

## Colorado Planned Giving Roundtable Gift Acceptance Policy

March 17, 2015

### Mission

Colorado Planned Giving Roundtable (“CPGR”) The Mission of the Colorado Planned Giving Roundtable (CPGR) is to inspire our community to increase the quantity and the quality of charitable planned gifts to nonprofit organizations. We accomplish this through:

- quality education
- increased awareness
- networking opportunities.

### Purpose of Policy

CPGR’s Board of Directors (the “Board”), staff and volunteers solicit gifts from individuals, businesses, foundations and governmental agencies to secure the future growth and mission of CPGR. Certain types of gifts, however, pose special issues and risks to CPGR and must be reviewed prior to acceptance. This Policy provides guidance as to the types of gifts that can be accepted without review, those that require review by the Executive Committee or the Board (and, if appropriate, CPGR’s legal counsel), and those that CPGR is not in a position to accept. It also provides guidance as to how gifts should be administered and handled. This Policy applies to all gifts received by CPGR for any of its programs or services.

### Definition of Gift and Related Terms

**Gifts** to CPGR may come in a variety of forms, including cash, securities, products and services, real property and tangible personal property. Gifts may be **current** or **deferred**. The most common types of deferred gifts are bequests, beneficiary designations of retirement funds and life insurance policies, charitable remainder trusts, annuity trusts and multi-year-pledges. Gifts received by CPGR may be **unrestricted** as to purpose or use, or they may be **restricted** for a particular program or activity to which the funds or resources must be directed. In addition, a gift may be currently expendable or the donor may require it to be held as part of an **endowment**, meaning the gift is to be held in perpetuity or for another period of time with only a portion of the gift or its growth/investment earnings being currently expendable. In all cases, a gift is an irrevocable transfer of money or property to CPGR.

## **Standards of Conduct**

CPGR holds itself to a high standard of ethical conduct, and will abide by its conflicts of interest policy in accepting any gift. CPGR will not accept gifts, enter into business relationships or accept support that will compromise its public image or its commitment to its mission.

CPGR urges prospective donors to consult with personal legal and financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences.

## **Types of Gifts Accepted**

**Cash gifts**, in any form (e.g., cash, check, money order, wire transfer or credit card), will be accepted without review unless the Executive Director, in his or her judgment, determines that the gift involves special circumstances requiring review by the Executive Committee. All checks should be made payable to CPGR. In no event should a check be made payable to an employee, agent or volunteer for the credit of CPGR.

**Marketable securities**, such as publicly traded securities, commercial paper, Treasury bills and other money market instruments, will be accepted without review unless the Executive Director, in his or her judgment, determines that the gift involves special circumstances requiring review by the Executive Committee. Such securities may be transferred to an account maintained by CPGR at one or more brokerage firms or may be delivered physically with the donor's signature or stock power attached. As a general rule, all publicly traded securities and commodities will be sold upon receipt unless otherwise directed by the Executive Committee.

In some cases, marketable securities may be restricted by applicable securities laws. The Executive Committee will review and approve these types of gifts prior to acceptance, unless the Executive Committee determines the matter should be referred to the Board. These securities will be sold at the first available opportunity, unless otherwise directed by the Executive Committee.

**Real property gifts**, including developed property, undeveloped property and gifts subject to a prior life interest, will only be accepted upon recommendation by the Executive Committee and approval of the Board. CPGR generally will not accept any real estate without following:

- evaluation of whether the property is marketable or could be useful to CPGR in carrying out its mission;
- on-site inspection by the Executive Director and/or a member of the Executive Committee;
- evaluation of any carrying costs associated with the property (e.g., real estate taxes and insurance);
- review of any restrictions, easements or other limitations to which the property is subject, including zoning restrictions;
- an environmental inspection or audit performed by qualified inspection firm; and
- title search and title policy.

The donor should bear the cost of any appraisal, title policy or environmental inspection or audit, except under the circumstances described below under “Fees.” The Executive Committee may waive the requirement of an environmental inspection or audit if, after evaluating the environmental history and condition of the property, it determines that it is not warranted (erring on the side of caution). CPGR will not accept, under any circumstances, (i) a gift that would expose CPGR to expenses related to environmental cleanup or litigation that could result from such acceptance; or (ii) a gift of property that is under contract to be sold.

**Remainder interests** in a personal residence, ranch or vacation property will be reviewed and accepted in the same manner as real property gifts. The donor or other occupants may continue to occupy the real property for the duration of the stated life subject to a management agreement with CPGR. At the death of the stated life, CPGR may use the property or sell or otherwise dispose of it. Where CPGR 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 beneficiary.

**Tangible and intangible personal property**, including auction items donated for fundraising events, art and collectibles, motor vehicles, copyrights and other intellectual property, may be accepted by the Executive Director without further review unless, in his or her judgment, the gift involves special circumstances requiring review by the Executive Committee. In considering whether to accept property, the following criteria will be used:

- the property’s relationship to CPGR’s mission;
- its marketability or potential use in CPGR’s activities or fundraising;
- any restrictions imposed on the property’s use, display or sale;
- its carrying costs and costs of sale; and
- any special reporting requirements imposed by the IRS (in the case of gifts of motor vehicles and intellectual property).

As a general rule, CPGR will sell all tangible and intangible property that it cannot readily use in its exempt activities or for fundraising as soon as reasonably practical, unless otherwise directed by the Executive Committee. Such property will generally not be accepted unless there is reason to believe the property can be used by CPGR or easily sold.

**Planned gifts** are welcomed and encouraged by CPGR, including:

- Gifts by bequest (will or revocable trust);
- Gifts by beneficiary designation (e.g., retirement plans, life insurance policies and savings accounts);
- Gifts with income going to donor and remainder to CPGR (e.g., charitable remainder trusts); and
- Gifts with income going to CPGR and remainder to donor’s choice (e.g., charitable lead trusts).

Information on these giving arrangements can be obtained from CPGR’s legal counsel. Generally speaking, gift instruments for planned gifts should be prepared by the donor’s counsel, except that CPGR may provide

sample language for beneficiary designations. CPGR generally will not serve as Trustee for planned gifts, unless the Board and legal counsel agree otherwise. Planned gifts will not be recorded as gifts to CPGR 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.

**Bargain sales** are transfers of property partially by gift and partially by sale. The sale component can arise by virtue of CPGR assuming debt or an obligation on the property. Bargain sales will be reviewed and accepted in the same manner and using the same criteria applicable under this Policy to outright gifts of the same type of property. In addition, CPGR generally will not enter into a bargain sale without an independent appraisal substantiating the value of the property and, if debt is to be incurred or an obligation assumed by CPGR, a debt ratio of less than 50% of the appraised market value of the property.

**Restricted gifts** impose a legal obligation on CPGR to use the gift for the particular program or purpose directed by the donor. The nature and the extent of this obligation must be clearly understood. For this reason, the terms of each restricted gift will be reviewed by the Executive Committee and, in the case of particularly significant restriction, by the Board with the recommendation of the Executive Committee, to ensure the restrictions do not hamper the usefulness or desirability of the gift. If a gift is deemed too restrictive to be useful or desirable, the donor will be counseled to remove or modify the restrictions. If no agreement can be reached, the gift will be declined.

Gifts “in memory of” or “in honor of” persons by name will be treated as unrestricted unless the donor requests otherwise.

**Upon receipt of an unrestricted bequest and planned gift, the Board of CPGR shall designate at least 75% of these gifts toward a CPGR Board Designated Fund. When the corpus of that fund has grown to be more than \$25,000 the CPGR Board may distribute up to 5% of the interest in that fund towards support of general operating expenses or another purpose deemed appropriate by the Board. In the case of unusual circumstances when CPGR revenue does not cover expenses in a calendar year and upon a unanimous vote approved by the Board, the Board may distribute more than 5% in one year.**

**Endowment gifts** are gifts of money or other property which are to be held in perpetuity or for another period of time, with only a portion of the gift or its growth/investment earnings being currently expendable. The Executive Committee may establish endowments by a particular donor if the total gift amount is at least **\$25,000**. The Board will use its best efforts to build CPGR board designated Endowment.

**In-kind gifts of goods and services** may be accepted by the Executive Director without further review unless, in his or her judgment, the gift involves special circumstances requiring review by the Executive Committee.

**Other gifts** not discussed above will be reviewed by the Executive Committee and will be subject to approval by the Board upon the recommendation of the Executive Committee.

## **Types of Gifts Not Accepted**

CPGR reserves the right to refuse any gift that (i) is contrary to CPGR's articles of incorporation or bylaws; (ii) would result in CPGR losing its 501(c)(3) status; (iii) is too difficult or expensive to administer in relation to its value; (iv) is for a purpose outside CPGR's mission; or (v) would result in any unacceptable consequences to CPGR. The decision to decline a gift for any reason may occur at any level, i.e., by the Executive Director, by the Executive Committee or by the Board.

## **Legal Counsel**

CPGR will seek the advice of legal counsel in matters relating to gift acceptance when appropriate. Review by counsel is generally recommended for the following gifts:

- closely held business interests;
- real property, motor vehicles or intellectual property;
- gifts involving a significant use/purpose restriction or endowment;
- planned gifts in the form of a charitable remainder trust, charitable lead trust, in which use of counsel is deemed appropriate by the Executive Committee, or the Board.

## **Acknowledging and Reporting Gifts**

To provide donors with the supporting documentation needed to claim a charitable contribution for their gift, CPGR will provide donors with written acknowledgement of any gift. The Executive Director is responsible for this task. For acknowledgement purposes, CPGR will follow the following guidelines:

- **For cash gifts**, acknowledgement will include the amount of the gift, the date of receipt, if no goods or services were provided by CPGR to the donor in exchange for the gift, a statement to that effect, and if goods or services were provided by CPGR, a good faith estimate of the value of such goods or services.
- **For non-cash gifts**, acknowledgement will include a description of the gift property (*but not a indication as to its value*), the date of receipt, if no goods or services were provided by CPGR to the donor in exchange for the gift, a statement to that effect, and if goods or services were provided by CPGR, a good faith estimate of the value of such goods or services.
- **For quid pro quo gifts of cash or property** over \$75 in value, which are payments or transfers that are part charitable contribution, part payment for goods or services, acknowledgement will follow the appropriate format listed above, and also will include (i) a statement that the amount of the contribution that is deductible for federal tax purposes is limited to the excess amount of the contribution over the value of the goods or services provided by the organization; and (ii) a good faith estimate of such goods or services.

Suitable recognition for major gifts, including naming opportunities, will be given to donors at the discretion of the Board, subject to relevant guidelines.

For reporting purposes, CPGR will follow the following guidelines:

- **Valuation of gifts** for internal bookkeeping purposes only (as CPGR does not indicate gift value for gift acknowledgement purposes) will occur as of the date the donor relinquished control of the asset to CPGR. The amount reported on CPGR's books should be arrived at without regard to the donor's personal estimation of the gift's value, the worth and date of the gift reported by the donor to the IRS, or the value placed on it by the IRS in reference to the individual's personal tax liability.
- The **gift's date** will be defined as the date the donor irrevocably relinquished control of the property to CPGR.
- **Appraisals** of property are the responsibility of the donor.
- **IRS filings** must be made with respect to certain non-cash gifts. CPGR will make all such filings within the specified time frame. Specifically, if a donor makes a gift of property (other than certain publicly traded securities) valued at more than \$5,000, CPGR must acknowledge that gift (but not indicate agreement as to the value of the gift claimed by the donor) on IRS Form 8283, which the donor is responsible for preparing and filing. If CPGR disposes of such property within three years of receipt, CPGR is responsible for preparing and filing IRS Form 8282. Special filing requirements also apply for gifts of intellectual property that produce income during any given year (see Form 8899) and gifts motor vehicles, boats and airplanes valued at more than \$500 (see Form 1098-C).

## **Fees**

**Finder's fees and commissions** will not be paid to any person in consideration of directing a gift to CPGR nor will any be paid in connection with the completion of a gift to CPGR without the written approval of the Executive Committee.

**Professional fees** will be paid by CPGR only in situations where CPGR will reap significant benefit from the gift and the donor believes it is proper for CPGR to bear all or part of the attending fees for completion of the gift. Such fees will be paid only with the prior written approval of the Executive Committee.

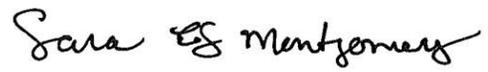
**Administrative fees** to cover all or a portion of CPGR's indirect costs of administering certain gifts will be determined and charged against the gift as follows:

- Current, restricted gifts: determined by the Board annually.
- Endowments: 2% which will be assessed quarterly based upon the value of the Fund at the end of each calendar quarter, calculated as follows:  $\text{fee} = \frac{1}{4}$  (fee percentage x value of Fund at end of quarter).

## **Review of Policy**

The Executive Committee will review this Policy at least annually and make recommendations as to revisions for the Board's approval.

Adopted on March 17, 2015 by the Board of Directors of the Colorado Planned Giving Roundtable.

A handwritten signature in black ink that reads "Sara S. Montgomery". The signature is written in a cursive style with a large, stylized "S" at the beginning.

Sara S. Montgomery, CPGR President