

GIFT ACCEPTANCE POLICY

PURPOSE

This policy serves as a guideline for donors, prospective donors, staff, board members, volunteers and outside advisors interested in and/or involved with contemplating or making a gift or gift commitment to PRLT. Prospective donors are urged to educate themselves and obtain independent professional legal and financial counsel before making gifts.

AUTHORITY

PRLT is governed by a volunteer Board of Directors. The Fund Development Committee of that Board is responsible for gift acceptance matters. That committee is led by a Board member appointed as its chair. The committee includes other Board members, other volunteer members, and Executive Director. PRLT's Board must ratify any restriction of gifts over \$x and any complicated restriction and any changes to these policies. The Executive Director or other authorized designees shall have the authority to negotiate gifts and gift pledges on behalf of PRLT, or issue receipts on behalf of the organization.

GIFTS ACCEPTED

CASH: PRLT shall accept all gifts by cash, credit card, or check. Checks must be made payable to PRLT. In no event shall a check be made payable to an individual who represents PRLT.

PUBLICLY TRADED SECURITIES: PRLT shall accept readily marketable securities, such as those traded on a stock exchange. Gifted securities are likely to be sold immediately by PRLT. For PRLT's gift crediting and accounting purposes, the value of the securities contributed will be the average of the high and low values on the date the donor transfers control to PRLT (the official date of gift), in accordance with IRS regulations.

CLOSELY HELD SECURITIES: Gifts of closely held stock will be carried on PRLT's books at a value of \$1 in the absence of financial information that would enable determination of book value. That book value can be substantiated by receipt of appropriate audited financial statements or a qualified appraisal in compliance with IRS regulation. Gifts of securities that require a holding period will be accepted, after review and approval by the Executive Director, and sold when the holding period has expired. Gifts of securities that would not be accepted include: securities that may be determined to create a liability for PRLT; securities that, by their nature, may not be assigned; securities that on investigation have no apparent value.

REAL ESTATE: The Board must initially review and recommend any gift of real estate, including conservation easements, and then the Board will make a second vote before any real estate transaction. A donor seeking a charitable tax deduction is responsible for obtaining an independent qualified appraisal of the property offered. In support of the initial review by the Board, designated staff will pursue a thorough due diligence of the property, as outlined in PRLT's policies and procedures, including but not limited to: conservation values, title search and real estate deed, real estate tax bill, plot plan, substantiation of zoning status, environmental site assessment for

hazardous waste, and, where appropriate, a building inspection. As a general rule, mortgages and other encumbrances should be discharged prior to conveyance to PRLT.

If a gift of real estate is offered to PRLT, staff will first determine the property's suitability for PRLT's conservation purposes in accordance with conservation acceptance practices and policies, recorded elsewhere.

If a proposed gift has conservation value, staff will develop a plan, including ownership and/or disposition recommendations, for protection of that conservation value based on the land's characteristics, community needs and perception, and the landowner's intentions for the gift property.

Gifts of real property not meeting conservation criteria may be accepted for sale at the best price attainable given current market conditions, as soon as practical, with proceeds to be used to support PRLT's conservation mission. Such properties may be unimproved, such as a subdivided house lot or land zoned for commercial use, or improved, such as an apartment building, commercial property, summer cottage or primary residence. Real estate gifts of a non-conservation nature may take a number of forms, including outright gifts, bequests, bargain sales, fractional interest gifts, gifts of remainder interests, gifts funding a charitable remainder trust, and gifts funding deferred charitable gift annuities.

In assessing whether it is in PRLT's best interests to accept a gift of real estate for other than conservation purposes, the organization will consider the property's title, value, marketability, location, encumbrances, liabilities, costs and income, present and future perceptions which may arise out of PRLT's acceptance and/or resale of the property and any other issues distinct to that property that might create unacceptable challenges, undue expense, or a perception of impropriety or conflict with the organization's mission. Where possible, PRLT will document the donor's intent in making the gift with the intention of resale by PRLT.

As a general rule, gifts of non-conservation real estate should have a net projected value to PRLT, measured in present dollars, of at least \$50,000.

TANGIBLE PERSONAL PROPERTY: Gifts of tangible personal property to PRLT should have a use related to PRLT's exempt purpose. Gifts of art, collections, automobiles, boats, building supplies, equipment, software, and other forms of "related" tangible personal property may be accepted, with approval from the Board. Such gifts as noted above will be used or sold for the benefit of PRLT. It shall be the responsibility of the donor to obtain and share with PRLT an independent qualified appraisal of the gift dated no earlier than 60 days before it is conveyed to PRLT, which adheres to all IRS requirements for disposing of gifts of tangible personal property, including filing appropriate forms.

For tangible personal property gifts made to PRLT that are unrelated to PRLT's exempt purposes, its deduction value is limited to the donor's basis or fair market value, whichever is less.

Because of the special rules that apply to gifts of tangible personal property, prospective donors are advised to discuss such intended gifts with PRLT in advance of a contribution how the property will be used.

PLANNED GIFTS

For many prospective donors to PRLT, making a gift via their estate plans is an effective method to support the long term mission of PRLT. There are a variety of ways to make a future gift:

BEQUEST

This is a gift by will or will codicil (will amendment or addition) that is payable according to the terms of that legal document. Bequests may provide for a specific dollar amount in cash, specific securities, a specific piece of real estate, specific articles of tangible personal property, a percentage of an estate, or a percentage of a residuary estate (that portion of an estate remaining after specific bequests have been made). A bequest of all or a portion of a revocable living trust may also be made to PRLT.

PRLT welcomes unrestricted and specific bequests that support its mission, and credits each bequest at the explicit value of the gift or gifts conveyed, to the full extent of the law. If a bequest will be used to establish an endowment fund for either a restricted or unrestricted purpose, its value should be at least \$25,000.

CHARITABLE GIFT ANNUITIES

A Charitable Gift Annuity (CGA) is a simple contract between a donor(s) and PRLT. In exchange for an irrevocable gift of cash, securities, real estate or other assets, PRLT agrees to pay one or two annuitants a fixed sum each year for life. Gift annuity payments are based on life expectancy of the annuitants, from actuarially-determined rates recommended by the American Council on Gift Annuities. The payments are guaranteed by the general resources of PRLT. The minimum initial gift to fund a CGA is \$10,000. Donors must be 60 years of age or older to qualify for PRLT's CGA plan.

DEFERRED CHARITABLE GIFT ANNUITIES

Under certain circumstances, with Board review and approval, a deferred charitable gift annuity may be issued, with payments scheduled to begin no sooner than when the youngest beneficiary has reached or exceeded the age of 60. In order to be considered for a deferred annuity, payments must be deferred at least one year. A minimum initial gift is \$10,000.

Payments. The donor may select annuity payments to be paid quarterly, semi-annually or annually. Annuity payments will be rounded upward to the nearest dollar to ensure that each payment will be exactly the same amount. Individual payments shall not be rounded downward. PRLT will make every effort to mail annuity payments in time to arrive on the payment due date.

Permits and Regulation. The Executive Director is authorized, upon consultation with the organization's counsel, to take action to obtain any special permits as necessary and to otherwise establish procedures and policies to establish and operate a charitable gift annuity program. PRLT may choose to decline to enter into an agreement with any individual who is not a Maine resident.

Fund Purpose and Reserve Policy. An annuity is a contract between PRLT and the donor(s), backed by the assets and good faith of PRLT. PRLT's policy is to invest gift annuity assets in a separate and distinct fund independent of all other accounts of the organization, known as the PRLT Charitable Gift Annuity Fund ("Fund"). The Fund shall not be applied to for the payment of any debts or obligations of the organization or for any purpose other than the annuity benefits herein described. The Fund shall include a separate and ongoing accounting of each gift, maintained until the demise of the last annuitant. At the maturity of the gift, an appropriate amount may be withdrawn from the Fund for transfer to other organizational accounts in accordance with original donor designation, if any. This policy represents a reserve policy of 100% of gifted assets in the Fund.

Recordkeeping. PRLT will maintain a separate checking account for the Fund. Appropriate records will be maintained to permit appropriate reporting of Fund activity to those states that require it by statute, should obtaining a permit be required.

CHARITABLE REMAINDER TRUSTS (CRT'S)

There are two forms of CRT's: A charitable remainder annuity trust (CRAT) and a charitable remainder unitrust (CRUT). Each is a separately invested and managed trust. The minimum age for a one or two life plan is 60 years of age. For each trust, a minimum gift value is usually \$100,000.

A CRAT pays a fixed annual income for life, based on the rate agreed to by the donor(s) and PRLT.

A CRUT pays a variable income annually for life, based on the percentage (minimum 5%) agreed to by the donor(s) and PRLT and the value of the CRUT's assets as determined once each year.

For gift crediting purposes at PRLT, the donor(s) will be credited with the fair market value for the gift at the time of its conveyance. For federal income tax purposes, the donor(s) income tax charitable deduction for this gift will be determined by the age(s) and gender(s) of the donor(s), the value of the funding assets, and interest rates. The gift deduction is always a fraction of the gift value and is often referred to as the "remainder" value.

A range of assets, including cash, securities and un-mortgaged real estate, can be used to fund a CRT. Mortgaged real estate is not acceptable for a CRT.

PRLT may serve as trustee of a real estate funded CRUT if PRLT is an irrevocable beneficiary and if MCHT's expected net charitable proceeds, measured in today's dollars, are likely to be at least \$100,000 and at least 50 percent of the trust assets.

Investment and fiduciary responsibilities for CRAT's and CRUT's can be handled by an entity selected by the donor(s).

RETAINED LIFE ESTATES

PRLT will accept a gift of a residence (not limited to one's primary residence) or agricultural property, for which the donor retains a life estate – or an interest running for a fixed number of years. Such property gifts subject to a retained life estate – also known as remainder interest gifts – will generally be considered only for donors 65 and older. The life tenant(s) in such situations will retain full responsibility for taxes, utilities, repairs and maintenance, etc. PRLT will work with the donor(s) to agree on a written agreement detailing these responsibilities. The donor(s) in such instances is entitled to a charitable tax deduction based on actuarial and other factors.

CHARITABLE LEAD TRUSTS (CLT's)

A CLT is a gift plan that allows a donor(s) to transfer assets to future generations, after providing for a stream of income for PRLT for a specified period of years. Unlike a CRAT or CRUT which provides the donor a fixed or variable income for life, with the remainder given to charity at the donor's death, a CLT pays income to a charity upfront for a period of years, and then returns that asset to either the grantor (the donor) or non-grantors (often grandchildren). The minimum age for a CLT benefitting PRLT is 60. The minimum term of years for IRS qualification is 10 years. For CLT's, a minimum gift is usually \$500,000. Because of the variety of factors involved in the parameters of these kinds of gifts, we urge prospective donors to consult with their lawyers and tax advisors for specific advice and tax implications. PRLT receipts the donor for the sum total of the yearly income made available to PRLT for the term of the CLT.

RETIREMENT ACCOUNTS

For many donors, an easy way to earmark a future gift to support PRLT is to designate it as the beneficiary of a retirement account, such as a 401(k) or IRA. Because tax deferred retirement accounts are taxed at ordinary federal and state tax rates and may also be subject to estate taxes, those with significant retirement assets can also face significant tax liabilities. So making a gift of these assets often provides a very substantial tax savings and can be done easily by filling out a beneficiary designation form provided by the plan administrator and selecting PRLT as a recipient at death. PRLT will recognize the full value of the gift conveyed, consistent with tax law.

Also, direct transfers from an IRA may be made to PRLT for individuals 70 ½ and over, up to \$100,000/year, without counting the withdrawal as current income for the donor's federal tax purposes. Such transfers count toward minimum distribution requirements.

LIFE INSURANCE

PRLT will accept gifts of life insurance policies only when PRLT is named as both the owner and beneficiary. If the policy is fully paid, the value of the gift for PRLT's gift crediting and accounting purposes is the policy's replacement costs. If the policy is partially paid up, the value of the gift for PRLT's gift crediting and accounting purposes is the policy's cash surrender value. PRLT's decision to cash in each donated policy will be determined on a case by case basis. In those cases where PRLT is a designated charitable recipient of an assigned life insurance death benefit, PRLT accepts such gifts with grateful appreciation.

COSTS OF GIFT ACCEPTANCE

PRLT will clarify with the donor under what circumstances, if any, PRLT will pay for legal fees or professional fees with respect to completing a gift. Normally, in the case of real estate gifts, PRLT will assume responsibility for the cost of title review, environmental site assessments and building inspections. PRLT may also choose to pay for appraisals for its own purposes. If PRLT pays for a gift cost that is the legal obligation of the donor, the value of the gift will be reduced by the cost to PRLT for the services, or alternatively, the gift may be treated as a bargain sale with the cost to PRLT as the compensation to the donor.

STANDARDS OF PRACTICE

PRLT staff that work in planned giving will adhere to the American Council on Gift Annuities Model Standards of Practice for the Charitable Gift Planner (which are available on the ACGA website, www.acga-web.org).

DECLINING GIFTS

PRLT may decline any gift. Reasons may include that the gift creates unacceptable challenges, undue expense, or a perception of impropriety or conflict with the organization's mission.

RESPONSIBILITY FOR POLICY REVIEW

The Fund Development Committee has the responsibility for implementing these policies and reviewing them biennially or as needed.

GIFT DESIGNATION

The donor has the right to designate a gift for specific purposes, and he or she should discuss the feasibility and practicality of intended restrictions with the PRLT Executive Director. Particularly as planned gifts may not mature for many years, it is important for PRLT to be aware of and document a donor's intentions for future implementation. The Board of Directors must expressly approve donor restrictions that are outside the scope of PRLT ongoing programs and approved projects.

A report of any annual bequests received to date will go before the Board of Directors at its annual meeting.

CONFLICTS OF INTEREST

PRLT will conduct all gift transactions in accordance with its conflict of interest policy.

OTHER ADMINISTRATIVE ISSUES

PRLT and its staff shall not act as an executor (personal representative) for a donor's estate.

Created by Finance Committee of PRLT September 2017 and updated July 2019