

THE ASSOCIATION FOR COMMUNITY LIVING

*Creating Opportunities, Building Relationships, Improving Lives
for children and adults with developmental disabilities since 1952*

Title: PLANNED GIVING POLICY

The Association For Community Living, a not-for-profit organization organized under the laws of the Commonwealth of Massachusetts, encourages the solicitation and acceptance of all kinds of charitable planned gifts to The Association For Community Living (hereinafter referred to as “The Association”) for purposes that will help The Association to further and fulfill its mission.

Mission: The mission of The Association is to create opportunities, build relationships and improve lives for children and adults with developmental disabilities and for others who will benefit from our services.

Purpose: The following policy governs the solicitation and acceptance of current and deferred charitable planned gifts made to The Association or for the benefit of any of its programs.

Objectives:

1. Provide parameters within which the staff will function in soliciting, discussing, negotiating, or executing charitable planned gifts with interested donors.
2. Clarify for donors the policy that guides the activities of the staff, while safeguarding the donors’ interests.
3. Assist staff in evaluating the acceptability of individual charitable planned gifts.
4. Enable staff to encourage, solicit, and recognize charitable planned gifts.

Enabling Statement:

It shall be the policy of The Association to offer opportunities for donors to make charitable planned gifts in a variety of forms to build The Association’s permanent endowment fund, The Association For Community Living Legacy Fund (hereinafter referred to as “The Endowment Fund”). It is the policy of The Association to use charitable planned gifts to build The Endowment Fund unless restricted by specific request of the donor. Gift restrictions will be reviewed prior to acceptance to determine whether the requests can be honored.

The Association will only accept charitable planned gifts that are consistent with The Association’s stated mission, and purpose.

Authority: The Association's Board of Directors assigns responsibility to the Development Committee to oversee the Planned Giving Program. The Development Committee shall periodically review the policies and guidelines and report to the Board of Directors.

The Association's Development Director, in collaboration with the Fiscal Department and Executive Office, shall be responsible for the coordination, solicitation, and recognition of charitable planned gifts.

Authorization to Negotiate and Approve: The Executive Director, the Director of Development, and the Director of Administration are authorized by The Association's Board of Directors to negotiate and approve charitable planned giving agreements (cash and marketable securities) with prospective donors. Acceptance of charitable planned gifts, other than cash and marketable securities, requires the review of and recommendation by the Development Committee and approval by the Executive Committee. (See Appendix A, Gift Acceptance Guidelines and Procedures.)

Authority To Invest: Investment recommendations, including the investment of charitable planned gifts, are made by the Investment Committee pursuant to The Association's Investment Policy. The Executive Committee approves investments and investment management organizations which are governed by their own policies.

Donor's Rights and Interests: In discussing potential charitable planned gifts with donors, The Association staff shall endeavor to serve, guide, or otherwise assist in fulfilling donors' philanthropic wishes, but never under any circumstances to pressure or unduly persuade.

In addition, all staff employed by The Association to administer or promote charitable planned gifts are paid on a fixed salary and do not receive a commission related to charitable planned gifts received.

Review of Agreements: The Association staff may seek legal counsel in all matters pertaining to the execution of charitable planned gift agreements.

Likewise, the prospective donor is advised to seek the counsel of his/her own legal and accountant advisors in any and all aspects of the proposed gift. The donor is particularly advised to consult his/her tax advisor on matters related to the tax liability or benefits of the gift and matters related to the planning of the donor's personal estate.

Acceptance of property offered for donation, other than cash or marketable securities, requires the review of and recommendation by the Development Committee and approval by the Executive Committee.

The Association retains the right to refuse charitable planned gifts in any form which are deemed inappropriate to its purposes.

Confidentiality: All information concerning donors and prospective donors shall be kept strictly confidential. Donors will be appropriately acknowledged for their charitable planned gifts. Prior approval from the donors is required to publicly recognize the gifts.

Miscellaneous Provisions: It will be the responsibility of the donor to secure appropriate appraisals and environmental audits and to pay any fees incurred with regards to his/her gift to The Association.

Changes to Policy: This policy has been reviewed and accepted by the Board of Directors of The Association who must approve any changes to or deviations from this policy.

Approved on the 22 day of May 2007

Policy initially approved by Board of Directors on May 23, 2006

Policy revised (draft revisions) by Donald J. Fletcher, Executive Director, on April 3, 2007 to incorporate Gift Acceptance Guidelines and Procedures

Approval by Board of Directors on May 22, 2007

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**Appendix A
GIFT ACCEPTANCE GUIDELINES AND PROCEDURES**

Purpose of Guidelines and Procedures

These guidelines and procedures provide the organizational process for the acceptance of charitable planned gifts by The Association For Community Living (hereinafter referred to as “The Association”) and provide guidance to prospective donors and their advisors when making such charitable planned gifts to The Association. These guidelines and procedures shall apply to all charitable planned gifts received by The Association for any of its programs or services.

These guidelines and procedures are designed to:

1. Encourage estate planning through the preparation of wills, trusts, and other arrangements for the eventual benefit of The Association.
2. Offer donors the opportunity to establish permanent memorials in their own names or to honor others.
3. Offer donors the opportunity to establish life income charitable planned gifts which will enable them to retain the income from their capital.
4. Offer donors the opportunity to make a larger gift during their lifetime than otherwise could be made without income retention.
5. Offer donors the opportunity to provide income for a survivor.
6. Offer donors options for current giving for current expenses of The Association.

Restrictions on Charitable Planned Gifts

The Association will accept charitable planned gifts that are not too restrictive in purpose. Charitable planned gifts that are too restrictive are those that violate the terms of the corporate charter, are too difficult to administer, or are for purposes outside the mission of The Association. When reviewing potential charitable planned gifts for approval, the Development Committee should consider the following:

1. Costs associated with the gift; i.e., sale, maintenance, administration, appraisals, environmental impact assessments, and legal fees.
2. Potential liability issues.
3. Donors being required to pay for required appraisals, document legal fees, and any related studies or assessments.
4. The Association normally paying for all costs required for the maintenance, sale, and administration of the asset funding the gift.

If potential problems arise on initial review of a potential charitable planned gift, further review and recommendation by an outside professional may be sought before making a final decision on accepting that gift.

Review by Counsel

Review by counsel is recommended for:

1. Closely held stock transfers that are subject to restrictions or buy-sell agreements.
2. Charitable planned gifts involving contracts, such as bargain sales or other documents requiring The Association to assume an obligation.
3. Transactions with potential conflict of interest that may invoke IRS sanctions or review.
4. Other instances in which use of counsel is deemed appropriate by the Development Committee.

Types of Charitable Planned Gifts

The following charitable planned gifts may be acceptable:

1. Cash / Check
2. Tangible Personal Property Securities
3. Securities
4. Real Estate
5. Remainder Interests in Property
6. Bargain Sales
7. Life Insurance
8. Life Insurance Beneficiary Designations
9. Charitable Gift Annuities
10. Charitable Remainder Trusts
11. Charitable Lead Trusts
12. Retirement Plan Beneficiary Designations
13. IRA Rollovers
14. Bequests

Acceptance Criteria

The following criteria govern the acceptance of each charitable planned gift form:

1. Cash: Cash is acceptable in any form. Checks shall be made payable to “The Association For Community Living” and shall be delivered to The Association’s Development Office by the donor or the program.
2. Tangible Personal Property: All charitable planned gifts of tangible personal property shall be examined in light of the following criteria:
 - Does the property fulfill the mission of The Association?
 - Is the property marketable?
 - Are there any undue restrictions on the use, display, or sale of the property?
 - Are there any carrying costs for the property?
3. Securities: The Association can accept both publicly traded securities and closely held securities.

Publicly Traded Securities: Marketable securities may be transferred to an account maintained by The Association at a brokerage firm. They may also be delivered physically with the transferor’s signature or stock power attached and guaranteed as required. As a general rule, all marketable securities shall be sold upon receipt.

Closely Held Securities: 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, may be accepted but shall be reviewed prior to acceptance to determine that:

- There are no restrictions on the security that would prevent The Association from ultimately converting those assets to cash.
- The security is marketable.
- The security will not generate any undesirable tax consequences for The Association.

If potential problems arise on initial review of the security, further review and recommendation by an outside professional may be sought before making a final decision on acceptance of the gift.

4. Real Estate: Gifts of real estate may include developed property, undeveloped property, or gifts subject to a prior life interest. Prior to the acceptance of real estate, The Association shall require an initial environmental review of the property to ensure that the property has no environmental damage. In the event that the initial inspection reveals a potential problem, The Association shall retain a qualified inspection firm to conduct an environmental audit. The cost of the environmental audit shall generally be an expense of the donor.

When appropriate, a title binder shall be obtained by The Association prior to the acceptance of the real property gift. The cost of this title binder shall generally be an expense of the donor.

Criteria for acceptance of the property shall include, but not be limited to:

- Is the property useful for the purposes of The Association?
- 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 environmental audit reflect that the property is not damaged?

5. Remainder Interests in Property: The Association will accept a remainder interest in a personal residence, farm, or vacation property subject to the provisions of Paragraph 4 above. The donor or other occupants may continue to occupy the real property for the duration of the stated life. At the death of the life tenant, The Association may use the property or reduce it to cash. Where The Association receives a gift of a remainder interest, expenses for maintenance, insurance, utilities, real estate taxes, and any property indebtedness are to be paid by the donor or the primary beneficiary during his/her lifetime.
6. Bargain Sales: The Association will enter into a bargain sale arrangement in instances in which the bargain sale furthers the mission and purposes of The Association.

Factors used in determining the appropriateness of the transaction include, but not be limited to:

- The Association must obtain an independent appraisal substantiating the value of the property.
 - If The Association assumes debt with the property, the debt ratio must be less than 50% of the appraised market value.
 - The Association must determine that it will use the property, or that there is a market for sale of the property allowing sale within 12 months of receipt.
 - The Association must calculate the costs to safeguard, insure, and maintain the property (including property tax, if applicable) during the holding period.
7. Life Insurance: The Association must be named as both beneficiary and irrevocable owner before a life insurance policy can be recorded as a gift. The gift is valued at its interpolated terminal reserve value, or cash surrender value, upon receipt. If the donor contributes future premium payments, The Association will include the entire amount of the additional premium payment

as a gift in the year that it is made. Sell the policy as a life settlement or viatical settlement.

If the donor does not elect to continue to make charitable planned gifts to cover premium payments on the life insurance policy, The Association may:

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

8. Life Insurance Beneficiary Designations: Donors and supporters of The Association will be encouraged to name The Association as beneficiary or contingent beneficiary of their life insurance policies. Such designations shall not be recorded as charitable planned gifts to The Association until such time as the gift is irrevocable. Where the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.
9. Charitable Gift Annuities: A charitable gift annuity is a binding contract between a donor and The Association. Under this contract, the donor transfers assets to The Association in return for The Association's promise to pay the donor a fixed annuity for life. The annuity payments are backed by all of the assets of The Association.

The Association does not plan to offer charitable gift annuities at this time because of the potential financial liability under these arrangements. However, The Association may wish to offer charitable gift annuities in the future, and, at that point, will establish guidelines and procedures for their negotiation, acceptance, and administration.
10. Charitable Remainder Trusts: The Association may accept a designation as remainder beneficiary of a charitable remainder trust with the approval of the Executive Committee. The Association will not accept an appointment as trustee of a charitable remainder trust.
11. Charitable Lead Trusts: The Association may accept a designation as income beneficiary of a charitable lead trust. The Association will not accept an appointment as trustee of a charitable lead trust.
12. Retirement Plan Beneficiary Designations: Donors and supporters of The Association will be encouraged to name The Association as beneficiary of their retirement plans. Such designations will not be recorded as charitable planned gifts to The Association until such time as the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.
13. IRA Rollovers: Current tax law permits a tax-free rollover of assets from an

IRA outright to charity in 2007. The donor must be at least 70-½ years of age, the gift must be made directly from the IRA itself, and the donor may roll over up to \$100,000 to one or more charities in calendar year 2007. The Association will encourage appropriate donors to make these charitable planned charitable gifts in 2007.

14. Bequests: Donors and supporters of The Association will be encouraged to make bequests to The Association under their wills and trusts. Such bequests will not be recorded as charitable planned gifts to The Association until such time as the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

Each gift arrangement also shall be reviewed from the perspective of its potential benefit to the work of The Association and its programs. While the interests of the donor are paramount, no gift shall be accepted when its benefit to The Association and its programs is so remote as to be negligible.

Miscellaneous Provisions

1. Securing Appraisals and Legal Fees for Charitable Planned Gifts to The Association: It will be the responsibility of the donors to secure an appraisal (when required) for all charitable planned gifts made to The Association. In addition, prospective donors will be encouraged to obtain independent legal and financial counsel before making charitable planned gifts that may have financial and/or tax consequences for the donors and their families.
2. Valuation of Charitable Planned Gifts for Development Purposes: The Association will record a gift received by The Association at its valuation for federal tax purposes on the date of the gift.
3. Responsibility for IRS Filings Upon Sale of Gift Items: The Director of Administration is responsible for The Association's filing of IRS Form 8282 upon the sale or disposition of any asset sold within three years of receipt by The Association when the charitable deduction value of the item is more than \$5,000. The Association must file this form within 125 days of the date of sale or disposition of the asset.
4. Acknowledgement of All Charitable Planned Gifts Made to The Association: Compliance with the current IRS requirements in acknowledgment of such charitable planned gifts shall be the responsibility of the Director of Development.

Information provided to the Board of Directors - May 22, 2007