



GIFT ACCEPTANCE POLICY AND GUIDELINES

The Palouse Land Trust (hereinafter referred to as PLT), a not for profit corporation organized under the laws of the State of Idaho, encourages the solicitation and acceptance of gifts for purposes that will help to further and fulfill its mission. The following policies and guidelines govern acceptance of gifts made to PLT.

“Our mission is to conserve the open space, scenery, wildlife habitat, and water quality of the Palouse region for the benefit of current and future generations.”

I. Purpose of Policies and Guidelines

The Board of Directors of Palouse Land Trust and its staff solicit current and deferred gifts from various entities and individuals to secure the future growth and mission of PLT. This policy and guidelines govern the acceptance of gifts by the PLT and provide guidance to prospective donors and their advisors when making gifts. The provisions of this policy shall apply to all gifts received by PLT for any of its programs or services.

II. Use of Legal Counsel

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

- a. Closely held stock transfers that are subject to restrictions or buy-sell agreements;
- b. Documents naming PLT as Trustee;
- c. Gifts involving contracts, such as bargain sales or other documents requiring the PLT to assume an obligation;
- d. Transactions with potential conflict of interest that may invoke IRS sanctions; and,
- e. Other instances in which use of counsel is deemed appropriate by the Executive Committee.

III. Conflict of Interest

PLT 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. PLT will comply with the *Model Standards of Practice for the Charitable Gift Planner* promulgated by the National Committee on Planned Giving, appended to this document. PLT will adhere to its conflict of interest policy.

IV. Restrictions on Gifts

PLT 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. PLT will not accept gifts that are too restrictive in purpose. Gifts that are too restrictive are those that violate the terms of the corporate charter, gifts that are too difficult to administer, or gifts that are for purposes outside the mission of PLT. All final decisions on the restrictive nature of a gift, and its acceptance or refusal, shall be made by the Executive Committee of the PLT. PLT will not accept gifts that have excessive potential financial or legal liability. The Executive Committee is charged with the responsibility of properly screening and accepting all non-cash gifts, and making recommendations to the full Board of Directors on gift acceptance issues when appropriate.

If a donor wishes to specifically restrict a gift, PLT shall ask donors to provide a written statement that if the purpose of the gift in the future no longer fits the purpose of the programs or the mission of PLT, the Board of Directors are permitted to use the resources in a manner consistent with the mission and objectives of PLT and in a manner most closely matching the original intent of the donor. 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, PLT shall follow applicable Idaho statutes to release the restrictions.

VI. Types of Gifts

A. The following gifts are acceptable:

- Cash
- Tangible Personal Property (e.g. vehicles and jewelry)
- Securities, bonds, mutual funds, etc.
- Real Estate
- Remainder Interests in Property
- Oil, Gas, and Mineral Interests
- Bargain Sales
- Life Insurance
- Charitable Remainder Trusts
- Charitable Lead Trusts
- Retirement Plan Beneficiary Designations
- Bequests
- Life Insurance Beneficiary Designations

B. The following criteria govern the acceptance of each gift form:

Cash: Cash is acceptable in any form. Checks shall be made payable to the Palouse Land Trust and shall be delivered to PLT's administrative offices.

Tangible Personal Property: All gifts of tangible personal property (e.g., vehicles, equipment, art, or other personal property) shall be examined in light of the following criteria:

- Does the property fulfill the mission of PLT?
- 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?
- The final determination on the acceptance of other tangible property gifts shall be made by the Executive Committee of PLT.

Securities, bonds, mutual funds, etc.: PLT can accept donations of securities, bonds, mutual funds or other marketable financial instrument.

Publicly Traded Securities: Marketable securities may be transferred to an account maintained at one or more brokerage firms or delivered physically with the transferor's signature or stock power attached. As a general rule, all marketable securities shall be sold upon receipt unless otherwise directed by the Finance Committee. 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 PLT.

Closely Held Securities: Closely held securities, which include not only debt and equity positions in non-publicly traded companies but also interests in LLPs and LLCs or other ownership forms, can be accepted subject to the approval of the Executive Committee of PLT. However, gifts must be reviewed prior to acceptance to determine that:

- there are no restrictions on the security that would prevent PLT from ultimately converting those assets to cash;
- the security is marketable; and,
- the security will not generate any undesirable tax consequences for PLT.

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 to accept the gift. The final determination on the acceptance of closely held securities shall be made by the Executive Committee of PLT and legal counsel when necessary. Every effort will be made to sell non-marketable securities as quickly as possible.

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, PLT shall require an initial environmental review of the property to ensure that the property has no environmental damage. Environmental inspection forms are attached as an appendix to this document. In the event that the initial inspection reveals a potential problem, PLT 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 PLT prior to the acceptance of the real property gift. The cost of this title report shall be an expense of the donor. Prior to acceptance of the real property, the gift shall be approved by the Executive Committee of PLT and by PLT's legal counsel. Criteria for acceptance of the property shall include:

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

Remainder Interests in Property: PLT will 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, PLT may use the property or reduce it to cash. Where PLT 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 holder of the life estate.

Oil, Gas, and Mineral Interests: PLT 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 PLT'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 \$3,000 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 where when there is a plan to minimize potential liability and tax consequences; and,
- The property should undergo an environmental review to ensure that PLT has no current or potential exposure to environmental liability.

Bargain Sales: PLT will enter into a bargain sale arrangement in instances in which the bargain sale furthers the mission and purposes of PLT. 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:

- PLT must obtain an independent appraisal substantiating the value of the property;
- If PLT assumes debt with the property, the debt ratio must be less than 50% of the appraised market value;
- PLT 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; and,
- PLT must calculate the costs to safeguard, insure, and expense the property (including property tax, if applicable) during the holding period.

Life Insurance: PLT 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, PLT 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, PLT may:

- continue to pay the premiums;

- convert the policy to paid up insurance; or,
- surrender the policy for its current cash value.

Charitable Remainder Trusts: PLT may accept designation as remainder beneficiary of a charitable remainder trust with the approval of the Executive Committee of PLT. The PLT Board will not accept appointment as Trustee of a charitable remainder trust.

Charitable Lead Trusts: PLT may accept a designation as income beneficiary of a charitable lead trust. The PLT Board will not accept an appointment as Trustee of a charitable lead trust.

Retirement Plan Beneficiary Designations: Donors and supporters of PLT will be encouraged to name PLT as beneficiary of their retirement plans. Such designations will not be recorded as gifts to PLT 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.

Bequests: Donors and supporters of PLT will be encouraged to make bequests to PLT under their wills and trusts. Such bequests will not be recorded as gifts to PLT 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.

Life Insurance Beneficiary Designations: Donors and supporters of PLT will be encouraged to name PLT as beneficiary or contingent beneficiary of their life insurance policies. Such designations shall not be recorded as gifts to PLT 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.

VII. Miscellaneous Provisions

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

Organizational capacity to accept the gift: Careful consideration will be given to the staff time commitment and direct management costs associated with receiving and managing a gift to PLT. The Board of Directors may choose to hire outside assistance to execute the donation. Real or personal property accepted for donation will be reported to PLT liability insurance carrier to insure appropriate insurance coverage during the period of PLT ownership.

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

Responsibility for IRS Filings upon sale of gift items: The Executive Director will consult with the accountant to ensure that the acceptance and disposition of any donated asset fully complies with federal and state tax laws, including requirements for filing *IRS Forms 8283 (Non-Cash Charitable Contributions)* and *8282 (Sale, Exchange, or Other Disposition of Donated Property)*. Forms 8282 and 8283 with Filing Instructions are appended to this policy.

Acknowledgement of all gifts made to PLT and compliance with the current IRS requirements in acknowledgement of such gifts shall be the responsibility of the Board of PLT. IRS Publication 561 *Determining the Value of Donated Property* and IRS Publication 526 *Charitable Contributions* are appended to this policy.

VIII. Changes to Gift Acceptance Policy

This policy and guidelines have been reviewed and approved by the Board of Directors of PLT. The Board of Directors must approve any changes to or deviations from this policy.

Approved on the 6th day of June, 2019.

Libby Walker Secretary, PLT

Appendices

- I. Model Standards of Practice of the Charitable Gift Planner
- II. Hazardous Waste Assessment Form
- III. IRS Form 8282 and 8283 and Instructions
- IV. IRS Publication 561 Determining the Value of Donated Property
- V. IRS Publication 526 Charitable Contributions
- VI. Privacy Policy