

# **Gift Acceptance Policy**

## **of**

# **The Alabama Sheriffs Youth Ranches**

## **Gift Acceptance Policy**

### **A. INTRODUCTION:**

#### **1. Purpose:**

These policies are intended to serve as guidelines for the staff, board members, volunteers, and outside advisors of and for The Alabama Sheriffs Youth Ranches (hereafter, “the Ranches”) who assist the Ranches in gift solicitation and planning, and for prospective donors who wish to make gifts to the Ranches. These policies and guidelines govern the acceptance of gifts by the Ranches and shall apply to all gifts received by the Ranches for any of its programs or services. However, these policies are intended as a guideline, and allow for flexibility on a case-by-case basis.

#### **2. Names:**

This document is the “Gift Acceptance Policy” of a non-profit corporate entity whose name is The Boys’ and Girl’s Ranches of Alabama, an IRS 501 (c) (3) non-profit organization operated by a board of trustees (hereafter, the “Trustees”) by and through the Ranches’ Chief Executive Officer (hereafter, “CEO”).

#### **3. Authority to Accept Gifts:**

Only the CEO of the Ranches and those persons authorized by the CEO, whether or not employed by the Ranches or members of its Board of Trustees have authority to solicit and/or accept gifts on behalf of the Ranches.

#### **4. Gift Review Committee:**

The CEO will establish a Gift Review Committee responsible for determining whether the Ranches will accept particular gifts. Such a committee must be made up of three Trustees, including the President of the Board, and the CEO as a nonvoting member and convener. The President may call upon outside authorities such as financial advisors or

others to give advice to the Committee concerning the acceptability of proposed gifts. Any gifts which have unusual restrictions or designations or might have the potential of jeopardizing the tax-exempt status of the Ranches, its policies and goals, or state or federal law should be referred to the Committee.

## **B. USE OF LEGAL COUNSEL**

The Ranches may seek the advice of legal counsel in matters relating to acceptance of gifts. Such a review by counsel is recommended for:

1. Closely held stock transfers that are subject to restrictions or buy-sell agreements;
2. Documents naming the Ranches as Trustee;
3. Gifts involving contracts, such as bargain sales or other documents requiring the Ranches to assume an obligation;
4. Transactions with potential conflict of interest that may invoke IRS sanctions;
5. Gifts of real property; or
6. Any other circumstances in which use of counsel is deemed appropriate by the Chief Executive Officer or his or her designee.

## **C. CONFLICT OF INTEREST**

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

## **D. RESTRICTIONS ON GIFTS**

1. The Ranches will accept unrestricted gifts, and gifts for specific programs and purposes, provided that such gifts are not inconsistent with its stated mission, purposes, and priorities.
2. The Ranches will not accept gifts that are excessively restrictive in purpose. Examples of gifts that are too restrictive are those that may violate the terms of the corporate charter, that are overly difficult to administer, or gifts that are for

purposes outside the mission of the Ranches. All final decisions on the restrictive nature of a gift, and its acceptance or refusal, shall be made by the Trustees.

3. The Ranches will not accept gifts that have excessive potential financial or legal liability. Final decisions on the extent of financial or legal liability shall be made by the Trustees.
4. The Trustees shall ask donors of specifically restricted gifts to provide in writing directions that, if the purpose of the gift in the future no longer fits the purpose of the mission of the Ranches, the Trustees are permitted to use the resources in a manner consistent with the objectives of the Ranches and in a manner closely matching the donor's original intent.
5. If the intended goal of a restricted gift no longer exists, and if no authority was given by the donor to use the gift for an unrestricted purpose, the Trustees shall follow applicable Alabama statutes to release the restrictions.

#### **E. THE GIFT ACCEPTANCE RESPONSIBILITY**

Gift Acceptance decisions will be made by the Ranches' Chief Executive Officer (hereafter, "CEO"), who must gain approval from the Trustees before accepting any potential gift valued at \$50,000 or more, or any potential gift of real property. The CEO is charged by the Board of Trustees with the responsibility of reviewing all gifts made to the Ranches, consulting with the Trustees, properly screening gifts, and making decisions concerning acceptance on those gifts valued at \$50,000 or less and those which do not include the donation of real property.

#### **F. TYPES OF GIFTS**

The following gifts to the Ranches may be acceptable within the governing criteria stated below:

- 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

**THE FOLLOWING CRITERIA GOVERN THE ACCEPTANCE OF EACH GIFT FORM:**

1. **Cash:** Cash is acceptable in any form. Checks should be made payable to The Boys' and Girls' Ranches of Alabama and should be delivered to the principal office of the Ranches, located at 2680 Bell Road, Montgomery, Alabama 36117.
2. **Tangible Personal Property:** All gifts of tangible personal property (art, coins, equipment, software, cars, etc.) must be examined by the Ranches in light of the following criteria:
  - Does the property fulfill the mission of the Ranches?
  - Is the property marketable or usable for the Ranches' programs?
  - Are there any undue restrictions on the use, display, or sale of the property?
  - Are there any carrying costs for the property?

Within the valuation parameters set out above, the CEO and/or the Trustees of the Ranches will make the final determinations on the acceptance of all tangible property gifts. If a gift of tangible personal property is not to be used in the everyday operation of the Ranches and its programs, every effort should be made to sell such a gift as soon as possible, taking into consideration the current market conditions for the property in question.

3. **Securities:** The Ranches may accept both publicly traded securities and closely held securities.
  - a. Publicly Traded Securities: Marketable securities may be transferred to an account maintained at one or more brokerage firms or by certificates delivered physically with the transferor's signature or signed stock power attached. As a general rule, all marketable securities will be sold upon receipt unless otherwise directed by the Trustees. In some cases, marketable securities may be restricted by applicable securities laws. In such an instance, the final determination on the acceptance of the restricted securities shall be made by the CEO or the Trustees of the Ranches, within the valuation parameters set out above.
  - b. Closely Held Securities: Closely held securities, which include not only debt and equity positions in non-publicly traded companies, but also interests in limited partnerships and limited liability companies, or other ownership forms, can be accepted subject to the approval of the Ranches' Trustees. All such gifts must be reviewed prior to acceptance to determine:
    - There are no restrictions on the security that would prevent the Ranches from ultimately converting those assets to cash within a reasonable time;
    - The security is marketable; and

- The security will not generate any undesirable tax consequences for the Ranches.
- All gifts of closely held securities or stock must be carried on the books of the Ranches at the value of \$1 (One Dollar) in the absence of financial information that would enable the Ranches to determine its value.

If potential problems arise on initial review of a security, further review and recommendation by an outside professional may be sought by either the CEO or the Trustees before making a final decision on acceptance of the gift. When deemed necessary the CEO, the Trustees, and the Ranches' legal counsel shall make the final determination regarding the acceptance of closely held securities. Every effort will be made to sell non-marketable securities as quickly as possible, taking into consideration the current market conditions for such securities.

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, the Ranches' CEO or his or her designee shall conduct an initial environmental review of the property to determine whether the property has obvious environmental damage. The environmental inspection forms to be utilized during such inspections are attached as an appendix to this document. In the event that an initial inspection reveals a potential problem, the Ranches, at the discretion of the CEO, may retain a qualified inspection firm to conduct an environmental audit. The cost of the environmental audit will, if possible, be an expense of the donor.

If potential donations of real estate have ongoing use by the Ranches and it is anticipated that such real property should be retained, the CEO and the Trustees will work with the donor(s) to have the gift made directly to the Ranches. If it is anticipated that such real property should not be retained, every effort will be made to sell such real estate as quickly as is reasonable, taking into consideration the current market conditions.

When appropriate, a title binder shall be obtained by the Ranches before the acceptance of a real property gift. The cost of this title binder shall generally be an expense of the donor.

Before accepting a gift of real property, a recommendation favoring acceptance shall be obtained from the Ranches' legal counsel and acceptance must be approved by the Trustees. Criteria for acceptance of the property shall include:

- Is the property useful for the purposes of the Ranches?
- Is the property marketable within a reasonable period?
- 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 subject to unacceptable environmental conditions?

5. **Remainder Interests in Property:** The Ranches may accept a remainder interest in a personal residence, farm, or vacation property subject to the provisions of paragraph 4 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 or other lifetime occupant, the Ranches may either use the property or reduce it to cash. Where the Ranches receive 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 for the duration of the stated life.
6. **Oil, Gas, and Mineral Interests:** The Ranches will not accept oil and gas property interests, but would encourage the owners of such property to liquidate their interests and donate the proceeds directly to the Ranches.
7. **Bargain Sales:** The Ranches may enter into a bargain sale arrangement in instances in which the bargain sale furthers the mission and purposes of the organization. All bargain sales must be reviewed and approved by the Trustees. Before approving the Ranches' entry into a bargain sale, the Trustees must:
  - Obtain an independent appraisal substantiating the value of the property;
  - If the Ranches assume debt with the property, the Trustees must verify that the debt ratio is less than 50% of the appraised market value;
  - Determine that there is a market for the sale of the property, if it is to be sold rather than used by the Ranches; and
  - Calculate the costs to safeguard, insure, and expense the property (including property taxes, if applicable) during the anticipated holding period prior to any projected sale of the property.
8. **Life Insurance:** The Ranches 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, the Ranches 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 discontinue to make gifts to cover premium payments on the life insurance policy, the CEO, with approval of the Trustees, may:
  - Continue to pay the premiums; or
  - Convert the policy to paid up insurance; or
  - Surrender the policy for its current cash value.
9. **Charitable Gift Annuities:** Charitable gift annuities may be arranged by a donor through the vehicle of the donor's choice, with the Ranches as recipient of any remaining principal after payments have terminated.

10. **Charitable Remainder Trusts:** The Ranches may accept designation as remainder beneficiary of a charitable remainder trust with the approval of the Trustees. The Ranches' Trustees will not accept appointment for themselves or the Ranches as trustee of a charitable remainder trust.
11. **Charitable Lead Trusts:** The Ranches may accept a designation as income beneficiary of a charitable lead trust. The Ranches' Trustees will not accept an appointment for themselves or the Ranches as trustee of a charitable lead trust.
12. **Retirement Plan Beneficiary Designations:** Donors and supporters of the Ranches may be encouraged to name the Ranches as beneficiary of their retirement plans. Such designations will not be recorded as gifts to the Ranches 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 the gift may be recorded at the time the gift becomes irrevocable.
13. **Bequests:** Donors and supporters of the Ranches may be encouraged to make bequests to the Ranches through their wills and trusts. Such bequests will not be recorded as gifts to the Ranches 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 the gift may be recorded at the time the gift becomes irrevocable.
14. **Life Insurance Beneficiary Designations:** Donors and supporters of the Ranches may be encouraged to name the Ranches as beneficiary or contingent beneficiary of their life insurance policies. Such designations shall not be recorded as gifts to the Ranches 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.

## **G. MISCELLANEOUS PROVISIONS**

1. **Securing appraisals and legal fees for gifts to the Ranches:** Unless otherwise agreed by the Trustees, it is the responsibility of the donor to secure an appraisal (where required) and independent legal counsel for all gifts made to the Ranches.
2. **Valuation of gifts for development purposes:** The Ranches will record a gift received by the Ranches at its valuation for gift tax purposes on the date of gift.
3. **Recognition of gifts:** Gifts received by the Ranches will be acknowledged through appropriate venues during the course of each year. This public recognition is meant to express appreciation and gratitude for the generosity of those individuals and institutions that have committed themselves to supporting the mission, programs and

services of the Ranches. However, the Ranches will honor a donor's request for his or her contributions to remain anonymous, and will, insofar as possible, comply with a donor's wishes as to how published credit for a gift or gifts should publically appear. Acknowledgement of all gifts made to the Ranches, and compliance with current IRS requirements to acknowledge such gifts, shall be the responsibility of the CEO. (See, IRS Publication 561: *Determining the Value of Donated Property*; and IRS Publication 526: *Charitable Contributions* at the the IRS web site: <http://www.irs.gov/formspubs/>.)

4. **Responsibility for IRS Filings upon sale of gift items:** The CEO of the Ranches is responsible for filing IRS Form 8282 upon the sale or disposition of any asset sold within three years of receipt by the Ranches when the charitable deduction value of the item is more than \$5,000. The Ranches must file this form within 125 days of the date of sale or disposition of the asset. (See, Form 8282 with Filing Instructions at the IRS web site: <http://www.irs.gov/formspubs/>.)

## **H. EXPENSES**

In addition to the places in these policies and guidelines where it is provided that a donor shall be responsible for certain expenses in connection with a gift, it will generally be accepted that, absent an agreement otherwise that is approved by the Trustees, a donor will be responsible for the Ranches' costs for necessary outside professional services and other expenses incurred in connection with the review or acceptance of gift.

## **I. CHANGES TO GIFT ACCEPTANCE POLICIES**

These policies and guidelines have been reviewed and accepted by the Board of Trustees of the Boys' and Girls' Ranches of Alabama. The Trustees must approve any changes to, or deviations from, these policies by the affirmative majority vote at a meeting of the Board of Trustees.

## **J. Appendix and Attachments:**

1. **Model Standards of Practice of the Charitable Gift Planner**



## MODEL STANDARDS OF PRACTICE FOR 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.*

## 2. Environmental Review of Real Property Forms:

## 2.1 Environmental Interview

This interview is designed for use with current and/or prior owners or managers of the property.

Date of interview \_\_\_\_\_ Interviewer \_\_\_\_\_

Person Interviewed \_\_\_\_\_ Relation to Property \_\_\_\_\_

Property Description \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Type of Property: Agricultural \_\_\_\_\_ Timber \_\_\_\_\_

Commercial \_\_\_\_\_ Manufacturing \_\_\_\_\_

Age of Buildings \_\_\_\_\_ Undeveloped Land \_\_\_\_\_

Residential \_\_\_\_\_ Other \_\_\_\_\_

Previous uses of property: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

1. Are you aware of any environmentally sensitive situations on the property? No \_\_\_\_\_ Yes \_\_\_\_\_

Describe \_\_\_\_\_

2. For uses identified in question 1, has an environmental license or permit ever been issued?

No \_\_\_\_\_ Yes \_\_\_\_\_

3. Are any oil, fuel, or chemical storage tanks on the property, either above or below ground?

No \_\_\_\_\_ Yes \_\_\_\_\_

4. Has any environmental assessment ever been conducted on the property?

No \_\_\_\_\_ Yes \_\_\_\_\_ If yes, provide a copy of the report

5. If available, attach maps or surveys that describe the property.

Attached \_\_\_\_\_ Non available \_\_\_\_\_

\*\*\*If the owner/manager is unable to furnish the information requested above, please ask if there is a reliable source that may be able to furnish the information.

## 2.2 Property Inspection Checklist for Current Environmental Conditions

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## 2.2 Environmental Site Inspection Checklist

1.	An on-site inspection revealed the following:	Yes	No
a.	Stressed, denuded vegetation, or unusual barren areas	_____	_____
b.	Discoloration, oil sheens, or foul/unusual odors in water	_____	_____
c.	Dump site	_____	_____
d.	Tire/battery/chemical storage or disposal	_____	_____
e.	Storage drums	_____	_____
f.	Above or below ground storage tanks, vent, or filler pipes	_____	_____
g.	Evidence of petroleum or oil products	_____	_____
h.	Evidence of PCBs (electrical transformers, capacitors)	_____	_____
i.	Subject or adjoining property used for industrial purposes	_____	_____
j.	Existing structures: If yes, indicate there is	_____	_____
	Evidence of chemical spills/leaks??	_____	_____
	Evidence of asbestos??	_____	_____
	Any source of air emission?	_____	_____
2.	Does property appear on National/State Hazardous Site list?	_____	_____
	If "yes" to any of the above, describe: _____ _____ _____		
	Conclusions:		Circle <u>one</u>
3.	Based on the evaluation of known, discovered, or observed environmental factors, there is no evidence of environmental contamination on this or neighboring properties, and no further action is recommended.		True False
4.	Based on the evaluation of known, discovered or observed environmental factors, there is evidence of possible environmental contamination on this or neighboring properties and further investigation is recommended. <i>(Complete "Evaluation of Known Environmental Factors Form" if this block is indicated true.)</i>		True False

## 2.4 Evaluation of Known Environmental Factors

Check the appropriate response to each statement based on all sources of information, including the Environmental Site Inspection Checklist.

	Yes	No
• This property (or adjacent property) appears on federal, state, or other environmental agency list of sites identified for environmental investigation or cleanup.	_____	_____
• This property is developed and used for an industrial or manufacturing purpose.	_____	_____
• This property is undeveloped land used for landfill or waste dump purposes.	_____	_____
• The prior, current, or proposed use of this property involves the generation, storage, treatment, or disposal of any potentially hazardous materials, oil/petroleum products, or other substances regulated by environmental laws and agencies. If yes, specify: _____ _____	_____	_____
• Activities on adjacent properties may have contributed to the environmental contamination of the subject property.	_____	_____

• This property is near a flood plain, wetland, or ecologically sensitive area.		
• The Environmental Site Inspection revealed evidence of possible environmental contamination.		
• The donor has revealed potential sources or causes of environmental contamination.		
• This property is used for agricultural purposes.		
• Based on the evaluation of known environmental factors, there is no obvious evidence of environmental contamination on this or neighboring properties and no further action is recommended.		
• Based on the evaluation of known environmental factors, there is evidence of possible environmental contamination on this or neighboring properties and further investigation is recommended.		

Recommendations:

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\_\_\_\_\_  
Person Completing Form

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

\_\_\_\_\_  
CEO or Trustee Accepting Form

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date