

INLAND NORTHWEST LAND TRUST

Gift Acceptance Policies and Procedures

INTRODUCTION

Inland Northwest Land Trust is a non-profit organization supported by the generous contributions of individuals, businesses, foundations, and trusts. Its mission is to protect the region's natural lands, waters, and working farms and forests for the benefit of wildlife, our community, and future generations.

This gift acceptance policy is designed to assist the INLT Board of Directors and staff in significantly strengthening INLT's endowment, annual operating fund, and capital fundraising programs. Its purpose is to serve as an important fundraising resource to further the mission of INLT and to assist donors and prospective donors by facilitating the proper acceptance of gifts.

The Development Committee will take the necessary steps to assure that all gifts are cost-effective for INLT and that they satisfy the definition of a charitable gift in accordance with the Internal Revenue Code.

All gifts are to be accepted in accordance with this policy. Any exception to this policy must be made by the Executive Director in consultation with the Executive Committee or the Board.

GIFT ACCEPTANCE POLICIES

A. GENERAL

INLT reserves the right to refuse a gift that in any way detracts from the purpose, character, or independence of INLT or for any other purpose. The Executive Committee of the Board has the final authority to accept or decline a gift on behalf of INLT. All non-cash gifts, with the exception of tangible personal property with a value less than \$5,000, must be accepted by the Board before INLT takes possession. INLT will accept non-cash gifts from donors with the explicit understanding that INLT may retain or sell the gift. It is the policy of INLT to liquidate all publicly traded securities immediately upon receipt. INLT development staff requests specific donor intentions for gifts over \$5,000. If a gift is made without a specific donor designation, it will be recorded as an unrestricted contribution to the unrestricted fund which means the funds are available to be used or invested as determined by the Board from time to time based upon

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then-current needs of the organization. All gifts shall be acknowledged by the INLT development staff.

B. CONSERVATION EASEMENTS

INLT works directly with willing private landowners who wish to conserve their own land through conservation easements and other means. A donated conservation easement is a non-cash gift to INLT the purpose of which is to permanently conserve land rather than raise money for INLT. Donated conservation easements are subject to separate INLT gift acceptance policies and procedures.

C. GIFT VALUATION

Gifts of cash will be recorded at face value.

Gifts of securities will be valued at the mean of the highest and lowest quoted selling prices on the date INLT obtains possession or control of the securities. Neither losses nor gains realized by the sale of the securities after their receipt, nor brokerage fees or other expenses associated with the transaction will affect the value of the recorded gift.

All gifts of real estate or non-cash gifts over \$5,000 will be recorded at the fair market value assigned by the donor's independent qualified appraiser, less any encumbrances. Non-cash gifts with an apparent value of \$5,000 or less will be valued by INLT's development staff for internal recording purposes.

Life insurance policies accepted as gifts to INLT with INLT designated as owner and beneficiary will be recorded at their current cash surrender value.

D. ANNUAL GIVING GIFTS

All gifts accepted on an annual basis for unrestricted purposes are to be recorded as memberships unless otherwise stated by the donor.

Special gifts which are intended to augment the current operating budget will be recorded separately.

E. CAPITAL CAMPAIGN GIFTS

All gifts or pledges designated for campaign objectives that are accepted by INLT from any source will be applied toward capital campaign goals within each campaign time period.

F. RESTRICTED GIFTS

Upon written acceptance of a restricted gift by INLT, the principal and income therefrom will be restricted to the extent and purpose specified by the donor. Acknowledgements for such restricted gifts will include the statement that “Should the restriction on the use of the fund become obsolete, inappropriate or impracticable, the Board of INLT is authorized to direct the use of the fund to such purposes nearest to the intent of the donor as determined by the Board in its sole discretion.”

G. UNRESTRICTED GIFTS

If a donor makes a gift without restrictions, it will go into the unrestricted fund which means the funds are available to be used or invested as determined by the Board from time to time based upon then-current needs of the organization.

H. ENDOWMENT FUND GIFTS

Endowment gifts can be made in two ways:

1. A donor may give to the Inland Northwest Community Foundation fund for the benefit INLT.
2. A donor may give to an endowment fund to be held and managed by INLT. Unless specifically directed otherwise by the donor, the corpus of gifts designated for an endowment fund will be pooled and invested with any other unrestricted endowment funds. Income generated from an endowed fund will be used or invested as determined by the Board unless the donor has designated the purpose for which the income is to be used, in which event the income will be expended for the designated purpose.

I. MEMORIAL GIFTS

INLT occasionally receives either cash memorial gifts or requests from individuals wishing to designate INLT to receive gifts in lieu of flowers in memorial for family members or friends. Memorial gifts will be applied to the unrestricted fund unless the gift has been restricted by the donor.

J. BEQUESTS AND ESTATE PLANNED GIFTS

All unrestricted gifts received by bequest or through other estate planned arrangements will be placed in the unrestricted fund. If the donor places restrictions on such gifts, the restrictions will be applied accordingly.

Estate Planned Gifts that may be accepted by INLT include:

1. Bequests.
2. Charitable Remainder Trusts.
3. Charitable Lead Trusts.
4. Life Insurance Policies with INLT as Owner and Beneficiary.
5. Gifts of Real Estate.

K. GIFTS FOR ALL OTHER PURPOSES

Any gifts accepted by INLT during a fiscal year that do not qualify for inclusion in any of the above categories will be recorded separately as determined by INLT staff.

L. CLOSELY HELD STOCK

Gifts of closely-held ownership interests in companies will be accepted only if a market exists for the disposition of such ownership interest and if there are no adverse tax or liability consequences for INLT and only with prior approval of the Board. Such gifts will be receipted and reported at the value determined by a qualified independent appraiser. The appraisal fee will be the responsibility of the donor.

M. LIFE INSURANCE

Fully-paid-up life insurance policies for which INLT is named owner and beneficiary will be recognized as a deferred gift (future expectancy) at the unrealized death benefit (face value) of the policy when: 1) proof of ownership has been established; and 2) the original policy has been given to INLT. Such gifts will be receipted and recorded at the cash surrender value as established by the insurance company.

Non-fully-paid-up insurance policies will be accepted under the following conditions; 1) INLT is designated owner and sole beneficiary; 2) the original policy is given to INLT; and 3) the donor agrees to continue making premium payments (which may qualify for current charitable deductions). INLT makes no commitment to continue making premium payments should the donor cease to do so.

Commitments of insurance policies not fully-paid-up will be recognized at the cash surrender value and will be recorded and recognized for the full face value when the money is distributed to INLT. Premium payments will be receipted and recognized as gift income.

Commitments of term insurance naming INLT as beneficiary will be reported and recognized at face value when the assets are distributed to INLT.

INLT will not accept gifts for the purpose of purchasing a new life insurance policy on any individual.

N. BEQUESTS OR TESTAMENTARY RETIREMENT FUND DESIGNATIONS

These gifts are deferred and revocable and therefore will not be recorded until received. When received, they will be recorded, receipted, and recognized at the value transferred to INLT.

O. RETIREMENT FUNDS (401k, 403b, IRA, pension beneficiary)

Gifts from qualified retirement funds will be accepted, receipted, and recorded when the gift is received by INLT.

P. CHARITABLE LEAD TRUSTS

These trusts will be recorded as the payouts are received and recognized at the total anticipated payout. INLT will not serve as a trustee of charitable lead trusts.

Q. TRUSTS AND OTHER LIFE INCOME ARRANGEMENTS

INLT will not serve as trustee of arrangements such as Charitable Remainder Trusts. The trust document must be prepared or approved by an attorney representing the donor.

R. CONTRIBUTIONS OF MATERIALS & SERVICES (IN-KIND)

In-kind contributions of materials or services will be recognized and recorded at the donor's valuation if it meets the following requirements: 1) the services would need to be purchased if not contributed; 2) the services require specialized skills; 3) the services are provided by someone who possesses these skills; and 4) the value is competitive with the current market. The donor will provide documentation to INLT for the value of the service(s) noting the dollar value of the materials or services donated. INLT will acknowledge receipt of the donation.

Note that the IRS does not allow charitable income tax deductions for donated services.

GIFT ACCEPTANCE PROCEDURES

These procedures are intended to give guidance to development staff, Development Committee, and the Board on the internal handling of various types of gifts.

A. REVIEW OF GIFTS

The Development Committee shall review proposed gifts to INLT. This review will extend to gifts, current and deferred, that are out of the normal cash, stock, or in-kind gifts given to INLT. The INLT Board has the final authority to accept or decline a gift on behalf of INLT.

The Development Committee may be a standing committee or an *ad hoc* committee of the Board. The Board may delegate to the Executive Committee the authority to form the *ad hoc* committee so that gifts may be promptly reviewed and accepted. The committee will include people with expertise on the gift (i.e. a realtor if real estate, an estate planner if a trust gift, etc.)

The Executive Director of INLT will have the overall authority to handle inquiries, negotiate with donors, assemble documentation, and retain appraisers, surveyors, realtors and other technical consultants on behalf of INLT. Assuming such activities follow approved policies and procedures and that such gift arrangements and agreements have been reviewed by the Development Committee and, where appropriate, legal counsel for INLT, the Development Committee will make the recommendation to the Board to accept the gift.

INLT reserves the right to refuse a gift that in any way detracts from the purpose, character, or independence of INLT or for any other purpose. Keeping in mind that there is always potential for controversy, the Development Committee will review the proposed gifts considering the following guidelines:

1. Compatibility: Seek compatibility of cause and intent between the donor and recipient. The gift should further the mission/intent, goals and/or objectives of both parties.
2. Public Relations: Ensure public relations integrity.
3. Motivation: Strive to ensure charitable intent and donor commitment to serve INLT.
4. Consistency: Be consistent with other INLT fundraising practices and activities.
5. Credibility: Uphold high standards of ethical practice and professionalism to ensure the maintenance of the reputation of INLT.
6. Organizational Stability: Ensure high levels of professional competency and presentation of information so that there is minimal potential for controversy and maximum justification for the acceptance of the gift.
7. Form of Gift: Avoid conflict of interest issues with any in-kind contribution including holding the donor accountable for poor performance or unacceptable materials.
8. Source of Gift: Ensure the gift creates an affiliation that will reflect positively on INLT.
9. Financial Impact: Aware of the net effect on the bottom line- short and long term.

10. Real Estate: Assure adherence to policies and practices established before accepting gifts of real property such as a Level 1 environmental audit. Verify hazard/liability issues relating to the property to ensure viable sale or management of the property. See INLT's policy on gifts of real estate.
11. Management: Consider the ongoing costs/fees when accepting gifts requiring ongoing management.
12. Restrictions: Maintain the ability of INLT to seek and accept gifts and grants from other sources.

B. CONFIDENTIALITY

All information concerning prospective donors, including name and addresses, names of beneficiaries, nature and value of estates, amount of provisions, and so forth, will be kept in strict confidence by INLT, except when a donor grants in writing permission to use selected information for purposes of referral, testimonial, or example.

C. CONFLICT OF INTEREST

It is the policy of INLT to conduct its gift acceptance program as a service to donors in assisting their charitable purposes.

No agreement shall be made between INLT and any agency, person, company, or organization on any matter related to investments, management, or otherwise which would knowingly jeopardize the donor's interest.

INLT representatives (directors, volunteers, administrators, or staff) shall not enter into any transaction which would form the basis or suggestion of a conflict of interest.

D. LEGAL AND TAX COUNSEL

Each prospective donor shall be advised to consult his/her attorney or other qualified professional in all matters related to the legal, tax, or estate planning implications of proposed deferred gift instruments, including wills, trusts, contracts, or other agreements. It shall be the policy of INLT not to refer donors to a specific attorney or other qualified professional but, if asked, to provide the names of several qualified and appropriate professionals.

If requested, INLT may be called upon to review trusts or other gift documents prepared by the donor's own counsel. While INLT will not draft a donor's will, codicil, trust, or other estate planning document, INLT's counsel may prepare suggested language pertinent to a gift or bequest to be submitted to the donor's attorney for inclusion in the appropriate estate planning document of the donor.

E. RESTRICTED GIFTS

All established funds must be consistent with and central to the basic mission of INLT.

F. REAL ESTATE GIFTS

At least one member of the Development Committee will visit any property being proposed to be donated to INLT. The purpose of the visit will be to determine the nature and type of the property and to identify any potential problems not evident from initially supplied information.

The property should be evaluated for current marketability and potential interim property or management costs.

It is expected that the donor will obtain, at their expense, a Level 1 environmental audit which will be reviewed by legal counsel for INLT. The property will not be accepted if there is potential adverse liability that could attach to INLT.

The donor is responsible for preparing the deed and all other instruments necessary to transfer the property to INLT. This shall include, but not be limited to:

1. evidence of title, showing that the title to the property is free and clear except for current real estate taxes;
2. title insurance; and
3. appropriate documents identifying any restrictions of record that may create an economic burden on INLT.

Prior to accepting the property, INLT and the donor must agree in writing on arrangements for paying expenses associated with the property, such as commissions, real estate taxes, utilities, insurance, and maintenance costs.

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Prior to or upon transfer of title to INLT, the donor and INLT will sign an agreement (approved by legal counsel for INLT) stating the terms of the gift, which will identify specific acceptable restrictions OR verify that there are no restrictions on INLT's right to use or sell the property.

Donors will be required to obtain a qualified appraisal complying with IRS regulations for the purposes of establishing the value of the gift for Federal Income Tax purposes, including the preparation of Form 8283 ("Non-cash Charitable Contributions").

If the property is sold within two years of the date of the gifts, INLT will report actual sales proceeds to the IRS on Form 8282 ("Donor Information Return").

INLT generally will not pay for legal assistance, appraisals or other services on behalf of the donor. This could represent an undue influence or conflict of interest. Nor will INLT establish or corroborate the value of any property for the purpose of substantiating the donor's income tax charitable deduction.

These policies are also applicable to gifts of real estate by bequest. Upon notification of being named to receive a gift through a will or trust arrangement that includes real estate, development staff or Executive Director will contact the executor, trustee, or other legal representative of the estate and address the policies of INLT in accepting gifts of real estate. INLT is not required to accept gifts if it is deemed that it will not be in INLT's best interest.

Gifts of real estate will be accepted only with prior approval of the Board of Directors in accordance with these policies.

NOTES

According to IRS regulations, receipts are required to describe only the amount of cash or donated assets received (as well as the value of any benefits exchanged). Donors are solely responsible for determining charitable valuations and gift dates.

Current gifts are those assets received within a relatively short period (5 years or less). It is the practice of INLT to redeem these assets for cash as soon as practical unless otherwise specified.

Deferred gifts are those assets which are pledged but not received for a relatively long period. It is the intention of INLT to allocate deferred gifts as unrestricted, unless the donor restricts the gift and INLT determines it is prudent to accept the restrictions long-term.