

Gift Acceptance Policy

This document represents the policy of Lifeline Connections (the "Agency"), a nonprofit corporation organized under the laws of the State of Washington, governing the solicitation and acceptance of gifts by the Agency. The board of directors or trustees or authorized committee ("Governing Body") of the Agency and its staff solicit current and deferred gifts from individuals, corporations, foundations and others for purposes that will further and fulfill the Agency's mission.

Purposes of this Policy include: (a) guidance for the Governing Body, officers, staff and other constituencies with respect to their responsibilities concerning gifts to the Agency; and (b) guidance to prospective donors and their professional advisors when making gifts to the Agency. The provisions of this Policy shall apply to all gifts received by the Agency. Notwithstanding the foregoing, the Agency reserves the right to revise or revoke this Policy at any time, and to make exceptions to the Policy.

The mission of the Agency is: Through the use of superior customer service, high quality programs and a well-trained and dedicated staff, our mission is to inspire hope and support life-saving changes for people affected by substance use and mental health disorders.

1. Use of Legal Counsel

- A. The Agency.** The Agency shall seek the advice of legal counsel in matters relating to acceptance of gifts when appropriate. Review by legal counsel is recommended for:
- a. Closely held stock transfers that are subject to restrictions or buy-sell agreements;
 - b. Documents naming the Agency as trustee;
 - c. Gifts involving contracts such as bargain sales, partnership agreements, or other documents requiring the Agency to assume an obligation;
 - d. Transactions with a potential conflict of interest;
 - e. Gifts of real estate;
 - f. Pledge agreements; and
 - g. Any gift with restrictions
 - h. Other instances in which use of counsel is deemed appropriate by the gift acceptance committee.
- B. Donor.** For non-standard gifts, in order to avoid any potential conflicts or potential conflicts of interest, the Agency will encourage prospective donors to seek the assistance of their own legal and financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences.

2. General Policy

The Agency shall not accept gifts that:

- A.** Violate the terms of the Agency's organizational documents;
- B.** Would jeopardize the Agency's status as an exempt organization under federal or state

- law;
- C. Are too difficult or expensive to administer;
- D. Are for purposes that do not further the Agency's objectives; or
- E. Could damage the reputation of the Agency.

Subject to Section 4 below, all final decisions on the acceptance or refusal of a gift shall be made by the Governing Body.

3. Policy Regarding Specific Types of Gifts

- A. Gifts Generally Accepted Without Review (Unrestricted Gifts of Cash).** The Agency will accept unrestricted gifts of cash without prior review by the Governing Body, provided that, for donations of \$5,000 or more, the identity of the donor has been vetted with respect to any reputational or policy issues. Unrestricted gifts of cash are acceptable in any form. Checks shall be made payable to the Agency.
- B. Gifts Subject to Governing Body Review Prior to Acceptance.** All gifts, other than unrestricted gifts of cash, must be reviewed by the Governing Body prior to acceptance, unless the Governing Body authorizes certain de minimis gifts or categories of gifts to be accepted without review. The following guidelines also apply:
 - a. Tangible Personal Property:** The Governing Body shall review and decide whether to accept gifts of tangible personal property by considering the following factors:
 - i. Whether the property furthers the mission of the Agency;
 - ii. The marketability of the property;
 - iii. The restrictions on the use, display, or sale of the property; and
 - iv. Carrying costs and possible liability for the property.
 - b. Marketable Securities:**
 - i. Unrestricted marketable securities may be transferred to an account maintained by the Agency at one or more brokerage firms or delivered physically with the transferor's signature or stock power attached. All marketable securities shall normally be sold as soon as practical following receipt, unless otherwise directed by the Agency's Governing Body.
 - ii. If the marketable securities are restricted by applicable securities laws, the Governing Body shall make the final determination on the acceptance of the restricted securities.
 - c. Closely-Held Securities:** Closely-held securities, including debt and equity positions in non-publicly traded companies, interests in LLPs and LLCs or other ownership forms, can be accepted subject to the approval of the Governing Body of the Agency. The Governing Body shall review and decide whether to accept closely held securities based on the following factors:
 - i. Restrictions on the security that would prevent the Agency from

- ultimately converting the securities to cash;
- ii. The marketability of the securities; and
- iii. Any undesirable consequences for the Agency from accepting the securities.

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. The final determination on the acceptance of closely held securities shall be made by the Governing Body of the Agency with advice of legal counsel when deemed necessary. Non-marketable securities shall be sold as quickly as possible.

- d. **Bequests:** Donors may make bequests to the Agency under their wills and trusts. A bequest will not be recorded as a gift until the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the gift will be recorded in accordance with GAAP.
- e. **Charitable Remainder Trusts:** The Agency may accept designations as remainder beneficiary of a charitable remainder trust. The Agency shall not accept appointment as trustee of a charitable remainder trust.
- f. **Charitable Lead Trusts:** The Agency may accept designations as income beneficiary of a charitable lead trust. The Agency shall not accept appointment as trustee of a charitable lead trust.
- g. **Retirement Plan Beneficiary Designations:** The Agency may accept designations as beneficiary of donors' retirement plans. Designations will not be recorded as gifts until the gift is irrevocable. When the gift is irrevocable, the gift will be recorded in accordance with GAAP.
- h. **Life Insurance:** The Agency may accept designations as beneficiary and owner of a life insurance policy. The policy will be recorded as a gift once the Agency is named as both beneficiary and irrevocable owner of a life insurance policy. The gift shall be valued in accordance with GAAP rules. If the donor contributes future premium payments, the Agency will include the entire amount of the 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 Agency may:
 - i. Continue to pay the premiums;
 - ii. Convert the policy to paid up insurance; or
 - iii. Surrender the policy for its current cash value.

Donors may name the Agency as beneficiary or contingent beneficiary of their life insurance policies. Designations will not be recorded as gifts until the gift is irrevocable. When the gift is irrevocable, the gift shall be recorded in accordance with GAAP.

- i. **Charitable Gift Annuities:** The Agency may offer charitable gift annuities. The

minimum gift for funding is \$100,000. The minimum age for life income beneficiaries of a gift annuity shall be 60. Where a deferred gift annuity is offered, the minimum age for life income beneficiaries shall be 50. No more than two life income beneficiaries will be permitted for any gift annuity. The Governing Body may make exceptions to these minimums.

Payment Schedule. Annuity payments may be made on a quarterly, semi-annual, or annual schedule. The Governing Body may approve exceptions to this payment schedule.

Illiquid Assets. The Agency may accept real estate, tangible personal property, or any other illiquid asset in exchange for current charitable gift annuities. The Agency may accept real estate, tangible personal property, or other illiquid assets in exchange for deferred gift annuities if there is at least a five (5) year period before the commencement of the annuity payment date, the value of the property is reasonably certain, and the Governing Body approves the arrangement.

Handling of Funds. Funds required as reserves for gift annuities should be established and maintained in accordance with applicable state insurance laws.

- j. **Real Estate.** Gifts of real estate may include developed property, undeveloped property, or gifts subject to a prior life interest.

Environmental Review. Prior to acceptance of real estate, the Agency shall require an initial environmental review of the property to ensure that the property has no environmental problem. If the initial inspection reveals a potential problem, the Agency shall retain a qualified inspection firm to conduct an environmental audit. The cost of the environmental audit shall be an expense of the donor.

Title Binder. A title binder shall be obtained by the Agency prior to the acceptance of the real property gift when appropriate. The cost of this title binder shall be an expense of the donor.

Factors for Acceptance. The Governing Body and legal counsel shall review and decide whether to accept real property based on the following factors:

- i. Whether the property is useful for the purposes of the Agency;
- ii. The marketability of the property;
- iii. Any encumbrances, leases, restrictions, reservations, easements, or other limitations associated with the property;
- iv. Any carrying costs associated with the property, including insurance, property taxes, mortgages, notes or other costs;
- v. Any concerns which the environmental audit revealed.

- k. **Remainder Interests in Property:** The Agency will accept a remainder interest in a personal residence, farm, or vacation property subject to the provisions of this Paragraph 4. The donor or other occupants may continue to occupy the real property for the duration of the stated life. At the death of the life tenant(s), the Agency may use

the property or reduce it to cash. Expenses for maintenance, real estate taxes, and any property indebtedness shall be paid by the donor or primary beneficiary.

- I. Oil, Gas, and Mineral Interests:** The Agency may accept oil and gas property interests when appropriate. The Governing Body and legal counsel shall review and decide whether to accept oil, gas, and mineral interests subject to the following limitations:
 - i. Gifts of surface rights should have a value of \$50,000 or greater.
 - ii. Gifts of oil, gas and mineral interests should generate at least \$5,000 per year in royalties or other income (as determined by the average of the three years prior to the gift).
 - iii. The property should not have extended liabilities or other considerations that make receipt of the gift inappropriate.
 - iv. A working interest should only be accepted after consideration of potential liability and tax consequences.
 - v. The property should undergo an environmental review to ensure that the Agency has no current or potential exposure to environmental liability.
- m. Restricted Gifts:** A gift with restrictions will be accepted only if and when the restrictions are approved by the Governing Body.
- n. Named Funds:** A donor, or group of donors, may contribute and name a fund and restrict the use of the income or principal of the fund. Named funds require a minimum contribution of \$10,000 and are subject to Governing Body approval like any other restricted gift.
- o. Bargain Sales:** The Agency may enter into a bargain sale arrangement in instances in which the bargain sale furthers the mission and purposes of the Agency. All bargain sales must be reviewed and recommended by the Governing Body. Factors used in determining the appropriateness of the transaction include:
 - C.** The Agency must obtain an independent appraisal substantiating the value of the property.
 - D.** If the Agency assumes debt with the property, the debt ratio must be less than 50% of the appraised market value.
 - E.** The Agency 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.
 - F.** The Agency must calculate the costs to safeguard, insure and expense the property (including property tax, if applicable) during the holding period.
- G. Additional Provisions**
 - a. Gift Agreements.** Where appropriate, the Agency shall enter into a written gift agreement with the donor, specifying the terms of any restricted gift, which may include provisions regarding donor recognition.
 - b. Pledge Agreements.** Acceptance by the Agency of pledges by donors of future

support of the Agency (including by way of matching gift commitments) shall be contingent upon the execution and fulfillment of a written charitable pledge agreement specifying the terms of the pledge, which may include provisions regarding donor recognition.

- c. **Fees.** The Agency will not accept a gift unless the donor is responsible for (1) the fees of independent legal counsel retained by donor for completing the gift; (2) appraisal fees; (3) environmental audits and title binders (in the case of real property); and (4) all other third-party fees associated with the transfer of the gift to the Agency.
- d. **Valuation of Gifts.** The Agency shall record gifts received at their valuation on the date of the gift, except that, when a gift is irrevocable, but is not due until a future date, the gift may be recorded at the time the gift becomes irrevocable in accordance with GAAP.
- e. **IRS Filings upon Sale of Gifts.** To the extent applicable, the Governing Body shall file IRS Form 8282 upon the sale or disposition of any charitable deduction property sold within three (3) years of receipt by the Agency. "Charitable deduction property" means any donated property (other than money and publicly traded securities) if the value claimed by the donor exceeds \$5,000 per item or group of similar items donated by the donor to one or more done organizations (e.g., the property listed in Section Bon Form 8283). The Agency shall file this form within 125 days of the date of sale or disposition of the asset.
- f. **Written Acknowledgment.** The Governing Body of the Agency shall provide written acknowledgment of all gifts made to the Agency and comply with the current IRS requirements in acknowledgment of the gifts.
- g. **Changes or Deviations from the Policy.** This Policy has been reviewed and accepted by the Agency's Governing Body, which has the sole power to change this Policy. In addition, the Governing Body must approve in writing any deviations from this Policy.

Approved on the 30 day of November, 2017.

Rusty Williams

Chair, Board of Directors, Lifeline Connections

This policy will be made available on our website. For more information, please contact us at:

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