GIFT ACCEPTANCE POLICY

Adopted March 2014

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A. Introduction.

This Gift Acceptance Policy (this "Policy") is designed to ensure that all gifts to, or for the use of, Astronaut Scholarship Foundation (ASF) are structured to provide maximum benefits for both ASF and the donor. This Policy shall not apply to monetary gifts of $10,000 or less given to ASF by a particular donor as long as (a) such monetary gifts are made from the donor's own funds, and (b) the donor's contribution of such funds does not, to the actual knowledge of ASF's Executive Director or any member of ASF's Executive Committee (the "knowledge of ASF"), cause the donor to violate any obligation of support or maintenance that the donor owes to any other person.

Due to the ever-increasing complexity of giving plans and concepts, this Policy has been developed to establish standards by which all gifts to ASF (other than certain monetary gifts expressly excluded from this Policy as set forth above) will be evaluated, as well as a formal process for carrying out such evaluations.

All gifts to ASF that are affected by this Policy shall be evaluated using the following guiding principles:

1. The interests of the donor shall come before that of ASF. No program, agreement, contract, or commitment shall be urged upon any contributor or prospective contributor that would benefit ASF at the expense of any other person if, to the knowledge of ASF, such program, agreement, contract or commitment would materially jeopardize the contributor's interests, taken as a whole.

2. ASF will only accept gifts that meet the requirements of the Internal Revenue Code of 1986, as amended, and the Treasury regulations promulgated thereunder, and other applicable Federal and State laws and regulations.

3. In accepting a gift, ASF also accepts the responsibility to the donor to steward that gift properly. This includes administering the gift properly, providing the donor with accurate, timely financial information about the gift, and, when appropriate, reporting to the donor about the use of the gift.

4. Donations of gifts for unrestricted, general purposes are encouraged because of the flexibility they provide to ASF in conducting its operations and furthering its stated missions.

5. ASF does not provide legal, accounting, tax, financial planning, or similar such advice or counseling to donors. Each donor is ultimately responsible for ensuring his or her proposed gift meets and furthers his or her charitable, financial, and estate planning goals and circumstances. As such, each donor is encouraged to meet with a professional advisor before making any major gift to ASF.

6. ASF reserves the right to not accept certain gifts, including, by way of example, and without limitation:

   (a) Those that, to the knowledge of ASF, are not in the best interests of the donor (*e.g.* gifts that might be unduly burdensome in light of ASF's understanding of the donor's personal or financial situation);

   (b) Those that might benefit the donor in certain ways that are not available to others of similar status and interest;

   (c) Those from which ASF will realize little or no financial gain or which impose (or my impose) undue burdens (whether financial or administrative) on ASF;

   (d) Those that are offered for only for stated purposes inconsistent or potentially in conflict with ASF's stated missions; and

   (e) Those that have restrictions that might, in the determination of ASF's Executive Director or its Executive Committee, violate ASF's ethical standards or require any form of illegal discrimination.

7. ASF shall use its commercially reasonable best efforts to acknowledge all gifts and donations in a manner that respects and honors the donor.

B. <u>General Policies</u>.

1. <u>Gift Acknowledgement</u>. All donors are to be sent a gift receipt within a reasonable time. When appropriate, donors may be given tokens of appreciation not to exceed federal requirements. ASF's Development Manager, under the direction of the Executive Director, shall be responsible for oversight and compliance with requirements regarding gift acknowledgement and receipts.

2. <u>Compliance Responsibility for Gift Acceptance</u>. Overall responsibility for ensuring compliance with the requirements of this Policy rests with ASF's Executive

Director, subject to the superior authority/oversight of ASF's Executive Committee in particular cases where specifically so provided in this Policy or as otherwise may be directed by ASF's Executive Committee.

3. Evaluation of Costs Associated with Acceptance of Certain Gifts. Non-monetary gifts (including, particularly and without limitation, proposed gifts of real or tangible personal property and gifts-in-kind) must be evaluated to determine whether the costs to ASF associated with receiving the gift can be accommodated prudently. Such evaluations might include the possible cost of transportation to ASF, space availability, cost of maintenance, repair and insurance, and cost of disposal. For example, accepting real property might require payment of closing costs, payoff of debt secured by the property, and physical changes to the property necessary to ensure safety or to control environmental hazards. Occasionally, the associated costs may make it imprudent for ASF to accept such a gift.

   In connection with any particular gift of real or tangible personal property as to which the Executive Director shall have raised any issue under this paragraph, the authority and responsibility for prompt, careful, evaluation of such anticipated costs and the decision as to whether to accept the gift shall rest with the Executive Committee, exercised in its sole and absolute discretion.

4. Acceptance and Administration of Conditional or Restricted Gifts. Donors sometimes condition their gifts on ASF using their gifts in particular ways. As noted above, ASF may reject a gift if the required use of the gift is inconsistent with ASF's mission or if ASF otherwise elects to reject the gift, it being understood that ASF's Executive Committee has the right to reject a restricted or conditional gift for any reason or no reason, in its absolute discretion. It is the responsibility of ASF to use its commercially reasonable best efforts to comply with such arrangements if such a gift is accepted. The Executive Director is responsible for ensuring compliance with the requirements regarding gift acknowledgements and receipts with respect to any gifts accepted by ASF under this paragraph.

5. Memorandum of Understanding. Before completing major and/or planned gift arrangements with donors, the Executive Director and Philanthropy Director, on behalf of ASF, and the donor, will sign a memorandum of understanding which shall contain the following elements:

(a) The purpose for the gift;

(b) The background behind the gift;

(c) How the gift will be made or funded;

(d) Criteria specifying who will benefit, if the same is required by the donor's accepted gift;

(e) ASF's special responsibilities, if any;

(f) Use(s) of the gift, if not for the general purposes of ASF; and

(g) Recognition of the gift.

6. Qualified Appraisals. Legal and ethical requirements prohibit ASF from appraising gifts. This protects both the donor and ASF. Such appraisals are to be conducted by certified, independent appraisers not associated in any way with ASF or the particular donor, and the cost shall be the donor's responsibility.

C. Gift Acceptance Policies.

The following policies relate to the types of gifts typically received by ASF. It is understood that special gifts or circumstances may require a case-by-case review by the Executive Committee and may not be addressed by this Policy.

1. Outright Gifts. Outright gifts are those in which ASF has the asset at its immediate disposal and in which the contributor retains no continued interest.

Gifts of Cash. Cash is often the easiest way to give and the form of gift most frequently accepted by ASF. These gifts can take the form of currency, check, wire transfer, or credit card contribution. Cash (e.g., in the form of currency, check and wire transfers of immediately available funds) gifts are reported the day the Development Manager receives the payment. The gift for a contributor's tax reporting purposes is ordinarily the date of delivery, although contributor's mailing checks which subsequently clear may use the postmark as the effective contribution date. Credit card gifts are reported on the day the credit card gift is received.

(b) *Gifts of Life Insurance.* ASF will accept life insurance policies as gifts only when ASF is named as the irrevocable owner and sole beneficiary of the

policy, and subject in all events to the prior approval of ASF's Executive Committee, which may be given or withheld in its sole and absolute discretion. ASF prefers gifts of life insurance policies that are fully paid. Those gifts will be valued at the replacement cost of the policy unless IRS policies require otherwise, in which event, such requirements shall govern. All gifts of partially paid life insurance policies must be accompanied by the donor's written explanation of how further premiums are to be paid. Such partially paid insurance policies must be presented to and approved by the Executive Committee prior to acceptance by ASF. Such gifts will be valued at the cash surrender value of the policy the day the gift transaction is completed unless IRS policies require otherwise, in which event, such requirements shall govern. As promptly as practicable upon receiving notice of a proposed gift of life insurance to ASF, the Executive Director or another representative of ASF shall secure the following information:

(i) Name of donor/policy owner; policy owner's SS#; name of insured (if different); insured's date of birth; date of gift; face value of policy; type of policy; cash surrender value; timing and amount of premium payments; name, address, and phone number of insurance company; and account number of policy.

(ii) A copy of life insurance contract (from insurance company or donor).

(iii) The age of the insured and any known factors concerning the health of the insured that are expected to alter (either upward or downward) the life expectancy of the insured from the life expectancy reflected in governmental actuarial tables; this seems odd to me. Is it required by law?

(iv) The cash surrender value of policy, if any;

(v) If the policy is term or has no value, (A) whether the donor will continue to pay the premiums on the life insurance policy, and (B) the date when the life insurance policy expires.

Subject to the above guidelines, the donor's payment of the periodic premium amount is usually credited as an annual gift to ASF. The cash surrender value of the life insurance policy would also be credited as an outright gift made by the donor to ASF.

(c) *Gifts of Retirement Plans*. ASF can be named the beneficiary or contingent beneficiary of a retirement plan including but not limited to 401(k) and 403(b) plans, IRAs and Roth IRAs. Contributions of retirement plans also may be directed to ASF through a will, codicil, trust, or trust amendment specifically referencing the retirement account. When a planned gift is made from a retirement account, the contributor shall inform ASF of the location of the account including the name, address, and telephone number of the investment advisor or asset manager, the retirement account number, and copy of the beneficiary designation statement. When the contribution is made by will, codicil, trust, or trust amendment, a copy of the document shall be requested.

(d) *Gifts of Publicly Traded Securities*. A gift of securities registered with the Securities and Exchange Commission and bought and sold on a periodic basis through a recognized stock exchange or association of brokers is usually considered complete when the security is transferred to a securities firm brokerage account designated by ASF. ASF may accept gifts that are in the form of publicly-traded securities, regardless of gift amount. The value of the gift for income tax deduction purposes shall be deemed to be the average of the high and low values of the security on the date of the gift. Publicly traded securities will be liquidated as soon as possible after receipt to prevent potential loss to ASF.

(e) *Gifts of Securities Not Publicly Traded*. All gifts of securities that are not publicly traded must be examined prior to acceptance for valuation, marketability and propriety. ASF's Executive Committee must approve all such proposed gifts of non-publicly traded securities prior to acceptance.

(f) *Tangible Personal Property*. Gifts of tangible personal property include, but are not limited to, such items as precious metals, jewelry, artwork, collections, memorabilia, equipment, motor vehicles and boats. Gifts of personal property shall be sold or used for the benefit of ASF, at the discretion of the Executive Director and Executive Committee. The Executive Director shall be responsible for issuing the Form 8283 (Non-cash Charitable Contributions) to the donor, and for issuing the Form 8282 (Donor Information Return) to the Internal Revenue Service. A Form 8282 will be issued in the event the gift of personal property is sold within two years from the date of gift. Donors will also be informed at the time of the acceptance of said gift that ASF will, as a matter of policy, cooperate fully in any and all matters related to IRS investigations of non-cash, personal property charitable gifts.

(g) *Real Estate*. The following special policies shall apply to gifts of real property:

(i) No gift of residential, rental, commercial, industrial or agricultural real estate shall be accepted without review and inspection by ASF's Executive Committee and any other appropriate parties. ASF will not accept any real property without receiving a recent independent MAI appraisal of the real property. Any costs associated with obtaining the MAI appraisal shall be the responsibility of the donor. In its sole and absolute discretion, the Executive Committee may require a second MAI appraisal prior to accepting a gift of real property, but ASF will be responsible for all costs of the second appraisal. Whereas second appraisal is commissioned by ASF, the average of the two MAI appraisals will be considered to constitute the "fair market value" of the real estate, and thus the value of the gift.

(ii) Unless expressly waived by the Executive Committee, no gift of real estate encumbered by a mortgage shall be accepted by ASF unless the outstanding balance on the mortgage is less than 15% of the appraised value of the real property.

(iii) Unless expressly waived by the Executive Committee, no gift of real property will be accepted by ASF if it is subject to substantial encumbrances that materially and adversely affect its value or immediate marketability. Leases of the gift real property to solvent, unaffiliated, and compliant tenants at fair rental value, subdivision restrictions, and customary rights of way and easements shall not be deemed to require waiver by the Executive Committee under the first sentence of this paragraph.

(iv) No real property will be accepted that has material violations of local, state or federal law that materially and adversely affect its value or marketability.

(v) All gifts of real estate shall be evaluated in light of the need for an environmental site assessment whose cost shall be borne by the donor. A qualified environmental professional selected by the donor but acceptable to ASF will be hired to conduct a Phase 1 environmental site assessment. If the report of the Phase 1 environmental site assessment shall indicate that the real property may be contaminated, then ASF may commission at the donor's expense such further environmental site assessments as reasonably may be required in order to reach a conclusion as to the environmental condition of the

real property. The real property will not be deeded to ASF unless and until ASF, acting through its Executive Committee, shall indicate that it is satisfied with the environmental condition of the property. If there are material environmental conditions affecting the real property but ASF nevertheless decides to accept the gift the appraised fair market value of the real property used to value the gift shall reflect the existence of such environmental conditions.

(vi) If a donor is giving real property subject to a retained life estate, the donor shall pay all or a part of the property's maintenance costs, real estate taxes and insurance for the duration of his life and acknowledge that in writing prior to ASF's acceptance of the gift.

(vii) Except in the case of any real property accepted subject to the other terms of this Policy, in the absence of affirmative action to the contrary by the Executive Committee, all real property given to ASF shall be considered held for immediate resale.

(viii) Whenever Executive Committee approval of a particular gift of real estate is required, the Executive Committee working with the Executive Director will accept or decline the gift by majority vote of its members.

2. Pledges. Pledges are commitments to give a specific dollar amount according to a fixed time schedule. The following policies apply to pledges:

(a) *General.* Annual fund pledges are usually for amounts less than $1,000 and less than one year. All other pledges must have written documentation that contains the following:

(i) The amount of the pledge;

(ii) A clearly defined payment schedule;

(iii) No contingencies or conditions;

(iv) If required by ASF, evidence that the donor is financially able to honor the pledge;

(v) The donor's signature; and

(vi) As applicable, the donor's acknowledgement that any naming opportunity associated with the pledge shall lapse if the pledge is not completed in accordance with the stated payment schedule.

(b) Pledge Recording Policies. The following policies apply to the recording of pledges:

(i) Anticipated matching gifts will not be included in pledge amounts.

(ii) Pledges and expected matching gifts will qualify separately for donor recognition in appropriate giving level groups.

(iii) For gift recognition purposes, donors will not be recognized publicly until the pledge is paid in full, but they may be recognized publicly as to portions of the pledge that they have paid.

(iv) If for any reason (rounding, gift evaluation or continued incremental giving) the pledge amount is altered, the donor will be recognized at the level of final payment.

(v) In the event of death, pledge balances will be written off when ASF is notified, unless there are provisions in the donor's will to the contrary or the decedent's personal representative or other authorized fiduciary has indicated there is intent to complete the pledge.

(vi) All requests to deactivate a pledge must be presented to and approved by the Executive Director.

3. Planned Gifts.

(a) *Bequests*. Where possible, donors planning to make bequests to ASF should disclose their intentions ASF in writing. This will enable ASF to determine in advance if ASF is able to carry out their wishes and also to determine in advance whether the property to be bequeathed to ASF conforms to this Policy. If there is a gift from the estate of a deceased donor ASF is unaware of that does not meet the principles of this Policy, that decision will be communicated to the legal representative of the estate. Attempts will be made to achieve a mutually acceptable gift agreement between both parties.

(b) *Charitable Gift Annuities, Remainder Trusts, and Lead Trusts*. A charitable gift annuities, charitable remainder trusts, and lead trusts benefiting ASF. can be made directly to the Organization.

(c) *Endowments*. Either bequests or *inter vivos* gifts can be used to start an endowment or create endowments for ASF. It is recommended that the minimum gift to start an endowment is $25,000. ASF would prefer the donor contact ASF's Executive Director as part of the donor's estate planning so that ASF will have record of the donor's intent. The Executive Committee must review all bequest endowments prior to acceptance. If the event the Executive Committee and Executive Director feel the instructions are not complete or too restrictive, an attempt will be made to reach an acceptable agreement with a legal representative of the deceased.

(d) Reporting Policy for Planned Gifts. All irrevocable planned gifts will be reported at full fair market value.

D. Certain Terms and Definitions. As used in this Policy and not otherwise defined, the following terms have the respective meanings as follows:

1. Conditional or Restricted Gifts. Conditional or restricted gifts, because of some qualifier or restriction, are considered non-routine. Conditional gifts may commit ASF to act within a specified time or use a gift for a specific purpose. Please be aware that certain discriminatory restrictions could cause ASF to lose its tax-exempt status or the donor to lose the charitable income tax deduction for the gift.

2. Endowment. An endowment is a gift of at least $25,000 to be invested for the purpose of producing present and future income that may be expended or reinvested with the original gift. The principal (or corpus) of the endowment is to be kept intact. Income is expended according to the current policy of ASF facilitator of the endowment and may be restricted or unrestricted according to the donor's intent.

3. Gift. A gift is not consideration in the legal sense and therefore the donor receives no direct benefit and requires nothing in exchange beyond an assurance that the intent of the contribution will be honored.

4. Major Gift. Currently at ASF, a gift of $5,000 or more is considered a major gift to ASF's Annual Fund, unless otherwise specified.

5. Outright Gift. Outright gifts are typically gifts of cash, stocks, bonds, real property, tangible personal property, or gifts-in-kind.

6. Planned Gift. Planned gifts generally are gifts or commitments made in the present with the benefit to ASF “deferred” until a future date. However, planned gifts may include outright gifts of appreciated property (securities and real estate) or gifts of tangible personal property.

7. Pledge. A pledge is a commitment to give a specific dollar amount according to a fixed time schedule.