



GIFT ACCEPTANCE POLICY AND GUIDELINES

Hope Community Resources, Inc. (Hope), a not-for-profit organization organized under the laws of the State of Alaska, 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 Hope or for the benefit of any of our programs.

The *mission of Hope Community Resources* is to provide services and supports requested and designed by individuals and families who experience disabilities, resulting in choice, control, family preservations, and community inclusion.

I. Purpose of Policies and Guidelines

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

II. Use of Legal Counsel

Hope shall seek the advice of independent 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 Hope Community Resources as Trustee.
- c. Gifts involving contracts, such as bargain sales or other documents requiring the agency to assume an obligation.
- d. Transactions with potential conflict of interest that may invoke IRS sanctions.
- e. Other instances in which use of counsel is deemed appropriate by the Gift Acceptance Committee.

III. Conflict of Interest

Hope 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. Hope will comply with the Model Standards of Practice for the Charitable Gift Planner promulgated by the National Committee on Planned Giving. Furthermore, Hope shall promote and adhere to the *Donor Bill of Rights* and the *Code of Ethical Principles and Standards* developed by the Association of Fundraising Professionals.

IV. Restrictions on Gifts

Hope will accept unrestricted gifts, and gifts designated to specific programs and purposes, provided that such gifts are not inconsistent with its stated values, mission and vision. Hope 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 the agency. All final decisions on the restrictive nature of a gift, and its acceptance or refusal, shall be made by the Gift Acceptance Committee.

V. The Gift Acceptance Committee

The gift acceptance committee shall consist of:

- The Executive Director
- The Chief Financial Officer
- The Development Network
- The Development Committee Chair of the board of directors

The gift acceptance committee is charged with the responsibility of reviewing all significant gifts made to Hope, properly screening and accepting those gifts, and making recommendations to the Board on gift acceptance issues when appropriate.

VI. Types of Gifts

A. The following gifts are acceptable:

1. Cash
2. Tangible Personal Property
3. Securities
4. Real Estate
5. Remainder Interests in Property
6. Oil, Gas and Mineral Interests
7. Bargain Sales
8. Life Insurance

9. Charitable Gift Annuities
10. Charitable Remainder Trusts
11. Charitable Lead Trusts
12. Retirement Plan Beneficiary Designations
13. Bequests
14. Life Insurance Beneficiary Designations

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

1. **Cash:** Cash is acceptable in any form. Checks shall be made payable to Hope and shall be delivered to Hope's administrative offices.
2. **Tangible Personal Property:** Hope will accept tangible personal property, also referred to as in-kind contributions that directly benefit its consumers, programs or events in a positive manner. Hope will not accept gifts that deter from its mission, are unusable by the agency or could be a detriment or financial burden to the agency. Items in particular that are not accepted include, but are not limited to outdated appliances and unsolicited commissionable items. Vehicles may be accepted, however the condition and designated use of the vehicle would have to be determined prior to accepting it. All other gifts of tangible personal property shall be examined in light of the following criteria:
 - Does the property fulfill the mission of Hope?
 - Is the property marketable?
 - Will the acceptance of the property result in a loss of Hope's reputation, time or money?
 - 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 Hope's Gift Acceptance Committee.
3. **Securities:** Hope can 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 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 Public Relations/Fundraising Board Committee. In some cases, marketable securities may be restricted by applicable securities laws; in such instances the final determination on the acceptance of the restricted securities shall be made by the Gift Acceptance Committee.
 - b. **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 Gift

Acceptance Committee. However, gifts must be reviewed prior to acceptance to determine that:

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

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

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, Hope 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, Hope 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.
 - a. When appropriate, a title binder shall be obtained by Hope prior to the acceptance of the real property gift. The cost of this title binder shall generally be an expense of the donor.
 - b. Prior to acceptance of the real property, the gift shall be approved by the Gift Acceptance Committee and by Hope's legal counsel. Criteria for acceptance of the property shall include:
 - Is the property useful for the purposes of Hope?
 - 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:** Hope 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, Hope may use the property or reduce it to cash. When Hope 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:** Hope 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 Gift Acceptance Committee, and if necessary, by Hope'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 when there is a plan to minimize potential liability and tax consequences.
 - The property should undergo an environmental review to ensure that Hope has no current or potential exposure to environmental liability.
7. **Bargain Sales:** Hope will enter into a bargain sale arrangement in instances in which the bargain sale furthers the mission and values of Hope. All bargain sales must be reviewed and recommended by the Gift Acceptance Committee and approved by the Board of Directors. Factors used in determining the appropriateness of the transaction include:
- Hope must obtain an independent appraisal substantiating the value of the property.
 - If Hope assumes debt with the property, the debt ratio must be less than 50% of the appraised market value.
 - Hope 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.
 - Hope must calculate the costs to safeguard, insure, and expense the property (including property tax, if applicable) during the holding period.
8. **Life Insurance:** Hope 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, Hope 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, Hope 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:** Hope may offer charitable gift annuities. The minimum gift for funding is \$5,000. Hope 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 one-gift annuity. Annuity payments may be made on a quarterly, semi-annual, or annual schedule. Hope may approve exceptions to this payment schedule.
 - a. Hope will not accept real estate, tangible personal property, or any other illiquid asset in exchange for current charitable gift annuities. Hope 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 5 year period before the commencement of the annuity payment date, the value of the property is reasonably certain, and Hope approves the arrangement.
 - b. 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 Hope's endowment fund or fund as designated by the donor.
10. **Charitable Remainder Trusts:** Hope may accept designation as remainder beneficiary of a charitable remainder trust with the approval of the Gift Acceptance Committee. Hope will not accept appointment as Trustee of a charitable remainder trust.
11. **Charitable Lead Trusts:** Hope may accept a designation as income beneficiary of a charitable lead trust; however, it will not accept an appointment as Trustee of a charitable lead trust.
12. **Retirement Plan Beneficiary Designations:** Donors and supporters of Hope will be encouraged to name Hope as beneficiary of their retirement plans. Such designations will not be recorded as gifts to Hope 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 Hope will be encouraged to make bequests to the agency under their wills and trusts. Such bequests will not be recorded as gifts to Hope 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 Hope will be encouraged to name Hope as beneficiary or contingent beneficiary of their life insurance policies. Such designations shall not be recorded as gifts to Hope 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 or financial fees for gifts to Hope:** When gifts are made to Hope for tax purposes, the Public Relations/Resource Development Network may assist donors in taking the necessary steps to help assure they receive the appropriate tax benefits for their donation. Many times this entails the donor securing appraisals for items valued over \$5,000 or obtaining independent legal or financial counsel for other gifts.
- **Valuation of gifts for development purposes:** Hope will record a gift received by Hope at its valuation for gift purposes on the date of gift.
- **Responsibility for IRS Filings upon sale of gift items:** The Gift Acceptance Committee of Hope is responsible for filing IRS Form 8282 upon the sale or disposition of any asset sold within two years of receipt by Hope when the charitable deduction value of the item is more than \$5,000. Hope must file this form within 125 days of the date of sale or disposition of the asset.
- Acknowledgement of all gifts made to Hope and compliance with the current IRS requirements in acknowledgement of such gifts shall be the responsibility of the Public Relations/Resource Development Network and Gift Acceptance Committee. IRS Publication 561 *Determining the Value of Donated Property* and IRS Publication 526 *Charitable Contributions* shall be used as guidelines for appropriate reporting and acknowledgement.

VIII. Changes to Gift Acceptance Policies

These policies and guidelines have been reviewed by the PR/RD Board Committee and recommended for acceptance by Hope's Board of Directors. The Board of Directors of Hope must approve any changes to or deviations from these policies.

IX. References

- Understanding & Drafting Nonprofit Gift Acceptance Policies (Kathryn Miree & Assoc.)
 - Model Standards of Practice of the Charitable Gift Planner
 - A Donor Bill of Rights
 - Code of Ethical Principles and Standards
 - IRS Forms 8282 & 8283
- IRS Publications 526 (Charitable Contributions) & 561 (Determining the Value)**

GUIDELINES FOR MANAGING INVESTMENT ASSETS HOPE ENDOWMENT FUND

Hope Community Resources, Inc. (Hope) Endowment Fund was established in 1993 as a means of ensuring the continuance of quality community services as well as to lessen its dependency on government funding. The Hope Endowment Fund is a pool of assets held by Hope and invested to provide long-term income from interest and dividends. The Hope Endowment Fund is invested in a diversified, conservative portfolio that is overseen by Hope's Board of Directors.

Upon creation of the Hope Endowment Fund, the Hope's Board of Directors determined that the interest and dividends on the principle would be reinvested back into the account until the principal reached \$1,000,000. After such time, the board would determine when and how the interest and dividends would be utilized to meet the current needs of the agency at said time.

Upon reaching the \$1,000,000 goal, an Endowment Committee will be formed that is comprised of a maximum of two board members and no more than five additional members from the community with the appropriate expertise—investments, trusts, real estate, estate planning, etc. Until said time, the Board of Directors' Public Relations and Resource Development Committee shall oversee the Fund.

I. Objectives

- A. Preserve and grow the fund over time.
- B. Earn a market rate of return.
- C. Maintain a balanced portfolio approach.

II. Policies

- A. The Hope Endowment is in a growth phase with no near term cash draws required. The overall portfolio is to be managed in a balanced approach with funds held in a mix of equity, bond and money market investments.
- B. The fixed income portfolio is a laddered fixed income portfolio generally invested in FDIC insured CD's, Government or Government Agency and Instrumentality securities with a longest final maturity of ten years. Up to 15% of the Endowment portfolio may be invested in Treasury inflation protected government bonds (TIPS). Up to 5% of the Endowment portfolio may be invested in a diversified, high yield, corporate bond fund that will invest in lower rated corporate bonds. If donated corporate bonds fit into the ladder and are of high quality (A rating or better by a nationally recognized rating service such as Moody or Standard and Poor's) they may be held in the Portfolio.
- C. The equity portion is to be invested in a broadly diversified mix of index funds including ETF's (exchange traded funds). Up to 40% of the equity allocation may be invested in broadly diversified international equity index funds. This may include up to 15% of the Hope Endowment portfolio in diversified emerging market funds. Equities may comprise up to 65% of the Hope Endowment Portfolio.
- D. To further diversify the portfolio, up to 15% of the Endowment portfolio may be in held in a diversified public REIT (Real Estate Investment Trust) fund.
- E. Money market investments shall be of high quality.

III. Common Stock Guidelines

- A. Donated stocks should be deposited into the Hope Endowment Fund's brokerage account as quickly as possible after received.
- B. Donated stocks should be sold at market price within 60 days of its receipt in the brokerage account, unless otherwise determined by the committee and board.

Rationale: Hope does not have security analyst staff to follow individual stocks. To eliminate individual security risks from an abrupt downward plunge in the market, especially with unfamiliar and high tech stocks, it is prudent to sell the donated stock and invest the proceeds in broadly diversified index funds.

IV. Bonds Guidelines

- A. Donated bonds should be deposited into the Hope Endowment Fund's brokerage account as quickly as possible after received.
- B. Government, agency or other very high quality (A or better credit rating) bonds that fits into Hope's bond ladder strategy should be retained in the investment portfolio.
- C. Tax-free municipal bonds, which have a much lower yield to a tax-exempt entity such as Hope, or securities of questionable credit quality, should be sold and the proceeds invested in accord with the fund's investment policy.

Rationale: High quality bonds tend to have less market value risks than individual stocks. Hence it makes sense to retain them in the investment portfolio.

V. Mutual Funds Guidelines

- A. Donated mutual funds should be deposited into the Hope Endowment Fund's brokerage account as quickly as possible after received.
- B. Shares of open-end mutual funds should be redeemed and the proceeds placed in the money market portion of the brokerage account. The further deployment of the cash/sales should be in accordance with the investment policy.
- C. Donated mutual funds that are the same, as holdings in the existing investment account should be retained in the portfolio.

VI. Retirement Plans and Other Assets Guidelines

- A. Retirement plans in the form of stocks, bonds and mutual funds should be treated in the same manner as the above procedures.
- B. Other assets should be examined on a case-by-case basis.

Generally, if an asset pays a stable cash flow and would be costly to sell, it should be held. If an asset has a ready market and low costs to sell, and is not part of the endowment's normal asset mix, it should be sold and the sales proceeds placed into the normal portfolio mix.

A Donor Bill of Rights

PHILANTHROPY is based on voluntary action for the common good. It is a tradition of giving and sharing that is primary to the quality of life. To assure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in the not-for-profit organizations and causes they are asked to support, we declare that all donors have these rights:

I.

To be informed of the organization's mission, of the way the organization intends to use donated resources, and of its capacity to use donations effectively for their intended purposes.

II.

To be informed of the identity of those serving on the organization's governing board, and to expect the board to exercise prudent judgement in its stewardship responsibilities.

III.

To have access to the organization's most recent financial statements.

IV.

To be assured their gifts will be used for the purposes for which they were given.

V.

To receive appropriate acknowledgement and recognition.

VI.

To be assured that information about their donations is handled with respect and with confidentiality to the extent provided by law.

VII.

To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature.

VIII.

To be informed whether those seeking donations are volunteers, employees of the organization or hired solicitors.

IX.

To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share.

X.

To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.

DEVELOPED BY

Association of Fundraising Professionals (AFP)
Association for Healthcare Philanthropy (AHP)
Council for Advancement and Support of Education (CASE)
Giving Institute: leading Consultants to Non-Profits

ENDORSED BY

(in formation)
Independent Sector
National Catholic Development Conference (NCDC)
National Committee on Planned Giving (NCPG)
Council for Resource Development (CRD)
United Way of America