

of Washington County, Inc.

Economic Opportunity Agency of Washington County, Inc. Gift Acceptance Policy

Approved March 27, 2007. This policy supersedes any previous board resolution or action concerning the acceptance, management and use of gifts.

EOA's Mission:

To improve the quality of life for low-income people in Northwest Arkansas, by providing the best possible services with respect, responsiveness and accountability. Those services will enable individuals and families to better reach their full potential.

OVERVIEW STATEMENTS

1. OVERVIEW

It is the policy of Economic Opportunity Agency of Washington County, Inc. (EOA) to offer donors the opportunity to make gifts to EOA, or one of its component programs, both of cash and non-cash assets in a manner beneficial to the donor while protecting the fiscal and legal integrity of EOA, its overall mission, and the fiscal and legal integrity of EOA's component programs and their specific missions. EOA's first and foremost objective in receiving gifts is to fulfill the philanthropic intent of the donor.

2. ETHICS IN RECEIVING GIFTS

EOA's Development Office, Executive Director and Board of Directors will authorize the acceptance of gifts to EOA only where there is the following:

- Genuine philanthropic intent on the part of the donor.
- Where there has been full disclosure between the donor and EOA.
- Where the donor has been encouraged to seek her/his own counsel on legal and financial matters if the nature and/or size of the gift warrants such counsel.
- Where the gift is in the best interest of both parties.

EOA reserves the right to seek its own legal counsel in any matter concerning the negotiation, documentation and/or acceptance of gifts. EOA, or any of its representatives or volunteers, are unable to provide tax advice to donors.

Because of EOA's administrative structure, all monies from gifts are distributed to EOA's Component Programs through EOA's Bookkeeping and Financial Offices. All gifts are logged when they are received and placed in the appropriate account(s) for the specific Component Program the donor wishes to support. EOA insures all gifts intended for program(s) or service(s) are not directed to other program(s) or service(s). EOA will never knowingly and intentionally redirect gifts intended for one program, to a different program, for any reason, without written consent from the donor(s), or their

heirs. Doing otherwise would violate the trust placed in EOA by its donors to use their gifts in a fiscally ethical and responsible manner.

The EOA Board of Directors does not authorize the acceptance of gifts that would jeopardize the financial, legal or moral integrity or reputation of the institution, that is a conflict of interest for EOA, or where the gift would cause embarrassment to the donor or her/his family or heirs. Making a gift to EOA, or one of its component programs, does not give, or imply, that individuals or legal entities who make such gifts have the authority or ability to influence, revise or alter the policies, operations or mission of EOA or any of its component programs. (Hereinafter, EOA and its component programs will be referred to as "EOA".)

All personnel employed in EOA's Development Office to secure donations will be paid a salary or hourly wage, and will not receive a commission that might give such personnel an undesired personal interest in any gift agreement. EOA's Development Office will use the Code of Ethical Principles and Standards of Professional Practice established by the Association of Fundraising Professionals (AFP) to guide all actions and behavior with donors, prospective donors and volunteers.

3. CONFIDENTIALITY

All reasonable steps shall be made to keep information concerning prospective, active, inactive or lapsed donors confidential. No information shall be released to the general public who do not have a need to know without securing the prior permission of the donor. Volunteers who are active members of a Development Council, Steering Committee, Advisory Board or some other form of ad-hoc committee for EOA may be provided information about specific donors on a case-by-case basis. This information is provided for the purpose of educating the volunteer in preparation for communication, either in person or by some other means, with said donor or prospective donor with the intent of educating, stewarding, soliciting or thanking them.

4. VALUING GIFTS

Gifts (other than cash which should be valued at dollar face value) will be valued in an appropriate manner and in consonance with sound accounting principles. Full responsibility rests on the donor for claiming any deductions including filing form 8283, and any appraisals or other documentation. Full responsibility also rests on the donor for the value given to tangible personal property or services, and donors will be expected to provide EOA with a copy of any qualified appraisal required. EOA will not be responsible for appraising the value of goods and/or services provided by a donor.

5. RECOGNITION AND ACKNOWLEDGEMENT OF DONORS:

Gifts made to EOA will be acknowledged in as timely a manner as possible by the EOA Development Office and/or a representative of the Component Program to which the gift is directed (when appropriate). The acknowledgement will provide the donor with thanks and the date on which the gift was received by EOA. An official gift receipt will be provided to the donor for tax purposes.

Recognizing donors for acts of philanthropy is a way for EOA to publicly honor the generosity of donors, their support of EOA's Mission and trust in EOA to use their gifts in a prudent, ethical and fiscally responsible manner. Gift and donor recognition can take a variety of forms, but all recognition will be in proportion to the size and nature of the gift made to EOA. Some examples of donor recognition include; thank you letter(s) from a volunteer working on behalf of EOA, a donor recognition wall, thank you advertisement, recognition pieces, or public recognition at an event in support of EOA. EOA will always respect the desire of donors who wish to remain anonymous in their acts of philanthropy.

Naming opportunities can be provided to donors in return for major gifts. Entire buildings, portions of buildings, rooms, campuses, endowed positions or services can be named in recognition of an individual(s), or company(ies), that is responsible for making a gift, or in honor or memory of an individual(s) or entity of the donor's choosing. All naming opportunities for major gifts will be made with the permission and involvement of the donor, EOA's Director of Development, EOA's Executive Director. All naming opportunities will require the final approval of the EOA Board of Directors.

Individuals whose gifts are matched by their employers will receive recognition, but will not receive individual credit for the amount matched.

6. EOA BOARD APPROVAL

Gifts that are consistent with EOA's pre-approved practices and/or documents (or future Board approved practices and/or documents) to solicit and secure gifts and that are considered ordinary, or of little risk, will not require review of the EOA Board of Directors or EOA's Executive Director prior to EOA accepting these gifts.

Gifts that are not ordinary, pose risk to EOA, or fall outside the parameters of gifts outlined in this policy shall require the approval of EOA's Board of Directors.

These gifts include but are not limited to:

- Real Estate
- Bargain Sale
- Assets with unusual liabilities attached

7. POLICY EXCEPTIONS, AMENDMENTS AND REVIEW

7a. GENERAL EXCEPTIONS:

Exceptions and amendments to this policy must be approved by a majority vote by EOA's Board of Directors.

7b. EXCEPTIONS FOR COMPLETED GIFTS AND GIFTS UNDER NEGOTIATION

Gifts made through estate plans that have been properly executed prior to the date of this policy, and gifts already received by EOA are grand-fathered in under this

policy regardless of whether or not EOA is/is not aware of such gifts. Gifts under negotiation at the time this policy is adopted need not conform to the policy but will be accepted based upon the spirit of this policy and the specific terms negotiated with the donor.

7c. REVIEW

The EOA Board of Directors will review this policy, on an annual basis. The date for review will be in March. EOA's Director of Development will also be responsible for reviewing this policy at least once a year. The EOA Director of Development will present recommendations for revisions (if any) to the EOA Board of Directors prior to their review of this policy.

8. AUTHORITY TO NEGOTIATE

EOA's Board of Directors authorizes EOA's Director of Development, Program Directors and EOA's Executive Director to negotiate gifts on behalf of EOA. Any stipulations, conditions and/or restrictions attached to any gift negotiated by EOA's Director of Development or Executive Director must be in agreement with this policy. These gifts may still need to be approved by EOA's Executive Director, Executive Committee of the EOA Board of Directors and/or the EOA Board of Directors before the gift is formally accepted, if the nature of the gift warrants such action.

GIFT POLICY

1. OVERVIEW

EOA welcomes gifts that support its capacity to carry out its mission. EOA reserves the right to seek legal and/or financial counsel before formally accepting any gift. EOA reserves the right to enlist the services and/or counsel of a donor advised fund organization and/or legal counsel for the negotiation, securing and management of any gift directed to EOA or one of its component programs. Indicators that a gift is acceptable include:

- EOA has a use or need for the gift or, when there is no immediate need, the gift is marketable.
- The gift and its accompanying terms are legal.
- The purpose of the gift is compatible with the work, priorities and mission of EOA.
- The cost required to support/sustain the gift does not diminish the value of the gift to a negligible sum.
- There does not appear to be a physical, environmental or social hazard and/or liability concern associated with the gift.

EOA reserves the right to decline any gift that is not consistent with its mission, or in the best interest of EOA, or the donor. Gifts will not be accepted by EOA that:

- Violate any federal, state or municipal law;
- Create any fund with restrictive clauses that would violate the Human Rights Code, or that reserve to the donor or his/her designee the right to designate the recipient;
- Compromise EOA 's integrity or interfere with EOA 's institutional judgment;
- As a condition thereof, require any action on the part of EOA which is unacceptable to EOA or violates EOA policies and regulations;
- Require or stipulate the future employment at EOA of any specified person or doing business with any specified company or person, unless EOA agrees otherwise;
- Contain unreasonable conditions;
- Are gifts of partial interest in property, unless EOA agrees otherwise;
- Are financially unsound, or that would expose EOA to liability or to diminishment of its reputation;
- In the case of real property, do not have clear title and/or are not up to date on all applicable taxes and fees and/or pose an environmental liability;
- Rely on an appraisal or evaluation, provided to the donor by third parties, that is perceived to be inaccurate or unreliable.

In the event that the donor's objective is incapable of fulfillment, then EOA shall strive to meet the most similar charitable objective that serves the same population with the approval of the donor, donor's legal representative or legal heirs.

2. PLEDGES:

Pledges may be payable in single or multiple installments. Multi-year pledges should not exceed 5 years. Exceptions can be made with approval from EOA's Board of Directors with regard to pledges of major gifts, if it is in the best interests of EOA, the donor and the duration of the pledge of more than 5 years is the only way the gift can be made to EOA. Donors should complete a pledge form or confirm the pledge in writing through a pre-approved legal instrument by which the pledge and subsequent payments will be governed. All pledge documents will contain donor and organization information, total amount of pledge, pledge payment amounts, payment schedule and purpose of pledge monies. EOA's Board of Directors reserves the right to seek legal counsel to review all pledged major gift documents prior to accepting them. EOA's policy is to not pursue any unfilled pledge commitment through legal means unless EOA's Director of Development, EOA's Executive Director and the EOA Board of Directors decide that special situations or circumstances involving any particular pledge would warrant such action.

3. SPONSORSHIPS:

Sponsorships are business agreements between EOA and an individual, or legal entity/company to provide in-kind services/products and/or a monetary donation in return for marketing/public exposure. Marketing for sponsors differs from donor recognition in that marketing implies the desire and intent of EOA to actively improve the publicly perceived image and/or general consumer awareness of sponsor(s) through advertising in return for support from sponsor(s). All sponsorships will be finalized with a dated contract signed by the sponsor, or sponsor's representative and EOA's representative. Sponsorship contracts will clearly outline the following:

- The nature of the sponsorship and parties involved.
- Duration of sponsorship (if applicable).
- The marketing and marketing schedule and/or product placement to be provided by EOA on behalf of Sponsor.
- Listing of the product(s)/service(s)/monetary donation(s) made by the Sponsor, along with date and method of delivery/payment.

Sponsorships are typically associated with fundraising events organized for EOA, but sponsorships can also be made in support of a specific program, product or service provided by EOA. Marketing provided by EOA in return for sponsorships should always be in realistic proportion to the nature and size of in-kind services/products and/or monetary donations made by a sponsor. Donations from sponsorships and relationships between EOA and Sponsors will follow the guidelines laid out in this policy in the same manner and spirit as philanthropic-based gifts and relationships.

4. SIGNIFICANT GIFTS:

A significant gift is considered any approved gift of cash (including checks and credit card transactions), gifts of securities (both publicly traded and closely held), real estate, personal property, intangible (intellectual) property, life insurance, gifts of retirement funds, bequests, charitable gift annuities, remainder trusts (annuity trusts or unitrusts), lead trusts, or remainder interest in a home or farm whose value or appraised value is \$10,000 or more. An approved gift of a value greater than \$75,000 is considered a major gift.

5. ENDOWMENTS:

Endowed gifts will be added to a designated or new Endowment Fund and managed by an outside investment manager as selected and guided by EOA's Director of Development, Executive Director and Executive Committee of the Board and approved by EOA's Board of Directors. Earnings for gift accounts will be maximized to the extent possible in keeping with sound financial management practices. Income earned on a donor's endowed gift will be used for the purpose stipulated by the donor. Occasionally, funds sought and contributed for a project or program administered by EOA may be insufficient to make the project or program viable. If EOA is unable to

proceed, the donor will be invited to redirect their contributions to a similar purpose, and/or to curtail future pledged payments. A maximum of up to 2% of the annual income generated from an endowment will be redirected toward costs associated with managing the endowment, unless otherwise agreed upon by EOA and the donor.

ASSETS ACCEPTABLE AS GIFTS

The following assets are acceptable as described, either as outright gifts, as bequests or devises (estate gifts), or when appropriate, as funding for a charitable remainder trust, gift annuity, or lead trust as determined by the IRC. All planned gifts are subject to approval by EOA's Director of Development, Executive Director and outside legal counsel, with final approval from EOA's Board of Directors. EOA reserves the right to secure the services of a third party for the management of any planned gift and/or endowment fund at the direction of EOA's Executive Director and the EOA Board of Directors, should EOA not manage such gifts itself. Professional legal counsel from a neutral third party will be required for the approval of all planned gift agreements. EOA shall not act as an executor (personal representative) for a donor's estate. EOA shall not pay for the drafting of legal documents for trusts or wills. EOA reserves the right to decline any gift for any reason.

1. CASH

EOA accepts cash, check, money orders, bank drafts and gifts via credit and debit cards.

2. MARKETABLE SECURITIES

EOA accepts gifts of publicly traded stocks and bonds. In order to expedite the transfer of funds to the appropriate account and facilitate processing, the investment department of the financial institution that manages the majority EOA's short term cash shall be used whenever possible. It is EOA's policy to sell donated securities immediately upon completion of the donation.

3. INSURANCE

EOA may be named as a percentage or contingent beneficiary of any life insurance policy. In addition, EOA accepts life insurance policies for which the donor has relinquished ownership by assigning all rights, title, and interest in the policy to EOA. 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, EOA may choose either to cash it in for the current surrender value or continue to pay the premium so long as EOA is not required to expend funds from sources other than the donor to maintain the contract. EOA shall have no obligation to continue premium payments on insurance policies. Paid-up life insurance policy gifts in which EOA is the owner and irrevocable beneficiary are acceptable. EOA does not participate in charitable split dollar insurance plans.

4. RETIREMENT PLAN ASSETS

EOA may be named as a beneficiary of any retirement plan. Direct Rollovers from IRA's are also possible. Donors who are 70 and a half and older can directly roll a portion of their IRA over to EOA during 2007. (There is legislation in the United States Congress which could extend the life of this giving opportunity beyond the 2007 calendar year. EOA will make this giving opportunity available to donors as long as it is allowed by the IRS.)

5. BEQUESTS

EOA receives bequests from persons who have directed in their wills AND TRUSTS that certain assets be transferred to EOA. EOA's legal name is "Economic Opportunity Agency of Washington County, Inc.". EOA will accept assets transferred through bequests that have immediate value to the EOA, or that can be liquidated. Gifts that appear to require more cost than benefit shall be discouraged or rejected. Donors who have indicated that they have made a bequest to EOA may, depending upon the individual situation, be asked to disclose in writing or by copy of the will or trust, the relevant clause that benefits the EOA as evidence of their gift. This information is used for internal financial purposes and is not binding to the donor.

6. OTHER ASSETS AND FORMS A GIFT MAY TAKE

Other types of gifts not mentioned in this policy may be acceptable within reason for the purpose given, and in an amount appropriate for the gift type. EOA will use fiscally and legally sound rationale for acceptance, and will defer to the Executive Committee of the Board when appropriate. This policy should serve as a general guideline under such circumstances.

7. LIFE INCOME ARRANGEMENTS

The following life income agreements are acceptable when in compliance with the Internal Revenue Code at the time the gift is established, and are subject to reformation as tax laws change. EOA will furnish calculations and illustrations at no cost as an educational service to prospective donors.

7a. GIFT ANNUITIES

The State of Arkansas requires that 501(c)(3) organizations, such as EOA, secure a license to offer and enter into gift annuity agreements with donors. EOA currently has no such license and as such will not offer gift annuity services to donors unless the proper licensing is obtained. The following clause shall be used to govern future gifts of gift annuities, if such licensing is obtained by EOA in the State of Arkansas.

A gift annuity contract may be established for a minimum gift of \$100,000. Additions to an annuity are not permitted. Annuitants must be sixty years of age or older when payments begin. Annuities may have no more than two annuitants and no exception shall be made. A gift annuity agreement shall not be issued unless the charitable gift computed using the government tables exceeds 10% of the amount transferred for the annuity. The payout rates offered are regulated by Arkansas statutes and shall be those recommended by the American Council on Gift Annuities.

A charitable gift annuity is a contractual arrangement between the donor and EOA. The donor transfers money or property to EOA in exchange for a promise to pay an annuity to the donor(s) and/ or other named beneficiaries for a specified period of time.

The rate issued to a donor is regulated by Arkansas statutes and is currently based upon the tables recommended by the American Council on Gift Annuities. All forms of annuities must have approval from the EOA Board of Directors before being formally accepted.

7b. CHARITABLE REMAINDER TRUSTS

EOA may accept gifts from both charitable remainder annuity trusts and charitable remainder unitrusts which are in a form substantially similar to the forms approved by the Treasury Department or are otherwise determined by EOA's legal counsel to be legal trusts for administration on behalf of EOA. EOA encourages the use of a Trustee suitable to the donor including banks or other appropriate institutions. EOA shall not act as trustee or co-trustee of a charitable remainder trust. EOA encourages donors to consult their own legal counsel and tax advisors to create a charitable remainder trust. EOA will enlist the services of a qualified third party to act as trustee for these life income vehicles on behalf of EOA where EOA is the irrevocable remainder beneficiary.

8. CHARITABLE LEAD TRUST: EOA will be glad to provide prospective donors with calculations, studies and samples of how these kinds of gifts work, at no cost to the donor. As an educational tool, EOA will furnish calculations and illustrations at no cost as an educational service to prospective donors. Approval from the EOA Board of Directors will be required for any charitable lead trust agreement.

Charitable Lead Trust Explanation:

The charitable lead trust preserves the asset for later distribution to a donor or their designated beneficiaries while allowing EOA to benefit from the investment return during the time allotted. The lead trust provides a series of payments to EOA for a period of time, after which the property either reverts to the donor or passes to the donor's family.

There are two types of charitable lead trusts: the grantor lead trust and the more popular family lead trust. Under the grantor lead trust, the trust assets are returned to the donor at the end of the trust term. As a result, the donor is provided with a current charitable income-tax deduction for the present value of the payments EOA receives during the trust term.

Under the family lead trust, the assets remaining in the trust are distributed to a donor's family, usually children or grandchildren, at the end of the trust term. Through the family lead trust, a donor may significantly reduce or even eliminate transfer (gift or estate) taxes on the value of the assets funding the trust. In addition, any appreciation in the value of the assets in the family lead trust will void transfer taxes when eventually received by the family.

9. TANGIBLE PERSONAL PROPERTY:

Gifts of tangible personal property are acceptable. Conditions for accepting gifts include salability or usability and current EOA needs for the type of property offered, physical condition of the property, cost of any storage or insurance needed and any other unusual feature or condition involved in the transfer.

10. BARGAIN SALES:

A bargain sale is one in which EOA is provided the opportunity to purchase property at less than its fair market value. The gift is usually the difference between the sale price and the market value. The EOA Board of Directors must approve all bargain sales prior to acceptance.

11. REAL ESTATE:

All real estate gifts must be approved by the EOA Board of Directors and legal counsel. Gifts of real property should result in a minimum gift to EOA of \$25,000 if the property is in Arkansas, or \$150,000 if out of state. Gifts of real estate should be mortgage free. EOA shall not accept gifts of real estate with restrictions upon the ultimate sale of the property. Full interests, partial interests and remainder interests in real property are all acceptable. Remainder interests are contracts. In the case of such gifts, the donor will be expected to agree to be responsible for and to pay all property taxes, maintenance on the property, adequate insurance on the property, and utilities. Conditions for acceptance shall include salability and annual maintenance costs including evaluation of any liens against the property and any real estate taxes. Donor may be asked to sign a statement regarding liability for previous and current environmental or other conditions if EOA deems it appropriate.

12. SAVINGS BONDS:

All gifts of savings bonds must be approved by EOA's Board of Directors prior to formal acceptance of such gifts. Such a gift must be within reason and in a sum that is appropriate for the kind of gift the donor wishes to make.

13. RESERVED LIFE ESTATE:

Reserved Life Estate gifts must be approved by the EOA Board of Directors. Reserved Life Estates will be sold immediately by EOA. The resulting gift from the sale of such an estate must be in excess of \$25,000 if the property is in Arkansas, or \$150,000 if out of state. Donor retains the life interest in their estate, with the remainder

interest going to EOA. The donor gets an immediate tax deduction based upon their projected life expectancy. Gifts of real estate should be mortgage free. EOA shall not accept gifts of real estate with restrictions upon the ultimate sale of the property. Full interests, partial interests and remainder interests in real property are all acceptable. Remainder interests are contracts. In the case of such gifts, the donor will be expected to agree to be responsible for and to pay all property taxes, maintenance on the property, adequate insurance on the property, and utilities. Conditions for acceptance shall include salability and annual maintenance costs including evaluation of any liens against the property and any real estate taxes. Donor may be asked to sign a statement regarding liability for previous and current environmental or other conditions if EOA deems it appropriate.

14. OTHER ASSETS AND FORMS A GIFT MAY TAKE:

Other types of gifts not mentioned in this policy may be acceptable within reason for the purpose given, in an amount appropriate for the gift type and in accordance with the language and spirit of this policy. EOA will use fiscally and legally sound rationale for acceptance of such gifts, and will seek approval from the EOA Board of Directors for final approval when appropriate. This policy should serve as a general guideline under such circumstances.