

NJ HIGHLANDS COALITION

Gift Acceptance Policy

Purpose

This policy was developed to assure that all gifts to and for the use of New Jersey Highlands Coalition provide the maximum benefit for the donor as well as New Jersey Highlands Coalition. Because some gift situations may be complex, more costly than beneficial, or restricted in some manner, the Board of Trustees of New Jersey Highlands Coalition has established these standards by which to accept, evaluate, and manage gifts.

I. Guiding Principles

- NEW JERSEY HIGHLANDS COALITION, a 501(c)(3) organization as defined by the Internal Revenue Code, encourages gifts in support of its mission.
- NEW JERSEY HIGHLANDS COALITION implements this gift acceptance policy to protect
 - the interests of the donor;
 - volunteer solicitors from misunderstandings when soliciting and accepting gifts;
 - the welfare of NEW JERSEY HIGHLANDS COALITION; and
 - employees charged with managing gifts and the gift planning program for NEW JERSEY HIGHLANDS COALITION.
- NEW JERSEY HIGHLANDS COALITION shall always encourage donors to consult with qualified advisers (accountants, certified estate or financial planners, attorneys, investment brokers, etc.) before making a gift, especially a deferred gift.
- NEW JERSEY HIGHLANDS COALITION strongly encourages donations of gifts for unrestricted, general purposes because of the flexibility such gifts provide in satisfying pressing needs, but it will also happily accept gifts of a more complex nature.
- NEW JERSEY HIGHLANDS COALITION shall acknowledge all donations in a way that respects and honors the donor.
- In accepting a gift, NEW JERSEY HIGHLANDS COALITION accepts responsibility for administering the gift in a manner consistent with the donor's wishes. In the process, NEW JERSEY HIGHLANDS COALITION shall, where possible, provide the donor with appropriate financial information about the gift and its use.

II. Gifts Covered by this Policy

This policy covers all gifts to NEW JERSEY HIGHLANDS COALITION whether the gifts are made during a donor's lifetime or after a donor's death by will, trust, or executor's action. This policy covers, but is not limited to, gifts of cash, savings bonds, closely held stock,

real estate, retained life estates (as long as Life Tenant is responsible for operating costs), life insurance policies (policy ownership), charitable gift annuities, pooled income funds, retirement plan assets (death benefit only), bequests, beneficiary designations, charitable remainder trusts, memorials, donor advised funds, charitable lead trusts, endowments and estate planning content.

This policy does not cover grants applied for, received through, or administered by the NEW JERSEY HIGHLANDS COALITION.

III. Authority for Accepting Gifts and Responsibility for Reporting Proposed Gifts

The Board of Trustees of NEW JERSEY HIGHLANDS COALITION is authorized to seek and to accept gifts on behalf of the Coalition's mission. All officers of NEW JERSEY HIGHLANDS COALITION and all administrators, directors, managers, and other leaders at NEW JERSEY HIGHLANDS COALITION should, when presented with a gift or the possibility of a gift to NEW JERSEY HIGHLANDS COALITION or any of its programs, refer the prospective donor to the Executive Director, who shall act as the representative of NEW JERSEY HIGHLANDS COALITION's Board of Trustees.

IV. General Procedures

A. The Board of Trustees of NEW JERSEY HIGHLANDS COALITION designates the Executive Director as the officer who shall ensure compliance with this policy. The Development Committee shall be responsible for recommending to the Board of Trustees, the acceptance or rejection of any specific gift. No trustee action is required in the case of gifts of cash, publicly traded securities, or other easily liquidated financial instruments (i.e., savings bonds, municipal bonds, stock options) that come with no or minimal restrictions.

The Development Committee must review proposed restrictions and/or conduct appropriate due diligence or assign some person(s) or entity to execute such before recommending the proposed gift to the Board of Trustees. If no board meeting is imminent, the Development Committee may forward its recommendation to the Executive Committee of the Board of Trustees, which may act on behalf of the Board of Trustees when time is of the essence.

B. As necessary, the Development Committee may employ counsel for advice and other experts for due diligence. If the costs for such advice and expertise will exceed budgeted amounts, the committee shall seek the approval of the Executive Committee of the Board of Trustees prior to additional expenditure. When advisers retained by NEW JERSEY HIGHLANDS COALITION prepare documents or render service of any kind to NEW JERSEY HIGHLANDS COALITION or a prospective donor to New Jersey Highlands Coalition, the officers shall inform the prospective donor 1) that the professional involved is in the employ of NEW JERSEY HIGHLANDS COALITION 2) that the professional is not acting on behalf of the donor, and 3) that the prospective donor's own qualified counsel should review any information shared or documents prepared prior to completion of the gift. Furthermore, NEW JERSEY HIGHLANDS COALITION will encourage prospective donors to seek the advice of qualified

legal and financial counsel before making a gift to NEW JERSEY HIGHLANDS COALITION or before signing any gift agreement or other contract with NEW JERSEY HIGHLANDS COALITION.

C. *Authorization to Negotiate and Execute Gift Agreements on Behalf of New Jersey Highlands Coalition.* The following people are authorized to negotiate and sign gift agreements and planned giving agreements with donors, subject to the provisions of this policy: 1) the President of the Board of Trustees, 2) the 1st Vice President of the Board of Trustees, 3) the Executive Director of NEW JERSEY HIGHLANDS COALITION, and 4) the Development Director.

D. *Appraisals.* Legal and ethical requirements designed to protect both the donor and NEW JERSEY HIGHLANDS COALITION prohibits NEW JERSEY HIGHLANDS COALITION from appraising gifts. Such appraisals, if required by law or advisable under particular circumstances, are to be conducted by a qualified appraiser independent from New Jersey Highlands Coalition. Under some conditions, the donor will be expected to obtain and pay for such an appraisal. In unusual circumstances, the Executive Director may approve payment or partial payment of the cost of an independent appraisal for a donor's gift.

E. *Evaluation and Payment of Costs Associated with Acceptance of Certain Gifts:* The Executive Director, the Development Director and the Development Committee must evaluate proposed gifts of property and gifts-in-kind to determine whether NEW JERSEY HIGHLANDS COALITION can prudently accommodate costs associated with accepting a gift, including costs NEW JERSEY HIGHLANDS COALITION may bear. Occasionally, associated costs may weigh against accepting a gift. The staff shall report all potential costs to the Development Committee for its use in deciding to accept or reject a gift. NEW JERSEY HIGHLANDS COALITION may pay fair and reasonable fees for the professional services rendered to NEW JERSEY HIGHLANDS COALITION in direct connection with its own costs in accepting or evaluating a gift. NEW JERSEY HIGHLANDS COALITION does not generally pay the donor's costs of completing a gift.

F. *Gift Acknowledgement.* NEW JERSEY HIGHLANDS COALITION shall furnish all donors with gift acknowledgement letters and receipts in a reasonable amount of time and in accordance with the rules and regulations of the Internal Revenue Service. When appropriate, donors may be given tokens of appreciation within IRS-designated limits. An acknowledgement shall inform the donor of any *quid pro quo* arrangements in the gift transaction, if any, and its effect on potential tax deductibility.

G. *Acceptance and Administration of Restricted Gifts.* Donors frequently require that gifts be used by NEW JERSEY HIGHLANDS COALITION in particular ways. NEW JERSEY HIGHLANDS COALITION may accept significant restricted or endowment gifts upon consultation with the Development Committee. If NEW JERSEY HIGHLANDS COALITION accepts a gift subject to such restrictions, NEW JERSEY HIGHLANDS COALITION shall comply with the donor's requirements, which must be reduced to writing and which require a signature from the donor(s), the Executive Director and the Development Director. For the acceptance of a gift with restrictions, the use of the proposed gift must be consistent with the mission, ethical standards, and best practices of NEW JERSEY HIGHLANDS COALITION and

may never require NEW JERSEY HIGHLANDS COALITION to engage in any illegal activity or in an activity that compromises client care.

H. *Gift Agreements and Letters of Understanding.* Prior to 1) completing a gift or pledge to a restricted purpose, 2) the initiation of an endowment of any size, or 3) the creation of a deferred gift of any kind, the donor(s) and NEW JERSEY HIGHLANDS COALITION shall enter into either a signed gift agreement or a signed letter of understanding. This document can be prepared by either party (NEW JERSEY HIGHLANDS COALITION or the donor). In the absence of a gift agreement or a letter of understanding, correspondence will carry the same weight. Power to sign such agreements is limited to the President or 1st Vice President of the Board, the Executive Director, and the Development Director.

I. *Minimum Gift Sizes for Endowed Funds.* Subject to other provisions in this policy, NEW JERSEY HIGHLANDS COALITION shall accept gifts of any size to existing endowments. To create a new, named endowment NEW JERSEY HIGHLANDS COALITION may require minimum amounts tied to the endowment's use. On endowment accounts on which the donor specifies use of actual income, NEW JERSEY HIGHLANDS COALITION will not spend the corpus of an endowed fund (unless otherwise permitted in a gift agreement) and shall apply its annual endowment spending policy then in effect to determine the income available from the endowment for its restricted purpose. On Unitrust designated endowment accounts, NEW JERSEY HIGHLANDS COALITION will strictly adhere to the designated Unitrust percentages agreed to by the Donor. NEW JERSEY HIGHLANDS COALITION reserves the right to change its minimum required gifts for endowments.

J. *Date of a Gift.* The date of a gift is the date the asset ceases to be in the control of the donor, and in determining that control NEW JERSEY HIGHLANDS COALITION will adhere to the rules of the Internal Revenue Service. For gifts delivered by mail, by hand or overnight service, that date shall be the date NEW JERSEY HIGHLANDS COALITION physically receives the asset. For wire transfers and journal entries, the date of a gift shall be the date the asset is received in NEW JERSEY HIGHLANDS COALITION'S account.

K. *Conditions under Which No Gift Is Possible.* NEW JERSEY HIGHLANDS COALITION shall not accept gifts if NEW JERSEY HIGHLANDS COALITION has any question that the donor has insufficient title to the assets, is mentally incompetent to legally effect a transfer, or the donor's restrictions on the gift preclude acceptance.

L. *Confidentiality.* At all times, employees and fundraising volunteers of NEW JERSEY HIGHLANDS COALITION shall not disclose the size of a donor's gift to a third party without the expressed consent of the donor and only on a need-to-know basis. Obtaining a donor's confirmation of the proper spelling of his or her name for a donor recognition wall, an annual report, or a campaign report shall be sufficient consent to list the donor's gift within a range of amounts.

V. Specific Policies for Liquid Assets and Financial Instruments

A. *Cash.* NEW JERSEY HIGHLANDS COALITION shall accept outright gifts in the form of cash, a check made out to NEW JERSEY HIGHLANDS COALITION, a credit card, or a

wire transfer. NEW JERSEY HIGHLANDS COALITION will accept no check made out by a donor to a volunteer, employee, or agent of the donor.

B. *Publicly Traded Securities.* NEW JERSEY HIGHLANDS COALITION shall accept gifts of mutual fund shares or securities traded on a recognized public exchange and shall immediately sell those shares or securities upon receipt. In valuing the gift and in determining the date of gift, NEW JERSEY HIGHLANDS COALITION will use the rules of the Internal Revenue Code, i.e., valuing the gift at the average of a security's high price and low price on the date of the gift. NEW JERSEY HIGHLANDS COALITION will accept no restrictions on the timing of the sale of securities, but the Board of Trustees may recommend holding an issue in some instances, judged on a case-by-case basis.

C. *Non-Publicly Traded Securities and Other Financial Instruments.* NEW JERSEY HIGHLANDS COALITION may accept non-publicly traded securities and other financial instruments only after considering the costs associated with such a gift, after conducting due diligence, and upon recommendation by the Development Committee and the Board of Trustees.

VI. Specific Policies for Gifts of Tangible Personal Property

A. *Criteria for Acceptance.* NEW JERSEY HIGHLANDS COALITION may accept gifts of tangible personal property—including but not limited to jewelry, artwork, collections, equipment, motor vehicles, event tickets, antiques, furniture, or other gifts-in-kind—after following the procedures outlined in section IV.D. above and after determining that the proposed gift is 1) marketable and 2) needed by NEW JERSEY HIGHLANDS COALITION for use in a manner related to the mission of NEW JERSEY HIGHLANDS COALITION. NEW JERSEY HIGHLANDS COALITION may also accept gifts of tangible personal property or gifts-in-kind when not related to the mission if 1) fair-market value of the item is sufficiently larger than the costs of accepting the gift and 2) the donor fully understands the Internal Revenue Code's restrictions on valuing and deducting such gifts for tax purposes. No personal property shall be accepted under conditions that obligate NEW JERSEY HIGHLANDS COALITION to own the property in perpetuity, and in some cases the Development Committee may choose to seek expert advice, particularly in the case of art, antiques, and other objects before approving a gift.

B. *Approval and Acceptance Process.* In determining the costs of this kind of gift, the NEW JERSEY HIGHLANDS COALITION staff and the Development Committee will seek advice on the costs of transportation, storage, sale, maintenance, repair, and insurance and must determine the value and marketability of the property. If because of its purported value the Internal Revenue Code (the "IRS") requires a qualified appraisal, NEW JERSEY HIGHLANDS COALITION may ask the donor to obtain a qualified appraisal before accepting the gift and shall in no case offer a valuation of its own in accepting or acknowledging the gift other than a physical description of the gift. The description in an acknowledgment must include sufficient information about the object, its history, creator or manufacturer, and provenance to permit identification of the property.

For the transfer of personal property to occur, the donor must complete a deed of gift, including a full description of the property donated.

NEW JERSEY HIGHLANDS COALITION will cooperate with donors in the filing of IRS Forms 8283 or 8282 and will, as a matter of policy, cooperate with all local, state, and federal investigations into the valuation of this kind of gift. It is the donor's responsibility to assign value to the gift to the satisfaction of the IRS and to comply with all IRS rules for substantiating the value of a gift. For the purposes of gift crediting only, NEW JERSEY HIGHLANDS COALITION may offer a naming opportunity that, in its sole discretion, corresponds to the value of the gift for NEW JERSEY HIGHLANDS COALITION'S uses, without regard to the gift's valuation under the rules of the IRS.

C. *Disposition.* Upon approval and acceptance of a proposed gift of tangible personal property by the Development Committee, NEW JERSEY HIGHLANDS COALITION may dispose of the gift in any manner it chooses, at its sole discretion, subject to any agreement between the donor and NEW JERSEY HIGHLANDS COALITION. If NEW JERSEY HIGHLANDS COALITION chooses to sell the tangible personal property, it must have the approval of the board of Trustees before selling it for \$1,000 more than its estimated fair-market value. Any expenses for transportation, storage, sale, maintenance, repair, insurance, and acceptance of the personal property will be deducted from the sales proceeds and the remainder then used for the purposes designated by the donor.

VII. Specific Policies for Gifts of Real Estate

A. *Criteria for Acceptance.* NEW JERSEY HIGHLANDS COALITION will consider for acceptance gifts of real estate, both improved and unimproved land, including those involving a retained life estate. NEW JERSEY HIGHLANDS COALITION will consider accepting gifts of detached single-family residences, condominiums, apartment buildings, rental property, commercial property, office buildings, agricultural land, leases, mineral rights, natural resource leases, industrial sites, and other sites as deemed advisable. The gift must represent a significant value to NEW JERSEY HIGHLANDS COALITION after accounting for costs and potential liabilities and should, in most cases, come to NEW JERSEY HIGHLANDS COALITION with no mortgages, deeds of trust, restrictions, reservations, easements, mechanic liens, or other limitations of record, all of which the donor must disclose. NEW JERSEY HIGHLANDS COALITION may accept encumbered gifts in unusual cases in which 1) the fair-market value of the potential interest in the property, net of all encumbrances, is substantial and 2) NEW JERSEY HIGHLANDS COALITION is satisfied that the donor understands the tax consequences of such an encumbered gift. In the case of environmentally compromised real estate, NEW JERSEY HIGHLANDS COALITION may accept the property only after extensive due diligence, remediation at the donor's cost, and the possible use of a charitable partner or company with expertise in such properties and their disposition.

B. *Approval and Acceptance Process.* In considering a gift of real estate, NEW JERSEY HIGHLANDS COALITION and its Development Committee may require the potential donor to present a qualified, reasonably current appraisal obtained at the donor's expense, may undertake its own qualified appraisal, and may in unusual circumstances share with the donor in

the cost of a qualified appraisal. The donor is required to present a real estate deed, the most recent real estate tax bill, a plot plan, substantiation of zoning status, and an environmental site assessment, usually a Preliminary Assessment/Phase I environmental audit ("Environmental Audit"). NEW JERSEY HIGHLANDS COALITION may waive the requirement for a complete Environmental Audit if the property has been used exclusively as a residential property prior to development. In cases where this exception applies and no Environmental Audit is undertaken, the donor/executor must have outside parties complete an environmental checklist prepared by NEW JERSEY HIGHLANDS COALITION and may be required to execute an environmental indemnity agreement. Even in cases in which an Environmental Audit is submitted, NEW JERSEY HIGHLANDS COALITION may require a donor to sign an environmental indemnity agreement. Transfer of the property to NEW JERSEY HIGHLANDS COALITION will not occur until satisfactory documentation is provided to the appropriate gift acceptance committee and that federal, state, and local environmental authorities have determined that all environmental issues have been corrected within the limits allowed by law.

The donor must also disclose 1) all carrying costs, including but not limited to property owner's association dues, country club membership dues, transfer charges, taxes, and insurance, and 2) any and all title information in the donor's possession, such as the most recent survey of the property, a title insurance policy, or an attorney's title opinion.

In addition, before the Development Committee determines whether to accept the property, it must have in hand, written certification from the donor that 1) no violations of state, local or federal law exist on the property; 2) no restrictions on the title to the property exist; 3) no unrecorded rights of way, easements, or encumbrances are attached to the property; 4) no contractual or other donative commitments to individuals, corporations, or groups are attached to the property; and 5) the property is neither the subject of, nor threatened with, litigation.

The Executive Director along with a representative of the Development Committee should conduct a visual inspection of the property. If the property is located in a geographically remote area, NEW JERSEY HIGHLANDS COALITION may engage a local, licensed Realtor® to conduct the visual inspection on its behalf and provide an opinion of the property's marketability, but even in such a case this policy encourages the presence of at least a NEW JERSEY HIGHLANDS COALITION staff member as well.

The decision to accept a gift of real estate will involve considerations of the gift's value to NEW JERSEY HIGHLANDS COALITION; its estimated fair-market value; its marketability; the intended structure of the gift; the potential costs of transfer, legal and expert advice, maintenance, repair, overhead, insurance, and other carrying costs; the uses to which the proceeds from the gift will be put at NEW JERSEY HIGHLANDS COALITION; and the donative intent of the donor.

C. Disposition. If the Development Committee recommends to the Board of Trustees the acceptance of the gift of real estate and if NEW JERSEY HIGHLANDS COALITION decides to sell the property as quickly as market conditions permit, a NEW JERSEY HIGHLANDS COALITION staff member is required to notify the donor in writing of the decision and the pending sale. The gift shall only be deemed completed upon the execution and delivery of a

deed of gift or other appropriate conveyance. All NEW JERSEY HIGHLANDS COALITION costs associated with the investigation, conveyance, sale, and delivery of the gift of property, including but not limited to recording fees and, if deemed necessary by the Committee, a current survey, title insurance, or an attorney's title opinion, will be either paid by the donor or charged to the proceeds from the sale of the property before NEW JERSEY HIGHLANDS COALITION uses the proceeds for NEW JERSEY HIGHLANDS COALITION's or the stipulated purposes. If NEW JERSEY HIGHLANDS COALITION chooses to sell the real estate for less than its estimated fair-market value, it must have the approval of the Board of Trustees. At its discretion and mindful of the donor's intent, NEW JERSEY HIGHLANDS COALITION may choose to retain the real estate and either use it for its own purposes, assign it to NEW JERSEY HIGHLANDS COALITION's assets including but not limited to its endowment, or some combination of these options.

The Executive Director shall notify the donor in writing that the IRS requires the filing of Form 8283 by the donor along with a qualified appraisal. It is the donor's responsibility to assign value to the gift to the satisfaction of the IRS and to comply with all IRS rules for substantiating the value of a gift. NEW JERSEY HIGHLANDS COALITION staff shall also notify the donor that the IRS requires the filing of Form 8282 if NEW JERSEY HIGHLANDS COALITION sells the property within two years of assuming possession. To the extent permitted, NEW JERSEY HIGHLANDS COALITION will cooperate with the donor in filing Form 8283 and shall file Form 8282, when needed.

NEW JERSEY HIGHLANDS COALITION shall record the gift as it would a gift-in-kind and shall acknowledge it without assigning value to the gift. For the purposes of gift crediting only, NEW JERSEY HIGHLANDS COALITION may offer a naming opportunity that, in its sole discretion, corresponds to the value of the gift for NEW JERSEY HIGHLANDS COALITION's uses, without regard to the gift's valuation under the rules of the IRS.

VIII. Additional Specific Policies for Retained Life Estates

A. *Criteria for Acceptance.* NEW JERSEY HIGHLANDS COALITION, donors of retained life estates, and donors who exchange the remainder value of a retained life estate for a charitable gift annuity or charitable remainder trust are subject to additional policies governing the gift process. Except as the Development Committee may allow by a separate written contract, donors of a retained life estate gift or exchangers of the remainder value of a retained life estate for a charitable gift annuity or charitable remainder trust are required to pay for all or a portion of the following during the donor's lifetime: maintenance costs, real estate taxes, insurance, real estate broker's commission and other costs of sale, and appraisal costs.

B. *Approval and Acceptance Process.* In deciding whether to accept a retained life estate or exchange the remainder value of a retained life estate for a charitable gift annuity or a charitable remainder trust, the Development Committee shall account for all the costs and potential liabilities it would investigate with any gift of real estate and those additional costs or potential liabilities necessitated by the financial implications of a gift of a retained life estate or the exchange of the remainder value of a retained life estate for a charitable gift annuity or a charitable remainder trust. Those costs may include the cost to the endowment of the assets set aside for funding payouts.

The Development Committee shall approve no gift involving a retained life estate without the negotiation of a Life Estate Contract or a Life Tenancy Agreement. That contract or agreement must stipulate at least the right of donors (or life tenants) to all the benefits and burdens of ownership except selling or mortgaging the property, the donor's obligation to pay all taxes, his or her continuing obligation to pay all expenses of maintenance and upkeep, the benefit of all income from the property, a delineation of the rights to lease the property should the life tenants move off the property, the obligation to conduct no business or activity on the property that reduces the property's value or marketability or fail to do those things "reasonable and prudent" to preserve its value, and provisions for enforcement if a party defaults. This policy encourages a separate document to outline the use of the gift or the sale proceeds after the life tenancy ends.

C. *Disposition.* After the life tenancy ends, disposing of the real estate shall follow the procedures outlined in Section VII above. It is the donor's responsibility to assign value to the gift to the satisfaction of the IRS and to comply with all IRS rules for substantiating the value of a gift. NEW JERSEY HIGHLANDS COALITION shall record the initial gift of either a retained life estate or the exchange of a remainder value in a life estate for a charitable gift annuity or a charitable remainder trust as it would a gift-in-kind and shall acknowledge it without assigning a value to the gift. For the purposes of gift crediting only, NEW JERSEY HIGHLANDS COALITION may offer a naming opportunity that, in its sole discretion, corresponds to the value of the gift for NEW JERSEY HIGHLANDS COALITION's uses, without regard to the gift's valuation under the rules of the IRS.

IX. Additional Specific Policies for Life Insurance Policies

A. *Criteria for Acceptance.* NEW JERSEY HIGHLANDS COALITION will accept without the necessity for review those gifts of life insurance policies—including whole life, variable and universal life policies—that meet three conditions:

1. The policy's premiums are either paid in full or, if not paid-up as of the date of the gift
 - (a) has a minimum death benefit value of at least \$25,000; and
 - (b) has a signed, written, and enforceable pledge for charitable contributions from the donor in a total amount equaling or exceeding the total annual premiums due and with individual pledge payments scheduled to equal or exceed each policy premium payment as that payment becomes due; and
 - (c) that written pledge also acknowledges, first, NEW JERSEY HIGHLANDS COALITION's absolute ownership of the policy donated and, second, the resulting right of NEW JERSEY HIGHLANDS COALITION to cash in the policy and apply the proceeds for the benefit of the NEW JERSEY HIGHLANDS COALITION as may be directed in a separate document; and
2. NEW JERSEY HIGHLANDS COALITION is designated as the owner and as the beneficiary of the policy; and
3. If intended for endowment purposes, the policy's death benefit must meet the minimum funding standard for endowments of the stated purpose(s) by the end of the donor's actuarial life expectancy based on present-value calculations.

If the proposed gift of a life insurance policy does not meet these criteria, the Development Committee must review the proposed gift and determine whether NEW JERSEY HIGHLANDS COALITION will accept it. NEW JERSEY HIGHLANDS COALITION will encourage the creation of a separate gift agreement to designate the use of the policy's death benefits and to control the outcome of the use of the proceeds if they fail to meet minimum standards for an endowment, if forming an endowment is the intended use of the proceeds.

The donor is solely responsible for substantiating the value of the life insurance policy to the satisfaction of the IRS and for obtaining the necessary appraisals of the policy if the value exceeds IRS limits. If the gift is substantial, NEW JERSEY HIGHLANDS COALITION may choose to share or pay the costs of such an appraisal.

B. *Disposition.* If the donor fails to meet his or her pledge to pay the premiums of a policy that is not paid up, fails to execute a gift or endowment agreement with NEW JERSEY HIGHLANDS COALITION or otherwise fails to designate the use of the death benefits, or defaults on promises necessary to maintain the policy in force, NEW JERSEY HIGHLANDS COALITION is authorized to cash in the policy, if it so chooses, and use the resulting proceeds either for purposes designated by the donor if those proceeds are sufficient to do so, or, if they are not, for any purpose within NEW JERSEY HIGHLANDS COALITION's mission that the Board of Trustees decides in its sole discretion.

NEW JERSEY HIGHLANDS COALITION shall record the gift of a life insurance policy as a gift-in-kind, shall describe its details, and shall acknowledge it but without assigning a value to the gift. If the donor makes gifts of cash or appreciated securities to pay for annual premiums, NEW JERSEY HIGHLANDS COALITION may acknowledge those discrete gifts at their full fair-market value. For the purposes of gift crediting only, NEW JERSEY HIGHLANDS COALITION may offer a naming opportunity that, in its sole discretion, corresponds to the value of the gift for NEW JERSEY HIGHLANDS COALITION's uses, without regard to the gift's valuation under IRS rules.

X. Additional Specific Policies for Bequests

A. *Criteria for Acceptance.* NEW JERSEY HIGHLANDS COALITION encourages donors to remember NEW JERSEY HIGHLANDS COALITION in their estate planning and to disclose intended bequests via will or trust to NEW JERSEY HIGHLANDS COALITION so it can properly thank them for their generosity and offer appropriate benefits. Disclosure of intended bequests also makes it possible to ensure that NEW JERSEY HIGHLANDS COALITION can carry out their future wishes and that future bequeathed gifts conform to this policy. NEW JERSEY HIGHLANDS COALITION shall maintain at all times and make easily available to all who request it language demonstrating how to create a bequest to NEW JERSEY HIGHLANDS COALITION.

B. *Approval and Acceptance Process.* All bequests to NEW JERSEY HIGHLANDS COALITION, for which NEW JERSEY HIGHLANDS COALITION acts as agent for bequests, should conform to this policy and be useable for the mission of NEW JERSEY HIGHLANDS COALITION. The Development Committee may choose to accept or reject those gifts from estates of deceased donors that do not conform to this policy or the mission of NEW JERSEY

HIGHLANDS COALITION. NEW JERSEY HIGHLANDS COALITION will communicate its decision to accept or reject a bequest to the legal representative of the estate. If possible and if the terms of the bequest permit, NEW JERSEY HIGHLANDS COALITION may attempt to negotiate with the representative of an estate to make a gift acceptable that may initially have been deemed as unacceptable.

C. *Disposition.* Upon acceptance of a bequest, NEW JERSEY HIGHLANDS COALITION may receive the bequeathed assets either in cash or in kind as deemed most beneficial to NEW JERSEY HIGHLANDS COALITION. NEW JERSEY HIGHLANDS COALITION will record the gift at its estimated fair-market value and may offer the estate's representative the opportunity to create a naming opportunity at NEW JERSEY HIGHLANDS COALITION if the size of the bequest is sufficient to do so and if no prior gift agreement exists with the deceased donor(s). If such a gift agreement exists or if the terms of the will or trust are explicit and sufficient to determine the donor's wishes, then that agreement or the language of the will or the trust shall govern the use and potential naming opportunities. The Board of Trustees shall, at its sole discretion, determine the use of bequests given without restrictions.

XI. Additional Specific Policies for Charitable Gift Annuities

A. *Criteria for Acceptance.* When a donor wishes to fund a charitable gift annuity, NEW JERSEY HIGHLANDS COALITION will accept all assets permitted under state and federal laws, subject to other provisions of this policy.

B. *Approval and Acceptance Process.* If the assets funding a gift annuity are cash, publicly traded securities, or easily liquidated financial instruments, the Executive Director or Development Director is empowered to work with the CFNJ without approval from the Development Committee. For annuities to be funded with other kinds of assets, NEW JERSEY HIGHLANDS COALITION's staff must consult with the Development Committee and act only upon its instructions in negotiations.

C. *Disposition.* Administration of all gift annuity programs will be handled by the Community Foundation of New Jersey.

Upon acceptance of any asset to fund a gift annuity, NEW JERSEY HIGHLANDS COALITION will record the gift at its estimated fair-market value and at its present value. It may offer the donor the opportunity to create a naming opportunity if the size of the annuity is sufficient to do so. If such a gift agreement exists, that agreement shall govern the use and potential naming opportunities. If no agreement or instruction exists, the Board of Trustees shall, at its sole discretion, determine the use of an annuity's residuum.

XII. Additional Specific Policies for Charitable Remainder Trusts

A. *Criteria for Acceptance.* NEW JERSEY HIGHLANDS COALITION will accept remainders from all charitable remainder trusts, assuming the purposes for which any

remainder is to be used align with the mission of NEW JERSEY HIGHLANDS COALITION. This policy assumes that one or more officers of NEW JERSEY HIGHLANDS COALITION or lawyers acting on behalf of NEW JERSEY HIGHLANDS COALITION will be knowledgeable about the kind of assets acceptable for funding a charitable remainder trust and the tax rules governing such trusts. Until further notice or change in New Jersey law, however, NEW JERSEY HIGHLANDS COALITION will neither accept nor reject assets for charitable remainder trusts, and neither the Development Committee nor any NEW JERSEY HIGHLANDS COALITION employee or other person acting on behalf of NEW JERSEY HIGHLANDS COALITION shall recommend the amount or kind of assets with which to fund a trust. NEW JERSEY HIGHLANDS COALITION officers may provide financial illustrations and information on trusts and may even prepare trust documents for a donor to review with his or her qualified counsel. But the donor shall employ his or her own counsel before executing such agreements and is solely responsible for valuing the assets given to a trust to the satisfaction of the IRS.

B. Approval and Acceptance Process. NEW JERSEY HIGHLANDS COALITION and its trustees shall not become involved in approving assets for funding a charitable remainder trust. NEW JERSEY HIGHLANDS COALITION *per se* may not serve as a trustee of a charitable remainder trust, although NEW JERSEY HIGHLANDS COALITION employees acting as individuals are not prevented from acting as trustees.

C. Disposition. If a donor informs NEW JERSEY HIGHLANDS COALITION that NEW JERSEY HIGHLANDS COALITION is the irrevocable beneficiary of a charitable remainder trust and provides proof of such, NEW JERSEY HIGHLANDS COALITION may record the gift at the estimated fair-market value of NEW JERSEY HIGHLANDS COALITION's remainder interest or at its present value. NEW JERSEY HIGHLANDS COALITION may offer the donor the opportunity to create a naming opportunity if the size of NEW JERSEY HIGHLANDS COALITION's remainder interest is sufficient to do so. If a separate gift agreement exists, then that agreement shall govern the use of the remainder and potential naming opportunities. If no agreement or instruction exists, the Board of Trustees shall, at its sole discretion, determine the use of the trust's remainder, after consulting with the donor if the donor is still alive or with his or her survivors, if not.

XIII. Additional Specific Policies for Charitable Lead Trusts

A. Criteria for Acceptance. NEW JERSEY HIGHLANDS COALITION will accept payments from all charitable lead trusts, assuming the purposes for which any payment is to be used align with the mission of NEW JERSEY HIGHLANDS COALITION. This policy assumes that one or more officers of NEW JERSEY HIGHLANDS COALITION or lawyers acting on behalf of NEW JERSEY HIGHLANDS COALITION will be knowledgeable about all aspects of a charitable lead trust and the tax rules governing them. Until further notice or change in New Jersey law, however, NEW JERSEY HIGHLANDS COALITION will neither accept nor reject assets for a charitable lead trust. NEW JERSEY HIGHLANDS COALITION officers may provide financial illustrations and information on lead trusts and may even prepare or have counsel prepare trust documents for a donor to review with his or her qualified counsel. But the donor shall employ his or her own counsel to execute such agreements and is solely responsible for valuing the assets given to a lead trust to the satisfaction of the IRS.

B. *Approval and Acceptance Process.* NEW JERSEY HIGHLANDS COALITION and its trustees shall not become involved in approving assets for funding a charitable lead trust. NEW JERSEY HIGHLANDS COALITION *per se* may not serve as the trustee of a charitable lead trust although NEW JERSEY HIGHLANDS COALITION employees acting as individuals are not prevented from acting as trustees.

C. *Disposition.* If a donor informs NEW JERSEY HIGHLANDS COALITION that NEW JERSEY HIGHLANDS COALITION is the irrevocable beneficiary of a charitable lead trust and provides proof of such, NEW JERSEY HIGHLANDS COALITION may record the gift at the fair-market value of the first five years of payments from the trust plus the projected present value of all payments for all years after the initial five years. NEW JERSEY HIGHLANDS COALITION may offer the donor a naming opportunity if the size of the total value is sufficient to do so. If a separate gift agreement exists, that agreement shall govern the use and potential naming opportunities. If no agreement or instruction exists, the Board of Trustees shall, at its sole discretion, determine the use of the trust's payments after consulting with the donor, if still living, or with his or her survivors, if not.

XIV. Additional Specific Policies for Gifts to the Pooled Income Fund

A. *Criteria for Acceptance.* When a donor wishes to create a Pooled Income Fund, NEW JERSEY HIGHLANDS COALITION will accept all assets permitted under state and federal laws, subject to other provisions of this policy. All Pooled Income Fund prospects will be referred to the Community Foundation of New Jersey at which time CFNJ will work with the donor in completing their request.

B. *Approval and Acceptance Process.* If the assets funding a pooled income fund are cash, publicly traded securities, or easily liquidated financial instruments, the Executive Director or Director of Development is empowered to work with the CFNJ without approval from the Financial Development Committee. For pooled income funds to be funded with other kinds of assets, NEW JERSEY HIGHLANDS COALITION's staff must consult with the Development Committee and act only upon its instructions in negotiations.

C. *Disposition.* Administration of all pooled income funds will be handled by the Community Foundation of New Jersey.

XV. Reserved Rights

NEW JERSEY HIGHLANDS COALITION reserves the right to decline certain gifts, particularly 1) those from which the NEW JERSEY HIGHLANDS COALITION will realize little or no financial gain, 2) those made for purposes inconsistent with NEW JERSEY HIGHLANDS COALITION's mission, 3) those with restrictions that violate NEW JERSEY HIGHLANDS COALITION's ethical standards or standards of best practice, 4) those that require illegal discrimination, 5) those given by individuals whose actions or notoriety would, at the sole discretion of the Board of Trustees, bring disrepute upon NEW JERSEY HIGHLANDS COALITION, or 6) those whose work or financial well-being rests upon business activity proven to cause illness or death. This policy does not attempt to be comprehensive and does

not envision every type of gift or every kind of asset used to fund gifts and thus permits the trustees of NEW JERSEY HIGHLANDS COALITION to amend or add to this policy as various situations present themselves.

NEW JERSEY HIGHLANDS COALITION also reserves the right to change the designated purpose or purposes of any restricted gift if the restriction prevents NEW JERSEY HIGHLANDS COALITION from using the gift to fulfill the donor's intentions as expressed in a written agreement or if in the future the restrictions become impractical, unnecessary, or undesirable. Approval of changes in purpose shall require a majority vote of the Board of Trustees. NEW JERSEY HIGHLANDS COALITION staff shall inform potential donors, usually through a gift agreement or a letter of understanding, of NEW JERSEY HIGHLANDS COALITION's discretion to change the purpose of a restricted gift. NEW JERSEY HIGHLANDS COALITION will make all reasonable efforts to consult with the donor or the donor's survivors or designees before changing the use of a restricted fund.