



## JUNIOR LEAGUE OF LAS VEGAS

### Endowment Fund Board of Trustees DONATION POLICIES AND GUIDELINES

#### Purpose

The *Junior League of Las Vegas Endowment Fund Board of Trustees (Endowment)* encourages the solicitation and acceptance of donations to the Endowment to secure the future growth and mission of *The Junior League of Las Vegas, Inc. (League)*. The *Endowment* solicits current and deferred donations from individuals, corporations, organizations and foundations. This document will govern the acceptance of donations made to the *Endowment* in support of any fundraising initiatives and will provide guidance to prospective donors and their advisors when making such donations. The policies and guidelines provisions below shall apply to all donations received by the *Endowment*.

#### Legal Counsel

The *Endowment* shall seek legal counsel in matters relating to the acceptance of donations where appropriate. Legal counsel is recommended for, but is not limited to, the following:

- a) Stock transfers that are subject to restrictions or buy/sell agreements
- b) Documents naming the *Endowment* as a trustee;
- c) Contracts (such as bargain sales) or other documents requiring the *Endowment* to assume an obligation;
- d) Transactions with a potential conflict of interest which may invoke IRS sanctions; and
- e) Additional circumstances in which the use of legal counsel is deemed necessary by the *Endowment*.

The *Endowment* urges all prospective donors to seek the assistance of personal legal and/or financial advisors in matters relating to their donation and to any tax and estate planning consequences.

#### Unacceptable Donations

The *Endowment* will accept only unrestricted donations, provided such donations are consistent with the mission, purpose and priorities of *League* and the *Endowment*. Donations that are

considered restrictive and are therefore considered unacceptable include, but are not limited to, the following:

- a) Those that violate the terms of the *Endowment*;
- b) Those that are too cumbersome to administer;
- c) Those that are for purposes outside the mission, purpose and priorities of League and the *Endowment*.

#### Acceptable Donations

Donations that have been deemed acceptable provided such donations are consistent with the mission, purpose and priorities of *League* and the *Endowment* include, but are not limited to, the following:

- a) Beneficiary Designations
- b) Bequests
- c) Cash
- d) Charitable Trusts
- e) Real Estate
- f) Property
- g) Securities

#### Acceptable Donations Criteria

##### *Beneficiary Designations –*

Life Insurance: *Endowment* donors and/or supporters will be encouraged to name the *Endowment* as beneficiary, or contingent beneficiary, of their life insurance policy. Such designations will not be recorded as a donation until such time as the donation is irrevocable. Where the donation is irrevocable, but is not due until a future date, the present value of the donation may be recorded at the time the donation becomes irrevocable.

The *Endowment* must be named as both a beneficiary and irrevocable owner of an insurance policy before a life insurance policy will be recorded as a donation. The donation is valued at its interpolated terminal reserve value, or cash surrender value, upon receipt. If the donor contributes future premium payments, the *Endowment* will include the entire amount of the additional premium payment as a donation in the year that it was donated. If the donor does not elect to continue to make donations to cover premium payments on the life insurance policy, the *Endowment* may, at its sole discretion, continue to pay the premiums, convert the policy to paid-up insurance or surrender the policy for its current cash value.

Retirement Plan: *Endowment* donors and/or supporters will be encouraged to name the *Endowment* as beneficiary, or contingent beneficiary, of their retirement plan. Such designations shall not be recorded as a donation until such time as the donation is irrevocable.

*Bequests – Endowment* donors and/or supporters will be encouraged to make bequests to the *Endowment* in their wills and/or trusts. Such bequests shall not be recorded as a donation until

such time as the donation is irremovable. Where the donation is irrevocable, but is not due until a future date, the present value of the donation may be recorded at the time the donation becomes irrevocable.

*Cash* – currency is acceptable in any form. Checks should be made payable to the *Junior League Endowment Fund* and should be mailed to the *League* office or personally given to the *Endowment*. Donations of foreign currency will be valued at the average of the exchange rate on the date the donation was received.

#### *Charitable Trusts –*

*Lead Trusts:* The *Endowment* may accept designation as an income beneficiary of a charitable lead trust. The final determination on the acceptance of the donation shall be made exclusively by the *Endowment*.

*Remainder Trusts:* The *Endowment* may accept designation as a remainder beneficiary of a charitable trust. The final determination on the acceptance of the donation shall be made exclusively by the *Endowment*.

*Real Estate* – Donations of real estate may include developed property, undeveloped property or donations subject to prior life interest. Prior to the acceptance of any real estate, the *Endowment* shall require an initial environmental review (Phase 1) of the property to ensure that the property has no environmental damage. In the event the initial inspection reveals a potential problem, the *Endowment* shall retain a qualified inspection firm to conduct a full environmental audit. The cost of such audit shall be at the expense of the donor. When appropriate, a title binder shall be obtained prior to the acceptance of the donation. The cost of this title binder shall be at the expense of the donor. Real estate donations shall be approved by the *Endowment* prior to acceptance of the donation.

All real estate donations shall be examined accordingly with the following in mind:

- a) Whether the property is useful for the mission, purpose and priorities of *League* and the *Endowment*;
- b) Whether the property is marketable;
- c) Whether there are any restrictions, reservations, easements and/or limitations associated with the property;
- d) Whether there are carrying costs (such as insurance, property taxes, mortgages and/or notes) associated with the property; and
- e) Whether the environmental audit is adequate to determine condition of the property.

#### *Property –*

*Bargain sale:* The *Endowment* may enter into a bargain sale arrangement in instances in which the bargain sale furthers the mission, purpose and priorities of *League* and the *Endowment*. The final determination on the acceptance of the donation shall be made exclusively by the *Endowment*. Donations must be reviewed prior to acceptance to determine the appropriateness of the transaction. Factors used in determining such appropriateness are: a) the *Endowment* must obtain an independent appraisal; b) if the *Endowment* assumes debt with the property, the debt ratio must be less than 33% of the

appraised market value; c) the *Endowment* must determine that *League* and/or *Endowment* will use the property, or there is a re-sale market for the property that will allow sale of the donation within 12 months of receipt; and d) the *Endowment* must calculate the costs to safeguard, insure and expense the property (including property tax if applicable) during the holding period.

Personal: All tangible personal property donations shall be examined accordingly with the following in mind: a) whether the personal property enhances the mission, purpose and priorities of *League* and the *Endowment*; b) whether the personal property is marketable; c) whether there are any undue restrictions on the use, display or sale of the personal property; and d) whether or not there are any carrying costs for the personal property. The final determination on the acceptance of other tangible property donations shall be made exclusively by the *Endowment*.

*Securites* – The *Endowment* will accept both closely held and publicly traded securities. If potential problems arise on initial review of any security, further review and/or recommendation by an outside professional may be sought before making a final decision on the acceptance of the donation. The final determination on the acceptance of the donation shall be made exclusively by the *Endowment*.

Closely held: Closely held securities, which include debt and equity positions in non-publicly traded companies, interests in LLPs and LLCs and other ownership entities, will be accepted subject to the approval of the *Endowment*. However, donations must be reviewed prior to acceptance to determine if: a) there are restrictions on the security that would prevent the ultimate conversion of the assets to cash; b) the security is marketable; and c) the security will generate any undesirable tax and/or estate consequences for the *Endowment*.

Publicly traded: Publicly traded securities may be transferred to an account maintained at one or more brokerage firms, or may be physically delivered to the *Endowment* with the transferor's signature or stock power attached. As a general rule, all securities will be sold upon receipt unless otherwise directed by the *Endowment*. Publicly traded securities may, in certain circumstances, be restricted by applicable securities law; in such circumstances the final determination on the acceptance of the donation shall be made exclusively by the *Endowment*. Every effort will be made to sell non-marketable securities as quickly as possible.

#### Miscellaneous Donations Criteria

*Donor acknowledgment* – The *Endowment* will acknowledge donations made to the *Endowment* within two (2) weeks of receipt. This will ensure compliance with the current IRS regulations and requirements.

*Responsibility for IRS filing upon sale of donation* – the *Endowment* is responsible for filing IRS Form 8282 upon the sale or disposition of any asset sold within two (2) years of receipt when the charitable deduction value of the item is more than \$5,000. This form must be completed and filed within 125 days of the date of sale or the disposition of the asset.

*Securing appraisals* – It will be the responsibility of the donor to secure an appraisal (when required) for all donations made to the *Endowment*.

These policies and guidelines have been reviewed by the members of the *Endowment*. The *Endowment* must approve any changes to, or deviations from, this document.

Approved by the Board of Trustees of the Endowment, on September 23, 2019

  
Chairman of the Board of Trustees