

Natural Resources Council of Maine

Gift Acceptance Policy

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OUR MISSION

The Natural Resources Council of Maine (NRCM) is a 501(c)(3) nonprofit membership organization protecting, restoring, and conserving Maine's environment, now and for future generations.

NRCM's board of directors is charged with maximizing the organization's ability to perform its mission. Toward that end, the board has a fiduciary duty to assure that NRCM's assets are employed efficiently and protected from potential liabilities and diversion to purposes other than those that will further NRCM's goals. In an effort to discharge that fiduciary duty, the board of directors has approved this Gift Acceptance Policy (the "Policy"), which is intended both to keep NRCM financially secure and to assure donors that their contributions are used in accordance with their wishes and NRCM's mission. We hope this explicit statement of the Policy can serve as a guide to the responsibilities of both donors and NRCM in planning and accepting charitable gifts.

This Policy describes the circumstances under which NRCM can accept present and future interest gifts. General considerations affecting gifts of all kinds are described in Part One of the Policy. The different sorts of property that NRCM can accept are described in Part Two of the Policy. The various means in which gifts may be made are described in Part Three.

We appreciate a donor's desire to make any gift to NRCM. We would be happy to provide a copy of this Policy to anyone with whom a donor consults in the course of considering a gift and to answer any questions this Policy may raise for any potential donor or those with whom a donor is consulting. Please call Gretta J. Wark, director of development, at 207-622-3101, ext. 208 for assistance.

PART ONE: GENERAL POLICIES RELEVANT TO ALL GIFTS

1. *Employment of Counsel.* In some circumstances, it is prudent for NRCM to work with legal counsel in structuring significant gifts. When those circumstances arise, NRCM employs, at its own expense, counsel who are independent of the donor. The instances in which NRCM expects to work with counsel are identified below. We encourage donors to consult their own legal and tax counsel as their needs may require, and we ask that all potential contributors to NRCM understand that counsel working with NRCM to structure a gift cannot also work with or represent the person making the gift. NRCM and its employees and agents are prohibited from advising donors about the tax consequences of their donations, so donors should seek advice on the tax ramifications of any gift to NRCM from independent legal or tax advisors.

2. Acceptance Process. Some gifts to NRCM are more complex than others. In the case of certain gifts, NRCM requires that the organization's acceptance of the gift be approved by the board of directors. Gifts that can only be accepted with the approval of the board are identified below. Gifts that do not need to be accepted by the board may be accepted by the executive director on the organization's behalf.

3. Membership. NRCM is a membership organization. (See "Bylaws".)

Dues are set by the board of directors. As of May 2013, dues are \$35 for an individual membership for one year. The board allows NRCM to set lower levels for short-term promotions, though at no time shall that level be less than \$10. Within this constraint, any gift made to NRCM for the organization's benefit qualifies the donor as a member. In instances where NRCM serves as the fiscal sponsor for another group, NRCM may choose to make that group's supporters complimentary members.

4. Unrestricted Gifts. Like all charitable organizations, NRCM seeks gifts for general support of our goals; unless otherwise noted by the donor, membership gifts fall into this category. Unrestricted support helps assure that NRCM will be able to respond to the needs and desires of the people it serves as those needs and desires change over time, in ways we cannot now foresee.

5. Restricted Gifts. NRCM also welcomes restricted grants and gifts in support of specific priorities in the annual work plan and the budget approved by the board.

Occasionally, NRCM is presented with an opportunity to undertake a new initiative or to expand a project mid-year. Typically, the opportunity arises when a foundation or individual donor recognizes that NRCM is uniquely positioned to address a major threat to the environment and offers to support our efforts to meet this challenge. Before accepting a restricted gift or grant to launch a new initiative or to expand a project mid-year, NRCM may need to secure board approval of the underlying change to the work plan. The internal planning and board approval process are described in the "New Advocacy Initiative Evaluation Process," Appendix B of the 2005-08 Strategic Plan.

Gifts that are counter to or beyond the scope of NRCM's mission and purpose will be turned down, with the exception of gifts accepted in our capacity as a fiscal sponsor for another entity. NRCM, at the discretion of the executive director, may serve as the fiscal sponsor for a community group that is working on an environmental issue that does not conflict with NRCM's advocacy positions and carries minimal risk to NRCM's finances or reputation. Donations passed through

to a community group are subject to the same standards of review and handling as gifts received for NRCM's use.

NRCM may accept donations to the organization's board-directed fund. Gifts to create *endowment* funds will be subject to review and approval by the board.

At the direction of the board, NRCM may undertake a campaign to raise gifts over a period of years for specific priorities, either in support of the organization's mission or to achieve an environmental goal in collaboration with other institutions (*e.g.*, the Penobscot restoration). NRCM will develop a separate "Gift Counting Policy" for each campaign, for review and approval by the board.

6. *Avoiding Unacceptable Contributions.* NRCM will avoid accepting donations from entities if such gifts create an actual or perceived conflict of interest. NRCM will not knowingly accept donations from any business whose product or reputation could undermine the integrity and independence of NRCM. More specifically, NRCM will not solicit or accept donations from businesses that: (a) are substantial polluters of the environment; (b) have a significant and potentially controversial permitting or licensing matter under consideration by state or federal agencies; (c) have an unresolved enforcement matter pending before state or federal regulators; or (d) have a position on an environmental policy matter that is contrary to an NRCM advocacy position.

The fact that a potential contributor has permits from environmental agencies or may in the course of its business affect the environment does not *per se* disqualify it as a donor.

To guide fundraising activities, the director of development will prepare on an annual basis a list of potential business donors for solicitation, and will provide an opportunity for review and comment by staff that may be familiar with these companies. The executive director will approve business donor prospects prior to solicitation. The executive director also will determine whether any unsolicited business gift conforms to this policy prior to accepting or declining the gift. The board of directors may establish a *de minimis* level of contribution below which individualized review under this policy does not occur. The current *de minimis* level is \$250. Furthermore, the board of directors may establish a ceiling above which the executive director must obtain board approval before declining a gift. The current ceiling is \$5,000.

NRCM reserves the right to refuse any gift, and maintains absolute control over if, how, and when its name or logo can be used by any donor. Businesses may not use NRCM's name or logo as part of any corporate message or to further the commercial interest of a business, and the NRCM name and logo may not be used in

any publication without express written permission. Any publicity plan should, if possible, be determined before the donation is accepted.

7. *Fees and Commissions.* NRCM does not pay “finder’s fees” or commissions to third parties in connection with gifts to NRCM. No officer, employee, or agent of NRCM is or will be compensated in a manner that is dependent on the size or nature of gifts made to NRCM by any person. When NRCM engages legal counsel, accounting professionals, appraisers, or environmental consultants, their fees and expenses will be determined by the time they spend engaged on NRCM’s work and not by reference to any particular gift in connection with which they are retained. Their fees will be paid by NRCM. Any such professional engaged by NRCM will be clearly identified to the donor or potential donor as working on behalf of NRCM and not on behalf of the donor. The fees and expenses of legal counsel, accountants, or appraisers engaged by donors may be wholly or partly paid by NRCM, at the request and with the consent of the donor, with the approval of the board. In any case in which a donor’s professional fees are paid in whole or in part by NRCM, representatives of NRCM will inform the donor that the payment constitutes taxable income to the donor.

8. *Establishing the Value of Donated Property.* It is the policy of NRCM to comply fully with the valuation rules set out in Publication 561 of the Internal Revenue Service and the relevant income, gift and estate tax laws and regulations. Copies of Publication 561 are available at www.irs.gov or at NRCM’s office. Property contributed to NRCM that has a value in excess of \$5,000 must be accompanied by an appraisal unless it consists of (i) cash, (ii) marketable securities, (iii) closely held securities with a value of \$10,000 or less, (iv) a vehicle, the value of which will be determined by its sale, (v) intellectual property such as a copyright or patent, or (vi) stock-in-trade, inventory or other property that would otherwise be held by the donor for sale to customers in the ordinary course of the donor’s business. Appraisals must be done within six months of initiating the gift to NRCM.

The fee for the appraisal may not be based on the value of the appraised property, and the appraiser must be “qualified,” as that term is used in IRS Publication 561. A “qualified appraiser” is one who is ordinarily in the business of appraising similar property, has appropriate educational and experiential background, who performs appraisals for many different people and purposes (and not primarily either for NRCM or for the donor) and who is not employed by NRCM, the donor, any relative of the donor or any entity controlled by the donor or members of the donor’s family. Duplicate originals of each appraisal should be prepared, one for NRCM and one for the donor.

NRCM reserves the right to alter the value of property contributed to it on the books and records of NRCM for accounting, tax-reporting, annual fund record-

keeping or any other purpose if developments after the completion of the gift or information that comes to the attention of NRCM after the gift is completed are determined, in the discretion of board or NRCM's auditors, to merit such an alteration.

9. *Tax Compliance.* Donors of property other than cash and marketable securities which has a value of \$500 or more are required to file IRS Form 8283 with their individual tax returns for the year in which such a gift is made, if they intend to take an income-tax deduction for the gift. In each instance of NRCM's receiving a gift to which this rule is applicable, NRCM will use its best efforts to call the attention of the donor to the applicability of this rule. The Internal Revenue Code also requires that if NRCM sells property that it has received by gift within three years after the property is received, NRCM must report the fact of the sale and the amount of the proceeds to the Internal Revenue Service on Form 8282. It is the policy of NRCM to comply fully with this reporting requirement and all other applicable aspects of state and federal tax law.

PART TWO: PROPERTY THAT MAY BE DONATED TO NRCM

1. *Gifts of Cash.* The most frequent, and also the simplest, means of supporting the work of NRCM is to give cash, either by cash, check, or credit card. Checks should be made payable to the "Natural Resources Council of Maine," and checks payable to any employee, officer, or agent of NRCM cannot be accepted. Funds may also be wired to NRCM's bank account, if a donor desires to do so, and wiring arrangements can be made through NRCM's development department. Funds will be treated as having been received by NRCM when a check is postmarked, a credit card charge is processed, or funds wired to an account maintained by NRCM are credited to that account.

2. *Publicly Traded Securities.* Any unrestricted stocks or American Depository Receipts that are traded on the New York or American Stock Exchange or through the NASDAQ system or any other recognized domestic stock exchange, and corporate and government bonds for which there is an established market ("marketable securities"), are welcome as contributions to NRCM and may be accepted by the development staff. Securities accompanied by appropriate transfer instructions may be delivered to NRCM's office or wired to an investment account maintained by NRCM and will be treated as having been delivered when NRCM or its investment agent has received all the documentation necessary to complete the transfer of ownership without any further involvement on the part of the donor. Securities traded exclusively in markets outside the United States can only be accepted with the approval of the board. Marketable securities will be sold by NRCM promptly upon receipt so that their proceeds may be invested in a manner consistent with NRCM's overall investment policies.

3. *Closely Held and Restricted Securities.* Corporate stock for which there is no established market that is readily accessible to NRCM, including the stock of “Subchapter S Corporations,” which is subject to trading restrictions, partnership interests in general or limited partnerships or in limited liability partnerships, and memberships in limited liability companies that are not traded on an established domestic securities exchange (“closely held securities”) can be accepted by NRCM only with the approval of the board. NRCM is willing to consider any proposed gift of closely held securities, but gifts of closely held securities frequently cause tax and other problems for both the donor and NRCM, so each such gift must be carefully examined on a case-by-case basis. NRCM will ordinarily expect to retain legal counsel to advise it in connection with any proposed gift of closely held securities. Because of the complexity involved in NRCM’s accepting gifts of closely held securities, a prospective donor should allow ample time between the proposal of the gift and its completion. At least three months are necessary to assure that all the ramifications of such a gift for both the donor and NRCM are identified.

Donors are required to file IRS Form 8283 if they contribute closely held securities with a value in excess of \$500, and NRCM is required to file Form 8282 with the IRS if the securities are sold within three years after NRCM receives them.

4. *Real Estate.* As an environmental organization, NRCM may be approached by a member or a concerned landowner to accept a gift of property for conservation or a conservation easement. NRCM is grateful for the landowner’s interest in protecting the property, but believes that the donor’s interests would be better served by working with a land trust or a conservation organization (*e.g.*, The Nature Conservancy or Trust for Public Land). If the lands are part of or adjacent to a conservation project with which we are familiar, we may advise the landowner to contact the organizing group directly. If not, we may advise the landowner to contact Maine Coast Heritage Trust (MCHT) to determine which local land trust would best serve his or her needs. We also follow up with the donor within ten (10) working days to determine if the landowner has succeeded in connecting with a land trust. If a member or a concerned landowner has taken the important step of asking for help from NRCM, we want to ensure that he or she feels supported, not thwarted in this effort.

Gifts of real estate to NRCM can only be accepted with the approval of the board. Each such gift will be the subject of at least a Level I Environmental Site Assessment (ESA)—as defined by the American Society for Testing and Materials (ASTM)—to assure the absence of environmental contamination and, if a Level I ESA is considered inadequate or inconclusive by the board, more extensive environmental testing may be required. All necessary environmental testing is conducted at NRCM’s expense. NRCM ordinarily engages legal counsel when considering a gift of real estate and will require a legal opinion as to the state of the

donor's title before such a gift can be accepted. Because of the time necessary to perform the requisite environmental tests and title work, a donor should allow at least three months for a gift of real estate to NRCM to be completed.

Except if real estate donated to NRCM is proximate to an existing facility operated by NRCM and appropriate for NRCM's use in the operation of that facility, donors should anticipate that contributed real estate will be sold by NRCM as promptly as market conditions permit after NRCM takes actual possession of the property. NRCM is unable to accept gifts of real estate for which there is not likely to be a market. During any period in which donated real estate is retained by NRCM prior to sale, it will be subject to real estate taxes and, depending on the nature of the real estate, other maintenance expenses. Because NRCM does not divert its financial resources to support maintenance of real estate held for sale by NRCM, donors of real estate should also donate sufficient cash to pay the taxes and other expenses associated with the donated property for the period between its donation and its sale. In the absence of sufficient cash to permit the satisfaction of these expenses, NRCM may need to decline the gift.

NRCM ordinarily does not accept real estate that is encumbered by mortgages or other liens.

Donors are required to file IRS Form 8283 if they contribute real estate with a value in excess of \$500, and NRCM is required to file Form 8282 with the IRS if the real estate is sold within three years after NRCM receives it.

5. *Tangible Personal Property.* The term "tangible personal property" applies to any property that is not real estate, cash, or securities and has an intrinsic utility. Examples include, but are not limited to, artwork, automobiles, boats, farm equipment, stamp and coin collections, furniture, and jewelry.

NRCM gladly accepts contributions of tangible personal property that can be used in the performance of our work. Such property might include vehicles, books, furniture, and computers, among other things. Gifts of tangibles that will clearly be usable immediately in the NRCM's operations may be accepted by the executive director. When such gifts are accepted, the organization will provide the donor with an appropriate acknowledgment of the gift in which the intention of NRCM to retain the donated property for use in the performance of its charitable functions will be clearly stated.

Gifts of other kinds of tangible personal property that will not be put to use in NRCM's programs must be referred to the board of directors for acceptance, and it is to be expected that NRCM will sell any such property as promptly as market conditions permit. In the absence of a letter to the donor from the organization stating that contributed tangible personal property will be retained by NRCM, a

donor must assume that the property will be offered for sale. NRCM cannot accept gifts of tangible personal property that are subject to restrictions related to the timing of their sale or for which there is no market to which NRCM has relatively convenient access. If there will be costs associated with the maintenance of a donated item of personal property between the time of its contribution to NRCM and the time when it is likely to be sold, such as transportation costs or rental payments on a storage facility for a vehicle, NRCM may need to decline the gift unless the donor provides the organization with sufficient funds to maintain the property pending sale.

Donors are required to file IRS Form 8283 if they contribute tangible personal property with a value in excess of \$500, and NRCM is required to file Form 8282 with the IRS if the tangibles are sold within three years after the organization receives them.

6. *Gifts of Life Insurance.* Gifts to NRCM of fully paid whole life, ordinary life or endowment policies on which no future premium payments are due may be accepted by the executive director. Gifts of policies having a current cash value but with respect to which future premium payments are possible or are known to be due can only be accepted by the board of directors. Whether any such policy is accepted will depend on the economics of the transfer; if the policy can be converted to a paid up policy of lesser value or if the donor agrees to make future premium payments or if the policy has sufficient value to permit the payment of future premiums out of that value for as long as necessary, the policies will be accepted by NRCM. In any case in which a policy is accepted, NRCM will work with the insuring company to transfer ownership of the policy from the donor to NRCM and will change the beneficiary designation to permit NRCM to collect the insurance proceeds when the policy matures.

NRCM cannot accept a gift of a term life insurance policy without cash value unless the donor of the policy agrees to maintain the policy in force by remaining responsible for payment of future premiums. Any gift of a term policy to NRCM must be accepted by the board and, following acceptance, NRCM will take steps to change the ownership of the policy from the donor to NRCM and to assure that NRCM is notified if any future premiums are not paid on a timely basis. The beneficiary designation will also be changed to name NRCM as the beneficiary.

Gifts of life insurance policies naming multiple beneficiaries will be referred to the board for its consideration before acceptance. NRCM will not accept gifts of cash or property from a donor if the use of the gift is restricted to the purchase of a life insurance policy on the donor or any other person.

Donors are required to file IRS Form 8283 if they contribute an insurance policy with a value in excess of \$500, and NRCM is required to file Form 8282 with the IRS if the policy is sold within three years after NRCM receives it.

7. Retirement Plan Assets. As of December 2015, Congress permitted and the president signed into law tax-free distributions from IRAs, known as Charitable IRA Rollovers, made as gifts to tax-exempt organizations. NRCM will accept such gifts according to the timeframe and restrictions of this statute and its amendments. These have included: the donor must be at least 70 ½ years of age and the amount must be given in the form of an outright gift.

In addition, NRCM will accept retirement plan or fund gifts as either a partial or full death beneficiary of such funds when named in the applicable death beneficiary designation. Donors interested in creating such gifts, avoiding both income and estate taxes otherwise payable, should contact the administrator of their retirement fund to provide for a death beneficiary designation of NRCM.

8. Miscellaneous Property Interests. Contributions of unusual property rights, such as mortgages, non-marketable notes, assignments of rent due under leases, oil and gas interests, patents, copyrights, royalties, frequent flyer miles, and easements can only be accepted by NRCM with the approval of the board.

PART THREE: TYPES OF GIFTS

1. Outright Gifts. Outright gifts are transfers directly to NRCM for its immediate use. Such gifts maximize the value of the donation to NRCM and are generally similar and quicker to conclude than other kinds of donations. Whether an outright gift is to be accepted by the organization or by the board depends on the nature of the property being donated.

2. Bequests. Donors may make transfers to take effect at death through their wills or trust documents. In a will or a trust, a cash amount may be left to NRCM using the following language: “I give and devise to the Natural Resources Council of Maine, located in Augusta, Maine, the sum of \$_____ to be used for its general charitable purposes.” Alternatively, a gift of a fraction of an estate’s or trust’s value may be made using language such as “I give and devise to the Natural Resources Council of Maine, located in Augusta, Maine, _____ percent of the value of my residuary estate” (or “of my trust”).

If a donor or a professional advising a donor would like assistance in wording a bequest to NRCM or in properly identifying and describing a restricted purpose for which any such gift is to be used, the director of development or the major gifts

director can put him or her in touch with representatives of NRCM who can provide that assistance.

Gifts made to NRCM under a will or trust will be credited to NRCM's board-directed fund. If the donor restricts the bequest, the board must review the terms of the gift and determine whether to accept it. Wherever possible, NRCM seeks to discuss the bequest with the donor at the time the relevant document is drafted to avoid misunderstandings later.

In the event that NRCM must decline a gift made in a donor's will or trust after the donor's death, the decision to renounce the gift, and a renunciation document that is in a form acceptable to both NRCM and the representative of the estate or trust from which the transfer was to be made, will be delivered to the representative within three months after NRCM is informed of the gift, and every effort will be made to assure that the renunciation document is delivered to the estate or trust representative within nine months after the decedent's death. In any case in which renunciation of a gift under a will or trust is contemplated, NRCM will consult legal counsel.

NRCM appreciates being advised by members that they have remembered the organization in their estate plans, whether the remembrance is in the form of a restricted gift or an unrestricted one.

3. *Charitable Remainder Trusts.* It is the policy of NRCM not to serve as trustee of charitable remainder annuity trusts or charitable remainder unitrusts of which it is a beneficiary. This policy is intended to assure that such trusts receive the full-time investment management that they deserve and to eliminate any possibility of a conflict of interest in investment choices or any other subject between the current annuity or unitrust beneficiaries of such trusts and NRCM as remainder beneficiary. Representatives of NRCM are, however, available to cooperate with any potential donor to a charitable remainder trust in tailoring the provisions of those trusts to the donor's particular situation.

NRCM reserves the right to decline remainders under trust instruments created without its knowledge if the nature of the property or the conditions on its use are not consistent with the best interests and other activities of NRCM. Decisions on whether to accept trust remainders that consist of property other than cash or marketable securities or which are subject to use restrictions are made by the board of directors. Unrestricted remainders consisting of cash or marketable securities may be accepted by the executive director.

4. *Charitable Lead Trusts.* It is the policy of NRCM not to serve as trustee of charitable lead trusts of which NRCM is a beneficiary, for reasons similar to those outlined above in the discussion of charitable remainder trusts. As with remainder

trusts, however, representatives of NRCM are available to cooperate in the establishment of such trusts to assure that payments to NRCM from any such trust can be used by NRCM in accordance with the donor's wishes and expectations.

NRCM reserves the right to decline to accept distributions from charitable lead trusts in the drafting of which NRCM has not been consulted if the distributions consist of property other than cash or marketable securities or if the uses to which the distributions are to be put are restricted under the terms of the trust instrument to purposes not consistent with the mission and programs of the organization.

Unless otherwise agreed upon by the donor and NRCM, the annual distributions from these charitable lead trusts will be used to support NRCM's overall operations.

5. Pooled Income Fund. NRCM does not maintain a pooled income fund. Donors who are interested in using a pooled fund as a planned giving vehicle may discuss contributions to the pooled income fund maintained by the Maine Community Foundation (the "Foundation") with the Foundation's Vice President for Donor Relations by calling (207) 667-9735 or (877) 700-6800. The Foundation's pooled income fund can accept contributions of cash or marketable securities, with a minimum initial contribution of \$25,000, which will be invested for the life of the donor or any other person or persons. During the investment period, income earned by the donor's contribution will be paid to the donor or the donor's designees. When all the designated income beneficiaries have died or when the term of years for which the income interest has been reserved has expired, the Foundation will sever from the pooled fund the donor's *pro rata* share of the fund's invested assets and transfer those assets to a donor-advised fund to benefit NRCM.

By not operating its own pooled income fund, NRCM saves the considerable expenses entailed in establishing and operating this complex planned giving vehicle. Representatives of NRCM can be made available to assist donors in their consideration of a contribution to the Foundation's fund and to assure that any restrictions placed on NRCM's use of the contribution after the expiration of the income interests established by the donor are satisfactory to both NRCM and the donor.

Unless otherwise agreed upon by the donor and NRCM, the annual distributions from these donor-advised funds will be used to support NRCM's overall operations.

6. Charitable Gift Annuities. Charitable gift annuities and deferred charitable gift annuities can be made available by NRCM. The minimum gift in respect of which an annuity can be established is \$10,000. Payout rates for

annuities offered by NRCM will be at or below the maximum payout rates recommended on a yearly basis by the American Council on Gift Annuities, a nonprofit organization whose function is, among other things, to assure that annuity rates, while fair to donors, are also reasonable enough to assure that donee charities do not have to pay out more as annuity payments than they take in as gifts. A donor aged 60 to 69 may establish a deferred charitable gift annuity, to take effect at age 70 or later. A donor aged 70 or older may create a charitable gift annuity or a deferred one.

Once NRCM issues an annuity to a donor or other beneficiary designated by the donor, NRCM is obligated to pay the annuity for as long as it is in effect. Assets contributed to purchase the annuity are preserved as a separate fund at NRCM. It is the policy of NRCM not to purchase private annuities to make the annuity payments that NRCM, by issuing annuities, becomes obligated to make. Transferring the liability for the annuity payments to a private company would divert funds to that company and away from the charitable purposes of NRCM.

NRCM cannot accept gifts of tangible personal property to fund a gift annuity. Gifts of real estate to fund such annuities will be carefully considered by the board of directors, and their acceptance will depend on the likelihood that NRCM will be able to sell the donated real estate promptly and whether, as in the case of any other gift of real estate, the gift is accompanied by sufficient cash or other liquid assets to enable NRCM to carry the real estate until it is sold without diverting other funds to the purpose. NRCM is unable to accept gifts of real estate subject to mortgages or other liens to fund charitable gift annuities.

After the charitable gift annuity matures, the funds are transferred to the board-directed fund.

7. *Gifts of Remainders in Residences or Farms.* Gifts of remainder interests in personal residences or farms can be accepted only with the approval of the board. In the case of any such gift, as with any other gift of real estate, NRCM retains legal counsel to examine the title to the donated property and requires at least a Level I ESA before the gift can be accepted. These basic steps are necessary to protect NRCM against potential liabilities arising out of environmental contamination and a lack of salability owing to title defects. In light of these requirements, it is the strong preference of NRCM to know about gifts of remainder interests at the time they are established rather than only when NRCM's interest comes to fruition. This is particularly important if the use of the proceeds of sale of the residence or farm, or the use of the real estate itself, after NRCM takes possession of it, is to be restricted by the donor under the terms of the gift. (It is otherwise the policy of the board to sell the property and apply the proceeds to the board-directed fund.) It is important that the donor and NRCM work together to assure that the donor's

desires for the use of the property or its proceeds can be satisfied by NRCM when the time comes.

Ordinarily, NRCM will expect to remain in close contact with the owners of the life interest or interests in a residence or farm throughout the period of his, her, or their occupancy so that it can remain confident of the absence of environmental liabilities and work with the owner or owners of the life interest to maintain the value of the property. Obviously, this important on-going acquaintance with the real estate and its uses is impossible if NRCM is not informed of the gift at the time the remainder interest is established.

In light of the importance of protecting NRCM's other assets from exposure to liabilities arising out of the ownership of donated real estate, NRCM reserves the right to decline any gift of a remainder interest in a residence or farm even after the life interest or interests in the real estate expire, when the property would otherwise pass to NRCM.

8. Bargain Sales. Bargain sales to NRCM are possible only with the approval of the board. NRCM will retain legal counsel to consider any such sale. Whether other steps are necessary before the consummation of any such sale will depend on the nature of the property to be sold, as described in Part Two of this Policy.

NRCM cannot enter into agreements for the bargain sale of real estate subject to a mortgage or other lien or any other arrangement that would give rise to unrelated business taxable income ("UBTI"). Whether there are UBTI issues involved in any proposed bargain sale will be examined closely by counsel to NRCM.