

# **COYOTE CRISIS COLLABORATIVE**

## **GIFT ACCEPTANCE POLICIES AND GUIDELINES**

Coyote Crisis Collaborative (the "Corporation"), a nonprofit corporation organized under the laws of the State of Arizona, encourages the solicitation and acceptance of gifts to the Corporation for purposes that will help it to further and fulfill its mission. The following policies and guidelines govern acceptance of gifts made to the Corporation or for the benefit of any of its programs.

### **Article I** **MISSION**

The mission of the Corporation is to establish a regional disaster response organization designed to promote an effective methodology for multi-disciplinary response to crises within the State of Arizona.

### **Article II** **PURPOSE OF POLICIES AND GUIDELINES**

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

### **Article III** **USE OF LEGAL COUNSEL**

The Corporation shall seek the advice of legal counsel in matters relating to acceptance of gifts when appropriate. Review by counsel is recommended for:

- Closely held stock, partnership interests, and limited liability company interests;
- Real property and interests in real property, including remainder interests;
- Documents naming the Corporation as Trustee;
- Bequests;
- Gifts involving contracts, such as bargain sales or other documents requiring the Corporation to assume an obligation;
- Charitable gift annuities;
- Transactions with potential conflicts of interest that may invoke Internal Revenue Service sanctions;



- Limited partnership, limited liability company or s-corporation shares that may be substantially similar to a listed transaction;
- Charitable trusts;
- Retirement Plan and Life Insurance Beneficiary Designations, and;
- Other instances in which use of counsel is deemed appropriate by the Gift Acceptance Committee.

#### Article IV CONFLICT OF INTEREST

The Corporation 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. The Corporation will comply with the Model Standards of Practice for the Charitable Gift Planner promulgated by the National Committee on Planned Giving.

#### Article V RESTRICTIONS ON GIFTS

The Corporation 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 Corporation will not accept gifts that are too restrictive in purpose. Gifts that are too restrictive are those that violate the terms of the Corporation's governing documents, gifts that are too difficult to administer, or gifts that are for purposes outside the mission of the Corporation. All final decisions on the restrictive nature of a gift, and its acceptance or refusal, shall be made by the Gift Acceptance Committee of the Corporation.

#### Article VI THE GIFT ACCEPTANCE COMMITTEE

The Gift Acceptance Committee shall consist of the Officers of the Corporation. Cash is acceptable in any form. The Gift Acceptance Committee is charged with the responsibility of reviewing all *non-cash* gifts made to the Corporation, properly screening and accepting those gifts, and making recommendations to the Board on gift acceptance issues when appropriate.

#### Articles VII TYPES OF GIFTS

- A. The following non-cash gifts are acceptable:
1. Tangible Personal Property
  2. Securities
  3. Real Estate
  4. Remainder Interests in Property



5. Oil, Gas, and Mineral Interests
6. Bargain Sales
7. Life Insurance
8. Charitable Gift Annuities
9. Charitable Remainder Trusts
10. Charitable Lead Trusts
11. Retirement Plan Beneficiary Designations
12. Bequests
13. Life Insurance Beneficiary Designations

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

1. **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 Corporation?
- 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 final determination on the acceptance of other tangible property gifts shall be made by the Gift Acceptance Committee of the Corporation.

2. **Securities.** The Corporation can accept both publicly traded securities and closely held securities.

3. **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. In some cases marketable securities may be restricted by applicable securities laws; in such instance the final determination on the acceptance of the restricted securities shall be made by the Gift Acceptance Committee of the Corporation.

4. **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 of the Corporation. However, gifts must be reviewed prior to acceptance to determine that:



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

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 of the Corporation and legal counsel when necessary. Every effort will be made to sell non-marketable securities as quickly as possible.

5. **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 Corporation 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, the Corporation 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.

When appropriate, a title binder shall be obtained by the Corporation prior to the acceptance of the real property gift. The cost of this title binder shall generally be an expense of the donor.

Prior to acceptance of the real property, the gift shall be approved by the Gift Acceptance Committee of the Corporation and by its legal counsel. Criteria for acceptance of the property shall include:

- Is the property useful for the purposes of the Corporation?
- 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?

6. **Remainder Interests In Property.** The Corporation will accept a remainder interest in a personal residence, farm, or vacation property subject to the provisions of paragraph 6 above. The donor or other occupants may continue to occupy the real property for the duration of its stated life. At the death of the donor, the Corporation may use the property or reduce it to cash. Where the Corporation 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.



7. **Oil, Gas, and Mineral Interests.** The Corporation 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 the Corporation'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 where when there is a plan to minimize potential liability and tax consequences.
- The property should undergo an environmental review to ensure that the Corporation has no current or potential exposure to environmental liability.

8. **Bargain Sales.** The Corporation will enter into a bargain sale arrangement in instances in which the bargain sale furthers the mission and purposes of the Corporation. 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:

- The Corporation must obtain an independent appraisal substantiating the value of the property.
- If the Corporation assumes debt with the property, the debt ratio must be less than 50% of the appraised market value.
- The Corporation 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 Corporation must calculate the costs to safeguard, insure, and expense the property (including property tax, if applicable) during the holding period.

9. **Life Insurance.** The Corporation 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, the Corporation 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 Corporation may:

- continue to pay the premiums;
- convert the policy to paid up insurance; or
- surrender the policy for its current cash value.

10. **Charitable Gift Annuities:** So long as the Corporation has been in continuous operation at least three years and has unrestricted cash or cash equivalents of at least \$300,000, then the Corporation may offer charitable gift annuities. The minimum gift for funding is \$5,000. The Corporation's President may make exceptions to this minimum. All gift annuities shall comply with A.R.S. §§ 20703-20719, as amended. 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, semi-annual, or annual schedule. The Corporation's President may approve exceptions to this payment schedule.

The Corporation will not accept real estate, tangible personal property, or any other illiquid asset in exchange for current charitable gift annuities. The Corporation 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 five-year period before the commencement of the annuity payment date, the value of the property is reasonably certain, and the President of the Corporation 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 Corporation's general endowment funds, or to such specific fund as designated by the donor.

11. **Charitable Remainder Trusts.** The Corporation may accept designation as remainder beneficiary of a charitable remainder trust with the approval of the Gift Acceptance Committee. The Corporation will not accept appointment as Trustee of a charitable remainder trust.

12. **Charitable Lead Trusts.** The Corporation may accept a designation as income beneficiary of a charitable lead trust. The Corporation will not accept an appointment as Trustee of a charitable lead trust.

13. **Retirement Plan Beneficiary Designations.** Donors and supporters of the Corporation will be encouraged to name it as beneficiary of their retirement plans. Such designations will not be recorded as gifts to the Corporation 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. **Bequests.** Donors and supporters of the Corporation will be encouraged to make bequests to it under their wills and trusts. Such bequests will not be recorded as gifts to the Corporation 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.

15. **Life Insurance Beneficiary Designations.** Donors and supporters of the Corporation will be encouraged to name it as beneficiary or contingent beneficiary of their life insurance policies. Such designations shall not be recorded as gifts to the Corporation 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.

### **Articles VIII** **MISCELLANEOUS PROVISIONS**

A. **Securing Appraisals and Legal Fees for Gifts to the Corporation.** It will be the responsibility of the donor to secure an appraisal (where required) and independent legal counsel for all gifts made to the Corporation.

B. **Valuation of Gifts for Development Purposes.** The Corporation will record a gift received by it at its valuation for gift tax purposes on the date of the gift.

C. **Responsibility for Internal Revenue Service Filings Upon Sale of Gift Items:** The Gift Acceptance Committee of the Corporation is responsible for filing Internal Revenue Service Form 8282 upon the sale or disposition of any asset sold within two years of receipt by the Corporation when the charitable deduction value of the item is more than \$5,000. The Corporation must file this form within 125 days of the date of sale or disposition of the asset. If the Corporation accepts a vehicle valued at over \$500, the Corporation must file Form 1098-C.

D. **Acknowledgement of Gifts.** Acknowledgement of all gifts made to the Corporation and compliance with the current Internal Revenue Service requirements in acknowledgement of such gifts shall be the responsibility of the Board of the Corporation.

### **Article IX** **CHANGES TO GIFT ACCEPTANCE POLICIES**

These policies and guidelines have been reviewed and accepted by the Board of Directors of the Corporation. The Board of Directors must approve any changes to or deviations from these policies.

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### CERTIFICATE OF ADOPTION

The foregoing Gift Acceptance Policies and Guidelines were duly adopted by the Board of Directors of Coyote Crisis Collaborative effective as of the 19 day of August, 2010.

### COYOTE CRISIS COLLABORATIVE

By: Allen Clark  
ALLEN CLARK, Secretary