



National
Kidney
Foundation™

30 E. 33rd Street
New York, NY 10016

Tel 212.889.2210
Fax 212.689.9261
www.kidney.org

Gift Acceptance Policies and Guidelines

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National Kidney Foundation, Inc.
30 East 33rd Street
New York, NY 10016
(800) 622-9010
www.kidney.org

NATIONAL KIDNEY FOUNDATION

GIFT ACCEPTANCE POLICIES AND GUIDELINES

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NATIONAL KIDNEY FOUNDATION GIFT ACCEPTANCE POLICIES AND GUIDELINES

1. PURPOSE OF POLICIES AND GUIDELINES

The National Kidney Foundation (hereinafter referred to as the Charity or NKF), a not for profit organization under the laws of the State of New York, encourages the solicitation and acceptance of current and deferred gifts for purposes that will help the NKF further and fulfill its mission. It is the purpose of these policies and guidelines to govern the acceptance of gifts made to the NKF and to provide guidance to prospective donors and their advisors when making gifts. The provisions of these policies shall apply to all gifts received by the NKF for any of its programs or services. The Gift Acceptance Committee must approve gift agreements that deviate from the policies set forth here. All gifts solicited under these policies shall be accepted pursuant to the guidelines set forth in the corporate resolution adopted by the Board of Directors. Further, it is recommended the policies and guidelines will be reviewed biannually.

2. RESPONSIBILITY TO DONORS

In all matters involving donors or prospective donors, the interests and concerns of a donor's personal financial position take priority over the contribution to the NKF. No agreement shall be made between the NKF and any agency, person, company or organization on any matter, whether investment, management, or otherwise, which would knowingly jeopardize a donor's interest. It shall be the policy of the NKF to not use any high-pressure techniques when dealing with prospective donors. The task of all fundraising personnel shall be to inform, serve, guide or otherwise assist the donor in fulfilling his or her philanthropic wishes, but never, under any circumstance, to pressure or unduly influence. No personnel employed by the NKF shall receive commissions that could give such personnel a direct beneficial interest in any agreement. All information concerning donors or prospective donors of gifts shall be kept strictly confidential by the NKF and its authorized personnel unless permission is obtained from donors to release such information. The NKF shall not sell, rent or exchange names of donors to any company, organization or person.

3. RESTRICTIONS ON GIFTS

The NKF will accept unrestricted gifts and gifts for specific programs and purposes, provided that such gifts are not inconsistent with its stated mission, purposes and priorities. The NKF will not accept gifts that are too restrictive in purpose. Gifts that are too restrictive are those that violate the terms of the corporate charter, gifts that are too difficult to administer, or gifts that are for purposes outside the mission of the Foundation. All final decisions on the restrictive nature of a gift and its acceptance or refusal shall be made by the Gift Acceptance Committee of the NKF

4. THE GIFT ACCEPTANCE COMMITTEE

The Gift Acceptance Committee of the National Kidney Foundation shall consist of:

- a) A Representative of the Fund Raising Committee
- b) A Representative of the Finance Committee
- c) The Controller (Ex-Officio)
- d) A Representative of the Affiliate Relations Committee
- e) Such other members as appointed by the Chairman of the Foundation.

The Gift Acceptance Committee is charged with the responsibility of reviewing gifts made to the NKF, properly screening and accepting those gifts, and making recommendations to the Board on gift acceptance issues where appropriate.

5. ASSIGNMENT OF GIFTS AND BEQUESTS

All gift planning department staff shall execute an Assignment of Gifts and Bequests agreement upon their employment with the NKF. Pursuant to the terms of that instrument, staff shall not be allowed to accept any type of gift from any donor.

6. LEGAL AND FINANCIAL COUNSEL

Prospective donors shall be advised to consult with counsel of their choice in all matters related to gift instruments such as drafting of wills, trust agreements, contracts, or other documents. Donors shall be advised to consult with their attorney or accountant on matters related to the tax implications of any gift agreement. If a representative of the NKF makes a referral to an attorney, it shall be understood that the attorney is retained by the donor to represent his or her interests. The NKF shall consult with legal counsel in all matters pertaining to its gift program and shall execute no agreement, contract, trust or other legal document with any donor without the service of legal counsel.

7. SCOPE OF SERVICE

Information provided by NKF representatives may extend beyond the consideration of the organization to help donors remember whatever additional charitable interests they may have in other organizations and agencies. The NKF staff and volunteers shall discourage donors from naming the organization as executor, administrator, personal representative, trustee, successor trustee or any other designation within any type of instrument that would require the NKF's participation in the handling of donor's estate plans.

8. AUTHORIZATION FOR NEGOTIATION

The Development staff of the NKF is authorized to negotiate planned giving agreements with prospective donors following these policies, with legal counsel as needed, but without further approval of the Chairman and CEO. Any one of the following persons

shall have authority to sign planned giving agreements on behalf of the NKF: Chairman, CEO or Controller. On real property transactions, the approval of the Chairman and CEO shall be required. The NKF reserves the right to refuse any gift.

9. INVESTMENT OF FUNDS FOR LIFE INCOME GIFTS

Funds received in exchange for a gift annuity or a life income contract shall be managed under the jurisdiction of the NKF's chief executive officer. Investment practices shall comply with federal and state regulations governing such agreements and with guidelines established and approved by the Board of Directors, utilizing competent advisory services to achieve the objective first of the life income beneficiaries and secondly of the remainder beneficiaries. All funds received for gift annuity agreements shall be invested and retained in the fund until the demise of the life income beneficiaries. Invested funds, which have an obligation to a life income beneficiary, shall not be used for self-dealing interests within other institutional funds.

10. PAYMENTS TO LIFE INCOME BENEFICIARIES

Payments on life income obligations shall be made quarterly unless the donor submits a written request for a different schedule. Payments shall be made and reported to the donor in the manner prescribed by regulations of the Internal Revenue Service.

11. DISPOSITION OF FUNDS FROM LIFE INCOME AGREEMENTS

Only upon the demise of the last life income beneficiary shall the principal amount of a planned gift be released to or for the use of the NKF. The amount equal to the charitable remainder shall be released, according to the applicable share agreement.

POLICIES FOR SPECIFIC GIFTS

A. Cash

Cash is acceptable in any form. Checks shall be made payable to the National Kidney Foundation and shall be delivered to any Affiliate or National office of the organization.

B. Gifts of Tangible Personal Property

The NKF 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 thorough review indicates that the property is:

- (a) Readily marketable: or
- (b) Needed by the NKF for use in a manner which is related to one of the purposes for which tax exempt status of the organization was granted
- (c) Has been assessed at the donor's expense.

* Vehicles donated through the Kidney Cars Program must comply with the Kidney Cars Program Standards. They should not be reviewed by the Gift Acceptance Committee.

If a proposed gift of tangible personal property is approved by the Gift Acceptance Committee, the NKF will acknowledge receipt of the gift. The NKF will not appraise or assign a value to the gift property. It is the donor's responsibility to establish a value for the gift and to provide, at the donor's expense, a qualified appraisal required by the IRS in the case of gifts of tangible personal property valued in excess of \$5,000. In addition to a description of the gift, the receipt shall include a citation of IRS Code Section 170 dealing with the "related and unrelated use" rules for the donor's legal/tax advisors if deemed appropriate. Volunteers and staff shall make every effort to refrain from discussing with donors any such questions concerning the tax implications of a gift of tangible personal property and shall avoid the appearance of rendering legal, tax or accounting advice.

The gift will be completed by the execution and delivery of a deed of gift or other appropriate conveyance acceptable to the NKF, and the delivery of the property, as applicable. The costs associated with the conveyance and delivery of the gift will be paid by the donor. In addition, the filing of Form 8283 by the donor is required by the IRS for gifts of tangible personal property valued at more than \$500. This form should be sent to the attention of the National Kidney Foundation, Inc., 30 East 33rd Street, New York, NY 10016.

The organization is responsible for filing Form 8282 for gifts of tangible personal property valued at more than \$5,000 sold by the NKF within two years of the date of gift.

Unless the Gift Acceptance Committee instructs otherwise, such gifts will be sold as quickly as market conditions permit.

C. Gifts of Real Property

The NKF will consider gifts of real property, both improved and unimproved (e.g., detached single-family residences, condominiums, apartment buildings, rental property, commercial property, farms, acreage, etc.) including gifts subject to a retained life estate, only after a thorough review of the criteria for acceptance set forth below under the direction of the Gift Acceptance Committee. The NKF will not accept any gift of real estate involving a time-share arrangement.

Criteria for Approval and Acceptance Process

(a) **Market Value and Marketability.** The Gift Acceptance Committee must receive a reasonably current appraisal of the fair market value of the property and interest in the property the NKF would receive if the proposed gift is approved. The donor shall be responsible for any costs associated with providing this. Development officers will inform the donor that, if the gift is completed, the IRS will require an appraisal be made within sixty days of the date of gift. Development officers must understand and communicate to donors that it is the Charity's policy to dispose of all gifts of real estate (other than property which the Charity wishes to retain) as expeditiously as possible. Thus, regardless of the value placed on the property by the donor's appraisal, the NKF will attempt to sell at a reasonable price in light of current market conditions, and the donor needs to be informed that any such sale occurring within two years of the date of gift will be reported to the IRS on Form 8282.

(b) **Potential Environmental Risks.** All proposed gifts of real property, including gifts from estates, must be accompanied by a Phase I environmental audit performed at the donor's expense. The only permitted exception to this requirement is for residential property, which has been used solely for residential purposes for at least a thirty-year period of time. In cases where this exception applies and no environmental audit is undertaken, the donor/executor must have an outside party complete an Environmental Checklist prepared by the development staff of the NKF and may be required to execute an environmental indemnity agreement. Even in cases where a Phase I audit is submitted, the Gift Acceptance Committee may require that the donor sign an environmental indemnity agreement.

(c) **Limitations and Encumbrances.** The existence of any and all mortgages, deeds of trust, restrictions, reservations, easements, mechanic liens and other limitations of record must be disclosed. No gift of real estate will be accepted until all mortgages, deeds of trust, liens and other encumbrances have been discharged, except in very unusual cases where the fair market value of the NKF's interest in the property net of all encumbrances is substantial.

(d) **Carrying Costs.** The existence and amount of any carrying costs, including but not limited to property owners' association dues, country club membership dues and transfer charges, taxes and insurance must be disclosed.

(e) **Title Information.** A copy of any title information in the possession of the donor, such as the most recent survey of the property, a title insurance policy, and/or an attorney's title opinion, must be furnished.

(f) **Deed of Gift.** If a proposed gift of real property is approved by the Gift Acceptance Committee, the gift will be completed by the execution and delivery of a deed of gift or other appropriate conveyance. The costs associated with the conveyance and delivery of the gift, including but not limited to recording fees and, if deemed necessary by the Gift Acceptance Committee, a current survey, title insurance and/or an attorney's title opinion, will be either paid by the donor or from the proceeds of the sale. In addition, the filing of Form 8283 by the donor is required by the IRS for gifts of real property. This form should be sent to the development office for execution by the NKF.

(g) **Receipt Of The Gift Acknowledgement.** The NKF will acknowledge receipt of the gift once the property has been properly recorded in the local Recorder of Deeds office. The NKF will not appraise or assign a value to the gift property. It is the donor's responsibility to establish a value for the gift and to provide, at donor's expense, a qualified appraisal required by the IRS. The NKF is responsible for filing Form 8282 for gifts of real property sold by the NKF within two years of the date of the gift.

D. Gifts of Securities

The National Kidney Foundation may accept gifts of stocks, bonds or other securities.

Publicly Traded Securities: Marketable securities may be transferred to an NKF account maintained at one or more brokerage firms or delivered physically with the transferor's signature or stock power attached. As a general rule, all marketable securities shall be sold upon receipt unless otherwise directed by the Gift Acceptance Committee. In some cases, marketable securities may be restricted by applicable securities law; in such instances the final determination on the acceptance of the restricted securities shall be made by the Gift Acceptance Committee of the NKF.

Closely Held Securities: Closely held securities, which include not only debt and equity positions in non-publicly traded companies but also interests in LLP's and LLC's or other ownership forms, can be accepted subject to the approval of the Gift Acceptance Committee of the Charity. However, gifts must be reviewed prior to acceptance to determine that:

- There are no restrictions on the security that would prevent the NKF from ultimately converting those assets to cash,
- The security is marketable,
- The acceptance or sale of the security will not generate any undesirable tax consequences for the Charity.

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. The final determination on the acceptance of closely

held securities shall be made by the Gift Acceptance Committee and legal counsel where necessary.

The value of a gift of any security, unless it is being transferred to the charity for a gift annuity, will be determined after the sale of the securities and the deduction of any broker's charges. The NKF will inform the donor of this amount as well as the fact that their charitable tax deduction must be determined following Internal Revenue Service regulations. The NKF reserves the right to refuse any gift of stocks, bonds or other securities.

E. Bequests

Unrestricted bequests will be allocated under policies approved by the Board of Directors. A donor's wishes regarding restricted use of a bequest will be honored subject to its acceptance by the organization and to the requirements of applicable laws.

Affiliates will forward copies of all documents pertaining to bequests to the National office. The National office will forward any bequest documents received in their offices to the appropriate Affiliate for follow-up.

The following procedure shall be followed for all bequests received by the NKF:

1. Obtain and check Notice of Probate or other documents received advising of a bequest (hereafter referred to as Notice).
2. Write a letter acknowledging receipt of Notice and give information as to NKF's contact person. Supply ID number of the Charity if requested. Request a copy of the will, trust or other documentation. If the entire document is not available, obtain the section pertaining to the bequest to the NKF.
3. Determine if there is a family member (or friend) to whom an acknowledgment can be sent; if so, send such acknowledgment promptly.
4. Follow-up. Establish a tickler file and provide timely follow-up as soon as is appropriate; continue to follow up at regular intervals. Affiliates should advise the National Office of the timeline.
5. Check laws as to time requirements for paying bequests or interest earned on bequests.
6. If bequest is a percentage of the residuary of an estate, it is necessary to obtain and carefully review a copy of the probate or trust accounting. Check particularly as to debts, administration, taxes, professional fees, commission calculations, income earned by the estate, special facts which may be stated, and all other relevant items revealed in the accounting.

7. Check that any income earned by the estate during administration which the NKF is entitled to has been accounted for and received.
8. Promptly acknowledge and return paperwork on any payments received from the bequest.
9. Arrange for any special recognition which may be appropriate.
10. If there is a dispute and the Affiliate is involved in a settlement, a National representative must be notified so that advice from the Gift Acceptance Committee or legal counsel can be solicited.

F. Charitable Gift Annuities

The NKF will accept gift annuities, which begin payments within one year of the gift date, as well as deferred payment gift annuities, whose initial payment is at least a year after the gift date. The deferral period will be at the discretion of the donor.

The Charity will accept annuity gifts for one life, two lives in succession, or joint and survivor annuity agreements. Gift annuity agreements will be limited to one life or two lives in being at the time of the gift.

The NKF will only issue gift annuity agreements in the United States subject to being compliant with any applicable state annuity regulations.

The maximum annuity rates offered will be the current Uniform Gift Annuity rates as adopted by the American Council on Gift Annuities. In the case of deferred payment gift annuities, the organization will use the current Uniform Interest Factors Chart published by the American Council on Gift Annuities for use in New York. The Charity may establish a maximum annuity rate chart that is lower, but never higher than the Uniform Gift Annuity Rates of the American Council on Gift Annuities. To conform to the federally mandated "Clay-Brown Rule", the annuity rate offered will generate a charitable deduction of more than 10 percent of the fair market value of the assets given, or the annuity rate will be reduced to qualify for the deduction (in realization that the monthly changing Applicable Federal Rate {AFR} affects the calculated deduction).

To conform to various state laws, the NKF will always offer the maximum annuity rate to each potential donor/annuitant, based on the actuarial age of the annuitants, but the charity may suggest that if the person is willing to accept a lower rate, a larger charitable deduction would be obtained for the same size gift.

Gift assets accepted for a gift annuity will be limited to cash and securities for which a ready market exists. Closely held stock will not be accepted. To conform to New York State law, the NKF will not accept real property into its gift annuity fund.

To conform to various state laws, the NKF will operate a segregated gift annuity fund, in which identifiable separate investments will be maintained and which is not part of any other investment or endowment fund of the charity. The full annuity gift will be admitted to the gift annuity fund and will be maintained until the demise of the last annuitant in the agreement.

A policy or methodology will be established to identify the changing market value of each agreement, so that an appropriate amount may be withdrawn from the gift annuity fund at the termination of the agreement.

The minimum acceptable gift will be cash or the fair market value of securities valued at \$5,000. The minimum required actuarial age of an annuitant on the date the payments start is 60. The NKF will be aware of minimum ages if we elect to offer "educational gift annuities," where payments are to start by age 18. If the NKF offers this deferred payment gift annuity, a Private Letter Ruling will be obtained.

To conform to various state insurance laws, the NKF (with Board approval) may elect to reinsure any annuity agreement above the minimum \$100,000 of Required Legal Reserve amount with an "A" rated commercial insurance company, registered to do business in the organization's state of domicile. The NKF will be aware that New York State permits reinsurance only through a "treaty" (negotiated) agreement with a registered insurance company. If the insurance company fails, the NKF realizes that it will be liable for the payments.

If the gift annuity is funded with cash (including payment by check), the annuity will be effective on the postmark date on the envelope that brings it to the NKF or the date it is hand-delivered to an NKF representative. The value of the annuity will be the amount of cash transferred to the Charity.

If securities are being used to fund the annuity, the effective date and value for the annuity are as follows:

- Properly executed security certificate(s) and stock power mailed to the NKF or their designated broker: The effective date of the gift annuity is the postmark on the envelope delivering the latter of the properly executed certificates or stock power. The face value of the gift annuity will be the amount for which the securities are sold. The Charity will instruct the broker to sell the securities immediately upon receipt.

- Securities transferred DTC to the NKF's designated broker: The effective date of the gift annuity will be the date the securities are transferred into the NKF's account. The face value of the gift annuity will be the amount for which the securities are sold. The Charity will instruct the broker to sell the securities immediately upon receipt.

Annuities may be paid quarterly, semiannually or annually. Unless the donor requests differently (in writing), interest payments will be made quarterly. Annuity payment amounts will be rounded upward to ensure that each payment will be the same amount. Annuity payments will be mailed in time to arrive on the payment due date.

The NKF will make an effort to be aware of the investment and reporting requirements of its own state of domicile as well as those states that have statutes regulating gift annuity funds, and be guided by input from its own legal counsel and staff as to the necessity for filing for a permit to write annuity agreements in those states.

The NKF will maintain a separate checking account for its gift annuity fund so that records can be maintained to permit appropriate reporting of gift annuity fund activity to those states that require it by statute.

The NKF will maintain investment and administrative records of its gift annuity fund and program to ensure that questions from its governing Board can be answered appropriately.

G. Gifts of Life Insurance and Pension Benefits

Donors may name the National Kidney Foundation the primary, secondary, or residual beneficiary of life insurance contracts, and the residual beneficiary of pension benefits. Donors may name the National Kidney Foundation owner and beneficiary of whole life insurance contracts, with the understanding that the NKF will not enter into any arrangement with any agent, agency or insurance company for the purpose of selling life insurance contracts for the benefit of the NKF. The NKF is not obligated to continue making premium payments on any life insurance policy transferred to it.

H. Payable on Death Accounts or Totten Trusts

Donors may name the NKF the beneficiary of any account designated as payable or transferable on death.

I. Charitable Remainder Unitrusts, Annuity Trusts and Charitable Lead Trusts

The NKF may accept a designation as a beneficiary of trust agreements. Trust donors must select a trustee other than the National Kidney Foundation to oversee their trusts.

The donor shall be required to have trustee fees paid from the trust. The NKF reserves the right to refuse any specific charitable trust.

J. Life Estate Contracts

The NKF may be willing to enter into a retained life estate agreement with one or two persons for a personal residence, farm or vacation home.

As a general rule, the life estate agreement will require the donor to retain the obligation to care for the property, pay taxes, insurance and maintenance costs and other obligations which pertain to the interest the donor has retained. However, under extenuating circumstances and upon recommendation of the Chairperson and CEO, the NKF may assume part of this responsibility to protect its vested remainder interest. A Phase I environmental survey, appraisal and title binder, paid for by the donor, will be required on any real property to be gifted prior to acceptance by the NKF. The Charity reserves the right to refuse any life estate gift.

K. Gifts to the Endowment Fund

The NKF shall accept gifts to its Endowment Fund. All gifts to this fund shall be administered pursuant to the terms of the individual Memorandum of Understanding executed by the donor and the NKF. No gift shall be accepted to the Endowment Fund without such a Memorandum being on file without prior approval of the Gift Acceptance Committee.

12. COMPLIANCE WITH CHARITABLE DONATIONS SUBSTANTIATION REQUIREMENTS

All donations to the NKF shall be acknowledged and receipted in accordance with IRS requirements. Specifically, receipts (or acknowledgment letters acting as a receipt) shall include the following as applicable:

- The amount of the donation if made by cash
- A description of any property (including securities) donated
- A statement that the charity provided no goods or services as consideration for the contribution; **OR**
- A description and good faith estimate of the value of the goods and services provided to the contributor, if applicable*

*Donations in excess of \$75 given partly as a donation and partly in exchange for goods or services ("Quid Pro Quo" Contributions) are considered part donation/part purchase. In the case of such a contribution, a written acknowledgement containing the following shall be provided to the donor:

- A statement that the amount of the deductible contribution for federal income tax purposes is the excess of the amount of money (and the value of any other property) contributed over the value of the goods or services provided by the charity
- A good faith estimate of the value of the goods or services furnished to the donor. The NKF's disclosure should be made in a manner that is reasonably likely to be noticed by the donor. Thus, putting the notice in fine print on a ticket stub, acknowledgment or other document may not be sufficient.

13. MISCELLANEOUS PROVISIONS

Securing appraisals and legal fees for gifts to the NKF: It shall be the responsibility of the donor to secure an appraisal (where required) and independent legal counsel for all gifts made to the NKF.