



# TROUT UNLIMITED

## Trout Unlimited General Policies and Guidelines for the Acceptance of Charitable Contributions June 25, 2013

### 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 donors of restricted gifts are encouraged to include a 15% administrative allowance to the relevant chapter, council, or national organization.
- C. **Multi-year pledges:** Pledges are written commitments to pledge a specific dollar amount that will be paid over a specific time frame. Pledges require letters of agreement. See appendix B for the sample letter of agreement.
- D. **Endowments:** Funds donated to TU to be invested and maintained to create income for TU.

### 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, and annuities of all kinds;
- E. And 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;
- C. And 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 or not 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:

- D. Vice President of Development, Chair
- E. Chief Financial Officer
- F. Vice President of Volunteer Operations
- G. Chair of the Development Committee

H. The staff member responsible for Planned Giving staff, as designated by the CEO

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 or not 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 \$1,000,000. 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.

This Gift Acceptance Policy has been reviewed and approved by the Trout Unlimited Board of Trustees in June 2013.



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## **Trout Unlimited Gift Acceptance Procedures**

The following procedures were developed by TU staff and reviewed by the Development Committee of the Board of Trustees to establish protocols to govern the receipt of gifts by donors to TU, pursuant to the "General Policies and Guidelines for the Acceptance of Charitable Contributions," adopted by the TU Board of Trustees June 25, 2013. These procedures may be amended from time to time by the national staff, with the approval of the Development Committee.

### **General Items**

1. Gifts of cash and/or negotiable securities are the forms of donor support that will have the greatest immediate impact on TU and its plans for the immediate future. Therefore, these are encouraged.
2. Gifts to TU national should be made in the name of "Trout Unlimited" and will be taken, held, and administered by the organization. All gifts to TU national should be directed to either the Membership Services or Development Office where they will be accepted, deposited and/or transmitted, receipted, and acknowledged in accordance with IRS policies, the policies of any campaign, and the wishes of the donor. Gifts to council and chapters will be received and administered by the council or chapter.
3. Gifts shall be valued on the date the assets are received by TU or its broker.
4. For national campaign counting purposes, bequests from individuals over 75-years-of-age shall be counted toward the campaign goal in their entirety. Bequests made by persons under 75-years-of-age will be recorded for purposes of stewarding the donor but not counted toward current campaign revenue goals.
5. The policy for TU national for acceptance and receipt of gifts is that gifts will be recorded and receipted within 72 business hours of receipt by staff dedicated to this purpose. Staff will record the gift in a dedicated database which includes the following information: the donor's name, the purpose of the contribution, the amount, the date, pay-out schedule for pledges as appropriate, and any other pertinent information. Personal follow-up from the CEO, Development VP, or other staff will accompany all acknowledgements.
6. TU national, councils and chapters must ensure safe and appropriate deposit of cash gifts into appropriate accounts.
7. TU national will provide detailed records of all gift transactions to TU national to the TU Accounting Department. The Development and Membership staff will collaborate with the Finance staff to reconcile daily receipts on a monthly basis. Development will communicate the receipt of gifts to TU fundraising staff who will in turn report to the board, as relevant, and TU staff whose TU work will benefit from the contribution. TU professional fundraising staff will coordinate further acknowledgment and stewardship of gifts by working collaboratively with the donor and TU staff and leadership, both volunteer and professional. This paragraph does not apply to gifts to councils and chapters.
8. Pledges may be re-structured in the discretion of TU, if the donor requires more time to pay as the result of unforeseen circumstances. Restructuring of a pledge to TU national may be done only with the approval and sign off of the Vice President of Development.
9. Requests by donors for anonymity will be honored to the extent allowed by law.
10. Although representatives of TU's Development staff will provide all appropriate assistance, the ultimate responsibility regarding asset valuations, tax deductibility, and/or similar federal, state and/or local legal compliance issues rests with the donor(s) and/or with such financial advisors as the donor(s) shall secure.
11. For the purpose of current income tax deductions gifts will be receipted at the charitable deduction value as established by law and the donor shall be so informed.
12. When a donor advises that he or she has created a planned gift, by bequest or otherwise, adequate records of the likely gift should be maintained by TU national or by the chapter or council, if the bequest is solely in favor of a chapter or council. If the planned gift is recruited by a chapter or council, but the likely gift is to be shared by a chapter or council with TU national, the chapter or council recruiting the gift shall provide to the development staff of TU national all relevant information on the donor and the likely gift.

### **Real Estate Gifts**

13. TU's policy relating to gifts of real property interests ("Real Estate"), set forth in the "Trout Unlimited Policy on the Ownership of Interests in Real Property" adopted by the Board on February 3, 2012 (The Real Property Policy), as amended June 25, 2013 will continue to apply to transfers of real property interests other than by gift or bequest. However, as detailed below, certain of the procedures described in the Real Property Policy will be utilized for gifts and bequests of real property interests.

14. Physical Inspection. When a gift of Real Estate is made to TU national, a TU staff representative will physically inspect the property, (along with a professional inspector if appropriate), walk the boundary lines and take photographs. Prior to presentation of the proposed gift to the Gift Acceptance Committee (GAC), TU staff will gather the information described in Checklist A to the Real Property Policy. When a gift of Real Estate is made to a Chapter or Council, the Chapter or Council is responsible for gathering the information described in Checklist A to the Real Property Policy.
15. Presentation to the GAC. The Development Staff will make a recommendation to the GAC whether TU national, a Chapter or Council, as applicable, may accept a gift of Real Estate. The Development Staff will also recommend whether or not retaining ownership may be in the best interests of the organization. The GAC will review the matter and make a recommendation to the CEO. It is understood that the acquisition of information in regards to the sale of Real Estate will incur costs to TU and these costs will be deducted from the proceeds of any subsequent sale of the property.
16. Environmental Review. If the CEO agrees with the recommendation by the GAC to accept a proposed Real Estate gift, TU or the Chapter or Council, as appropriate, will, in most instances, conduct an environmental review of the property to ensure that the property and the relevant surrounding area is not subject to environmental perils or contamination within the meaning of federal and state liability statutes. TU, as a general rule, will select a qualified environmental consulting firm and engage it to provide a Phase I environmental audit. The cost of the environmental audit shall generally be the expense of TU national or the Chapter or Council, as appropriate, and the donor will be expected to issue a written warranty concerning the historical uses of the property and its environmental condition.
17. Appraisal: In most instances, TU should obtain an appraisal of the property by a “qualified appraisal”, as defined in the Internal Revenue Code prepared for TU if TU is *purchasing* any interest in real estate. If the real estate is gifted by the donor to TU, any appraisal prepared for the donor must be submitted to TU prior to TU signing an 8283 form for the donor’s IRS tax return.
18. Title Insurance. Prior to taking ownership by deed, TU shall obtain a policy of the insurance protecting its title to the Real Estate received from the donor.
19. Gifts of Real Estate with a retained Life Estate. A gift of Real Estate with a retained life estate involves the transfer of the title of a personal residence, farm, or other property whereby the donor or another person retains the use of the property for a term of years or for the life/lives of the donor and/or another person. As with all proposed gifts of interests in real property, gifts of Real Estate with a retained life estate may be accepted by TU only after recommendation of the Development staff, review by the GAC and approval by the CEO.
20. Extent of retained Life Estate. The retained life interest shall not exceed a “joint and survivor” life estate, meaning that the retained life interest when given to TU may pass to the spouse or other designated life tenant but cannot pass to heirs before TU receives the gift. At the death of the donor or designated life tenant, such as spouse or partner, TU will sell the property for cash except as provided for above. Where TU receives a gift of a remainder interest, expenses for insurance, maintenance, utilities, real estate taxes, and any property indebtedness are to be paid by the donor or primary beneficiary during the period the retained life interest remains in effect.
21. Documentation of Life Estate Gifts. The gift shall be transacted with a deed and a life estate agreement approved by legal counsel for both TU and the donor, with the written life estate agreement clearly delineating responsibility for the expenses of the property, including but not limited to taxes, insurance, and maintenance of property.
22. Special considerations for gifts of Real Estate with conservation values. TU representatives or staff shall identify any conservation attributes of a proposed Real Estate donation to TU National. When the proposed donation of Real Estate is to a council or chapter, the same process should be undertaken by the council or chapter, together with the gathering of the information required by Checklist A to the Real Property Policy. Relevant conservation attributes could include significant fish and wildlife habitat, surface or underground water resources, important agricultural soils, scenic values, etc. If the Real Estate is to be sold or transferred, TU staff/representatives or the Council or Chapter, as appropriate, shall prepare a list of options available to the donor and TU to ensure the permanent protection of important conservation attributes. Possible alternatives for protection could include:
  - a. Donation of a conservation easement by the donor to a qualified land trust/public agency preceding a gift to TU; or
  - b. TU collaboration with a land trust/agency to place appropriate conservation restrictions on the Real Estate prior to sale by TU; or
  - c. Transfer/sale of the Real Estate to a public agency at its full fair market value.
23. Documentation of Donor Intent. When a donor of Real Estate to TU has certain expectations for how the property will be used, or protected and the property has inherent conservation values, TU staff (or the council or chapter, if the gift is to a council or chapter) should document the expectations of the donor. Such documentation should not be incorporated into the deed as deed restrictions, unless the donor requests it, and is fully informed of the effect such restrictions may have on the value of the gift.