

Gift Acceptance Policy



for
The Action Center
dba The Action Center

These policies are not intended to provide tax or legal advice of any kind.

The Action Center Gift Acceptance Policy continued

PURPOSE

1. To ensure that tax-deductible gifts are received in a manner consistent with the Internal Revenue Code and do not jeopardize the The Action Center's tax-exempt status.
2. To minimize The Action Center's incurrence of potential liabilities.
3. To limit the acceptance of gifts which are difficult to administer and inconsistent with The Action Center's investment policy, which is designed to ensure funds for operations for current and future years.
4. To inform, serve, guide, or otherwise assist donors who wish to support The Action Center's activities, but never under any circumstances to pressure or unduly persuade prospective or current donors.

COVERAGE

This policy is designed for gifts accepted through direct solicitation between The Action Center staff and a potential donor. Donations received via the dock (or similar mechanism) are governed by Operational Department guidelines.

REVIEW OF POLICY

This policy shall be reviewed at least annually by the Finance committee or other designated entity.

POLICIES

1. No gift will be accepted or program promoted which is not in the best interests of the donor or violates the policies or bylaws of The Action Center.
2. Persons acting on behalf of The Action Center shall in all cases encourage the donor to discuss the proposed gift with independent legal, financial and/or tax advisors of the donor's choice, and shall insist that the donor seek such counsel when the gift is irrevocable. This policy is designed to ensure that the donor receives a full and accurate explanation of all aspects of the proposed charitable gift and its appropriateness to the donor's objectives and circumstances.
3. The Action Center should always seek to serve the charitable giving needs and objectives of its donors by encouraging contributions and volunteerism and properly recognizing the material and personal contributions of its donors.
4. The Action Center should remain open and accessible to its donors, providing full communication of its activities, use of funds and policies and procedures.
5. The Action Center must always strive to maintain the highest level of integrity with its donors, always acting in the best interest of philanthropy and scrupulously avoiding

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actual or apparent conflicts of interest or any conduct that would tend to bring discredit to the donor and/or The Action Center.

6. Requests by donors for anonymity will be honored. Permission to publicly recognize a donor and his/her gift will be assumed unless otherwise requested.
7. The Development department and persons designated by that office are authorized to negotiate gift agreements and arrangements with prospective donors, following department guidelines.
8. All gift agreements requiring execution by The Action Center shall first be reviewed and approved as to form by The Action Center's legal counsel. However, legal counsel need not review each particular agreement provided it is based on a prototype agreement that has been reviewed and approved.
9. The following gifts must be reviewed and approved by the Board, designated sub-committee or designated staff persons. Before acceptance, relevant information about the gift shall be ascertained, including a copy of any appraisal secured by the donor. The Action Center also reserves the right to secure its own appraisal.
 - a. Outright gifts of real estate, closely held stock, tangible personal property, partnership interests, and other property interests, real and personal, not readily negotiable.
 - b. Charitable remainder trusts—if The Action Center is serving as trustee or co-trustee, please refer to number 13 below.
 - c. Charitable lead trusts—when possible.
 - d. Charitable gift annuities—immediate and deferred.
 - e. Retained life estate in a residence or farm.
 - f. Bargain sales and arrangements other than charitable remainder trusts where the donor receives an income or other payment from The Action Center.
10. Outright gifts of cash, bequests, publicly traded securities and life insurance do not require approval by the Board.
11. The Action Center is authorized to offer and accept charitable gift annuities—immediate and deferred—and shall invest assets contributed for annuities. The Action Center may employ agents and advisors to facilitate the investment of these assets. A regular report of charitable gift annuities, immediate and deferred, will be presented to the Board or designated sub-committee.
12. The Action Center or its representatives shall not engage in offering legal or tax advice to donors or gift prospects. Information on giving arrangements shall be supplied, and donors and prospects shall be urged to contact their personal professional advisors.

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DESCRIPTION OF GIFTS

1. Outright Gifts

An outright gift refers to a contribution of cash or property in which the donor retains no interest and which can be used currently by The Action Center. Securing outright gifts is The Action Center's highest priority, and donors who are able to make an outright gift will be encouraged to do so.

2. Pledges

Pledges are generally to be completed within five years. Gifts of over \$5 million may extend over a longer period of up to ten years with Board approval. Oral pledges generally will not be recognized or recorded until either a signed pledge card/form or a letter of intent is received by The Action Center.

3. Bequests

A bequest is when a donor leaves The Action Center a gift through their will. There are several forms this may take and include a direct gift, a percentage of the estate or a residual of the estate. Bequests have historically been the most important kind of deferred gift, and they will contribute significantly to the fundraising revenue of The Action Center. The encouragement of bequests will be one of the highest priorities of The Action Center.

4. Life Insurance

There are various methods by which a life insurance policy may be contributed to The Action Center. Each method requires a thorough evaluation of the policy, insurance company and benefit to The Action Center. A donor may:

- a. Assign irrevocably a paid-up policy to The Action Center
- b. Assign irrevocably a life insurance policy on which premiums remain to be paid as long as The Action Center is owner and beneficiary
- c. Name The Action Center as a primary or successor beneficiary of the proceeds
- d. Establish a new life insurance policy with The Action Center as the applicant, owner and beneficiary. Under extraordinary circumstances The Action Center may choose to provide for a payment of premium or premiums for the policy.

5. The Charitable Gift Annuity

A charitable gift annuity is a contract between The Action Center and the donor whereby The Action Center agrees to pay the donor (and/or other person named by the donor) a lifetime annuity in return for a gift of cash, securities, or other property. The payment may continue for the life of a second individual, such as a spouse. The annual payment is a fixed sum, the amount of which is based on the size of the gift and the number and ages

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of the beneficiaries. Rates of return under a charitable gift annuity are lower than the rates offered by commercial insurance companies so that a significant residuum will remain for The Action Center. Written notice of this fact will be communicated to the donor both during the gift negotiation stage and in the gift annuity contract cover letter in bold type. Gift annuities issued in Colorado shall comply with Colorado state law and meet the disclosure requirements under the Philanthropy Protection Act of 1995.

6. Charitable Remainder Trusts

The charitable remainder trust is a separately administered trust established by the donor. It provides for payments to the donor and/or other named beneficiary(ies) either for life or a term of years (not exceeding 20), whereupon the remaining trust assets are distributed to one or more charities. A charitable remainder annuity trust pays a fixed amount (at least five percent) of the original fair market value of the assets initially contributed to the trust. This amount does not change, and no additional gifts may be made to the annuity trust after its creation. Payments made in any one year by a charitable remainder annuity trust to individual beneficiaries may not exceed 50 percent of initial fair market value of the trust.

A charitable remainder unitrust pays a fixed percentage (at least five percent) of the fair market value of trust assets, as valued annually. Because the value of assets can be expected to change from year to year, the unitrust payment will vary in amount each year. Additional contributions may be made to the trust after it is established. Payments made in any one year by a charitable remainder unitrust to individual beneficiaries may not exceed 50 percent of the fair market value of the trust on the most recent valuation date. The present value of The Action Center's remainder interest in the charitable remainder unitrust must equal 10 percent (or more) of the initial fair market value of the trust. This rule also applies to additions to existing charitable remainder unitrusts.

There are three traditional varieties of a unitrust. A "straight" unitrust pays the stipulated amount, even if it is necessary to invade principal to do so. A "net-income" unitrust pays the lesser of the stipulated amount or the actual net income, so principal would not be invaded. A "net-income with make-up provision" unitrust is similar to the net income unitrust except that excess earnings can be applied to cover accrued deficiencies resulting from the net income being less than the stipulated amount. A newer variety, the "Flip" unitrust, should be considered for trusts funded with real estate or family corporations.

7. The Charitable Lead Trust

A charitable lead trust is a trust in which the income, or "lead" interest, is paid to The Action Center, and the "remainder" interest is given to one or more non-charitable beneficiaries, who could be either the donor or family members. The amount paid to The Action Center is either a fixed sum (an "annuity trust" interest) or a percentage of trust assets as valued each year (a "unitrust" interest).

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8. Retained Life Estate

An individual may transfer to The Action Center title to a personal residence or farm, and the donor or another person retains use of the property for a term of years or the life of the donor and/or another person.

9. Bargain Sale

A bargain sale is a sale of property to The Action Center for an amount less than the property's current fair market value. The excess of the value over the sales price represents a contribution. The bargain sale price may be paid either in a lump sum or in installments. A gift of mortgaged property will constitute a bargain sale. Since the amount of indebtedness is treated as a relief of liability, there could be adverse tax consequences to the donor. The donor will be informed of this in writing and urged to consult with a tax advisor.

10. Gifts of Closely Held Stock and Other Business Interests

Donors may make gifts of closely held stock and limited partnership interests. These can be accepted by The Action Center as long as The Action Center assumes no liability in receiving them, and the property can be sold within a reasonable period of time.

11. Gifts of Real Estate (Real Property)

Gifts of real estate may include residences, vacation homes, business or commercial property (developed or undeveloped). The Action Center recognizes that gifts of real estate create significant legal and economic issues. Gifts of real estate may be made in various ways: outright, charitable remainder trust, retained life estate, and a bargain sale.

Gifts of real property are subject to the approval of the Board. The Action Center will not accept delivery of real estate either as an outright donee or in a fiduciary capacity as a trustee unless the Board is satisfied that procedures pertaining to zoning, property taxes, title and environmental hazards have been met. Each determination will be made based on the specific circumstances of the proposed gift and procedures and guidelines delineated in a separate document.

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GIFT VALUATIONS

1. In cases where gifts are made in cash, the valuation is the amount of the gift.
2. Gifts of publicly traded securities will be valued at the average of the high and the low publicly quoted prices on the date complete ownership is received.
3. Gifts of closely or privately held corporate stock will be valued based upon a qualified independent appraisal, done within the time frame required by the Internal Revenue Service, for full tax benefits to be received.
4. Gifts of real property will be reported based on the appraised value as determined by a qualified independent appraiser within 60 days of the date of transfer.
5. Gifts of life insurance will be valued, for recognition purposes, based on the cash surrender value as of the date of transfer.

APPRAISALS

1. Gifts of property, other than publicly traded securities, must be accompanied by an appraisal if the estimated value exceeds \$10,000 (or per IRS guidelines if different.) A qualified, independent appraiser must provide the appraisal. The appraiser cannot be associated with the donor or with The Action Center or any of its employees. When the gift is to fund a specific recognition opportunity, the donors shall agree to make up any short fall upon conversion to cash.
2. The Action Center reserves the right to refuse gifts of property when it is determined that the donor has not complied with the Internal Revenue Service appraisal requirements or when the advice of legal and/or tax counsel is not being obtained.
3. All costs associated with obtaining a qualified appraisal will be borne by the donor.