



## TU General Policies and Guidelines for the Acceptance of Charitable Contributions

Presented to the Board of Trustees for approval - July 2023

### I. Introduction

Trout Unlimited (TU), a not-for profit organization incorporated under the laws of the state of Michigan and recognized by the IRS as a 501(c)(3) corporation under the Internal Revenue Code, encourages the solicitation and acceptance of gifts that will help fulfill TU's mission to conserve, protect, and restore coldwater fisheries and their watersheds. TU welcomes donations, and expressions of interest about making donations, that are consistent with the mission of TU, regardless of the size of the donation, from individuals, families, businesses, foundations, or other sources. The purpose of this Policy is to guide TU in determining whether and the circumstances under which a gift will be accepted by TU and its councils and chapters. Certain of the provisions of this Policy shall only apply to TU's national operations and administration.

### II. Gift Categories

A gift or charitable contribution is a transfer of cash or other assets to TU to be used for TU's mission.

Gifts to TU will fall into one of the following categories:

- A. **Unrestricted Gifts:** Unrestricted gifts give TU maximum flexibility to carry out its mission. Donors are always encouraged to make their contributions without restriction to TU.
- B. **Gifts Restricted to Program or Purpose:** TU will accept gifts restricted for specific purposes and programs provided that such gifts are consistent with TU's mission, purposes, and priorities. All restricted gifts will have a standard overhead/indirect rate of 15% charged to support the operations of the organization and associated program expenses. This applies to gifts from foundations, corporations and individuals unless an exception is requested and granted to waive the fee. TU reserves the right to decline gifts that do not allow for the overhead charge to be applied.
- C. **Multi-year pledges:** Pledges are written commitments to pledge a specific dollar amount that will be paid over a specific time frame and on a specific schedule. Pledges require letters of agreement and are considered legally binding. Per federal regulations, donors may not fulfill Pledges from Donor Advised Funds. The full value of the Pledge will be recorded in the year received. See appendix B for the sample Pledge letter of agreement. Gift Intention agreements may be used in lieu of Pledge Agreements, and are not legally binding. As such, donors may make gifts from their Donor Advised Fund to the

organization according to their intention. Each transaction will be treated as a cash contribution in the year it is received.

- D. **Endowments:** Funds donated to TU to be invested and the corpus generally maintained to create a long-term stream of income for TU. A minimum gift of \$500,000 will be required for a named or specific purpose use endowment to be established. For all Named or Specific Purpose Endowments established after April 1, 2023, TU will assess an annual fee of .025 (2.5 basis points) in March of every year to cover the cost of administering the Endowment. Gifts to the General TU Endowment will not be subject to the fee.

### **III. Types of Acceptable Gifts**

Charitable contributions to TU may include the following:

- A. Cash;
- B. Tangible personal property such as art or jewelry;
- C. Appreciated securities or other investment instruments;
- D. Deferred or planned gifts, including but not limited to, bequests, trusts, naming TU as a beneficiary on retirement, life insurance or other financial accounts, and annuities of all kinds; and
- E. Real estate, including developed property, undeveloped property, or gifts subject to a retained life interest.

### **IV. Monetization Policy**

It is TU's policy that all gifts of real estate, securities and tangible property will typically be sold and the cash applied to TU's mission, consistent with any restrictions of the donation. In the unusual circumstance where a gift of an asset is integral to TU's mission, the GAC may recommend that TU retain the asset.

### **V. Gift Acceptance Committee (GAC)**

TU has created a Gift Acceptance Committee (GAC) to review unusual, proposed gift arrangements and to ensure that all relevant facts have been developed and carefully considered in the determination whether to accept a proposed gift, including longer term implications entailed by accepting the gift. The determination of whether the GAC will review a proposed gift will, in the first instance, be made by the Chair of the GAC. However, any member of the GAC and the CEO may request that the GAC review any proposed gift. The GAC will report to and make recommendations to the CEO as to whether a proposed gift should be accepted. It is the CEO's responsibility to report to and seek the counsel of the TU Board about any unusual gifts that have been offered.

The following types of gifts will be presumed to be subject to GAC review, regardless whether the gift is to be made to TU national, a council or chapter:

- A. Real Estate;
- B. Closely held securities; and
- C. Bargain sales of any type of asset.

In addition, chapters and councils may request the assistance of the GAC with respect to any gift the nature of which or the circumstances of which suggest that a review would assist TU in determining whether to accept the proposed gift. In rare circumstances, the CEO, upon the recommendation of the GAC, may also determine that the larger interests of TU require that a chapter or council not be permitted to receive a proposed gift, whether the chapter or council has requested GAC review.

**VI. Members of the GAC**

The GAC shall be composed of the individuals who hold the following positions within TU:

- A. Vice President of Development, Chair
- B. Chief Financial Officer
- C. Vice President of Volunteer Operations
- D. Chair of the Development Committee
- E. The staff member responsible for Planned Giving, as designated by the CEO
- F. General Counsel

The Chair of the GAC may request the assistance of others, including, but not limited to, outside legal counsel, real estate experts, and the Chairs of various Board of Trustees committees.

**VII. Review Process**

The GAC's review of a proposed gift will occur as expeditiously as is reasonably practical. At least four members of the GAC are required to make a recommendation to the CEO whether to accept the gift. The GAC will consider that the acceptance of gifts can pose potential risks, liabilities or costs to TU. This includes gifts that have the potential to jeopardize TU's tax-exempt status, gifts that impair or are inconsistent with TU's ability to achieve its mission, gifts that are inconsistent with TU's code of conduct, or gifts that may otherwise pose a liability or problem for the organization.

**VIII. Gift Minimums**

There are certain types of gifts where the administrative burden of the gift requires that the amount of the gift be considered.

- A. Real Estate donations should exceed \$100,000 whether developed or undeveloped, after liquidation and payment of all acquisition, holding, and sales expenses. Exceptions to this minimum may be made when to do so would be in the best interests of TU.
- B. The establishment of a new endowment should exceed \$500,000. Donations of any size may be made to existing endowments.

**IX. Gifts of Land Subject to Conservation Easements**

TU will consider gifts of property that are subject to conservation easements. When such a donation is proposed, TU will consult with the holder of the conservation easement to

understand the history of the property and its protection and determine if there are any factors that would suggest TU acceptance of the gift is or is not appropriate.

**X. Administration of Gifts**

Gifts must be used in a manner consistent with the stated intentions of the donor as agreed to by TU. Documentation of the intended use of the gift must be recorded, and records maintained in perpetuity. If there are reporting requirements, it is the responsibility of the donor and/or the donor's heirs to update contact information as needed to ensure that reporting requirements may be met.

The processing and estate administration of planned gifts designated to support chapters will be managed and administered by the TU national office, unless otherwise agreed by TU national and the TU chapter or council. TU national will assess a one-time processing and estate administration fee equal to ten percent (10%) of the realized planned gift on gifts under \$100,000, and five percent (5%) on gifts of \$100,000 and above with a cap of \$25,000, unless prohibited by the terms of the bequest or unless otherwise agreed by TU national and the TU chapter or council. If direct costs are incurred, including legal fees, those expenses will be deducted from the gift.

This Gift Acceptance Policy has been reviewed and approved by the Trout Unlimited Development Committee in June 2023 and recommended for approval by the Board of Trustees, with a proposed effective date of April 1, 2023.