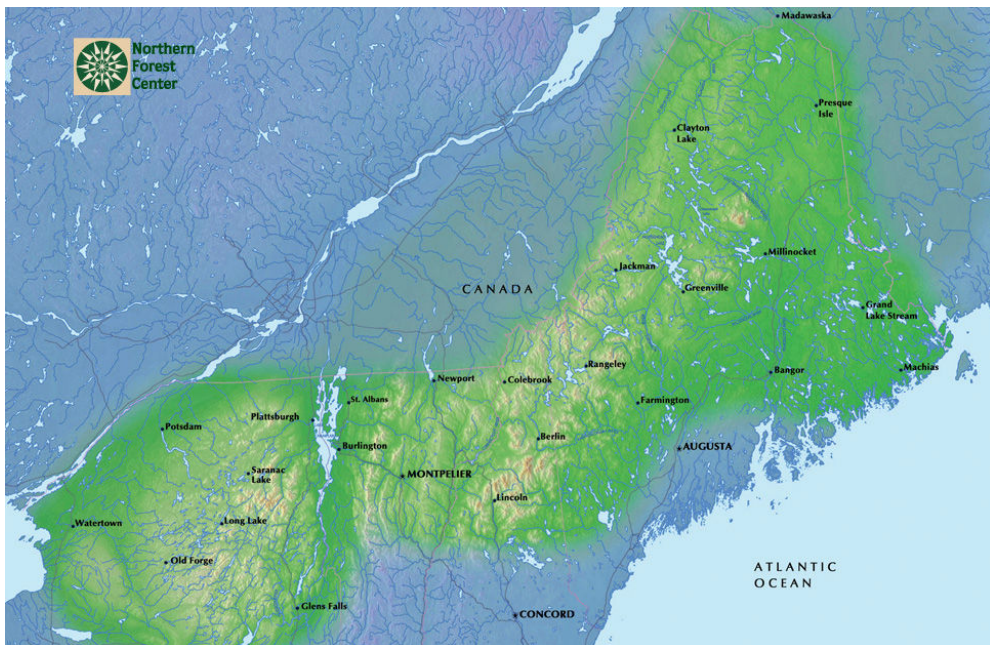




# Gift Acceptance Policy



Adopted by the Board of Directors  
Northern Forest Center

October 2010

## STATEMENT OF PURPOSE

This document is intended to serve as a guideline for 1) members of the Northern Forest Center staff and volunteers involved in the solicitation and acceptance of gifts; 2) external advisors who may be in a position to assist donors in the gift planning process; and 3) prospective donors who wish to make gifts to support the Northern Forest Center.

The Northern Forest Center (The Center) actively cultivates, solicits and accepts philanthropic gifts and sponsorships to further its work and its affiliated partners in pursuit of its mission. In doing so, it is the responsibility of The Center to inform, serve, guide or otherwise assist donors and sponsors who wish to support its activities. In all gifts or sponsor activities, the interests of the donor will be taken into account while ensuring that the integrity of the Center is maintained.

The Center is best positioned to meet the emerging needs of the Northern Forest Region with unrestricted funds. Gifts shall be restricted only at the explicit direction of the donor. The Center will solicit and accept restricted gifts if the Center has identified needs that meet such restrictions, after consulting the Center's executive leadership.

## RECOGNITION

The legal name of the organization is "Northern Forest Center Inc." "Northern Forest Center" and "NFC" are acceptable abbreviations for gift purposes.

The Center was established in 1997 continues to evolve to meet the changing needs of the four state region comprised of Northern portions of New York, Vermont, New Hampshire and Maine. Specifically, the Center's mission is to advocate for the Northern Forest region and help its communities benefit from forest-based economic and conservation initiatives.

Under prevailing tax laws the Center is tax exempt under section 501 (a) of the Internal Revenue Code as an organization described in section 502 (c) (3). As such, the Center is able to receive private donations – individual, corporate, foundation – as tax deductible charitable contributions per. The Center's tax determination dates back to August 1996. The Center is also authorized to accept support from government sources.

## TYPES OF GIFTS:

The Center is prepared to discuss all potential ways a donor might give in support of its initiatives. Gifts to the Center can be received in a wide variety of forms such as:

1. Cash
2. Pledges for future payments of cash or equivalent
3. Marketable securities
4. Non-publicly traded securities
5. Real Estate
6. Tangible personal property
7. Corporate matching gifts
8. Gifts in kind
9. Bequests (outright and deferred)
10. Gifts of life insurance
11. Charitable remainder annuity trusts and unitrusts
12. Charitable lead trusts

### 13. Bargain sales

The following policies and procedures have been reviewed with regard to all fundraising activity and adopted by the Northern Forest Center Board of Directors.

These policies and procedures have been formulated to guide the Center's leadership in the solicitation of gifts. Standard accounting principles will govern all matters related to accounting practices of the Center.

#### **POLICY:**

##### **Gift Acceptance and Valuation**

The Center encourages and solicits contributions of cash and personal and real property, either as outright gifts or through planned gift vehicles that are in conformity with the rules, regulations and guidelines outlined by the Internal Revenue Service ("IRS") and any other applicable laws. In accepting gifts, the Center assumes ownership of the asset and assumes an obligation to grant according to Center policy and IRS guidelines.

##### **Types of Gifts and Funds**

The following are various types of gift instruments or funds that The Center may accept or create:

1. **Cash** – Receipts will be issued for gifts of cash or check in accordance with IRS guidelines. Gifts will be accepted and documented in accordance with Center internal policies and controls. Calendar year-end gifts will qualify for current tax year receipts if they are postmarked in the current year.

The Center is able to accept gifts made by some credit cards and are accepted in person, by phone and through a link on the Center's web site.

The Center will accept pledges for future payment of cash payable in full over a predetermined period of time following the date of the pledge and will credit this pledge as an outright gift.

2. **Publicly Traded Securities** – Receipts for gifts of publicly traded securities such as stocks, bonds or mutual funds, which are electronically transferred from a donor's broker to The Center's investment account, will be issued based on the mean value of the security on the day it is received in The Center's investment account.

For properly endorsed share certificates, the receipt will be issued based on the closing value of the day the certificate is delivered to The Center or its designee. If sent by mail, the valuation will be based on the date the certificate is received by The Center. If the securities are delivered to a bank or broker for transfer or re-issued in The Center's name, the effective date of contribution is the date the stock is transferred on the books of the corporation for valuation and receipting.

It is The Center's general practice to sell securities as soon as possible upon receipt.

3. ***Non-Publicly Traded Securities*** – The Center may accept shares of a privately owned company only in exceptional circumstances and on a case-by-case basis, as determined by The Center Board. In the event a gift of non-publicly traded shares is accepted, valuation will be conducted in accordance with IRS guidelines and will take into consideration any sales restrictions or ownership obligations.
4. ***Bequests*** – Sample bequest wording for restricted and unrestricted gifts, including endowments, will be made available to donors and their lawyers. Types of bequests are:
  - a. A *general bequest* indicating that The Center will receive a specified amount of money.
  - b. A *specific bequest* indicating that The Center will receive a specific piece of property, such as a piece of equipment or a financial asset.
  - c. A *residual bequest* leaves all or part of a donor’s remaining estate to The Center after all debts, taxes and other bequests have been paid.
  - d. A *bequest subject to a life interest* to The Center provides that The Center will receive the bequest only after the death of a named person who will receive the income from the estate during his or her lifetime.
  - e. A *contingent bequest* to The Center is a gift where The Center is designated as a secondary beneficiary. If the primary beneficiary is unable to receive the gift, the gift is given to the secondary beneficiary.

Donors will be encouraged to provide information about their bequest to The Center the time that the donor’s will is drafted.

If The Center receives a bequest that is designated to a service or activity in which The Center is not or is no longer engaged, the President, in consultation with The Center Board and the estate’s executor, will investigate alternate designations.

During the administration of estates containing a gift to The Center and during the administration of testamentary trusts containing provisions benefiting The Center, the President (in consultation with legal counsel where appropriate) and, at the discretion of the President, a member of The Center Board, shall represent The Center in all dealings with the estate’s lawyer and executor.

5. ***Real Estate*** – Gifts of real estate may be made as outright gifts, as residual interest in the property, or through funding a charitable remainder trust. The following guidelines pertain to gifts of real estate in general. Where real estate is transferred to a charitable remainder trust, additional requirements of the trustee must be met.

The donor shall secure a qualified current appraisal of the property. Non-residential properties must be valued by a certified appraiser and evidence of such certification shall be provided to, and documented by, The Center before the appraisal is conducted. The donor is required to pay for such appraisals.

Unless The Center has reason to believe the appraisal does not reflect the property’s true value, a gift receipt will be issued for the appraised value (or present value of the residual interest computed on the appraised value in the case of residual interest gifts). However, The Center reserves the right to secure its own appraisal.

The Center shall determine if the donor has clear title to the property and will take any necessary actions to ensure clear title is obtained. If the property has a mortgage on it, the donor could either pay off the mortgage prior to gifting the property to The Center, or the donor could sell the property, pay off the mortgage and gift the remaining amount to The Center. In the case of the donor being an association or organization, The Center shall ensure that it is properly constituted to make such a gift.

The Center shall review other factors, including zoning restrictions, marketability, current use, cash flow, and other types of risk to ascertain that acceptance of the gift would be in the best interests of The Center.

The Center shall consider all appropriate environmental conditions which may include an environmental assessment by an outside source where deemed necessary, and accept the property only if:

- a.* it contains no toxic substances;
- b.* any toxic substances are removed or other remedies are taken that assure that The Center assumes no liability whatsoever; or
- c.* the environment assessment is acceptable to the Board of Trustees of The Center.

The Center may request its own environmental audit at donor's cost and expense. In addition, The Center may retain the gift or sell it and use the proceeds where they are needed most.

- 6. *Personal Tangible Property*** – The Center welcomes gifts of equipment or other property. These “gifts in-kind” are an important resource to The Center. Depending on the donor's wishes, The Center may retain the gift or sell it and use the proceeds where they are needed most. For all gifts of property, a tax receipt will be issued under IRS guidelines for the fair market value on the date the gift is transferred.

For gifts of in-kind items that can be used directly to further the mission of The Center, the President will determine the value of the gift. With respect to gifts of equipment or similar property, The Center Board, upon a recommendation from the President, must determine that The Center has the capacity to maintain the asset, including all financial obligations.

Non-cash gifts will be valued and receipted based on appraisals obtained by the donor. In the instance where an item is valued at \$5,000 or less, no formal appraisal is required. For items valued at more than \$5,000, the donor must have the item appraised by a qualified appraiser (i.e., someone active in the marketplace that is certified by the governing body of their respective field such as a property appraiser, jewelry appraiser or art appraiser). Evidence of the appraiser's certification shall be provided to, and documented by, The Center before the appraisal is conducted.

The Center reserves the right to obtain, at its expense, its own appraisal in addition to the donor's appraisal. The Center reserves the right to rely on its own appraisal.

For gifts of a company's product with a purchase discount, it is The Center's practice to value and receipt such gifts in accordance with IRS guidelines.

7. ***Life Insurance*** – Gifts of life insurance are an acceptable form of donation to The Center. A donor may gift a life insurance policy to The Center by:
- a. Irrevocably assigning a paid-up policy to The Center;
  - b. Irrevocably assigning a life insurance policy on which premiums remain to be paid; or
  - c. Naming The Center as a primary or successor beneficiary of the proceeds.

The tax deduction value of a paid-up life insurance policy is its replacement cost, which is the value a life insurance company regularly engaged in the sale of such policies would charge for a comparable policy. If The Center reasonably expects to cash in a paid-up life insurance policy rather than hold it as an investment, the fair market value of the donation shall be the cash surrender value of the policy for tax deduction purposes.

If the life insurance policy is not fully paid up and the donor continues to pay the insurance premiums, The Center will provide the donor with an annual charitable tax receipt for premiums paid on the policy within each calendar year. If the donor ceases to make premium payments, the President and Finance Committee will review the policy and make a recommendation the Board as to whether or not it is in the best interest of The Center to continue premium payments.

For life insurance policies where The Center is named as a beneficiary, a charitable tax receipt will be issued to the estate of the deceased upon receipt of the death benefit to which The Center is entitled.

8. ***Charitable Gift Annuities*** – The Center is only permitted to accept charitable gift annuities that are arranged through the President working in consultation with another financial institution. The minimum annuitant age and the minimum gift amount The Center will accept for a charitable gift annuity shall be determined by The Center Board from time to time.

To create a charitable gift annuity, a life insurance company is selected by the donor and a contract is negotiated by the President in consultation with another financial institution who will also manage the gift annuity. Three quotes are required for an annuity unless otherwise directed by the donor.

In all cases, the donor and The Center shall enter into an agreement evidencing the terms of the gift.

9. ***Charitable Remainder Trusts*** – A Charitable Remainder Trust is an irrevocable legal arrangement that allows a donor to make a future gift to The Center while continuing to receive income from the gift throughout the donor's lifetime or for some specified period of time.

A trust is created by transferring property (i.e., cash, securities or real estate) to a personal trustee or a trust company and by naming The Center as the beneficiary of the principal of the trust. The income from the trust can be paid to the donor or to a designee of the donor, or it can be directed back to the trust. The donor is entitled to a tax receipt from The Center for the present value of the gift calculated in current dollars. Upon the death of the donor, or after a specified period of time, The Center will receive the trust property.

It is The Center's policy to only accept charitable remainder trusts of \$100,000.00 or more, unless The Center Board, in its discretion, determines otherwise. If the donor selects an outside trustee, the trust may be funded with any property of any value acceptable to the trustee.

The trust agreement shall be drafted and reviewed by the donor's legal counsel prior to being reviewed and agreed to by The Center.

On behalf of The Center, Charitable Remainder Trusts will be managed by another financial institution.

- 10. *Residual Interest Gifts*** – A residual interest gift refers to an arrangement under which an asset is gifted to The Center but the donor reserves the use of the asset for life or a designated term of years. For example, the donor might give a residual interest in a principal residence and continue living there or a residual interest in a painting and retain possession of it. The donor is entitled to a tax receipt from The Center for the present value of the gift.

Donors making gifts of a residual interest in real estate shall be responsible for real estate taxes, insurance, utilities and all other expenses relating to the care and maintenance of the property after transferring title, unless otherwise agreed to by The Center Board. The terms of the gift and responsibilities for expenses shall be specified in a deed of gift executed by the donor and The Center.

The Center reserves the right to review any insurance coverage and to inspect the property from time to time to assure that its interest is properly safeguarded.

### **Donor's Responsibility for Costs**

The donor shall be responsible for any costs or expenses associated with processing the acceptance of a gift. Such costs or expenses include the following: appraisals of gifts of real estate or gifts "in-kind," environmental audits, etc.

### **Responsibility to Donors**

**Ethics:** All professional staff, volunteers and trustees of The Center will conduct themselves in accordance with accepted professional standards of accuracy, truth and integrity. They will inform, serve, guide and otherwise assist donors who wish to support The Center's efforts and activities, but not pressure or unduly persuade.

**Independent Counsel:** Persons acting on behalf of The Center shall encourage the donor to discuss the proposed gift with independent legal and/or tax advisors of the donor's choice to ensure that the donor receives a full and accurate explanation of all aspects of the proposed charitable gift. In addition, the donor should be encouraged to discuss his/her gift plans with family members.

**Conflict of Interest:** A conflict of interest, whether actual or perceived, is defined for the purposes of this Policy as an event in which anyone representing The Center may personally

benefit from knowledge of, participation in the giving of, or the acceptance of a gift. A potential conflict of interest can take many forms. One example is when individuals who are volunteering for The Center (and thus present themselves as representatives of The Center) and who are also allied professionals (i.e., non-employees who are financial planners, insurance agents, attorneys, etc.), attempt to sell their own products or services to the donor while acting as a Center volunteer. However, if the individuals present themselves as representatives of an outside firm and part of their financial counseling involves arranging gifts to The Center, no conflict would exist. Center volunteers who are allied professionals should contact The Center before they approach a donor of The Center. Should an actual or perceived conflict arise, the party shall immediately disclose the conflict to the Chair of The Center Board. Such conflict of interest shall be dealt with in accordance with The Center's *Conflict of Interest* policy.

**Gift Direction:** All donors can choose to have their gift fully expended or endowed, and can direct their gift to a specific program or project. Endowed funds must conform with The Center's endowment guidelines. The use of the gift may affect whether it can be expended or endowed. On rare occasions, a gift may be declined as a result of the restrictions on the gift.

**Power to Vary:** From time to time, the purpose for which a gift has been designated may become redundant or a change in circumstances may make it impractical to use the donation for the designated purpose. Therefore, The Center shall make every effort to include a "power to vary" clause in all gift agreements, instruments or documents in the event that the donor's original intent cannot be honored. In the event that the "power to vary" clause is invoked, The Center shall make every effort to consult with the donor before changing the designation of a gift. If the donor is no longer able to consent to such change, The Center will try to designate the donation to a purpose as close to the original intent as possible.

### **Controversial Gifts**

The Center recognizes that the acceptance of gifts and sponsorships from certain individuals, businesses or corporations may be controversial. The Center may refuse any gift or sponsorship as determined by The Center Board in its sole discretion. The Center may also refuse to issue a charitable tax receipt if it is the conclusion of the Finance Committee or The Center Board that the gift does not meet the criteria for a charitable donation, as defined by the IRS.

### **Evaluation of Gifts**

The Center will exercise due diligence prior to accepting all gifts and sponsorships using the following guidelines.

1. All offers of gifts and sponsorships shall be evaluated by the accepting staff member or volunteer to ensure that the acceptance of such a gift is in keeping with the Mission of The Center.
2. Staff shall discuss any concerns with the President of The Center and conduct further research if required.

3. Should a gift or sponsorship offer be considered as having the potential to be controversial, involved staff members or volunteers shall immediately bring this to the attention of the President of The Center.
4. The President of The Center will review offers of gifts or sponsorships that are considered potentially controversial.
5. Upon identification of a gift or sponsorship as controversial, the President will then review the matter with The Center Board and present findings and recommendations to the Board for final determination.

***Consideration shall include:***

- Is there a convergence of cause and intent between the donor and The Center?
- Will acceptance of the gift further the mission, goals and objectives of both The Center and the donor?
- How will the acceptance of the gift be viewed by existing donors, stakeholders and the general public? Will public perception be strengthened or damaged by the acceptance of the gift?
- Is there clear charitable intent and a commitment to the work of The Center?
- Is acceptance of the gift consistent with other fundraising activities and/or gifts?
- Will the reputation of the donor have a negative impact on the reputation of The Center?
- Are there any potential liabilities associated with the acceptance of the gift?
- Who will be responsible for any costs that may be associated with acceptance of the gift (appraisals, valuation, assessments, etc.)?
- Will the gift encourage or discourage others to give?

***If the gift is otherwise considered appropriate for acceptance, the following may also be considered:***

- Will the gift require ongoing effort to manage and maintain? Is this effort worthwhile considering the value of the gift?
- Is acceptance of the asset in accordance with The Center's Investment Policy? If not, is the asset immediately marketable or can provision be made to accept and hold the asset until its sale?
- Does the gift pose any potential liability to The Center? If there is any question, independent legal and/or financial advice must be sought and reported to the Board before a final decision is made.
- Is the gift a joint gift that involves another charity or foundation? If so, are there any implications that would affect the acceptance of such a gift?

**Declining a Gift**

From time to time, The Center may determine that it is in its best interest to decline the offer of a gift. If such a decision is made, the reasons will be fully explained in writing and where appropriate, in person, to the donor. A decision to decline a gift may be made by the President of The Center or The Center Board of Directors.

***Reasons for declining a gift may include:***

- There are conditions to the gift or sponsorship that are not consistent with the goals and mission of The Center.
- The gift or sponsorship may be determined to be controversial or otherwise not suitable for acceptance by The Center.
- The gift could financially jeopardize the donor or The Center.
- The terms of the gift are illegal or not in keeping with guidelines of the IRS.
- The Center does not have the resources to honor the terms of the gift or to properly determine its value.
- There are known or determined environmental hazards.
- The donor has misrepresented the gift or false promises have been made.
- The gift could improperly benefit an individual.
- The gift could jeopardize the charitable status of The Center.
- Any other reason or for no reason, as determined by the President or The Center Board.

## Definition of Terms

**Annual Fund** – The annual fund is the building block for all fundraising. Individuals may give annually through various methods such as special events, direct marketing (mail, phone), or through an annual tribute gift that is unsolicited in recognition of a person or program.

**Bequest** – A specific provision in a will directing assets from an estate to the organization. Different types of bequests are described below.

**Charitable Gift Annuities** - Personal annuity funds established between a donor or donors and the organization, where the donor uses a gift of cash or appreciated property (such as stock) to fund the annuity and the annuity pays the donor or designated beneficiary income for life. At the end of the designated time, the balance in the annuity is transferred to the organization. The full faith and assets of the organization back each charitable gift annuity.

**Charitable Lead Trusts** - The charitable lead trust operates in the reverse of a Charitable Remainder Trust, generating current annual income from the trust to the organization over a period of years. When the trust expires, the remainder is distributed to the donor or other beneficiaries.

**Charitable Remainder Trusts** - Separately invested trusts created by a gift of cash or appreciated property. The trust pays the donor or designated beneficiaries an income stream for life or a specified period of time. At the termination of the trust, the assets are transferred to the organization.

**Donor Restricted or Designated Gift** – A donation given for a specific purpose clearly stated by the donor. A “power to vary” clause, as described below, will be included where possible in the gift documents.

**Donor Unrestricted or Undesignated Gift** – A donation by a donor for an unspecified program or area. Such gifts are usually directed to the organization's highest priority of need, as determined by the organization.

**Endowment** – The principal of a gift that, at the direction of the donor, is maintained in a permanent fund which provides income for general or restricted use by the organizations.

**Named Fund** – An endowed fund established to honor a loved one, family or organization. The person or organization creating the fund decides the name and purpose of the endowed fund, preferably in consultation with the organization. It can be designated to a specific area or undesignated. The minimum amount for establishing an endowed named fund shall be determined by the organization from time to time.

**Gift** – A voluntary transfer of real or personal property from a donor who freely disposes of his/her property to a donee who receives the property given.

**Gift In Kind** – A donation of property, goods or services other than cash. The organization can issue tax receipts for the fair market value of most gifts of goods or properties, but not for services.

**Grant** – An award made by a foundation, corporation or government, usually for a specific project or activity and after receipt of a grant application or proposal.

**Honorary Gift** – Gifts made to the organization to celebrate a person(s) or occasion.

**Major Gift** – Any gift which is considered as such by the organization. The minimum amount of a major gift shall be determined by the organization from time to time.

**Memorial Gift** – Gifts made in memory of a loved one or friend.

**Planned or Deferred Gift** – A gift usually made with estate and financial considerations in mind. Some of the most common planned gifts are bequests, life insurance and charitable annuities which usually take effect upon the donor's death.

***Sponsorship*** – A company or individual who supports a project or event of the organization and receives recognition in some form.

***Stock*** - An instrument that signifies an ownership position (called equity) in a corporation, and represents a claim to its proportional share in the corporation's assets and profits. Gifts of *appreciated stock* are a fair market value donation without the donor having to pay capital gains tax on the built-in gain and the full value of the stock can be deducted as a charitable donation.