Gift Acceptance Standards for The Nature Conservancy

The Nature Conservancy
Protecting nature. Preserving life.

Purpose of the Gift Acceptance Standards (The Standards)

In order to further its conservation mission, The Nature Conservancy accepts donations of several types of assets, which are conveyed under specific processes and business procedures, and whose use may be undesignated or limited for different purposes. The purpose of these Standards is to set forth the conditions and practices employed by The Conservancy in accepting all types of donations. In many cases, tax benefit information is relevant only for U.S. donors, which is noted where applicable. These standards are intended to provide guidelines for staff at all levels, who are engaged in fundraising, to respond to donors' inquiries quickly and to facilitate the acceptance of gifts which are beneficial to both the donor and The Nature Conservancy.

The objectives of these Standards are to:

- Secure valuable gifts that benefit both The Conservancy and meets donors' philanthropic goals;
- Ensure that The Conservancy's interests are being protected; and
- Ensure that donors are treated in an open, professional, ethical, and fair manner.

The Conservancy reserves the right to refuse any gift that does not provide sufficient financial benefit to the institution, is incompatible with The Conservancy's mission, puts the assets or reputation of The Conservancy at risk, or is prohibited by law.

The Standards are not meant to replace existing business procedures or Standard Operating Procedures (SOPs) that govern, and detail specific policies and processes related to receipting, recording, and acknowledging gifts.

The Standards will evolve over time as new situations arise and as different types of donations are considered.

These Standards apply to all fundraising efforts of The Conservancy, regardless of type of gift, type of donor, or type of fundraising project, including campaigns. The standards are based on existing Conservancy practices. Additional information and resources can be found on the following Connect sections:

- Policies and Standard Operating Procedures
- Funding Our Work: Legal Connect Site
- engage360 Procedures and Reference Documents Library
- Financial Management Handbook

Organizing Principles of the Gift Acceptance Standards

These Standards are organized in six sections.

1. ***Core principles***
2. ***Ethical Standards***
3. ***Donor Types and Gift Acceptance Rules***
4. ***General Contribution/Gift Types*** such as corporate, individual and foundation giving, planned gifts, pledges and commitments. For each category, considerations or rules relevant to the asset or gift type are considered, and links are provided to additional resources and related business procedures and SOPs.
5. ***Contribution Asset/Payment Types*** such as cash, securities, personal property, and real estate. For each category, considerations or rules relevant to the asset or gift type are considered, and links are provided to additional resources and related business procedures and SOPs.
6. ***General Administrative Issues*** that ***include*** additional resources related to issues such as IRS Forms, determining gift date and gift valuation, etc.

Please note: This document contains many links to additional resources. From time to time, these links may go bad-by searching for the topic directly on Connect you should be able to find the relevant materials. If you find a bad link, please email DevOpsComms@tnc.org to let us know so it can be updated and fixed. Thank you!

Core Principles

Gifts are voluntary, charitable donor contribution of cash or other assets from a donor. The donor does not receive anything of substantial value in return other than a potential tax deduction, nominal thank you, recognition and the gift recipient maintains control and discretion over the use of the gift. Gifts are recognized as revenue to the Conservancy.

Grants are voluntary, charitable contributions of cash or other assets from a donor (typically an organization that provides funds for charitable purposes or activities) to the recipient that requires an increased degree of accountability to the donor or performance of specific activities associated with the charitable purpose, such as providing detailed financial reports, detailed progress reports, research and return of unspent funds.

In order for a gift or grant to be tax deductible for a U.S. donor as a charitableFundraising Crediting Guidelines.docx (sharepoint.com) contribution, the Conservancy must use the funding for its tax-exempt mission and maintain control and discretion over the use of the contribution. Donors may require a degree of accountability or performance of specific activities associated with the charitable purpose such as providing financial reports or progress reports; however, donors cannot have continuing control over TNC's activities as it spends the gift or grants, and donors cannot, for example, dictate the Conservancy's grantees and contractors. Please consult your Conservancy attorney if there is a question of whether TNC retains sufficient control and discretion.

Seeking to further the philanthropic cause of The Nature Conservancy shall not outweigh a proper concern for the best interest of the donor. In all matters involving current and prospective donors, the interest of the donor shall be carefully considered. The Nature Conservancy reserves the right to refuse gifts based on conflicts of interest, or reputational risk.

The Conservancy shall accept only such gifts as are consistent with organizational policy. While the Conservancy does not provide tax advice, the Conservancy shall, for its own benefit, structure transactions whenever possible to meet the requirements of the Internal Revenue Service for allowable charitable deductions. This concept applies as well to donors in other countries that provide favorable tax benefits for charitable gifts. Compliance with legal and tax processes and procedures around any gift reporting must be followed.

Additionally, the Conservancy must be mindful of donor restrictions to ensure that is can comply with such restrictions for the time period specified by the donor, or, in some cases, in perpetuity. Such restrictions must be documented.

New Conservation Projects must be approved by a TNC staff person with appropriate delegated authority (or TNC's Board of Directors, if applicable) following the process outlined in the Conservation Project Review and Approval Process Memo. The Conservancy may not accept gifts or grants funding a new Conservation Project unless that project has been approved in accordance with the memo. (Note as of December 2018, this process applies only to business units in the North America Region but will be rolled out to other regions at a future date. The restriction will apply to gifts or grants to support Conservation Projects in those regions when the process is adopted in those regions).

Appeals for funds should be managed and coordinated according to established procedures, most notably the Prospect Management Core Concepts, the Prospect Management Solicitation Procedure and the additional Soliciation Guidance on Connect. Both the business unit requesting funds and any business unit that would comply with any restrictions or designations on use of the funds should review the solicitation and acceptance of the gift.

When is Revenue Not a Gift/Contribution?

Revenue cannot be accepted as a contribution/gift if the donor has required some impermissible return benefits, such as use of our trademarks in a commercial manner, work that increases the donor's real estate value, or other benefits received such as goods or services. These transactions may be an exchange of value of services, resulting in another type of revenue (such as contract revenue in acct. 423000 or royalty income in acct.461300), rather than a contribution/gift (acct. 400XXX; unrestricted, temporarily restricted, and permanently restricted).

Consult with a Conservancy attorney to review any of the following stipulations, if proposed by a donor:

- Indemnifying a private donor from third party claims
- Providing any insurance to a private party
- Termination by the company that requires return of the grant already received when no material breach has occurred
- Ownership or licensing of intellectual property
- Conveying or granting any interest or rights to real property
- Any promise the work will benefit the donor or its suppliers
- Any promise to conduct work on land owned by the donor or its suppliers
- Any requirement that work is approved by the donor
- Any requirement that work outcome is confidential
- Any requirement that the Conservancy will not use the work to comment on regulations, permitting or other government administrative actions or policy
- Any promise that donor may use the Conservancy's trademark to promote the revenue in association with a company product or service

Specific Issues Related to Gift Acceptance:

Employee/Individual-Specific Gifts:
The Nature Conservancy shall not accept any gifts, grants or pledges or submit proposals that are: 1. Designated to support the salary or expenses of a specific individual employed by TNC, or; 2. Contingent upon the continued employment of a specific named individual by TNC.

Gifts, grants, pledges, or proposal submissions designated to support the salary or expenses of specific functions or titles may be accepted.

Examples:

Not allowable:	A gift "to support the work of Jane Smith" or "to fund Jane Smith's salary and expenses."
Allowable:	A gift "to support the work of the Director of Science in X state" or "to fund the salary and expenses of the Director of Science in X state."

Any exception to this guideline must be approved by the Chief Development Officer or his/her designee in consultation with a Conservancy attorney and the Development Business Process & Capabilities Manager.

Pass-Through Gifts
Pass-through gifts are those gifts made to support organizations with which the Conservancy partners (including non-U.S. organizations): To fulfill its global mission, the Conservancy often works with partner organizations. Gifts to support this work should be solicited for the Conservancy rather than for the partner organization.

In order for funding to be booked as a gift, ***the Conservancy must retain control and discretion over the spending and activities to advance our mission***. This is particularly important when working with international partners due to tax implications. The Conservancy may not solicit funds on behalf of a non-U.S. organization (without the appropriate disclosures described below) nor can it accept funds earmarked for a particular non-U.S. organization. The Conservancy cannot accept obligations, sometimes referred to as "pass-through" grants, to pass the money to a specific partner or to work on a specific partner-controlled project without the funding being deemed "pass-through" which could have tax implications for the donors.

To guard against soliciting funds on behalf of a non-U.S. organization, any and all Conservancy solicitations to donors should indicate that the Conservancy is soliciting funds on its own behalf (and not on behalf of the non-U.S. organization). Next, Conservancy staff should indicate that any discussion of a transfer to a non-U.S. organization is only a possibility and not a certainty.

Finally, Conservancy staff should include the following language in any and all written solicitations, proposals and/or letters of commitment in which potential partners are named: "Although we may work with partners on this project, The Nature Conservancy is requesting these funds on its own behalf. We retain the sole discretion to use these funds as outlined in this proposal, including the discretion to transfer funds to other organizations."

Although the tax restrictions related to partner organizations based in the United States are not as stringent, it is the practice of the Conservancy to follow the same guidelines with these organizations.

Staff must consult with their Conservancy attorney before accepting restricted donations for work to be performed outside the U.S. by Conservancy grantees.

For additional information about pass-through contributions see the Pass Through Gifts memo and guidance on Joint Fundraising on the Legal Connect page.

Gifts for Lobbying Activities
Private foundations are restricted by IRS regulations from using their funds for purposes earmarked for lobbying-including ballot measure advocacy. Although

private foundations can support non-lobbying public policy activities, funds should not be solicited or accepted from private foundations if earmarked for specific lobbying activities. For additional information on what is lobbying versus non-lobbying public policy and strategies for fundraising for public policy, please see the Legal Guidance: How the Fundraise for Public Policy in the United States document.

Additionally, gifts earmarked for lobbying-including for ballot measure advocacy-are not tax deductible when received from donors (other than private foundations, which are restricted from providing such gifts). Therefore, prior to soliciting or receiving a gift earmarked for lobbying, consult with the Director of Tax and Financial Reporting and the WO Government Relations Attorney. For more information please see the How to Solicit and Record Non-Tax Deductible Gifts for Lobbying to The Nature Conservancy document.

Gifts Creating Reputational Issues
If there is a question of whether a potential gift may create reputational harm (i.e. gifts of firearms, etc), please consult with the TNC Risk Officer and TNC's Director of Gift Administration.

Counterterrorism, Anti-Money Laundering and Economic Sanctions SOP
As memorialized in its Counterterrorism, Anti-Money Laundering and Economic Sanction SOP (adopted September 2019), TNC has a screening process to ensure TNC complies with all applicable counterterrorism, anti-money laundering and economic sanction laws and regulates; to minimize the risk of TNC's resources being diverted, misappropriated or otherwise used for improper purposes; and to ensure TNC has adequate controls and procedures in place to carry out appropriate due diligence. For specific information on the screening process, FAQs, SOP please consult the Anti-Money Laundering and Compliance page on Connect.

Ethical Standards

Every effort should be made to ensure that gifts accepted by The Conservancy are in the best interests of both the organization *and* the donor. The Conservancy will follow all principles of The Donor Bill of Rights adopted the Association of Fundraising Professionals and other professional organizations. The Conservancy also subscribes to:

- The *Model Standards of Practice for the Charitable Gift Planner* and related standards of the National Association of Charitable Gift Planners (NACGP)
- The Code of Ethical Standards of the Association of Fundraising Professionals (AFP)
- The *Statement of Ethics* of the Association of Professional Researchers for Advancement, and
- The ethical principles of the *Association of Donor Relations Professionals*.
- *Better Business Bureau Wise Giving Alliance Standards*

Key principles include safeguarding the confidentiality of the donor relationship; providing all relevant details to the donor; and ensuring that gifts are recorded, allocated and used according to donor intent and designation. Confidentiality, however, is subject to various legal restrictions. The Conservancy will comply with disclosures required by law, including subpoenas. Some countries have stricter requirements than the U.S. regarding protection for personal information. The Conservancy must protect donor's personal information in accordance with local law. See Donor Privacy Guidelines on Connect for further information.

While the Conservancy does not provide tax advice, we will work closely with donors to ensure they understand the importance of legal and tax issues related to their charitable contributions. In all cases involving planned gifts or gifts of complex assets, the donor shall be encouraged to discuss the proposed gift with independent legal, financial and/or tax advisor(s) of the donor's choice. These advisors shall be chosen solely at the donor's discretion and the Conservancy and its employees shall take no position on the counsel received other than to communicate about similar cases for informational purposes.

Donor Types and Gift Acceptance Rules

Individual Giving:
The Conservancy accepts contributions from individual donors where consistent with its mission, values and policies and procedures.

Private Foundation & Public Charity Giving:
The Conservancy receives gifts from various types of charities including private foundations, public charities, and charitable trusts. Outside the United States, the vehicles and organization types vary for charitable purposes.

Charities in the United States are tax-exempt organizations recognized by the U.S. Internal Revenue Services with certain tax advantages provided to donors to these organizations. In addition, U.S. state laws have varying definitions and regulations of the form of charitable entities (including charitable trusts) and the use of funds. The two basic IRS categories of 501(c) (3) entities, private foundations and public charities are further described below.

Private Foundation
A **private foundation** is a U.S. charity under Section 501(c)(3) of the U.S. Internal Revenue Code that is not a public charity. Private foundations have significantly more restrictions on how their funds can be used than a public charity. For instance, a private foundation cannot engage in any activity that involves its funder ("self-dealing"). For example, a private foundation cannot pay pledge payments on behalf of insiders, purchase event tickets for individuals closely related to the foundation (unless attendance is related to his or her duties for the foundation such as grantee

oversight or evaluation), or provide any other benefits to insiders. Quick Tip on Private Foundations prohibited from earmarking funds to support activities intended to influence legislation. Additionally, Private foundations must exercise expenditure responsibility or make an equivalency determination when making grants to organizations that are not 501(c)(3) public charities. For more information about commitments and commitment payments from private foundations vs. individuals see the Pledges, Intentions, and Non-Philanthropic Commitments Accepting, Recording, and Management procedure. See also this Quick Tip on Private Foundations.

Foundations have varying degrees of sophistication and management.

Terms like “named foundation”, “corporate foundation” and “family foundation” are often used to describe types of foundations, but these names are not legally significant. The term “independent” foundation typically refers to a foundation that was started by an individual or family but is no longer controlled by the original funders. The term “operating foundation” is one that conducts its own charitable activities. The Conservancy typically receives funding from grant-making foundations, which are foundations that fund other charities to conduct charitable activities.

Foundations that employ professional staff to administer and make decisions about the foundation are handled by a single Prospect Manager charged with developing the overall goal and strategy for achieving maximum potential gifts. This process is carried out in collaboration with all appropriate Conservancy stakeholders, including past and current grant recipients, staff and trustees with personal and professional ties to the foundation, and other natural partners. Large professional foundations, in which the Conservancy receives funding from several programs and where there is a history and depth to the relationship, are particularly significant for this type of management.

The Conservancy treats family foundations, in which individual family members play the primary role in decision-making, as individuals for stewardship purposes (although recording the gift is attributed to the foundation). Some foundations are a mix of the two, with the foundation and the foundation's primary donor having different Prospect Managers.

Public Charities *(including “Community Foundations”)*

The Conservancy also receives gifts from public charities. **Public charities** receive their assets from multiple sources, including private foundations, individuals, government agencies, and fees for service. Some public charities receive funding primarily from an ethnic or religious community, but their grant-making programs may extend beyond this particular community of interest. In this event, the prospect managers are expected to communicate about ongoing strategy to ensure a cohesive effort.

One of the best-known categories of public charity is the *community foundation*, which makes grants in support of the broad public needs of the geographic community or region in which they are located. Community foundation endowments are often composed of a wide assortment of individual funds, which may bear the donors' names. Gifts coming from such named funds are treated as individual gifts for stewardship purposes, although the community foundation may administer the gift and require signed agreements and periodic reports.

Another type of public charity is a *supporting organization*. Supporting organizations are classified as public charities not because of their source of support but because they carry out their exempt purpose by supporting other public charities.

Public charity gifts may support the full range of activities in which the Conservancy is involved. Distributions to TNC cannot be used to purchase tickets for events or trips.

Frequently, grants from private foundations and public charities are accompanied by a grant agreement which details the purpose of the grant, the activities toward which funding may be used, reporting requirements, and other guidelines. Once signed, this document represents a formal and binding understanding between the funding organization and the Conservancy. Grant agreements require review by the Conservancy's attorney as provided in the Agreements-Grants and Gifts-Private Funds SOP.

Corporate Giving:

Donations and Grants:
The Conservancy accepts corporate donations (donations from companies. company foundations and trade associations) where practical and consistent with its mission and values. All corporate donations are subject to the Corporate Engagement SOP which includes TNC's Principles of Corporate Engagement. This SOP requires any anticipated philanthropic donations in the amount of US $25,000 or above be recorded in the Corporate Registry prior to gift acceptance. Regardless of the anticipated donation size, if any of the Principles of Corporate Engagement are not met, such as the potential of reputation risk, the anticipated donation must also be recorded in the Corporate Registry prior to gift acceptance. Philanthropic giving including corporate donations does not automatically grant permission to use The Nature Conservancy's marks in association with any communications about the gift. All third party requests to use of The Nature Conservancy logo must be submitted through the online logo registry by TNC staff and will be evaluated on a case by case basis. Written permission by TNC is required for all third-party use of our logo. Other

types of revenue from corporations, such as marketing sponsorships and royalties and fee-for-service revenue are governed by additional requirements.

The Conservancy will not offer any naming opportunities to corporations or their corporate foundations. This includes the naming of staff positions, programs, priorities, funds, preserves, facilities and other permanent property of the Conservancy. One potential exception is where real property has been freely donated (e.g., not through mitigation directed by a court or Environmental Protection Agency), and it was previously known by, or associated with, the company's name. Any exceptions, including for property freely donated which was previously known by a company name, must first be approved by the Conservancy Executive Vice President of Corporate Engagement and then by the Conservancy CEO, prior to any proposal of such a naming opportunity. For any approved exceptions, a gift agreement outlining the naming terms must be in writing and go through TNC Legal review.

For additional information or questions, please contact the [Corporate Engagement](#) team.

See below for information specific to *Cause Marketing*.

General Contribution/Gift Types

Donations and Grants:

Outright Gifts:
An outright gift is a one-time gift where the Conservancy does not expect any subsequent payments to fulfil an obligation. For example, the fundraising team asks a donor for a $100,000 monetary gift. The donor is receptive, agrees, and provides the funds outright via cash, check, credit card, gift of securities, tangible personal property or real estate. See the section below for detailed acceptance information about each payment type.

Pledges and Other Commitments:
Pledges, Intentions to Give, and Non-Philanthropic Commitments are collectively referred to by TNC as "commitment(s)". Commitments express that a donor is committing to give the Conservancy a gift of some amount during a defined interval of time – a promise to give. A promise carries rights and obligations, and as the recipient of a promise to give, the Conservancy has the right to expect that the promised gift will be transferred in the future. A pledge is recorded when the promise is made and there is verifiable documentation and information to support it.

Per FASB accounting rules, TNC is required to document and record verbal or written commitments for which:

- a donor has agreed to give a specific amount
- any conditions of their commitment must be met
- the date these elements are known
- an estimated or known commitment schedule has been established

It is important to note the following:

- Pledges include words such as "promise", "agree", or "will". Language that includes words such as "intention," "intend" or "hope" ***does not*** indicate a pledge and a pledge should not be recorded in these cases.
- A donor's signature is ***not required*** to have a recordable commitment.

For more detailed information about accepting, entering, managing, and definitions of different commitment types please explore the Pledges, Intentions & Non-Philanthropic Commitments: Acceptance, Recording, and Management Business Procedure and Commitments Toolkit on Connect.

IMPORTANT NOTE*: Outright gifts and commitments are considered either conditional or unconditional. Conditional gifts are those where a donor stipulates a condition involving a future and uncertain event or action that must be performed by TNC, the donor, or some other party in order for TNC to receive the gift. Before we can recognize the income on the Conservancy's general ledger, the conditions must be fulfilled. An unconditional gift is where the donor has not placed any conditions on the gift, and the Conservancy can recognize the gift as income received immediately upon acceptance of the gift. A donor may always restrict or designate a gift to a specific project or body of work and a restriction alone does not make the gift conditional.*

Recurring Commitments (Sustainer Program):
Sustainers are donors who agree to contribute funds on a recurring, monthly basis. For example, a sustainer may agree to make a $25 gift each month. Payments may be made through EFT, credit cards, or by check. In order to sign up for EFT, donors need to provide a bank routing number and checking account number via phone. The program is managed centrally by WO Membership. When handling a donor's banking information, staff must comply with the Privacy and personal Data Protection SOP.

Cause Marketing:
Cause marketing is a promotional activity by a company that generates economic value for a cause based on consumer-facing promotion or the action of customers. It involves the use of the Conservancy's name and/or logo or other trademarked properties. Some cause marketing partnerships may be developed as sponsorships, allowing the Conservancy to treat the corporate contribution as a gift. Other cause marketing partnerships are structured as licensing agreements, whereby the Conservancy treats the contribution as royalty income and it is not considered a gift.

The Conservancy seeks marketing partners that offer some combination of sizeable revenue, strong brand equity, linkage with the Conservancy in product or business objectives, and the ability to broadly communicate the Conservancy's mission and values to bring in new supporters. Ultimately, a Cause Marketing relationship and the work entailed in developing, executing, and monitoring it must be appropriately proportional to returns received to ensure there is no undue benefit for the company. All Cause Marketing agreements must be approved by the Chief Marketing Officer of The Nature Conservancy and adhere to the Corporate Engagement SOP and the Corporate Marketing Partnership SOP.

See TNC Policies: Marketing: Cause Marketing ; Marketing: Use of Names and Logos-Internal and External; and the Cause Marketing Tracking Tracking business procedure for additional information.

The Conservancy does not and will not endorse or certify a company's operations, activities, products or services. However, the Conservancy may inform individuals, communities, businesses, governments, and partner organizations about a company's support.

The Nature Conservancy's trademarks are extraordinarily valuable. Both the Conservancy's name and logo are considered trademarks. They symbolize the organization's reputation and goodwill. The Conservancy carefully evaluates these agreements to ensure that benefits are maximized and unnecessary risks are avoided. All Cause Marketing agreements must be approved by the Chief Marketing Officer of The Nature Conservancy and adhere to the Corporate Engagement SOP and the Corporate Marketing Partnership SOP.

Planned Giving:

Planned gifts are defined as any gift that takes more planning than writing a check, donating via a credit card, gifting cash, or making a pledge or other type of commitment. A planned gift can be a current, outright gift of an asset such as stock or real estate, or a deferred planned gift. Deferred planned gifts are where revenue is ultimately realized by TNC in the future, often after a donor's death. See the section below for details of accepting each type of planned gift.

These types of gifts are handled by the WO Gift Planning team. For more information on gift planning and for contacts, see Gift Planning Fundraising information on Connect.

Bequests:

A bequest is defined as a gift from a donor's estate; either via a will, trust, retirement plan, life insurance or other beneficiary account designation. These gifts are generally revocable, meaning the donor retains the right to change the charitable beneficiary designation in the future. The Nature Conservancy does not receive the funds from these gifts until after the donor's lifetime. Bequest gifts can be an important part of a donor's estate tax planning and may provide additional tax benefits to a donor. They are a significant source of revenue for the Conservancy with over $100M in realized bequests received each year.

There are many ways for a donor to make a bequest gift to TNC. Please contact the Bequest and Annuities Team for information on these gifts, including processing, best practices and designation language.

Distributions from Estates and Trusts, including Non-Probate Assets

All distributions from estates and trusts, including the collection of non-probate assets for which The Nature Conservancy is a named beneficiary, are administered by the WO Office of Gift Administration, via the Estate Administration Team. The exception is a devise of natural areas, which is handled by the appropriate regional attorney. The regional attorney keeps the Estate Administration Team apprised of the on-going status of any natural area devise. Donors are encouraged to notify the Conservancy in advance of bequest intentions to ensure requests and restrictions can be honored. To clarify donor intent, staff at WO in consultation with their Conservancy attorney, may review language with the donor's counsel and may suggest changes as appropriate. The Conservancy will not act as the executor of an estate or trustee of a trust.

As part of the Estate Administration process, The Nature Conservancy has instituted a Request for Undesignated Estate Funds process. This process is designed to ensure donor intent is followed in relation to estate distributions.

Administration of all estate distributions are governed by the Estate Administration SOP.

Please contact the WO Gift Planning Estate Administration team for further information or to notify about a pending estate distribution.

Life Income Gifts:

The Nature Conservancy accepts life income gifts (also referred to as planned or deferred gifts), which generally involve a current transfer of assets to the Conservancy. The Conservancy does not have the use of these assets until a later date, such as a set number of years or the date of death of the donor. These types of gifts can also be set up testamentarily, i.e. through a donor's will. The specific types of life income gifts are described below.

Charitable Remainder Trusts:

Donors may name The Nature Conservancy as the charitable beneficiary of a charitable remainder trust. The Conservancy will serve as trustee only if named as irrevocable beneficiary of at least 60% of the remainder; the minimum value must be $50,000 for trusts funded by cash or stock or $100,000 for trusts funded by real estate or other non-liquid assets; and the minimum age of the youngest charitable beneficiary is 50. (A term of years charitable remainder trust may have income beneficiaries of any age.) Flip trusts require a minimum age of 35 for the youngest charitable beneficiary with full payout after age 50. Any additional gifts to the same trust instrument over the original $50,000 minimum must be at least $1,000. These requirements hold for both newly created trusts and for existing trusts for which the Conservancy is assuming trusteeship. Recommended rates for straight unitrusts, annuity trusts, and flip trusts for one or two beneficiaries are available from the WO Gift Planning Program. It is strongly recommended that potential donors be informed of the charitable nature of the gift and the potential negative impact of higher pay-out rates on long-term returns to the income and the charitable beneficiaries. Please note, TNC will serve as trustee of a trust funded with illiquid assets only if a flip provision is included in the trust document. This flip provision should ensure the trust does not become a standard payout trust until after the illiquid asset is sold. This applies primarily to real estate funded charitable trusts or other illiquid assets.

- As a general practice, if the Conservancy is serving as trustee, management and administration fees of trusts will be paid for by the trust and trust documents will be developed by the WO Gift Planning Program. In cases where the donor wishes a person or an entity other than the Conservancy to serve as trustee, donors should be encouraged to allow WO Gift Planning Administration the opportunity to review the trust documents prior to establishing the trust.
- The Conservancy will not serve as trustee of a funded revocable trust or a nonqualified trust.
- In addition, each trust or other deferred gift shall be reviewed to determine if there are generation- skipping tax issues, i.e. that a beneficial interest may vest in a person more than one generation removed from the donor. (Examples include a grandchild, grandniece, or a non-related individual who is 37 ½ or more years younger than the donor.) The donor should be advised of the outcome of this review (i.e. that it appears there could be generation-skipping tax issues) and encouraged to seek expert assistance in the event such a beneficial interest could arise. The Conservancy generally will not accept the trusteeship of a trust that could involve generation skipping transfer tax, unless the donor can provide sufficient assurance that any potential tax will be covered by the donor's one-time exclusion amount or is otherwise adequately provided for. All costs associated with determining any generation-skipping tax or complying with the provisions of the generation-skipping tax rules will be charged to the trust or otherwise to the donor or those holding the "skip" interest, as appropriate.
- Should a donor propose a CRT funded with a partial interest in real estate with the donor retaining an interest, TNC can potentially accept these on a case by case basis, if approved in advance by WO Gift Planning Administration in

consultation with Legal. The proposal will only be considered in the following circumstance:

- TNC's percentage of the property is atleast 60%
- That 60% must have a minimum value of $250,000
- The donor appraisal can only reflect the percentage used as a charitable gift
- The donor should be encouraged to seek their own counsel

Charitable Gift Annuities:
For non-deferred annuities, the minimum gift value is $10,000 (the minimum is $5,000 for repeat CGA donors) and the minimum age for the income beneficiary is 50. For deferred gift annuities, the minimum age of the income beneficiary as of the date of gift is 35 and the minimum age at the initial payment is 50. Charitable gift annuities may be funded by donations of cash or marketable securities; other types of assets, including real estate and tangible personal property, may be accepted on a case-by-case basis with approval from the Director of Gift Planning Administration. Both deferred and non-deferred annuities funded with tangible personal property require a $50,000 minimum, although exceptions can be made on a case by case basis with approval from the Director of Gift Planning Administration. The Conservancy generally follows rates suggested by the American Council on Gift Annuities (ACGA). The Conservancy is registered to issue gift annuities in all states that require registration and it adheres to each state's regulatory requirements regarding annuities. In some instances, state regulations may require rates not higher than those suggested by the ACGA. Fees for the administration and management of the charitable gift annuity fund are paid by the fund. Donors under the age of 70 should be alerted to the potential impact of inflation on the long-term purchasing power of income payments.

Pooled Income Funds:
Growth and Income Fund: The minimum donation to the Growth and Income Fund (a pooled income fund offered by the Conservancy) is $5,000 and the minimum age for the income beneficiary is 50. The minimum for additional donations to the same instrument is $1,000. Gifts may be funded by cash or marketable securities; tax exempt municipal bonds may not be used to fund a gift to a pooled income fund. TNC pays the fees of administration and investment of the Growth and Income Fund.

Long Term Income Fund: The minimum donation to the Long-Term Income Fund (a pooled income fund offered by the Conservancy) is $5,000 and the minimum age for the income beneficiary is 70. The minimum for additional donations is $1,000. Gifts may be funded by cash or marketable securities; tax exempt municipal bonds may not be used to fund a gift to a pooled income fund. The Conservancy pays the fees of administration and investment for the Long-Term Income Fund.

Please see Gift Minimums and Gift Acceptance SOPfor information on deferred gift miimums or contact the Gift Planning Department for more information or questions.

All life income gifts are managed by the WO Gift Planning Department. Any gift proposal can only be made in conjunction with Gift Planning Staff. Acceptance of life income gifts is limited to the Executive Director, Gift Planning and the Director of Gift Planning Administration, or their designee (in the event of their absence).

Endowments:

Endowments may be funded through current donations, life income gifts, or gifts through an estate. Other than endowments restricted to land stewardship that accompany a land acquisition, any new named endowment must be funded with a gift of $500,000 or more. This is an organization wide minimum and exceptions cannot be made on a business unit basis. There is no minimum for endowments that are restricted to land stewardship and accompany a land acquisition. Likewise, donors can add to existing endowments in any amount. Consult WO Finance with questions on minimums for endowments and with questions on setting up endowments as part of gifts of land for stewardship purposes.

See Gift Planning for information on talking points and approved Endowment Template Agreements. Additional information on Endowments and Endowment Agreement Templates can be found on Connect. It is strongly recommended that Gift Planning, Finance and Legal staff be included in any endowment gift proposal.

Permanently restricted gifts require review by a Conservancy attorney and Finance staff of the terms of the endowment. See the Endowments section of the Financial Management Handbook for more information on creating and managing Endowments at The Nature Conservancy.

TNC Donor Advised Funds:

The Conservancy maintains a Donor Advised Fund (DAF) for the benefit of its members. Donors have the choice of having their Conservancy DAF invested internally and managed through the WO Development and Finance Departments or externally invested through an approved external asset manager (currently TIAA Kaspick). In order to fund a DAF, the Conservancy accepts donations of cash or marketable securities of at least $100,000; real estate and other less liquid assets are accepted on a case-by-case basis approval by the Director of Gift Planning Administration. Donors must be made aware of the requirements of the DAF and must *complete an application and* sign a memorandum of understanding prior to making the gift.

In the case of a Donor Advised Fund held by TNC, donors may advise on use of the funds but the total amount of the funding is booked as a revenue contribution because the donors effectively turn over control to TNC at the time of the gift to the DAF.

TNCs Internal Donor Advised Fund is managed by Gift Planning Administration. Any gift proposal must involve the appropriate Gift Planning contact for the Business Unit or Program. Please see the Donor Advised Fund Connect page for more information.

Life Insurance:

Donors may choose to make a revocable gift by naming the Conservancy as a beneficiary of a life insurance policy, while retaining ownership of the policy along with the right to change the beneficiary.

While not encouraged, the Conservancy will accept irrevocable gifts of a life insurance policy. These gifts are coordinated by the WO Gift Planning and Gift Planning Administration. The gift value is equal to the interpolated terminal reserve value, or cash surrender value, on the date TNC becomes owner and is provided by the insurance company. Please note that for values expected to be higher than $5,000 a donor must obtain an appraisal for tax purposes. To accept an irrevocable gift of life insurance, the following constraints must be met:

1. TNC is named both 100% irrevocable beneficiary and owner of the policy.
2. The policy is deemed whole life or universal life.
    a. Term policies will not be accepted.
3. The policy is fully *in force* and current prior to transfer to TNC.
    a. TNC will not secure insurance on the life a donor or other person at the request of a donor.
    b. TNC will not apply for or be the original owner of a policy on a donor's life, pay to put a policy in force, or take any action on a policy that is not fully in force.
    c. TNC will not accept ownership of a policy subject to loans or "split dollar" or other arrangements where proceeds are to be divided between charitable and non-charitable interests.
4. The donor must agree in writing to continue paying the policy premiums.
    a. Donors can gift sufficient funds to TNC to cover the premium on an ongoing basis in the form of cash, appreciated securities or qualified charitable distributions from an IRA.
    b. Donors can also choose to pay premiums to the insurance company directly.
    c. If the donor does not elect to continue paying the premium on the policy, then The Conservancy reserves the right to surrender the policy. The Conservancy is not obligated to keep the policy in-force
    d. Gift Planning Administration can supply tax acknowledgements for premium payments.

Gift Planning Administration reserves the right to deny transfer of ownership for any proposed irrevocable gift of a life insurance policy. There is no exception or appeal process.

Gift Planning Administration may take other actions available to the owner of a policy at any time on behalf of The Conservancy.
Please contact the Gift Planning Department for further information or questions.

Interest Free Loans:

The Nature Conservancy accepts interest free loans on a case by case basis in which donors can transfer cash to TNC for various programs - generally specific conservation projects and for which TNC is charged zero interest. Generally, The Conservancy reserves the right to repay the loan at any time. For tax purposes, interest free loans are not charitable contributions and the donor does not receive a tax deduction for the loaned amount. Additionally, donors are generally responsible for paying taxes on the imputed interest (the interests imputed at the Applicable Federal Rate by the IRS) earned for loans larger than $250,000. However, a tax deduction may be available if the donor "gifts" the imputed interest back to The Conservancy. Persons interested in making interest free loans to The Conservancy should be encouraged to consult with their own legal and tax professionals on the tax consequences of their particular loan. The Conservancy has templates for these loan agreements.. Review by your Conservancy attorney of any legal document for a loan and approval by the Chief Financial Officer are required.

Please contact your Regional Gift Strategist for more information.

Charitable Lead Trust:

A charitable lead trust (CLT) is a mechanism in which a donor transfers assets to a trust which then provides income to a charitable organization for a period of years or for a chosen life or lifetimes. At the end of the period, the remaining assets in the trust are either kept by the donor or given to a non-charitable beneficiary, usually a family member. A donor cannot use the ***assets*** that belong to a charitable lead trust to satisfy a personal pledge without potential adverse tax consequences. The Nature Conservancy will not act as trustee of a charitable lead trust.

Undesignated lead trust gifts are allocated to the Undesignated Bequest Center; gifts designated to a BU with no further restriction are generally allocated to that BU holding project. Restricted lead trust gifts are allocated based on donor intent.

Lead trust accounts and all associated activities are handled centrally by the Gift Planning/Gift Administration Department at the Worldwide Office. Lead trust accounts in BB CRM should not have a Prospect or Middle Donor Manager assigned.

The Financial Accounting Standards Board (FASB) requires that charitable lead trusts that have an irrevocable beneficiary are tracked and included on that charity's financial statements.

Contribution Asset/Payment Types

Cash and Cash Equivalents:

"Cash" refers to cash equivalents, including checks, money orders, currency/coin, and credit card payments.

Gifts of cash, money orders or checks in all denominations are generally accepted. Checks and money orders must be restrictively endorsed upon receipt, manually or with a stamp, with these words - *For Deposit Only/The Nature Conservancy* - on the back. (Additional account information may be required in some cases.) If U.S. offices depositing cash do not have a Bank of America within a 5-mile radius of the office, they are required to convert the currency to a money order and deposit it by mail into the Conservancy's Bank of America account. For further guidance see the Deposit and Create a Batch in BB CRM Business Procedure.

The Conservancy may receive credit card donations through any office, via direct mail, over the phone, in person, or through nature.org. The Conservancy web site sets a minimum credit card donation of $10 for one-time gifts and $5 for recurring gifts, and these standards should be generally followed. Credit card donations of lesser amounts may on occasion be received through mail and other forms. The address of the donor should match with the name on the card; otherwise the donation will be rejected by the bank. Once a credit card number is received, the donation must be processed immediately as required by law and credit card numbers destroyed immediately. Any conservancy credit card collection must comply with the Privacy add link…Documents that contain sensitive credit card information must be secured as Highly Sensitive Information (HSI) as prescribed in the Information – Data Classification and Security SOP and through methods approved by IT and Finance.

All Nature Conservancy entities that receive funds must maintain complete and accurate records of those funds, including recordation in BB CRM. Contributions must be processed according to donor intent, Financial Accounting Standards Board (FASB) requirements and internal Conservancy requirements.

Wires:
All wire receipts are directed to a Conservancy bank account designated by WO Treasury. Staff who are working with donors or other parties who wish to pay TNC by wire are responsible for providing the payer with the appropriate Conservancy bank account information. They should consult WO Treasury, the Revenue Chapter of the FMH, and the Numbers to Know page on Connect for bank account information on wire transfers. Advance notice must be given to WO Treasury (email treasury@tnc.org) when an incoming wire is expected. For wires associated with a conservation land transaction, complete the Land Out form, and for all other wires complete the Cash Receipts form. Include supporting documentation from the donor with the Cash Receipts form. The wire will then be recorded at the WO.

Securities:

Publicly Traded Stocks, Mutual Funds, and Bonds
All gifts of securities must be transmitted through the Gift Administration Team at the Worldwide Office.

The preferred method for transferring gifts of securities to The Nature Conservancy is via an electronic DTC transfer from the donor's broker to a brokerage account held by TNC. The Conservancy maintains accounts with several brokerage firms to facilitate journal transfers of securities within the same firm and as a service to donors. The Nature Conservancy also accept gifts of securities held in certificate-form or by a transfer agent.

As a general rule, all securities are sold upon receipt. In some cases, exceptions will be made by the Chief Financial Officer or the Chief Investment Officer. Stock donors are acknowledged for the fair market value (FMV) of the security on the date it is received into TNC's account. The FMV is the average of the high and low prices on the date of the gift multiplied by the number of shares received. A formal tax acknowledgement is mailed by the Stock Team within 10 days of gift receipt.

Contact the Stock Team via stock@tnc.org for all security-related gift notifications, questions, and adjustments. The Stock Team supplies transfer instructions dependent on the type of security and how the shares are held.

Please contact the Stock Gift Administration team for more information.

(For additional information on IRS reporting requirements and valuation, see the final section of this document, Administrative Issues.)

*Privately or Closely Held Securities***:**
Closely held securities may be accepted on a case by case basis subject to the approval of the *Chief Financial Officer* or designee. Proposed gifts of these assets must follow the Gifts of Privately Held Securities Gift Acceptance Procedure *that ensures* the security does not represent reputational risk, conflict of interest, private inurement, and fair value to The Nature Conservancy; therefore, staff should notify the Director of Gift Planning Administration as early in the process as possible of a potential donation. Acceptance cannot be assured on an immediate basis. Additionally, acceptance of any such gift from covered persons under the Conflict of Interest Policy will require review by the TNC Conflicts Committee and/or the Board of Directors Audit Committee. The same policy applies for initial public offerings (IPOs) and other non-publicly traded types of securities. With regard to all gifts of closely held or non-publicly traded securities, refer to the following Conservancy policies and standard operating procedures:
Gifts of Securities; Acknowledgement, Substantiation, Disclosure and Thank you Letters for Charitable Contributions; Conflict of Interest; Related Entities. In

addition, before discussing gifts of closely held or non-publicly traded securities, please review the guidelines listed above.

Please contact the Stock Gift Team, your Regional Gift Strategist and see the Gifts of Securities page on Connect for more information.

Gifts of Real Estate

The Nature Conservancy accepts two distinct types of real estate gifts:

- Conservation Real Estate: Real estate donated to TNC with the understanding that TNC will hold and protect the land in accordance with our mission.
- "Trade Lands": Real estate donated to TNC along with written permission from the donors allowing us to sell it and use the proceeds for our work. Gifts of "Trade Lands" can also be used to fund certain life income gifts: Charitable Remainder Trusts and Charitable Gift Annuities where allowed.

Gifts of real estate require due diligence and review prior to acceptance, either as conservation land or "trade lands". Please refer to the Policies and Procedures page of Connect for additional information including the Real Estate Donations-SOP.

Who to Contact

- Conservation Real Estate
  All decisions about gifts of conservation real estate are made at the Business Unit level. Donors interested in having their real estate protected by TNC should be put in contact with the Protection Department for the geography where the property is located. TNC staff can find information about this type of gift on the Charitable Gifts of Conservation Real Estate page on the Legal Connect site.
- "Trade Lands"
  The best place to obtain information about, as well as help dealing with, potential trade lands is your Regional Gift Strategist or the Real Estate Gift Manager at WO. Questions can also be addressed to Legacy@tnc.org. You can also find more information on the Gifts of Real Estate Connect site.

Criteria for Accepting Trade Lands

General

- Property types: The Nature Conservancy can accept all property types (except time shares). The bulk of gifts accepted are single family residences (both 1st and 2nd homes), but we have successfully dealt with: apartment houses, retail, land, industrial and more. Gifts of oil, gas or mineral interests are problematic but may be accepted on a case by case basis. Please contact the Real Estate Gift Manager and your Regional Gift Strategist for further information.

- There is no upper limit on the value of the real estate that we can handle, but we cannot accept any gift whose fair market value is less than $100,000.
- Property must be "readily marketable"
- If the property requires any significant environmental remediation, the cost must be borne by the donor.

Gift Specific

1) *<u>Devise</u>*

- A Devise is a gift of real estate via the terms of someone's will or revocable living trust.
- Devises are subject to the same due diligence as gifts from living donors. For real estate in the United States, The Nature Conservancy has a 9 month window (from date of death) to disclaim them if they do not meet our criteria. If the property is in another country, local laws and restrictions may apply.
- We encourage donors to discuss devises with our Bequest and Annuity team or the Real Estate Gift Manager before finalizing their wills to make sure that we can fulfill their wishes.

2) *<u>Outright gifts</u>* of real estate that can be accepted are then sold by TNC and the proceeds are used to fund our work based on the designation of the gift by the donor.
3) *<u>Retained Life Estate/Term of Years</u>* is generally a gift of a donor's residence
(or vacation home) or farmland to The Nature Conservancy where the donor retains the use of the property for their lifetime or for a term of years. The title is transferred to The Nature Conservancy and the donor continues to be responsible for the upkeep, taxes, maintenance and expenses (e.g. property taxes, insurance, homeowner's association fees, etc.) of the property in return for an immediate tax deduction. When the life estate or term of years ends, the property is then passed to The Nature Conservancy.

- The minimum value for the remainder is $50,000.
- The youngest life tenant must be at least 50 years old.
- For a term of years/life estate, the term cannot exceed 20 years.

4) *<u>Life Income Gifts:</u>* Real estate can be used as a funding asset for life income gifts such as Charitable Remainder Trusts and Charitable Gift Annuities.

- *Variable income (Charitable Remainder Unitrust)*
The Conservancy will serve as trustee only if named as irrevocable beneficiary of at least 60% of the remainder.
The minimum age of the youngest charitable beneficiary is 50.

- *Fixed income (Charitable Gift Annuity)*
  These are accepted on a case by case basis and require additional due diligence, negotiation and approval.
  The minimum age of the youngest charitable beneficiary is 50.

5) Special

- Fractional interest
  Donor retains a share of the property and donates the rest either outright or to fund a life income gift.
- Indebted property
  The loan cannot exceed 25% of the fair market value of the property.

Trade Land Process

There are two distinct trade land departments: Trade Lands Acquisitions (Development) and Trade Lands Dispositions (Finance).

TL Acquisitions (working in conjunction with field fundraisers) is responsible for:

- Gift solicitation
- Gift strategy and structure
- Due Diligence to determine the acceptability of a gift:
  Broker's opinion of value
  Staff Site inspection
  Environmental assessment
  Title report
- Approval
- Transfer of ownership from the donor to TNC ("Closing")
- Donor stewardship (including assisting the donor to claim the charitable deduction)

TL Dispositions is responsible for:

- Listing and marketing the gift
- Supervising the sale
- Distributing the sale proceeds according to the donor's directions.

Cryptocurrency

TNC has implemented a gift acceptance procedure for Cryptocurrency. The Cryptocurrency gift acceptance procedure can be found on the Gift Administration Connect page. Please note, there is a significant due diligence process around confirming the identity of the donor prior to acceptance. All gifts will go through

Legal review with final approval by the CFO. Currently, TNC is only able to accept and process gifts of BitCoin.

Please note, if for any reason a donation must be returned it will not be issued in the form of the cryptocurrency given.

Please contact Nev Major, jmajor@tnc.org for any inquiries or gift proposals

External DAF Distributions:

A donor may designate a gift to The Nature Conservancy through an external DAF established through another charitable organization. Although the gift is designated by the individual, the check comes directly from the DAF host and the gift transaction is recorded on the DAF's organization account in the database while the donor receives benefits of membership via recognition credit. Gifts received in this manner will be restricted as directed by the DAF; however, if different than the donor's designation, we try to honor the intent of the donor requesting the distribution by using the appropriate coding attributes (such as project ID; see the Revenue Coding procedure for more details). It is therefore critical for the donor to provide precise designation information to the DAF prior to transmission of the gift.

No goods or services may be transferred to the donor advisor as a result of a DAF distribution. In addition, donor advisors may not use DAFs to purchase event tickets, auction items, or other things of value. Note that membership benefits considered insubstantial for purposes the quid pro quo analysis are permitted. Additionally, the IRS has laid out guidelines for when a recipient organization may apply a DAF distribution to fulfillment of a personal pledge. See the Pledges, Intentions, and Non-Philanthropic Commitments: Acceptance, Recording and Management procedure for more details.

It is recommended that Business Units work closely with their donor to ensure the distributions are received and credited properly. For more information on DAF distributions see the BB CRM revenue procedures.

Charitable IRA Distributions

Donors aged 70 ½ or older may make distributions directly from their retirement accounts to TNC - up to $100,000 (sum total to all charities) annually, per individual. These charitable distributions, also known as a Qualified Charitable Distribution (QCD), do not qualify for a charitable tax deduction. However, donors making such a distribution to TNC do not have to count the distribution towards their adjusted gross income for tax purposes.
These distributions can be made as outright gifts and as payments towards pledges. They may not be used to fund any type of life income gift.

Please see the Charitable IRA Distribution fact sheet on Connect for more details.

Please refer to the [Revenue: Acceptance, Entry and Management] procedure for information related to entering these types of gifts.

Gifts from Political Campaigns

Per the Federal Elections Campaign Commission regulations, political campaign funds from federal elections may be used to make charitable contributions after the election is over and the political committee is winding down. However, state rules on the use of political campaign funds from state elections may vary. Therefore, if a gift from a political campaign or political action committee (PAC) is received, or if a program intends to solicit a gift from a political campaign or PAC, the BU should first consult with the WO Government Relations Attorney. Note that gifts from a political campaign or PAC are not tax deductible to the individual candidate, but may be deductible by the campaign, and therefore a tax acknowledgement letter should be issued to the campaign (and not to any individual).

Corporate PAC Contribution Match Programs

TNC is prohibited from engaging in political activity, including any activity that helps or hurts a PAC (political action committee). However, many corporations legally operate affiliated PACs and encourage their employees to contribute via payroll deductions. The IRS allows these corporations to incentivize employee PAC contributions by matching employees' contributions with corporate donations to a charity of the employee's choice. For example, an employee of Acme Corp gives $100 to the Acme Corp PAC. To incentivize this contribution, Acme Corp will donate $50 or $100 to a charity of the employee's choice. TNC may legally accept these incentivizing match donations from the corporation, provided two principles are followed.

First, TNC must play a completely passive role in receiving these donations; TNC may not be involved in promoting or suggesting the match program to the corporation or the employees or soliciting PAC contributions from employees as a way to generate the charitable match. Second, these donations are not considered charitable gifts from the corporation and are not tax deductible by the corporation. Therefore, no tax acknowledgement letter should be sent to the corporation for their charitable donation under these circumstances and any automatic acknowledgments should be suppressed. Please contact the WO Government Relations attorney with additional questions.

Giving Programs:

Work Place Giving:

A donor can designate a gift to the Conservancy via a workplace giving campaign offered by their employer whether it is a private corporation or state or federal government. The donor can choose to designate a certain percentage of or fixed amount from each paycheck to the Conservancy on a pre-determined schedule (monthly, quarterly, etc.). These funds are transferred via check or electronic funds transfer (EFT) to the Conservancy in one lump sum. Although the funds are given to the campaigns from the employee, the donations come directly from the companies, state or federal government, or charitable vendor operating the campaign – not from the individuals themselves. The actual gift transaction is recorded on the account of the organization through which the donor is giving, while the individual donor receives benefits of membership via a workplace giving constituency.

Workplace giving arrangements are coordinated through Marketing. Please see the Work Place Giving procedure for more information.

Matching Gifts from an Employer:

Many employers offer a matching gift program as a benefit of employment. Donors may request that their employer match their charitable contributions. Each company has specific guidelines as to the type of charitable organizations they authorize for matching, the ratio of the match, the employee status, the minimum and maximum dollar levels, etc. They also have varying procedures as to how they process requests from employees to match a gift. Some require application forms that are filled out by the employee and verified by the Conservancy, others have voice response units that collect the employee information and produce lists that the Conservancy then verifies and returns in order to receive the company check. It is the Conservancy's practice that the donations from the companies on behalf of donors are allocated to the same fund where the donor's original gift was allocated.

A donor may not use an expected corporate matching gift to fulfill a personal pledge. Please see Matching Gifts procedure for more information.

In-Kind Contributions:

This category of gift includes tangible or intangible personal property donated to TNC. For internal tracking purposes, the Conservancy classifies whether we intend to keep or sell the contribution of goods and services. For more information see the Revenue: Acceptance, Entry and Management procedure. Also please consult the Conservancy's policy on Conflicts of Interest.

Tangible Personal Property:

In general, the minimum value of donated tangible personal property must be $50,000. However, for simple transactions that can easily be handled by business units (BUs), the minimum may be lower. For example, a BU may decide to accept the donation of a vehicle to support work on a preserve, even if the value is under $50,000.

Acceptance of any gift of this type must be approved by a designee at the BU where the gift is made or by Gift Planning Administration at WO. For gifts with an estimated fair market value (FMV) of $50,000 or more, please consult with the Regional Gift Strategist assigned to the BU who may provide assistance on disposition of the gift. For lower value gifts, such as receipt of personal property for auctions at a gala and the like acceptance is at the discretion of the BU.

Factors to consider when for a gift of Tangible Personal Property are the marketability of the donated property, and any costs for transportation, storage, sales, maintenance and repairs, and insurance.

The donor should be aware that, unless the property is to be used for the mission of the Conservancy, the charitable deduction is generally limited to cost basis. Direct the donor to their own tax counsel and IRS Publication 526.

Life income gifts, specifically Charitable Gift Annuities, funded with tangible personal property require a $50,000 minimum as well, although exceptions can be made on a case by case basis. In such cases the Director of Gift Planning Administration must be notified about the donation prior to the completion of the donation. Donations that meet the minimum value are accepted on a case by case basis through review by the Director of Gift Planning Administration.

Intangible Personal Property or Intellectual Property:
The Nature Conservancy will accept gifts of intellectual property (including patents, copyrights, trademarks, trade secrets, artworks, musical compositions, and other similar or related property rights) on a case-by-case basis. In accepting such gifts, it is important to know that law generally does not permit an income tax charitable deduction for the assignment of income without assigning ownership of the property that produced the income. Therefore, in most circumstances, The Nature Conservancy will not accept the assignment of intellectual income without assignment of the corresponding property that produced the income. Please consult with your Regional Gift Strategist and seek review by a Conservancy attorney.

Tax considerations with respect to gifts of intellectual property can be complex and potentially confusing. To assure that the full tax benefits are obtained for charitable gifts of intellectual property, donors should work closely with their own tax and financial advisors.

Contributed Goods:
In Conservancy nomenclature, a gift-in-kind is a non-cash donation, used by the Conservancy to carry out its conservation mission. Such gifts, which may include automobiles, motorized vehicles or computer equipment or software, may be accepted by the WO or at the BU level. Prior to acceptance, the gift should be reviewed to see if it meets Conservancy needs. Many times the in-kind gift comes with terms and conditions, such as limited warranties or service arrangements. Consult your Conservancy attorney if there are questions on any terms or conditions. The Conservancy reserves the right to decline any gift that does not further the goals of the organization or involves special maintenance or other conditions the organization would be unable to satisfy. The donor is responsible for making arrangements to

deliver the gift. Gifts-in-kind are generally recorded at fair market value, but such valuation is for TNC's internal accounting. The donor should provide TNC with documentation related to the valuation (i.e. appraisal). The acknowledgment provided to the donor should not contain any valuation (amount). Please note that a donated vehicle requires a special donor acknowledgement.

Professional Services:
Donated professional services are defined as those that:

- require specialized skills;
- are provided by individuals possessing those skills; and
- would typically need to be purchased if not provided by donation.

Examples of professionals who may choose to donate services to TNC include accountants, appraisers, architects, carpenters, consultants, electricians, forestry experts, graphic designers, information brokers, software maintenance, lawyers, printers, publishers, real estate brokers, surveyors, teachers, and other professionals and craftspeople. (Volunteer services such as hosting a fundraising party, stuffing envelopes, etc. are not considered in-kind service gifts.) Note that services are not tax-deductible to the service provider and the Conservancy should not send an acknowledgement letter. The Conservancy may; however, send a thank you letter and the Conservancy records the value of the service for its accounting purposes. Discounts on professional services are also considered gifts, for accounting purposes, when the discount is granted due to donative intent. The difference between what The Conservancy had to pay for the service and what the usual price would have been represents the gift.

Gifts of free or reduced rent are not eligible for income tax charitable deductions.

While gifts of services do not qualify for an income tax charitable deduction, the Conservancy records these gifts in order to meet applicable accounting standards. To determine the appropriate value for services received for the purposes of recording the donation, donors should submit an "invoice" or statement showing a valuation of the services for which the Conservancy would otherwise have had to pay. While the value of services themselves are not deductible for federal income tax purposes donors may deduct certain expenses incurred in performing the services (see below). In addition, the receiving Business Unit should thank the volunteers appropriately.

Out of Pocket Expenses
Out of pocket expenses are expenses incurred by volunteers while providing services to The Nature Conservancy. In order to qualify as a tax-deductible gift expense must be:

- unreimbursed;
- directly connected with the services provided to the Conservancy;
- incurred by the donor, solely because of the services provided to the Conservancy; and
- not personal, living, or family expenses (for more information IRS Publication 526, "Charitable Contributions").

The donor should retain all receipts and mileage logs relating to the out of pocket expenses. The Conservancy must follow IRS gift acknowledgment rules for acknowledging donations of out of pocket expenses, including a description of the services provided and a statement of whether or not any goods or services were provided to the donor as reimbursement.

For accounting purposes, out of pocket expenses are considered "cash gifts" by the donor and recorded as in-kind gifts by The Conservancy. The Volunteer Expense Acknowledgement template should be used for volunteer services which is found on the Legal Connect site. These acknowledgements should not contain any valuations of the services provided by the volunteer.

Please see the relevant Standard Operating Procedures for details on out-of-pocket expenses for volunteers.

- Expense Reimbursement for Members of the Board of Directors and Trustees; and
- Acknowledgement, Substantiation, Disclosure, and Thank You Letters for Charitable Contributions

General Administrative Issues

IRS Forms 8283 and 8282:

Form 8283 is required for donors whose total non-cash contributions exceed $500. The Internal Revenue Code and Treasury regulations contain special rules relating to the substantiation required for contributions in excess of $5,000 of property other than cash or publicly-traded securities (in excess of $10,000 for non-publicly marketed securities). Donors should consult with their tax advisor with respect to these rules.

If property (other than publicly traded stocks) for which TNC signed an IRS Form 8283 is disposed of within three years of the date of the gift, TNC must file IRS Form 8282 with the IRS and provide a copy to the donor. The staff with responsibility for sending acknowledgement letters under the SOP upon acceptance of the donation will be responsible for fulfilling TNC's obligation regarding Form 8282. See Acknowledgement, Substantiation, Disclosure, and Thank You Letters SOP.

For more information, please see the Substantiating Gifts/Bargain Sales of Real Property interests.

For donations of Trade Lands, please refer to Pre-Gift Information for Donors Gift of Bargain Sale of interest in Real Estate.

Establishment of Gift Date and Value:

It shall be the responsibility of the donor and the donor's advisors to establish the effective date of any gift and the value of the assets on that date. In gift tax acknowledgements, the Conservancy will notify the donor as follows, and will include in the notification a value of any benefits received in return for the donation or a statement no goods or services were received in return:

- Cash – date and amount of gift
- Publicly traded securities – gift date and fair market value of gift
- Non-publicly traded securities - the gift date, the number and type of security received. The donor has the responsibility to determine the value of the gift through a qualified independent appraisal.
- Gifts of tangible personal property – Date of gift and description of property received. A template acknowledgment letter is available on Connect.
- Gifts of real property (outright or bargain sale) –See template acknowledgement for gifts/bargain sale of land or conservation easement over $5,000 and Sunbstntiating Gifts/Bargain Sales of Real Property Interests (for gifts of real estate)
- Planned gifts– date of gift and TNC's estimate of the amount of the charitable deduction received for a new life income gift, or an addition to an existing gift, based on the Conservancy's best understanding of the facts. However, the donor should confirm this amount with his or her own advisors (and the acknowledgement letter should state this recommendation). In the case of relinquished life income gifts date of gift and, if applicable, information received from an appraiser to which the Conservancy has supplied gift information at the request of the donor. Whenever such information received from appraisers is supplied, acknowledgement letters should recommend the information be verified by the donor and his or her own advisors. For gifts of real estate or other illiquid assets to fund a charitable gift annuity or a bargain sale, where the Conservancy has a direct interest in the valuation used, the Conservancy may decide to independently evaluate the donor's appraisal by having the appraisal reviewed by a review appraiser or obtaining its own appraisal. The review or new appraisal would not be shared with the donor, but it may indicate a need for further discussions among TNC staff and maybe the donor.

LIST OF REVISIONS

January 2020

P.7: Added information about the Counterterrorism, Anti-Money Laundering & Economic Sanctions SOP

P. 24: Clarified and updated language around gift restriction and designation coding information for distributions from External DAFs

P.25: Added a section related to Corporate PACs and matching gift programs

March 2020

P. 15: Included a note that TNC will only act as trustee for CRTs funded with illiquid assets (i.e. real estate) if a flip provision is included in the trust.

July 2020

Real Estate Section
P. 23: Added a note regarding case by case acceptance of real estate funded CGAs
P. 24: Added a note highlighting the environment assessment step in the Tradelands Acquisition process

September 2020

Updated broken links throughout the document

September 2022
P.15-P16: Added notes regarding CRTs funded with partial interest real estate
P.29: Broken link to vehicle acknowledgement corrected