

**THE NORTH CAROLINA TENNIS FOUNDATION  
GIFT ACCEPTANCE POLICY**

**PURPOSE**

This policy of the NCTF Board serves as a guideline to staff and personnel of the NCTF involved with accepting gifts, to outside advisors who assist in the gift-planning process, and to prospective donors who wish to make gifts to the NCTF. This policy is intended only as a guide and allows for flexibility on a case by case basis at the discretion of the Board or a Finance Committee appointed by the Board. In some instances decisions of the Finance Committee will require Board approval.

**ACCEPTABLE ASSETS**

The NCTF will consider the following to be acceptable assets for funding current gifts, planned gifts, and pledges as qualified in the following paragraphs. Assets not described on this list may be considered and accepted on a case by case basis.

1. Cash
2. Publicly traded securities
3. Closely held securities
4. Real estate
5. Tangible personal property
6. Life insurance

**CASH**

1. All gifts by cash, check, or credit card shall be accepted by and payable to the NCTF, regardless of amount.
2. In no event shall a check be made payable to an individual who represents the NCTF.

**PUBLICLY TRADED SECURITIES**

1. Readily marketable securities which are traded on a stock exchange can be accepted by the NCTF.
2. Gift securities may be sold immediately by the NCTF, as determined by the Board.

**CLOSELY HELD SECURITIES**

1. Non-publicly traded securities may be accepted after consultation with the Board or Finance Committee of the NCTF.
2. Prior to acceptance, the NCTF shall explore methods of liquidation for the securities through redemption or sale. A representative of the NCTF shall contact the closely held corporation to determine:
  - An estimate of fair market value
  - Any restrictions on transfer
3. No commitment for repurchase of closely held securities shall be made prior to completion of the gift of the non-publicly traded securities.

**REAL ESTATE**

1. Gifts of real estate must be reviewed by the Board of Directors of the NCTF before acceptance.

2. The donor is responsible for obtaining a qualified, independent appraisal of the property together with appropriate assurance that there are no environmental problems with the property. The cost of the appraisal and environmental assurance is the responsibility of the donor.
3. Prior to presentation to the Board, a member of the Board or a qualified representative chosen by the Board must conduct a visual inspection of the property. If the property is located in a geographically isolated area, a local real estate broker can substitute for a member of the Board in conducting the visual inspection. In either case, the individual charged with inspecting the property shall verify the zoning classification of the property with the local municipality.
4. Prior to presentation to the Board, the donor must provide the following documents:
  - Survey
  - Preliminary title report
  - Any covenants, conditions encumbrances and restrictions.
  - Environmental assurances
5. Depending on the value and desirability of the gift, the donor's connection with the NCTF, and the donor's past gift record, the donor may be asked to pay for all or a portion of the following:
  - Maintenance costs
  - Real estate taxes
  - Insurance
  - Real estate broker's commission and other costs of sale
  - Closing costs
  - Title insurance policy premiums
  - Applicable roll-back tax for "greenbelt" property
6. Except in unusual cases, all gifts of real property shall be conveyed by a general warranty deed. Any exceptions must be approved by the Board.
7. For the NCTF's gift crediting and accounting purposes, the value of the gift is the appraised value of the real estate as determined in the donor's qualified appraisal.

#### **TANGIBLE PERSONAL PROPERTY**

1. All gifts of tangible personal property that have a use related to the work of the NCTF will be referred to the Executive Director for acceptance, receipting, and use.
2. All gifts of tangible personal property that do not have a use related to the work of the NCTF but that have a potentially high resale value, such as gifts of jewelry, artwork, collectables, equipment, and software, may be accepted after approval by the Finance Committee.
3. Gifts of tangible personal property that are accepted but do not have a use related to the work of the NCTF may be sold as soon as possible.
4. The donor of tangible personal property may be asked to pay for an appraisal. At the discretion of the Finance Committee, the NCTF may have a qualified outside appraiser value the gift before accepting it.

#### **LIFE INSURANCE**

1. The NCTF will accept life insurance policies as gifts only when the NCTF is named as the owner and beneficiary of 100% of the policy and where the policy premium has been fully paid or whereby the donor assumes responsibility to pay the premium on an annual basis..
2. Only policies that will ultimately have a cash value will be accepted.

3. The value of all life insurance policies accepted shall be determined by the issuing insurance company as of the date of transfer to the NCTF.
4. If the policy is partially paid up, the value of the gift for the NCTF's gift crediting and accounting purposes is the policy's cash surrender value. (Note: For IRS purposes, the donor's charitable income tax deduction is equal to the interpolated terminal reserve, which is an amount slightly in excess of the cash surrender value.)
5. The NCTF in its discretion may elect not to keep life insurance policies in force if the donor discontinues making premium payments. In the event a donor discontinues premium payments, the policy may be exchanged for its remaining cash value in the discretion of the NCTF.

### **PLANNED GIFTS**

The NCTF may accept the following planned gift options in the discretion of the Board:

1. Bequests
2. Charitable gift annuities (A contractual agreement between a donor and a charity whereby the charity agrees to pay a lifetime annuity to one or two persons in exchange for a one-time, current gift. The obligation to make annuity payments to donors is backed by the credit of the charity but is not secured by collateral.)
3. Charitable remainder trusts (An irrevocable trust that pays an income amount to non-charitable beneficiaries for their lifetime(s), or for a period of up to 20 years, after which the remaining assets are distributed to one or more charities.)
4. Other charitable gift arrangements

### **BEQUESTS**

1. Assets transferred through bequests that will have immediate value to the NCTF upon the donor's death or that can be liquidated in a reasonable period of time shall be encouraged. Gifts that appear to require more cost than benefit shall be discouraged or rejected.
2. Donors will be asked to disclose, in writing or by copy of the will, the relevant clause that benefits the NCTF. This information is used for internal financial purposes and is not binding on the donor.

### **CHARITABLE GIFT ANNUITIES**

1. Administrative fees shall be paid from the income earned on the charitable gift annuity.
2. The minimum gift accepted to establish a charitable gift annuity is \$5,000.
3. No income beneficiary for a charitable gift annuity shall be younger than 60 years old. (Note: An exception may be made in the case of Educational Charitable Gift Annuities.)
4. No income beneficiary for a deferred gift annuity shall be younger than 30 years old.
5. The NCTF follows the American Council on Gift Annuities suggested annuity payout rates.

### **CHARITABLE REMAINDER TRUSTS**

1. Due to the cost of drafting and administration, the recommended minimum transfer/contribution to establish a charitable remainder trust is \$100,000
2. Reasonable management fees for the administration of a charitable remainder trust shall be paid from the assets of the trust.

3. Investment of the assets of a charitable remainder trust shall be determined by the trustee of the trust or by the financial advisor engaged to manage the assets of the trust. No representations shall be made by a NCTF Board member or any person acting on behalf of the NCTF as to the investment performance of a charitable remainder trust.
4. The payout rate of a charitable remainder trust shall be determined in consultation with the donor and the trustee within the limits of all applicable laws.

#### **OTHER CHARITABLE GIFT ARRANGEMENTS**

1. Other planned giving arrangements, such as pooled income funds, gifts of life estates, and charitable lead trusts, will be considered on a case by case basis.

#### **SUSTAINING FUND**

1. The purpose of the Sustaining Fund is to support the organization through distribution of income or principal (or both) of the Fund as determined by the Board.

#### **ENDOWED FUNDS**

1. The purpose of an endowed fund is to provide a permanent fund the income or earnings of which will be used to support the charitable activities of the organization.
2. To establish a “named” or “memorial” endowed fund, a minimum initial gift level of \$50,000 is required. In certain cases, a pledge to establish a minimum gift level of \$50,000 at a future date will be considered sufficient.
3. There is no minimum for contributions to an existing endowment.
4. To establish an endowment:
  - The asset(s) used to fund the endowment must be deemed acceptable asset(s) as described above.
  - For a planned gift, the fair market value of the gift must be at least \$50,000. (Note: The NCTF may choose to use the present value of a planned gift arrangement to determine whether or not it meets the minimum requirements for establishing an endowed sustaining fund.)
  - In all cases, an endowment fund description specifying the desired use of the distributions from the endowment must be signed by the donor and the NCTF’s president, upon approval by the Board.
5. The annual spendable amount from all endowment funds will be determined by Finance Committee as established by the Board unless specific instructions from the donor are stated in the endowment fund description at the time the fund is created. The annual interest earned on the principle that will be available for distribution will be determined by reviewing the past twelve quarters of interest performance and using 1% to 2% percentage points less. The policy of the NCTF will be to reinvest a portion of interest earnings.

#### **PLEDGES**

1. Pledges of \$100 or more may be payable in multiple installments.
2. Pledges may be paid with cash or any other acceptable asset as described in this policy.
3. Pledges must be paid within one (1) year of commitment unless pledged to a capital campaign or special project. The Board shall determine pledge periods for capital campaigns and other special

projects. Individual exceptions will be reviewed by the Finance Committee with a recommendation to the Board.

4. All donors intending to make a gift pledge must complete a pledge form or confirm the pledge in writing.
5. Pledges will be counted as an asset only when the donation has been confirmed in writing. Fundraising reports will distinguish between donations received and pledge payments pending.

### **DONOR-DESIGNATED GIFTS**

1. All gifts accepted by the NCTF as donor-designated gifts will be used for the purpose designated by the donor.
2. Current gifts of less than \$5,000 may be designated for a special use provided that a fund already exists at the NCTF for that designated purpose at the time the gift is made, or that the gift is immediately usable even though a fund does not exist.
3. Current gifts of more than \$5,000 may be accepted for new or future designated purposes upon the approval of the Board.
4. In light of the fact that any programs or entities supported by the NCTF may or may not exist in their current form in the future, donors will be strongly encouraged to avoid designating the use of deferred gifts for anything other than general endowment when the deferral period is unknown. The NCTF will reserve the right to disclaim any gifts bearing donor-designated terms that would be onerous to fulfill.
5. Donors may be recognized from time to time by honoring their names in connection with various parts of the NCTF buildings, programs or equipment. Any request for name recognition will be granted according to the terms of a specific campaign or appeal, or on a case by case basis, at the discretion of the Board.
6. The NCTF Board of Directors reserves the right to modify any restriction or condition on the distribution of assets in an endowment fund or non-endowment fund for any specified charitable purposes if the Board in its discretion determines that such restriction or condition becomes in effect unnecessary, incapable of fulfillment or inconsistent with the charitable needs served by the NCTF. If the Board exercises such right, it will endeavor to carry out the donor's original intent as nearly as may be practicable.

### **ADMINISTRATIVE ISSUES**

1. The NCTF shall not act as an executor (personal representative) for any donor's estate.
2. The NCTF may in its discretion choose to act as trustee or co-trustee of a charitable remainder trust and/or other charitable giving arrangement under which it is named as charitable beneficiary.
3. The Board of the NCTF is responsible for developing investment and endowment spending policies and for recommending and overseeing the investment manager(s) of the NCTF assets after gifts are received. The NCTF Investment Manager may not be a member of the Board of Directors.
4. The NCTF Board or its designated representatives may provide donors and their advisors with information that outlines options regarding various planned gift arrangements. All such information provided will be for educational purposes only. All persons representing the NCTF will studiously avoid giving any advice that could be considered tax, legal or financial advice.
5. The NCTF Board delegates to its designated representatives the authority to negotiate gift arrangements in accordance with this Gift Acceptance Policy. All gifts negotiated will be submitted for review by the Board as required by this policy.

6. Any authority or responsibility given to the Board may be delegated by the Board to a Finance Committee appointed by the Board. The Board may appoint a standing committee comprised of staff, board members and/or volunteers to serve as a Gift Review Committee and function in place of the Board to fulfill its responsibilities as described in this Gift Acceptance Policy.
7. The NCTF will furnish written acknowledgement to donors of the receipt of gifts and pledges in accordance with applicable laws and regulations, including information as to the fair market value of publicly traded securities.
8. The NCTF will comply with all IRS requirements related to receipting, disposing of and acknowledging gifts.

Approved as of 1-26-05