

MAINE ISLAND TRAIL ASSOCIATION GIFT ACCEPTANCE POLICIES AND GUIDELINES

Maine Island Trail Association (“MITA”), a not for profit organization organized under the laws of the State of Maine, encourages the solicitation and acceptance of gifts to or for the benefit of MITA for purposes that will help MITA to further and fulfill its mission.

The mission of MITA is to establish a model of thoughtful use and volunteer stewardship for the Maine islands that will assure their conservation in a natural state while providing an exceptional recreational asset that is maintained and cared for by the people who use it.

MITA’s Trustees have a fiduciary duty to assure that MITA’s assets are used efficiently and protected from potential liabilities and diversion to purposes other than those that further MITA’s goals. The following policies and guidelines govern acceptance of gifts made to MITA or for the benefit of any of its programs.

I. Purpose of Policies and Guidelines

The Board of Trustees of MITA and its staff solicit current and deferred gifts from individuals, corporations, and foundations to secure the future growth and mission of MITA. We appreciate donors’ consideration of any gift to MITA. In all matters involving current and prospective donors, the interest of the donor is important to MITA. Please call MITA’s Executive Trustee at 207-761-8225 if you have any questions or if you wish to discuss any aspect of this Policy.

These policies and guidelines govern the acceptance of gifts by MITA and provide guidance to prospective donors and their advisors when making gifts to MITA. The provisions of these policies apply to all gifts to MITA for any of its programs. Gifts will be accepted only if they do not interfere with MITA’s mission, purpose and procedures.

MITA shall accept only such gifts as are legal and consistent with organizational policy. While MITA does not provide tax advice, every effort will be made to assist donors in complying with the intents and purposes of the Internal Revenue Service in allowing charitable tax benefits.

Key principles include safeguarding the confidentiality of the donor relationship, providing full disclosure to the donor, and ensuring that gifts are recorded, allocated and used according to the donor intent and designation.

II. General Policies Relevant to All Gifts

A. Use of Legal Counsel

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

- 1) Closely held stock transfers subject to restrictions or buy-sell agreements.

- 2) Documents naming MITA as Trustee.
- 3) Gifts involving contracts, such as bargain sales or other documents requiring MITA to assume an obligation.
- 4) Transactions with potential conflict of interest that may involve IRS sanctions.
- 5) Other instances in which use of counsel is deemed appropriate by the gift acceptance committee.

B. Conflict of Interest

MITA will urge all prospective donors to seek the assistance of independent personal legal and financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences. MITA and its employees and agents are prohibited from advising donors about the tax consequences of their donations. Gifts are also subject to the provisions of other MITA policies, including adopted Conflict of Interest policies.

MITA makes every effort to ensure accepted gifts are in the best interests of the organization and the donor. MITA works to follow The Donor Bill of Rights adopted by the AAFRC Trust for Philanthropy, the Association of Fundraising Professionals and other professional organizations. MITA 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.

C. Restrictions on Gifts

MITA will accept unrestricted gifts, and gifts for specified programs and purposes, provided that such gifts are consistent with its stated mission, purposes, and priorities. MITA will not accept gifts that are too restrictive in purpose. Gifts for purposes that are not consistent with MITA's mission or consonant with its current or anticipated future programs cannot be accepted. Examples of 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 MITA. 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 MITA.

D. The Gift Acceptance Committee

The gift acceptance committee shall consist of:

- 1) The Chair of the Board of MITA;
- 2) Chair of the Finance Committee of MITA;
- 3) The Chair of the Development Committee of MITA; and
- 4) ex-officio members shall include the Executive Director and the Development Director of MITA.

The gift acceptance committee is charged with the responsibility of reviewing all gifts proposed to be made to MITA, properly screening, accepting or rejecting those gifts, and making

recommendations to the board on gift acceptance issues when appropriate. Boat donations may be approved by either the Executive Director or the Gift Acceptance Committee.

E. Establishing the Value of Donated Property

It is the policy of MITA to comply fully with the valuation rules set out in Publication 561 of the Internal Revenue Service and the relevant income, gift and estate tax laws and regulations. Copies of Publication 561 are available at www.irs.gov or at MITA's office. Property contributed to MITA that has a value in excess of \$5,000 must be accompanied by an appraisal unless it consists of (i) cash, (ii) marketable securities, (iii) closely held securities with a value of \$10,000 or less, (iv) a vehicle or boat, the value of which will be determined by its sale, (v) intellectual property such as a copyright or patent, (vi) stock-in-trade, inventory or other property that would otherwise be held by the donor for sale to customers in the ordinary course of the donor's business or (vii) property contributed by a corporation that constitutes a "qualified contribution," as described in Section 170(e)(3)(A) of the Internal Revenue Code of 1986, that will be used for the care of the ill, needy or infants.

The fee for the appraisal may not be based on the value of the appraised property, and the appraiser must be "qualified," as that term is used in IRS Publication 561. A "qualified appraiser" is one who is ordinarily in the business of appraising similar property, has appropriate educational and experiential background, who performs appraisals for many different people and purposes (and not primarily either for MITA or for the donor) and who is not employed by MITA, the donor, any relative of the donor or any entity controlled by the donor or members of the donor's family. Duplicate originals of each appraisal should be prepared, one for MITA and one for the donor.

MITA reserves the right to alter the value of property contributed to it on the books and records of MITA for accounting, tax-reporting, annual fund record-keeping or any other purpose if developments after the completion of the gift or information that comes to the attention of MITA after the gift is completed are determined, in the discretion of the Committee or MITA's auditors, to merit such an alteration.

F. Tax Compliance

MITA's policy is to comply with Internal Revenue Service reporting requirement and all other aspects of state and federal tax law.

III. *Types of Gifts*

The following gifts are acceptable but not intended to represent an exclusive list of appropriate gifts:

- Cash
- Tangible Personal Property, including boats
- 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 gift acceptance committee of MITA shall make the final determination on the acceptance or rejection of gifts of all forms and inform the Board of MITA of such determinations in a timely manner.

The following criteria govern the acceptance of each gift form:

1) **Cash.** Cash refers to cash equivalents, including checks, money orders, currency/coin, and credit card payments. Checks or money orders shall be made payable to “Maine Island Trail Association”, shall appropriately identify the donor or donors and be delivered to MITA’s administrative offices. Wire and Electronic Funds Transfer (EFT) can usually be arranged with the MITA staff. If a matching gift company or workplace giving company wants to send an ACH/EFT every week instead of a check, these must be authorized by the cash receipting manager at MITA before the enrollment form is sent back to the constituent.

2) **Tangible Personal Property.** All other gifts of tangible personal property shall be examined in light of the following criteria:

- Does the property fulfill the mission of MITA?
- 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?

3) **Securities.** MITA 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 investment committee. 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 MITA.
- **Closely Held Securities.** Closely held securities, which include not only debt and equity positions in non-publicly traded companies but also interests in limited partnerships and limited liability companies, or other ownership forms, can be accepted. Such gifts, however, must be reviewed prior to acceptance to determine that:

- a) there are no restrictions on the security that would prevent MITA from ultimately converting it to cash;
- b) the security is marketable; and
- c) the security will not generate any undesirable tax consequences for MITA.

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 gift acceptance committee of MITA with the advice of legal counsel shall make the final determination on the acceptance of closely held securities 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, MITA shall require an initial environmental review of the property to ensure that the property has no environmental damage or potential liability. In the event the initial inspection reveals a potential problem, MITA shall retain a qualified inspection firm to conduct an environmental audit. Non-residential properties shall definitely require a Phase I audit. The cost of environmental audits shall generally be an expense of the donor.

When appropriate, a title insurance binder shall be obtained by MITA 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 real property, the gift shall be approved by the gift acceptance committee with the advice of MITA's legal counsel. Criteria for acceptance of the property shall include:

- Is the property useful for the purposes of MITA?
- 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.** MITA 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 their stated life or lives. Upon termination of the life interest, MITA may use the property or reduce it to cash. Where MITA 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 life tenant(s).

6) **Oil, Gas, and Mineral Interests.** MITA 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 with the advice of MITA's legal counsel, if necessary. 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 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 there is a plan to minimize potential liability and tax consequences.
- The property should undergo an environmental review to ensure that MITA will have no current or potential exposure to environmental liability.

7) Bargain Sales. MITA will enter into a bargain sale arrangement in instances in which the bargain sale furthers the mission and purposes of MITA. All bargain sales must be reviewed and recommended by the gift acceptance committee and approved by the Board of Trustees. Factors used in determining the appropriateness of the transaction include:

- MITA must obtain an independent appraisal substantiating the value of the property.
- If MITA assumes debt with the property, the debt ratio must be less than 50% of the appraised market value.
- MITA must determine that it will use the property or alternately, that there is a market for sale of the property, allowing sale within 12 months of receipt.
- MITA must calculate and approve the costs to safeguard, insure, and pay expenses of the property (including property tax, if applicable) during the holding period.

8) Life Insurance. MITA will generally accept life insurance but it 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. Whether any policy is accepted will depend on the economics of the transfer. If the donor contributes future premium payments, MITA will include the 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, MITA 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. MITA may offer charitable gift annuities in the future. The minimum gift anticipated for funding is \$50,000. MITA's gift acceptance committee may make exceptions to this minimum. The minimum age for life income beneficiaries of a gift annuity shall be 62. Where a deferred gift annuity is offered, the minimum age for life income beneficiaries shall be 55. 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. MITA's gift acceptance committee may approve exceptions to this payment schedule. MITA will not accept real estate, tangible personal property, or any other illiquid asset in exchange for current charitable gift annuities. MITA 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 gift acceptance committee 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 MITA's general endowment funds, or to such specific fund as the donor designated.

10) **Charitable Remainder Trusts.** MITA may accept designation as remainder beneficiary of a charitable remainder trust with the approval of the gift acceptance committee. MITA will not accept appointment as trustee of a charitable remainder trust.

11) **Charitable Lead Trusts.** MITA may accept a designation as income beneficiary of a charitable lead trust. MITA will not accept an appointment as Trustee of a charitable lead trust.

12) **Pooled Income Fund.** MITA does not maintain a pooled income fund. Donors who are interested in using a pooled fund as a planned giving vehicle may discuss contributions to the pooled income fund maintained by the Maine Community Foundation (the "Foundation") with the Foundation's Vice President for Donor Relations by calling (207) 667-9735 or (877) 700-6800. The Foundation's pooled income fund can accept contributions of cash or marketable securities, with a minimum initial contribution of \$10,000, which will be invested for the life of the donor or any other person or persons. During the investment period, income earned by the donor's contribution will be paid to the donor or the donor's designees. When all the designated income beneficiaries have died or when the term of years for which the income interest has been reserved has expired, the Foundation will sever from the pooled fund the donor's pro rata share of the fund's invested assets and transfer those assets to MITA.

13) **Deferred Compensation/Retirement Plan Beneficiary Designations.** MITA generally will accept gifts designating MITA as a beneficiary of the donor's retirement plans including, but not limited to, IRA's, 401(k)'s 403 (b)'s and other plans. Such designation will not be recorded as a gift to MITA 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 MITA will be encouraged to make bequests to MITA under their wills and trusts. Such bequests will not be recorded as gifts to MITA 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. The criteria for the acceptance of the gift or bequest will be the same as otherwise provided herein.

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

IV. Miscellaneous Provisions

A. Securing appraisals, environmental review, assessment or remediation costs and legal fees for gifts to MITA. The cost to secure an appraisal, environmental review, assessment or remediation (where required) and independent legal counsel for any gifts proposed to be made to or for the benefit of MITA are generally the Donor's responsibility.

B. Fees and Commissions

MITA generally does not pay “finder’s fees” or commissions to third parties in connection with any kind of gift to MITA. MITA does, however, pay commissions and fees to properly negotiate and transfer assets, including boats. No officer, employee or agent of MITA is or will be compensated in a manner that is dependent on the size or nature of gifts made to MITA by any person. If MITA engages legal counsel, accounting professionals, appraisers or environmental consultants, their fees and expenses will be determined by the time they spend engaged in MITA’s work and not by reference to any particular gift in connection with which they are retained.

C. Trips and Special Events

When trips or special events involve a charitable contribution, the fair market value and the charitable contribution amount for each participant will be stated specifically in the promotional literature and donor acknowledgment letter. Donations given to offset the costs of a special event must be recorded as gift income, rather than as a credit to an expense account.

D. Changes to Gift Acceptance Policies

These policies and guidelines have been reviewed and recommended to the Board by the gift acceptance committee of MITA. The Board of MITA must approve any changes to these policies. The policies will be regularly reviewed.

Approved by the Board of MITA on the day of May 14, 2008.
Amended April 17, 2014.

Chair, MITA Board of Trustees

Please review these attached documents as needed:

- A. Model Standards of Practice for Charitable Gift Planners**
- B. Environmental Review Forms**
- C. IRS Form 8282, plus Instructions**
- D. IRS Publication 561: Determining the Value of Donated Property**
- E. IRS Publication 526: Charitable Contributions**