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## POPULATION COUNCIL GIFT ACCEPTANCE POLICY

### INTRODUCTION:

The Population Council, an international nongovernmental organization organized under the laws of the State of New York, encourages the solicitation and acceptance of gifts to further its mission. The following policies and guidelines govern acceptance of gifts made to the Council.

### PURPOSE OF THE POLICY AND GUIDELINES:

The Population Council staff solicits current and deferred gifts from individuals, corporations, trusts, and foundations. These policies and guidelines govern the acceptance of gifts and provide guidance to prospective donors and their advisors when contemplating making gifts. The provisions of these policies shall apply to all gifts received by the Council and shall be reviewed on an annual basis.

The policies and guidelines are intended to establish reasonable parameters that will enable the Council to be effective in encouraging substantial gift commitments in support of its mission, while avoiding potential problems that may result in unduly burdensome administrative responsibilities and financial liabilities. A further purpose is to enable the Council to meet and fulfill all disclosure and other legal requirements applicable to the Council with regard to its fundraising.

### CODE OF ETHICS:

The Population Council urges all prospective donors to seek the assistance of legal and financial advisors in matters relating to their gifts and resulting tax and estate planning consequences. The Council subscribes to the *Model Standards of Practice for the Charitable Gift Planner* (see [http://www.ncpg.org/ethics\\_standards/](http://www.ncpg.org/ethics_standards/)) to ensure donors are treated in a professional, ethical, and fair manner.

### GENERAL CRITERIA FOR ACCEPTANCE:

**Donative Intent** – No gift shall be accepted should it become evident that the gift under consideration is of a nature that has been identified by the Internal Revenue Service or any other relevant regulatory body as an abuse of fundraising, or would result in an improper use of the Council's tax-exempt status.

**Use of Proceeds** – the Council shall accept only those gifts which:

- Are consistent with federal, state, and local laws, applicable regulations and public policy
- Are compatible with the Council's mission, goals, and purposes
- Can be put to productive use within the scope of its current or planned programs and services

## **RELATED POLICES AND GUIDELINES:**

The Population Council also follows other policies and guidelines that further guide its fundraising activities. The Council has adopted a “Conflict of Interest Policy” to guide the behavior of both staff and board members in all their activities on behalf of the Council. In addition the Council follows the “Code of Ethics of the Association of Fundraising Professionals (AFP)” and AFP’s “Donor Bill of Rights” to guide all of its fundraising and gift acceptance activities (see <http://www.afpnet.org/ethics>).

Substantiating the value of a gift for income tax purposes is the sole responsibility of the donor, and the Council will not certify the value of any non-cash contribution.

## **ROLE OF OFFICERS/DIRECTORS:**

The Population Council will seek the advice of its Officers and Directors in matters related to acceptance of gifts when appropriate. Review by the Officers/Directors is recommended for but not limited to:

- Closely held stock transfers that are subject to restrictions or buy-sell agreements
- Documents naming the Population Council as Trustee
- Gifts involving contracts, such as bargain sales or documents requiring the Council to assume an obligation
- Transactions with potential conflict of interest that may invoke IRS sanctions
- Other instances in which legal counsel is deemed appropriate by the Council

## **RESTRICTIONS ON GIFTS:**

The Population Council will accept unrestricted gifts, and gifts for specific programs and purposes, provided that such gifts are not inconsistent with the Council’s stated mission, purposes, and priorities. The Council will not accept gifts that are too restrictive in purpose. Gifts that are too restrictive are those that violate the terms of the corporate charter, gifts that are overly arduous to administer, gifts that create a financial liability for the Council or gifts that are for purposes outside the Council’s mission. Final decisions on the restrictive nature of a gift, and its acceptance or refusal, shall be made by the President upon recommendation by the Chief Financial Officer (CFO) and based on advice of the General Counsel as circumstances warrant.

Once a determination is made, the Council shall furnish each prospective donor with written confirmation of acceptance or the Council’s reason for declining the proposed gift.

## **TYPES OF GIFTS:**

### **CASH**

The Population Council accepts all gifts of cash. Donors may give their gift in the form of cash, check/money order (payable to the Population Council), electronic funds transfer or credit card. These gifts may also include what are sometimes referred to as “cash equivalents” such as bonds and certificates of deposit. There is no minimum or maximum for outright gifts of cash to fund current programming or operating costs. Gifts of cash to fund life income or other deferred giving programs are subject to the minimum guidelines established by the organization by specific gift type.

### **SECURITIES**

The Population Council accepts gifts of publicly traded securities (stocks, bonds, mutual funds, etc.). There is no minimum or maximum for outright gifts of securities to fund current programming or

operating costs. These securities may be transferred to an account maintained by the Council at one or more brokerage firms or delivered physically with the transferor's signature and stock power attached.

In some instances, applicable securities laws may restrict marketable securities. In such instances the final determination on the acceptance of the restricted securities shall be made by the President upon recommendation by the Chief Financial Officer (CFO) and based on advice of the General Counsel as circumstances warrant. Gifts of securities to fund life income or other deferred giving programs are subject to the minimum guidelines established by the organization by specific gift type.

The Council will accept gifts of closely held securities on a case-by-case basis. Acceptance of the closely held security will be made by the President upon recommendation by the Chief Financial Officer (CFO) and based on advice of the General Counsel as circumstances warrant.

Gifts of closely held securities, which include not only debt and equity positions in non-publicly traded companies but also interests in other ownership forms can be accepted, however, gifts must be reviewed and approved prior to acceptance to determine that:

- There are no restrictions on the security that would prevent the Council from ultimately converting the asset to cash
- The security is marketable
- The security will not generate any undesirable tax consequences for the Council

If potential problems arise on initial review of the security, further review and support may be obtained by an independent outside professional.

As a general guideline, Council policy is that publicly traded or closely held/non-marketable securities are sold immediately upon receipt/acceptance.

## **TANGIBLE PERSONAL PROPERTY**

The Population Council accepts gifts of tangible personal property on a case-by-case basis. Acceptance of tangible personal property will be made by the President upon recommendation by the Chief Financial Officer (CFO) and based on advice of the General Counsel as circumstances warrant. Gifts of tangible personal property to fund life income or other deferred giving programs are subject to the minimum guidelines established by the organization by specific gift type. Tangible personal property is defined as property that can be held physically, as distinguished from intangible personal property such as cash and securities.

All gifts of tangible personal property shall be examined in light of the following criteria:

- Does the property facilitate fulfillment of the mission of the Council?
- 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?

## **GIFTS IN KIND**

The Population Council solicits and accepts gifts in kind (GIKs) of items that our management believes will be useful in their programs or those of our counterparts on a case-by-case basis subject to an appropriate recommendation to the President, concurrence by the Chief Financial Officer (CFO) and based on advice of the General Counsel as circumstances warrant. *Gift in kind* transactions are non-cash/non-monetary gifts, including art, books, manuscripts, antiques, collections, equipment, etc. It

does not address *gifts in kind* relative to services or labor, because these are not recognized as *gifts in kind* by the Internal Revenue Service (IRS).

GIKs accepted by the Council can originate from the Council requesting specific items or from donors/prospects indicating that they have goods to donate. In deciding if a GIK is acceptable, The Council will consider such questions as:

- Whether the GIK is appropriate to the country
- Whether the GIK can be obtained locally
- Whether the GIK fits the Council's program needs

Except in cases of lightweight, high-value items, the Council, when possible, should require that the donor or a third party pay the costs of inland and overseas shipping of the GIK.

## **REAL PROPERTY**

The Population Council accepts gifts of real property on a case-by-case basis. Acceptance of real property shall be made by the President upon recommendation by the Chief Financial Officer (CFO) and based on advice of the General Counsel as circumstances warrant.

Prior to acceptance, the Council shall require an initial environmental review to ensure that the property has no environmental damage (an "Environmental Review Form" is attached). In the event that the initial inspection reveals a potential issue, the Council shall retain an independent professional to conduct a more comprehensive review (the cost to be borne by the donor). Additionally, when appropriate, a title binder shall be obtained by the Council prior to acceptance (the cost to be borne by the donor).

Criteria for acceptance include but are not limited to consideration of the following type of questions:

- Is the property useful for the purposes of the Council?
- Is the property marketable?
- Are there any restrictions, reservations, easements, or other associated limitations?
- Are there any carrying costs, which may include insurance, property taxes, mortgages, or notes, etc.?
- What were the results of the environmental audit?

Upon the decision to accept the property, an analysis will be conducted to determine the ultimate use of the property. If the decision is to sell, the property may be listed with a reputable licensed real estate broker with instructions to aggressively market such property for sale. Long-term leasing is discouraged unless it would clearly increase the prospects for sale. Insurance coverage must be maintained at all times.

Under no circumstances will the Council accept property for which there is a pre-existing contract or legal obligation to sell to a known buyer.

## **INTANGIBLE ASSETS**

The Population Council accepts gifts of intangible assets as outright gifts. However, because of the unique requirements of these types of gifts, such donor inquiries will be handled on a case-by-case basis. Acceptance of an intangible asset shall be made by the President upon recommendation by the Chief Financial Officer (CFO) and based on the advice of the General Counsel as circumstances warrant. Gifts of intangible assets will not be accepted to fund any of the Council's life income programs. Certain gifts, such as partnership interests, patent rights, interests subject to debt, environmental claims or other

liability require significant scrutiny and generally will not be considered for approval unless the gift value is USD \$200,000 or more.

## LIFE INSURANCE

The Population Council accepts gifts of Life Insurance policies as outright gifts on a case-by-case basis. The Council will also accept gifts of insurance policies on a donor's life when the donor pays the annual premiums on the policy during his/her lifetime or assures that the policy remains self-funding.

The Council may be named as a beneficiary or contingent beneficiary of donors' insurance policies. Such designations shall not be recorded as gifts to the organization until such time as the gift is irrevocable. Where the gift is irrevocable, but is not due until a future date, the present value of that gift will be recorded at the time the gift becomes irrevocable. The gift is valued at its interpolated terminal reserve value, or cash surrender value, upon receipt. If the donor contributes future annual premium payments, the Council will include the entire amount of the additional annual premium payment as a gift in the year that such a payment is made. If the donor does not elect to continue to make gifts to cover the annual premium payments, the Council may upon the advice of the Director of Development and the Chief Financial Officer (CFO):

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

## BEQUESTS

The Population Council encourages donors and supporters to make bequests under their wills and trusts. Such bequests will not be recorded as gifts to the Council until such time as the gifts are irrevocable. When the gift is irrevocable, but is not due until a future date, the present value of the gift may be recorded at the time the gift becomes irrevocable.

## OIL, GAS, AND MINERAL INTERESTS

The Population Council may accept oil, gas, and mineral interests, when appropriate. Review and approval will be on a case-by-case basis. Acceptance of oil, gas, and mineral interests shall be made by the President upon recommendation by the Chief Financial Officer (CFO) and based on the advice of the General Counsel as circumstances warrant.

Criteria for acceptance shall include:

- Gifts of surface rights should have a value of \$25,000 or greater
- Gifts of oil, gas, and mineral interests should generate at least \$5,000 per year in royalties or other income (as determined by the average of income generated in the three years prior to the gift)
- The property should not have extended liabilities or other considerations that make receipt of the gift inappropriate
- The property must undergo an environmental review to ensure that the Council has no current or potential exposure to environmental liability

## DEFERRED GIFTS

The Population Council does not have or make available to our donors a Gift Annuity Program. Gift Annuities are an opportunity for our donors to make an irrevocable contribution now for which they will receive a partial charitable deduction in addition to a fixed rate annuity for life. Such gifts can be

made through fiduciary institutions with the Population Council named as beneficiary of the remainder of the annuity at the time of the holder's death.

The Population Council does not have or make available to our donors a Pooled Income Fund Program. Pooled Income Funds are an opportunity for our donors to make an irrevocable contribution now for which they receive a charitable deduction in addition to a variable rate annual payment for life.

The Population Council does not offer Donor Advised Funds to our donors.

## **TRUSTS**

The Population Council will act as the Trustee for Charitable Remainder or Charitable Lead Trusts established by our donors. Acceptance of the trusteeship shall be made by the President upon recommendation by the Chief Financial Officer (CFO) and based on the advice of the General Counsel as circumstances warrant.

## **PLEDGES**

The Population Council encourages donors and supporters to make pledges. All pledges and obligations are to be in the form of a written document signed, dated, and notarized by the donor that indicates the amount pledged, the specific purpose (if any), and a planned payment schedule. The Council will record the gift only upon receipt of such written documentation.

## **SPECIAL CONSIDERATIONS**

**TRUSTEE FEES** – The Population Council, to avoid questions as to the independence of a Trustee of a Bequest, Charitable Remainder Trust or Charitable Lead Trust or other gifts, and avoid the appearance of exerting undue influence, will not pay or reimburse donors for trustee fees in connection with any gift arrangement.

**APPRAISALS** – The Population Council will not pay or reimburse the donor for appraisals that the donor is required to have in order to substantiate his/her income tax deduction. Substantiating the value of a gift for income tax purposes is the sole responsibility of the donor and the Council will not certify the value of any non-cash contribution. Donors who provide a non-cash charitable contribution must file FORM 8283. The Chief Financial Officer (CFO) upon appropriate review by the Director of Development and the General Counsel shall countersign FORM 8283.

**LEGAL FEES** – The Population Council, to avoid the appearance of any conflict of interest as well as any possible claim of undue influence, will not pay or reimburse legal expenses incurred by a donor making any kind of gift to the Council

**NO GUARANTEE** – The Population Council will use its best efforts to accommodate the wishes of donors regarding projects and programs consistent with its mission; however no representation may be made guaranteeing that a specific project/program will be undertaken, or that any project/program, once undertaken, will be continued, irrespective of funding.

## **PROJECT SUPPORT/SUPPORTING ORGANIZATIONS**

The Population Council encourages partnerships with governmental agencies, multilateral organizations, foundations, corporations, and individual donors. The Council prides itself on prudent stewardship of our funds.

Proposal submissions have financial ramifications for the Council and can be broken down into three components:

- Unrestricted
- Restricted; and
- Pass Throughs and Cost Share

Unrestricted fundraising largely resides with the Director of Development. Typically, unrestricted contributions do not have financial or technical reporting requirements or, donor/client regulatory compliance issues, and provide flexibility in the use of the funds. Unrestricted gifts are counted in the Council's Annual Fund. All gifts, regardless of the amount are acknowledged in accord with IRS regulations. Donors of \$1,000 or more are considered President's Advocates and receive special reports on Council activities including an Annual Report, biannual newsletter ("Momentum"), and quarterly report ("Population Briefs").

Restricted fundraising largely resides with the Director of Grants and Contracts (see the Proposal Submission Procedure and the Proposal Checklist) and the Council's professional program staff. Typically, there are regulatory compliance issues, extensive financial and technical reporting requirements, and limited flexibility in the use of the funds. All resource development activities/proposals that require compliance with donor/client terms, conditions or regulations must be submitted and reviewed by Grants and Contracts and approved by the CFO prior to submission to the donor. Additionally, all proposals that have an "indirect cost" component must be sent to Grants and Contracts for review and approval by the CFO before being submitted and ultimately accepted. Proposals that propose a recovery of less than 100 percent of the Council's total cost (including established indirect costs), must be reviewed and have the prior approval of the CFO before submission to a donor.

Any proposal for passing through of donor funds (passing funds from a donor to a second tier recipient with or without Council involvement or recovering Council costs) or that require a cost share commitment on behalf of the Council, must be submitted for review to Grants and Contracts and approved by the CFO before being submitted and ultimately accepted. Only the President, CFO, or Corporate Secretary may accept such an award on behalf of the Council. Before developing a pass-through or cost share proposal, staff should seek the advice of the Director of Grants and Contracts or the CFO.

The Council's Proposal Submission Form and the Proposal Checklist document the process for developing and submitting proposals.

Questions may be addressed to:

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