

ADRA International Gift Acceptance Policy

The Adventist Development and Relief Agency (ADRA) International, a not-for-profit organization organized under the laws of the District of Columbia, solicits and accepts gifts for purposes that will help further and fulfill its mission. The following policy governs acceptance of gifts made to ADRA International.

The mission of ADRA International is to:

To serve humanity so all may live as God intended.

I. Purpose of Policies and Guidelines

The Board of Directors of ADRA International and its staff solicit current and deferred gifts from individuals, corporations including nonprofits and churches, and foundations to secure its future growth and mission. This policy provides guidance to prospective donors and their advisors when making charitable contributions. The provisions of these policies shall apply to all gifts received by ADRA International and organizations acting on its behalf for funding any of its programs or services. This policy does not govern gifts in kind or any contribution of goods and services which are directly used by ADRA International in the administration and delivery of its programs and services.

II. Relationship with Donors

While the primary purpose of this policy is to protect ADRA International, donors are viewed as partners in humanitarian service whose best interest is also a priority. Members of the ADRA International Board of Directors, employees, and development volunteers are expected to operate within the boundaries of this policy and assist wherever possible with all available information, knowledge, and foresight to further the philanthropic goals of the donor and the mission of ADRA International.

ADRA International does not provide personal, legal, financial, or other professional advice to donors. All prospective donors are strongly encouraged to seek the assistance of their own professional advisors in matters relating to their gifts and the resulting tax and estate planning consequences. ADRA International endorses the *Model Standards of Practice for the Charitable Gift Planner* promulgated by the National Committee on Planned Giving, which is considered part of this policy and guidelines, and included as an attachment to this document.

ADRA International holds all communications with donors and information concerning donors and prospective donors in strict confidence, subject to legally authorized and enforceable requests for information by government agencies and courts. All other requests for release of information concerning a prospective donor are granted only if permission is first obtained from the donor. See ADRA International *Donor Privacy Policy* which is included as an attachment to this document.

III. Use of Legal Counsel

ADRA International may seek the advice of legal counsel in matters relating to the acceptance of gifts, particularly when considering:

- a. Closely held stock transfers that are subject to restrictions or buy-sell agreements
- b. Gifts involving contracts or requiring ADRA International or its affiliates to assume an obligation of any nature
- c. Transactions with potential conflict of interest or that may otherwise invoke IRS sanctions, penalties, income taxes, or other consequences
- d. Other instances in which use of counsel is deemed appropriate

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IV. Restrictions on Gifts

ADRA International accepts unrestricted gifts, and gifts restricted for specific programs and purposes, provided that such gifts are not inconsistent with its stated mission, purposes, and priorities. ADRA International does not accept gifts that are too restrictive to purpose. Gifts that are too restrictive are those that violate the terms of the corporate charter, gifts that are too difficult to administer, or gifts that are for purposes outside the mission of ADRA International. The final determination on the acceptance of gifts for which the value to ADRA International is questioned due to their restrictive nature is made by the ADRA International Gift Acceptance Committee.

ADRA International reserves the right to change the designated purpose or terms of any restricted gift or endowment fund if it prevents the gift from being used to fulfill the donor's intentions or becomes impractical, unnecessary, or undesirable. At the time a change is made, ADRA International will make a reasonable effort to hold a discussion with the relevant donor, or if then deceased, his or her heirs, or such other persons designated by the donor.

V. The Gift Acceptance Committee

The Gift Acceptance Committee shall consist of the following eight (8) members:

- a. ADRA International President, Chair
- b. ADRA International Vice President for Finance, Vice Chair
- c. ADRA International Head of Marketing and Development, Secretary
- d. ADRA International Vice President for Programs
- e. ADRA International Director for Finance, Controller
- f. ADRA International Senior Director for Development
- g. ADRA International Director for Planned Giving
- h. One member of the Executive Committee, appointed by the President

The ADRA International Gift Acceptance Committee is charged with the responsibility to monitor the gift policies and practices of ADRA International to ensure that contributions received are consistent with this policy, and to make recommendations to the ADRA International executives and Board of Directors on gift acceptance issues when appropriate.

VI. Outright Gifts

- a. **Cash:** Cash is acceptable in any form. Checks are to be made payable to the Adventist Development and Relief Agency International and are to be delivered to the Donor Relations office.
- b. **Donor Advised Funds and Foundations:** ADRA International accepts gifts from donor-advised funds ("DAFs") and private foundations. Due to legal restrictions, ADRA International will not accept contributions from a private foundation to satisfy an individual's legally binding pledge obligation to ADRA International. A donor who wishes to make a pledge to ADRA International that will be satisfied using a private foundation is encouraged to cause the private foundation to make the pledge. ADRA International may, in its discretion, choose to treat a DAF contribution toward satisfaction of an individual's legally binding pledge.

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- c. **Tangible Personal Property:** All gifts of tangible personal property are examined in light of the following criteria:

- Does the property fulfill the mission of ADRA International?
- Is the title clear and transferrable?
- Is the property marketable?
- Are there any undue restrictions on the use, display, or sale of the property?
- Are there any carrying costs for the property?

The final determination on the acceptance of gifts of tangible personal property for which the value to ADRA International is questionable is made by the ADRA International Gift Acceptance Committee.

- d. **Securities:** ADRA International can accept both publicly traded securities and closely held securities.

- a. **Publicly Traded Securities:** Marketable securities may be transferred to an account maintained at one or more brokerage firms or delivered physically with the transferor's signature or stock power attached. As a general rule, all marketable securities are sold upon receipt unless otherwise directed by the ADRA International Finance Committee. In some cases, marketable securities may be restricted by applicable securities laws; in such instances the final determination on the acceptance of the restricted securities is made by the ADRA International Gift Acceptance Committee. If the security is transmitted through the mail or other delivery service, it is important that the signed stock power form be sent to ADRA International separately.
- b. **Closely Held Securities:** Closely held securities, which include debt and equity positions in non-publicly traded companies as well as interests in limited liability partnerships and limited liability companies or other ownership forms, can be accepted subject to the approval of the ADRA International Gift Acceptance Committee. Gifts are reviewed prior to acceptance to determine that:
- There are no restrictions on the security that would prevent ADRA International from ultimately converting the assets to cash
 - The security is marketable
 - The security does not generate any undesirable tax consequences or other adverse financial consequences for ADRA International

If potential problems arise on initial review of the security, further review and recommendation may be sought before making a final decision on acceptance of the gift. The final determination on the acceptance of closely held securities is made by the ADRA International Gift Acceptance Committee following review by ADRA International's legal counsel. Every effort is made to sell non-marketable securities as quickly as possible.

- e. **Real Estate:** Gifts of real estate may include developed property, undeveloped property, or gifts subject to a prior life interest. Prior to acceptance of real estate, ADRA International generally requires an environmental screening, which may include a Phase I Environmental Site Assessment, to ensure that the property has no environmental damage. The environmental screening must include testing for asbestos containing materials, lead based paint, mold, radon gas, drinking water quality and regulatory compliance issues. In the event that the initial environmental assessment reveals a potential problem, ADRA International shall retain a qualified inspection firm to conduct additional testing and/or an environmental audit. The cost of the environmental assessment and audit is an expense of the donor.

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When appropriate, a title insurance binder is obtained by ADRA International prior to the acceptance of the real property gift. The cost of this title binder is an expense of the donor.

The final determination on the acceptance of real property is made by the ADRA International Gift Acceptance Committee, following review by legal counsel. Criteria for acceptance of real property include:

- Is the property useful for the purposes of ADRA International?
 - Is the title clear and transferrable?
 - Is the property marketable?
 - Are there any restrictions, reservations, easements, or other limitations associated with the property?
 - Are there carrying costs, which may include insurance, property taxes, mortgages, or notes, associated with the property?
 - Are there any potentially adverse income tax or other financial consequences?
 - Does the environmental assessment and audit reflect that the property is not damaged?
- f. **Remainder Interests in Property:** ADRA International will accept a remainder interest in a personal residence, farm, or vacation property subject to the provisions of paragraph above titled *Real Estate*. The donor or other occupants may continue to occupy the real property for the duration of the stated life or a specified term of years. At the death of the donor or the end of the specified term, ADRA International may use the property or convert it to cash. Where ADRA International receives a gift of a remainder interest, expenses for capital improvements, maintenance, real estate taxes, and any property indebtedness are to be paid by the donor or primary beneficiary. ADRA International only accepts a gift of remainder interest in property if it and the donor or other life tenant have entered into a life tenancy or life income agreement prepared by ADRA International's legal counsel and signed by all applicable parties.
- g. **IRA Rollover Designations:** Donors over the age of 70.5 years may give to ADRA International through the required minimum distribution from their individual retirement accounts. Donors are encouraged to use an independent financial advisor with expertise in tax regulations when transacting this type of gift. ADRA International will work with the donor and their financial advisor, if applicable, to ensure a smooth transaction, whether this is done in the form of check, ACH, or money order. The gift shall be receipted on the day the donation is mailed (postmarked) or the donation arrives at the office of ADRA International. It will not be receipted the day the withdrawal is made.
- h. **Oil, Gas, and Mineral Interests:** ADRA International may accept oil, gas, and mineral property interests, when appropriate. The final determination on the acceptance of an oil, gas, or mineral interest is made by the ADRA International Gift Acceptance Committee, following review by ADRA International legal counsel. Criteria for acceptance of these property interests include:
- Gifts of surface rights should have a value of \$20,000 or greater
 - Gifts of oil, gas, and mineral interests should generate at least \$2,000 per year in royalties or other income (as determined by the average of the three years prior to the gift)
 - The property should not have extended liabilities or other considerations that make receipt of the gift inappropriate. (A working interest is rarely accepted and may only be accepted if there is a plan to minimize potential liability and tax consequences)

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- The property should undergo an environmental review to ensure that ADRA International has no current or potential exposure to environmental liability.

VII. Deferred Gifts

- Pledges:** Unconditional promises to give at a future date are considered pledges and accounted for as receivables. When a promise is made to give only if future or certain conditions are met, revenue for the gift will not be recognized until the conditions are no longer in place.
- Matching Gift Offers:** Vital to ADRA International fundraising campaigns are dollar-for-dollar and similar types of matching gift incentives. Supporters who sponsor a match offer are requested to fulfill their portion of the match following the agreed upon period for the matching gift incentive. Pending agreement with the match sponsor, any unmatched portion may be subsequently offered for the match offer to be fully met. If the match offer is not fully subscribed during the period, the gift expected from the match sponsor will be only for the amount matched by other supporters. When funds are received from a match sponsor prior to the agreed upon period for the matching gift incentive, ADRA International will at the request of match sponsor return to them that part of their gift which was not matched by other donors.
- Bargain Sales:** ADRA International may enter into a bargain sale arrangement in instances in which the bargain sale furthers the mission and purposes of ADRA International. All bargain sales must be approved by the ADRA International Gift Acceptance Committee. Factors used in determining the appropriateness of the transaction include:
 - ADRA International must obtain an independent appraisal substantiating the value of the property
 - If ADRA International assumes debt with the property, the debt ratio must be less than 50% of the appraised market value and there must be no potential for adverse income tax, capital gains tax, or other financial consequences for ADRA International
 - ADRA International must determine that it will use the property, or that there is a market for sale of the property allowing sale within 12 months of receipt
 - ADRA International must calculate the costs to safeguard, insure, and expense the property, including property tax, if applicable, during the holding period
- Life Insurance:** ADRA International must be named as both beneficiary and irrevocable owner of an insurance policy before a life insurance policy can be recorded as a gift. Cash value policies, such as whole life, are valued at fair market value, limited by the donor's cost basis. A paid up policy is valued at its replacement cost. A policy that is not fully paid up is valued at the lesser of premiums paid, or its interpolated terminal reserve amount. If the donor contributes future premium payments, ADRA International includes the entire amount of the additional premium payment as a gift in the year that it is made.

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

- Continue to pay the premiums
- Convert the policy to paid up insurance
- Surrender the policy for its current cash value

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- e. **Charitable Gift Annuities:** The following organizations offer charitable gift annuities for the benefit of ADRA International:

- General Conference of Seventh-day Adventists
- Western Adventist Foundation

Other issuers of charitable gift annuities may be considered at the discretion of the donor.

The terms for charitable gift annuities vary by organization including gift annuity payment rates, minimum gift amount, minimum age for life income beneficiaries at the time of initial annuity payment, and minimum deferral period for a deferred charitable gift annuity. As specified by the United States Internal Revenue Code, no more than two life income beneficiaries are permitted for any charitable gift annuity. For donors with limited assets, other types of charitable gifts, including bequest planning, may be more appropriate.

Gift annuity funds are invested in accordance with the policies of each organization offering charitable gift annuities. These organizations typically do not accept real estate, tangible personal property, or any other non-liquid asset in exchange for current charitable gift annuities, though these gifts may be accepted in exchange for a deferred gift annuity so long as the value of the property is reasonably certain.

Payments to annuitants are backed solely by the foundation each donor selects to create their annuity and are not insured or otherwise guaranteed by ADRA International or any government agency.

- f. **Charitable Remainder Trusts:** ADRA International may be designated as remainder beneficiary of a charitable remainder trust. ADRA International will not accept appointment as trustee of a charitable remainder trust.
- g. **Charitable Lead Trusts:** ADRA International may be designated as income beneficiary of a charitable lead trust. ADRA International will not accept an appointment as trustee of a charitable lead trust.
- h. **Bequests:** Donors and supporters of ADRA International are encouraged to make bequests to ADRA International under their wills and trusts. ADRA International suggests donors disclose their bequest intentions to ADRA International in writing to ensure that ADRA International is able to carry out their wishes. Gifts from estates of deceased donors which do not conform to ADRA International's policies may be determined to be unacceptable. When possible, a mutually agreeable plan is negotiated between ADRA International and the representative to make the gift acceptable. Such bequests are not recorded as gifts until such time as the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the present value of that gift is recorded at the time the gift becomes irrevocable.
- i. **Beneficiary Designations:** Donors and supporters are encouraged to name ADRA International as beneficiary or contingent beneficiary of their bank accounts, brokerage accounts, retirement plans, life insurance policies, and annuity contracts.

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VIII. Endowment Gifts

Endowment gifts contribute to the long-term financial health of ADRA International and give donors the opportunity to support this ministry into perpetuity or for a stated term of years.

- a. **Oversight:** Gifts made to an endowment fund are subject to review by the ADRA International Gift Acceptance Committee if such gifts otherwise are subject to review prior to acceptance in accordance with these policies. ADRA International manages all endowment funds in accordance with the Uniform Prudent Management of Institutional Funds Act and other applicable regulations.
- b. **Investment Strategy:** Investment of endowment funds will be done in accordance with investment policies established by the ADRA International Board of Directors. These funds are invested to maximize revenue from interest using generally accepted capital preservation investment strategies.
- c. **Endowment Fund Distributions:** The principal of each gift given to the ADRA International *Endowment Fund* is perpetually retained and interest revenues are transferred annually from the endowment fund to support ADRA International's humanitarian operations. Other perpetual and/or term of years endowment funds may be established by ADRA International to provide funding for specific long-term needs. The timing and percentage of fund transfers from these endowments to the programs for which they were established will be at the direction of the ADRA International Gift Acceptance Committee and consistent with related endowment fund agreements between ADRA International and the donors to the fund.
- d. **Endowment Fund Agreements:** An ADRA International *Endowment Fund Agreement* must be completed prior to establishing a new endowment fund or making a gift to an existing fund. This agreement may be amended by the mutual consent of the donor and ADRA International. Following the death or disability of the donor, if changed circumstances should at some future time cause the purpose(s) of the fund to be inappropriate or impractical, or any of the restrictions on the use of or the investment of the fund imposed by this agreement to become obsolete, inappropriate, or impracticable as determined by the ADRA International Gift Acceptance Committee, in its sole discretion, then the ADRA International Gift Acceptance Committee may redesignate the purpose of the fund, and the distributions therefrom, or release such restriction, provided that the amended use of the fund shall adhere as closely as possible to the original intent.

IX. Naming of Activities or Property

ADRA International welcomes the opportunity to honor individuals whose philanthropic contributions make possible the delivery of its humanitarian services. Name recognition is limited to those situations where a donor funds all or a major part of the cost of an activity or facility. ADRA International reserves the right to determine the physical displays associated with the naming of an activity or property.

No naming will be approved or, once approved, continued when ADRA International deems that such action

- a. Calls into question the reputation of ADRA International
- b. Serves as an endorsement of a commercial product or partisan political position
- c. Represents an ideology which is inconsistent with the published mission, values, identification, and operating principles for ADRA International.

ADRA International reserves the right to, at any time, limit the duration of named recognition. ADRA International may at its discretion modify or eliminate the nature of the named recognition in the event of changed

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circumstances, such as the completion of a named activity, breach of donor agreement, and disposal or renovation of property.

X. Miscellaneous Provisions

- a. **Securing appraisals and legal fees for gifts to ADRA International:** It is the responsibility of the donor to secure a qualified appraisal, where required, and independent legal counsel for all gifts made to ADRA International.
- b. **Valuation of gifts for development purposes:** ADRA International determines the value of non-cash gifts and records all gifts on the date received.
- c. **Gifts resulting in joint ownership:** ADRA International does not accept contributions resulting in joint ownership of tangible personal property, property interests, or financial accounts.
- d. **Responsibility for IRS Filings upon sale of gift items:** In the event the value of a non-cash donation is greater than \$5,000, the IRS requires that the donor obtain an independent appraisal of the property and that ADRA International sign *IRS Form 8283* acknowledging receipt of the gift. To be acceptable to the IRS, the appraisal of such gifts must be made no more than 60 days prior to the date of the contribution and before the due date of the tax return. The Donor is asked to present a copy of the appraisal and completed *IRS Form 8283* to ADRA International at the time of the gift. The form will be returned to the donor with the proper signature. To the extent applicable, ADRA International will file *IRS Form 8282* within 125 days of the sale or disposition of any charitable deduction property sold within three (3) years of receipt by ADRA International. "Charitable deduction property" means any donated property (other than money and publicly traded securities) if the value claimed by the donor exceeds \$5,000 per item or group of similar items donated by the donor to one or more organizations.
- e. **Signatories to Gift Agreements:** All charitable gift agreements are signed by the donor and authorized representative of ADRA International.
- f. **Gift Acknowledgement** Acknowledgment of all gifts made to ADRA International and compliance with the current IRS requirements in acknowledgement of such gifts is the responsibility of the Vice President for Finance or his/her designee. IRS Publication 561 ***Determining the Value of Donated Property*** and IRS Publication 526 ***Charitable Contributions*** provide excellent guidance and can be downloaded from www.irs.gov.

XI. Changes to the Gift Acceptance Policy

This policy has been reviewed and accepted by the ADRA International Board of Directors. The Board of Directors must approve any changes to this policy.

Revised on May 1, 2023

Michael Kruger, President
Adventist Development and Relief Agency International

Attachments

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- I. **Model Standards of Practice of the Charitable Gift Planner**
- II. **IRS Form 8282 and Instructions**
- III. **IRS Form 8283 and Instructions**