any future premium payments owing on the policy prior to Big Brothers Big Sisters accepting the gift of the insurance policy. If the donor ceases to pay the premiums on such a policy, Big Brothers Big Sisters reserves the right to continue paying the premiums on the policy or pursue legitimate exit strategies after Gift Acceptance Committee review.
- 3. *Real Estate.* All gifts of real estate are subject to review by the Gift Acceptance Committee. Prior to acceptance of any gift of real estate other than a personal residence, Big Brothers Big Sisters will require a certified appraisal and a title report. Once received, Big Brothers Big Sisters requires an initial geology and/or environmental review by a qualified geology and/or environmental firm. In the event that the initial review reveals a potential problem, the organization may retain a qualified geology and/or environmental firm to conduct a geology and/or environmental audit. Before accepting title to real estate, Big Brothers Big Sisters will obtain appropriate insurance coverage for the property, either by adding the property to an existing policy or by obtaining a separate policy if necessary. Criteria for acceptance of gifts of real estate includes:
  - i. Is the property useful for the organization's purposes?
  - ii. Is the property readily marketable?
  - iii. Are there covenants, conditions, restrictions, reservations, easements, encumbrances or other limitations associated with the property?
  - iv. Are there carrying costs (including insurance, property taxes, mortgages, notes, or the like) or maintenance expenses associated with the property?
  - v. Does the geology and/or environmental review or audit reflect that the property is damaged or otherwise requires remediation?
- 4. *Charitable Lead Trusts and Charitable Remainder Trusts* – Big Brothers Big Sisters will accept a distribution of property from a charitable remainder trust upon its termination subject to the criteria for acceptance of outright

gifts of the same type of property set out above. Big Brothers Big Sisters will accept a distribution of property from a charitable lead trust subject to the criteria for acceptance of outright gifts of the same type of property set out above.

5. *Gifts with Restrictions* — Decisions regarding gifts with restrictions and the acceptance or refusal of that gift, will be made by the Board after recommendation from the Gift Acceptance Committee. Big Brothers Big Sisters will not accept gifts that:
  - i. Would result in Big Brothers Big Sisters violating its corporate charter;
  - ii. Would result in Big Brothers Big Sisters losing its status as an IRC § 501(c)(3) non-profit organization;
  - iii. Are too difficult or too expensive to administer in relation to their value;
  - iv. Would result in any unacceptable consequences for Big Brothers Big Sisters; or
  - v. Are for purposes outside of or that are in conflict with Big Brothers Big Sisters' mission.

### **Bequests under Revocable Trusts and Wills**

Donors are encouraged to name Big Brothers Big Sisters as beneficiaries of their wills or their revocable trusts. Big Brothers Big Sisters will accept a distribution of assets from a donor's estate or revocable trust subject to the criteria for acceptance of the property to be received through the bequest established above.

## **Gifts of Services**

Big Brothers Big Sisters will accept gifts of services donated in-kind if such services are needed and useful to Big Brothers Big Sisters. Acceptance of such gifts will be approved by the Development Director, in consultation with the Executive Director.

Because gifts of services are typically not deductible for income tax purposes, Big Brothers Big Sisters will thank the donor and acknowledge the gift but avoid making any statement that implies the gift is deductible.

## **Appraisal Requirements for Gifts of Property**

Non-cash charitable gifts are subject to special rules promulgated by the IRS. In order to claim a charitable deduction the donor will need to complete IRS form 8283 (appraisal summary) and submit it with the donor's income tax return filed for the year the gift is made. If the gift is valued at more than \$5,000, in most cases the donor will need to obtain an independent and qualified appraisal. Big Brothers Big Sisters is not permitted to and will not appraise any gift, but will cooperate with donors by; providing appropriate documentation of receipt of the gift, including attesting that the gift arrived on the specified date and that it will use the item for a purpose related to the institution, if applicable. Any acknowledgement will describe the property received but not the value of such property.

## **Responsibility for IRS Filings**

- A. When applicable, the completion of IRS Form 8283 is the responsibility of the donor.
- B. It will be the responsibility of the Development Director to file IRS Form 8282 upon the sale or disposition of any asset donated to Big Brothers Big Sisters and sold within three years of receipt, when the charitable deduction value of the item is more than \$5,000. This form will be filed within 125 days of the date of sale or disposition of the asset.

## **Gift Receipts**

- A. *Contemporaneous Written Acknowledgement* – In the case of all gifts with a value of \$250 or more, Big Brothers Big Sisters must provide the donor with a gift receipt no later than January 1 of the year following the year in which the gift is completed. The receipt must:
  - 1. Give a description of the gift property but not its value.
  - 2. State whether Big Brothers Big Sisters provided any goods or services to the donor in consideration for the gift.

3. Include Big Brothers Big Sisters' good faith estimate of the fair market value of any goods or services it provides to the donor in consideration for the gift..

B. *Quid Pro Quo Disclosure Statement* – When a donor makes a gift of \$75 or more and Big Brothers Big Sisters provides goods or services in consideration for the gift, Big Brothers Big Sisters must provide the donor with a quid pro quo disclosure, which may be incorporated into a gift receipt described above if appropriate. Big Brothers Big Sisters must provide the disclosure to the donor at the time of the solicitation or the receipt of the gift. The disclosure must:

1. State that the amount of the donor's deductible charitable contribution is the amount by which the value of the gift property exceeds the value of the goods or services Big Brothers Big Sisters provided in consideration for the gift.
2. Give a good faith estimate of the value of the goods or services Big Brothers Big Sisters provided to the donor in consideration for the gift.

### **Conflicts of Interest**

All personnel employed to administer or solicit donations will be paid a salary or hourly wage, and will not receive a commission that might give such personnel an undesired personal interest in any agreement. Personnel will not engage in activities that conflict with their fiduciary, ethical, or legal duties and responsibilities.

### **Legal Counsel and Advice**

The Big Brothers Big Sisters Staff and/or Board may provide gift planning assistance and information to donors. Donors will, however, be urged to seek their own counsel in matters pertaining to their planned gifts, taxes, and estate planning.

Big Brothers Big Sisters is not engaged in the practice of law or tax, and therefore will not draft any legal instruments such as wills and trusts or provide legal or tax advice.

Except as otherwise mentioned, Big Brothers Big Sisters will NOT pay legal fees that pertain to the drafting of legal gift documents. It may, however, provide sample agreements and/or suggested wording to donors and their advisors for final approval by a donor's attorney. Each party to a gift document should pay the fees for its own legal counsel's role in the process, i.e., drafting or review.

On occasion, the Board may determine it is in the best interest of the organization to consider payment of legal fees for very limited circumstances, such as the final administration of a Charitable Remainder Trust in which Big Brothers Big Sisters is named as sole beneficiary and, under such circumstances, to do so.

Big Brothers Big Sisters will not act as trustee for any trust agreement. Donors must arrange trusteeship with a commercial, charitable, or individual fiduciary. Exceptions to

this rule may be made on a case-by-case basis by the Board with consultation from a legal advisor

### **Use of Legal Advisor**

Big Brothers Big Sisters will seek advice from its legal advisor in matters relating to the acceptance of a gift when appropriate. Review by the legal advisor is highly recommended for, but not limited to, the following:

- A. A gift of any asset subject to a restriction on its sale or transfer.
- B. Any proposed gift identified as a "problem" gift under the screening procedures explained below.
- C. Gifts that are subject to unusual or complex restrictions with respect to their use.
- D. Documents naming Big Brothers Big Sisters as trustee or requiring Big Brothers Big Sisters to act in any fiduciary capacity.
- E. Gifts that involve trusts or other legal structures that contain limitations on Big Brothers Big Sisters' use or title to the gifted property.
- F. Gifts requiring Big Brothers Big Sisters to assume financial or other obligations.
- G. Transactions with potential conflicts of interest.
- H. Gifts of property which may be subject to environmental or other regulatory restrictions.

### **Screening for Problem Gifts**

In all cases of proposed gifts that involve a transfer of property to Big Brothers Big Sisters with a value in excess of \$100,000, the Executive Director and the Gift Acceptance Committee must undertake the screening procedure set out below before deciding whether to accept the gift. These procedures are designed to help the Gift Acceptance Committee determine whether the proposed gift poses any unusual risks or problems, such as lack of genuine donative intent, shopping among institutions for the most favorable gift terms, and the possibility of a challenge to the gift or Big Brothers Big Sisters' administration of it by members of the donor's family. In screening for problem gifts, the Gift Acceptance Committee must make reasonable efforts to obtain answers to the following questions:

- A. Does the donor already have a positive connection with Big Brothers Big Sisters?
- B. Do the donor's comments and questions regarding the proposed gift suggest that the donor believes the donor and/or the donor's family can literally come out ahead financially as a result of the gift?



- C. Does the proposed structure of the gift fall clearly within relevant legal authorities?
- D. Does Big Brothers Big Sisters' legal advisor believe the structure of the gift arrangement is legitimate and not abusive from a tax and legal perspective?
- E. Is the Organization's role in the gift proposal obscure or mysterious?
- F. Is the donor frail or elderly?
- G. Is the donor married or a surviving spouse who lives in a community property state?
- H. Does the donor propose to make the gift in part with assets (such as trust assets) that the donor does not own individually?

**All gifts are deemed unconditional and without restriction, unless disclosed in writing to the contrary by the donor prior to Big Brothers Big Sisters' receipt thereof. Any gift subject to conditions and/or restrictions shall be subject to Board of Directors review and approval.**

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