

Gift Acceptance Policy of the Chesapeake Bay Trust

The Chesapeake Bay Trust (“Trust”) is a quasi-government nonstock corporation recognized created by the State of Maryland by statute and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (“IRC”), which qualifies as a public charity under IRC Section 509(a)(3).

I. Purpose of the Trust Gift Acceptance Policy.

The purpose of this gift acceptance policy is to govern the acceptance of gifts by the Chesapeake Bay Trust, and to provide guidance to prospective donors and their advisors when making gifts.

II. Guiding Principles.

All gifts accepted by the Trust must be consistent with the Trust’s mission, purposes, and priorities. Solicitations by the Trust will be accurate, truthful, and candid. Solicitation materials shall follow all federal and state requirements for solicitations. Gifts, contributions and donations will generally be accepted from individuals, partnerships, corporations, foundations, government agencies, or other entities, without limitations – unless acceptance of gifts from the specific source is inconsistent with the mission, statutory authority, or by-laws of the Trust.

III. Gift Acceptance Committee.

The Development, Marketing, and Communications Committee shall serve as a Gift Acceptance Committee, which shall be responsible for considering and accepting gifts in accordance with these policies.

The Gift Acceptance Committee shall have the authority to review potential gifts not covered by this Policy, and to make exceptions to this Policy, when it is determined by majority vote that an exception would be in the best interests of the Trust. Decisions to deviate from or otherwise make an exception to this Policy with regard to any gift shall be documented in writing with supporting rationale.

The advice and approval of the full Board of Trustees may be sought with regard to acceptance of a gift when Board approval is recommended by legal counsel or is otherwise deemed advisable by unanimous vote of the Gift Acceptance Committee.

The Gift Acceptance Committee shall be responsible for reviewing this Policy on an annual basis to determine if any amendments are necessary in light of changed circumstances. Upon conclusion of the annual review, the Committee shall present the Board of Trustees with a recommendation to either modify the Policy or continue using the Policy without modification.

IV. Use of Legal Counsel.

A. Donor's Use of Legal Counsel.

All prospective donors shall be strongly encouraged to seek the assistance of competent, independent legal counsel or other professional financial advisors of their choice in matters pertaining to their gifts, including tax and estate planning consequences.

B. The Trust's Use of Legal Counsel.

The Trust shall seek legal advice in matters relating to acceptance of gifts when appropriate, including, but not limited to, the following circumstances:

1. Review of gifts of closely-held business interests, including those subject to buy-sell agreements or other restrictions;
2. Review of all gifts governed by contracts or legal documents requiring the Trust to assume an obligation;
3. Review of all transactions involving potential conflicts of interest that may result in adverse tax consequences for the Trust;
4. Review of any other gift or transaction when the Gift Acceptance Committee, the Board of Trustees, or the Executive Director believes that use of counsel is appropriate.

V. Restrictions on Gifts.

The Trust will accept unrestricted gifts. The Trust will also accept gifts for specific initiatives and purposes, provided that such gifts are consistent with the Trust's mission, purposes, and priorities, and provided that restrictions would not require undue administrative burden.

The terms and conditions—including the purpose—of any restricted gift to the Trust shall be in a written document signed by the donor, or his or her appointed representative,. All restricted gift documents shall include a provision permitting the Trust to designate an alternative use for the gift, in the spirit of the donor's original intent, to further the Trust's charitable mission and purposes in the event of changed circumstances (e.g., the donor's failure to fulfill his or her pledge obligation, or circumstances making the original purpose illegal, impractical, wasteful, or inconsistent with needs of the organization). Restricted gift documents will be prepared and reviewed by the Trust's Executive Director or a designee prior to gift acceptance, with advice of legal counsel as may be deemed advisable.

VI. Types of Gifts and Criteria for Acceptance.

A. Gift Types.

The Trust may accept the following types of gifts, according to the criteria set forth in this Policy:

1. **Cash.**
2. **Securities.**
3. **Life Insurance Interests.**
4. **Bequests.**

5. Retirement Plan Beneficiary Designations.

6. Charitable Lead Trusts.

7. Charitable Remainder Trusts.

8. Other Property.

B. Gift Types that May Not Be Accepted.

The Trust may not accept the following types of gifts, according to the Trust's enabling statute and/or the criteria set forth in this Policy:

1. Tangible Personal Property or any interest in any Tangible Personal Property.

2. Real Estate or any interest in any Real Property.

C. Criteria for Acceptance.

1. Cash.

The Trust will accept monetary gifts in any form, including, but not limited to, cash, credit card, or check. Under no circumstance should a check be made payable to an individual representative or agent of the Trust.

2. Securities.

The Trust may accept both publicly-traded and closely-held securities, in accordance with the following criteria:

a. Publicly-traded Securities.

The Trust may accept marketable securities, such as those traded on an established national or regional stock exchange. Gifts of publicly-traded securities will be sold by the Trust's securities' broker immediately upon receipt or as soon as feasible.

b. Closely-held Securities.

Closely-held securities, which include debt and equity positions in non-publicly traded companies, as well as interests in LLPs, LLCs or other ownership forms, may be accepted upon review and approval of the Gift Acceptance Committee. Such gifts must be reviewed prior to acceptance to determine that: (i) there are no restrictions on the security that would prevent the Trust from ultimately converting the asset to cash; (ii) the security is marketable; and (iii) the security will not generate any undesirable tax consequences for the Trust. The Trust shall consult legal counsel prior to accepting any such gift.

Prior to acceptance, the value of the gift must be established by an independent appraisal. The donor is responsible for securing a qualified appraisal in compliance with IRS regulations, and paying any fees associated with obtaining it; the donor shall consent to having a copy of the appraisal sent directly to the Trust from the appraiser. The Trust retains the right to obtain its own qualified appraisal at its own expense. For gift recognition purposes, the Trust will use the value of the securities on the day that the gift is complete.

Gifts of closely-held securities will be sold as soon as feasible; gifts that require a holding period may be accepted and sold when the holding period has expired.

3. Life Insurance Interests.

A gift of ownership of a life insurance policy may be accepted if the Trust is named as the owner and irrevocable beneficiary of 100% of the policy. The Trust will only accept whole, universal or variable life insurance policies. The Trust does not accept term insurance, but may be named as a beneficiary of such policies.

If the policy is paid completely, the value of the gift for the Trust's accounting and gift crediting purposes is the policy's replacement cost. If the policy is partially paid, the value of the gift for the Trust's accounting and gift crediting is the policy's cash surrender value. If the donor contributes future premium payments with regard to a partially paid policy, the Trust will recognize the amount of the additional premium payments as a gift in the year that they are paid. If the donor does not elect to continue to make gifts to cover premium payments on a policy that is partially paid, the Trust may: (i) continue to pay premiums on the policy; (ii) convert the policy to paid-up insurance; or (iii) surrender the policy for its current cash value.

The Trust may accept designations as beneficiary of a donor's life insurance policy. Upon notification of a donor's intent to name the Trust as a beneficiary, the Trust shall request a copy of the actual designation form.

4. Bequests.

The Trust may accept designations as the beneficiary of wills or trusts. The Trust shall encourage donors considering such bequests to transfer assets that have immediate value to the Trust, or that can be liquidated. Gifts appearing to require more cost than benefit shall be discouraged or rejected. Donors should be encouraged to use designation language supplied by the Trust and reviewed by legal counsel. Furthermore, donors should be encouraged to describe the specific purposes, if any, of their bequests as broadly as possible to avoid unduly burdensome limitations and restrictions.

The Trust and its staff shall not act as an executor for a donor's estate. Upon notification of a donor's intent to name the Trust as a beneficiary, the Trust shall request a copy of the portion of the donor's will or trust instrument naming the Trust as a beneficiary.

All bequests, unless otherwise designated, will be added to the existing quasi-endowment (board-restricted operating account).

5. Retirement Plan Beneficiary Designations.

The Trust may accept beneficiary designations for retirement plans. Upon notification of a donor's intent to name the Trust as a beneficiary, the Trust shall request a copy of the actual designation form. All retirement plan designations, unless otherwise designated, will be added to the existing quasi-endowment (board-restricted operating account).

6. Charitable Lead Trusts.

The Trust may participate as a charitable beneficiary in a charitable lead trust only with the prior review and approval of either the Trust's Gift Acceptance Committee or Board of Trustees.

7. Charitable Remainder Trusts.

The Trust may participate as a charitable beneficiary in a charitable remainder trust only with the prior review and approval of either the Trust's Gift Acceptance Committee or Board of Trustees.

8. Other Property.

Other property not otherwise described in this section must be reviewed and approved by the Gift Acceptance Committee or the Trust's Board of Trustees prior to acceptance.

VII. Administrative Matters.

A. Federal Tax Reporting and Gift Acknowledgement.

The Trust will acknowledge receipt of gifts in accordance with the requirements of federal tax law. The donor shall be responsible for providing the Trust with IRS Form 8283 as may be required for acknowledgement of certain gifts of property.

The Trust is responsible for filing IRS Form 8282 if the Trust should sell, exchange, or otherwise dispose of donated property within three years of receipt where the donor's charitable deduction required a qualified appraisal (generally property other than publicly-traded securities with a value of \$5,000 or greater). The Trust is required to furnish Form 8282 to the IRS and the donor within 125 days of the date of sale or disposition of the property.

B. Donation-related Expenses.

Prospective donors shall be responsible for their own legal, accounting, appraisal, and other fees for all gifts made to the Trust.

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This Policy was approved by the Board of Trustees of the Chesapeake Bay Trust on September 17, 2021.



Gary Jobson

Chair, Chesapeake Bay Trust

9/17/2021

Date