

Gift Acceptance Policies and Guidelines

The Foundation for Anesthesia Education and Research (FAER) is a not-for-profit organized under the laws of the State of Delaware and encourages the solicitation and acceptance of gifts to fulfill our mission.

The mission of FAER is:

To advance medicine through education and research in anesthesiology.

The following policies and guidelines govern acceptance of gifts made to FAER or for the benefit of any of its programs:

1. Purpose of Policies and Guidelines

The Board of Directors of FAER and its staff solicit current and deferred gifts from individuals, corporations, and foundations to secure the future growth and fulfillment of the Foundation's mission. It is the purpose of these policies and guidelines to govern the acceptance of gifts by FAER 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 FAER for any of its programs or services.

2. FAER pledges to abide by the Donor's Bill of Rights and the Model Standard of Practice for the Charitable Gift Planner as accepted by all leading and credible nonprofit organizations.

3. Use of Legal Counsel

FAER shall seek the advice of legal counsel in matters relating to acceptance of gifts where appropriate. Use of counsel is recommended for:

- Review of closely held stock transfers that are subject to restrictions or buy-sell agreements
- Review of documents naming FAER as Trustee
- Review of all gifts involving contracts, such as bargain sales or other documents requiring FAER to assume an obligation
- Review of all transactions with potential conflict of interest that may invoke IRS sanctions
- Other instances in which use of counsel is deemed appropriate by the FAER Executive Committee.

4. Conflict of Interest

All prospective donors shall be strongly urged to seek the assistance of personal legal and financial advisors in matters relating to their estate gifts and the resulting tax and estate planning consequences. FAER will comply with the Model Standards of Practice for the Charitable Gift Planner promulgated by the Partnership for Philanthropic Planning (formerly known as the National Committee on Planned Giving), shown as an appendix to this document.

5. Restrictions on Gifts

FAER will accept unrestricted gifts and gifts for specific programs and purposes, provided that such gifts are consistent with its stated mission, purposes, and priorities. FAER will not accept gifts that are deemed 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 FAER. The Executive Committee shall make all final decisions on the restrictive nature of a gift, and its acceptance or refusal.

6. Donor Recognition

- Unless otherwise stipulated by the donor, and agreed to by the Executive Committee, all estate (legacy) gifts will be managed as part of FAER's endowment.
- In exchange for a charitable gift of an amount set by the Executive Committee, FAER will establish a named fund as designated by the donor.
- Under certain circumstances, determined by the Executive Committee, the donor shall be able to designate the use of a named fund.

7. Establish a Gift Acceptance Review

The FAER Executive Committee shall be charged with the responsibility of reviewing extraordinary gifts made to FAER, properly screening and accepting those gifts, and making recommendations to the Board on gift acceptance issues where appropriate.

8. Types of Gifts

The following gifts are generally acceptable:

- Cash
- Bequests
 - Codicil to one's Will
 - Modification to existing trust
 - Life Insurance Beneficiary Designations
 - Retirement Plan Beneficiary Designations
 - Bank Account designation
 - Publicly Traded Securities

9. Gifts that may require further review:

- Tangible Personal Property
- Closely Held Securities
- Real Estate
- Remainder Interests in Property
- Oil, Gas, and Mineral Interests
- Bargain Sales
- Charitable Gift Annuities

- Charitable Remainder Trusts
- Charitable Lead Trusts

10. The following criteria guide the acceptance of each gift.

- **Cash:** Cash is acceptable in any form including checks, credit cards or electronic fund transfers. Checks shall be made payable to FAER and be delivered to FAER's administrative offices. Online credit card donations are also acceptable and available.
- **Life Insurance:** FAER must be named as owner (and beneficiary) of an insurance policy before a life insurance policy can be recorded as a current and outright gift. Insurance policies are valued at the interpolated terminal reserve value if ongoing premiums are required. However, the donor's deduction is based on the lesser of the policy's fair market value or cost basis. (Policies that are contractually paid-up are rare and have different valuation and deduction amounts.)

If the donor contributes future premium payments, FAER will designate the additional premium payment as a gift in the year that it is made.

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

- Continue to pay the premiums
 - Convert the policy to fully paid up life insurance
 - Surrender the policy for its current surrender cash value
- **Tangible Personal Property:** All gifts of tangible personal property shall be examined in light of the following criteria:
 - Does the property fulfill the mission of FAER?
 - 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?

The Executive Committee shall make the final determination on the acceptance of other tangible property gifts.

- **Securities:**
 - **Publicly Traded Securities:** Marketable securities may be transferred to an account maintained at FAER's financial services institution 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 Executive Committee. In some cases, applicable security laws may restrict marketable securities; in such instance, the Executive Committee shall make the final determination on the acceptance of the restricted securities.

- **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, can be accepted subject to the approval of the Executive Committee of FAER. However, gifts must be reviewed prior to acceptance to determine that:
 - There are no restrictions on the security that would prevent FAER from ultimately converting those assets to cash
 - The security is marketable
 - The security will not generate any undesirable tax consequences for FAER.

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 Executive Committee and legal counsel shall make the final determination on the acceptance of the closely held securities where necessary. Every effort will be made to sell non-marketable securities as quickly as possible.

- **Real Estate:** Gifts of real estate may include developed property, undeveloped property, or gifts subject to a prior life interest. Prior to acceptance of real estate, FAER shall require an initial environmental review of the property to insure that the property is not contaminated with environmental damage. In the event that the initial inspection reveals a potential problem, FAER shall retain a qualified inspection firm to conduct an environmental audit. The cost of the environmental audit shall be an expense of the donor.

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

Prior to acceptance of the real property, the gift shall be approved by the Executive Committee and FAER's legal counsel. Criteria for acceptance of the property shall include:

- Is the property useful for the purposes of FAER?
- 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?

FAER will not accept a donor's interest in Time Share properties.

- **Remainder Interests in Property:** FAER will accept a remainder interest in a personal residence, farm, or vacation home subject to the provisions of the above paragraph on real estate. The donor or other occupants may continue to occupy the real property for the duration of the stated life. At the death of the donor, FAER may use the property or reduce it to cash. Where FAER receives a gift of the remainder

interest, expenses for maintenance, real estate taxes and any property indebtedness are to be paid by the donor or primary beneficiary.

- **Oil, Gas, and Mineral Interest:** FAER may accept oil and gas property interests, where appropriate. Prior to acceptance of an oil and gas interest, the gift shall be approved by the Executive Committee, and if necessary, by the Foundation's legal counsel. Criteria for acceptance of the property shall include:
 - Gifts of surface rights should have a value of \$20,000 or greater.
 - Gifts of oil, gas, and mineral interests should generate at least \$3,000 per year in royalties or other income (as determined by the average of the three years prior to the gift).
 - The property should not have extended liabilities or other considerations that make receipt of the gift inappropriate.
 - If the interest is a working interest, the organization should determine the impact on FAER so that it may develop a plan to minimize that impact if accepted.
 - The property should undergo an environmental review to ensure that the FAER has no current or potential exposure to environmental liability.

- **Bargain Sales:** FAER will enter into a bargain sale arrangement in instances for which the bargain sale furthers the mission and purposes of FAER. All bargain sales must be reviewed and approved by the Executive Committee. Factors used in determining the appropriateness of the transaction include:
 - FAER must obtain an independent appraisal substantiating the value of the property.
 - If FAER assumes debt with the property, the debt ratio must be less than 50% of the appraised market value.
 - FAER 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.
 - FAER must calculate the costs to safeguard, insure, and expense the property (including property tax, if applicable) during the holding period.

- **Charitable Gift Annuities:** In future years, FAER may offer charitable gift annuities. The minimum gift for funding shall be set by the Executive Committee. The minimum age for life income beneficiaries of a gift annuity shall be 60. Where a deferred gift annuity is offered, the minimum age for life income beneficiaries shall be 60. No more than two life income beneficiaries can be permitted for any gift annuity.

Annuity payments may be made on a quarterly, semi-annual, or annual schedule.

FAER will not accept real estate, tangible personal property, or any other illiquid asset in exchange for current charitable gift annuities. FAER may accept real estate, tangible personal property, or other illiquid assets in exchange for deferred gift annuities so long as there is at least a 5-year period before the commencement of the annuity payment date, the value of the property is reasonably certain, and the Chair approves the arrangement.

Funds contributed in exchange for a gift annuity shall be set aside and invested during the term of the annuity payments. Once those payments have terminated, the funds representing the remaining principal contributed in exchange for the gift annuity shall be transferred to FAER's general endowment funds.

- **Charitable Remainder Trusts:** FAER may accept a designation as remainder beneficiary of the charitable remainder trust. FAER shall not accept appointment as Trustee of a charitable remainder trust.
- **Charitable Lead Trusts:** FAER may accept a designation as income beneficiary of a charitable lead trust. The Board of Directors shall not accept an appointment as Trustee of a charitable lead trust.
- **Retirement Plan Beneficiary Designation:** Donors and supporters of FAER shall be encouraged to name FAER as beneficiary of their retirement plans. Such designations shall not be recorded as gifts to FAER until such time as the gift is irrevocable. Where the gift is irrevocable (i.e., upon death), but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.
- **Bequests:** Donors and supporters of FAER shall be encouraged to make bequests to FAER under their wills and trusts. Such bequests shall not be recorded as gifts to FAER until such time as the gift is irrevocable (i.e., upon death). 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.
- **Life Insurance Beneficiary Designations:** Donors and supporters of FAER shall be encouraged to name FAER as beneficiary or contingent beneficiary of their life insurance policies. Such designations shall not be recorded as current gifts to FAER until such time as the gift is irrevocable (i.e., upon death). 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.

11. Miscellaneous Provisions

- **Securing appraisals and legal fees for gifts to FAER:** It shall be the responsibility of the donor to secure an appraisal (where required) and independent legal counsel for all gifts made to FAER. FAER cannot pay for, nor provide funds for, the costs of an appraisal or legal fees.
- **Valuation of gifts for development purposes:** FAER shall record a gift received at its valuation for gift purposes on the date of gift.
- **Responsibility for IRS Filings upon sale of gift items:** The Executive Committee (and staff) are responsible for filing IRS Form 8282 upon the sale or disposition of any asset sold within three years of receipt by FAER where the charitable deduction value of the item was \$5,000 or greater. FAER must file this form within 125 days of the date of sale or disposition of the asset. Form 8282 with Filing Instructions is attached as an appendix to these policies.



- Acknowledgement of all gifts made to FAER and compliance with the current IRS requirements in acknowledgement of such gifts shall be the responsibility of the Board of FAER.

12. Changes to Policies

These policies and guidelines have been reviewed and accepted by the FAER Board of Directors. The Executive Committee must approve any subsequent changes to or deviations from these policies.