



GIFT ACCEPTANCE POLICIES

Authorization

Native Forward Scholars Fund (hereinafter “Native Forward”) is authorized to encourage donors to make both outright and deferred gifts. Native Forward encourages private gifts and grants for scholarships, current operations, long-term endowments, student programming and other purposes identified by Native Forward’s Board of Directors (hereinafter “the Board”) and the donor(s). The types of deferred gifts to be offered include bequests, charitable gift annuities (immediate and deferred), charitable remainder trusts, charitable lead trusts, gifts of life insurance policies and proceeds, pooled income funds and such other gift arrangements as the Board may from time to time approve. All programs, solicitation plans, and activities shall be subject to the oversight of the Board, or additional committees appointed by the Board.

Policies

1. Purpose of Gift Acceptance Policies

Native Forward adopts these gift acceptance policies for the following purposes:

- a. To allow the development staff and other representatives of Native Forward to respond to donor initiatives in designing gifts which are beneficial to both the donor and Native Forward but never under any circumstances to pressure or unduly persuade.
- b. To ensure that the donor’s intent and interests are given due consideration, balanced with those of Native Forward. No gift will be accepted or program promoted which violates the policies or bylaws of Native Forward.
- c. To establish and coordinate policies and procedures for the acceptance and



administration of gifts in a conscientious, prudent, and efficient manner.

2. Ethical Principles

Native Forward will always maintain the highest level of integrity with its donors, always acting in the best interest of philanthropy and scrupulously avoiding actual or perceived conflicts of interest or any conduct that would tend to bring discredit to the donor and/or Native Forward.

Persons acting on behalf of Native Forward shall encourage the donor to discuss the proposed gift with independent legal, financial and/or tax advisors of the donor's choice. This policy is designed to provide the donor a full and accurate explanation of all aspects of the proposed charitable gift and its appropriateness to the donor's objectives and circumstances.

Native Forward will observe the following principles:

- a. No gift will knowingly be accepted, nor any proposal made, that would undermine the donor's basic financial condition or prejudice the donor's ability to engage in comprehensive planning.
- b. Native Forward will remain open and accessible to its donors, providing full communication of its activities, use of funds and policies and procedures.
- c. Native Forward will keep the donor's personal information confidential unless permission is obtained from the donor.
- d. Native Forward will always seek to serve the charitable giving needs and objectives of its donors by encouraging contributions and volunteerism and properly recognizing the material and personal contributions of its donors.
- e. To avoid potential conflict of interest and to ensure the donor's independence and the existence of genuine charitable intent, Native Forward will not pay finder's fees.



- f. Any person acting on behalf of Native Forward shall disclose (i) the status of the development officer as a representative of Native Forward, acting on its behalf and not that of the donor, (ii) any aspects of Native Forward's financial condition relevant to its capacity to live up to the terms of the gift, especially where life income plans are involved, and (iii) the nature and effect of the gift program under consideration, as detailed as circumstances require.

3. Who Can Accept Gifts On Behalf of Native Forward?

Native Forward is permitted to accept gifts and contributions only as authorized in these policies. The following guidelines are established to ensure that planned gifts accepted by Native Forward will be cost-effective and beneficial to all parties involved. Exceptions to these policies shall be approved by the Board.

The Corporate Officers, development staff, or members of the Board are authorized to negotiate planned gift agreements with prospective donors, following program guidelines approved by the Board.

- a. Any outright, unrestricted cash (or stock) gift of any amount may be accepted by any of the Corporate Officers, Native Forward staff, or members of the Board.
- b. The following gifts must be received and approved by the Development Committee prior to their acceptance.
 - 1) Charitable remainder trusts – when possible;
 - 2) Charitable lead trusts – when possible;
- c. Existing planned gift arrangements and this policy shall be reviewed periodically and a report submitted to the Board.



4. Acceptable Restrictions To Gifts and/or Bequests

- a. Native Forward may accept gifts that are designated to scholarships, to student support services, to programming, to endowment, and to administrative and operating expenses. Since funding priorities can change over the years, Native Forward suggests that restricted bequests include a clause that would allow Native Forward to reallocate resources if the gift is no longer needed as originally intended.
- b. Any endowment gifts carrying special restrictions to annually endow/support specific programs, facilities or purposes must be approved by the CEO prior to their addition to the endowment. This will give the CEO the opportunity to assure that restricted gifts do not commit Native Forward to unrealistic expectations.
- c. If the purpose of the endowment can no longer be fulfilled, Native Forward will consult with the donor, if living, to enact changes as close to the original purposes as possible or in agreement with their wishes. If the donor is not living, Native Forward reserves the right to change the designation of the endowment to a purpose as close to the original intent as possible.
- d. Native Forward and the donor will execute a gift agreement for all gifts for a particular purpose, examples include but are not limited to named scholarship programs, endowments, grants and contract work.

5. Exclusions

- **Native Forward reserves the right to decline any gift.**
- Native Forward will not accept gifts from entities that invest in projects that negatively impact the scholars of Native Forward and/or the Tribal/Indigenous community's interests.
- The Native Forward CEO will elevate consideration of potential gifts that may conflict with (b) to the Executive Committee of the Board of Directors and the Governance Committee for additional review when necessary.
- Native Forward will not serve as sole trustee for charitable lead trusts and will not



serve as trustee for irrevocable life insurance trusts.

- Native Forward will not serve as trustee of charitable remainder trusts.

6. Promotion and Publicity

All donors shall be provided with the opportunity to review any press release or other publicity of any gift prior to any announcement or donor list presentation beyond routine donor lists in annual reports or posted within the offices of Native Forward. All donors have the right to make their guests anonymous and decline to be listed in connection with any gift.

7. Guidelines for Accepting Gifts (Policies relating to certain gift arrangements)

a. Outright Gifts

1) Description

An outright gift refers to a contribution of cash or property in which the donor retains no interest, and which can be used currently by Native Forward. Securing outright gifts is Native Forward's highest priority, and donors who can make an outright gift will be encouraged to do so.

2) Guidelines

- (i) Native Forward will accept an outright gift of any amount, though gifts to establish a named scholarship, a designated scholarship, or a named endowment must meet the minimum funding requirements set by the Board.

A donor may complete a gift in a single transaction.

- (ii) No gift may be received that is subject to any conditions or prearrangements, unless full disclosure has been made to the Board in accordance with gift acceptance policies;



- (iii) It is the general policy to immediately liquidate gifts of stock, unless otherwise authorized by the Finance & Development Committees.

b. Charitable Remainder Trusts

1) Description:

The charitable remainder trust is a separately administered trust established by the donor. It provides for payments to the donor and/or other named beneficiary(ies) either for life or a term of years (not exceeding twenty), whereupon the remaining trust assets are distributed to one or more charities.

A charitable remainder annuity trust pays a fixed amount (at least 5 percent) of the original fair market value of the assets initially contributed to the trust. This amount does not change, and no additional gifts may be made to the annuity trust after its creation. Payments made in any one year by a charitable remainder annuity trust to individual beneficiaries may not exceed 50% of initial fair market value of the trust.

A charitable remainder unitrust pays a fixed percentage (at least 5 percent) of the fair market value of trust assets, as valued annually. Because the value of assets can be expected to change from year to year, the unitrust payment will vary in amount each year. Additional contributions may be made to the trust after it is established. Payments made in any one year by charitable remainder unitrust to individual beneficiaries may not exceed 50% of fair market value of trust on most recent valuation date.

The present value of Native Forward's remainder interest in charitable remainder unitrust must equal 10% (or more) of initial fair market value of trust. This rule also applies to additions to existing charitable remainder



unitrusts.

There are three traditional varieties of a unitrust. A “straight” unitrust pays the stipulated amount, even if it is necessary to invade principal to do so. A “net-income” unitrust pays the lesser of the stipulated amount or the actual net income, so principal would not be invaded. A “net-income with make-up provision” unitrust is similar to the net income unitrust except that excess earnings can be applied to cover accrued deficiencies resulting from the net income being less than the stipulated amount. A fourth variety, the “Flip” unitrust, should be considered for trusts funded with real estate or family corporations.

2) Guidelines

- Native Forward will not serve as sole trustee for charitable lead trusts and will not serve as trustee for irrevocable life insurance trusts.
- Native Forward will not serve as trustee of charitable remainder trusts.

e. The Charitable Lead Trust

1) Description

A charitable lead trust is a trust in which the income, or “lead” interest, is paid to Native Forward, and the “remainder” interest is given to one or more non-charitable beneficiaries, who could be either the donor or family members. The amount paid to Native Forward may be either a fixed sum (an “annuity trust” interest) or a percentage of trust assets as valued each year (a “unitrust” interest).

2) Guidelines

- (i) Native Forward will not serve as sole trustee for charitable lead trusts and will not serve as trustee for irrevocable life



insurance trusts.

- (ii) Native Forward will not serve as trustee of charitable remainder trusts.
- (iii) The trust term may be at the discretion of the donor, subject to the approval of Native Forward or other trustee.

f. Life Insurance

1) Description:

A gift of a life insurance policy is a leveraged gift, meaning that for a relatively small sum of money (the premium) a donor can produce a large death benefit for Native Forward. Gifts of life insurance policies may allow a donor to make a substantially larger ultimate gift with a much smaller current cash outlay.

- (i) The *subscriber or insured* is the person who takes out a life insurance policy;
- (ii) The *beneficiary* is the one who receives the benefit upon the death of the insured. For charitable gifts of life insurance Native Forward would be the beneficiary;
- (iii) The *premium* is the cost of the policy paid to secure coverage;
- (iv) The *owner* of the policy is the one who has the right to select the beneficiary and the right to cash in the policy;
- (v) The *death benefit or face value* reflects the amount of money that is paid to the beneficiary upon the death of the insured;



(vi) The *cash surrender value* is the amount the insured will receive from the insurance company if the policy is cashed in. The cash surrender value reflects the value of premiums paid and any investment growth minus administrative expenses.

- ◆ An *irrevocable* gift of a life insurance policy occurs when Native Forward is designated as the owner and beneficiary.
- ◆ A *revocable* gift of a life insurance policy occurs when the donor is designated as the owner and Native Forward is the beneficiary only.

There are various methods by which a life insurance policy may be contributed to Native Forward. Each method requires a thorough evaluation of policy, insurance company and benefit to Native Forward. A donor may:

- ◆ Assign irrevocably a paid-up policy to Native Forward;
- ◆ Assign irrevocably a life insurance policy on which premiums remain to be paid by the donor as long as Native Forward is owner and beneficiary;
- ◆ Name Native Forward as a primary or successor beneficiary of the proceeds;
- ◆ Establish a new life insurance policy with Native Forward as the applicant, owner and beneficiary.

2) Guidelines

Native Forward will accept any gift of a life insurance policy provided that it is under no prearranged obligation to expend its assets to maintain the



policy. No portion of the proceeds may be paid to anyone or any organization that is not qualified as a tax-exempt entity under IRS Code Section 501 (c)(3). Native Forward has the unrestricted right to fully exercise its powers as the owner, including the power to surrender, select payment options, designate beneficiaries and withdraw or borrow cash values.

In the event a policy is contributed on which premiums remain to be paid, the donor must pledge to continue paying premiums or give NATIVE FORWARD permission to surrender the policy for cash value.

NATIVE FORWARD will not permit loans by the donor on policies where NATIVE FORWARD is the owner and beneficiary.

NATIVE FORWARD will not participate in split dollar or reverse split dollar plans, or other partial interest programs. Any charitable insurance program, such as those promoted by the life insurance industry, or individual insurance agent(s), shall be entered into only after a thorough explanation has been provided to the Finance & Development Committees and the Committees have voted to proceed with the program.

k. Bequests

1) Description

NATIVE FORWARD actively seeks lifetime gifts from donors. These include bequest and gifts of life insurance. Donors will be encouraged to give, knowing that lifetime gifts will be held in perpetuity in NATIVE FORWARD's endowment funds, utilized for student scholarships, or utilized in a way determined by NATIVE FORWARD.

2) Guidelines

Bequest funding is donated to NATIVE FORWARD in three categories: bequests restricted by the donor for endowments; bequests restricted by the donor for scholarships; and unrestricted bequests. Funds received in



the first two categories are used as directed. Unrestricted dollars are distributed at the discretion of NATIVE FORWARD.

The policy for prioritizing the use of unrestricted bequest revenues is as follows:

- (i) Support for any unmet general scholarship distribution needs.
- (ii) Support for organizational needs that build capacity for NATIVE FORWARD. Examples include investments, matching requirements from funders, special campaigns, and unmet needs of NATIVE FORWARD (e.g. funding priorities, deferred building maintenance, and staff development).
- (iii) Support to increase endowments.
- (iv) Additional scholarship support.

This policy is subject to annual review if/as needed.

Sample bequest language for restricted and unrestricted gifts, including endowments, will be made available to donors and their attorneys to ensure that the bequest is properly designated. Donors will be urged to obtain the advice of a professional advisor to create a bequest that is in their best interest. Donors will also be invited to provide a confidential copy of that section of their wills naming NATIVE FORWARD.

During the probate of estates containing a bequest to NATIVE FORWARD and during the post-death administration of revocable trusts containing dispositive provisions benefiting NATIVE FORWARD, the manager of the bequest program, in consultation with NATIVE FORWARD's legal counsel and CEO of NATIVE FORWARD or chairperson of the Board shall represent NATIVE FORWARD in all dealings with the attorney and personal



representatives of the estate.

8. Certain Gift Arrangements May Require Minimum Levels of Funding

- a. \$1,000,000 or greater can establish a named customized scholarship. This can be endowed or a passthrough scholarship program.
- b. \$1,000,000 or greater can establish a general named endowment fund. The endowment may be funded over one year. General named endowment funds may be established for programming, student support services or operating expenses of Native Forward.
- c. \$100,000 or greater establishes a charitable remainder trust (CRT). Cash and securities shall be the primary assets used to fund CRTs.

9. Gift valuation

- a. Deferred gifts (including but not limited to, annuities, unitrusts, and irrevocable bequests) are assigned a value, adjusted for present value using actuarial tables for the age of the donor.
- b. Bequests that are revocable are assigned a value of \$1.00. If the actual amount is known, it is recorded at an "internal" level of present value and at fair market value for donor recognition only.
- c. In cases where gifts are made in cash, the valuation is the amount of the gift.
- d. Gifts of publicly traded securities will be valued at the average of the high and the low publicly quoted prices on the date complete ownership is received.
- e. Gifts of life insurance will be valued, for recognition purposes, based on the cash surrender value as of the date of transfer.



10. Appraisal Requirements

- a. All gifts of fine art must be accompanied by an independent appraisal completed no earlier than 60 days prior to the date of the gift; the cost of the appraisal is the donor's sole responsibility. Exceptions to this are direct donations from artists for the purpose of fundraising.
- b. All costs associated with obtaining a qualified appraisal will be borne by the donor.

11. Professional Relationships

- a. Legal/Financial
 - 1) To avoid the unauthorized practice of law, NATIVE FORWARD staff will not prepare documents for donors, but when appropriate may provide draft language for review by the donor's attorney.
 - 2) In situations where consultants or advisors to NATIVE FORWARD prepare documents or provide advice, the donors will be informed that the professional is acting on behalf of NATIVE FORWARD and the donor's attorney should review any resultant documents or agreements.

12. Types of Endowments

- b. **Permanent** endowments whereby the endowment corpus is to be held in perpetuity.
- c. **Flexible** endowments allow for the invasion of the corpus in years when earnings are not enough to fulfill the purpose of the fund.
- d. **Modified** endowments include provisions for the corpus and earnings to be spent over a period of time.



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13. Acknowledgement of Gifts:

- e. All gifts made to Native Forward and compliance with current IRS requirements in acknowledgement of such gifts shall be the responsibility of Native Forward

14. Changes to Gift Acceptance Policies

- f. These policies have been reviewed and approved by the Board of Directors of Native Forward. The Board of Directors must approve any changes to, or deviations from these policies.