

New Life Solutions
Gift Acceptance Policies and Procedures
March 11, 2022

New Life Solutions, a nonprofit, 501(c)3 organization headquartered in Largo, Florida, encourages the solicitation and acceptance of gifts to New Life Solutions (hereinafter referred to as NLS) for purposes that will help NLS further and fulfill its mission to protect the unborn, share the gospel, and transform our communities one life at a time. The following policies and guidelines govern acceptance of gifts made to NLS or for the benefit of any of its endowments or any of its programs.

I. Purpose of Policies and Procedures

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

II. Use of Legal Counsel

NLS seeks the advice of outside legal counsel 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 NLS as Trustee
- c. Gifts involving contracts, such as bargain sales or other documents requiring NLS 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 NLS's Board of Directors or Gift Exceptions Committee.

III. Communications with Donors

NLS holds all communications with donors and information concerning donors and prospective donors in strict confidence, subject to legally authorized and enforceable requests for information by government agencies and courts. All other requests for or releases of information concerning a donor or a prospective donor will be granted only if permission is first obtained from the donor.

IV. Conflict of Interest

NLS 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 NLS's mission, purposes and priorities. NLS will not accept gifts that are inconsistent with its mission, purposes, or priorities or are judged too difficult to administer.

VI. The Gift Exceptions Committee of NLS

The Gift Exceptions Committee will review all non-marketable gifts to NLS, and those gifts referred to it by the Vice President of Philanthropy. The Gift Exceptions Committee consists of the following individuals:

1. NLS President/CEO
2. NLS Director of Finance
3. NLS Vice President of Philanthropy
4. NLS Board Treasurer

The Gift Exceptions Committee is responsible for regularly reporting its decisions on gift acceptance to the Board of Directors. The Committee is also responsible for reviewing these Policies and Procedures at least annually or more often as needed to ensure that they remain consistent with applicable laws and the programs of NLS.

VII. Types of Gifts

- A. The following gifts may be considered for acceptance by NLS:
 1. Cash and Checks
 2. Tangible personal property, including in-kind gifts
 3. Securities
 4. Real estate
 5. Remainder interests in property
 6. Bargain sales
 7. Life insurance
 8. Charitable remainder trusts
 9. Revocable trust agreements
 10. Charitable lead trusts
 11. Retirement plan beneficiary designations
 12. Bequests
 13. Life insurance beneficiary designations
 14. Intellectual property rights

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

1. Cash and Checks: Cash may be accepted in any negotiable form. If the total of a cash donation exceeds \$1,000 or more two NLS staff members and/or board members must be present to accept the gift. Checks must be made payable to NLS or a Fictitious Name registered with the Florida Division of Corporations and should be delivered to the Director of Finance at NLS's administrative offices or via our online giving portals.

2. Tangible Personal Property: NLS 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, NLS should address the following questions:

Is the property marketable? What is the market for and costs of transportation to market and sale?

- Are there any undue restrictions on the use, display, or sale of the property?
- Are there any carrying costs (insurance, storage, ongoing maintenance) for the property?

3. Securities: NLS can accept both publicly traded securities and closely held securities.

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 NLS. 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 Gift Exceptions Committee of NLS.

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

- Is NLS required to advance funds upon exercise of the gift? If so, does NLS have the required funds?
- Is NLS at risk of loss of funds in accepting the gift?
- Are the rights restricted? And if so, does the restriction affect the ability of NLS to dispose of the asset? Does the restriction materially impact the value of the gift to NLS?
- 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 NLS? If so, does NLS 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 NLS from ultimately converting those assets to cash?
- How does the company operate? Does its operation of the gift interest create liability for NLS?

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.

4. Real Estate: NLS will consider real property gifts with a market value of \$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, NLS 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, NLS 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 NLS 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 NLS?
- 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: NLS may accept a remainder interest in a personal residence, farm, or vacation property subject to the provisions of paragraph (4). At the death of the life tenants, NLS may use the property or reduce it to cash. Where NLS 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: NLS does not accept gifts of oil, gas, and mineral interests at this time.

7. Bargain Sales: NLS may enter into a bargain sale arrangement in instances where the bargain sale furthers the mission and purposes of NLS. All bargain sales must be reviewed and recommended by the Gift Exceptions Committee of NLS. In determining the appropriateness of the transaction, NLS 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.
- NLS 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: NLS 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, NLS 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, NLS may:

- Continue to pay the premiums
- Convert the policy to paid up insurance, or
- Surrender the policy for its current cash value

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 Gift Annuities: Currently NLS does not offer Charitable Gift Annuities.

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

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

12. Charitable Lead Trusts: NLS may accept a designation as income beneficiary of a charitable lead trust. NLS will not accept an appointment as Trustee of a charitable lead trust.

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

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

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

16. 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 NLS?
- Can the ownership of the intellectual property right be clearly transferred or assigned to NLS?
- 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 NLS be required to execute in order to obtain patents, market the property and grant licenses in the name of NLS?

17. Cryptocurrencies or virtual currency: NLS does not accept gifts of cryptocurrencies or virtual currency currently.

VIII. Endowment Funds

A gift to create a new endowment may be made in the form of a multi-year pledge, with gift payments made over a period of up to five (5) years. The minimum gift to establish an endowment is \$100,000. All donors have the opportunity to name and designate an endowed fund.

Expenditures are made from the annual interest distribution. No administrative fee is assessed on endowment donations. An annual management fee of 1% is assessed based on the past five year's average market value.

A 4.5% spending rate based on the past five year's average market value is returned to the account holder to support the original intent of the endowment. All investment earnings exceeding the 4.5% interest allocation and 1% management fee are distributed to the endowment account to grow the endowment fund balance in an effort to hedge inflation. The corpus of the endowment account can be increased by additional donations. Example: An endowment gift of \$100,000 is donated to the

Foundation on July 1, 20x1 and the market value at June 30, 20x2 is \$120,000. No interest or management fee will be allocated to the account in FY20x2. The \$20,000 appreciation of investment is reinvested and credited to the account at June 30, 20x2. The interest distribution of \$5,400 is calculated based on 4.5% of \$120,000 and will be distributed in September 20x2. A management fee of 1% or \$1,200 is assessed at the same time.

IX. Refund Policy

By making a charitable gift to NLS the donor understands that charitable donations are not refundable under any circumstance.

X. Miscellaneous

- Securing appraisals and legal fees for gifts to NLS: 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 NLS.
- Valuation of gifts for development purposes: NLS will record a gift received by NLS at its valuation for gift purposes on the date the gift is received and/or postmarked.
- Responsibility for IRS Filings upon sale of gift items: The Director of Finance is responsible for filing IRS Form 8282 upon the sale or disposition of any non-marketable asset sold within three years of receipt by NLS when the charitable deduction value of the item is more than \$5,000. NLS must file this form within 125 days of the date of sale or disposition of the asset.
- Acknowledgement of all gifts made to NLS and compliance with the current IRS requirements in acknowledgement of such gifts is the responsibility of the NLS Director of Finance.
- Disclosure provided for pooled funds. NLS will provide all appropriate disclosures as required by the Philanthropy Protection Act of 1995 for gifts contributed to pooled funds.

Adopted by: _____ on _____.