

**Policy Statement**  
Make-A-Wish Foundation  
of Alaska & Washington

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**Revised 1-23-14**

### **Acknowledging, Depositing and Accepting Charitable Contributions**

These policies are designed to protect the interests of the Make-A-Wish Foundation® of Alaska and Washington (“Make-A-Wish”), and the persons and other entities who support its programs, and to assure that all gifts to, or for the use of, our chapter are structured to provide maximum benefits to both parties.

These policies are modeled after Make-A-Wish Foundation of America’s (“MAWA”) Gift Acceptance Policies, approved July 12, 2008. They focus on both current and deferred gifts, with special emphasis on various types of deferred gifts and gifts of non-cash property.

The goal is to encourage funding of Make-A-Wish Alaska and Washington without encumbering the chapter with gifts which may generate more cost than benefit, or which are restricted in a manner which is not in keeping with the goals of the organization.

To optimize funding from individuals and other entities, Make-A-Wish must be capable of responding quickly, and in the affirmative where possible, to all gifts offered by prospective donors. These policies must be flexible since some gift situations can be complex, and decisions can only be made after careful consideration of a number of interrelated factors. Therefore, these policies will in some instances require that the merits of a particular gift be considered by the Finance Committee and a final decision be made only by that body.

### **DUE DILIGENCE**

Our chapter strictly adheres to MAWA’s guidelines to proceed with caution before accepting any gift from a potentially inappropriate or controversial donor. When dealing with such a donor, the President & CEO and the Vice President, Mission Advancement will perform appropriate due diligence and realistically assess the degree of potential business risk associated with accepting the proposed gift under the circumstances. Make-A-Wish shall decline any such donation where, in our chapter’s judgment and sole discretion, accepting the donation is likely to harm the Make-A-Wish brand, or otherwise interfere with the fulfillment of our organization’s mission.

### **CONFIDENTIALITY**

All information concerning the identity of donors and prospective donors of planned gifts will be kept strictly confidential by Make-A-Wish. There shall be no publicizing of any such gifts without the permission of the donor.

## **I. OUTRIGHT GIFTS**

### **A. Cash**

1. Gifts of cash, checks and by credit card are acceptable regardless of amount unless, as in the case of all gifts, there is a question as to whether the chapter's reputation would be negatively affected, or whether the donor has sufficient title to the assets or is mentally competent to legally transfer the funds as a gift.
2. All checks must be made payable to Make-A-Wish Alaska and Washington and shall in no event be made payable to an employee, agent, or volunteer for the credit of Make-A-Wish.

### **B. Publicly Traded Securities**

1. Securities traded on the New York or American Stock Exchanges, or other readily marketable securities, shall be accepted by Make-A-Wish Alaska and Washington. Such securities will be immediately sold by Make-A-Wish. In no event shall an employee or volunteer working on behalf of Make-A-Wish commit to a donor that a particular security will be held by Make-A-Wish unless authorized to do so by an officer of Make-A-Wish Alaska and Washington.

### **C. Closely Held Securities**

1. Non-publicly traded securities including restricted stock may only be accepted after approval of the chapter's Finance Committee. Prior to review by the Finance Committee, designated staff shall explore methods of liquidation for the securities through redemption or sale. The designated staff member shall attempt to contact the closely held corporation to determine an estimate of fair market value and whether there are any restrictions on transfer.
2. Such securities may be subsequently disposed of only with the approval of the chapter's Finance Committee.
3. No commitments shall be made for the repurchase of such securities by the chapter prior to completion of the gift and then only with the approval of the Finance Committee.

## **D. Real Property**

1. No gift of real estate shall be accepted without a completed real property disclosure checklist (see addendum), a preliminary title report or commitment for title insurance allowing the chapter to obtain a title insurance policy for the property subject only to title exceptions accepted by the Finance Committee.
2. No gift of real estate shall be accepted without first being appraised, assessed, and inspected by an appraiser who shall have no business or other relationship to the donor and is approved by the Finance Committee.
3. Make-A-Wish Alaska and Washington shall form an ad hoc committee of subject matter experts to evaluate and form a qualified opinion on the acceptance of any gift of real property. No gift of real property shall be accepted by the Finance Committee until a qualified opinion is received from the ad hoc committee. No members of the ad hoc committee shall have a business or other relationship to the prospective donor of the real property.
4. Gifts of real property will be immediately sold by Make-A-Wish. In no event shall an employee or volunteer working on behalf of Make-A-Wish commit to a donor that real property will be held by Make-A-Wish unless authorized to do so by an officer of Make-A-Wish Alaska and Washington.
5. Prior to acceptance of non-residential real estate, the chapter must receive the results of an appropriate Phase I environmental assessment by a qualified environmental engineer to determine the likelihood of any past or present environmental pollution or violations. Environmental testing will be paid for by the donor. However, if the property is free from significant contamination or other environmental pollution or violations and the chapter accepts the gift, the chapter may reimburse the donor for part or all of the test expenses. The chapter will also attempt to obtain an environmental indemnity from the donor. Contaminated property will not be accepted by the Chapter without: (a) a careful and thorough legal and economic analysis of the potential liability and costs resulted from the contamination; and (b) the prior approval of the Finance Committee.
6. Prior to presentation to the Finance Committee, a member of the Chapter's staff must conduct a visual inspection of the property. If the property is located in a geographically isolated area, a local real estate

broker unrelated to the donor and selected by the Chapter can substitute for a member of the Chapter's staff in conducting the visual inspection.

7. The Chapter shall carefully evaluate the receipt of real estate encumbered by a mortgage and consult necessary tax or legal professionals because the ownership of such property may give rise to unrelated business taxable income for the Chapter and disqualification of certain split interest gifts unless handled in a proper manner. In addition, the Chapter will become responsible for servicing the debt or risk the loss of the property. The Chapter should also determine if there is any provision in the mortgage that will cause the debt to become immediately due and payable upon the transfer of the property.
8. All real estate that cannot be used in furtherance of the Chapter's exempt purpose will be sold as quickly as is commercially possible. Internal Revenue Service Form 8282 will be filed by the Chapter with the Internal Revenue Service as appropriate.
9. Real estate shall not be accepted to fund a charitable gift annuity without seeking an opinion as to the permissibility of this action under the laws of the state or states involved and approval by the Finance Committee.

#### **E. Tangible Personal Property**

1. No personal property shall be accepted by the Chapter unless there is reason to believe the property can be disposed of quickly or is of use to the Chapter in furtherance of its exempt purpose (e.g. office equipment and furniture, goods used in fulfilling wishes, and goods accepted for sale at the annual Wish Night Gala & Auction).
2. No perishable or live property, and no property requiring special facilities or security will be accepted without the prior approval of the Finance Committee.
3. Internal Revenue Service Form 8283, Non-Cash Charitable Contributions, presented by the donor when appropriate. A qualified appraisal, paid for by the donor, must be attached to Form 8283.
4. Only the Finance Committee or persons authorized by the Finance Committee to do so may represent to a donor that property will or will not be held by Chapter for a specific period of time or for purposes related

to its tax-exempt status. Donors should be notified at the time of receipt of a gift that the Chapter will, as a matter of policy, cooperate fully in all matters related to Internal Revenue Service investigations of non-cash charitable gifts.

#### **F. Other Property**

1. Other property of any description, whether real or personal, including mortgages, notes, copyrights, royalties, easements, trademarks and patents, shall only be accepted by action of the Finance Committee or persons authorized by the Finance Committee to act on its behalf.
2. Appropriate inquiry shall be made and special consideration shall be given to the nature of any property offered as a gift and whether it is in keeping with the mission of Make-A-Wish prior to the acceptance of any property by Chapter.

## **II. DEFERRED GIFTS**

#### **A. Bequests**

1. Gifts through wills (bequests and trusts) shall be actively encouraged by the Chapter.
2. If a realized bequest or any distribution thereof is under \$100,000, fifty percent (50%) is made available for immediate use, all dedicated to cash wish expense and fifty percent (50%) is placed in the Wishing Well, a board-designated fund. If a realized bequest or any distribution thereof is over \$100,000, a maximum of \$50,000 is made available for immediate wish granting purposes and the remainder is placed in the Wishing Well.
3. The Chapter shall not act as an executor (personal representative) or trustee for a donor's estate or trust.
4. In the event of inquiry by a prospective donor, representations as to the future acceptability of property proposed to be left to the Chapter through a will or any other deferred gift arrangement shall only be made in accordance with the terms and provisions of paragraphs I(A-F) of this document.

5. The Chapter will disclaim a gift if its terms or conditions are contrary to the needs or image of the Chapter or inconsistent with the policies set forth in this document.
6. Gifts from the estates or trusts of deceased donors consisting of property which is not acceptable shall be rejected by action of the Finance Committee. Designated staff or legal counsel of the Chapter shall promptly communicate the decision of the Finance Committee to the legal representative of the estate. If there is any indication that the representative of the estate, trust or any family member of the deceased is dissatisfied with the decision of the Finance Committee, this fact shall be communicated to the Finance Committee as quickly as possible.
7. Attempts shall be made to discover all deferred gift expectancies in order to reveal situations which might lead to unpleasant donor relations. Where possible, intended bequests of property other than cash or marketable securities should be brought to the attention of the Finance Committee. Where deferred gift types are in conflict with Chapter policies, or the donor's desired use of the gift or recognition is outside the scope of the Make-A-Wish mission, the designated Chapter representative will notify the donor or the estate's representative and discuss a suitable alternative that honors the donor's wishes, but conforms with the Chapter's policies and mission.
8. Once it knows of a bequest, the Chapter will make every effort to protect its interests by following the gift through the probate process, if applicable.
9. When the Chapter learns that it is named as a beneficiary under a will or trust, the following information should be obtained:
  - Name, date and place of death of the donor and the date of the will or trust agreement.
  - Date and place of probate of the will.
  - Name and address of the executor of the estate or the trustee of the trust.
  - Name and address of the attorney for the executor or the trustee (if applicable).
  - Copy of the will or trust instrument.
  - Approximate value of the gift.
  - Estimated date of distribution.
  - Any additional information that may prove helpful in understanding the nature and extent of the gift.

#### 10. Designation of the Intended Beneficiary of a Bequest

Following is suggested language regarding the disposition of funds derived from gifts by will, trust or similar instruments:

“I give to Make-A-Wish Foundation of Alaska and Washington [*the sum of \_\_\_\_\_ dollars (\$\_\_\_\_\_) or describe property*] for [*its general purposes or restrictions designated*].”

“I give to Make-A-Wish Foundation of Alaska and Washington [*all or \_\_\_ percent (\_\_\_%)*] of the rest, residue and remainder of [*my or the trust*] estate, for [*its general purposes or restrictions designated*].”

## 11. Ambiguous Beneficiaries of Wills and Bequests

The Make-A-Wish Foundation of America and Chapters will at all times honor donor intent. When it is not clear from the face of a will or trust document whether the intended beneficiary is Make-A-Wish Foundation of America or a Chapter, the parties will follow the procedures set forth in Performance Standards AF 10.1 (“Non-Specific Bequests”) and AF 10.2 (“Applicable Procedures”), and the accompanying Guideline.

### **B. Charitable Trusts**

1. Neither the Chapter nor its officers or employee will serve as trustee of a charitable remainder trust for the benefit of the Chapter. This policy may only be waived by written approval of the Chapter’s Finance Committee and Audit Committee.
2. The Finance Committee of will identify a number of corporate fiduciaries in which it has confidence, e.g. trust companies and banks with trust departments, to assist donors in the selection of qualified trustees. Only with the approval of the chapter’s Finance Committee may any corporate fiduciary be recommended to a donor. After obtaining approval, Chapter volunteers and staff should furnish donors with the names of at least three possible fiduciaries to avoid the appearance of a conflict of interest.

3. The fees for the creation of a charitable remainder trust will only be paid by Chapter upon approval of the Finance Committee. Further, such fees may be paid only if: (a) the Chapter is irrevocably named as a remainder beneficiary (i.e., beneficiary of the assets remaining after the expiration of payments to the life or term income beneficiaries); (b) the projected remainder to the Chapter is significantly greater than the projected fees; and (c) the fees are proportionately split among all of the remainder beneficiaries if the Chapter is not the sole beneficiary.
4. The Chapter's Finance Committee and other appropriate employees and volunteers acting on behalf of Chapter are to become familiar with the types of property generally accepted by corporate fiduciary as suitable contributions to charitable remainder trusts. Employees or others acting on behalf of Chapter shall not encourage donors to make gifts of any property to charitable remainder trusts which are not generally accepted by corporate fiduciaries.
5. No representations shall be made by any officer, employee or other persons acting on behalf of the Chapter as to the manner in which charitable remainder trust assets will be managed or invested by a corporate fiduciary who may be recommended by the Chapter.
6. Charitable remainder trusts and all other deferred gifts should be encouraged.. Such trusts shall not be marketed as tax avoidance devices or as investment or asset protection vehicles.
7. No charitable remainder trust shall be encouraged where it is determined that the net present value of the remainder interest in the trust is less than 25% of the value of the funds transferred to the trust.
8. Charitable lead trusts shall be subject to the same policies as set forth above for charitable remainder trusts.

### **C. Charitable Gift Annuities**

1. Charitable gift annuities are offered to donors through the Make-A-Wish Foundation of America ("the Foundation").
2. Donors may designation the Foundation or one or more of its Chapters to be the beneficiary of a charitable gift annuity. Once the annuity obligation has been met, the gift remainder at that time will be paid to the named beneficiary.



3. The Foundation will accept current gift annuities, where payments begin within one year of the gift date, as well as deferred payment gift annuities, where the initial payment is at least one year after the gift date. The deferral period will be at the discretion of the donor.
4. The minimum amount required for a one-life annuity is \$5,000; a two-life annuity requires a minimum contribution of \$10,000. There is no maximum limit, and agreements may be written for any amount above the minimum.
5. The Foundation will follow the American Council on Gift Annuities suggested annuity rates..
6. The Foundation will always offer the maximum annuity rate to each annuitant based on the actuarial age of the annuitants, but the Foundation may suggest that, if the person is willing to accept a lower rate, a larger charitable deduction would be obtained for the same gift. Should a donor elect to accept a lower rate, such decision to do so must be documented in writing.
7. Gift assets will be limited to cash and readily marketable securities for which a public market exists. Closely held stock will not be accepted. The Foundation will not accept real property in exchange for a gift annuity.
8. The Foundation will operate segregated gift annuity funds, in which identifiably separate investments will be maintained.
9. Gift annuities are administrated exclusively by Make-A-Wish America, and can be written for a maximum of two annuitants with a minimum age of 60 years. Exceptions to this age requirement may be made for deferred annuities with the understanding that the annuity payment start date also will be deferred.
10. The creation of gift annuities for chapter donors is subject to all practices and policies of Make-A-Wish of America.

#### **D. Life Estate Gifts**

1. Donors generally should not be encouraged to make gifts of real property to the Chapter under which they maintain a life interest in the property.

2. Such gifts may be accepted, however, by prior approval of the Finance Committee in situations where the asset involved appears to be a minor portion of the donor's wealth, and the Committee is satisfied that there has been full disclosure to the donor of the ramifications of the transaction.

**E. Gifts of Life Insurance**

1. The Chapter will encourage donors to name our chapter as a beneficiary to receive all or a portion of the benefits of life insurance policies owned by the donor.
2. The Chapter will accept life insurance policies as gifts only when the Chapter is named as the owner and beneficiary of 100% of the policy. While attempting to honor the donor's wishes, the Chapter reserves the right to determine whether it will cash in the policy or retain it as an investment.
3. The Chapter will not, however, accept gifts from donors for the purpose of purchasing life insurance on the donor's life. Exceptions to this policy will be made only: (a) after researching relevant state laws to assure that the Chapter has an insurable interest; and (b) with the approval of the Finance Committee.
4. No insurance products may be endorsed by a beneficiary to the Chapter for use in funding gifts to the Chapter without the Chapter Board's approval.
5. In no event shall lists of Chapter donors be furnished to anyone for the purpose of marketing life insurance.

**F. Endowments**

1. Donors to the Chapter may make an outright or deferred gift to permanent endowment. Donors may designate the Chapter for permanent endowment support through the Wishes Forever<sup>SM</sup> endowment at Make-A-Wish Foundation of America.
2. Named, permanent endowment funds can be created within Wishes Forever for gifts of \$150,000 or more.

**III. PAYMENT OF FEES RELATED TO GIFTS TO MAKE-A-WISH**

**A. Finder's Fees or Commissions**

1. The Chapter will not enter into agreements to pay what is commonly known as a "finder's fee" or a commission to third parties as compensation for locating a donor who makes a gift to the Chapter.
2. No person acting for the Chapter, whether an officer, volunteer, employee, or other representative, shall receive any fees, commissions, or other remuneration (other than the fixed salary of an employee) for obtaining a planned gift.

**B. Professional Fees**

1. The Chapter may pay reasonable fees for professional services rendered to a donor in connection with a gift to the Chapter only with prior written approval of the Chapter's Finance Committee.
2. The option to pay professional fees should not be advertised and should be used as a last resort in a situation where an irrevocable gift of significant value otherwise might be lost. The donor shall be notified that the payment of such fees by the Chapter may result in an Internal Revenue Service claim that the value of the gift is reduced by the amount of the fees paid. Further the Chapter shall not pay any fees unless the gift is irrevocable.
3. Such fees will be paid only following discussion with and approval by the donor.

4. Such fees shall be based on reasonable local market rates and for services directly related to the completion of a gift. Such fees shall be limited to appraisal fees by persons who are competent and qualified to appraise the property involved and who have no conflict of interest; attorney fees for legal and tax advice and for the preparation of documents; accounting fees incidental to the transaction; and fees of “fee for service” financial planners. In the case of financial planners, such persons must verify in writing that they are compensated only through fees for services rendered and that they are not compensated for the sale of products to the donor. This distinction is vital in voiding the payment of commissions which could be construed as triggering securities regulation.
5. In the case of legal, accounting, and other professional fees, an attempt shall be made by the Chapter’s Finance Committee to ascertain the reasonableness of these fees prior to payment. An hourly breakdown of time should be requested. In cases where the fees appear to be excessive, the breakdown shall be submitted to the Chapter’s legal counsel for review and recommendation prior to payment.

#### **IV. RESTRICTED GIFTS**

- A. Restricted gifts are contributions of cash or property where the donor has restricted the use of the gift to specified projects, purposes or geographic areas.
- B. Whenever the terms of a gift contain a legally effective provision restricting the use of the gift, the provision must be followed. If the restriction placed on the gift violates any policy of the Chapter, the Chapter shall attempt to obtain the necessary modification or change in order to comply with such policy. If such modification or change cannot be obtained, the Chapter shall not accept the gift (but may recommend one or more other agencies in the community that might carry out the wishes of the donor).

## V. OTHER MATTERS

### A. Avoidance of Pressure Techniques

The Chapter's officers, volunteers and staff are to avoid the use of any pressure techniques when dealing with donors and prospective donors. The interests of the donor or prospective donor must also be considered with any gift. Factors considered in this assessment include the donor's charitable intent and financial position, the effect of the gift on the donor's individual estate, potential heir disputes and the donor's mental state. The Chapter's officers, volunteers and staff will inform and assist the donor in fulfilling the donor's philanthropic wishes, but shall not pressure or unduly influence the donor.

### B. Use of Legal Counsel

All donors and prospective donors will be advised to seek the advice of their own attorney and tax advisor regarding all aspects of their proposed gift. The Chapter should execute no agreement, contract, trust or other legal agreement without the review and approval of its legal counsel.

### C. Potentially Inappropriate or Controversial Donors

In order to protect the good name and reputation of Make-A-Wish, the Chapter should proceed with caution before accepting any gift from a potentially inappropriate or controversial donor. When dealing with such a donor, the Chapter's Finance Committee must perform appropriate due diligence and realistically assess the degree of potential business risk associated with accepting the proposed gift under the circumstances. In situations where the potential risk is assessed as "Moderate" or "High", the Chapter's Finance Committee shall consult with, and follow the direction of, Make-A-Wish America's Resource Development & Branding Committee.