

GIFT ACCEPTANCE POLICIES AND GUIDELINES

PIMA JTED FOUNDATION, a not for profit organization organized under the laws of the State of Arizona, encourages the solicitation and acceptance of gifts for purposes that will help PIMA JTED FOUNDATION to further and fulfill its mission. The following policies and guidelines govern acceptance of gifts made to PIMA JTED FOUNDATION or for the benefit of any of its programs.

I. Purpose of Policies and Guidelines

The board of directors of PIMA JTED FOUNDATION and its staff solicit current and deferred gifts from individuals, corporations, and foundations to secure the future growth and mission of PIMA JTED FOUNDATION. These policies and guidelines govern the acceptance of gifts by PIMA JTED FOUNDATION and provide guidance to prospective donors and their advisors when making gifts to PIMA JTED FOUNDATION. The provisions of these policies shall apply to all gifts received by PIMA JTED FOUNDATION for any of its programs or services.

II. Conflict of Interest

PIMA JTED FOUNDATION 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. PIMA JTED FOUNDATION will comply with the *Model Standards of Practice for the Charitable Gift Planner* promulgated by the National Association of Charitable Gift Planners, shown as an appendix to this document.

III. Restrictions on Gifts

PIMA JTED FOUNDATION 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.

PIMA JTED FOUNDATION will not accept gifts that are too restrictive in purpose. Gifts that are too restrictive are those that are too difficult to administer, or gifts that are for purposes outside the mission of PIMA JTED FOUNDATION. All final decisions on the restrictive nature of a gift, and its acceptance or refusal, shall be made by the Board of Directors of PIMA JTED FOUNDATION.

IV. Review and Acceptance of Gifts

The Board of Directors is charged with the responsibility of reviewing all gifts made to PIMA JTED FOUNDATION, properly screening and accepting those gifts, and making recommendations to the board on gift acceptance issues when appropriate.

V. Use of Legal Counsel

PIMA JTED FOUNDATION 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 that are subject to restrictions or buy-sell agreements;
- 2) Documents naming PIMA JTED FOUNDATION as Trustee;

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- 3) Gifts involving contracts, such as bargain sales or other documents requiring PIMA JTED FOUNDATION to assume an obligation;
- 4) Transactions with potential conflict of interest that may invoke IRS sanctions;
- 5) Other instances in which use of counsel is deemed appropriate by the PIMA JTED FOUNDATION Finance Committee.

VI. Types of Gifts

The following unrestricted gifts are considered generally acceptable:

- Cash. (see VII.1)
- Securities that are marketable on public exchanges. (see VII.2)
- Bequests of cash from estates. (see VII.3)
- Life Insurance “whole life” or “universal life” policies. (see VII.4)
- Life Insurance Beneficiary Designations. (see VII.5)
- Remainder beneficiary designations of Charitable Remainder Trusts. (see VII.6)
- Income beneficiary designations of Charitable Lead Trusts. (see VII.7)
- Retirement Plan beneficiary designations. (see VII.8)
- Qualified Charitable Distributions from Individual Retirement Accounts. (see VII.9)

The types of gifts listed above, if restrictions are placed upon them, may not be accepted depending on the nature of the restriction(s).

The following types of gifts may be accepted by PIMA JTED FOUNDATION, but will first require review PIMA JTED FOUNDATION as described in Section VII:

- Tangible personal property. (see VII.10)
- Closely held securities. (see VII.11)
- Real estate. (see VII.12)
- Remainder interests in property. (see VII.13)
- Oil, gas, and mineral interests. (see VII.14)
- Bargain sales. (see VII.15)
- Crypto currency. (see VII.16)
- Intellectual property. (see VII.17)

The following types of gifts are considered generally unacceptable:

- Charitable Gift Annuities. (see VII.18)
- Pooled Income Funds. (see VII.19)
- Interests in time-share properties. (see VII.20)

VII. Gift Criteria

The following criteria govern the acceptance of each gift form:

- 1) **Cash.** Cash is acceptable in any form. Checks shall be made payable to PIMA JTED FOUNDATION and shall be delivered to PIMA JTED FOUNDATION’s administrative offices at 2855 W Master Pieces Dr, Tucson, AZ 85741
- 2) **Securities.** PIMA JTED FOUNDATION can accept all 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

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attached. Generally, all marketable securities shall be sold upon receipt unless otherwise directed by the Finance Committee of the Board of Directors. Rarely, 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 Finance Committee of PIMA JTED FOUNDATION.

- 3) **Bequests.** Donors and supporters of PIMA JTED FOUNDATION will be encouraged to make bequests to PIMA JTED FOUNDATION under their wills and trusts. Such bequests will not be recorded as gifts to PIMA JTED FOUNDATION 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.
- 4) **Life Insurance “whole life” or “universal life” Policies.** PIMA JTED FOUNDATION 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, PIMA JTED FOUNDATION 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, PIMA JTED FOUNDATION may:
 - continue to pay the premiums;
 - convert the policy to paid up insurance; or
 - surrender the policy for its current cash value.
- 5) **Life Insurance Beneficiary Designations.** Donors and supporters of PIMA JTED FOUNDATION will be encouraged to name PIMA JTED FOUNDATION as beneficiary, co-beneficiary, secondary or contingent beneficiary of their life insurance policies. Such designations shall not be recorded as gifts to PIMA JTED FOUNDATION 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.
- 6) **Remainder Beneficiary Interests from Charitable Remainder Trusts.** PIMA JTED FOUNDATION may accept designation as remainder beneficiary of a charitable remainder trust with the approval of the Finance Committee of PIMA JTED FOUNDATION. PIMA JTED FOUNDATION will not accept appointment as trustee of a charitable remainder trust.
- 7) **Income Beneficiary Designations from Charitable Lead Trusts.** PIMA JTED FOUNDATION may accept a designation as income beneficiary of a charitable lead trust. PIMA JTED FOUNDATION will not accept an appointment as Trustee of a charitable lead trust.
- 8) **Retirement Plan Beneficiary Designations.** Donors and supporters of PIMA JTED FOUNDATION will be encouraged to name PIMA JTED FOUNDATION as beneficiary of their retirement plans. Such designations will not be recorded as gifts to PIMA JTED FOUNDATION until such time as the gift is irrevocable. When the gift is irrevocable, but

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is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

9) **Qualified Charitable Distributions from Individual Retirement Accounts.**

Individuals with IRAs who are required to take minimum distribution annually may instead elect to have the amount not less than the minimum required distribution and

not greater than \$100,000 to charitable organizations. Such transfers must not be received by the owner of the IRA first, but must be transferred directly from the IRA administrator to the charitable organization(s). The owner of the IRA will receive an acknowledgement from PIMA JTED FOUNDATION, but may not use the transfer as a charitable contribution; the owner of the IRA instead pays no income tax on the transferred amount.

10) **Tangible Personal Property.** Such gifts, including but not limited to, works of art, jewelry, musical instruments, furnishings and household items, are generally not acceptable, but may in certain circumstances be accepted following review by the PIMA JTED FOUNDATION Finance Committee. In accepting such gifts, the Finance Committee must consider:

- Is the property useful for the purposes of PIMA JTED FOUNDATION?
- Is the property marketable?
- Are there carrying costs, which may include insurance on the property?
- Is overly burdensome staff or volunteer time required to maintain or dispose of the property?

11) **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 subject to the approval of the Finance Committee of PIMA JTED FOUNDATION. However, gifts must be reviewed prior to acceptance to determine:

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

If potential problems arise on initial review of the closely-held security, further review and recommendation by an outside professional may be sought before making a final decision on acceptance of the gift. The Finance Committee of PIMA JTED FOUNDATION and 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.

12) **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, PIMA JTED FOUNDATION shall require an initial environmental review of the property, conducted at the donor's expense, to ensure that the property has no environmental

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damage requiring remediation. Should the initial inspection reveal a potential environmental problem, PIMA JTED FOUNDATION shall retain a qualified inspection firm to conduct an environmental audit. The cost of the environmental audit shall be conducted at the expense of the donor.

When appropriate, a title binder shall be obtained by PIMA JTED FOUNDATION prior to the acceptance of the real property gift. The cost of this title binder shall be acquired at the expense of the donor. Prior to acceptance of the real property, the gift shall be approved by the Finance Committee of PIMA JTED FOUNDATION and by PIMA JTED FOUNDATION's legal counsel.

Criteria for acceptance of the property shall include:

- Is the property useful for the purposes of PIMA JTED FOUNDATION?
- 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?
- Is overly burdensome staff or volunteer time required to maintain or dispose of the property?

13) Remainder Interests in Property. PIMA JTED FOUNDATION may 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 the stated life. At the death of the donor, PIMA JTED FOUNDATION may use the property or reduce it to cash. Where PIMA JTED FOUNDATION 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.

14) Oil, Gas, and Mineral Interests. PIMA JTED FOUNDATION may accept oil and gas property interests when appropriate. Prior to acceptance of an oil and gas or mineral interest the gift shall be approved by the Finance Committee, and if necessary, by PIMA JTED FOUNDATION'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 when there is a plan to minimize potential liability and tax consequences.

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- The property must undergo an environmental review, conducted at the expense of the donor, to ensure that PIMA JTED FOUNDATION has no current or potential exposure to environmental liability.

15) **Bargain Sales.** PIMA JTED FOUNDATION may enter into a bargain sale arrangement in instances in which the bargain sale furthers the mission and purposes of PIMA JTED FOUNDATION. All bargain sales must be reviewed and recommended by the Finance Committee and approved by the Board of Directors. Factors used in determining the appropriateness of the transaction include:

- PIMA JTED FOUNDATION must obtain an independent appraisal substantiating the value of the property.
- If PIMA JTED FOUNDATION assumes debt with the property, the debt ratio must be less than 50% of the appraised market value.
- PIMA JTED FOUNDATION 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.
- PIMA JTED FOUNDATION must calculate the costs to safeguard, insure, and expense the property (including property tax, if applicable) during the holding period.
- Acceptance of the property must not require a burdensome amount of time for either staff or volunteers to dispose of or maintain the property.

16) **Crypto Currency.** PIMA JTED FOUNDATION may accept gifts of crypto currency. The Finance Committee, however, may consider accepting such a gift after determining:

- The currency is readily marketable
- Can be sold upon receipt
- Acceptance of the gift would not be overly burdensome for staff or volunteers to dispose of the currency.

17) **Intellectual Property.** Such gifts are generally not acceptable, but may in certain circumstances be considered acceptable by the Finance Committee if the intellectual property being donated is aligned with the mission of PIMA JTED FOUNDATION, i.e., intellectual property related to the process of providing loans and/or technical assistance to nonprofit organizations or small businesses in economically-challenged geographic regions.

18) **Charitable Gift Annuities.** Charitable Gift Annuities are not offered or administered by PIMA JTED FOUNDATION, although distributions made from charitable gift annuities established through another nonprofit entity (such as a community foundation) and designating PIMA JTED FOUNDATION as a recipient of funding from the annuity, are acceptable.

19) **Pooled Income Funds.** Pooled Income Funds are not offered by PIMA JTED FOUNDATION, although distributions made from pooled income funds established through another nonprofit entity (such as a community foundation) and designating PIMA JTED FOUNDATION as a recipient of funding from the fund, are acceptable.

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20) **Interests in Time-Share Properties.** Such interests are not accepted by PIMA JTED FOUNDATION.


VIII. Miscellaneous Provisions

- 1) **Securing appraisals and legal fees for gifts to PIMA JTED FOUNDATION.** It will be the responsibility of the donor to secure an appraisal (where required) and independent legal counsel for all gifts made to PIMA JTED FOUNDATION.
- 2) **Valuation of gifts for development purposes.** PIMA JTED FOUNDATION will record a gift received by PIMA JTED FOUNDATION at its valuation for gift purposes on the date of gift.
- 3) **Responsibility for IRS Filings upon sale of gift items.** PIMA JTED FOUNDATION is responsible for filing IRS Form 8282 upon the sale or disposition of any asset sold within two years of receipt by PIMA JTED FOUNDATION when the charitable deduction value of the item is more than \$5,000. PIMA JTED FOUNDATION must file this form within 125 days of the date of sale or disposition of the asset. Acknowledgement of all gifts made to PIMA JTED FOUNDATION and compliance with the current IRS requirements in acknowledgement of such gifts shall be the responsibility of the Board of PIMA JTED FOUNDATION. IRS Publication 561 *Determining the Value of Donated Property* and IRS Publication 526 *Charitable Contributions* should be reviewed in these instances.

IX. Changes to Gift Acceptance Policies

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

Approved on the 28th day of October, 2022.



President, Board of Directors, PIMA JTED FOUNDATION

IX. Attachments

- A. *Model Standards of Practice for the Charitable Gift Planner*
- B. *IRS Form 8282 and Instructions.*
- C. *IRS Publication 561 Determining the Value of Donated Property.*
- D. *IRS Publication 526 Charitable Contributions.*