



Freedom Network USA

Freedom Network USA's Gift Acceptance Policies

Freedom Network USA (FNUSA) is the nation's largest coalition working to ensure that trafficked persons have access to justice, safety, and opportunity.

Purpose of Policies

The purpose of this document is to set forth the criteria FNUSA and its Board of Directors will use to determine whether a proposed gift is acceptable and to inform prospective donors and their advisors of the types of gifts FNUSA will accept. While these guidelines establish best practices, they also are designed to provide flexibility as directed by the Board of Directors and to establish a formal process for evaluating potential gifts. Freedom Network USA encourages the solicitation and acceptance of gifts for purposes that will help the organization further and fulfill its mission.

Restrictions on Gifts

FNUSA will not accept gifts that (a) would violate Internal Revenue Code and Regulations pertaining to IRC § 501(c)(3) organizations, (b) are for purposes outside FNUSA's mission, (c) would result in any unacceptable consequences for FNUSA, or (d) are too difficult or too expensive to administer in relation to their value. Decisions on the restrictive nature of a gift, and its acceptance or refusal, shall be made by the Executive Director and Board of Directors, in consultation with outside counsel when necessary.

Gifts Generally Accepted Without Review

1. **Cash.** Unrestricted cash gifts are acceptable in any form, including by check, money order, credit card, or online.
2. **Marketable Securities.** Marketable securities may be transferred electronically to an account maintained at one or more brokerage firms or delivered physically with the transferor's endorsement or signed stock power (with appropriate signature guarantees) attached. All marketable securities will be sold promptly upon receipt unless otherwise directed by FNUSA's Board of Directors. In some cases, marketable securities may be restricted, for example, by applicable securities laws or the terms of the proposed gift; in such instances the decision whether to accept the restricted securities shall be made by the Board of Directors.
3. **Bequests and Beneficiary Designations under Revocable Trusts, Life Insurance Policies, Commercial Annuities and Retirement Plans.** Donors are encouraged to make bequests to FNUSA under their wills, and to name FNUSA as the beneficiary under trusts, life insurance policies, commercial annuities and retirement plans.
4. **Charitable Remainder Trusts.** FNUSA will accept designation as a remainder beneficiary of charitable remainder trusts.
5. **Charitable Lead Trusts.** FNUSA will accept designation as an income beneficiary of charitable lead trusts.

Gifts Accepted Subject to Prior Review

Certain forms of gifts or donated properties may be subject to review and approval by the Executive Director and Board of Directors prior to acceptance. Examples of gifts subject to prior review include, but are not limited to:

1. **Gifts Outside FNUSA Purposes.** Gifts where there is a question that they may fall outside the purposes, by-laws, or procedures of FNUSA.
2. **Life Insurance.** FNUSA will accept gifts of life insurance where FNUSA is named as both beneficiary and irrevocable owner of the insurance policy. The donor must agree to pay, before due, any future premium payments owing on the policy.
3. **Tangible Personal Property.** The Executive Director and Board of Directors shall review and determine whether to accept any gifts of tangible personal property in light of the following considerations:
 - ✓ Does the property further the organization's mission?
 - ✓ Is the property marketable?
 - ✓ Are there any unacceptable restrictions imposed on the property?
 - ✓ Are there any carrying costs for the property for which the organization may be responsible?
 - ✓ Is the title/provenance of the property clear?
4. **Real Estate.** All gifts of real estate are subject to review by the Executive Director and Board of Directors. Prior to acceptance of any gift of real estate, FNUSA shall require an initial environmental review by a qualified environmental firm. In the event that the initial review reveals a potential problem, the organization may retain a qualified environmental firm to conduct an environmental audit. Considerations for acceptance of gifts of real estate include:
 - ✓ Is the property useful for the organization's purposes?
 - ✓ Is the property readily marketable?
 - ✓ Are there covenants, conditions, restrictions, reservations, easements, encumbrances or other limitations associated with the property?
 - ✓ Are there carrying costs (including insurance, property taxes, mortgages, notes, or the like) or maintenance expenses associated with the property?
 - ✓ Does the environmental review or audit reflect that the property is damaged or otherwise requires remediation?
5. **Closely Held Securities.** The donor will be required to provide an appraisal of the security, including an income statement and balance sheet of the underlying entity, any restrictions on the marketability of the security, any agreement between the owners regarding the marketability of the securities, such as a shareholder's agreement, operating agreement, or voting trust, and an opinion of counsel that the security is transferable to FNUSA without restriction.
6. **Partnership and LLC Interests.** FNUSA does not accept gifts of a general partnership interest due to potential unlimited liability. Before gifts of limited partnership or limited liability company ("LLC") interests are accepted, the donor shall provide the Executive Director and Board of Directors with the same information required above for gifts of closely held securities. Further, the donor will provide a copy of the Partnership or LLC Operating Agreement, and other documents as required, so that FNUSA can understand the activities of the entity and how allocations are made to the partners or LLC members. The underlying assets and liabilities of the entity will be

reviewed to help determine the marketability of the partnership interest. Consideration will be given to whether income generated by the entity is considered unrelated business income subject to income tax.

7. **Other Restricted Gifts.** Restricted gifts from foundations, corporations or individuals are subject to review by the Executive Director.
8. **Unusual Property.** Other Property which may be unusual or fall outside the type of gifts usually handled by FNUSA.

Gift Review Process

The Board of Directors and Executive Director have the responsibility to consider and determine procedures concerning acceptance of gifts to FNUSA in order to insure the gifts are consistent with this policy and the mission and values of FNUSA. When a prospective gift necessitates review by the Board of Directors, the Board will examine the following factors:

- ✓ Background of the donor
- ✓ Reputational risk
- ✓ Description of the asset
- ✓ Proposed use of the gift
- ✓ Any donor-imposed restrictions
- ✓ Gift technique being utilized, including the terms of any proposed exchange of value in return for the gift
- ✓ Estimated fair market value
- ✓ Income, expenses, encumbrances and carrying costs
- ✓ Assessment of possible risks and liabilities
- ✓ Other due diligence specific to the proposed gift asset
- ✓ Proposed plan for disposition of the property

The review and recommendation concerning a gift by the Board will be noted in writing and preserved.

Use of Legal Counsel

Freedom Network USA will seek the advice of legal counsel in matters relating to acceptance of gifts when appropriate. Review by counsel is recommended for:

1. Gifts of securities that are subject to restrictions or buy-sell agreements.
2. Documents naming FNUSA as trustee or requiring FNUSA to act in any fiduciary capacity.
3. Gifts requiring FNUSA to assume financial or other obligations.
4. Transactions with potential conflicts of interest.
5. Gifts of property which may be subject to environmental or other regulatory restrictions.

Refusal or Return of Gifts

A gift can be returned or refused at any time, for any reason, before or after the gift has been received. The donor will be notified in writing of the refusal by the Board Chair and the Executive Director. FNUSA is not obligated to share the reason or process for the refusal with the donor.