

The Nevada Bar Foundation (NBF) encourages the solicitation and acceptance of gifts for the purpose of furthering and fulfilling our charitable mission. The following policy governs the acceptance of gifts to the NBF.

### Statement of Purpose

These policies and guidelines govern the acceptance of gifts by the NBF and provide guidance to prospective donors and their advisors when making gifts to the NBF. This policy is intended to assure that all gifts to, or for the use of, the NBF are structured to provide maximum benefits to all parties.

### General Types of Gifts

The NBF will accept unrestricted gifts and gifts for specific programs and purposes, provided that such gifts are not inconsistent with its stated mission, purposes and priorities. The goal is to encourage funding without encumbering the Foundation with gifts which may prove to generate more cost than benefit, or which are restricted in a manner which is not in keeping with the goals and mission of the Foundation.

- **Unrestricted Gifts.** Because it is impossible to anticipate all funding opportunities in advance of their urgency, and because personal and institutional pressures for human needs and program services continue on an on-going basis, unrestricted gifts permit the Foundation to apply funds in-hand to areas of greatest need which thus can provide the greatest benefit.
- **Restricted Gifts.** The NBF will not accept gifts that are too restrictive in purpose. Gifts that are too restrictive include those that are too difficult to administer or gifts that are for purposes outside the NBF's mission. Donors who have special interests in providing funds for special purposes can be assured that such use shall be rigorously honored when accepted and when given within allowable federal, state and Foundation guidelines, according to law. This includes named funds which are typically restricted in some manner to honor family, business and professional associates, mentors or friends.

### Responsibilities, Conflict of Interest and Confidentiality

Prospective donors are strongly encouraged in all cases to consult with their own independent legal, financial and/or tax advisors about proposed gifts, including tax and estate planning implications. Prospective donors shall be responsible for their own legal, accounting, appraisal, transportation, and other fees.

The Foundation President, or his or her designee, is authorized to enter into planned gift arrangements on behalf of the NBF and to execute any and all documents necessary or appropriate to consummate such arrangements.

All requests by donors for anonymity will be honored, except to the extent that the NBF is legally required to disclose the identity of donors. Such information shall exclude information about donors and

prospective donors, their names, the names of their beneficiaries, the nature and amounts of their gifts, and the sizes of their estates, unless the donor grants permission to release such information.

### **Use of Legal Counsel**

The NBF may seek the advice of legal counsel in matters relating to acceptance of gifts when appropriate. Review by counsel may be sought for:

1. Closely held stock transfers that are subject to restrictions or buy-sell agreements.
2. Gifts involving contracts, such as bargain sales or other documents requiring the NBF to assume an obligation.
3. Transactions with potential conflict of interest that may invoke IRS sanctions.
4. Other instances in which use of counsel is deemed appropriate by the Investment Committee.

### **Acceptable Giving Methods**

The Following methods of giving are generally acceptable:

- **Cash, check or credit card.** Please make checks payable to the Nevada Bar Foundation and submit them to the State Bar of Nevada's office in Las Vegas.
- **Bequests made through wills and trusts.** Such bequests will not be recorded as gifts to the NBF until such time as the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.
- **Tangible personal property.** The NBF will exercise extreme caution when reviewing proposed gifts of tangible personal property. The following factors will be considered:
  - Does the property fulfill the NBF's mission?
  - Is the property readily marketable?
  - Are there undue restrictions on the use, display, or sale of the property?
  - Are there any carrying costs for the property?
- **Securities.** The NBF can accept both publicly traded securities and closely held securities.
  - *Publicly Traded Securities.* Marketable securities may be wired to the NBF Trust Account at Bank of Nevada or delivered physically to the NBF's Las Vegas office with the transferor's signature or stock power attached and then forwarded to Bank of Nevada. As a general rule, all marketable securities shall be sold upon receipt by the bank unless otherwise directed by the investment manager who will receive the securities, generally Bank of Nevada Trust Department. The donor will receive average market value on the date of the sale of the securities, or on the date of the deposit into the investment manager's account.

- **Closely Held Securities.** Closely held securities - which include not only debt and equity positions in non-publicly traded companies, but also interests in limited partnerships and limited liability companies, or other ownership forms - can be accepted subject to the approval of the NBF's Investment Committee. However, gifts must be reviewed prior to the acceptance to ensure that:
  - There are no restrictions on the security that would prevent the NBF from ultimately converting the assets to cash.
  - The security is marketable.
  - The security will not generate any undesirable tax consequences for the NBF.
- **Real Estate.** Gifts of real estate may include developed property, undeveloped property, or gifts subject to a prior life interest. Prior to acceptance of real estate, the NBF shall require an initial environmental review of the property to ensure that the property has no environmental damage. In the event that the initial inspection reveals a potential problem, the NBF shall retain a qualified inspection firm to conduct an environmental audit. The cost of the environmental audit shall generally be an expense of the donor.

When appropriate, a title binder shall be obtained by the NBF prior to the acceptance of the gift. The cost of this title binder shall generally be borne by the NBF but will be netted against the value of the gift.

Criteria for acceptance of the property shall include:

- Is the property useful for the NBF's purposes?
  - Is the property readily marketable?
  - Is it a full, fee-title interest?
  - Are there any restrictions, reservations, easements or other limitations associated with the property?
  - Are these carrying costs, which may include insurance, property taxes, mortgages, or notes, etc. associated with the property?
  - Does the environmental audit reflect that the property is not damaged?
- **Remainder Interests in Property.** The NBF will accept a remainder interest in a personal residence, farm, or vacation property subject to the provisions of Real Estate Gifts. The donor or other occupants may continue to occupy the real property for the duration of the stated life. At the death of the donor, the NBF may use the property or reduce it to cash. Where the NBF receives a gift of a remainder interest, expenses for maintenance, real estate taxes, and any property indebtedness generally are to be paid by the donor or primary beneficiary.

The donor will receive credit for the value of the property, discounted to reflect the retained 'life estate' interest. For federal income tax purposes, depreciation, and depletion must also be taken into account in determining the charitable income tax deduction.

- **Oil, Gas and Mineral Interest.** The NBF may accept oil and gas property interests, when appropriate. Criteria for acceptance of the property shall include:
  - Gifts of surface rights should have a value of \$20,000 or greater.
  - Gifts of oil, gas, and mineral interests should generate at least \$3,000 per year in royalties or other income (as determined by the average of the three years prior to the gift).
  - The property should not have extended liabilities or other considerations that make receipt of the gift inappropriate.
  - A working interest is rarely accepted. A working interest may only be accepted where and when there is a plan to minimize potential liability and tax consequences.
  - The property should undergo an environmental review to ensure that the NBF has no current or potential exposure to environmental liability.
  
- **Bargain Sales.** The NBF will enter into a bargain sale arrangement in instances in which the bargain sale furthers the NBF's mission and purposes. All bargain sales must be reviewed and recommended by the Investment Committee and approved by the Board of Directors. Factors used in determining the appropriateness of the transaction include:
  - The NBF must obtain an independent appraisal substantiating the value of the property.
  - If the NBF assumes debt with the property, the debt ratio must be less than 50 percent of the appraised market value.
  - The NBF must determine that it will use the property, or that there is a market for sale of the property, allowing sale within 12 months of receipt.
  - The NBF must calculate the costs to safeguard, insure, and expense the property (including property tax, if applicable) during the holding period.

The donor will receive credit for the excess of the value of the property over the sale price.

- **Life Insurance.** The NBF must be named as both beneficiary and irrevocable owner of an insurance policy before a life insurance policy can be recorded as a gift. The gift is valued at its interpolated terminal reserve value, or cash surrender value, upon receipt. If the donor contributes future premium payments, the NBF will include the entire amount of the additional premium payment as a gift in the year that it is made.

If the donor does not elect to continue to make gifts to cover premium payments on the life insurance policy, the NBF may:

- Continue to pay the premiums.
  - Convert the policy to a paid-up insurance.
  - Surrender the policy for its current cash value.
- **Life Insurance Beneficiaries Designation.** The NBF's donors will be encouraged to name the Foundation as beneficiary or contingent beneficiary of their life insurance policies. Such

designations shall not be recorded as gifts to the NBF until such time as the gift is irrevocable. Where the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

- **Charitable Gift Annuities.** The NBF may accept charitable gift annuities where the gift for funding is at least \$25,000. The NBF's Investment Committee may make exceptions to this minimum. The minimum age for life-income beneficiaries of a gift annuity shall be 55. Where a deferred gift annuity is offered, the minimum age for life income beneficiaries shall be 45. No more than two life income beneficiaries will be permitted for any gift annuity.
- **Charitable Remainder Trusts.** The NBF may accept designation as remainder beneficiary of a charitable remainder trust with the approval of its Investment Committee. The NBF will not accept appointment as Trustee of a charitable remainder trust.
- **Charitable Lead Trusts.** The NBF may accept a designation as income beneficiary of a charitable lead trust. The NBF will not accept an appointment as Trustee of a charitable lead trust.
- **Retirement Plan Beneficiary Designations.** The NBF's donors will be encouraged to name the NBF as beneficiary of their retirement plans. Such designations will not be recorded as gifts to the NBF until such time as the gift is irrevocable. Where the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

### Miscellaneous Provisions

Securing appraisals and legal fees for gifts to the NBF generally will be the responsibility of the donor. Fees borne by the NBF will be netted against the value of the gift.

The NBF will record gifts received at its valuation on the date of receipt.

The NBF Board of Trustees is responsible for filing IRS Form 8282 upon the sale or disposition of any asset sold within two years of receipt by the NBF when the charitable deduction value of the item is more than \$5,000. The NBF must file this form within 125 days of the date of sale or disposition of the asset.

Acknowledgment of all gifts made to the NBF and compliance with the current IRS requirements in acknowledgment of such gifts shall be the responsibility of the NBF office.

### Changes to Gift Acceptance Policies

The NBF Board of Directors must approve any changes to, or deviations from, these policies.