

GIFT ACCEPTANCE POLICY

The American Choral Directors Association of Minnesota (“ACDA-MN”), a 501(c)3 not-for-profit organization governed under the laws of the State of Minnesota, solicits and accepts gifts for its F. Melius Christiansen Endowment Fund (“FMC Endowment Fund”) for purposes that will help the FMC Endowment Fund further and fulfill its mission. The following policies and guidelines govern acceptance of gifts made to the FMC Endowment Fund for the benefit of any of its operations, programs or services.

- A. *Conflict of Interest*— ACDA-MN urges all prospective donors to seek the assistance of personal legal and financial advisors in matters relating to their gifts, including the resulting tax and estate planning consequences.

- B. *Use of Legal Counsel*— ACDA-MN will seek the advice of legal counsel in matters relating to acceptance of gifts to the FMC Endowment Fund when appropriate. Review by counsel is recommended for:
 - 1. Gifts of securities that are subject to restrictions or buy-sell agreements.
 - 2. Documents naming the FMC Endowment Fund as trustee or requiring the FMC Endowment Fund to act in any fiduciary capacity.
 - 3. Gifts requiring the FMC Endowment Fund to assume financial or other obligations.
 - 4. Transactions with potential conflicts of interest.
 - 5. Gifts of property that may be subject to environmental or other regulatory restrictions.
 - 6. Other instances in which use of counsel is deemed appropriate.

- C. *Securing Appraisals, Environmental Review, Assessment or Remediation Costs, Legal Fees, and Other Gift-Related Expenses for Gifts to the Endowment Fund*—The cost to secure an appraisal, environmental review, assessment or remediation (where required), independent legal counsel, or other expenses for any gifts proposed to be made to or for the benefit of the FMC Endowment Fund are generally the donor’s responsibility.

- D. *Restrictions on Gifts*—The FMC Endowment Fund will not accept gifts that:
 - 1. Would result in ACDA-MN violating its charter or bylaws,
 - 2. Would result in ACDA-MN losing its status as an IRC 501(c)(3) not-for-profit organization,
 - 3. Are too difficult or too expensive to administer in relation to their value,
 - 4. Would result in any unacceptable consequences for ACDA-MN or the FMC Endowment Fund, or
 - 5. Are for purposes outside the FMC Endowment Fund’s mission.

Decisions on the restrictive nature of a gift, and its acceptance or refusal, will be made by ACDA-MN's Executive Committee, in consultation with the FMC Endowment Fund Gift Acceptance Subcommittee comprised of the Chair of the FMC Endowment Fund Committee, the FMC Endowment Fund Investment Subcommittee, and ACDA-MN's FMC Endowment Fund liaison and staffed by ACDA-MN's Executive Director and Director of Development. External legal, financial or other counsel may also be engaged.

The FMC Endowment Fund Gift Acceptance Subcommittee will update the FMC Endowment Fund Committee at its quarterly meetings.

E. Gifts Generally Accepted Without Review—

1. *Cash.* Cash gifts are acceptable in any form, including by check, money order, credit card, or on-line. Donors wishing to make gifts by credit card must provide the card type (e.g., Visa, MasterCard, American Express), card number, expiration date, and the name of the cardholder as it appears on the credit card.
2. *Marketable Securities.* Marketable securities may be transferred electronically to an account maintained at one or more brokerage firms or delivered physically with the transferor's endorsement or signed stock power (with appropriate signature guarantees) attached. All marketable securities will be sold promptly upon receipt unless otherwise directed by the FMC's Investment Subcommittee in consultation with financial counsel. In some cases, marketable securities may be restricted, for example, by applicable securities laws or the terms of the proposed gift; in such instances, the decision whether to accept the restricted securities will be made according to the provisions noted in *Restrictions on Gifts* above.
3. *Bequests and Beneficiary Designations under Revocable Trusts, Life Insurance Policies, Commercial Annuities and Retirement Plans.* Donors are encouraged to make bequests to the FMC Endowment Fund under their wills, and to name the FMC Endowment Fund as the beneficiary under trusts, life insurance policies, commercial annuities and retirement plans. Such designations will not be recorded as gifts to the FMC Endowment Fund 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 may be recorded at the time the gift becomes irrevocable.
4. *Charitable Remainder Trusts.* The FMC Endowment Fund will accept designation as a remainder beneficiary of charitable remainder trusts. The FMC Endowment Fund will not accept an appointment as Trustee of a charitable remainder trust.
5. *Charitable Lead Trusts.* The FMC Endowment Fund will accept designation as an income beneficiary of charitable lead trusts. The FMC Endowment Fund will not accept an appointment as a Trustee of a charitable lead trust.

F. *Gifts Accepted Subject to Prior Review*—Certain forms of gifts or donated properties may be subject to review prior to acceptance. Decisions to accept gifts will be made according to the provisions noted in *Restrictions on Gifts* above. Examples of gifts subject to prior review include, but are not limited to:

1. *Tangible Personal Property*. Considerations for accepting gifts of tangible personal property include but are not limited to:
 - a. Does the property further the organization’s mission?
 - b. Is the property marketable?
 - c. Are there any unacceptable restrictions imposed on the property?
 - d. Are there any carrying costs for the property for which the organization may be responsible?
 - e. Is the title/provenance of the property clear?
2. *Closely Held Securities*. Considerations for accepting gifts of closely held securities, which include not only debt and equity positions in non-publically traded companies but also interests in LLPs and LLCs or other ownership forms, include but are not limited to:
 - a. Are there no restrictions on the security that would prevent the FMC Endowment Fund from ultimately converting those assets to cash?
 - b. Is the security marketable?
 - c. Will the security generate any undesirable tax consequences for ACDA-MN or the FMC Endowment Fund?

Every effort will be made to sell non-marketable securities as quickly as possible.

3. *Life Insurance*. The FMC Endowment Fund will accept gifts of Life Insurance, but the FMC Endowment Fund must be named as both beneficiary and irrevocable owner of an insurance policy before a life insurance policy can be recorded as a gift. The gift is valued at its interpolated terminal reserve value, or cash surrender value, upon receipt.

If the donor contributes future premium payments, the FMC Endowment Fund will include 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, the FMC Endowment Fund may continue to pay the premiums, convert the policy to paid up insurance, or surrender the policy for its current cash value.

4. *Real Estate*. Prior to acceptance of any gift of real estate other than a personal residence, the FMC Endowment Fund will require an initial environmental review by a qualified environmental firm at the donor’s expense. If the initial review reveals a potential problem, the organization may retain a qualified environmental firm at the donor’s expense to conduct an environmental audit. When appropriate, a title binder shall be obtained by the FMC Endowment Fund prior to the acceptance of the real

property gift. Considerations for the acceptance of gifts of real estate include but are not limited to:

- a. Is the property useful for the organization's purposes?
 - b. Is the property readily marketable?
 - c. Are there covenants, conditions, restrictions, reservations, easements, encumbrances or other limitations associated with the property?
 - d. Are there carrying costs (including insurance, property taxes, mortgages, notes, or the like) or maintenance expenses related to the property?
 - e. Does the environmental review or audit reflect that the property is damaged or otherwise requires remediation?
5. *Remainder Interests in Property.* The FMC Endowment Fund may accept a remainder interest in a personal residence, farm, or vacation property subject to the provisions noted under *Real Estate* above. The donor or other occupants may continue to occupy the property for the duration of the stated life. At the death of the donor, the FMC Endowment Fund may use the property or reduce it to cash.

Where the FMC Endowment Fund receives a gift of a remainder interest, expenses for maintenance, real estate taxes, and any property indebtedness are to be paid by the donor or primary beneficiary.

G. Miscellaneous Provisions—

1. *Valuation of gifts for development purposes.* ACDA-MN will record a gift received by the FMC Endowment Fund at its valuation for gift purposes on the date of the gift.
2. *Acknowledgement of gifts.* The acknowledgement of all gifts made to the FMC Endowment Fund and compliance with the current IRS requirements in acknowledgement of such gifts shall be the responsibility of the FMC Endowment Fund Committee.

*H. Changes to the Gift Acceptance Policies—*These policies and guidelines have been reviewed and accepted by the FMC Endowment Fund Committee and ratified by the ACDA-MN Board of Directors. These Policies will be reviewed every two years.

Approved by the FMC Endowment Fund Committee, 05/14/2016

Ratified by the ACDA-MN Board of Directors, 08/01/2016