



CALIFORNIA CONFERENCE FOR EQUALITY AND JUSTICE

CALIFORNIA CONFERENCE FOR EQUALITY AND JUSTICE GIFT ACCEPTANCE POLICY

To ensure compliance with applicable legal and fiduciary requirements and to provide guidance to donors and their advisors, the California Conference for Equality and Justice (CCEJ) has adopted these guidelines for accepting gifts from donors.

The Executive Director and any other person or persons designated by CCEJ's Board of Directors from time to time, are authorized to accept cash gifts and gifts of publicly traded securities to CCEJ. All other gifts, such as gifts of business interests, real estate, tangible personal property, and intangible personal property, other illiquid and liquid assets shall be made in conformance with this Gift Acceptance Policy and shall only be accepted after approval by CCEJ's Board of Directors. All gifts shall be made in furtherance of CCEJ's charitable purposes as set forth in CCEJ's Articles of Incorporation and Bylaws.

Gifts may be made during a donor's lifetime, by an outright donation to CCEJ or by the use of a planned gift instrument such as a charitable trust or annuity. Further, gifts may be made by bequest through a donor's will or living trust.

Unless otherwise designated by the donor and accepted as such by CCEJ, all gifts shall be unrestricted funds from which CCEJ has complete discretion in its use for charitable purposes as authorized in CCEJ's bylaws.

In no event will CCEJ staff provide legal, accounting, tax or other advice to prospective donors. CCEJ staff shall urge prospective donors to seek the assistance of independent, personal legal and financial advisors in matters relating to their gift and the resulting tax and estate planning consequences.

Guidelines Regarding Assets Used to Make Gifts

1. Gifts of Cash. CCEJ will accept cash gifts.
2. Gifts of Publicly Traded Securities. CCEJ will accept gifts of publicly traded securities and assets deriving their value from such securities. The valuation of publicly traded securities and bonds contributed by donors will be obtained from the usual public trading records. Bond specialists will value bonds that are not routinely reported in financial journals. Gifts of puts,

calls, options or warrants in such securities will be valued by an appraisal company, accounting firm or by the method of valuation consistent with the appropriate industry standard (the cost of such appraisal is the donor's responsibility).

3. **Other Business Interests.** Upon approval of the CCEJ's Board of Directors, CCEJ will accept gifts of stock, options, warrants and other interests in closely held "C" Corporations, "S" Corporations, limited partnership interests and limited liability (LLC) units, as well as notes, trust deeds and similar assets. All such gifts will be evaluated on a case-by-case basis. All such gifts must be valued by an appraisal company, accounting firm or by the method of valuation consistent with the appropriate industry standard (the cost of such appraisal is the donor's responsibility).

a. Gifts with Adverse Consequences for CCEJ. CCEJ will not accept a business interest that will subject CCEJ, in CCEJ's sole and absolute discretion, to a liability, including cash calls on limited partnerships or LLCs or other liabilities that could have adverse consequences for CCEJ, unless favorable advice of counsel is secured.

b. Sale of a Business Interest. In the case of a business interest to be sold, CCEJ will generally not join in or participate in the issuance of warranties, representations, indemnification agreements or covenants not to compete unless favorable advice of counsel is secured.

c. General Partnership Interests. General partnership interests will not be accepted by CCEJ because they can result in significant legal and tax liability.

d. Cost of Gift. At its discretion, CCEJ will charge the resulting fund or gift its costs associated with accepting the business interest (e.g. unrelated business income taxes and attorney fees). CCEJ may request that the donor contribute additional cash or other liquid assets to the fund to pay such costs.

4. **Life Insurance.** CCEJ may be designated as a primary or successor beneficiary of a life insurance policy owned by the donor. Insurance policies with a minimum face value of \$25,000 where CCEJ is irrevocably named as owner and beneficiary and holds the original policy may be gifted. As a condition to accepting a gift of a life insurance policy on which premiums remain due, CCEJ may require the donor to pledge to contribute to CCEJ, at least 10 days prior to each premium due date, an amount sufficient to pay the premium. Premiums may be paid from accrued dividends or accumulated cash value if sufficient and so stipulated by the donor. If CCEJ is notified that a policy is to be terminated for non-payment of premium, CCEJ may elect to continue to pay such premiums from its unrestricted assets, use the accrued cash value of the policy to pay the premium or add the accumulated cash value to CCEJ's unrestricted fund.

Specific Insurance-Related Gifts Excluded. CCEJ will not accept gifts of insurance related to what are commonly referred to as a “charitable reverse split dollar” or “charitable limited partnership” plan without first obtaining a letter ruling from the Internal Revenue Service as to their legality.

5. Illiquid Assets (including Real Estate and Tangible Personal Property). CCEJ will only accept gifts of illiquid assets such as real estate, tangible personal property and intangible personal property upon the approval of CCEJ’s Board of Directors. Gifts to CCEJ that are not liquid may require additional documentation prior to acceptance. This may include appraisal, site visit, professional inspection or assessment, environmental review, and other types of due diligence review associated with the proposed asset to be gifted.

a. Costs. The costs of securing a valuation appraisal, attorney fees, title insurance, etc. will be borne by the donor.

b. Real Estate. Gifts of real estate may be made outright, on a testamentary basis, on a current basis subject to a retained life estate, or to a charitable remainder trust or charitable lead trust. Such gifts require extra review. CCEJ reserves the right to refuse any gift of real estate. Without a compelling reason to make a further evaluation, CCEJ will not accept a real estate gift valued at less than \$100,000.

1) Due Diligence Review: Acceptance of real property may be preceded by a review that includes but is not limited to:

a) A valuation appraisal.

b) Physical inspection. In addition to a site visit by a CCEJ representative, CCEJ may also commission a report by a professional property inspector.

c) Environmental review (a Phase I or Phase II review). In general, CCEJ will request that the donor provide a Phase 1 environmental assessment on gifts of commercial and industrial property.

d) Cash Flow Statement and tenant leases (for rental property)

e) Title examination and/or opinion of title by a qualified attorney or title company.

f) Review of documents and records regarding the conditions of the property, repairs and improvements, insurance and other matters pertaining to the history of the property.

2) Cost Benefit Analysis. The property must have significant value in relation to the costs of holding and selling the property and any liability or exposure in connection with ownership of the property. CCEJ will evaluate the cost of holding and/or improving the property against the cost of liquidating the property immediately.

3) Marketability. The property must be marketable within a reasonable time period.

4) Suitability. The use or image of the property must be consistent with CCEJ's mission.

5) Foreign Property. In general, CCEJ is not inclined to accept property located outside the state of California and will not accept any property located outside the United States.

6) Title and Title Insurance. CCEJ will secure title insurance and a title insurance binder on gifts of real property.

7) Insurance. All gifts of real property will be reported to CCEJ's insurance carrier for inclusion in its corporate insurance policies.

c. Gifts of Real Property with Retained Life Estate. CCEJ will evaluate these gifts on a case-by-case basis, using the applicable policies and procedures regarding gifts of real estate described above. In addition, the donor and CCEJ will enter into an agreement regarding the donor or life tenant's responsibilities for taxes, utilities, upkeep, maintenance, and limitations on the donor or life tenant's rights to make changes to the property, or allow liens to be placed on the property, without approval from CCEJ.

d. Tangible Personal Property. The donor is responsible for obtaining a qualified appraisal acceptable to CCEJ. CCEJ does not generally accept gifts of automobiles, boats, etc. but will evaluate proposed gifts of all personal property on a case-by-case basis with specific consideration of tax implications such as related use and the cost of administering, storing, insuring or otherwise managing such gifts.

e. Intangible Personal Property and Intellectual Property. CCEJ may accept gifts of patents, trademarks, copyrights and royalty streams or distribution rights on published works (such as books or films) where there is clear evidence of marketability or assurance of an income stream. Gifts of oil and gas interests involved special considerations and will be evaluated on a case-by-case basis. The donor must obtain an acceptable appraisal to value intangible personal property or intellectual property contributed to CCEJ.

Property Subject to a Debt or Encumbrance

CCEJ may accept gifts of assets such as real estate, business interests or insurance policies that are subject to a debt or encumbrance. Given the potentially adverse tax consequences to CCEJ and donor of contributions of encumbered property (CCEJ may be taxed on unrelated business taxable income and the donor may be subject to capital gains tax), donors will be encouraged to refinance debt on the subject property to enable the gifted property to be free and clear.

1. Real Estate. Real estate contributed to CCEJ shall generally be free and clear of any debt or lien. CCEJ may accept gifts of real estate that are encumbered with mortgage debt or other encumbrance up to twenty-five percent (25%) of its appraised value. Such gifts will be evaluated on a case-by-case basis.

2. Business Interests. Gifts of shares in corporations, limited liability companies and limited partnerships with underlying debt (debt at the company or partnership level that will not be assumed by CCEJ) will be evaluated on a case-by-case basis.

3. Insurance Policies. Gifts of insurance policies may have premiums financed by a third-party lender, in whole or in part, and will be evaluated on a case-by-case basis.

Guidelines for Planned Gifts

1. Bequests. Bequests and testamentary gifts received by CCEJ shall be accepted as unrestricted funds from which CCEJ has complete discretion in its use for charitable purposes, unless otherwise specified by the Donor and agreed to by CCEJ's Board of Directors. Bequests and testamentary gifts will be applied for the charitable purposes requested by the donor, if they are specified, and they are within the charitable purposes authorized by CCEJ and its Bylaws. Donors and their advisors are encouraged to advise CCEJ of their intention to make such bequests to ensure that the donor's intent can be carried out through CCEJ's charitable activities and organizational capacity.

2. Charitable Remainder Trusts. CCEJ may be named as a remainder beneficiary of Charitable Remainder Unitrusts and Annuity Trusts. However, CCEJ will evaluate the assets of the Trust at the time of distribution and will only accept such assets in accordance with this Gift Acceptance Policy. CCEJ will not serve as trustee of any such trusts. In all cases, donors are encouraged to advise CCEJ of their intention to make CCEJ a beneficiary of such trusts, to ensure that the donor's intent can be carried out through CCEJ's charitable activities and organizational capacity.

3. Charitable Lead Trusts. CCEJ will evaluate gifts by donors to a Charitable Lead Annuity Trust or Unitrust on a case-by-case basis. CCEJ will not serve as the trustee of a Charitable Lead Trust.

4. Retirement Plans. CCEJ will accept account type retirement plans, in which a balance accumulates as principal, such as IRAs, 401(k), 403(b), and defined contribution plans, subject to the review and approval of CCEJ's Board of Directors. Methods for gifting retirement plan assets include:

- a. Outright Gift. Naming CCEJ as primary, successor or contingent beneficiary for all or part of the assets upon death of either the retirement asset owner or spouse; and
- b. Charitable Remainder Trust. Creating a testamentary Charitable Remainder Trust upon the death of the asset owner, naming CCEJ as remainder beneficiary and non-charitable heirs as income beneficiaries.

Use of Legal Counsel

CCEJ may seek the advice of legal counsel in matters relating to acceptance of gifts when appropriate.

Right to Refuse Gifts

CCEJ reserves the right not to accept a proposed gift for reasons including, but not limited to, the following:

- a. The gift or gift transaction involves an illegality;
- b. The gift or gift transaction in some manner conflicts with CCEJ's policies or mission;
- c. The gift would jeopardize CCEJ's status as an exempt organization under federal or state law;
- d. The gift or gift transaction may result in negative publicity for CCEJ;
- e. The gift or gift transaction inhibits CCEJ from seeking donations from other donors;
- f. The benefit of the gift is insufficient to offset the extent of administrative and/or legal effort involved; and
- g. The donor, or other prohibited party, wishes to exert control over how the donated funds are used beyond the gift agreement.

Applicability of Guidelines

This set of guidelines is intended to cover the more common types of gifts to CCEJ. It is understood that special gifts or circumstances may require a case-by-case review and provisions not covered by this document. CCEJ reserves the right to refuse any gift it believes is not in the best interests of CCEJ.

1. Exceptions. Unless otherwise noted above, gifts to CCEJ that entail exceptions to these guidelines shall be subject to the review and approval by CCEJ's Board of Directors.
2. Amendments. CCEJ's Board of Directors or such Committee of the Board of Directors that is designated to review and approve such activities of CCEJ may amend these guidelines from time to time.