

SPECIAL OLYMPICS NORTH DAKOTA GIFT ACCEPTANCE POLICY AND GUIDELINES

Special Olympics North Dakota (SOND) an IRS 501(c)(3) not for profit organization organized and qualified under the laws of the State of North Dakota, encourages the solicitation and acceptance of gifts for purposes that will help Special Olympics to further and fulfill its mission. The following policies and guidelines govern acceptance of gifts made to SOND or for the benefit of any of its programs.

Mission statement: The mission of Special Olympics is to provide year-round sports training and athletic competition in a variety of Olympic-type sports for children and adults with intellectual disabilities, giving them continuing opportunities to develop physical fitness, demonstrate courage, experience joy and participate in a sharing of gifts, skills and friendship with their families, other Special Olympics athletes and the community.

1. Purpose of Policies and Guidelines

The Board of Directors of SOND, staff, and its volunteers solicit current and deferred gifts from individuals, corporations, and foundations to secure the future growth and mission of SOND. These policies and guidelines govern the acceptance of gifts by SOND and provide guidance to prospective donors and their advisors when making gifts to SOND. The provisions of these policies shall apply to all gifts received by SOND for any of its programs or services.

2. Use of Legal Counsel

SOND shall seek the advice of legal counsel in matters relating to acceptance of gifts when appropriate. Review by counsel is recommended for:

- 1) Documents naming SOND as Trustee.
- 2) Gifts involving contracts, such as bargain sales or other documents requiring SOND to assume an obligation.
- 3) Transactions with potential conflicts of interest that may invoke IRS sanctions.
- 4) Other instances in which use of counsel is deemed appropriate by the Executive Committee.

3. Conflict of Interest

SOND will urge all prospective donors to seek the assistance of personal legal, tax, and financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences. SOND will comply with the *Model Standards of Practice for the Charitable Gift Planner* published by the National Committee on Planned Giving, shown as an Appendix to this document.

4. Restrictions on Gifts

SOND will accept unrestricted gifts, and gifts for specific programs and purposes, provided that such gifts are consistent with its stated mission, purposes, and priorities. SOND will not accept gifts that are too restrictive in purpose. Gifts that are too restrictive are those that violate the terms of the corporate bylaws, gifts that are too difficult to administer, or gifts that are for purposes outside the mission of Special Olympics. All final decisions on the restrictive nature of

a gift, and its acceptance or refusal, shall be made by the Executive Committee of the SOND Board of Directors.

5. The Executive Committee's Role with Recommendations from the Finance Committee

The Executive Committee is charged with the responsibility of reviewing all non-conforming gifts made to SOND, properly screening those gifts, and making recommendations to the Board of Directors on gift acceptance issues when appropriate. The Executive Committee of SOND's Board of Directors shall make the final determination on the acceptance of any gifts not conforming to the list of acceptable gifts below. Additionally, it is the Executive Committee's responsibility to select prudent investment managers to manage the assets. Such managers can include regulated banks or insurance companies; mutual funds registered under the Investment Company Act of 1940; or registered investment advisors. Each investment manager is expected to prudently manage SOND's assets in a manner consistent with the investment objectives, guidelines, and constraints outlined in this Policy and Guideline Statement and in accordance with applicable laws.

6. Types of Gifts

The following gifts are acceptable:

- Cash.
- Tangible Personal Property.
- Securities.
- Real Estate.
- Remainder Interests in Property.
- Oil, Gas, and Mineral Interests.
- Bargain Sales.
- Life Insurance.
- Charitable Gift Annuities.
- Charitable Remainder Trusts.
- Charitable Lead Trusts.
- Retirement Plan Beneficiary Designations.
- Bequests.
- Life Insurance Beneficiary Designations.

Non-conforming gifts that do not meet quality or liquidity guidelines will be promptly disposed of unless otherwise agreed by the Board of Directors.

The following criteria govern the acceptance of each gift form:

- 1) **Cash.** Cash is acceptable in any form. Checks shall be made payable to SOND and shall be delivered to SOND's administrative offices.
- 2) **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 SOND?
 - 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?

3) **Securities.** SOND can accept publicly traded securities.

Publicly Traded Securities. Marketable securities may be transferred in nominee name to an investment account maintained with the Investment Manager. As a general rule, all marketable securities shall be sold upon receipt unless otherwise directed by the Board of Directors. 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 Executive Committee of SOND's Board of Directors.

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.

4) **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, SOND shall require an initial environmental review of the property to ensure that the property has no environmental damage. In the event that the initial inspection reveals a potential problem, SOND shall retain a qualified inspection firm to conduct an environmental audit. The cost of the environmental audit shall generally be an expense of the donor. When appropriate, a title binder shall be obtained by SOND 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 the real property, the gift shall be approved by the Executive Committee of SOND's Board of Directors and by SOND's legal counsel. Criteria for acceptance of the property shall include:

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

5) **Remainder Interests in Property.** SOND will accept a remainder interest in a personal residence, farm, or vacation property subject to the provisions of paragraph four above. The donor or other occupants may continue to occupy the real property for the duration of the stated life. At the death of the donor, SOND may use the property or reduce it to cash. Where SOND 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.

6) **Oil, Gas, and Mineral Interests.** SOND may accept oil and gas property interests, when appropriate. Prior to acceptance of an oil and gas interest the gift shall be approved by the Executive Committee and, if necessary, by SOND's legal counsel. Criteria for acceptance of the property shall include:

- Gifts of surface rights should have a value of \$20,000 or greater.

- Gifts of oil, gas, and mineral interests should generate at least \$10,000 per year in royalties or other income (as determined by the average of the three years prior to the gift).
 - The property should not have extended liabilities or other considerations that make receipt of the gift inappropriate.
 - A working interest is rarely accepted. A working interest may only be accepted when there is a plan to minimize potential liability and tax consequences.
 - The property should undergo an environmental review to ensure that SOND has no current or potential exposure to environmental liability.
 - Property must be marketable.
- 7) **Bargain Sales.** SOND will enter into a bargain sale arrangement in instances in which the bargain sale furthers the mission and purposes of SOND. All bargain sales must be reviewed and recommended by the Executive Committee and approved by the Board of Directors. Factors used in determining the appropriateness of the transaction include:
- SOND must obtain an independent appraisal substantiating the value of the property.
 - If SOND assumes debt with the property, the debt ratio must be less than 50 percent of the appraised market value.
 - SOND 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.
 - SOND must calculate the costs to safeguard, insure, and expense the property (including property tax, if applicable) during the holding period.
- 8) **Life Insurance.** SOND 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. If the donor contributes future premium payments, SOND will include the entire 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, SOND may:
- continue to pay the premiums;
 - convert the policy to paid up insurance; or
 - surrender the policy for its current cash value.
- 9) **Charitable Gift Annuities.** SOND may offer charitable gift annuities. The minimum gift for funding is \$50,000. SOND Board of Directors may make exceptions to this minimum. The minimum age for life income beneficiaries of a gift annuity shall be 55. Where a deferred gift annuity is offered, the minimum age for life income beneficiaries shall be 45. No more than two life income beneficiaries will be permitted for any gift annuity. Annuity payments may be made on a quarterly, semi-annual, or annual schedule. SOND's Board of Directors may approve exceptions to this payment schedule. SOND will not accept real estate, tangible personal property, or any other illiquid asset in exchange for current charitable gift annuities. SOND may accept real estate, tangible personal property, or other illiquid assets in exchange for deferred gift annuities so long as there is at least a five-year period before the commencement of the annuity payment date, the value of the property is reasonably certain, and the Board of Directors of SOND approves the arrangement.

Funds contributed in exchange for a gift annuity shall be set aside and invested during the term of the annuity payments. Once those payments have terminated, the funds representing the remaining principal contributed in exchange for the gift annuity shall be transferred to SOND's general endowment funds, or to such specific fund as designated by the donor.

- 10) **Charitable Remainder Trusts.** SOND may accept designation as remainder beneficiary of a charitable remainder trust with the approval of the Executive Committee of SOND's Board of Directors. SOND will not accept appointment as trustee of a charitable remainder trust. SOND requires the use of a corporate Trustee.
- 11) **Charitable Lead Trusts.** SOND may accept a designation as income beneficiary of a charitable lead trust. The Board of Directors of SOND will not accept an appointment as Trustee of a charitable lead trust. SOND requires the use of a corporate Trustee.
- 12) **Retirement Plan Beneficiary Designations.** Donors and supporters of SOND will be encouraged to name SOND as beneficiary of their retirement plans. Such designations will not be recorded as gifts to SOND 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.
- 13) **Bequests.** Donors and supporters of SOND will be encouraged to make bequests to SOND under their wills and trusts. Such bequests will not be recorded as gifts to SOND 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.
- 14) **Life Insurance Beneficiary Designations.** Donors and supporters of SOND will be encouraged to name SOND as beneficiary or contingent beneficiary of their life insurance policies. Such designations shall not be recorded as gifts to SOND 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.

7. **Miscellaneous Provisions**

Securing appraisals and legal fees for gifts to SOND. It will be the responsibility of the donor to secure an appraisal (where required) and independent legal counsel for all gifts made to SOND.

Valuation of gifts for development purposes. SOND will record a gift received by SOND at its valuation for gift purposes on the date of gift.

Responsibility for IRS Filings upon sale of gift items. The President/CEO of SOND is responsible for filing IRS Form 8282 upon the sale or disposition of any asset sold within two years of receipt by SOND when the charitable deduction value of the item is more than \$5,000. SOND must file this form within 125 days of the date of sale or disposition of the asset. Form 8282 with Filing Instructions is attached as an Appendix to these policies.

Acknowledgement of all gifts made to SOND and compliance with the current IRS requirements in acknowledgement of such gifts shall be the responsibility of the Board of Directors of SOND. IRS Publication 561 *Determining the Value of Donated Property* and IRS Publication 526 *Charitable Contributions* are attached to these policies as an Appendix.

8. Changes to Gift Acceptance Policies

These policies and guidelines have been reviewed and accepted by the Board of Directors of SOND. The Board of Directors of SOND must approve any changes to, or deviations from, these policies.

Approved on December 11, 2015

9. Attachments

A. Model Standards of Practice of the Charitable Gift Planner

Preamble

The purpose of this statement is to encourage responsible gift planning by urging the adoption of the following Standards of Practice by all individuals who work in the charitable gift planning process, gift planning officers, fund raising consultants, attorneys, accountants, financial planners, life insurance agents and other financial services professionals (collectively referred to hereafter as “Gift Planners”), and by the institutions that these persons represent. This statement recognizes that the solicitation, planning and administration of a charitable gift is a complex process involving philanthropic, personal, financial, and tax considerations, and often involves professionals from various disciplines whose goals should include working together to structure a gift that achieves a fair and proper balance between the interests of the donor and the purposes of the charitable institution.

I. Primacy of Philanthropic Motivation

The principal basis for making a charitable gift should be a desire on the part of the donor to support the work of charitable institutions.

II. Explanation of Tax Implications

Congress has provided tax incentives for charitable giving, and the emphasis in this statement on philanthropic motivation in no way minimizes the necessity and appropriateness of a full and accurate explanation by the Gift Planner of those incentives and their implications.

III. Full Disclosure

It is essential to the gift planning process that the role and relationships of all parties involved, including how and by whom each is compensated, be fully disclosed to the donor. A Gift Planner shall not act or purport to act as a representative of any charity without the express knowledge and approval of the charity, and shall not, while employed by the charity, act or purport to act as a representative of the donor, without the express consent of both the charity and the donor.

IV. Compensation

Compensation paid to Gift Planners shall be reasonable and proportionate to the services provided. Payment of finder’s fees, commissions or other fees by a donee organization to an independent Gift Planner as a condition for the delivery of a gift is never appropriate. Such payments lead to abusive practices and may violate certain state and federal regulations. Likewise, commission-based compensation for Gift Planners who are employed by a charitable institution is never appropriate.

V. Competence and Professionalism

The Gift Planner should strive to achieve and maintain a high degree of competence in his or her chosen area, and shall advise donors only in areas in which he or she is professionally qualified. It is a hallmark of professionalism for Gift Planners that they realize when they have reached the limits of their knowledge and expertise, and as a result, should include other professionals in the process. Such relationships should be characterized by courtesy, tact and mutual respect.

VI. Consultation with Independent Advisers

A Gift Planner acting on behalf of a charity shall in all cases strongly encourage the donor to discuss the proposed gift with competent independent legal and tax advisers of the donor’s choice.

VII. Consultation with Charities

Although Gift Planners frequently and properly counsel donors concerning specific charitable gifts without the prior knowledge or approval of the donee organization, the Gift Planner, in order to insure that the gift will accomplish the donor's objectives, should encourage the donor early in the gift planning process, to discuss the proposed gift with the charity to whom the gift is to be made. In cases where the donor desires anonymity, the Gift Planner shall endeavor, on behalf of the undisclosed donor, to obtain the charity's input in the gift planning process.

VIII. Description and Representation of Gift

The Gift Planner shall make every effort to assure that the donor receives a full description and an accurate representation of all aspects of any proposed charitable gift plan. The consequences for the charity, the donor and, where applicable, the donor's family, should be apparent, and the assumptions underlying any financial illustrations should be realistic.

IX. Full Compliance

A Gift Planner shall fully comply with and shall encourage other parties in the gift planning process to fully comply with both the letter and spirit of all applicable federal and state laws and regulations.

X. Public Trust

Gift Planners shall, in all dealings with donors, institutions and other professionals, act with fairness, honesty, integrity and openness. Except for compensation received for services, the terms of which have been disclosed to the donor, they shall have no vested interest that could result in personal gain.

Adopted and subscribed to by the National Committee on Planned Giving and the American Council on Gift Annuities, May 7, 1991. Revised April 1999.

B. Environmental Review Forms

1. IRS Form 8282 and Instructions.
2. IRS Publication 561 Determining the Value of Donated Property.
3. IRS Publication 526 Charitable Contributions.