

## East Central ECA Literacy Council

# **Gift Acceptance Policies**

East Central ECA Literacy Council (ECA Literacy Council) a not-for-profit organization organized under the laws of the State of Missouri, encourages the solicitation and acceptance of gifts to the ECA Literacy Council for purposes that will help the ECA Literacy Council to further and fulfill its mission. The following policies and guidelines govern acceptance of gifts made to the ECA Literacy Council or for the benefit of any of its programs.

The mission of the ECA Literacy Council is to advance, encourage, assist and support the growth and development of Adult education and literacy programs in whatever ways are beneficial to its student body, its faculty, and its administrators. The activities of the ECA Literacy Council will include sponsorship of sustaining programs and special projects related to the curricula and the real facilities of the adult education and literacy programs.

### **1. Purpose of Policies and Guidelines**

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

### **2. Use of Legal Counsel**

ECA Literacy Council may seek the advice of legal counsel in matters relating to acceptance of gifts where appropriate. Review by counsel is recommended for:

- Review of closely held stock transfers that are subject to restrictions or buy-sell agreements
- Review of documents naming ECA Literacy Council as trustee
- Review of all gifts involving contracts, such as bargain sales or other documents requiring the ECA Literacy Council to assume an obligation
- Review of all transactions with potential conflict of interest that may invoke IRS sanctions
- Other instances in which use of counsel is deemed appropriate by the Executive Committee of the ECA Literacy Council.

### **3. Conflict of Interest**

All prospective donors shall be strongly urged to seek the assistance of personal legal and financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences. The ECA Literacy Council will comply with the Model Standards of Practice for the Charitable Gift planner promulgated by the National Committee on Planned Giving, shown as an appendix to this document.

#### **4. Restrictions on Gifts**

The ECA Literacy Council 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. The ECA Literacy Council 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 (or trust document if Charity is established under trust), gifts that are too difficult to administer, or gifts that are for purposes outside the mission of the ECA Literacy Council. The Executive Committee of the ECA Literacy Council shall make all final decisions on the restrictive nature of a gift, and its acceptance or refusal.

#### **5. Preview of Proposed Gifts**

The Executive Committee of the ECA Literacy Council is charged with the responsibility of reviewing all gifts made to ECA Literacy Council, properly screening and accepting those gifts, and making recommendations to the board on gift acceptance issues where appropriate.

#### **6. Types of Gifts**

The following gifts are acceptable:

- Cash
- Tangible Personal Property
- Securities
- Real Estate
- Remainder Interests in Property
- Oil, Gas, and Mineral Interests
- Bargain Sales
- Life Insurance
- Charitable Gift Annuities
- Charitable Remainder Trusts
- Charitable Lead Trusts
- Retirement Plan Beneficiary Designations
- Bequests
- Life Insurance Beneficiary Designations

The following criteria govern the acceptance of each gift form:

##### **Cash:**

Cash is acceptable in any form. Checks shall be made payable to ECA Literacy Council and shall be delivered to the Executive Director or a member of his/her staff in the ECA Literacy Council's administrative offices.

##### **Tangible Personal Property:**

All gifts of tangible personal property shall be examined in light of the following criteria;

- Does the property fulfill the mission of the ECA Literacy Council?
- 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 Executive Committee of the ECA Literacy Council shall make the final determination on the acceptance of other tangible property gifts.

**Securities:**

The ECA Literacy Council can accept both publicly traded securities and closely held securities.

**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 Executive Committee. In some cases applicable securities laws may restrict marketable securities; in such instance the Executive Committee of the ECA Literacy Council shall make the final determination on the acceptance of the restricted securities.

**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 the ECA Literacy Council. However, gifts must be reviewed prior to acceptance to determine that:

- There are no restrictions on the security that would prevent the ECA Literacy Council from ultimately converting those assets to cash
- The security is marketable
- The security will not generate any undesirable tax consequences for the ECA Literacy Council
- 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 Executive Committee of the ECA Literacy Council and legal counsel shall make the final determination on the acceptance of the closely held securities where 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, the ECA Literacy Council shall require an initial environmental review of the property to insure that the property is not contaminated with environmental damage. Environmental inspections forms are attached as an appendix to this document. In the event that the initial inspection reveals a potential problem, the ECA Literacy Council 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 unless waived by the Executive Committee.

Where appropriate, a title binder shall be obtained by the ECA Literacy Council prior to the acceptance of the real property gift. The cost of this title binder shall generally be an expense of the donor unless waived by the Executive Committee.

Prior to acceptance of the real property, the gift shall be approved by the Executive Committee of the ECA Literacy Council and by the ECA Literacy Council's legal counsel. Criteria for acceptance of the property shall include:

- Is the property useful for the purposes of the ECA Literacy Council?

- Is the property marketable?
- Are there any restrictions, reservations, easements or other limitations associated with 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:**

The ECA Literacy Council will accept a remainder interest in personal residence, farm, or vacation property subject to the provisions of the above paragraph on real estate. The donor or other occupants may continue to occupy the real property for the duration of the stated condition or until the occurrence of the named terminating event and shall be held liable for any waste of the property. At the death of the stated life, the ECA Literacy Council may use the property or reduce it to cash. Where the ECA Literacy Council receives a gift of the remainder interest, expenses for maintenance, insurance real estate taxes and any property indebtedness are to be paid by the donor or primary beneficiary.

### **Oil, Gas, and Mineral Interest:**

The ECA Literacy Council may accept oil and gas property interests, where appropriate. Prior to acceptance of an oil and gas interest the gift shall be approved by the Executive Committee of the ECA Literacy Council, and if necessary, by the ECA Literacy Council's legal counsel.

Criteria for acceptance for 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.
- If the interest is a working interest the Executive Committee of the ECA Literacy Council shall determine the impact on the ECA Literacy Council so that it may develop a plan to minimize that impact if accepted.
- The property should undergo an environmental review to ensure that the ECA Literacy Council has no current or potential exposure to environmental liability.

### **Bargain Sales:**

The ECA Literacy Council will enter into a bargain sale arrangement in instances in which the bargain sale furthers the missions and purposes of the ECA Literacy Council. All bargain sales must be reviewed and recommended by the Executive Committee of the ECA Literacy Council and approved by the Board of Directors. Factors used in determining the appropriateness of the transaction include:

- The ECA Literacy Council must obtain an independent appraisal substantiating the value of the property
- If the ECA Literacy Council assumes debt with the property, the debt ratio must be less than 50% of the appraised market value.

- The ECA Literacy Council 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.
- The ECA Literacy Council must calculate the costs to safeguard, insure, and expense the property (including property tax, if applicable) during the holding period.

**Life Insurance:**

ECA Literacy Council must be named as both beneficiary and owner of the policy before a life insurance policy can be recorded as a gift. The gift is valued at its interpolated terminal reserve value, upon receipt. If the donor contributes future premium payments, the ECA Literacy Council 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, the ECA Literacy Council may:

- Continue to pay the premiums
- Convert the policy to paid up insurance
- Surrender the policy for its current cash value

**Charitable Gift Annuities:**

ECA Literacy Council may offer charitable gift annuities. The minimum gift for funding shall be \$10,000. The Executive Committee of the ECA Literacy Council 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 gift annuity.

Annuity payments may be made on a quarterly, semiannual or annual schedule. The Executive Committee of the ECA Literacy Council may approve exceptions to this payment schedule.

The ECA Literacy Council will not accept real estate, tangible personal property, or any other illiquid asset in exchange for current charitable gift annuities. The ECA Literacy Council 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 the Executive Committee of the ECA Literacy Council approves the arrangement.

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 the ECA Literacy Council's general endowment funds or to such specific fund as designated by the donor.

**Charitable Remainder Trusts:**

The ECA Literacy Council may accept designation as remainder beneficiary of the charitable remainder trust with the approval of the Executive Committee of the ECA Literacy Council. The ECA Literacy Council will not accept appointment as trustee of a charitable reminder trust.

**Charitable Lead Trusts:**

The ECA Literacy Council may accept a designation as income beneficiary of a charitable lead trust. The ECA Literacy Council will not accept an appointment as trustee of a charitable lead trust.

**Retirement Plan Beneficiary Designation:**

Donors and supporters of ECA Literacy Council shall be encouraged to name the ECA Literacy Council as beneficiary of their retirement plans. Such revocable designations shall not be recorded on the books as gifts to the ECA Literacy Council until such time as the donor is deceased.

**Bequests:**

Donors and supporters of the ECA Literacy Council shall be encouraged to make bequests to the ECA Literacy Council under their wills & trusts. Such revocable bequests shall not be recorded as gifts to the ECA Literacy Council until such time as the donor is deceased.

**Life Insurance Beneficiary Designations:**

Donors and supporters of the ECA Literacy Council shall be encouraged to name the ECA Literacy Council as beneficiary or contingent beneficiary of their life insurance policies. Such revocable designations shall not be recorded on the books as gifts to the ECA Literacy Council until such time as the donor is deceased.

## **7. Miscellaneous Provisions**

**Securing appraisals and legal fees for gifts to the ECA Literacy Council:**

It shall be the responsibility of the donor to secure an appraisal (where required) and independent legal counsel for all gifts made to the ECA Literacy Council upon request of the Executive Committee of the ECA Literacy Council.

**Valuation of gifts for development purposes:**

The ECA Literacy Council shall record a gift received by the ECA Literacy Council at its valuation for gift purposes on the date of gift.

**Responsibility for IRS Filings upon sale of gift items:**

The Executive Committee of the ECA Literacy Council is responsible for filing IRS Form 8282 upon the sale or disposition of any asset sold within two years of receipt by the ECA Literacy Council where the charitable deduction value of the item was \$5,000 or greater. The ECA Literacy Council must file this form within 125 days of the date of sale or disposition of the asset.

Acknowledgement of all gifts made to the ECA Literacy Council and compliance with the current IRS requirements in acknowledgement of such gifts shall be the responsibility of the

Executive Committee of the ECA Literacy Council. IRS Publication 561, Determining the Value of Donated Property; and IRS Publication 526, Charitable Contributions are attached to these policies as an Appendix.

## **8. Changes to Policies**

These policies and guidelines have been reviewed and accepted by the Board of Directors of ECA Literacy Council. The Executive Committee of the ECA Literacy Council may deviate from these policies on a case by case basis.

Approved on the 2nd day of June, 2016.

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President, Board of Directors, ECA Literacy Council

Attest:

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Sec. Board of Directors of ECA Literacy Council

## **Attachments**

Model Standards of Practice of the Charitable Gift Planner  
IRS Form 8282 and Instructions  
IRS Publication 561 Determining the Value of Donated Property  
IRS Publication 526 Charitable Contributions