



**Arlington Life Shelter**  
Gift Acceptance Policy

Arlington Life Shelter, a nonprofit organization headquartered in Arlington, Texas encourages the solicitation and acceptance of gifts to Arlington Life Shelter (hereinafter referred to as the Shelter) for purposes that will help the Shelter further and fulfill its mission. The following policies and guidelines govern acceptance of gifts made to the Shelter or for the benefit of any of its programs.

**I. Purpose of Policies and Procedures**

The purpose of this document is to set forth criteria that the Shelter and its Finance Committee use to determine that a proposed gift is acceptable and to inform prospective donors and their advisors of the types of gifts the Shelter accepts. While these guidelines establish best practices, they are designed to provide flexibility as directed by the Executive Director and Finance Committee.

**II. Use of Legal Counsel**

The Shelter seeks the advice of outside legal as appropriate on matters relating to acceptance of gifts. Review by legal counsel is usually sought in connection with:

- A.) Closely held stock transfers that are subject to restrictions or buy-sell agreements
- B.) Documents naming the Shelter as Trustee
- C.) Gifts involving contracts, such as bargain sales or other documents requiring the Shelter to assume a legal obligation
- D.) Gifts of patents and intellectual property
- E.) Transactions with potential conflict of interest that may invoke IRS sanctions
- F.) Other instances in which use of counsel is deemed appropriate by the Shelter's Board of Directors or Finance Committee

**III. Communications with Donors**

The Shelter holds all communications with and information concerning donors and prospective donors in strict confidence, subject to legally authorized and enforceable requests for information by government agencies and court. A donor may ask to see their own personal donor record at any time, and the Shelter will provide the record at that time.



#### **IV. Conflict of Interest**

The Shelter does not provide personal legal, financial or other professional advice to donors or prospective donors. Donors and prospective donors are strongly urged to seek the assistance of their own professional advisors in matters relating to their gifts and the resulting tax and estate planning consequences.

#### **V. Restrictions on Gifts**

Unrestricted gifts and gifts for specific programs and purposes may be accepted, provided they are consistent with the Shelter's mission, purposes and priorities. The Shelter will not accept gifts that are inconsistent with its mission, purposes or priorities or are judged too difficult to administer

#### **VI. Types of Gifts**

A.) The following gifts may be considered for Acceptance by the Shelter:

1. Cash
2. Tangible personal property, including in-kind gifts
3. Securities
4. Real estate
5. Remainder interests in property
6. Oil, gas, and mineral interests
7. Bargain sales
8. Life insurance
9. Charitable remainder trusts
10. Revocable trust agreements
11. Charitable lead trusts
12. Retirement plan beneficiary designations
13. Bequests
14. Life insurance beneficiary designations
15. Intellectual property rights

All gifts accepted, from items 2 to 15, will require documentation by the Executive Director on how the donor wishes these types of gifts to be used.

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B.) The following criteria apply to the acceptance of gifts in these categories.

1. Cash: Cash may be accepted in any negotiable form. Checks must be made payable to Arlington Life Shelter and should be mailed or delivered to 325 W. Division Street Arlington, Texas 76011.
2. Tangible Personal Property: The Shelter will accept tangible personal property gifts valued at \$10,000 or greater if the gift will generate adequate revenue for the organization, and meet the purposes for which the gift is intended. In assessing the appropriateness of the gift, the Shelter should address the following questions:
  - a. Is the property marketable?
  - b. What is the market for and costs of transportation to market and sale?
  - c. Are there any undue restrictions on the use, display, or sale of the property?
  - d. Are there any carrying costs (insurance, storage, ongoing maintenance) for the property?
  - e. As of [approval date], the Shelter does not accept automobiles of any kind under any circumstances.
3. Securities: In align with above practice, all gifts relating to securities exchanges will go through the Finance Committee to assess the appropriateness of the gift.

Publicly Traded Securities: Marketable securities will be transferred to an account maintained at one or more brokerage firms or delivered physically with the transferor's signature or stock power attached. As a general rule, all marketable securities will be sold upon receipt unless otherwise directed by the Finance Committee of the Shelter. In some cases marketable securities may be restricted by applicable securities laws; in such instance the final determination on the acceptance of the restricted securities may be made by the Finance Committee of the Shelter.

Options and Other Rights in Securities: The following questions apply to acceptance of warrants, stock options and stock appreciation rights:

- Is the Shelter required to advance funds upon exercise of the gift? If so, does the Shelter have the required funds?

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- Is the Shelter at risk of loss of funds in accepting the gift?
- Are the rights restricted? And if so, does the restriction affect the ability of the Shelter to dispose of the asset? Does the restriction materially impact the value of the gift to the Shelter?
- Will acceptance of the gift and/or exercise of the option trigger any tax consequences to the donor?

Closely Held Securities: Proposed gifts of closely held securities, which include not only debt and equity positions in non-publicly traded companies but also interests in LLPs and LLCs or other ownership forms, will be reviewed by addressing the following questions:

- What type of entity is represented by the gift? (For example, C Corporation, S Corporation, LLC, LLP.)
- Will the security generate unrelated business taxable income to the Shelter?
- If so, does the Shelter have the funds to pay this tax?
- Will the gift trigger any negative tax consequences to the donor? If the donor is unsure, please advise him to talk with his accountant.
- Are there restrictions on the security that would prevent the Shelter from ultimately converting those assets to cash?
- How does the company operate? Does its operation of the gift interest create liability for the Shelter?
- Is the security marketable? If so, what is the market for sale, and estimated time required for sale?
- If potential problems arise on initial review of the security, further review and recommendations may be sought from an outside professional before making a decision whether to accept the gift. Every effort will be made to sell non-marketable securities as quickly as possible.

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4. Real Estate: The Shelter will consider real property gifts on an as-needed basis, with the Finance Committee taking lead on the review. As of approval date, the current suggested real estate guidelines should be considered:

- The market value of the property should be \$50,000 or greater.
- Gifts of real estate may include developed property, undeveloped property, or gifts subject to a prior life interest.
- Prior to acceptance of real estate, the Shelter requires an initial environmental review of the property to ensure that the property is free of environmental damage. In the event that the initial inspection reveals a potential problem, the Shelter may retain a qualified inspection firm to conduct an environmental audit. The prospective donor must bear the cost of the initial environmental review and any subsequent environmental audit. When appropriate, a title binder shall be obtained by the Shelter prior to the acceptance of the real property gift. The cost of the title binder will be borne by the donor.

The following criteria applies to gifts of real estate:

- Is the property useful for the purposes of Wesley-Rankin?
- 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 audit reflect that the property is free of environmental damage?

5. Remainder Interests In Property: The Shelter may consider to accept a remainder interest in a personal residence, farm, or vacation property subject to the provisions of paragraph (4). The focus of consideration of real estate property will be in the DFW area. At the death of the life tenants, the Shelter may use the property or reduce it to cash. Where the Shelter receives a gift of a remainder interest, expenses for maintenance, real estate taxes, and any property indebtedness will be paid by the donor and or primary beneficiary.

6. Oil, Gas and Mineral Interests: The shelter may accept oil, gas, or mineral interests, when appropriate. In accepting oil, gas or mineral interests, the Shelter will determine whether the following criteria have been met:

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- 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.
- The property must undergo an environmental review to ensure that Wesley-Rankin has no current or potential exposure to environmental liability. The cost of the environmental review must be borne by the donor.

7. As of [approval date], the Shelter does not enter into bargain sales without verification that the property is not debt-encumbered. The Shelter may enter into a bargain sale arrangement instances where the bargain sale furthers the mission and purposes of the Shelter. All bargain sales must be reviewed and recommended by the Finance Committee of the Shelter. In determining the appropriateness of the transaction, the Shelter will consider whether:

- The value of the property has been substantiated by an independent appraisal.
- Any debt ration assumed with the property is less than 50% of the appraised market value.
- The Shelter will use the property, or there is a market for sale of the property allowing sale within 12 months of receipt.
- The costs to safeguard, insure, and expense the property (including property tax, if applicable) during the holding period have been determined.

8. Life Insurance: The Shelter must be named as both beneficiary and irrevocable owner of an insurance policy before a life insurance policy can be recorded as a gift. If the donor contributes future premium payments, the Shelter 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, the Shelter may:

- continue to pay the premiums,
- convert the policy to paid up insurance, or
- surrender the policy for its current cash value

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Once the policy is accepted, life insurance holdings will be reviewed annually to determine whether it is best to continue to pay the premiums, convert the policy to paid up insurance, surrender the policy for its current cash value, or change the underlying investment structure.

9. Charitable Remainder Trusts: the Shelter encourages its donors to name the organization as a remainder beneficiary of a charitable remainder trust and will work with its donors to structure such agreements. However, the Shelter will not serve as trustee of a charitable remainder trust and will instead encourage the donor to use a professional fiduciary.

10. Revocable Trust Agreements: the Shelter encourages its donors to name the organization as a beneficiary of all or a portion of a revocable trust agreement. However, the Shelter will not serve as trustee of a revocable trust agreement and will instead encourage the donor to use a professional fiduciary.

11. Charitable Lead Trusts: the Shelter may accept a designation as income beneficiary of a charitable lead trust. The Shelter will not accept an appointment as Trustee of a charitable lead trust.

12. Retirement Plan Beneficiary Designations: Donors and supporters of the Shelter will be encouraged to name the Shelter as beneficiary of their retirement plans. Such designations will not be recorded as gifts to the Shelter until such time as the gift is irrevocable.

13. Bequests: Donors and supporters of the Shelter will be encouraged to make bequests to the Shelter under their wills and trusts. Such bequests will not be recorded as gifts to the Shelter until such time as the gift is irrevocable.

14. Life Insurance Beneficiary Designations: Donors and supporters of the Shelter will be encouraged to name the Shelter as beneficiary or contingent beneficiary of their life insurance policies. Such designations shall not be recorded as gifts to the Shelter until such time as the gift is irrevocable.

15. Intellectual Property Rights: Intellectual property rights, which include royalties, patents, copyrights, contract rights or other similar interests, will be examined in light of the following criteria:

- Is the intellectual property right related to the mission of the Shelter?
- Can the ownership of the intellectual property right be clearly transferred or assigned to the Shelter?

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- Is the intellectual property right a full or fractional interest? If fractional, who are the other owners of the property and percentage interests?
- Is the gift deductible to the donor under the IRS partial interest gift rules?
- Does the right in the intellectual property generate, or have the potential to generate, at least \$5,000 or more each year?
- Is there a market for the sale or licensing of the intellectual property right?
- Are there any costs associated with acceptance of the intellectual property right? (i.e., is the gift a patent application that will require further action to secure, are there any claims, liens or other contests associated with the property, or are there likely to be costs associated with defending the intellectual property right?)
- Are there any restrictions on the retention or use of the property?
- What agreements or other legal documents would the Shelter be required to execute in order to obtain patents, market the property and grant licenses in the name of the Shelter?

## **VII. Miscellaneous**

A.) Securing appraisals and legal fees for gifts to the Shelter: It will be the responsibility of the donor to secure an appraisal (where required) and the advice of independent legal, financial or other professional advisers as needed for all gifts made to Wesley-Rankin.

B.) Valuation of gifts for development purposes: the Shelter will record a gift received by Wesley-Rankin at its valuation for gift purposes on the date of gift.

C.) Responsibility for IRS Filings upon sale of gift items: The Treasurer's office is responsible for filing IRS Form 8282 upon the sale or disposition of any non-marketable asset sold within three years of receipt by the Shelter when the charitable deduction value of the item is more than \$5,000. The Shelter must file this form within 125 days of the date of sale or disposition of the asset. Form 8282 with Filing Instructions is attached as an appendix to these policies.

D.) Acknowledgement of all gifts made to the Shelter and compliance with the current IRS requirements in acknowledgement of such gifts is the responsibility of the Secretary/General Counsel of the Shelter or his/her designee. IRS Publication 561 Determining the Value of Donated Property and IRS Publication 526 Charitable Contributions provide excellent guidance and can be downloaded from [www.irs.gov](http://www.irs.gov).

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E.) Disclosure provided for pooled funds. The Shelter will provide all appropriate disclosures as required by the Philanthropy Protection Act of 1995 for gifts contributed to pooled funds.

Adopted by : \_\_\_\_\_ on \_\_\_\_\_.

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