

**UNITED STATES TENNIS ASSOCIATION**  
**PACIFIC NORTHWEST SECTION**

**GIFT ACCEPTANCE POLICY**

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## **I. Introduction**

The Board of Directors of the United States Tennis Association Pacific Northwest Section (hereinafter referred to as "USTA/PNW"), with an understanding of its mission and responsibilities for accepting gifts has established the following Gift Acceptance Policy.

The Gift Acceptance Policy's purpose is to give guidance and counsel to those individuals concerned with soliciting gifts on behalf of the USTA/PNW. All gifts are to be accepted or rejected in accordance with the policies set forth herein. To prevent misunderstandings and conflicts, these guidelines should be viewed as flexible and realistic in order to accommodate unpredictable fundraising situations and donor expectations. Such situations and expectations, however, must be consistent with the USTA/PNW's mission.

## **II. Gift Acceptance Committee**

The Board of Directors of the USTA/PNW, through its Gift Acceptance Committee, is responsible for formulating, implementing and amending the gift acceptance policies of the USTA/PNW. This responsibility cannot be delegated or waived.

The GAC shall consist of the USTA/PNW Executive Director and at least two Directors of the USTA/PNW. The GAC shall exercise the oversight and responsibilities specified in these guidelines. The GAC, or a member of the committee, shall report to the Board of Directors as needed.

The GAC may be convened by the chairperson of the GAC if a specific gift constitutes an exception to the standards as outlined in the Gift Acceptance Policy and/or the gift has been challenged regarding its origin or scope. The GAC will review the information that has been presented by staff and, if the issues involved have been satisfactorily resolved, may accept or reject the gift in question. If the issues involved have not been satisfactorily resolved, the GAC will either request additional information or decline or return the donation. The GAC will endeavor to respond promptly so that the gift can be completed in a timely manner to ensure donor good will.

## **III. Policy Amendment and Review**

Responsibility for review of and recommended amendments to the policy shall be that of the Gift Acceptance Committee ("GAC"). This policy shall be reviewed periodically and whenever it becomes inconsistent with Treasury regulations or other applicable state or federal laws. To amend these guidelines, a written amendment shall be prepared by the GAC and submitted to the Board for review and approval.

#### **IV. USTA/PNW Acceptance of Gifts and Grants**

The USTA/PNW Board of Directors shall, through the USTA/PNW Executive Director or other individuals as the Board may designate, accept all philanthropy to the USTA/PNW, provided such gifts are in conformity with the USTA/PNW's Gift Acceptance Policy. Those individuals designated to accept or negotiate gifts should follow the guidelines set forth in this policy, particularly when negotiating or, when authorized, entering into endowment agreements, trust agreements and other restricted gift agreements or deferred gift agreements. As stated in this policy, certain types of gifts must be reviewed and approved by the GAC prior to acceptance.

Once the USTA/PNW has accepted a gift, it becomes USTA/PNW property. From this point, the donor has no direct decision making power regarding the disposition of the gift. In the case of an advised fund, however, the USTA/PNW may consult with the donor on the use of the gift after the USTA/PNW has accepted the gift.

The level of information required by the USTA/PNW to make an informed decision regarding the acceptance of a gift will vary depending upon the nature of the gift. If it appears that a gift may not be acceptable from the outset of discussions with the donor, the GAC will endeavor to reach that conclusion as soon as possible and convey this fact to the involved parties so that he or she can suggest alternate types of contributions to the donor.

#### **V. Gift Definition**

For tax purposes, a gift is defined as a voluntary transfer of assets from a person or an organization to the USTA/PNW where no goods or services are expected, implied or forthcoming for the donor. Gifts usually take the form of cash, securities, real property or personal property. The following criteria generally identify a gift:

- A gift is motivated by charitable intent.
- Gifts are irrevocable transfers of assets. The USTA/PNW is not obliged to return unexpended funds. (If, for some reason, the USTA/PNW is unable to comply with the donor's intent, or if the gift has been misdirected to the USTA/PNW, a return of gift may be issued at the USTA/PNW's discretion. Out of pocket expenses may be deducted from the gift before it is returned. The Executive Director is authorized to approve the return of a gift if the USTA/PNW is unable to comply with the donor's intent or if the gift has been misdirected to the USTA/PNW. The return of a gift for any other reason must be reviewed and approved by the GAC.)
- Gifts are not generally subject to an exchange of consideration or other contractual duties between the USTA/PNW and the donor, except for certain deferred gifts as set out in this policy.
- A period of performance is not specified.
- Formal financial accounting to the donor is not required as it would be, for example, with a research grant.

- Generally, funds received from individuals, closely-held corporations, and family USTA/PNWs will be classified as gifts. Funds received from corporations, corporate foundations, and major foundations are classified as gifts unless the grant requires performance or other consideration.
- A gift is not completed until it has been accepted by the USTA/PNW.

## **VI. Restricted Gifts**

A gift may be either unrestricted or restricted to a general area of use that contributes to the benefit of the USTA/PNW or one of its component units. Restriction(s) placed on the use of the funds contributed to the USTA/PNW may be rendered illegal, unreasonable or unable to be fulfilled due to circumstances, including, but not limited to: the termination of a USTA/PNW program; a surplus of funds available from other sources to fulfill the designated purpose; the insufficiency of the restricted funds to fulfill the designated purpose where no funds from other sources are available to supplement the restricted funds; or the designated purpose is no longer consistent with the mission of the USTA/PNW and its individual programs. If the donor(s) are unavailable to alter the account restriction(s), the USTA/PNW, if reasonably practicable, shall consult with donor's representative or close family members to restructure the gift. In the absence of agreement, the USTA/PNW may seek approval of a court with jurisdiction to remove or modify such restriction(s). If termination of the restriction(s) is obtained, the USTA/PNW may seek to use the funds for a purpose deemed appropriate assuming the restriction is removed.

## **VII. Gift Acceptance Conditions**

The USTA/PNW will accept only gifts and grants that are consistent with the core values of the USTA/PNW and are:

- compatible with the missions of the USTA/PNW and of its individual programs;
- in compliance with the Internal Revenue Code of 1986, as amended, ("IRC") and other federal statutes, regulations, rulings, or court decisions that stipulate the conditions under which contributions can be tax favored;
- in compliance with Oregon Administrative Rules, Chapter 580, Div. 42, and other state regulations that stipulate the conditions under which contributions can be given and received; and
- compatible with the USTA/PNW's tax-exempt status.

Unless a specific exception is granted by the GAC, the USTA/PNW will not accept any gift that:

- violates any federal, state or local statute or ordinance;
- creates a fund to provide for services or programs that could cause embarrassment to the USTA/PNW, or that reserve to the donor or his/her representative the right to designate the recipient; commits the USTA/PNW to name a fund where the gift is potentially revocable in any way;

- commits the USTA/PNW to name a fund where the gift is potentially revocable in any way.
- requires the USTA/PNW and its administration to employ a specified person at a future date;
- contains unreasonable conditions (i.e. a lien or other encumbrance) on gifts of partial interests and property;
- exposes the USTA/PNW to litigation or other liabilities;
- requires the payment of maintenance costs or other expenses (e.g. debt service) for which no specific provision has been made;
- generates unrelated business income tax; or
- appears to be financially unsound.

Unless a specific exception is granted by the GAC, the USTA/PNW will immediately sell all gifts of stock or property so that it can invest the proceeds in accordance with the USTA/PNW's investment policies.

## **VIII. Fees**

### **A. Finder's Fees or Commissions**

Consistent with the codes of ethics of the Association of Fundraising Professionals and the National Committee on Planned Giving, no finder's fee or commission of any type will be paid by the USTA/PNW to any party in connection with the completion of a gift to the USTA/PNW without the prior written approval of the GAC.

### **B. Professional Fees**

Reasonable costs of gift acquisition, such as transaction costs and professional fees, will normally be borne by the donor. However, there may be occasions when a prospective donor conditions the gift on the USTA/PNW's agreement to pay such costs. The USTA/PNW will verify the reasonableness of the costs and that the cost reimbursement complies with state and federal requirements, including but not limited to tax laws and professional ethical guidelines. If appropriate, the USTA/PNW may agree to cover gift acquisition costs from its operating budget.

### **C. Administrative Fees**

To the extent permitted by law, the USTA/PNW reserves the right to levy an administrative fee or trustee fee on endowment accounts, life income plans, charitable trusts and, generally, where appropriate. The GAC will establish fees annually based on the USTA/PNW's actual cost of administration of gifts.

## **IX. Appraisals**

All appraisals of real and personal property contributed to the USTA/PNW shall be done in accordance with IRS Publication 561, "Determining the Value of Donated Property." A real property valuation should be prepared by an MAI appraiser. Personal property should be appraised by a qualified appraiser acceptable to the USTA/PNW.

Expenses incurred to obtain an appraisal shall be the responsibility of the donor unless special circumstances exist that make it appropriate for the USTA/PNW to share the cost. Any appraisal cost borne by the USTA/PNW must be approved by the GAC.

## **X. Professional Advisers**

### **A. Donor's Use of Professional Advisers**

All prospective donors will be urged to seek their own counsel in matters of estate planning, taxes and planned gifts. It is not the province of the USTA/PNW to give legal advice, which function is for the donor's counsel who alone must bear responsibility for all legal conclusions and advice. Prior to accepting any gift, the USTA/PNW shall advise the prospective donor to seek professional advice from their attorney and/or accountant, particularly if the prospective donor intends to make a deferred gift through use of a will, trust, annuity contract or other instrument. If the prospective donor has not yet established a relationship with a qualified professional adviser, representatives of the USTA/PNW may refer the prospective donor to qualified professionals. However, referrals should be made only to professionals who are listed on the USTA/PNW's qualified referral list, and a copy of the entire list should accompany the referral. The professional receiving the referral must understand that the professional is being retained by the prospective donor to represent only the prospective donor's interests and not the USTA/PNW.

### **B. USTA/PNW's Use of Legal Counsel**

All specimen agreements of the USTA/PNW shall be reviewed by the USTA/PNW's legal counsel upon adoption of this gift acceptance policy and the GAC shall consult with the USTA/PNW's Executive Director for any agreement or transaction that does not fall within the scope of this policy. The decision regarding which agreements do not fall within the scope of this policy shall be the responsibility of the GAC.



## **XI. Gift Acknowledgement**

The USTA/PNW will acknowledge the receipt of all gifts in writing and in a manner which satisfies the IRS's substantiation requirements set forth in IRC Section 170(f) for the deduction of charitable gifts by individual donors.

It is the intent of the USTA/PNW to disclose appropriate information about the operation of annuities and trust arrangements to donors prior to and at the time of the gift.

## **XII. Types of Acceptable Gifts**

Gifts are either outright or deferred. The most common gifts are outright gifts. In addition to cash gifts, the USTA/PNW accepts gifts of securities, real property, and personal property. Deferred gifts, also called planned gifts, are arranged with the USTA/PNW during the donor's lifetime, but the benefits to the USTA/PNW do not accrue until a later time, usually after the death of the donor or his/her beneficiaries. Bequests are the most common deferred gift. Other such gifts include naming the USTA/PNW as the beneficiary of a life insurance policy, a charitable gift annuity and a life income agreement.

The USTA/PNW has approved the following types of gifts to the USTA/PNW subject to the guidelines and policies set forth below and established policies to be followed in the solicitation and acceptance of gifts and grants.

### **A. Outright Gifts**

#### **1. Cash and Checks**

- a. Policy Cash and checks shall be accepted regardless of the amount without prior GAC approval.
- b. Guidelines Checks shall be made payable to USTA/PNW. The value of any cash or check gift is its face value.

#### **2. Publicly-Traded Securities**

- a. Policy

Securities that are traded on the New York and American Stock Exchanges, as well as other major U.S. and foreign exchanges and the NASDAQ; corporate bonds; government issues and agency securities may all be accepted by the USTA/PNW without prior GAC approval except as provided in Section 4 below.

b. Guidelines

The USTA/PNW shall sell such securities as soon as possible after the securities have been transferred to the USTA/PNW.

The value of a gift of securities is the mean (average) of the high and low of the stock(s) or bond(s) on the day the transfer is effected by the donor to the USTA/PNW. The value of less actively traded securities, rarely traded securities or a security that does not trade on the gift date should be determined according to IRS Publication 561.

3. **Closely Held Securities**

a. Policy

Closely held or non-publicly traded securities, sole proprietorships, general or limited partnership interests, S-Corporation securities, interests in real estate investment trusts ("REITs") and limited liability company interests may be accepted only after prior review and approval by the GAC.

b. Guidelines

Valuation of closely held securities may be difficult due to infrequent trading which makes it difficult to establish fair market value. If a donation of closely held stock is being considered, IRS Publication 561 should be followed in valuing this type of security. Unless there is an active market for a security, if the value of the gift is estimated to be \$5,000 or more, the donor shall provide a documented appraisal prepared by a qualified appraiser.

The GAC will consider the marketability of closely held securities before accepting such a gift. It is the intention of the USTA/PNW to sell all securities as soon as possible after the transfer from the donor. If it appears that a gift of closely held securities will take longer than eighteen months to sell the GAC may decline the gift.

4. **Restricted Securities**

a. Policy

Restricted securities (also known as unregistered securities, investment letter stock, control stock or private placement stock) are infrequently given as gifts because of the difficulty in transferring ownership and determining fair market value. They may be accepted only after approval by the GAC.

b. Guidelines

If restricted securities are being considered as a gift to the USTA/PNW, IRS Publication 561 should be consulted when determining the value of the securities. If the value of the gift is estimated to be \$5,000 or more, the donor shall provide an appraisal report prepared by a qualified appraiser.

**5. Mutual Fund Shares**

a. Policy

Mutual fund shares may be accepted by the USTA/PNW without prior approval by the GAC.

b. Guidelines

The USTA/PNW shall sell all such mutual funds as soon as possible.

The fair market value of mutual fund shares can be determined by the public redemption price of the shares on the valuation date of a gift of this nature. If such a price is not readily available, then the value shall be determined as if the shares were untraded securities in IRS Publication 561.

**6. Gifts of Real Property**

a. Policy

The USTA/PNW may accept gifts of real property, both improved and unimproved, only after review and approval by the GAC and in consultation with legal counsel.

b. Guidelines

The GAC will require the following items in order to review a gift of real property:

- A preliminary title report clear of unacceptable encumbrances, performed by a reputable title insurance company
- An MAI appraisal by a qualified appraiser
- A phase one environmental audit indicating that ownership will not expose the USTA/PNW to environmental liabilities. The GAC may waive the phase one requirement for non-farm residential properties.
- A market feasibility study for purposes of liquidation

- An on-site evaluation by the GAC
- Evidence of compliance with ADA (when applicable)
- A structural engineering report (when applicable)
- A review of leases (for commercial properties)
- A disclosure statement for residential properties (when applicable)

Under Treasury regulations, a donor must pay for any initial appraisal made on the property. Unless waived by the GAC, it is the responsibility of a donor to cover all the costs involved in an environmental impact study, title search and any other related studies.

Special attention shall be given to the receipt of real estate encumbered by a mortgage. The USTA/PNW's ownership of such property may give rise to unrelated business income tax for the USTA/PNW and disqualification of certain split interest gifts unless handled in a proper manner.

## **7. Gifts of Real Property with Retained Life Estates or Other Restrictions or Limitations**

### **a. Policy**

The USTA/PNW may accept either a gift of real property with a retained life estate or subject to other interest(s) for terms of years, or other limitations as to timing of the interest or use or sale restrictions only after review and approval by the GAC.

### **b. Description**

A gift of real property with a retained life estate involves the transfer of the title to a personal residence, farm or timberland to the USTA/PNW whereby the donor or another person retains use of the property for a term of years or the life/lives of the donor and/or another person.

### **c. Guidelines**

Such gifts are subject to both the general conditions and the guidelines for acceptance of outright gifts of real property as set forth in Subsection 6 Gifts of Real Property. The USTA/PNW shall encourage donors to consult independent tax and/or legal counsel prior to making a gift of this type. The agreement creating the life interest must provide that the donor and/or life tenant shall remain responsible for the payment of mortgages, taxes, insurance, utilities, maintenance/repairs and other costs associated with the property, unless other specific provisions are made for the payment of these expenses. Donor(s) shall not violate or allow to be violated any

environmental laws/ordinances covering this property.

## **8. Tangible Personal Property**

### **a. Policy**

The USTA/PNW will consider gifts of tangible personal property, including but not limited to, works of art, manuscripts, literary works, boats, motor vehicles, and computer hardware, only after a review indicates that the property is readily marketable, free of encumbrances. The actual use of a gift of tangible personal property will determine whether the USTA/PNW accepts the gift.

Authority to accept gifts of tangible personal property estimated at less than \$5,000 has been delegated to the USTA/PNW's Executive Director. Gifts of tangible personal property valued at more than \$5,000 must be reviewed and approved by the GAC.

### **b. Guidelines**

No gift of personal property subject to the requirement of ownership in perpetuity shall be accepted without prior approval of the GAC. No perishable property or property that would require special facilities or security to be properly safeguarded shall be accepted without prior approval of the GAC.

For tangible personal property with an estimated fair market value of less than \$500, the donor must furnish the USTA/PNW with the following information:

- Donor's name, address, and telephone number
- Contact person if the donor is a corporation
- Donor's social security number or federal tax identification number
- Brief physical description of the donated asset, including an explanation of the method used to determine the fair market value
- UCC 1 lien search in the state where the asset is located and if different, the state(s) where the donor resides or conducts business which involves the asset.

Prior to the donation of personal property with an estimated fair market value over \$500, the donor must furnish the USTA/PNW, in addition to the items listed above, with an independent evaluation from a qualified appraiser of the donated asset.

## **9. Bargain Sale**

### **a. Policy**

The USTA/PNW, upon review and approval of the GAC and legal counsel, may purchase real estate, securities, or other property on a bargain sale basis.

### **b. Description**

A "bargain sale" is a sale of property to the USTA/PNW for an amount less than the property's current fair market value. The excess of the value over the sales price represents a contribution.

### **c. Guidelines**

The purchase price for the property is subject to prior approval of the GAC. The bargain sale price may be paid either in a lump sum or in installments. If the property being sold is real property, the guidelines for the acceptance of such a gift as set forth in Section 6 above shall apply.

## **10. Other Personal Property**

### **a. Policy**

Other personal property of any description, including mortgages, notes, copyrights, royalties, partnership interests, closely held business interests, undivided interests in property, future and partial interests and other illiquid financial assets may be accepted only upon prior review and approval of the GAC.

### **b. Guidelines**

The USTA/PNW Staff or Executive Director submitting a proposed gift for approval will prepare a written summary of the gift proposal and submit it to the GAC. At a minimum, the summary shall include the following information:

- description of the asset;
- the purpose of the gift (e.g., an unrestricted gift, a gift to fund an endowed chair or a deferred gift) and the department(s) or endowment(s) to benefit from the gift;
- an estimate or appraisal of the asset's fair market value and marketability;
- potential for income and expenses, encumbrances, and carrying costs prior to disposition;

- any environmental risks or problems revealed by audit or survey;
- credit history or financial statement of financially responsible party, if applicable; and
- any special arrangements requested by the donor concerning disposition (e.g., price considerations, time duration prior to disposition, potential buyers, realtors or brokers with whom the donor would like the USTA/PNW to list the property, etc.)

The GAC will review the material presented by the development officer and either accept or reject the proposed gift (or, if necessary, to postpone a decision pending the receipt of additional information).

## **B. Deferred Gifts**

**Any planned giving agreement that requires execution by the USTA/PNW shall first be reviewed and approved as to form and substance by the USTA/PNW's legal counsel. It is recommended that prospective donors who are considering gifts to the USTA/PNW that will take effect at the donor's death, consult with the USTA/PNW Executive Director regarding how to properly designate the gift and to discuss any trust or bequest restriction that is being considered.**

### **1. Bequests**

#### **a. Policy**

Direct, unencumbered bequests shall be accepted by the USTA/PNW without prior approval of the GAC if the underlying assets are in conformance with the guidelines set forth in Section A. Outright Gifts. If the underlying assets are not in conformance with the guidelines, the bequest shall be referred to the GAC for review. The USTA/PNW reserves the right to disclaim gifts from the estates or trusts of deceased donors that are not in keeping with the terms of this policy.

#### **b. Description**

A bequest to the USTA/PNW is made in the donor's will or revocable trust. The donor can designate a specific amount, a percentage, or the remainder of an estate to the USTA/PNW.

#### **c. Guidelines**

Donors should be encouraged to notify the development officers when considering a bequest in order to ensure that the assets left to the USTA/PNW meet the criteria set forth in this gift acceptance policy and to ensure that the donor's wishes are carried out.

## **2. Charitable Gift Annuities**

### **a. Policy**

Charitable gift annuities shall not be accepted by the USTA/PNW without prior review and approval by the GAC.

### **b. Description**

A charitable gift annuity is a contract between the USTA/PNW and the donor. The USTA/PNW agrees to pay the donor (or other person named by the donor) a lifetime annuity in return for a gift of cash, securities, or other property. The payment may continue for the life of a second individual, such as a spouse.

The annual payment is a fixed sum, the amount of which is based on the size of the gift and the number and ages of the beneficiaries. Rates of return under a charitable gift annuity are lower than the rates offered by commercial insurance companies so that a significant residuum will remain for the USTA/PNW.

### **c. Guidelines**

The minimum contribution amount for a gift annuity is \$10,000.

The rates of return payable to annuitants shall not exceed those recommended by the American Council on Gift Annuities as of the date of contribution. Annuity agreements shall be limited to two lives. Generally, the minimum age for the annuitants shall be 60 for immediate annuities and 45 for deferred annuities. Exceptions may be made subject to the prior approval of the GAC.

Gift annuities shall be managed by the USTA/PNW, and the USTA/PNW may employ agents and advisors to assist with the administration and investment of gift annuity assets.

## **3. Charitable Remainder Trusts**

### **a. Policy**

The USTA/PNW shall not accept a charitable remainder trust without prior review and approval of the GAC. Where the trust is testamentary, that is, one that arises upon the death of the donor, the USTA/PNW reserves the right to disclaim any interest that would be in violation of this gift acceptance policy.

### **b. Description**



A charitable remainder trust is an irrevocable trust created either during the life of the donor or through the donor's will or trust. The trust must provide that a specified sum (not less than 5%) of the trust's value is paid to one or more beneficiaries on an annual or more frequent basis. At least one beneficiary must be noncharitable. In order to qualify as a charitable remainder unitrust, the trust must meet all of the requirements set for in IRC Section 664, and related regulations. Any donor who wishes to create a charitable remainder trust must choose between an annuity and unitrust formats. No blending is allowed.

Charitable Remainder Annuity Trust (CRAT). A CRAT is an irrevocable trust that provides for paying a fixed sum (not less than 5%) but not more than fifty (50%) percent of the initial fair market value of the trust corpus; at least annually; to one or more persons, at least one of whom is not a charitable beneficiary; for life or the lives of a named individual(s) or for a term of years not to exceed 20; after which the entire trust principal will be retained for the use of the USTA/PNW (a qualifying charity); and the value of the charitable remainder being at least 10% of the trust's net fair market value of property transferred in trust on the date of transfer to the trust.

Since the amount is stated as a fixed percentage of the initial net fair market value or a fixed sum, that fixed amount cannot be changed regardless of fluctuations in portfolio value. For this reason, additional contributions are not allowed.

Charitable Remainder Unitrust (CRUT). A CRUT is an irrevocable trust that provides for paying a stated percentage (not less than 5%) of the net fair market trust principal; determined and paid at least annually; to one or more persons at least one of whom is not a IRC Section 170(c) organization; for life or the lives of a named individual(s) or for a term of years not to exceed 20; after which the entire principal is irrevocably transferred or retained for the use of, in this case, the USTA/PNW; and the value of the charitable remainder being at least 10% of the trust's net fair market value of property transferred in trust on the date of transfer to the trust. Unlike an annuity trust, additional contributions may be made to a unitrust. Unitrust options include:

- Standard or Straight Unitrust. A standard unitrust requires a payout or distribution of an amount of at least 5%, and no more than 50%, of the annual value of trust assets.
- Net Income Unitrust (NICRUT). A unitrust may also include an optional provision that requires the trustee to pay, for any year, the lesser of the full unitrust amount and trust income (as defined in IRC Section 643(b) and related regulations). This type is commonly referred to as a Net Income, Income only option.

- Net Income with Make Up Unitrust (NIMCRUT). If a net income option is selected, the trust will pay income in excess of the full unitrust amount to the extent the aggregate amounts paid in prior years were less than the aggregate of the fixed percentage amounts for those prior years. In other words, the trust can make up past deficiencies. This type of format is called a net income with make up unitrust.
- FLIP Unitrust (FLIPCRUT). The decision to create a unitrust with a net income option is, in most cases, based on the fact that the funding asset (often real estate) does not produce enough initial income to pay the annual unitrust amount. A unitrust can be drafted to allow a switch or FLIP from a net income option to a standard income provision upon the occurrence of a specific event such as the sale of the real estate.

c. Guidelines

The USTA/PNW may agree to serve as the trustee of charitable remainder trusts that meet the requirements set forth below.

The initial contribution to the charitable remainder trust shall be at least \$100,000 unless the GAC waives this requirement. The USTA/PNW may serve as trustee of any charitable remainder trust to which the initial contribution is at least \$100,000 unless the GAC approves a smaller amount. If the income interest is for life, the beneficiary(ies) must be at least 45 years of age for a NIMCRUT, NICRUT or FLIPCRUT and 60 for a standard or straight charitable remainder trust unless the GAC approves a younger age.

Where payments are to be made for the lives of multiple beneficiaries, there may be no more than two.

The USTA/PNW will not serve as trustee of a charitable remainder trust interest unless the trust is designed so that its net present value at the time of future distribution to the USTA/PNW is not less than 50% of the initial gift. Calculation of net present value will consider a reasonable return over time, growth of trust assets, allowance for management expenses, and discount (inflation) factor in accord with practices of similar charitable organizations. Exceptions may be recommended by the GAC in light of such factors as assets involved, size of gift, potential for additional gifts or additions to the unitrust, age and life expectancy.

#### **4. Charitable Lead Trusts**

##### **a. Policy**

Charitable lead trusts shall not be accepted by the USTA/PNW without prior review and approval of the trust agreement by the GAC. Where the trust is testamentary, that is, one that arises upon the death of the donor, the USTA/PNW reserves the right to disclaim any interest that would be in violation of this gift acceptance policy.

##### **b. Description**

A charitable lead trust is a trust in which the income, or "lead" interest, is paid to the USTA/PNW, and the "remainder" interest is given to one or more non-charitable beneficiaries, who could be either the donor or family members. The amount paid to the USTA/PNW may be either a fixed sum (an "annuity trust" interest) or a percentage of the trust assets as valued each year (a "unitrust" interest). At the conclusion of the payment period, the trust assets are returned either to the donor or to someone designated by the donor.

##### **c. Guidelines**

The USTA/PNW may serve as trustee of a charitable lead trust to which the initial contribution is at least \$100,000. A trust may be funded with a smaller amount, subject to prior approval of the GAC.

The trust term may be at the discretion of the donor, subject to the approval of the GAC.

#### **5. Designating the USTA/PNW as Beneficiary**

##### **a. Policy**

The USTA/PNW will accept any proceeds that it receives as a designated beneficiary (or an alternate beneficiary) of a life insurance policy, a deferred annuity contract, an IRA, a defined benefit plan, a 401(k) plan, a defined contribution (profit sharing) plan or other qualified plan without prior review and approval of the GAC, unless the designation imposes restrictions or a trust arrangement, in which case, GAC prior review and approval is required.

#### **6. Life Insurance Policies**

##### **a. Policy**

The USTA/PNW will accept, without the necessity of prior review and approval by the GAC, gifts of life insurance policies, including whole life, variable and universal life policies, which meet the guidelines specified below.

b. Guidelines

Gifts of life insurance policies which meet the following three criteria may be accepted without prior GAC approval, If a proposed life insurance policy gift does not meet the criteria listed below it must be reviewed by the GAC before being accepted.

1. The policy is paid-up.
2. The USTA/PNW is designated as the owner and the beneficiary of the policy. (While the policy will identify the USTA/PNW as the beneficiary, the development officer should work with the donor to clarify the purpose of the gift by attachment of a memorandum, letter, or account agreement to the policy.)

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### **XIII. Policy Effective Date**

All gift agreements in effect at the time these policies become effective shall continue in effect under the policies in place at the time the original gift was accepted.

**The Gift Acceptance Policy was adopted by board resolution dated \_\_\_\_\_ .**

\_\_\_\_\_  
**Board President**

\_\_\_\_\_  
**Board Secretary Treasurer**