



Embrace Living  
Charities

Affordable. Welcoming. **Home.**

# **Embrace Living Charities**

## **Gift Acceptance Policy**

*Adopted February 3, 2011  
Approved by the Board of Directors*

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Approved by the Board of Directors*

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Approved by the Board of Directors*

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## INTRODUCTION

The following policy manual is intended to provide an overview of the gift acceptance policies and procedures for Embrace Living Charities.

Embrace Living Charities is incorporated in the state of Illinois and is exempt from Federal income taxes under IRC Section 501(c)(3) as a nonprofit corporation. Embrace Living Charities' tax-exempt mission is as follows, per the corporate bylaws, Section 1.3. Corporate Purposes:

The purposes of the Corporation are to operate exclusively for charitable educational, and religious purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as may be amended from time to time, or any corresponding provision of any future United States Internal Revenue Law (the "Code") by acting exclusively to support and benefit some or all of the purposes of Embrace Living Communities and any other tax-exempt corporations directly or indirectly controlled by Embrace Living Communities that are exempt from taxation under Section 501(c)(3) of the Code and designated as other than a private foundation under Section 509(a)(1) or Section 509(a)(2) of the Code. In furtherance of these purposes, the Corporation's activities include, but are not limited to the following:

- a. To foster, raise, promote, develop, and accept funds, gifts and contributions for and on behalf of Embrace Living Communities & Affiliates ("Organization").
- b. To create, establish, manage, support and administer trusts and endowments, and appropriate the income and principal thereof for the benefit, support, improvement, upkeep, expansion, replacement or operations of the entire Organization.
- c. To review and process grant applications and administer the expenditure of such grant funds received for and on behalf of entire Organization.
- d. To develop community and public education programs to provide information about social welfare and specialized housing available to the community.
- e. To review and approve public relations and resource development policies.
- f. To own, lease, transfer, sell, dispose of or otherwise deal with all property, real and personal, to be used in furtherance of these purposes.
- g. To invest in business activities which are consistent with and in furtherance of the charitable, educational and religious purposes of the entire Organization in accordance with provisions which govern organizations that are exempt from taxation under Section 501(c)(3) of the Code.
- h. To meet the spiritual, physical, emotional and social needs of children, families, aging and physically challenged by offering professional effective health and human services, in Christ's name.
- i. To establish, own, conduct, manage and maintain housing for the aging and physically challenged; to promote the spiritual, physical, emotional and social needs of children, families, the aging and physically challenged.
- j. To support and coordinate activities of the entire Organization, as those corporations pursue their charitable, educational, religious and benevolent activities.
- k. To acquire, receive, by devise, bequest or other form of donation, buy, take, hold, own, lease, mortgage, exchange, convey, donate and dispose of any and all kinds of property, real, personal or mixed; to borrow and lend money and to do all things necessary, incidental or advantageous to the aforesaid purposes or for the carrying on or execution of the same; and to do all things permitted by governing law, except as may be restricted by the Articles of Incorporation or the Bylaws of the Corporation.

- l. To cooperate with all other boards and committees of the Organization.
- m. To appoint ad-hoc committees as may be appropriate.

**Purpose**

Embrace Living Charities is the philanthropic support of the Organization. As such, its function is to raise funds for the entire Organization. To this end, the purpose of these policies is to ensure that donor intent and the Organization's goals are matched and that decisions related to gift acceptance are mutually beneficial.

The contents of this manual are approved as official policy of the Organization by the Board of Directors, CEO, and Vice President. All staff are bound by the policies herein, and any deviation from established policy is prohibited.

## **POLICY**

Embrace Living Charities accepts with gratitude gifts of any amount in the form of cash, stock, personal property, real estate, partnership interests or other assets, including gifts through trusts, estates or insurance policies in so far as they further mission of Bensenville Home Society & Affiliates (“Organization”).

### **Donor Bill of Rights**

Embrace Living Charities subscribes to the Donor Bill of Rights.

*The text of this statement in its entirety was developed by the American Association of Fund-Raising Counsel (AAFRC), Association for Healthcare Philanthropy (AHP), Council for Advancement and Support of Education (CASE), and National Society of Fund Raising Executives (NSFRE).*

Philanthropy is based on voluntary action for the common good. It is a tradition of giving and sharing that is primary to the quality of life. To assure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in the not-for-profit organizations and causes they are asked to support, we declare that all donors have these rights:

1. To be informed of the organization's mission, of the way the organization intends to use donated resources, and of its capacity to use donations effectively for their intended purposes.
2. To be informed of the identity of those serving on the organization's governing board, and to expect the board to exercise prudent judgment in its stewardship responsibilities.
3. To have access to the organization's most recent financial statements.
4. To be assured their gifts will be used for the purposes for which they were given.
5. To receive appropriate acknowledgment and recognition.
6. To be assured that information about their donations is handled with respect and with confidentiality to the extent provided by law.
7. To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature.
8. To be informed whether those seeking donations are volunteers, employees of the organization or hired solicitors.
9. To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share.
10. To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.

### **Restrictions on Gifts**

Embrace Living Charities, in keeping with IRS regulations, cannot accept a gift that will be directly or indirectly subject to any material restriction or condition by the donor that prevents Embrace Living Charities from freely and effectively employing the transferred assets or the income from those assets to further its philanthropic mission. Embrace Living Charities reserves the right to refuse any gift that jeopardizes the mission or is not in its best interest.

### **Authority to Negotiate Gifts**

The CFO, in consultation with the President/CEO, will have the authority to handle inquiries, negotiate with donors and execute agreements on behalf of Embrace Living Charities. All major gifts or gifts that fall outside the gift acceptance policies need the review and approval of the Embrace Living Charities Board of Directors. Proposed donations or gift agreements that deviate from the standard forms require legal counsel review before being executed for approval.

### **Bequests**

Embrace Living Charities receives bequests from persons who have directed in their wills that certain assets be transferred to the Organization.

### **Marketable Securities**

Embrace Living Charities accepts readily marketable securities and will make all decisions regarding the disposition or retention of these gifts. It retains that right to enable Embrace Living Charities to adhere to existing investment parameters and policies.

Securities given to Embrace Living Charities will be sold upon receipt if Embrace Living Charities has no position in the same stock. Securities may be retained if Embrace Living Charities has a position in the stock. The value of a gift of securities for Embrace Living Charities' record keeping, will be determined by taking the mean average of the high and low sale transactions of the security on the date that the donor instructs his or her broker to transfer the irrevocable gift to Embrace Living Charities, multiplied by the number of shares tendered. A contribution of stock is completed upon the delivery of a properly endorsed stock certificate or the date that the security is received in the Lifelink's brokerage firm.

### **Securities that are not Readily Marketable**

Embrace Living Charities does not accept this form of gift.

### **Tangible Personal Property**

Embrace Living Charities may accept tangible personal property as a gift. The property must be saleable and the donor must agree that it can be sold, but Embrace Living Charities has sole discretion whether or not the item is sold or put to a use related to its exempt purposes. If current law views gifts of tangible personal property for an unrelated use unfavorably, the donor will be advised if Embrace Living Charities is not able to put such gifts to related use.

Other criteria considered before accepting the gift include transportation and storage costs, costs of insurance, selling, maintenance or repair and potential usefulness to Embrace Living Charities. If a lengthy selling period is anticipated, Embrace Living Charities may refuse the gift or request that the donor covers the expenses with a cash gift.

The donor is responsible for establishing the value of the gift. If the perceived value is over \$5,000, the donor is required to obtain a qualified appraisal and submit on IRS Form 8283. Until then, the gift is recorded with a value of \$1.00 in Embrace Living Charities' financial statements. If Embrace Living Charities sells the property within two years, IRS Form 8282 will be filed by Embrace Living Charities, informing the donor and IRS of the sale price.

Items such as furniture will be accepted if usable by Embrace Living Charities or if it can be readily sold for an amount approximating fair market value. Automobiles will not be accepted as a gift to Embrace Living Charities.

### **Real Property**

Gifts of real property may be accepted based on the outcome of a property analysis, including physical condition, likelihood of an immediate sale, current market analysis of value and environmental issues, among other factors. Embrace Living Charities may accept property subject to a mortgage provided the property has sufficient equity and the property is marketable.

Before the gift is accepted, the donor must provide items to assist in preparing the property analysis, including the deed, current property tax bill, title reports, notes and/or mortgages. With regard to Phase 1 environmental impact report(s), Embrace Living Charities will take into consideration the payment of such study. The Embrace Living Charities Board, in consultation with the President/CEO and CFO, will make the final determination related to the payment by Embrace Living Charities for a Phase I environmental impact report. The donor needs to have a qualified appraisal done, completing IRS Form 8283. If Embrace Living Charities sells the property within two years, it will file IRS Form 8282 informing the donor and IRS of the amount of the sale.

Embrace Living Charities will dispose of the property at the earliest possible time. If the property is accepted, Embrace Living Charities will pay for the expenses associated with ownership (insurance, taxes) until the property can be sold. However, all costs associated with preparing the property analysis are the responsibility of the donor (see Gifts of Real Estate).



### **Gifts of Property with Retained Life Estate**

During the time of occupancy, the donor is responsible for insurance, taxes and maintenance. The policies for a current real estate gift will also apply.

### **Life Insurance**

Embrace Living Charities accepts life insurance policies for which the donor has relinquished ownership by assigning all rights, title, and interest in the policy to Embrace Living Charities. If the insurance policy is not fully paid up, the usefulness of the gift is judged on a case-by-case basis. If the policy is accepted, the Embrace Living Charities may choose either to cash it in for the current surrender value or continue to pay the premium (e.g., Embrace Living Charities has paid the premium on a policy for which the donor provides an annual contribution equal to the premium). (See attached Embrace Living Charities Statement on Gifts of Life Insurance.)

### **Charitable Remainder Trusts/Charitable Unitrusts/Charitable Lead Trusts**

Embrace Living Charities does not currently serve as the trustee, custodian or manager of Charitable Remainder Trusts, Charitable Unitrusts, or Charitable Lead Trusts, but relies on the donor as self-trustee or commercial trust companies or trust departments of banks. Embrace Living Charities will seek to be included as a remainderman in all such trusts. Embrace Living Charities recommends that the beneficiaries be at least 50 years old unless the trust is for a term of years. With charitable lead trust, the trust term may be at the discretion of the donor.

Embrace Living Charities may accept gifts from charitable remainder trusts in a form substantially similar to the forms approved by the Treasury Department or are otherwise determined by Embrace Living Charities's legal counsel to be legal trusts for administration by an individual or organization that is found to be acceptable to the Embrace Living Charities Board and who complies with all regulations and laws governing CRTs, CUs, and CLTs on the following terms:

1. Embrace Living Charities may accept charitable remainder interest from any charitable remainder trust if Embrace Living Charities determines it is in its best interest to accept the gift. Embrace Living Charities encourages the use of a Trustee suitable to the donor including banks or other appropriate institutions.
2. Embrace Living Charities encourages donors to consult their own legal counsel and tax advisors to create a charitable remainder trust. When desirable, Embrace Living Charities will provide sample documents and calculations for the donor and his or her advisors to review.

### **Charitable Gift Annuity**

Embrace Living Charities will enter into a contract with the donor. Embrace Living Charities will agree to pay the donor (or other person named by the donor) a lifetime annuity in return for a gift of cash or marketable securities. The rates for the Charitable Gift Annuity will be determined by the Embrace Living Charities Board, in consultation with the President/CEO and CFO, and based upon life

expectancy. The Embrace Living Charities Board may choose to appoint an Advisory Committee to perform the review provided that this advisory committee does so in consultation with the aforementioned Officers. The minimum gift is \$5,000. Agreements shall be limited to two lives, and ordinarily the minimum age for the annuitants will be 60 for immediate annuities and 45 for deferred annuities. Gift Annuities shall be managed by the Embrace Living Charities and Embrace Living Charities may employ agents and advisors to assist with the administration and investment of gift annuity assets. Upon maturity of the gift annuity, Embrace Living Charities will retain the balance of the gift for its general endowment fund.

### **Donor Options**

- The donor may make a gift to Embrace Living Charities or may direct a gift to any of the agencies or programs initiatives that are part of the Organization. It is the preference of Embrace Living Charities to accept unrestricted gifts of support.
- The donor may make an unrestricted endowed gift to Embrace Living Charities.
- The donor may make an endowed gift for general support of specific agencies or programs. It would be the strong desire of Embrace Living Charities that any endowed gifts be made as general as possible. If no such endowment fund is in place at the time of the gift the minimum gift level would be \$10,000. Once established any one may contribute any amount to an existing endowment fund. All donor agreements will clearly provide permission for the Board of Embrace Living Charities to redirect designated endowment funds should the expressed purpose no longer be capable of being fulfilled or no longer is a part of the work of Lifelink.
- Gifts of \$10,000 for endowment purposes or more can be named by the donor and will be so noted in Embrace Living Charities's annual reports.

As noted above, Embrace Living Charities retains the right to not accept a gift that will be directly or indirectly subject to any material restriction or condition by the donor that prevents Embrace Living Charities from freely and effectively employing the transferred assets or the income from those assets to further its philanthropic mission.

## STATEMENT ON GIFTS OF REAL ESTATE

### Checklist Of Desired Items In Connection With Consideration Or Acceptance Of Real Estate Donation

All real estate gifts are directed to Embrace Living Charities. The Embrace Living Charities Board must approve all real estate gifts. Prior to approval, such proposed gifts are reviewed by appropriate staff and legal counsel. In the event that the property is not sold immediately and/or there is a likelihood that obligations for taxes and insurance will continue until the property is sold, Embrace Living Charities will consult with the respective donor regarding the payment of these types of expenses. Following is a comprehensive list of issues and information that may be relevant. To facilitate the transfer, please make note of those issues relevant to the property you wish to donate.

1. Exact legal name of donor and federal I.D. number.
2. Description of property.
3. Description of any buildings or other structures located on the land.
4. Boundary survey of property with location of all structures, easements and encumbrances appearing on the face of the survey.
5. Information regarding mortgage, if any.
6. Information regarding existing zoning status.
7. Information on all ingress/egress for the property.
8. Description of prior use of the property.
9. Description of use of surrounding property, with specific disclosure of any storage tanks or potential environmental factors affecting the property.
10. Disclosure of any contemplated or anticipated condemnations, right-of-ways or other actions by municipalities that may affect the subject property.
11. Phase I environmental report on the property, including environmental report on any structures located on the real estate.
12. Specimen of title insurance commitment or schedule describing any liens, encumbrances or title matters affecting the property.
13. Copy of appraisal showing the fair market value of the property current within 180 days.
14. Disclosure of amount of existing real estate taxes, insurance premiums and assessments attributable to the property.
15. Discussion with proposed donor regarding any special arrangements for donor's fund or other sources to address ongoing expenses for taxes, insurance, assessments, maintenance, grass cutting, security, utilities, etc.
16. Specimen of proposed Seller's Affidavit disclosing any and all tenants, leases, security instruments, graves or cemetery parcels, etc.
17. Draft of proposed Warranty Deed conveying title from proposed donor to Embrace Living Charities.
18. (If residential property): Residential Real Property Disclosure Report required by the State of Illinois or comparable disclosure required under applicable state law

## **STATEMENT ON GIFTS OF LIFE INSURANCE**

Embrace Living Charities may accept life insurance policies as gifts to Embrace Living Charities on the following terms:

1. Embrace Living Charities shall be both the owner and the beneficiary of any policy accepted by Embrace Living Charities. Embrace Living Charities may decline to accept any insurance policy if it is not in the best interest of Embrace Living Charities to accept the proposed gift.
2. The donor agrees that the proceeds from the policy will be the property of Embrace Living Charities for such purposes as designated by the donor, subject to the policies and procedures of Embrace Living Charities.
3. Embrace Living Charities shall have no obligation to continue premium payments on insurance policies.
4. If any insurance policy lapses for non-payment prior to maturity because a donor fails to provide sufficiently for premium payments, Embrace Living Charities may redeem the policy and utilize the proceeds from any cash settlement as Embrace Living Charities deems fit.
5. Embrace Living Charities does not participate in charitable split dollar insurance plans.