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 and prospective donors can have full confidence in the nonprofit organizations and causes they are asked to support, we declare that all donors have these rights:

1. To be informed of the organization's mission, of the way the organization intends to use donated resources, and of its capacity to use donations effectively for their intended purposes.
2. To be informed of the identity of those serving on the organization's governing board, and to expect the board to exercise prudent judgment in its stewardship responsibilities.
3. To have access to the organization's most recent financial statements.
4. To be assured their gifts will be used for the purposes for which they were given.
5. To receive appropriate acknowledgement and recognition.
6. To be assured that information about their donation is handled with respect and with confidentiality to the extent provided by law.
7. To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature.
8. To be informed whether those seeking donations are volunteers, employees of the organization or hired solicitors.
9. To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share.
10. To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.
GIFT ACCEPTANCE AND RECOGNITION POLICIES

Table of Contents
I. Introduction
II. Purpose of Policy and Procedure
III. General Guidelines for Gift Acceptance
   A. Cash
   B. Donor-Advised Funds
   C. Tangible Personal Property
   D. Securities
   E. Real Property
   F. Life Insurance
   G. Bequests
   H. Charitable Remainder Trusts
   I. Charitable Lead Trusts
   J. Retirement Plan
V. General Guidelines for Naming Opportunities and Recognition
   A. Recognition Gift Amount
   B. Policy & Procedure
   C. Named Gift Registry and Permanent Records
   D. Gift Agreements
   E. Timeframe for Pledge Gifts
   F. Named Gift Approval Process
   G. Recognition Signage and Displays
   H. Endowed Positions
   I. Endowed Program Funds
   J. Buildings & Structures
   K. Rooms within and Structures and Adjacent Areas
   L. Special Naming and Memorial Opportunities
   M. Customary Length of Time for Display of Naming Opportunities
   N. Named Spaces Transition Guidelines
   O. Recognition for Equipment, Materials, Supplies and Construction Related Gifts
VI. Soliciting Gifts
   A. General Policies
   B. Soliciting Funds from Events
VII. Gift Processing and Crediting
   A. Gift Processing
   B. Documentation Requirements
   C. Reporting Requirements
   D. Calendar Year-End Procedures
   E. Fiscal Year-End Deadlines
VIII. Gift Receipting and Acknowledgment
   A. Tax Receipts
   B. Gift Acknowledgments
IX. Policy Exceptions
   A. General Exceptions
   B. Exceptions for Completed Gifts and Gifts under Negotiation
   C. Reviewing Gifts for Conformity
X. Miscellaneous
Attachments

Attachment 1: Donor-Advised Fund Policy
Attachment 2: Spending Policy
Attachment 3: Volunteer In-Kind Expense
I. Introduction

American Brain Foundation ("ABF") is a nonprofit organization organized under the laws of the State of Minnesota exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986. The ABF is registered to accept gifts in all 50 states, and actively seeks support from both the private and public sector to further and fulfill its charitable mission of funding research to cure brain disease. The following policies are set forth: (a) to define the working rules for the acceptance of gifts and pledges to ABF; (b) to inform donors and prospective donors of these policies; (c) to protect ABF and its staff and volunteers from inappropriate or undesirable gifts and pledges; and (d) to provide guidelines for naming opportunities and recognition. In appropriate circumstances, the ABF will consider other donor arrangements.

II. Purpose of Policy and Procedure

Members of ABF’s Board of Directors have a fiduciary duty to assure that ABF’s assets are used efficiently and are protected from potential liabilities and diversion to purposes other than those that further ABF’s mission, that ABF’s tax-exempt status is maintained and protected, and that no gift is solicited or accepted that would threaten the financial, legal, or reputational status of ABF’s.

Under authority from the Board of Directors, ABF’s Executive Director and staff are responsible for ensuring that all gifts, whether they be current or deferred gifts from individuals, corporations, foundations or other organizations, support the growth, mission and purpose of ABF, are solicited and accepted in accordance with this Gift Acceptance Policy, with ABF’s other applicable organizational policies and in compliance with applicable state and federal law and regulation.

ABF’s Executive Director, or his or her delegate, will properly screen, negotiate, accept, reject and acknowledge all gifts. When appropriate, and in accordance with ABF’s organizational policy and governing documents, the Executive Director may refer a gift to the Board of Directors for review and a decision to accept or reject such gift.

The ABF Board of Directors and staff solicit current and deferred gifts from individuals, corporations, and foundations to secure the future growth and mission of ABF. The provisions of these policies shall apply to all gifts received by ABF for any of its programs and services.

III. General Guidelines for Gift Acceptance

A. Solicitation and Referral: Any formal solicitation of gifts for ABF will be made by authorized representatives and/or ABF staff and in accordance with these Gift Acceptance and Recognition Policies, and any other applicable policies of ABF. All employees, representatives or friends of ABF are encouraged to refer any prospective donor to the Executive Director or the Development Office.

B. Gift Size: All gift and pledge commitments, regardless of size, designation, or gift type will be respectfully considered and gratefully accepted except in the instances where a gift may be contrary to ABF’s best interests, or outside the scope of ABF’s mission. Certain size limitations may, however, apply to certain designations of gifts (e.g., designations as endowed funds or donor-advised funds), as described in policies
applicable to those designations. Further, ABF reserves the right to accept or reject any gift. ABF will provide all possible staff and volunteer assistance to potential donors to discuss ABF’s priorities, the donor’s interest, and the various ways to give.

C. **Restricted/Unrestricted Gifts:** ABF accepts both restricted and unrestricted gifts if the Board of Directors determines that the conditions can be agreed to by ABF. Restricted gifts will only be accepted if they support the outlined objectives of the current campaign or specific fundraising initiative. Further, acceptance of restricted gifts imposes fiduciary and administrative responsibilities on ABF to ensure that the funds are used for the purpose(s) for which they were given. Therefore, ten (10) percent of each restricted gift will be used to fund the core operations which make restricted programs possible. Additionally, before accepting a restricted gift, ABF must ensure that the restrictions can be enforced and will be used in accordance with the terms and conditions of the gift, and that reasonable provisions are made if that purpose proves too restrictive or the funds cannot be so applied. Additionally, before accepting a restricted gift, ABF must certify that the following criteria have been met:

i. ABF can comply with the restrictions of the gift and still use the gift in furtherance of its mission, purposes and priorities;

ii. ABF can comply with the restrictions of the gift in a reasonable and cost-efficient manner; and

iii. Acceptance of the gift will not result in, or create the appearance of, any private benefit.

ABF will not accept gifts that violate the terms of ABF’s governing documents, gifts that are too difficult to administer, or gifts that are for purposes outside the mission of ABF. In order to meet the costs of proper management and accounting of the funds and the monitoring of compliance with the donor’s restrictions, a portion of every restricted gift may be reserved to meet those costs.

D. **Designation of Gifts:** Gifts to ABF should be made in the name of “American Brain Foundation” and will be received, held and administered under the direction of the Board of Directors. All gifts to ABF should be directed to the Development Office.

E. **Interest of Donor:** The interests of the prospective donor will be a primary consideration with respect to any gift to ABF. Employees of ABF will provide information to the donor concerning planning techniques available to achieve the donor’s charitable goals.

F. **Confidentiality:** All information concerning donors and prospective donors will be confidential. No information will be released (distributed, sold, or shared) to the general public without securing the prior written or electronic permission of the donor. All donative instruments will be deemed confidential to the extent permitted by law. However, a donor may authorize public announcement of any feature of an agreement. All donors will be acknowledged in the ABF Annual Report unless they exercise the option—explained in the letter acknowledging their gift—to direct how they prefer to be listed or if they prefer to remain anonymous. All files will be made available to the Internal Revenue Service (the “IRS”) if required or advisable with respect to any IRS audit. Donors will be notified of any such request and informed as to the materials provided via copy of the transmittal letter. All other requests for information will be honored only if the donor approves the release of information, or if current law requires release of the information.
G. **Independent Legal/Tax Advice:** Donors will be encouraged to secure the advice of independent legal and/or tax counsel as well as speak with financial advisors in matters relating to their gifts. ABF will not provide advice about the tax, legal implications or other treatment of gifts. Communications aimed at donors, including but not limited to brochures and the ABF website, will contain an express disclaimer to this effect, such as the following: “The American Brain Foundation does not provide tax or financial advice; please consult your own professional advisor concerning any donation.” Any alternative language for a disclaimer must be approved by the Executive Director or her/his designee.

H. **Pledges:** Pledges will be made in writing and commit to a specific dollar amount that will be paid according to a fixed time schedule. The recommended maximum pledge period is five years. Individuals making gifts and pledges that are eligible for matching gifts are encouraged to utilize these programs to maximize the value of their gift or pledge to ABF.

I. **Acknowledgement/Recognition:** ABF will acknowledge and recognize all gifts appropriately according to its gift acknowledgement plan and procedures and as further described in these Gift Acceptance and Recognition Policies. Requests for donor’s anonymity will be honored to the extent permitted by law.

J. **Use of Legal Counsel:** ABF shall seek the advice of legal counsel in matters relating to acceptance of gifts when appropriate. Review by legal counsel is recommended for:

   i. Closely held stock transfers subject to restrictions or buy-sell agreements.
   ii. Documents naming ABF as Trustee.
   iii. Gifts involving contracts, such as bargain sales or other documents requiring ABF to assume an obligation.
   iv. Transactions that may invoke IRS sanctions.
   v. Gifts of patents and intellectual property.
   vi. Life insurance.
   vii. Tangible personal property to be used by the ABF and not sold.
   viii. Retirement plans.
   ix. Other instances in which use of legal counsel is deemed appropriate by the Executive Director.

K. **Valuation/Appraisals:** It is the policy of ABF to comply fully with the valuation rules set out in Publication 561 of the Internal Revenue Service and the relevant income, gift and estate tax laws and regulations. Copies of Publication 561 are available at www.irs.gov. The donor is responsible for determining the value of an accepted gift and obtaining any required appraisals. To the extent a donor obtains an appraisal, the donor will provide a copy of such appraisal to ABF for ABF’s records. The ABF will not provide any determination of value and any mention of value by the ABF should not be interpreted as a valuation to be relied upon for tax or other purposes; however, ABF will reasonably cooperate in signing necessary donee acknowledgments required by the IRS for the donor to obtain a tax deduction.

L. **Tax Compliance:** ABF’s policy is to comply with Internal Revenue Service reporting requirements and all other aspects of state and federal tax law.
M. Designation of Funds. Unless specifically otherwise designated and accepted by ABF as so-designated, all gifts to ABF will be designated for ABF’s general fund, or as otherwise determined by the Executive Director. Alternative designations may include, for example, endowed funds or donor-advised funds. Alternative designations may be subject to additional requirements. Donor-advised funds are subject to the requirements of the Donor-Advised Fund Policy attached as Attachment 1. If the donation is earmarked by the donor for a specific project on the ABF crowd funding site, or specified in a written donor agreement to be designated for a specific purpose that purpose shall govern.

N. Gift Agreements. Gift agreements for restricted gifts are key mechanisms to help ensure that both the donor and ABF have come to a mutual understanding of the terms and conditions of a donor’s gift, including the intent in making the gift and any restrictions placed on the use of the gift, and ABF’s acceptance and use of the gift, including the ability or inability to make modifications to the gift upon the occurrence of particular events or circumstances. Donors must direct any gifts for restricted purposes in writing. Written gift agreements are required for donor-advised funds, endowed funds, and for all gifts of $50,000 or more. ABF will work with a prospective donor and his or her advisors to develop a written gift agreement that will include, but is not limited to: (i) explicitly addressing the donor’s intent, (ii) specific, realistic and measurable restrictions on ABF’s use of the donation, if any, (iii) addressing ABF’s use of the funds over time, including specifying changes which may be made depending on future developments (e.g., the size of the gift falls below a set level or the purpose of the gift is no longer achievable or of strategic important to ABF, (iv) an agreement that once the gift is made to ABF, the funds do no longer belong to the donor and may not be administered or directed by the donor, etc. Any questions regarding the appropriateness of particular terms and conditions stipulated by a donor should be referred to the Executive Director.

IV. Gifts Accepted by ABF

A. Cash
ABF staff has the authority to accept all gifts in the form of currency, credit cards, and checks in any amount. Credit card gifts will be accepted. In order to ensure prudent financial controls and compliance with IRS receipting requirements, gifts of $250 or more should be given in forms other than currency (e.g., checks, money orders, wire transfers). Checks or money orders should be made payable to “American Brain Foundation”, shall properly identify the donor or donors and be delivered to ABF’s offices. Wire and electronic fund transfers can be arranged with ABF’s Executive Director or the Executive Director’s designee.

B. Donor-Advised Funds and Other Third Party Gifts
Gifts made through a donor-advised fund or other third party will be reported and counted as coming from the organization making the gift, not the individual who recommended the gift (i.e., gifts made through a donor-advised fund will be

---

1 Note that this section discusses acceptance by ABF of gifts made from a donor-advised fund. Establishment of a donor-advised fund with ABF is separately discussed in ABF’s Donor-Advised Fund Policy, attached to these Gift Acceptance and Recognition Policies as Attachment 1.
reported and counted as coming from the charity that holds the donor-advised fund, and gifts made through a third party will be reported and counted as coming from the third party). However, ABF will acknowledge that an individual made a recommendation for a distribution from a donor-advised fund account or other third party upon receipt of the gift from the charity that holds the donor-advised fund or other third party.

C. Tangible Personal Property
Gifts of tangible personal property include gifts of works of art, manuscripts, literary works, personal papers, stamp collections, rare coins, books, jewelry, gemstones, home furnishings and appliances, boats, motor vehicles, and computer hardware. ABF staff has the authority to accept certain types of tangible personal property as set forth below, while some types require approval of the executive committee of the Board of Directors.

Title to tangible personal property should be transferred directly to ABF. ABF staff will be responsible for reporting the receipt of such gifts to the donor following ABF's standard gift reporting procedures. It is the responsibility of donors to ensure that they have appropriate ownership interests to make gifts, and they must sign a certification stating that they do have such rights upon making gifts of tangible personal property.

ABF will consider gifts of tangible personal property only after a thorough review indicates that the property is:
   i. Readily marketable; or
   ii. Needed by ABF for use in a manner which is related to one of the purposes for which tax-exempt status of ABF was granted.

ABF staff will consult with the appropriate administrator to determine if the property can be put to a related use by ABF. Once this determination is made, ABF staff will inform the donor if the item will be put to a related use or be liquidated.

ABF reserves the right to sell or otherwise dispose of any property that the Board determines at a later date is no longer needed by ABF.

ABF staff has the authority to accept certain types of Gifts-In-Kind ("GIK") including tickets to events, catering, floral arrangements, computers and computer software, and items for auction. Such gifts may be sent directly to ABF, subject to the approval of ABF staff.

The gift will be completed by the execution and delivery of a deed of gift or other appropriate conveyance acceptable to ABF, and the delivery of the property, as applicable. The costs associated with the conveyance and delivery of the gift will be paid by the donor unless otherwise approved by the Executive Director. ABF is not liable for any damage to property while in transit to ABF.

If a proposed gift of tangible personal property is approved, ABF will acknowledge receipt of the gift as soon as possible, but no more than 5 business days from receipt thereof.
Acknowledgement letters should specifically identify the donated item(s) and state that the items received support ABF’s mission, without referencing the cash value thereof. The letter must also either state: “No goods, services or privileges were exchanged in association with this in-kind donation,” or, if goods services or privileges were exchanged, a stated value thereof.

An individual who incurs out-of-pocket expenses associated with giving of services may be able to deduct some of those expenses. Allowable items include unreimbursed expenses directly connected with the provision of the services, which must be requested by ABF. Deductible travel expenses include air, rail or bus transportation, out-of-pocket car expenses, taxi fares or other transportation costs between the airport/station and hotel; lodging costs, costs of meals. Acknowledgment from ABF for out-of-pocket expenses must be approved by ABF. Such acknowledgment will only be given if the volunteer submits the Volunteer In-Kind Travel Expenses Form attached to this Gift Policy as Attachment 3. Gifts of professional services or time freely given or use of private property, such as rent-free use of a home, office, piece of equipment or commercial property, are not generally accounted with a monetary value because IRS regulations do not recognize such gifts.

D. Securities

Publicly Traded Securities. ABF staff has the authority to accept all gifts of securities which are traded on an exchange or other publicly reported market and on which there are no restrictions hindering subsequent sale of the securities. Such securities will be sold by ABF immediately upon receipt. The donor must provide a letter from their financial advisor/broker that there are no encumberances or claims by a third party or if such a letter is unavailable must sign a certification to this effect. Employees, agents or volunteers of ABF may not represent to a donor that a particular security will be held for investment unless this arrangement has been approved in advance by the Executive committee.

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 Board of Directors. Such gifts, however, must be reviewed prior to acceptance to determine that:

i. there are no restrictions on the security that would prevent ABF from ultimately converting it to cash;

ii. the security is marketable; and

iii. the security will not generate any undesirable tax consequences for ABF.

If potential problems arise on initial review of the security, further review and recommendation by an outside professional (e.g., legal counsel) may be sought before making a final decision on acceptance of the gift. The Board of Directors, with the advice of legal counsel when necessary, shall make the final determination on the acceptance of closely held securities when necessary. Every effort will be made to sell non-marketable securities as quickly as possible.
E. Real Property
All gifts of real property are to be processed through ABF staff. Gifts of real property are defined as gifts of land, physical property together with all improvements and fixtures thereon, easements, rights-of-way and appurtenances attached thereto, and all liens, encumbrances (other than mortgages), and restrictions thereon. Such a gift will be evaluated for its potential for immediate or future sale or for retention and will be accepted if proceeds can be realized in a timely manner relative to the expenses and efforts required to hold, maintain and manage the real property until disposition or, unless there exists an effective direct use of the real property. Title to each gift of real property will be held in the name of ABF. At initial contact or during cultivation, potential donors should be advised that ABF appreciates his/her proposal but that the Executive Committee must review and approve every proposal before conveyance. Acceptance of gifted real property may represent potential significant risk to charities. Review, therefore, includes full due diligence as well as financial reviews. Any donated property must be free of any monetary obligation to ABF at the time the gift is made.

ABF staff must receive a current appraisal, which donor shall obtain from a qualified appraiser, of the fair market value of the real property before the proposed gift can be approved. ABF staff will inform the donor that, if the gift is completed, the IRS will require that this appraisal be made within sixty days of the date of gift. The donor will incur the cost of the appraisal; ABF may assist the donor in identifying a qualified appraiser. Under certain circumstances at its sole discretion, ABF may obtain its own independent appraisal in addition to that provided by the donor. A minimum estimated value of $25,000 is generally required for real property to be considered. ABF staff must understand and communicate to the donor that it is standard policy to dispose of all gifts of real property as expeditiously as possible. Generally, the donor should not place terms or restrictions on the real property regarding its use or subsequent sale by the. If the donor requires terms or restrictions imposed on the use or subsequent sale of the real property, such limitations must be considered by the appraiser for purpose of valuation and must be approved by the Executive Committee. Furthermore, regardless of the value placed on the real property by donor’s appraisal, ABF staff will explain to the donor that the parcel will be sold at a reasonable price in light of current market conditions and that any such sale occurring within three years of the date of gift will be reported to the IRS.

A preliminary title report, by an insured title insurance company, is required within a reasonable time prior to the gift conveyance showing all liens and encumbrances. The existence of any and all liens and encumbrances including mortgages, real estate contracts, and deeds of trust, restrictions, reservations, easements, leases, mechanics liens and other limitations of record must be disclosed. No gift of real property will be accepted until all mortgages, deeds of trust, liens and other encumbrances have been discharged, except in very unusual cases where the fair market value of ABF’s interest in the real property, net of all encumbrances, is substantial. Generally, any debt on the real property should not exceed 50% of fair market value. Gifts of mortgaged or encumbered real property will not be accepted unless:

i. a clear potential for gain can be demonstrated; and
ii. a source of funds to meet all operating expenses and payment requirements is dedicated to that purpose; and
iii. terms of the mortgage or the encumbrance are acceptable to the
Executive Committee.

Other relevant considerations for acceptance of real property include:

i. Is the property useful for the purposes of ABF?

ii. Is the property marketable? An estimate should be obtained from a reputable broker local to the area where the property is situated, in writing, as to estimated time to sell the property and what steps they recommend be taken to prepare the property for sale. If preliminary steps are recommended the ABF should consider whether the acceptance of the property should be conditioned upon the donor making or funding those steps.

iii. Are there any restrictions, reservations, easements, or other limitations associated with the property?

iv. Are there carrying costs, which may include insurance, property taxes, mortgages, or notes, etc., associated with the property?

v. Does the environmental audit reflect that the property is not damaged?

The title expense will be obtained at the donor’s expense. The existence and amount of any carrying costs, including but not limited to property owners’ association dues, country club membership dues, utilities, gardening expenses, transfer charges, taxes and insurance, must be disclosed. It may be prudent for ABF to obtain its own independent appraisal where high potential carrying charges are involved. Whenever possible, the donor should be encouraged to contribute funds for the management of the real property until disposition occurs.

F. Life Insurance

All gifts of life insurance are to be processed through and by ABF staff with assistance, if needed, from the ABF Executive Committee. ABF will accept outright gifts of life insurance policies, including whole life and universal life policies which meet the following three criteria:

i. The policy is a life insurance policy which is paid-up.

ii. If not paid-up as of the date of gift: (I) has a minimum face value of $50,000; and (II)said policy comes with a written pledge of a charitable contribution from a donor to ABF in a total amount which equals or exceeds the total premiums due, and with pledge payments scheduled so as to equal or exceed each policy premium payment as that payment becomes due. This written pledge also will acknowledge the resulting rights of ABF to cash-in the policy, or exercise any other rights of ownership, and apply the proceeds of the same for the benefit of ABF in accordance with an existing endowment agreement, if any; and if there is no endowment agreement in effect, or if minimum funding levels for the same are not attained with the proceeds, then the pledge will provide that the proceeds will be applied for the benefit of ABF as ABF may deem appropriate, giving due consideration to the intent of the donor.
iii. Is a policy issued by an insurance company rated A+ or above by A.M. Best Company, or a comparable rating from Moody’s or Standard & Poors;
iv. ABF is designated as the owner and the beneficiary of the policy.
v. If intended for endowment purposes, the face value of the policy must meet the minimum funding standards for endowments established by the Board and in effect at the time of the gift of the policy. ABF staff needs to be aware that the actual funding of an endowment funded with the proceeds of life insurance takes place following the death of the insured, and the minimum funding requirements that are in effect at the time of the insured’s death will govern whether there are sufficient death benefits to fund such endowment for its stated purpose(s).
vi. Illustrating proposals must show a maximum of a 5-year premium payment period. (any payment period of less than 5 years will be accepted.)
vii. Illustrating proposals must use projections at 100 basis points below the company’s current credit or dividend rate.
viii. For universal life policies, a secondary guarantee or its equivalent is preferred.
ix. For whole life policies, original illustrations must be to age 100, based on current assumptions.
x. Generally, variable or indexed life insurance policies and term life insurance policies will not be accepted. Special circumstances may be given specific consideration.
xii. ABF will consider the acceptance of an insurance policy that does not meet the guidelines if the Executive Director or designee approves the proposal based on a review of, among other things, the pledge agreement with the donor confirming the donor’s understanding of his or her obligation to ABF, including the need to fund future premiums, ensuring that the policy remains in force until the death of the donor. Or, if the policy lapses, to fund the committed amount from sources other than the insurance policy proceeds.

G. Bequests
The most common and simplest form of planned giving, a bequest, is a gift of property that is made through a donor’s will or living trust. No funds are transmitted to or irrevocably pledged to the charity until after the death of the donor and the donor’s estate will not owe any estate tax on the amount of the charitable bequest. ABF will not prepare wills, living trusts or related documents, but may provide appropriate bequest language for final approval by a donor’s attorney. ABF will keep files on bequests during the donor’s life, however they will not be applied as cash contributions and will only be officially recorded when they become irrevocable.

ABF will encourage estate gifts to be made without restriction, since specific restrictions become inactive or non-existent over time. ABF reserves the right to decline restricted estate gifts. Upon the donor’s request, ABF will provide language to assist in establishing a restricted estate gift. The sample language will include the following: “This designation represents a preferred use for these funds and is not an absolute restriction. Should the exact designation cease to be effective or practicable before or after the gift is received by ABF, the Board is authorized to use this gift in an alternative way consistent with the general intent of this designation.” Gifts
received where ABF had no prior knowledge of the amount or nature of the gift will be treated as if the language above had been included, unless legally impossible. Such estate gifts will not be recorded as gifts to ABF 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.

H. Charitable Remainder Trusts
A charitable remainder trust is a legal entity created by the donor pursuant to which the trustee of the trust invests the trust assets and makes fixed or variable payments to the named beneficiaries for life or a term of up to 20 years. The donor may designate the use of the remainder interest of the trust which will become available at the end of the term. ABF may accept designation as remainder beneficiary of a charitable remainder trust with the approval of the Board of Directors. ABF will not accept appointment as Trustee of a charitable remainder trust. Gifts established through a charitable remainder trust at ABF may be restricted with the approval of the Board of Directors. ABF will encourage unrestricted planned gifts, since specific restrictions become inactive or nonexistent over time. ABF reserves the right to decline restricted future gifts from planned giving instruments. Acceptance will rely in part on inclusion of the language in the instrument, which reads: “This designation represents a preferred use for these funds and is not an absolute restriction. Should the exact designation cease to be effective or practicable before or after the gift is received by ABF, the Board of Directors is authorized to use this gift in an alternative way consistent with the general intent of this designation.” Gifts distributed to ABF where ABF had no prior knowledge of the gift instrument or its restriction will be handled on a case-by-case basis. The minimum gift to establish a charitable remainder trust is $100,000.

Two basic types of charitable remainder trusts qualify for federal tax benefits. In both arrangements, a donor gives stock, cash, or other assets to a trust. Those assets are invested and produce income for the donor or other beneficiary – either for a fixed period of time or until the beneficiary dies. The donor is allowed to claim a tax deduction for the estimated portion of the assets that will ultimately go to charity. When the donor dies, the charity keeps all remaining assets.

i. Unitrusts. For a standard unitrust, the donor receives one or more yearly payments equaling a fixed percentage of the value of the asset. The value is determined each year. Under a net-income unitrust, the donor receives only the income earned by the trust if the trust earns less than the payout rate. However, the trust can be set up to include a “make-up provision,” which allows donors to make up the lost income, provided the trust earns more than the payout rate in future years. A Flip unitrust begins as a net-income trust and then flips to a standard trust at a later date.

ii. Annuity Trusts. The donor receives a yearly fixed payment of the value of the asset at the time the trust agreement was signed.

Donors may have the potential of an income tax deduction and potentially avoid capital gains taxes through making such gifts, but in each and every instance, the donor must seek the advice of counsel from a certified public accountant, attorney and/or financial consultant. Many donors find the trusts an appealing way to prepare for retirement. The assets can be invested to earn a lower rate of return when the donor is younger and then shifted to earn a higher rate of return, and thus provide more income, during a donor’s later years.
If the donor has not reserved the right to change charitable beneficiaries of the trust, ABF will record the fair market value of a charitable remainder trust upon establishment. If the donor has reserved the right to change charitable beneficiaries, ABF cannot record the trust until the death of the donor, although ABF staff should maintain records of known trusts and estimated value of its interest. A portion of a trust established during a campaign may be recorded for purposes of campaign totals, depending on criteria for the campaign.

In all cases of a CRT, the ABF must have outside counsel review the governing instrument if possible and shall have a financial adviser or CPA review the funding and payment provisions of the CRT as to the possible implications of the gift to the ABF.

1. Charitable Lead Trusts
   A charitable lead trust is a legal entity created by the donor pursuant to which the trustee of the trust invests the trust assets and makes fixed or variable payments to charity for a measuring lifetime or term of years. At the end of the term the remaining trust assets are returned to the donor’s named beneficiaries. The donor may designate the use of the charitable gifts from the lead trust. ABF may accept designation as an income beneficiary of a charitable lead trust with the approval of the Board of Directors. ABF will not accept appointment as Trustee of a charitable lead trust. Gifts established through a charitable lead trust at ABF may be restricted with the approval of the Board of Directors. ABF will encourage unrestricted planned gifts or unrestricted planned gifts to the ABF endowment fund, since specific restrictions become inactive or nonexistent over time. ABF reserves the right to decline restricted future gifts from planned giving instruments. Acceptance will rely in part on inclusion of the language in the instrument, which reads: “This designation represents a preferred use for these funds and is not an absolute restriction. Should the exact designation cease to be effective or practicable before or after the gift is received by ABF, the Board of Directors is authorized to use this gift in an alternative way consistent with the general intent of this designation.” Gifts distributed to ABF where ABF had no prior knowledge of the gift instrument or its restriction will be handled on a case-by-case basis. The minimum gift to establish a lead trust is $100,000.

A charity receives payments of a fixed percentage of the underlying assets for a specified time, after which the asset is transferred back to the donor or to the donor’s heirs. Annuity and unitrust options are available. Charitable lead trusts come in three basic formats and can be designed to achieve a number of objectives. The three varieties are as follows:

i. Qualified Grantor Trust. A “qualified grantor charitable lead trust” meets the technical requirements necessary for the grantor to receive an income, estate and gift tax charitable deduction for donating the asset to the charitable trust. The donor will be taxed on the trust income and will receive no further income tax deduction for the annual distributions from the trust to the charity.
ii. Qualified Nongrantor Trust. A “qualified nongrantor trust” is similar to a qualified grantor charitable lead trust, with one key exception. Here, a donor will receive a gift and estate tax charitable deduction but will not be eligible for an income tax charitable deduction. This alternative is suited to a situation where a donor’s primary objective is to reduce the transfer tax on the transfer of the charitable remainder to the other beneficiaries.

iii. Nonqualified Grantor Trust. A “nonqualified grantor charitable lead trust” does not generally qualify for an income or transfer tax charitable deduction. The donor remains taxable on the trust income and the grantor will take a charitable income tax deduction each year the trust gives income to the charity. This alternative is designed to provide a donor with maximum flexibility.

A lead trust can reduce gift and estate taxes or provide a charitable deduction for the donor. Charitable lead trusts are most appealing to ultra-wealthy donors who want to pass appreciated assets to their heirs without paying a substantial amount in transfer taxes. Staff should be aware that the current transfer tax exemption is $5,490,000 (2017), that amount is inflation adjusted and there are proposals to repeal the estate and generation-skipping transfer tax. The donor pays a gift tax on the asset when it is placed into the trust; after that it can grow tax-free. At the end of a specified period, the asset is returned to the donor’s heir or heirs, who do not have to pay any additional taxes. In each and every instance, the donor must seek the advice of counsel from a certified public accountant, attorney and/or financial consultant.

ABF should record the regular payments that are received from the charitable lead trust as current gifts. ABF staff should maintain records of known charitable lead trusts and estimated value of ABF’s interest (estimated future payments from the trust.) A portion of future payments from the trust established during a campaign may be recorded for purposes of campaign totals, depending on criteria for the campaign.

J. Retirement Plan
Almost any personal account, including Individual Retirement Accounts and qualified pension and profit-sharing plans, may be considered retirement savings. Gifts from these plans may be established by sending a new beneficiary designation to the plan administrator. ABF encourages donors to consider naming ABF as a beneficiary of residual amounts that remain in a retirement plan following the death of the retiree and surviving spouse. It is important to note that accepting gifts of retirement plans may involve legal issues, including but not limited to requirements related to spousal consent.

V. General Guidelines for Naming Opportunities and Recognition

These policies and procedures set forth guidelines for gift naming opportunities, the recognition of major gifts at ABF, and define the procedures for acceptance of gifts to this end. Additional rules regarding establishing and naming and recognition of donor-advised funds established with ABF are addressed in ABF’s Donor-Advised Fund Policy attached hereto as Attachment 1.

A. Recognition Gift Amount
With the few exceptions contained in this policy, the minimum gift requirement for a naming opportunity at ABF is $50,000

B. Policy/Procedure
Significant gifts to ABF may provide opportunities for donors to designate the name of a physical space, endowment fund, donor-advised fund, or other item in honor/memory of the donor or another individual or entity of the donor’s choosing. The acceptability of these gifts is based on the following: the usefulness and inspirational value to ABF; the physical or aesthetic enhancement of ABF; and the contribution to the heritage and reputation of ABF.

Gifts in support of naming opportunities are deductible only in accordance with IRS guidelines. Costs associated with materials and other operational expenses to create donor recognition systems, signage, or plaques will be paid by the gift from the donor. The ABF Executive Committee shall be the authoritative body to approve all naming opportunities.

C. Named Gift Registry and Permanent Records
ABF shall at all times maintain records of all named gifts including: the amount of the gift, the full and complete name that is to be displayed, the current location of the opportunity, the donor’s name and current contact information, if applicable. From this list shall be generated a current listing of all available named gift opportunities that shall be reviewed by the Board annually, throughout the campaign, to determine if the opportunity remains valid and if the gift amount remains appropriate or should be adjusted.

D. Gift Agreements
Each named gift should be accompanied by a gift agreement that has been approved and signed by the donor or designated donor representative(s) and the appropriate ABF representative(s). Each gift agreement specifies the pledge period to reach the funding level, the purpose of the gift, and any restrictions within ABF guidelines, as to distribution from the fund. That agreement should contemplate reasonably foreseeable changes that might affect the naming so that disputes with the donor or the donor’s heirs in the future can be avoided to the extent possible.

E. Named Gift Approval Process
The Board has final approval for all naming opportunities. However, to streamline the approval process, the Board authorizes the Executive Director of ABF to act as coordinator of gift agreements and naming designations. The Board authorizes the Executive Director, as appropriate and upon recommendation by the Donor, to make decisions regarding naming opportunities not covered by this policy for gifts under $50,000. For gifts above $100,000, the Chair of the Board, upon recommendation by the Donor, will make recommendations to the ABF Board of Directors with regard to any decision to name a physical structure at ABF.

F. Recognition Signage and Displays
Appropriate and tasteful recognition signage will be provided for named gifts. Plaques and signage will be selected by the Donor and Campaign Committee and prepared by ABF staff. Donors of $100,000 or more who have reserved a naming opportunity on the outside of a building will be consulted during the design process. Other donors may be consulted on a case-by-case basis at the discretion of the Donor.
G. Endowed Program Funds
   Endowment funds may be used to establish a special endowment fund or may be 
   added to an existing endowment fund that is managed by ABF. Endowed program 
   funds will be referred to by the name established by the donor, in support of a 
   program. Funds may be named for an existing program or, with the approval of the 
   ABF Executive Director, a new or proposed program. For obvious reasons, all named 
   endowed program funds must have approval of the ABF Executive Director prior to 
   acceptance of the gift. Endowment funds are subject to special spending 
   requirements in ABF’s Spending Policy, which is attached hereto as Attachment 2. 

   ABF generally requires a minimum of $100,000 to establish an endowed fund, though 
   the Board of Directors may determine that a different amount is appropriate in a 
   particular circumstance. If a non-endowed fund is begun at a level below $100,000, it 
   is able to become a named endowment when it reaches $100,000 should the donor 
   so desire. 

   Endowed funds begun before the effective date of this policy, which do not reach the 
   minimum level assigned in the fund agreement within the designated time period, 
   may be terminated by the ABF Board. At the ABF Board’s discretion, the funds may 
   be expended for the area originally specified by the donor or the funds may be rolled 
   into the unrestricted endowment of ABF. In the event the pledge by a donor is not 
   fulfilled, the naming opportunity at ABF may be forfeited. 

H. Buildings & Structures
   Under normal conditions, funds which have been given to name a building, area or 
   structure should be: (a) restricted to the construction or refurbishment of the 
   building or structure and/or (b) be placed in a fund dedicated to the principal use of 
   the building or area. Permanent naming of a building, structure, or area is 
   contingent on the completion of the required gift. The naming of buildings, 
   structures, or areas will be reviewed on a case-by-case basis. 

I. Rooms within and Structures and Adjacent Areas
   Funds that have been given to name an office, work room, conference room, veranda, 
   deck, or other similar space should be: (a) restricted to the construction or 
   refurbishment of the area and/or (b) support the particular department where the 
   space is located. These naming opportunities may be reviewed on a case-by-case 
   basis. Typically, the minimum amount necessary to name an area of this type is 
   $50,000. 

J. Special Naming and Memorial Opportunities
   From time to time, it may be appropriate to create a naming opportunity at ABF for 
   an individual or organization that has not reached the minimum gift requirements 
   outlined in this policy. In these instances, the ABF Executive Director or the Board will 
   review and approve any special naming opportunities. 

K. Customary Length of Time for Display of Naming Opportunities
   Naming opportunities for buildings and spaces within are valid for as long as the 
   space or facility exists or until such time as substantial renovation occurs. Naming 
   opportunities are not transferable. The original donor or their family members may 
   be given first right of refusal on refunding the naming opportunity through a gift at 
   the appropriate level to support its renovation or the construction of a new facility.
Donor walls or plaques listing gifts to a program or endowment fund (anything that’s not a gift to name a space) may be relocated following the review and approval of the Executive Director. Endowment recognition is “in perpetuity” and all recognition plaques shall automatically be relocated to an appropriate space in the museum.

L. Named Spaces Transition Guidelines
Prior to movement of any unit, department, or facility, the Executive Director shall review all naming opportunities contained within. A transition plan for all named spaces, other objects, or places of honor or recognition shall be drafted and presented to the Donor and Executive Committee for review and recommendation for approval by the Board.

All named spaces that are associated with a gift agreement that do not fall within the Customary Length of Time for Display of Naming Opportunities section in this policy manual shall be honored if said agreement stipulates that the naming opportunity is “in perpetuity” or if the Executive Committee determines that there is compelling cause to retain and continue the naming opportunity. Other spaces named in honor or memory of an individual(s) that do not have a specific obligation in a gift agreement may be transferred if:

i. The request or recommendation includes justification such as: donor designation of ABF as a beneficiary in Will, insurance policy, or planned gift; other future gift potential; sentimental value to a department, unit, or program whereby a specific request to maintain and transfer the naming opportunity is made.

ii. It is reviewed with the Executive Director of ABF

iii. It is recommended by the Executive Committee and approved by the Board.

Portraits, artwork, statues and the like may be transferred to new buildings and spaces and displayed in approved areas. Requests to transfer such works must be approved by the appropriate department head who will be responsible for notifying the donor or surviving family members.

If a named space is not transferred to a new building or space, the Executive Director shall consult with the Executive Committee to recommend whether the individual, family, or institution should be notified. The Executive Director and Board Chair must be fully briefed about and approve of the notification strategy.

In the event that a restricted endowment fund ceases to be relevant to its intended purpose at ABF, whether due to changes in technology, discontinuation of program, or substantial change in the mission, ABF shall first follow the conditions set forth in the endowment agreement through their logical conclusion.

If such time has transpired where it is not feasible to honor the conditions set forth in the endowment agreement, the Board shall, at its sole discretion, either designate the fund to another needed purpose or transfer the fund balance into ABF’s unrestricted endowment fund.
M. Recognition for Equipment, Materials, Supplies and Construction Related Gifts
Gifts of equipment or material goods by individuals, corporations and other organizations can have a tremendously positive impact on ABF. However, not all proposed gifts of equipment or material goods fall within the scope of use by ABF in its mission. Therefore, not all proposed gifts are guaranteed acceptance.

Construction related gifts will be reviewed by Executive Director prior to acceptance by ABF. ABF shall, at each instance where a gift is presented, verify with the State of Minnesota what documentation is required under law. Some states require extensive documentation and review of donated materials when they will be used to construct public facilities. In keeping with the gift values established in this policy, the Executive Director of ABF may recommend a naming opportunity be established for the donor.

VI. Soliciting Gifts

A. General Policies. Projects and events seeking to solicit gifts to ABF must be approved by the Executive Director.

B. Raising Funds from Events. All invitations, reply cards, tickets, letters, and other printed materials produced for any fundraising event, sponsored by any ABF chapter, must reflect the fair market value of any benefit to the donor and clearly provide the option for the donor to refuse the benefit. This policy applies to all fundraising events, including those that are donated or underwritten. It also applies if the donor does not attend the event but receives a ticket. Such events include fundraising dinners and special events for fundraising purposes. Items to keep in mind for ABF fundraising events include:

   i. Funds that are used to purchase an item at an ABF sponsored auction at market value are not a tax-deductible gift to ABF.
   
   ii. Any bid amount above market value of the auctioned item is considered a gift. ABF will acknowledge items purchased about above the fair market value of the auctioned item and exceed or equal to $250.
   
   iii. For fundraising events, including auctions, state law should be consulted to determine tax consequences, such as sales taxes that may need to be charged for items sold.
   
   iv. If a donor wishes to make a tax-deductible contribution in connection with the purchase of the auctioned item, a separate check (or credit card document) should be issued to clarify item purchase vs gift.
   
   v. ABF does not provide tax receipts for in-kind donations to volunteer auctions or events.
   
   vi. No invitations, reply cards, tickets, letters, or other printed materials issued in relation to an auction shall indicate or imply that the price paid by a donor for goods purchased at the auction are either fully tax deductible or "to the extent provided by law."
   
   vii. All types of fundraising raffles are considered to be games of chance. Consequently, they are very tightly regulated and each state sets their own rules for fundraising raffles.
VII. Gift Processing and Crediting

A. Gift Processing. Gifts received by ABF must comply with both IRS regulations and ABF policies. IRS Charitable Contributions Guidelines can be found at https://www.irs.gov/publications/ (Publication 526). All gifts to ABF must be processed through American Brain Foundation, 201 Chicago Avenue, Minneapolis, MN 55415.

B. Reporting Requirements. All gifts of $5,000 or more are reported to the IRS on ABF’s tax return and therefore will not be anonymous to the IRS. This will be indicated on the crowd funding site and on brochures distributed to prospective donors.

C. Calendar Year-End Procedures. The following represent ABF’s calendar year-end deadlines:
   
   i. Cash gifts intended for the calendar year must be postmarked by midnight December 31 or the last business day in December. For any cash gifts received between December 31 and January 15 of the following year ABF staff will scan the envelope along with the check or other payment to maintain a record of the post mark of the letter if available.

   ii. Credit card gifts intended for the calendar year must be charged to the donor’s account by 11:59 pm (PST), December 31.

   iii. Securities and mutual fund gifts intended for the calendar year must be received in ABF’s brokerage account by December 31.

   iv. Gifts in-kind intended for the calendar year must be approved and received by December 31.

   v. Gifts of property intended for the calendar year must be approved and required paperwork (title, valuation, etc.) received by December 31.

D. Fiscal Year-End Deadlines. Fiscal year-end deadlines are the same as calendar year-end deadlines.

VIII. Gift Receipting and Acknowledgment

A. Tax Receipts. ABF acknowledges the receipt of all gifts to ABF, regardless of size in writing and in a manner that satisfies the IRS substantiation requirements set forth in IRS Section 170(f) for the deduction of charitable gifts by individual donors. All gifts are acknowledged with an official charitable receipt that includes, at a minimum, the name of the donor, gift amount, gift date and designation of the gift. This document is deemed to be the official acceptance of the gift and its related terms and conditions, as well as official certification of the donation for income tax purposes.

B. Gift Acknowledgements. Acknowledgement of all gifts made to ABF and compliance with the current IRS requirements for receipting of such gifts shall be the responsibility of the Executive Director or designee. Currently, contributions in any
amount made in cash require the donor to retain either: a cancelled check, a receipt (or letter or other written communication) from ABF showing the name of ABF, the date of the contribution, and the amount of the contribution. Furthermore, a gift of $250 or more must be substantiated by a contemporaneous written acknowledgment from ABF. If the value of a non-cash gift is $500 or more, IRS requires donors to file IRS Form 8283 and comply with its regulations pertaining to non-cash charitable contributions.

IX. Policy Exceptions

A. General Exceptions. Exceptions to these Gift Acceptance and Recognition Policies must receive the recommendation of the Executive Director and approval of the Board of Directors. The Board’s Executive Committee acting as the Board of Directors in between regular meetings of the Board, shall be asked to ratify any exceptions approved by the Executive Director occurring since the last Board meeting.

B. Exceptions for Completed Gifts and Gifts under Negotiation. Gifts made through estate plans that have been properly executed prior to the date of this these Gift Acceptance and Recognition Policies, and gifts already received by ABF are grandfathered in under this these Gift Acceptance and Recognition Policies. Gifts under negotiation at the time this these Gift Acceptance and Recognition Policies are adopted need not conform to these Gift Acceptance and Recognition Policies but will be accepted based upon the spirit of these Gift Acceptance and Recognition Policies and the specific terms negotiated with the donor.

C. Reviewing Gifts for Conformity. Gifts established with a written agreement shall be reviewed periodically, and action taken to conform the gift agreement to current law and ABF organizational policy when necessary or appropriate for the well-being of ABF. Donors are responsible for conforming gifts where ABF is not the trustee or gift manager.

X. Miscellaneous Provisions

A. Authority to Negotiate. The Board of Directors authorizes the Executive Director or his/her designee to negotiate on behalf of ABF acceptable gifts (other than cash and listed securities). Gifts negotiated by the Executive Director or his/her designee must be in consonance with these Gift Acceptance and Recognition Policies. The Board authorizes the Executive Director and his/her designee working through the planned giving program, and any advisor or outside counsel deemed necessary, to negotiate life income gifts, including charitable remainder trusts, charitable lead trusts, and gift annuities, both inter vivos and through estate planning.

B. Securing Appraisals and Legal Fees for Gifts to ABF. It will be the responsibility of the donor to secure an appraisal, environmental review, assessment or remediation (each where required) and independent legal counsel for all gifts to ABF. The ABF crowd funding site, website and brochures shall include a caveat to this effect.

C. Responsibility for IRS Filings upon Disposition of Items. The Executive Director or designee is responsible for filing IRS Form 8282 upon the sale or disposition of any donated asset (other than publicly traded securities) sold within three (3) years of
receipt by ABF when the charitable deduction value of the item is $5,000 or more unless an exception applies or such filing is otherwise not required by law. ABF must file the form within 125 days of the date of sale or disposition of the asset and must provide a copy of the IRS Form 8282 to the donor. The valuation of a donated asset described in this section will be determined based on ABF’s independent assessment.

D. Fees and Commissions. ABF generally does not pay “finder’s fees” or commissions to third parties in connection with any kind of gift to ABF. ABF may, however, pay commissions and fees to properly negotiate and transfer assets, including boats. No officer, employee or agent of ABF is or will be compensated in a manner that is dependent on the size or nature of gifts made to ABF by any person. If ABF engages legal counsel, accounting professionals, appraisers or environmental consultants, their fees and expenses will be determined by the time they spend engaged in ABF’s work and not by reference to any particular gift in connection with which they are retained.

E. Changes to Gift Acceptance Policies. These policies and guidelines have been reviewed and recommended to the Board of Directors by the Executive Director. The Board of Directors must approve any changes to these policies. The policies will be regularly reviewed.

Approved by the Board of Directors on June 24, 2018.
Attachment
1

Donor-Advised Fund Policy

I. Introduction

These Donor Advised Fund Program Terms and Conditions (the “DAF Terms”) cover the following information related to the American Brain Foundation (“ABF”) donor-advised fund (“DAF”) program:

- Establishing a DAF
- Investment management of resources in DAFs
- The process and ground rules for recommending grants from DAFs
- Grant processing and distribution
- Program fees associated with DAFs
- Reporting and accessibility of information for donors
- Privacy

DAFs created under the DAF Terms are subject to the DAF Terms, which may be amended from time to time.

II. Establishing a DAF with ABF

A. Contributions: A donor (the “Donor”) must make an initial contribution of at least $5,000 to establish a DAF with ABF (the “Initial Contribution”). After the Initial Contribution, the Donor or anyone else may make additional contributions in any amount, at any time to a DAF. All contributions are irrevocable once accepted.

Generally, Donors can make initial and subsequent contributions in a number of forms, including cash, publicly-traded securities, other types of property (e.g., illiquid assets and gifts in kind), and deferred giving through estate planning. DAF contributions are generally accepted and processed in accordance with ABF’s Gift Acceptance and Recognition Policies.

Once an Initial Contribution is made, the Advisor (see below) may begin making grant recommendations. However, a DAF must maintain a minimum balance of $1,000 in order to continue making grant recommendations (the “Minimum Balance”). In the event a DAF drops below the Minimum Balance, the DAF will be subject to the Dormancy Rule described in Section IV below.

B. Name the Fund: Donors need to choose a name for their DAFs. Donor may submit one or more DAF names to ABF in connection with their Initial Contribution. ABF shall have the right to final approval of DAF names, and shall work with Donors to come up with acceptable names in the event no names submitted in connection with the Initial Contribution are acceptable.
C. Appoint Advisor: Advisors are individuals with the ability to submit grant recommendations ("Advisors"). Advisors may not be minors. Only one Advisor is permitted with respect to a DAF at a given time. Upon making the Initial Contribution, Donor will need to identify an individual to serve as the Donor’s authorized Advisor who will have the ability to submit grant recommendations for the DAF ("Initial Advisor"). The Initial Advisor will typically be, but need not always be, the Donor.

D. Designate Successor Advisor(s): Successor advisors take responsibility for the DAF upon the death, legal incompetence or resignation of the previous Advisor (each, a “Successor Advisor”). The Donor may select a maximum of two (2) “generations” of Successor Advisors, which generations shall each consist of a single Successor Advisor. The Donor must name Successor Advisors during his or her lifetime. Donors may not name Successor Advisors through a testamentary instrument, including through their will or instruction to an executor, and may not name their estate as a Successor Advisor.

Upon the death, legal incompetence or resignation of a Successor Advisor in a generation, responsibility for the fund will pass to the next generation Successor Advisor, if any. The designated Successor Advisor must provide ABF with written notification and proof of the last Donor Advisor’s death or legal incompetence.

Upon the death, legal incompetence, or resignation of the last Successor Advisor in the last generation or if no Successor Advisor is named at any generation, the balance of the DAF will be transferred to the ABF Fund.

Upon the death or legal incompetence of the Initial Advisor, 50% of the amount left in the DAF (or more at the wish of the Initial Advisor), will be transferred to the general fund of ABF (the “ABF Fund”); provided, however, in the sole discretion of the ABF, none of the balance will be transferred to the ABF Fund and the first generation of Successor Advisors may make recommendations for 100% of the amount in the DAF.

Upon the death or legal incompetence of the first generation Successor Advisor, 50% of the balance of the DAF, (or more at the wish of the Successor Advisor), will be transferred to the ABF Fund.

E. Special Rule for Group DAFs: An organization may create a DAF with ABF of perpetual duration (i.e., not limited to the life of two (2) generations of Successor Advisors) provided that the organization continues to exist and the DAF remains above the Minimum Balance (a “Group DAF”). However, a Group DAF must be a restricted fund where grant recommendations are automatic and recurring at regular intervals to a specific organization (or multiple organizations). The organization may make changes to its automatic payment recommendations a maximum of once every five (5) years through a single appointed Advisor who the organization may choose and change at its discretion.

F. Special Rule for Endowed DAF: In order to create an endowed DAF, there must be an Initial Contribution of at least $100,000. Furthermore, endowed DAFs will be required to comply with spending policies applicable to other endowed funds at ABF.

G. Investment: See Section III below.
III. Investment Management

To enhance efficiency and reduce the cost of operations, contributions to a DAF are pooled with donations from other sources for investment management and administration purposes. Investments will be made at ABF’s sole discretion. Donors should be mindful that investment markets are subject to volatility and possibly significant performance fluctuations. All investments are subject to market risk, including the possible loss of principal. Past performance is no guarantee of future results.

IV. Recommending Grants

Advisors may recommend grants to Qualified Charities (see below). Before processing any grant, ABF or its designee reviews each recommendation to verify compliance with and ABF policies and IRS guidelines, including seeking clarification when there is a chance that an Advisor may receive a personal benefit, and in order to ensure that recipient organizations are aligned with ABF’s charitable mission.

To expedite the review and processing of grant recommendations, the following applies:

Grant Minimum: The minimum grant amount a Donor can recommend is five hundred dollars ($500). If the amount of a grant recommendation will bring a DAF below the Minimum Balance Amount, the Advisor will be asked whether they want to recommend a grant in a different amount or to make an additional contribution to the DAF in order maintain the ability to make future grant recommendations.

Timing and Number of Grants; Dormancy Rule: Grants will be made on a quarterly basis by ABF on the first day of each calendar quarter (e.g., Q2 grants made April 1) unless such day falls on a weekend or federal holiday, in which case grants will be made the next business day (the “Grant Distribution Day”). Grants must be recommended at least thirty (30) days prior to the next Grant Distribution Day in order to be processed and made on that Grant Distribution Day. Donors may recommend a maximum of ten (10) grants to be made on a given Grant Distribution Day.

It is important to note that after three (3) years of inactivity (i.e., no grant recommendations), the DAF will be closed and the balance of a DAF will be transferred to the ABF Fund (the “Dormancy Rule”). The transfer to the ABF Fund as a result of the Dormancy Rule is irrevocable, and it is the sole responsibility of Advisors to ensure sufficient activity to prevent the transfer as a result of the Dormancy Rule. However, prior to closing an account, reasonable efforts will be made to contact the Advisor and request that grants be recommended from the DAF.

Recurring Grants: An Advisor may recommend that a grant be made to a charity on a recurring basis (e.g., quarterly, semi-annually, annually). Please note that recurring grants may be discontinued due to insufficient funds, a change in status of the charity, or if an Advisor suspends the grant.

Donor Recognition or Anonymity: When recommending a grant, an Advisor may choose a number of ways for the grant to be recognized, including: (i) DAF name only; (ii) Donor’s name and DAF name; (iii) in honor of or in memory of someone; or (iv) anonymous. If an Advisor chooses anonymity, ABF will not release the identifying information specific the Donor or DAF to the recipient charity.
Qualified Charities: ABF always recommends as a priority that grants, or at least a portion of grants for a given Grant Distribution Day, be made to ABF to support ABF’s charitable mission. However, grants can also be made to governmental units or to organizations that are described in Section 501(c)(3) and Section 170(b)(1)(a) of the Internal Revenue Code (the “Code”) which have complied with the United States Patriot Act by submitting the proper documentation to ABF. Some limits apply to grants to supporting organizations as described in Section 509(a)(3) of the Code. Grants may also be made in certain situations to foreign charities and other non-501(c)(3) organizations upon verification of their nonprofit status and purpose by ABF. ABF will only make grants in the event ABF decides, in its sole discretion, the grants are being made to organizations aligned with ABF’s charitable mission. ABF will notify an Advisor in the event it determines a recommended grant does not identify a Qualified Charity.

Ineligible Grants: Grants may not be made directly to individuals (including scholarships to schools that are earmarked for a particular student that is selected by the Donor or Advisor), private non-operating foundations, to supported organizations controlled by the Donor or Advisor, or to political candidates or parties. Grants may not confer a private benefit on a Donor, an Advisor or any persons related to them. This prohibition includes, but is not limited to, payment of membership fees to third parties, purchase of benefit tickets, educational tuition for donor or family members, or items bought at a charitable auction. This policy ensures that grants are entirely charitable in nature.

Grants cannot fulfill pre-existing binding pledge obligations, as the IRS views paying a pledge on the same terms as paying any other debt that a donor owes, and therefore takes the position that paying a pledge confers an impermissible private benefit to the donor. Accordingly, if a Donor or Advisor is interested in having the DAF support a charity on a multi-year basis, the Donor/Advisor should not sign or execute a pledge agreement with a charity but should instead recommend that ABF enter into a pledge for a multi-year grant. Grants, loans, compensation, expense reimbursement or other similar payments cannot be made to a Donor, an Advisor or any persons related to them, directly or indirectly.

V. Grant Processing and Distribution

Grant recommendations are generally processed and, if approved, distributed in the following way:

Grant Processing: ABF or its designee reviews recommended grants and researches recommended recipients. If ABF identifies any concerns regarding the mission or operations of a recommended recipient, ABF will contact the Advisor within two (2) weeks of the initial grant recommendation to discuss the situation. ABF reserves the right to deny any grant request for any or no reason.

Grant Distribution: Grant checks are mailed directly to the recommended charity accompanied by a letter identifying the DAF and specifying the intent of the grant, as outlined in the grant recommendation, unless anonymity is requested.

VI. Program Fees

ABF charges the following fees to help cover the cost required to maintain DAF operations which shall be set forth on a fee schedule, which may be amended from time to time:
Administrative Fees: These fees are deducted annually from a DAF to help cover DAF operating expenses such as grant making, recordkeeping, annual audits, tax filing, quarterly statements, and other legal and fiscal responsibilities. Fees are subject to change at any time in the sole discretion of ABF and are currently equal to the greater of 1% of the DAF balance per year or $250 per year.

Investment–Related Fees and Expense: These are deducted from ABF’s investment funds, which may or may not include any ABF oversight expenses or investment management fees, third-party investment advisor charges, mutual fund fees and expenses, consulting fees, custodial charges and/or trading costs.

Non-Liquid Asset Fees: These are charged on gifted assets other than cash and publicly-traded securities (such as real estate, restricted or non-publicly-traded securities, closely held business interests, partnership interests, LLC interests, tangible personal property and retirement plan benefits) and may be subject to costs associated with the special handling required to receive and liquidate them. ABF will provide a Donor with estimates in advance of any additional fees related to gifts of this nature.

VII. Reporting and Accessibility

ABF will provide the Donor (and Advisor, in the event those are not the same person) annual account statements detailing account transactions, contributions, grant activity, account balances, and funds available for grant making. These statements will also be made available to the Donor and the Advisor upon reasonable request.

VIII. Privacy and Disclaimers

ABF will maintain all privacy of Donor information in accordance with the ABF policies.
The purpose of the Spending Policy is to allow endowment funds, managed by the American Brain Foundation (“ABF”), to be invested on a “total return” basis to maintain and, if possible, increase the real value (as adjusted for inflation) of the funds, while at the same time providing a relatively steady and predictable level of funding for grantees.

The ABF will spend a minimum of 5% of the average annual fair market value of each endowment fund, for the prior 12 quarters. Spending available for each fund will be used to cover grant distributions and ABF’s administrative fee of no more than 1% of the principal. The administrative fee reflects the reasonable and appropriate reimbursement for the direct and indirect costs associated with ABF’s administration of its managed funds.

The ABF’s Spending Policy is reassessed annually by the Board of Directors. Approved February 9, 2007 by Board of Trustees, amended by the ABF Board of Directors on March 18, 2016.
Attachment 3

Volunteer In-Kind Travel Expenses Form

To deduct unreimbursed expenses for volunteer activities provided to the American Brain Foundation ("ABF"), a volunteer must substantiate the deduction with a written receipt from ABF and have the receipt in hand before filing his/her income tax return. To receive a receipt, the volunteer will need to complete the ABF Volunteer In-Kind Travel Expense Form.

Copies of documentation supporting expenses (e.g., receipts) should be submitted to ABF along with the Volunteer In-Kind Travel Expense Form, and originals should be retained by the volunteer with personal tax records. The volunteer is required to substantiate all charitable deductions to the IRS as needed. The volunteer will need to be prepared to: 1) prove costs with receipts 2) show the connection between the unreimbursed costs and the volunteer work; and 3) substantiate the deduction with a receipt from ABF.

Deductible Expenses

A volunteer may deduct unreimbursed out-of-pocket travel costs incurred while providing volunteer services to ABF only if they are: unreimbursed; directly connected with services provided by the volunteer to ABF; expenses the volunteer had only because of the services provided by the volunteer to ABF; and not personal, living, or family expenses.

Deductible costs donors may incur while volunteering include:

Transportation – Unreimbursed transportation expenses incurred by air, train, rental car or personal auto can be deductible while performing in a volunteer capacity. Personal auto transportation costs are deductible at the current IRS allowable rate (currently actual cost or $.14 per mile).

Meals and Lodging – Reasonable meals and lodging expenses are deductible if travel requires the volunteer to be away from home overnight. If sharing a room with other volunteers only include the value of your share of the expense.

Travel incidentals – Parking, highway toll costs, and baggage fees.

Non-Deductible Expenses

Situations where a volunteer may not deduct expenses as charitable gifts include: Personal Services – A volunteer may not deduct the value of his or her personal services. Personal Pleasure – A volunteer may not deduct travel costs incurred for recreation, vacation or personal pleasure.
Disclaimer

The information in these instructions should not be interpreted as, nor will ABF provide, legal and/or tax advice on deductibility of in-kind gifts. Rather, it is meant to provide information to enable volunteers to follow ABF’s process for submitting the Volunteer In-Kind Expense Form. For additional questions regarding process please contact the Executive Director.

For legal and/or tax advice regarding deductibility of in-kind gifts, volunteers should secure the advice of independent legal and/or tax professionals. Additional information regarding deductibility of in-kind gifts is also available in IRS resources, such as the “Out-of-Pocket Expenses in Giving Services” section of Publication 526, available at https://www.irs.gov/pub/irs-pdf/p526.pdf.
American Brain Foundation
Volunteer In-Kind Travel Expense Form

Name of Volunteer: 

Address: 

Phone: 

E-mail: 

Travel expense narrative (Please provide a narrative description of the circumstances surrounding your deductible expenses, e.g., “I provided [specific services] at [specific event] sponsored by ABF”):

Itemized description of in-kind travel expenses (Please provide a list of qualifying expenses; please provide copies of receipts substantiating such expenses):


Total unreimbursed travel expenses (Please provide a total amount):

By signing below, I, , hereby certify that the above information is correct, and that the expenses described above are out-of-pocket travel costs incurred while providing volunteer services to ABF that are: unreimbursed; directly connected with volunteer services provided by me to ABF; expenses I had only because of the volunteer services I provided to ABF; not personal, living, or family expenses; and not costs incurred by me for recreation, vacation or personal pleasure. I acknowledge that it is my responsibility to be able to substantiate these qualifying expenses, including their connection to volunteer work, to the IRS in connection with any claimed deduction.

Volunteer Signature  Date