

## ISLAND HERITAGE TRUST GIFT ACCEPTANCE POLICIES

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### **Mission of Island Heritage Trust:**

The mission of the Island Heritage Trust is to conserve significant open space, scenic areas, wildlife habitats, natural resources, historic and cultural features that offer public benefit and are essential to the character of the Deer Isle area.

*Prospective donors are urged to educate themselves and obtain independent professional counsel before making gifts.*

### **Acceptance of Planned Gifts**

The Island Heritage Trust welcomes the opportunity to work with donors to plan gifts that will ensure the financial health of the Trust in perpetuity.

### **General Provisions**

#### Authority

The Executive Committee – a standing committee made up of Board members and the Executive Director is responsible for reviewing and recommending to the Board all gift acceptance matters. IHT's Board of Trustees must approve any restriction or conditions of any gifts and any changes to these policies.

#### Receipts

Contemporaneous receipts for gifts will be prepared in accordance with Internal Revenue Service requirements indicating as is best ascertainable by the organization, the gift date, amount of cash given or description of property received, and for any goods or services given in exchange for the gift, a description and good faith estimate of the fair market value of those goods or services. If no goods or services were received by the donor, the receipt will include a statement to that effect.

For individual gifts or groups of related gifts valued at \$5,000 or more, which are not cash or marketable securities, IHT will sign an acknowledgement of receipt of the gift on the Internal Revenue Services Form 8283. While IHT is not obliged to approve the claimed value, as a charitable 501(c)(3) organization operating for the public benefit, Island Heritage Trust will review valuations of assets and will not sign Forms 8283 for which it has reason to believe that no charitable gift has been made or that a clearly fraudulent value has been claimed. If IHT sells the gift subject to a Form 8283, within 2 years of the receipt, it must file a Form 8282 with IRS to report the sale price and any other relevant information.

#### Gifts Accepted

Island Heritage Trust accepts gifts of cash and marketable securities and, at the discretion of the Board of Trustees, remainder and lead interests in trusts, real estate, closely held securities, tangible items, retirement plans through bequests or beneficiary designation

and life insurance. Legal counsel may be employed when needed for advice on any proposed gift or to review any proposed transaction for possible conflicts of interest.

It is Island Heritage Trust's policy to immediately sell all readily marketable securities. Stock controlled under SEC rule 144 or bonds requiring a holding period will be held until the sale restriction expires and then will immediately be sold.

Tangible items offered to the Trust may be accepted if they can be readily sold or if they are of "related use" (of use to help meet the organization's mission). Donors should be aware that donated tangible items that qualify as having "related use" to an organization's mission are valued for possible income tax charitable deduction at fair market value, unless they are produced by the donor, in which case they are valued at the donor's cost basis.

#### Costs of Gift Acceptance

IHT will clarify with the donor under what circumstances, if any, IHT will pay for legal fees or professional fees with respect to completing a gift. IHT may also choose to pay for appraisals for its own purposes. If IHT pays for a gift cost that is the legal obligation of the donor, the value of the gift will be reduced by the cost to IHT for the services, or alternatively, the gift may be treated as a bargain sale with the cost to IHT as the compensation to the donor. The Chair has the authority to approve expenditures of \$500 or less for such expenses without formal Board approval. While IHT, as gift recipient, is not legally responsible for determining the fair market value of gifts for tax deductibility determination, as a charitable 501(c)(3) organization operating for the public benefit, Island Heritage Trust will review valuations of assets and will not accept gifts which it determines have questionable valuations. IHT will be particularly vigilant in assuring that gifts from 'insiders' and substantial cash donors have been fairly valued.

#### Confidential Gift Information

IHT shall keep confidential all information obtained about prospective donors and specific gift arrangements regardless of whether or not a gift is made. IHT may use selected information for purposes of referral, testimonial or example if a donor grants permission.

#### Declining Gifts

IHT's Trustees, at the recommendation of the Development Committee or Finance Committee, may decline any gift that in its collective judgment creates unacceptable challenges, undue expense, or a perception of impropriety or conflict with the organization's mission.

#### Responsibility for Policy Review

The Development Committee and Executive Committee have the responsibility for implementing these policies and the whole Board of reviewing them biennially or as needed.

#### Adherence to Standards of Practice:

Island Heritage Trust will adhere to the Model Standards of Practice for the Charitable Gift Planner promulgated by the Partnership for Philanthropic Planning (attached).

### **Gift Designation**

The donor has the right to designate a gift for specific purposes, and he or she should discuss the feasibility and practicality of intended restrictions with IHT's Executive Director or a development officer of the trust. Particularly as some gifts may not mature for many years, it is important for IHT to be aware of and document a donor's intentions for future implementation. The Board of Trustees must either expressly approve any donor restrictions or decline to accept the gift.

For testamentary distributions, life insurance proceeds, distributions from trusts in which IHT is a beneficiary, and similar gifts, which are undesignated by the donor, up to \$25,000 (and the first \$25,000 of larger undesignated planned gifts) shall be used to fund then current operations at the time they are realized. Any amount in excess of the first \$25,000 the Board shall restrict to the Board Restricted Fund or to another use in keeping with the donor's interests. A report of any annual bequests received to date will go before the Board of Trustees at its annual November meeting.

Donations restricted by the Donor will be assessed by the Board to determine whether the restrictions are within parameters and programs acceptable to Island Heritage Trust. If the donations are not compatible with IHT's mission or strategic plan they may be declined by the Board.

Donations to establish a named fund or named program must be of a minimum of \$25,000.00, again this is at the discretion of the Board of Trustees.

### **Common Planning Vehicles:**

#### **Pooled Income Fund**

Pooled income gifts are currently not accepted.

#### **Charitable Gift Annuities**

IHT does not currently provide Charitable Gift Annuities to donors. Donors interested in Charitable Gift Annuities to benefit IHT will be encouraged to contact Maine Community Foundation which will provide Charitable Gift Annuities for the benefit of IHT under the terms of its Community Partners Agreement.

#### **Charitable Remainder Trust**

IHT does not currently provide Charitable Remainder Trusts to donors. Donors interested in Charitable Remainder Trusts to benefit IHT will be encouraged to contact

Maine Community Foundation which will provide Charitable Remainder Trusts for the benefit of IHT under the terms of its Community Partners Agreement.

**Charitable Lead Trust:**

IHT does not currently provide Charitable Lead Trusts to donors. Donors interested in Charitable Remainder Trusts to benefit IHT will be encouraged to contact Maine Community Foundation which will provide Charitable Lead Trusts for the benefit of IHT under the terms of its Community Partners Agreement

**Remainder Following a Life Estate:**

Remainders following a Life Estate are not currently accepted by IHT.

**Gifts of Real Estate**

Island Heritage Trust exists to conserve Deer Isle's rich natural heritage. IHT's mission is to conserve coastal and other lands that define Deer Isle's distinct landscape, protect its environment, sustain its outdoor traditions and promote the well-being of its people. If a gift of real estate is offered to IHT, staff will first determine the property's suitability for IHT's conservation purposes in accordance with IHT's conservation acceptance practices and policies, recorded elsewhere.

If a proposed gift has conservation value, staff will develop a plan, including ownership and/or disposition recommendations, for protection of that conservation value based on the land's characteristics, community needs and perception, and the landowner's intentions for the gift property.

Gifts of real property not meeting conservation criteria may be accepted for sale as soon as practical, with proceeds to be used to support IHT's conservation mission. Such properties may be unimproved, such as a subdivided house lot or land zoned for commercial use, or improved, such as an apartment building, summer cottage or primary residence. Real estate gifts of a non-conservation nature may take a number of forms, including outright gifts, bequests, bargain sales, gifts of remainder interests, gifts funding a charitable remainder trust, and gifts funding deferred payment gift annuities, although all of these vehicles may not be available through IHT.

In assessing whether it is in IHT's best interests to accept a gift of real estate for other than conservation purposes, the organization will consider the property's title, value, marketability, location, encumbrances, liabilities, costs and income, present and future perceptions which may arise out of IHT's acceptance and/or resale of the property and any other issues distinct to that property that might create unacceptable challenges, undue expense, or a perception of impropriety or conflict with the organization's mission. Where possible, IHT will document the donor's intent in making the gift with the intention of resale by IHT.

**IHT Investment Policy (abbreviated):** Full text available at  
[www.islandheritagetrust.org](http://www.islandheritagetrust.org)

**Spending Policy**

A. Funds from the Endowment and Board Restricted Funds shall be withdrawn periodically to help supplement the Trust's other sources of revenue. These withdrawals shall be limited on a calendar year basis to no greater than 4.5% of the five-year rolling average of the Endowment's immediately preceding year end market values, the same applies to the Board Restricted Funds .

**II. Investment Objectives**

The investment objectives of the Endowment and the Board Restricted Funds are to:

A. Provide for a spending distribution rate in accordance with the spending policy currently in force (4.5%) and increase the value of the funds by the amount of inflation in order to protect the real ( net of inflation as measured by the Consumer Price Index{CPI}) value of the corpus.

B. Attain an average annual real return (net of inflation) which exceeds 4.5 percent over the long term as measured by rolling five-year periods

C. Control risks that may hinder the achievement of these goals. To this end the committee shall seek to diversify the fund broadly across as many attractive asset classes as possible.

ATTACHMENT #1:

*Partnership for Philanthropic Planning®*

## **MODEL STANDARDS OF PRACTICE FOR THE CHARITABLE GIFT PLANNER**

### **Preamble**

The purpose of this statement is to encourage responsible gift planning by urging the adoption of the following Standards of Practice by all individuals who work in the charitable gift planning process, gift planning officers, fund raising consultants, attorneys, accountants, financial planners, life insurance agents and other financial services professionals (collectively referred to hereafter as "Gift Planners"), and by the institutions that these persons represent. This statement recognizes that the solicitation, planning and administration of a charitable gift is a complex process involving philanthropic, personal, financial, and tax considerations, and often involves professionals from various disciplines whose goals should include working together to structure a gift that achieves a fair and proper balance between the interests of the donor and the purposes of the charitable institution.

### **I. Primacy of Philanthropic Motivation**

The principal basis for making a charitable gift should be a desire on the part of the donor to support the work of charitable institutions.

### **II. Explanation of Tax Implications**

Congress has provided tax incentives for charitable giving, and the emphasis in this statement on philanthropic motivation in no way minimizes the necessity and appropriateness of a full and accurate explanation by the Gift Planner of those incentives and their implications.

### **III. Full Disclosure**

It is essential to the gift planning process that the role and relationships of all parties involved, including how and by whom each is compensated, be fully disclosed to the donor. A Gift Planner shall not act or purport to act as a representative of any charity without the express knowledge and approval of the charity, and shall not, while employed by the charity, act or purport to act as a representative of the donor, without the express consent of both the charity and the donor.

### **IV. Compensation**

Compensation paid to Gift Planners shall be reasonable and proportionate to the services provided. Payment of finder's fees, commissions or other fees by a donee organization to an independent Gift Planner as a condition for the delivery of a gift is never appropriate. Such payments lead to abusive practices and may violate certain state and federal regulations. Likewise, commission-based

compensation for Gift Planners who are employed by a charitable institution is never appropriate.

#### **V. Competence and Professionalism**

The Gift Planner should strive to achieve and maintain a high degree of competence in his or her chosen area, and shall advise donors only in areas in which he or she is professionally qualified. It is a hallmark of professionalism for Gift Planners

that they realize when they have reached the limits of their knowledge and expertise, and as a result, should include other professionals in the process. Such relationships should be characterized by courtesy, tact and mutual respect.

#### **VI. Consultation with Independent Advisers**

A Gift Planner acting on behalf of a charity shall in all cases strongly encourage the donor to discuss the proposed gift with competent independent legal and tax advisers of the donor's choice.

#### **VII. Consultation with Charities**

Although Gift Planners frequently and properly counsel donors concerning specific charitable gifts without the prior knowledge or approval of the donee organization, the Gift Planner, in order to insure that the gift will accomplish the donor's objectives, should encourage the donor early in the gift planning process, to discuss the proposed gift with the charity to whom the gift is to be made. In cases where the donor desires anonymity, the Gift Planner shall endeavor, on behalf of the undisclosed donor, to obtain the charity's input in the gift planning process.

#### **VIII. Description and Representation of Gift**

The Gift Planner shall make every effort to assure that the donor receives a full description and an accurate representation of all aspects of any proposed charitable gift plan. The consequences for the charity, the donor and, where applicable, the donor's family, should be apparent, and the assumptions underlying any financial illustrations should be realistic.

#### **IX. Full Compliance**

A Gift Planner shall fully comply with and shall encourage other parties in the gift planning process to fully comply with both the letter and spirit of all applicable federal and state laws and regulations.

#### **X. Public Trust**

Gift Planners shall, in all dealings with donors, institutions and other professionals, act with fairness, honesty, integrity and openness. Except for compensation received for services, the terms of which have been disclosed to the donor, they shall have no vested interest that could result in personal gain.

*Adopted and subscribed to by the Partnership for Philanthropic Planning (formerly the National Committee on Planned Giving) and the American Council on Gift Annuities, May 7, 1991. Revised April 1999.*