



## **GIFT ACCEPTANCE POLICIES AND GUIDELINES**

The Center for Spiritual Living Seattle (the Center) has entered into an agreement for the management of funds donated to the Center for Spiritual Living Seattle Centennial Legacy Endowment Fund (the Fund). Science of Mind Foundation (SOMF), a 501(c)(3) non-profit organization, incorporated under the laws of the State of Colorado, exists to promote, raise funds, maintain and operate an endowment fund for the global advancement of awareness and understanding of the philosophy of Science of Mind through support of Centers for Spiritual Living and institutions, churches, organizations, and study groups which teach and promote the philosophy of the Science of Mind.

These policies and guidelines govern the acceptance of gifts made to the Fund for its benefit. The Center's board, at its discretion, reserves the right to decline any gift. While the founding purpose of the Fund is to support education and retreat scholarships, the Fund has been set up with the flexibility for the Finance Committee to assign other uses, should the Fund's distribution amount exceed that which is needed to support the original need. All references to gifts given to the Center are intended to apply solely to gifts designated to be deposited in the Fund.

SOMF and the Center will market current and planned gift vehicles to donors to assist in realization of their philanthropic objectives. In marketing these gift vehicles Center will always encourage donors to consult a qualified, professional financial or estate planning advisor. **SOMF and the Center and their representatives will abide by the Model Standards of Practice for the Charitable Gift Planner (attached).**

### **I. Purpose of Policies and Guidelines**

The Center's Board of Directors and its staff solicit current and deferred gifts from individuals, corporations, churches, centers, businesses, and foundations to secure the future growth and purpose of the Center through the Fund. These policies and guidelines provide guidance to current and prospective donors and their advisors when making gifts to the Fund. The provisions of these policies shall apply to all gifts received by the Fund for any of its programs or services.

Recording of gift values for internal purposes will follow current generally accepted accounting policies, GAAP. For donor recognition purposes, gifts will be recognized according to their current fair market value or determined "gift" value according to IRS regulations.



## **II. Use of Legal Counsel**

When appropriate the Center shall seek the advice of legal counsel in matters relating to the acceptance of gifts. In general, the Center only solicits for cash or liquid assets that can readily be deposited in the fund. On a case-by-case evaluation, some other types of assets could be considered.

Review by counsel is recommended for:

- a. Gifts involving contracts or other documents that require the Center to assume an obligation.
- b. Gifts subject to any conditions or pre-arrangements.
- c. Gifts naming the Center for the benefit of the Fund as Trustee or Co-Trustee.
- d. Transactions with potential conflict of interest that may invoke IRS sanctions.

## **III. Conflict of Interest**

The Center urges all prospective donors to seek the assistance of personal legal and financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences.

## **IV. Types of Gifts**

Because the Fund is set up to receive cash to be invested by the SoMF, the Center only accepts for cash or easily liquidated assets for the Fund. Whether current or deferred, cash-ready donations can readily be deposited in the fund. The following may be sources of gifts for the benefit of the Fund:

- Cash
- Securities directly gifted by the donor
- Bequests
- Planned or Deferred Gifts of residuals and liquidated assets
- Life Insurance, where the Fund is a designated beneficiary
- Charitable Gift Annuities, where the Fund is a designated beneficiary
- Charitable Remainder Trusts, where the Fund is a designated beneficiary
- Charitable Lead Trusts, where the Fund is a designated beneficiary

Other less liquid assets are not appropriate for inclusion in the Fund, but the assets may be a resource for the cash intended for the Fund:

- Grants and Sponsorships



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- Real Estate
- Retained Life Estates
- Bargain Sales
- Beneficiary Designations

The following criteria govern the acceptance of each gift form:

### **A. Cash**

All outright or pledged gifts of cash, regardless of amount, in the form of U.S. currency, shall be deemed appropriate unless there is evidence the gift was gained by illegal or unethical means. Gifts made by credit card are also accepted. Pledges are generally to be completed in five years.

### **B. Securities**

#### *Description*

The Center accepts gifts of publicly traded securities including stocks, mutual funds, municipal and corporate bonds, and treasury bills, notes and bonds for the benefit of the fund. These gifts must be transferred electronically into a Center account.

#### *Guidelines*

The Center will authorize the sale of a stock gift to occur immediately upon the receipt of the gift in the Center's account at the brokerage firm unless otherwise directed. In some cases, securities may be restricted by applicable securities laws and in such instances the final determination on the acceptance of restricted securities shall be made by the Center's Board.

For the donor, the gift date is the date when the securities are irrevocably transferred to the Center, whether by physical, postal, or electronic delivery. The Center will acknowledge the donor's gift and confirm receipt of number of shares, issue and type of stock, date of receipt of shares, and tax-deductibility.

Acknowledgment to the donor for gifts of publicly traded securities can also include the high and low price per share and the mean of those values on the gift date or the closest trading day per IRS stipulations.



## **C. Real Estate**

### *Description*

Due to the complexity of managing a real estate gift, it is desirable for the estate to manage the real estate dissolution transaction, with the cash proceeds being donated to the Fund.

### *Timeshare Interests*

Given the difficulty and unpredictability of selling a timeshare interest and the burden of the annual maintenance fee on the organization once it accepts the gift, the Center prefers not to accept gifts of timeshare interests but will review them on a case-by-case basis.

Donors often misunderstand the value of a timeshare interest for gift and tax purposes. When discussing timeshare gifts with donors, the Center will emphasize the importance of the donor talking with a qualified tax professional.

## **V. PLANNED OR DEFERRED GIFTS**

Realized planned or deferred gifts will become part of the Fund. Consultation with your legal and tax advisors are highly recommended.

### **A. Bequests**

#### *Description*

Donors and supporters of the Center will be encouraged to make bequests to the Fund through their wills and living trusts.

The most common bequests are:

- A residuary bequest, which leaves all or a portion of the donor's estate.
- A specific bequest, which specifies a specific percentage of a donor's estate or a specific dollar amount or a specific asset.
- A contingent bequest that is contingent on the occurrence of an event, which may or may not happen.

Bequests may also establish testamentary life and lead income arrangements through charitable gift annuities, charitable remainder trusts, or charitable lead trusts. A bequest may be unrestricted for general use or restricted for a particular use or program.



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### **B. Life Insurance**

#### *Description*

Gifts of life insurance can be made to the Fund with a use restriction in the following ways:

- Donor irrevocably assigns a fully paid-up policy where the Center is beneficiary with a designation to be deposited in the Fund.
- Donor irrevocably assigns a policy on which premiums are still being paid where the Center is and beneficiary.
- Donor names the Center as beneficiary (a revocable gift).

#### *Policy Ownership*

The donor should be specific about the proceeds from the policy being designated for deposit to the Fund.

Deposits to the SoMF for the benefit of the Fund must be made in cash, therefore, ownership of a policy is not consistent with the structure of gifts appropriate to the Fund. The Center should be a named beneficiary of the policy and would receive the proceeds.

#### *Due Diligence*

Any program promoted by the insurance industry or individual insurance agents as a 'charitable insurance program' will be entered into only after a thorough explanation has been provided to the Board of Directors. The Executive Director will be responsible for exercising sufficient due diligence to fully vet such a consideration before presenting the program to the Board.

### **C. Life Income Gifts**

Life income gifts provide an income stream to a designated income recipient(s) for a period of years or until the last to die of the income recipient(s). When the income obligation terminates, a remainder becomes available to the Fund. The estate should manage the dissolution of the remainder, if it is not a cash or liquid asset.

### **D. Charitable Gift Annuity**

#### *Description*

A charitable gift annuity is a fixed rate, fixed income contract between the Center and one, and no more than two, designated income recipients whereby the income recipient(s) receives lifetime fixed annual income.



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In return for a gift of cash, marketable securities, or other assets, the income recipient's income obligation is paid as a fixed annual income in equal installments until the death of the last income recipient. Although not often, there are occurrences where a donor, at a later date, chooses to give his/her income interest back as a gift.

Given that the income obligation is a liability of the Center and guaranteed by its assets, the remainder interest will not be expended until after the annuitant's lifetime when the remaining balance is paid to the Center. The Center may utilize a third party to provide gift administration, custodial and investment services, and registrations and compliance with state laws where required, for its gift annuity contracts.

### **E. Gift Annuity Income and Rates**

The income obligation is determined by the gift annuity rate set by the American Council on Gift Annuities (ACGA) times the dollar amount of the gift. The ACGA determines the rates actuarially with a goal of half the gift asset representing the charitable remainder and the other half representing the income payment to the income beneficiary.

The income obligation to the donor may include partly tax-free return of principal of the donor's gift and partly earned income. Virtually all US non-profits subscribe to the rate set by the ACGA. It will be the policy of the Center to do so, with the right for special circumstances to be considered. Please consult your tax professional regarding your individual situation and source of funds.

A gift annuity agreement shall be issued only if the present value of the remainder interest (the Foundation's gift portion) using standard government tables equals thirty percent (30%) or more of the initial gift value.

### **F. Types of Charitable Gift Annuities**

- Immediate Payment Gift Annuity: The income recipient(s) begins receiving payments at the beginning of the payment period immediately following the contribution.
- Deferred Payment Gift Annuity: The income recipient(s) begins receiving payments at a designated future date, chosen by the donor, no less than one year and one day after the date of contribution.
- Flexible Deferred Payment Gift Annuity: The income recipient(s) begins receiving payments at a designated future event chosen by the donor, (i.e., reaching retirement age). The donor has flexibility and can even change the start date of the income payment after the gift annuity is funded.



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### *Minimum Funding Level*

Initial funding minimum for charitable gift annuities shall be ten thousand dollars (\$10,000). Donors wishing to fund additional gift annuities at less than the minimum will be considered on a case-by-case basis.

### *Minimum Age(s)*

The minimum age for income beneficiaries for all charitable gift annuities is sixty-five (65) years of age at the time income payments begin.

On occasion the donor may be funding a gift annuity for a third party, i.e. a sibling or a parent. In this case, the donor may be any age but the minimum age for the income recipient to receive income payments remains 65 whether an immediate or deferred payout gift annuity. Additionally, when the payment is to be deferred, the period of deferral between funding the gift and the date the payments start shall be no more than twenty (20) years.

### *Funding Asset*

As a rule, charitable gift annuities will be funded with cash, publicly-traded securities or other cash equivalents. Deferred or Flexible gift annuities may be funded with real estate when evaluated on a case-by-case basis by the Board of Directors.

## **G. Charitable Remainder Trust**

### *Description*

Charitable remainder trusts (CRTs) are irrevocable trust arrangements established by a donor to provide an income stream to an income beneficiary(ies) for a lifetime or term of years (not to exceed 20) with the Fund receiving the remainder value when the trust terminates. CRTs can be charitable remainder annuity trusts or charitable remainder unitrusts (of which there are several types).

## **H. Types of CRTs**

### *Charitable remainder annuity trust:*

- Pays a fixed rate (at least 5%) on the original fair market value of the assets initially contributed to the trust. No additional gifts may be made to an annuity trust after its creation.
- Payments in any one year to individual beneficiaries may not exceed 50% of the initial fair market value of the trust.



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### *Charitable remainder unitrust*

- Pays a fixed percentage (at least 5%) of the fair market value of trust assets, as valued annually. Because the value of the assets can be expected to change from year to year, the unitrust payment will vary each year. Additional contributions may be made to charitable remainder unitrusts.
- Payments in any one year by a CRT to individual beneficiaries may not exceed 50% of the fair market value of the trust on the most recent valuation date.
- The present value of THE FUND's remainder interest in the charitable remainder unitrust must equal at least 10 percent of the initial fair market value of the trust.
- There are 4 varieties of a unitrust with the Net Income Unitrust, the Net Income Unitrust with Make-up Provision and the FLIP Unitrust being acceptable trust vehicles for funding with real estate or other less liquids assets.

### *Trustee*

The Center will not serve as trustee for CRTs. It may, however, with Board approval act as co-trustee.

### *Minimum Gift Level*

In the event the Center would act as co-trustee, the recommended minimum to fund such a gift would take into consideration the payout and the number and ages of the income beneficiaries or the trust term (not to exceed 20 years). Payout rates and amounts on CRTs for which the Center is co-trustee will comply with applicable IRS regulations.

### *Minimum Age and Income Recipients*

Where the Center would act as co-trustee and the payments are to be made for life, the minimum age and number of income recipients will be evaluated to determine the value of the gift relative to engagement as co-trustee (i.e. a gift at the minimum amount with multiple income recipients at a range of ages may not be an appropriate gift for the Center to act as co-trustee).

### *Funding Assets*

The Center should be designated as the beneficiary. The preferred funding asset for CRTs will be cash or publicly traded, liquid securities.





## **VI. OTHER PLANNED GIFTS**

### **Charitable Lead Trust**

#### *Description*

With a lead income deferred gift, the income interest is paid to the Center for the benefit of the Fund and 'leads' or precedes distribution of the remainder interest, which is paid to non-charitable beneficiaries. A charitable lead trust (CLT) is a trust arrangement whereby income-generating assets may be placed in trust with the Center designated as the income recipient for the period of the trust's term, which can be a term of years or lifetime(s). The amount paid to the Center, which is at the donor's designation, can be either a fixed sum (an annuity trust income interest) or a percentage of trust assets as valued annually (a unitrust interest) depending on the type of CLT established by the donor. There are different configurations of CLTs which mainly provide tax or asset-transfer benefits to the donor.

#### *Trustee*

The donor will be responsible for all costs associated with the establishment and administration of the trust. The Center will not act as trustee of a charitable lead trust, but may consider acting as co-trustee.

### **A. Retained Life Estate**

#### *Description*

The irrevocable donation of the remainder interest in a personal residence while retaining the lifetime right to use the property occurs when a donor transfers title to a personal residence or farm and retains the right to use the property for a specified term measured in lifetimes, years or both (the life estate). At the end of the term, all rights to the property are transferred to the Center for the benefit of the Fund. As with Real Estate in Item IV.C. above, it is desirable that the estate manage the dissolution of the real estate with the net proceeds being donated to the Fund.

### **B. BARGAIN SALE**

#### *Description*

A "bargain sale" is a sale of property to the Center for the benefit of the Fund for an amount less than the property's current fair market value. The excess of the value over the sales price represents a contribution. The bargain sale price may be paid by the Center either in a lump sum or in installments. Bargain sales will be evaluated on a



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case-by-case basis by the Board. As with other non-liquid assets, this may be more appropriate as a general fund donation.

### **C. BENEFICIARY DESIGNATIONS**

#### *Description*

Although beneficiary designations are revocable gifts, donors and supporters of the Center will be encouraged to name the Center as beneficiary of various financial instruments such as their retirement plans, insurance policies, or investment portfolios.

### **VII. ADOPTION**

Adopted by the Center for Spiritual Living Seattle Board of Directors on July 28, 2021.



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### **Model Standards of Practice for the Charitable Gift Planner**

#### **PREAMBLE**

The purpose of this statement is to encourage responsible gift planning by urging the adoption of the following Standards of Practice by all individuals who work in the charitable gift planning process, gift planning officers, fund raising consultants, attorneys, accountants, financial planners, life insurance agents and other financial services professionals (collectively referred to hereafter as "Gift Planners"), and by the institutions that these persons represent. This statement recognizes that the solicitation, planning and administration of a charitable gift is a complex process involving philanthropic, personal, financial, and tax considerations, and as such often involves professionals from various disciplines whose goals should include working together to structure a gift that achieves a fair and proper balance between the interests of the donor and the purposes of the charitable institution.

#### **A. I. PRIMACY OF PHILANTHROPIC MOTIVATION**

The principal basis for making a charitable gift should be a desire on the part of the donor to support the work of charitable institutions.

#### **B. II. EXPLANATION OF TAX IMPLICATIONS**

Congress has provided tax incentives for charitable giving, and the emphasis in this statement on philanthropic motivation in no way minimizes the necessity and appropriateness of a full and accurate explanation by the Gift Planner of those incentives and their implications.

#### **C. III. FULL DISCLOSURE**

It is essential to the gift planning process that the role and relationships of all parties involved, including how and by whom each is compensated, be fully disclosed to the donor. A Gift Planner shall not act or purport to act as a representative of any charity without the express knowledge and approval of the charity, and shall not, while employed by the charity, act or purport to act as a representative of the donor, without the express consent of both the charity and the donor.

#### **D. IV. COMPENSATION**

Compensation paid to Gift Planners shall be reasonable and proportionate to the services provided. Payment of finder's fees, commissions or other fees by a donee organization to an independent Gift Planner as a condition for the delivery of a gift are never appropriate. Such payments lead to abusive practices and may violate certain state and federal regulations. Likewise, commission-based compensation for Gift Planners who are employed by a charitable institution is never appropriate.

#### **E. V. COMPETENCE AND PROFESSIONALISM**

The Gift Planner should strive to achieve and maintain a high degree of competence in his or her chosen area, and shall advise donors only in areas in which he or she is professionally qualified. It is a hallmark of professionalism for Gift Planners that they realize when they have reached the limits of their knowledge and expertise, and as a result, should include other professionals in the process. Such relationships should be characterized by courtesy, tact and mutual respect.

#### **F. VI. CONSULTATION WITH INDEPENDENT ADVISORS**

A Gift Planner acting on behalf of a charity shall in all cases strongly encourage the donor to discuss the proposed gift with competent independent legal and tax advisors of the donor's choice.

#### **G. VII. CONSULTATION WITH CHARITIES**

Although Gift Planners frequently and properly counsel donors concerning specific charitable gifts without the prior knowledge or approval of the donee organization, the Gift Planners, in order to insure that the gift will accomplish the donor's objectives, should encourage the donor, early in the gift planning process, to discuss the proposed gift with the charity to whom the gift is to be made. In cases where the donor desires anonymity, the Gift Planners shall endeavor, on behalf of the undisclosed donor, to obtain the charity's input in the gift planning process.

#### **H. VIII. DESCRIPTION AND REPRESENTATION OF GIFT**

The Gift Planner shall make every effort to assure that the donor receives a full description and an accurate representation of all aspects of any proposed charitable gift plan. The consequences for the charity, the donor and, where applicable, the donor's family, should be apparent, and the assumptions underlying any financial illustrations should be realistic.

#### **I. IX. FULL COMPLIANCE**

A Gift Planner shall fully comply with and shall encourage other parties in the gift planning process to fully comply with both the letter and spirit of all applicable federal and state laws and regulations.



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### **J. X. PUBLIC TRUST**

Gift Planners shall, in all dealings with donors, institutions and other professionals, act with fairness, honesty, integrity and openness. Except for compensation received for services, the terms of which have been disclosed to the donor, they shall have no vested interest that could result in personal gain.

Adopted and subscribed to by the National Committee on Planned Giving and the American Council on Gift Annuities, May 7, 1991. Revised April 1999.