

GIFT ACCEPTANCE AND BUSINESS COLLABORATION POLICY

of

SAFE PASSAGE A/K/A CAMINO SEGURO

Our Mission is to help children in the Guatemala City garbage dump community break the cycle of poverty through education, emphasizing life skills and perseverance in order to thrive in work and contribute to their community. This policy supports the long-term financial sustainability of Safe Passage/Camino Seguro carrying out this mission.

I. Objectives

These policies are intended to provide general guidance to donors, business collaborators, staff, volunteers and Directors regarding the form and manner of the acceptance of gifts by Safe Passage/Camino Seguro.

II. Responsibilities

A committee made up of the Chair of the Board, Treasurer and the Chair of the Development Committee (known as the Gift Acceptance and Business Collaboration Committee) shall be responsible for recommending to the Board whether to accept gifts or agree to business collaborations that fall within this policy. The Committee will be responsible for carrying out the policies of the Board and for recommending any additional procedures, as needed, to execute these policies.

Notwithstanding the recommendation of the Committee, the Board reserves the right to reject any gift or proposed business collaboration for any reason, when, in its opinion, the gift or business collaboration arrangement does not further the interest of Safe Passage/Camino Seguro.

The Board has adopted the attached *Donor/Business Collaborators Bill of Rights* in Addendum A as a guide in all Safe Passage/Camino Seguro's dealings with donors and business collaborators. These policies are divided into three sections: Outright Gifts, Deferred Gifts (including Bequests) and Business Collaborations.

III. Outright Gifts

Outright gifts may be gifts of cash, securities, property, materials, in-kind gifts or personal services. There are generally two kinds of gifts: unrestricted and restricted.

A. Unrestricted Gifts

Unrestricted funds are those on which the donor does not place any restrictions on how

they are to be expended. Unrestricted funds may be expended in any manner consistent with the mission of the Safe Passage/Camino Seguro and approved by the Board of Directors. Acceptance of Unrestricted Gifts: Except in the instance where the association with a specific donor may be detrimental to or in any way not deemed by the Board in the best interests of Safe Passage/Camino Seguro, all unrestricted gifts will be accepted, with the understanding that all other applicable gift acceptance provisions have been met.

B. Restricted Gifts

A restricted contribution is any gift made by a donor who indicates, in writing, that the use of the contributed funds for either a general or a specific purpose is restricted to a specific activity, type of expenditure, program or fund. In the case where we solicit for a specific item or purpose, the response gift is automatically restricted.

Safe Passage/Camino Seguro will accept gifts restricted to support approved activities, programs, funds and endowments. However, should Safe Passage/Camino be offered contributions for some purpose not included among these activities, programs, funds and endowments, the Gift Acceptance sub-Committee, with the Board of Directors' concurrence, must approve the contribution prior to its acceptance. Any restricted gift that would result in an increase over the budgeted expenditures for a specific program or activity must also be approved.

The Safe Passage/Camino Seguro Board of Directors must give prior approval before the acceptance of any gift that, in order to comply with the donor's restriction(s), would require any unusual expenditure by Safe Passage/Camino Seguro.

The Safe Passage/Camino Seguro Board of Directors must give prior approval before the acceptance of any gift that may cause there to be some future expense (for instance unusual maintenance expenses) or impact on future operating costs.

Other than through its child sponsorship programs, Safe Passage/Camino Seguro will not accept any gifts that are restricted for the benefit of a specific individual, unless approved by the Board of Directors, in accordance with the provisions of Section 501(c)(3) of the Internal Revenue Code. Specifically the board will decline any gift that would violate the private inurement prohibition rules of such law respecting charitable gifts.

The following applies only to specific gifts made by sponsor to Safe Passage participants and their families through the sponsorship programs. The Executive Director will develop and submit to the Board for approval, policies and procedures regarding gifts to specific children and their families for celebratory, education, medical or emergency reasons. These procedure and policy will be reviewed annually by the Executive Director and a report made to the Board.

It is recommended that, with the donor's written consent, a reasonable percentage or portion of restricted gifts be allocated to unrestricted purposes to cover administrative and fund raising overhead. The percentage will not exceed the most recent audit's percentage

of administrative and fundraising costs to the total expenditures of Safe Passage/Camino Seguro.

The Committee will review and make their recommendation for the acceptance of any new donor-restricted permanent funds (i.e. a named donor fund). The establishment of any such permanent fund (endowments or otherwise) requires the approval of the Board of the Directors.

IV. Acceptable Outright Gifts

A. Cash

Gifts of cash or checks for approved purposes will be accepted and immediately deposited in appropriate Safe Passage/Camino Seguro accounts.

B. Securities

Securities include publically traded stocks and bond, Section 144K Restricted Stocks and shares of privately held companies. Any gift of a security that cannot be immediately sold and/or valued must be pre-approved by the Committee.

C. Procedures for Gifts of Marketable Securities

All readily marketable securities will immediately, upon notification to the Development Office, be transferred to the current Investment Manager for appropriate redeployment in accordance with applicable investment and spending policies

D. Methods of Delivery

Safe Passage/Camino Seguro maintains a brokerage investment account through the approved Investment Manager. Instructions for transfers to Safe Passage/Camino Seguro are attached hereto as Addendum B.

E. Date and Valuation of Gifts of Securities

Current policies of the Internal Revenue Service will serve as a general guide to the valuation and the date of acceptance of gifts of securities. [Note: This sentence is deleted because IRS Publications change from time to time and we ought not to refer to a specific publication.]

Upon the delivery of the securities, Safe Passage/Camino Seguro will issue a gift acceptance letter that specifies the date of the gift and the valuation of the gift for that date. The gift value is the mean of the high and low price (or, for NASDAQ securities, the mean of the bid and the ask price) for the security on the date of the gift.

F. Gifts of Real Estate:

Gifts of real estate in the form of a residence, business, commercial building, undeveloped land, etc. may be accepted if, in general, they meet the following conditions: (1) the donor absorbs the costs of the transaction related to the due diligence required, except in extraordinary circumstances when the organization may agree in writing to pay any or all of such expenses, (2) the donor provides Safe Passage/Camino Seguro with a current appraisal of the subject property, (3) the donor and Safe Passage/Camino Seguro have completed a Real Property Disclosure Checklist, (4) the property has undergone all appropriate title, environmental and toxic waste analyses, and any other process of due diligence deemed necessary by the Gift Acceptance Committee and has been found to be free of any conditions requiring remediation; and (5) the property can either be sold within a reasonable time; or can be used in keeping with the mission of Safe Passage/Camino Seguro.

Criteria for consideration by the Committee shall include, but are not necessarily limited to:

- Is the property useful for the purposes of Safe Passage/Camino Seguro?
- Is the property marketable?
- Are there any restrictions, reservations, easements or other limitations associated with the property?
- Are there carrying costs, which may include insurance, property taxes, mortgages or notes associated with the property
- Does the environmental review reflect that the property is not damaged or contain latent liabilities?

Prior to the acceptance of any property subject to a mortgage or other encumbrance, or any property, the maintenance of which requires significant cash outflows, the Safe Passage/Camino Seguro Board of Directors will analyze the cash flow needs and any Unrelated Business Taxable Income that may result to determine the feasibility of accepting the gift. In some cases, the donor may be encouraged to contribute cash to enable Safe Passage/Camino Seguro to support the property if it is unlikely that the property will not be sold within a reasonable time or if its maintenance will use funds needed for other purposes.

V. Deferred Gifts/Bequests And Memorial Gifts

Unrestricted bequests/memorial gifts of \$5000 or more will automatically go to the Board-Restricted Hanley Denning Fund unless otherwise designated by the Board. Unrestricted gifts of less than \$5000 will be added to the Annual Fund for support of the general operating budget.

A. Bequests

Bequests are gifts specified through a will which are made at the time of the donor's death, and may include cash, property, stocks, or other assets. There are a number of types of bequests:

- A specific bequest designates a specific percentage of an estate, a specific dollar amount or specific assets to be given to Safe Passage/Camino Seguro at the donor's death.
- A residual bequest is a gift of all or part of the property remaining in the donor's estate after debts, expenses, and specific bequests have been paid, and all provisions for family and/or friends have been satisfied.
- A contingent bequest leaves all or a portion of the donor's estate to Safe Passage/Camino Seguro if for any reason the donor's primary intentions cannot be satisfied. This gift takes effect only if the primary beneficiary or beneficiaries predecease the donor.

Safe Passage/Camino Seguro will accept unrestricted bequests of cash or securities of any size. Bequests of property and/or collections or bequests bearing restrictions or designations may be accepted by Safe Passage/Camino Seguro with the approval of the Committee if such bequests are considered to be in keeping with its mission, policies, and the best interests of Safe Passage/Camino Seguro.

Unrestricted bequests of \$5,000 or less will be added to the Annual Fund. Bequests in excess of \$5,000 will be added to the Hanley Denning Fund.

The Board will encourage donors and their advisors to discuss restrictions with Safe Passage/Camino Seguro staff to ensure that Safe Passage/Camino Seguro can use such donated funds consistent with donor's wishes. All restricted bequests offered to Safe Passage/Camino Seguro will be reviewed by the Committee to determine appropriate use and applicability in support of Safe Passage's mission. That Committee may recommend to the Board that it not accept a restricted bequest that is not consistent with the organization's mission and purposes.

B. Gifts of Life Insurance

Gifts to Safe Passage/Camino Seguro of fully paid whole life, ordinary life or endowment policies on which no future premium payments are due may be accepted by the Executive Director. Gifts of policies having a current cash value but with respect to which future premium payments are possible or are known to be due can only be accepted by the Committee. Whether any such policy is accepted will depend on the economics of the transfer including (1) whether the policy can be converted to a paid up policy of lesser value, (2) whether the donor agrees to make future premium payments, and (3) whether the policy has sufficient value to permit the payment of future premiums out of that value for as long as necessary.

In any case in which a policy is accepted, the Safe Passage/Camino Seguro will work with the insuring company and donor to transfer ownership of the policy from the donor to the Safe Passage/Camino Seguro, to change the beneficiary designation to permit Safe Passage/Camino Seguro to collect the insurance proceeds when the policy matures, and to ensure that Safe Passage/Camino is notified if any future premiums payments are not made by the donor.

Safe Passage/Camino Seguro cannot accept a gift of a term life insurance policy without cash value unless the donor of the policy agrees to maintain the policy in force by remaining responsible for payment of future premiums.

Gifts of life insurance policies naming multiple beneficiaries will be referred to the Committee for its consideration before acceptance. Safe Passage/Camino Seguro will not accept gifts of cash or property from a donor if the use of the gift is restricted to the purchase of a life insurance policy on the donor or any other person.

The acceptance of gifts of life insurance policies will be made at the discretion of the Gift Review Committee, who will engage counsel and will review such gift offers and make decisions on a case-by-case basis.

C. Retirement Plans

Safe Passage/Camino Seguro will encourage donors to consider naming Safe Passage/Camino Seguro as the beneficiary of qualified retirement plans, such as pensions, 401Ks, and IRAs. Donors are encouraged to contact their plan administrator to obtain the necessary beneficiary designation form on which to include their gift to Safe Passage/Camino Seguro.

D. Retained Interest Gifts

Life Income Gifts, such as charitable remainder unitrusts, charitable remainder annuity trusts, charitable lead trusts, and charitable gift annuities, in which donors retain an interest, may be accepted by Safe Passage/Camino Seguro at the recommendation of the Gift Review Committee. Safe Passage/Camino Seguro will work with donors, their financial advisors and other managers of life income gifts, to find the right vehicles to advance both the donor's and Safe Passage/Camino Seguro's interests. Before accepting life income gifts, the Gift Review Committee will review factors such as whether these gifts are in keeping with the mission and policies of Safe Passage/Camino Seguro, whether Safe Passage/Camino Seguro can fulfill the donor's wishes, and whether such gifts present liabilities that outweigh their benefits to Safe Passage/Camino Seguro.

VI. Business Collaborations

A. Business Collaborations Defined

Business collaborations include any arrangement or venture of any kind with a business of any kind, whether a corporation, partnership or individual, in which any of the revenues of the business or venture inure to Safe Passage/Camino Seguro, including but not limited to joint advertising or other arrangement in which the name or logo of Safe Passage/Camino Seguro is used in connection with the business operation.

B. Standards

The Committee shall consider the following factors in determining whether to recommend that the Board agree to such arrangement:

1. Whether the nature of the product or service will adversely impact the public image or mission of Safe Passage/Camino Seguro.
2. Whether the business reputation or the past practices of the proposed business collaborator are consistent with the public image or mission of Safe Passage/Camino Seguro.
3. Whether the business collaborator proposes a restriction on the funds generated and, if so, whether such restrictions are consistent with the mission, plans and policies of Safe Passage/Camino Seguro.

Addendum A

The Donor Bill of Rights

Philanthropy is based on voluntary action for the common good. It is a tradition of giving and sharing that is primary to the quality of life. To ensure that philanthropy merits the respect and trust of the general public, and that donors, prospective donors and business collaborators (hereafter jointly referred to as “donors”) can have full confidence in Safe Passage/Camino Seguro we declare that all donors have these rights:

- I. To be informed of Safe Passage/Camino Seguro’s mission, of the way Safe Passage/Camino Seguro intends to use donated resources, and of its capacity to use donations effectively for their intended purposes.
- II. To be informed of the identity of those serving on the Safe Passage/Camino Seguro board of directors, and to expect the board to exercise prudent judgment in its stewardship responsibilities.
- III. To have access Safe Passage/Camino Seguro’s most recent financial statements.
- IV. To be assured their gifts will be used for the purposes for which they were given.
- V. To receive appropriate acknowledgement and recognition.
- VI. To be assured that information about their donation is handled with respect and with confidentiality to the extent provided by law.
- VII. To expect that all relationships with individuals representing Safe Passage/Camino Seguro will be professional in nature.
- VIII. To be informed whether those seeking donations are volunteers, employees of Safe Passage/Camino Seguro or hired solicitors.

[Note: This deletion is made because SP/CS does not share donor lists.]

- X. To feel free to ask questions when making a donation or proposing a business collaboration and to receive prompt, truthful and forthright answers.

Approved by the Board: January 17, 2013

Revised: January 16, 2019