



## **Gift Acceptance Policy**

Approved by The Morton Arboretum Board of Trustees on September 22, 2023

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## **I. Introduction**

The Morton Arboretum is a 501(c)(3) nonprofit organization created as a trust under the laws of the State of Illinois.

The mission of The Morton Arboretum is *to collect, study, display, and conserve trees and other plants from around the world to inspire learning, foster enjoyment, benefit communities, encourage action, and enhance the environment.*

The Morton Arboretum is grounded in its mission along with its vision *of a greener, healthier, more beautiful world where people and trees thrive together.* The Arboretum is future-focused and committed to trees, people and communities, and scientific inquiry.

The Morton Arboretum welcomes and encourages philanthropic support in its many forms to help further its mission, vision, and strategic pursuits. The Arboretum's Development Department is committed to assisting donors in accomplishing their philanthropic goals, and in serving its valued donor community with the highest levels of professionalism and ethical standards.

This document establishes policies and guidelines governing the acceptance of gifts, pledges, and grants approved by the Arboretum Board of Trustees on September 22, 2023. A separate, attached document outlining naming and recognition opportunities accompanies this Gift Acceptance Policy. Together, these policies will serve to assist management and staff in providing guidance to prospective donors and their advisors with respect to proposed gifts.

## **II. Gift Acceptance Committee**

This policy recommends the formation and appointment of a five-member Gift Acceptance Committee:

- Chair, Board of Trustees
- Chair, Development Committee
- Chair, Finance Committee
- President and CEO

- Vice President of Development

The Gift Acceptance Committee may, at its discretion, seek the counsel of additional internal or external parties or experts.

The Gift Acceptance Committee's responsibilities shall include: (1) reviewing any gifts, pledges, or grants which do not substantially comport with these policies (see VI. in this document for examples of "triggering events" for gifts requiring Gift Acceptance Committee review); (2) determining the acceptability of, or any necessary modifications to any gifts, pledges, or grants that do not conform to this policy; (3) periodically reviewing these gift policies to propose any necessary amendments or modifications; and (4) providing advice and counsel as requested by Arboretum staff.

### **III. Forms of Acceptable Gifts**

The Morton Arboretum welcomes gifts, pledges, planned gifts, and grants in support of its mission and campaign objectives. Unrestricted commitments are preferred, but restricted commitments will be accepted so long as they meet the terms and qualifications of this policy.

The following forms of gifts, among others, will be accepted by the Arboretum when otherwise in accordance with this policy:

A. **Outright Gifts in Cash** (including cash, check, credit card, or wire transfer).

B. **Securities**

#### Marketable Securities

The Arboretum readily accepts marketable securities, which may be delivered in certificate form or transferred to the Arboretum's brokerage account from the donor's brokerage account. The value shall be calculated on the basis of the mean of the high and low trade values on the date relinquished by the donor, or, if there were no trades on that day, the mean between the bid and asked prices on that day. No approval is required prior to

acceptance, unless the gift is restricted or delayed. The policy of the Arboretum is to sell all such securities as soon as possible after receipt.

#### Closely-Held Securities

Closely held securities, or partnership interests, may be accepted by the Arboretum provided they have some potential marketability and do not carry undue restrictions or liability concerns. Acceptance of closely-held securities is subject to prior approval by the Gift Acceptance Committee. Closely-held securities may be subsequently redeemed by the issuing corporation or sold by the recipient organization to other stockholders. The valuation of such securities is the donor's responsibility and should be determined by a qualified independent appraiser. The Arboretum will seek to liquidate all such securities as soon as possible, within the terms of the securities themselves.

- C. **Gifts from Donor-Advised Funds** – The Arboretum will accept gifts from donor-advised funds consistent with current laws and regulations governing such funds, including the prohibition of using such funds in exchange for tangible goods and services. In some instances, it may not be possible for the Arboretum to accept payments made on existing, legally-binding pledge obligations from donor-advised funds (depending upon the requirements of the fiduciary agent of said donor-advised fund). The Arboretum cannot provide benefits of financial value to donors for gifts made through donor-advised funds. Donors are expected to comply with the rules and regulations of their sponsoring fund, including waiving benefits for a gift they recommend from a donor-advised fund.
  
- D. **Outright Gifts as a Pledge Commitment** – Pledges will be accepted with a maximum payment period extending five (5) years from the date of such commitment. Extraordinary circumstances warranting a potential exception to this policy will be reviewed by the Vice President of Development. The Vice President of Development may seek the advice and counsel of the Gift Acceptance Committee.

## E. **Real Estate and Other Personal Property**

### Real Estate

All gifts of real estate must be approved by the Gift Acceptance Committee and the Board of Trustees before acceptance. Gifts of real estate may take the form of an outright gift of all the donor's interests in the property, or the donor may retain a life estate in the property. The property must be free and clear of all encumbrances, including mortgages, liens, and unpaid taxes. The property must be readily marketable; and free of any environmental hazards and undue carrying costs. The donor must bear the responsibility of all transfer costs, including building inspection costs, title search, title transfer, and transfer taxes. Exceptions may be considered by the Gift Acceptance Committee. The donor must also provide the Arboretum with a qualified independent appraisal of the property according to current IRS regulations. Environmental assessment reports, at the expense of the donor, may also be required. The Arboretum is also entitled to conduct its own independent appraisal of the property prior to determination of the acceptability of the gift. The Arboretum strives to liquidate all such real property interests as soon as possible. A decision to liquidate and the respective timing of such liquidation is under the sole discretion of the Gift Acceptance Committee and the Board of Trustees. A gift of real property will be credited on the date of title transfer at the fair market value as determined by a qualified appraisal.

### Other Personal Property

The Arboretum accepts gifts of two categories of personal property: (i) items to be used by the Arboretum in its operations, as part of its purpose and mission; and (ii) all other items. These gifts will be credited at the fair market value on the date of transfer as determined by a qualified appraisal.

#### (i) Items Used in Operations

- a) Plants and Plant Collections. Plants, including plant collections and herbarium specimens, may be accepted for use in connection with the collection, research, horticulture, education, and display functions of the Arboretum, subject to approval of acceptance by the Vice President of

Collections and Facilities and/or the Vice President of Science and Conservation and the Vice President of Development. Such items will be valued by the donor which may include appraisals, and acknowledged according to current regulations of the IRS. The Arboretum shall have and retain the sole right to determine method of use, placement, and display of such items, including, without limitation, whether such items shall be used, placed, displayed, accessioned, or deaccessioned from time to time.

- b) Materials and Equipment. Donations of personal property often characterized as inventory (e.g. merchandise, building materials), equipment (machinery, computers), and some services (e.g. landscaping, printing, advertising), must be approved by the Vice President of Development prior to acceptance. It is anticipated that such items will be valued, and the value acknowledged to the donor, according to current IRS regulations, which may include appraisals provided by the donor. The Arboretum shall have and retain the sole right to determine method of use, placement, and display of such items, including, without limitation, whether such items shall be used, placed, displayed, or sold, from time to time.
- c) Works of Art and Books. Works of art or books, which, in the sole discretion of the Arboretum, can be used as an integral part of presentation of the purpose and mission of the Arboretum, may be accepted for such purposes, subject to the Sterling Morton Library Collections Management Policy.

(ii) Other Items: Personal property that cannot be used by the Arboretum in its operations and displays may be accepted, subject to prior approval by the Vice President of Development, with review by the Gift Acceptance Committee when necessary. It is anticipated that such items will be valued, and the value acknowledged to the donor, according to current regulations of the IRS, which may include appraisals provided by the donor. The Arboretum will normally sell all such items as soon as reasonably possible after receipt – this will require additional



reporting of results of sales to the IRS, which may affect the donor's allowable deduction for income tax purposes.

- F. **In-Kind Gifts** – The Morton Arboretum accepts gifts in kind (non-cash gifts) that can be retained for the Arboretum's budgeted operational use. Donations and services must be approved by the Vice President of Development prior to acceptance. The cost of any appraisal, if needed at the time of gift acceptance, is borne by the donor. Non-cash donations will be credited at fair market value on the date of transfer.
  
- G. **Bequests** – The Arboretum accepts bequests for unrestricted purposes and may accept bequests for a restricted purpose that is consistent with the mission and vision of the Arboretum. Bequests may take the form of a specific dollar amount, percentage, or residuary. Bequest intentions, as a deferred gift, will be recorded as future expectancies of the Arboretum at the value established in writing by the donor through the Arboretum's Declaration of Intent form, or a letter, or a copy of the appropriate sections of the will or trust document. Bequests are counted as cash only after the bequest matures and is received by the Arboretum.
  
- H. **Charitable Gift Annuities** – The Arboretum may offer charitable gift annuities, with rates recommended by the American Council on Gift Annuities. Payout rates will depend on the number of annuitants and their ages. The minimum age to fund a gift annuity with the Arboretum is 65. The minimum gift for funding an annuity is \$10,000 for an annuitant. The Arboretum may contract with an external vendor to manage and process payments to annuitants. Charitable gift annuities will be credited at face value.
  
- I. **Charitable Lead Trusts** – The Arboretum will accept designation as income beneficiary of a charitable lead trust. The value of income to be received from the lead trust will establish crediting for the donor. The minimum initial gift for funding a charitable lead trust is \$100,000. The Morton Arboretum follows guidelines for counting and crediting Charitable Lead Trusts set forth by the National Association of Charitable Gift Planners.

- J. **Charitable Remainder Trusts** – The Arboretum may accept designation as a remainder beneficiary of a charitable remainder trust. The interest rate for a charitable remainder trust should be set at a rate no higher than that established by the National Association of Charitable Gift Planners. When the trust matures, either at the death of the last non-charitable income beneficiary(ies), or at the end of a specified term, not to exceed 20 years, the Arboretum becomes the ultimate beneficiary, and the remainder value is used in the manner designated by the donor. The Arboretum will not serve as a trustee of a Charitable Remainder Trust. The minimum gift for funding a charitable trust is \$100,000. The Morton Arboretum follows guidelines for counting and crediting Charitable Remainder Trusts set forth by the National Association of Charitable Gift Planners.
- K. **Life Insurance** – The Arboretum may accept a gift of life insurance in the form of a paid-up whole life policy where the Arboretum is owner and named sole beneficiary of the policy. There must be no outstanding loans against the policy. In limited instances where donors wish to make a gift of term life insurance and continue to make annual premium payments to keep the policy in force, the President and CEO must review such cases for acceptance and crediting, with additional review required by the Gift Acceptance Committee when recognition is being required. The Arboretum, through the Committee, reserves the right at its discretion to cash in any insurance policy or retain it. Acceptance of any other life insurance policies is subject to review by the Gift Acceptance Committee.
- L. **Retirement Plan and Life Insurance Beneficiary Designations** – The Arboretum will accept beneficiary designations in an IRA or qualified retirement plan (such as a 401(k) or 403(b) plan), an annuity contract, a pension plan, or a life insurance policy. Donors must follow IRS guidelines in order to make gifts through qualified retirement plans.

Proposed gifts which do not meet any of these descriptions (e.g., cryptocurrency) must be reviewed on a case-by-case basis by the Gift Acceptance Committee.

#### **IV. Endowment**

The Arboretum has established an Endowment. Unrestricted gifts for the general Endowment do not require prior approval. Gifts that are unrestricted and less than \$50,000 will be added to the Arboretum's general operating fund. Unrestricted gifts in amounts of \$50,000 or greater will be added to the Endowment fund. The Arboretum welcomes restricted gifts to support the areas of Collections & Facilities, Learning & Engagement, or Science & Conservation. If the intended gift is for a specialized purpose that does not fall into these program areas, it will be subject to reviewal by the Vice President of Development prior to acceptance, with consultation by the President and CEO when necessary. The amount of income available for spending from endowment funds each year shall be determined in accordance with the Arboretum's spending policy, as determined by the Board of Trustees and its Finance Committee, applicable in effect for that year.

##### Named Endowment Funds

Named Endowment Funds may be established with the Arboretum, with a minimum gift of \$50,000 and a maximum period of five years to fully fund the Endowment, as approved by the President and Chief Executive Officer, with review by the Gift Acceptance Committee when necessary. One or more donors may establish a named fund as long as the combined gift totals to an approved amount. The donor's name, or name(s) the donor wishes to honor or memorialize, may be associated with a named fund. The name of the fund may also be related to its use, such as a named fund to support mission-essential areas of the Arboretum's operations (e.g., docent training, school programs and curriculum development, public programs, facilities and equipment, major staff positions, and funds for innovation).

A memorandum of understanding between the donor and the Arboretum will be executed to describe the uses and purposes of the named fund. The principal of endowment gifts will be maintained in perpetuity. Income from named funds may be designated by the donor as unrestricted support or for a specific purpose, as described in the memorandum of understanding. Annual reports will be sent to donors, including the amount and use of distributions from the named fund.

Uses of named funds shall be consistent with the policies set forth in this document. Funds will be established only for qualified charitable purposes consistent with the laws of the State of Illinois and the Internal Revenue Code of the United States.

## **V. Guiding Principles for All Gifts, Pledges, and Grants**

These gift acceptance policies are informed by established industry guidelines for best practices in fundraising and non-profit management. The Arboretum and its representatives will always endeavor to faithfully implement the stated and written philanthropic goals of donors, in accordance with these policies. The following principles apply to all gifts made to the Arboretum:

- A. **Compliance:** The Arboretum will comply with all applicable tax laws and other legal requirements regarding charitable gifts. The Arboretum may engage legal counsel to review the conditions and terms of any proposed gift to determine appropriate treatment under current law.
- B. **Confidentiality:** Information concerning all transactions between a donor and the Arboretum shall be held by Arboretum in strict confidence and may be publicly disclosed only with the permission of the donor, or as required by law.
- C. **Anonymity:** The Arboretum shall respect the wishes of donors who choose to support the Arboretum anonymously and will take reasonable steps to safeguard those donors' identities. However, the Arboretum must observe legal requirements in submitting annual Form 990 filings to the IRS which require disclosure of donors' names for gifts of \$5,000 or greater in any given year. Form 990s are reviewed by the Arboretum's Board of Trustees.

Donors may choose from three levels of anonymity by informing the Arboretum of their wishes when making their gifts:

- Anonymous Level I – the donor does not disclose their name in any form to any member of Arboretum staff (e.g., a donor makes a gift to the Arboretum that is

fulfilled through a financial or legal entity that is required to maintain the donor's anonymity). In such cases, the Arboretum will comply with instructions given by the financial or legal entity regarding anonymous recognition (e.g., "You may recognize this gift anonymously on donor lists.")

- Anonymous Level II – donor names may not be disclosed in any way, internally or externally (except noted as "Anonymous" in any public recognition or public donor lists) and will be revealed only to key internal staff members.
- Anonymous Level III – donor names will not be included in any public recognition or public donor lists (except noted as "Anonymous") but may be mentioned internal among Staff, Board and Campaign Leadership, and on internally shared reports.

D. **Unacceptability:** The Arboretum will not accept any gift, pledge, or grant from an individual, company, or organization, that, the Arboretum believes in its sole discretion, is incompatible with its mission, vision, values, or ethical standards; that does not provide sufficient financial benefit to the Arboretum; that through restrictions imposes financial, programmatic, or structural burdens on the Arboretum; that places the assets or reputation of the Arboretum at risk; or that is prohibited by law.

E. **Restrictions:** The Arboretum may accept a gift with one or more restrictions as to use, provided that this restriction(s) is consistent with the priorities of the Arboretum, and that such gift does not place financial or programmatic burdens on the Arboretum that are inconsistent with its future plans. If these restrictions obligate the Arboretum to future programs and activities that do not align with Arboretum priorities, such gifts must be approved by the Arboretum prior to acceptance.

F. **Donor's Responsibility for Independent Advisors:** It is the donor's responsibility to seek and secure independent legal, tax, financial, and estate advice with respect to any gift, pledge, planned gift, or grant to be made by the donor to the Arboretum. From a legal perspective, the Arboretum may not act as a financial, legal, or tax advisor to any donor with respect to such matters. Arboretum Development staff will work with a donor's

advisors in structuring the form or terms of a proposed gift in fulfillment of the donor's wishes to the greatest extent possible.

- G. **Anti-discrimination:** The Arboretum will comply with its established anti-discrimination policies regarding all applicable matters outlined in the Gift Acceptance Policy. The Arboretum reviews and updates these policies periodically so they are in compliance with State and Federal laws.
  
- H. **Prompt Acknowledgment:** All gifts and pledges received by the Arboretum will be acknowledged to each respective donor promptly. The Arboretum will provide information to each donor on the value, date, and purpose of the gift, as well as the value of any benefits (if any) it will provide to the donor in exchange for the gift, in accordance with IRS regulations. According to IRS regulations, the Arboretum may not place a value on gifts-in-kind or goods or services contributed to the Arboretum, but in such case, the Arboretum will acknowledge the receipt to gifts-in-kind with a description of the gift-in-kind, indicating that the donor will be required to secure a third-party appraisal to value it. Acknowledgments shall serve as official records of each gift for the donor's tax purposes.
  
- I. **Office of Record:** The Arboretum Development Department, in partnership with the Finance Office, shall serve as the "office of record" for all gift terms and agreements.
  
- J. **Generally Accepted Accounting Principles:** The Arboretum will adhere to all generally accepted accounting principles (GAAP) and IRS guidelines on matters relating to recording donor's gifts, and the Development Department will work in partnership with the Arboretum Finance Office on valuing, crediting, and recording all gifts.
  
- K. **Empowerment of Staff:** Once this policy is approved, the Vice President of Development and designated members of Arboretum staff shall be empowered to act on behalf of the Arboretum on all matters addressed in this policy.

L. **Refusal or Revocation of Gifts:** The Arboretum reserves the right to refuse, decline, or revoke any gift that, the Arboretum believes in its sole discretion, does not provide sufficient financial benefit to the Arboretum, that is incompatible with the Arboretum's mission, vision, values, or requirements; that puts the assets or reputation of the Arboretum at risk; or that is prohibited by law. For any gifts carrying public-named gift recognition, the Arboretum reserves the right to remove donor names from this recognition if the gift is no longer aligned with the core values of the Arboretum or if, subsequent to the donation, it is discovered that the donated assets were or have become tainted or that the donor's actions are considered criminal, scandalous, or immoral by a broad spectrum of the greater public that could bring the Arboretum into disrepute. In any such case of proposed removal of naming, the Gift Acceptance Committee will bring the case to the Board of Trustees for formal and discreet review and approval. The Board of Trustees may consider implementing remedies it deems appropriate. In the case of a donor's pledge remaining unfulfilled, or not being honored through an estate settlement, the Arboretum Vice President of Development has the authority to remove a donor's name from public recognition.

## VI. **Triggering Events for Gift Acceptance Committee Review**

In general, as outlined above, review and consideration by the Gift Acceptance Committee to accept gifts will be required in the following instances:

- A. Any gift types that do not meet the descriptions outlined in section III above;
- B. Gifts funded through unusual or not publicly-traded assets (such as closely-held securities, including debt and equity positions, as well as interests in LLPs, LLCs, or other business entities) (section III);
- C. All gifts of real estate and any decisions related to liquidation of such assets (section III);
- D. Gifts of \$100,000 or greater from donors outside of the United States;
- E. Gifts from non-U.S. governments;
- F. Gifts made using foreign assets;
- G. Property or assets with any encumbrances;
- H. Restricted gifts made by a donor unwilling to sign a gift agreement;

- I. Questionable gifts and/or donors, at the discretion of the Vice President of Development, which require or would benefit from institutional or Board-level review and approval;

## **VII. Gift Agreements**

All gifts of \$100,000 or greater made to the Arboretum for purposes, other than unrestricted gifts, will be documented with a written gift agreement. The agreement must be co-signed by the donor and the Arboretum in order to be recorded and credited. Each gift agreement shall state the name and address of the donor, the date of the gift, all terms of gift or pledge payment, all restrictions or designations, how the gift will be used, structured, any provisions for recognition and crediting, and signature/date blocks for the donor and a representative of the Arboretum. All pledges must be considered irrevocable and legally binding on a donor's estate, and all pledges must be committed in writing and signed by the donor before recording. Exceptions to this policy must be reviewed by the Gift Acceptance Committee.

The Vice President of Development has authority to sign agreements for gifts of \$500,000 or less; the Vice President of Finance and CFO has authority to sign agreements for gifts of \$1 million or less; and the President and CEO has authority to sign agreements for gifts greater than \$1 million.

One original fully-executed gift agreement shall be signed for the permanent files of the Arboretum, and digital copies will be filed in the Arboretum's constituent relationship management system and shared with the donor.

## **VIII. Donor Recognition**

The Morton Arboretum seeks to recognize the generosity of donors who are aligned with the institution's mission, vision, and values.

Recognition is offered to gifts received from individuals, corporations, foundations, and government entities. Gifts accepted in accordance with the Arboretum's Gift Acceptance Policy will qualify for recognition.



Depending on the gift amount, donors may be offered recognition and benefits in various ways, including but not limited to in publicly-viewable donor recognition lists, giving society memberships, termed recognition opportunities, and naming opportunities.

For gifts requiring a gift agreement, recognition details will be outlined in said agreement. Standards and requirements for physical recognition will be determined and revised as appropriate to reflect institutional priorities and to promote philanthropic support for the Arboretum's fundraising programs.

The Morton Arboretum will work with donors to arrange appropriate recognition for gifts, which will depend on the scale and purpose of the gift. Authority to name or offer donor recognition for buildings, indoor and outdoor spaces, endowment funds, and programs rests with the Arboretum Board of Trustees upon recommendation from the President and Vice President of Development.

Gifts must be made in cash or in an irrevocable form to be paid over a period of no more than five years. A formal gift agreement is required, pursuant to the Arboretum's Gift Acceptance Policy. No advance approval for determining names or recognition is implied in this policy.

See Naming and Recognition Opportunities document for further details.

#### **IX. Subsequent Review of Policy**

This policy was approved by The Morton Arboretum Board of Trustees on September 22, 2023. It may be amended at any time upon the recommendation of the Gift Acceptance Committee and the Board of Trustees, with approval by the Board of Trustees.