

GIFT ACCEPTANCE AND FUNDRAISING POLICY

MERLIN MEDIATION, COUNSELING & CONSULT, INC.

Merlin Mediation, Counseling & Consult, Inc. (“Merlin MCC”) encourages the solicitation and acceptance of gifts for purposes that will help it further and fulfill its mission. As a public charity within the meaning of IRC Section 501(c)(3), fundraising is essential to the organization’s financial health and its qualification for tax-exempt status. The following policies and procedures govern fundraising practices and acceptance of gifts made to Merlin MCC or for the benefit of any of its programs.

ARTICLE I: FUNDRAISING POLICY AND PROCEDURES

1. Oversight and Legal Compliance. All fundraising activity for Merlin MCC will be supervised, coordinated and directed by the Executive Director. The board of directors shall review all fundraising activity by Merlin MCC on at least an annual basis. The Executive Director and board of directors shall ensure that all fundraising activities are conducted in accordance with all applicable laws.

2. Use of Fundraising Professionals. Third parties not directly affiliated with Merlin MCC must have written permission from the Executive Director prior to any solicitation on behalf of Merlin MCC. Third party fundraisers engaged by Merlin MCC must provide Merlin MCC with proof of registration with all required state and local authorities, and their representation of the organization must be evidenced by a written agreement approved by Merlin MCC.

3. Donor Privacy Policy. Merlin MCC respects the privacy of donors, and will not sell or otherwise make available the names and contact information of its donors, except where disclosure is required by law.

4. Charitable Solicitation Registration Requirements. As an organization with planned fundraising activities in multiple states, Merlin MCC will comply with the laws of all states requiring registration **prior to** solicitation of charitable contributions from residents of that state. As of the effective date of this policy, nearly all states require such registration, although some, like Montana, do not. Nearly all of these states accept the Unified Registration Statement, and Merlin MCC will endeavor to use the URS¹ whenever possible. The Executive Director will be responsible for ensuring compliance with state laws.

5. Charleston Principles. As an organization with planned online fundraising activities, including the intent to solicit online donations through a website allowing users to donate directly to the organization, Merlin MCC will follow the Charleston Principles in determining whether it is obligated to undertake charitable solicitation registration in any given state. The following rules contained in the Charleston Principles govern Merlin MCC’s online fundraising operations.

¹ See www.multistatefiling.org; the URS itself is available at http://www.multistatefiling.org/urs_webv402.pdf.

- A. Merlin MCC will register in any states where the organization:
 - Specifically targets people located in the state for solicitation; **OR**
 - Receives contributions from the state on a repeated and ongoing basis, or on a substantial basis (i.e., of a significant amount) through its website.
 No hard-and-fast rules apply to the determination of whether contributions are “repeated and ongoing” or “substantial.” The Executive Director will make such determinations on a case-by-case basis in consultation with appropriate professionals.

- B. Merlin MCC will register in any states where it solicits contributions from residents of the state using e-mail. Email solicitations are generally treated the same as solicitations made via telephone or direct mail.

- C. Merlin MCC will register in any states where it solicits the sale of a product or service to residents of the state, while representing that some portion of the price will be given to a charitable organization or used for a charitable purpose.

ARTICLE II. GIFT ACCEPTANCE POLICY.

1. Purpose and Scope. The board of directors of Merlin MCC and its staff solicit current and deferred gifts from individuals, corporations, and foundations to secure its future growth and missions. Because gifts come in a variety of forms and carry substantially different risks and responsibilities, these policies and procedures govern the acceptance of gifts by Merlin MCC and provide guidance to prospective donors and their advisors. The provisions of these policies shall apply to all gifts to Merlin MCC for any of its programs or services.

The mission of Merlin MCC serves as the most important consideration in any determination of whether Merlin MCC should engage in a particular type of fundraising or accept a particular gift. Merlin MCC’s mission is:

- (A) To educate the public on the benefits, relevancy and application of philosophy (applied and academic), and related educational/scholarly endeavors in the fields of philosophy, psychology and law;

- (B) To promote the advancement of various aspects of philosophy (applied and academic), psychology and/or law as branches of knowledge and forms of practice;

- (C) To enhance the global and community health and well-being through application of these disciplines, by providing access to low-cost or free-services in the fields of philosophical counseling (grief, qualitative, death, dying & end-of-life issues, thanatology-related, other), philosophical mediation (elder, other), and philosophical consult (educational/scholarly contributions and services, training, other); and by providing access to information and/or opportunities relevant to the above disciplines.

2. Use of Legal Counsel. Merlin MCC shall seek the advice of legal counsel in matters relating to acceptance of gifts when appropriate, as determined by the Executive Director or the board of directors. Review by counsel should be strongly considered for:

- A. Closely held stock transfers that are subject to restrictions or buy-sell agreements;
- B. Documents naming Merlin MCC as trustee;
- C. Gifts involving contracts or other documents requiring Merlin MCC to assume an obligation;
- D. Transactions with potential conflicts of interest that may invoke IRS sanctions;
- E. Any deviation from these policies and procedures; and
- F. Any other instances in which use of counsel is deemed appropriate by board of directors.

3. Conflicts of Interest. Merlin MCC will urge all prospective donors to seek the assistance of personal legal and financial advisors in matters relating to gifts and tax and estate planning consequences. Merlin MCC will avoid providing opinions to donors on the tax and estate planning consequences of proposed gifts.

4. Restrictions on Gifts. Merlin MCC will accept unrestricted gifts, and gifts for specific programs and purposes, provided that such gifts are not inconsistent with its stated mission, purposes, and priorities. Merlin MCC will not accept gifts that are too restrictive in purpose. Gifts that are too restrictive are those that are too difficult to administer, or gifts that are for purposes outside the mission of Merlin MCC.

5. Exceptions. The Executive Director or board of directors may deviate from these policies and procedures when appropriate and in the best interests of Merlin MCC. Any such deviation, and the reasoning underlying the determination to accept the gift, must be documented in writing and filed with the corporation's records relating to the gift. The Executive Director or board of directors shall strongly consider seeking the advice of legal counsel for any deviation from these policies and procedures.

6. Types of Gifts.

- A. The following gifts are acceptable:
 - 1. Cash
 - 2. Tangible Personal Property
 - 3. Securities
 - 4. Real Estate
 - 5. Remainder Interests in Property
 - 6. Oil, Gas, and Mineral Interests
 - 7. Bargain Sales
 - 8. Life Insurance
 - 9. Charitable Gift Annuities
 - 10. Charitable Remainder Trusts
 - 11. Charitable Lead Trusts
 - 12. Retirement Plan Beneficiary Designations
 - 13. Bequests
 - 14. Life Insurance Beneficiary Designations

B. The following criteria govern the acceptance of each gift form:

- 1. Cash.** Cash is acceptable in any form. Checks shall be made payable to Merlin Mediation, Counseling & Consult, Inc. and shall be delivered to the Executive Director at Merlin MCC's principal place of business.
- 2. Tangible Personal Property.** All other gifts of tangible personal property shall be examined in light of the following criteria:
 - a. Does the property fulfill the organization's mission?
 - b. Is the property readily marketable?
 - c. Are there any undue restrictions on the use, display, or sale of the property?
 - d. Are there any carrying costs for the property?
 - e. The final determination on the acceptance of other tangible property gifts shall be made by the board of directors.
- 3. Securities.** Merlin MCC may accept both publicly traded securities and closely held securities.
 - a. Publicly Traded Securities.** Marketable securities may be transferred to an account maintained at one or more brokerage firms or delivered physically with the transferor's signature or stock power attached. As a general rule, all marketable securities shall be sold upon receipt unless otherwise directed by the board of directors. In some cases marketable securities may be restricted by applicable securities laws; in such instance the final determination on the acceptance of the restricted securities shall be made by the board of directors.
 - b. Closely Held Securities.** Closely held securities, which include not only debt and equity positions in non-publicly traded companies but also interests in LLPs and LLCs or other ownership forms, may be accepted subject to the approval of the board of directors. Gifts must be reviewed prior to acceptance to determine that:
 - i. there are no restrictions on the security that would prevent Merlin MCC from ultimately converting those assets to cash;
 - ii. the security is marketable; and
 - iii. the security will not generate any undesirable tax consequences for Merlin MCC.

If potential problems arise on initial review of the security, further review and recommendation by an outside professional may be sought before making a final decision on acceptance of the gift. The final determination on the acceptance of closely held securities shall be made by the board of directors, in consultation with legal counsel when necessary. Every effort will be made to sell non-marketable securities as quickly as possible.

- 4. Real Estate.** Gifts of real estate may include developed property, undeveloped property, or gifts subject to a prior life interest. Prior to acceptance of real estate, Merlin MCC shall require an initial environmental review of the property to ensure that the property has no environmental damage. In the event that the initial inspection reveals a potential problem, Merlin MCC shall retain a qualified inspection firm to conduct an environmental audit. The cost of the environmental audit shall generally be an expense of the donor. When appropriate, a title binder shall be obtained by Merlin MCC prior to the acceptance of the gift. The cost of this title binder shall generally be an expense of the donor. Prior to acceptance of the real property, the gift must be approved by the board of directors, in consultation with legal counsel when necessary. Criteria for acceptance of the property shall include:
- a. Is the property useful for the purposes of Merlin MCC?
 - b. Is the property marketable?
 - c. Are there any restrictions, reservations, easements, or other limitations associated with the property?
 - d. Are there carrying costs, which may include insurance, property taxes, mortgages, or notes, etc., associated with the property?
 - e. Does the environmental audit reflect that the property is not damaged?
- 5. Remainder Interests In Property.** Merlin MCC may accept a remainder interest in a personal residence, farm, or vacation property, subject to the provisions of paragraph 4 above. The donor or other occupants may continue to occupy the real property for the duration of the stated life. At the death of the donor, Merlin MCC may use the property or reduce it to cash. Where Merlin MCC receives a gift of a remainder interest, expenses for maintenance, real estate taxes, and any property indebtedness are to be paid by the donor or primary beneficiary.
- 6. Oil, Gas, and Mineral Interests.** Merlin MCC may accept oil and gas property interests. Prior to acceptance of an oil and gas interest the gift shall be approved by the board of directors, in consultation with legal counsel when necessary. Criteria for acceptance of the property shall include:
- a. Gifts of surface rights should have a value of \$20,000 or greater.
 - b. Gifts of oil, gas and mineral interests should generate at least \$3,000 per year in royalties or other income (as determined by the average of the three years prior to the gift).
 - c. The property should not have extended liabilities or other considerations that make receipt of the gift inappropriate.
 - d. A working interest is rarely accepted. A working interest may only be accepted where when there is a plan to minimize potential liability and tax consequences.
 - e. The property should undergo an environmental review to ensure that Merlin MCC has no current or potential exposure to environmental liability.

- 7. Bargain Sales.** Merlin MCC may enter into a bargain sale arrangement in instances in which the bargain sale furthers Merlin MCC's mission and purposes. All bargain sales must be reviewed by the board of directors. Factors used in determining the appropriateness of the transaction include:
- a. Merlin MCC must obtain an independent appraisal of the property.
 - b. If Merlin MCC assumes debt with the property, the debt ratio must be less than 50% of the appraised market value.
 - c. Merlin MCC must determine that it will use the property, or that there is a market for sale of the property allowing sale within 12 months of receipt.
 - d. Merlin MCC must calculate the costs to safeguard, insure, and expense the property (including property tax, if applicable) during the holding period.
- 8. Life Insurance.** Merlin MCC may accept gifts of life insurance if the organization is named as both beneficiary and irrevocable owner of the insurance policy. The gift is valued at its cash surrender value upon receipt. If the donor contributes future premium payments, Merlin MCC will include the entire amount of the additional premium payment as a gift in the year that it is made. If the donor does not elect to continue to make gifts to cover premium payments on the life insurance policy, Merlin MCC may continue to pay the premiums, convert the policy to paid up insurance, or surrender the policy for its current cash value.
- 9. Charitable Gift Annuities.** Merlin MCC may offer charitable gift annuities. The minimum gift for funding is \$5,000, although the Executive Director may make exceptions to this minimum. The minimum age for life income beneficiaries of a gift annuity shall be 55. Where a deferred gift annuity is offered, the minimum age for life income beneficiaries shall be 45. No more than two life income beneficiaries will be permitted for any gift annuity. Annuity payments may be made on a quarterly, semi-annual, or annual schedule. Merlin MCC's Executive Director may approve exceptions to this payment schedule. Merlin MCC will not accept real estate, tangible personal property, or any other illiquid asset in exchange for current charitable gift annuities. Merlin MCC may accept real estate, tangible personal property, or other illiquid assets in exchange for deferred gift annuities so long as there is at least a 5 year period before the commencement of the annuity payment date, the value of the property is reasonably certain, and the Executive Director approves the arrangement. Funds contributed in exchange for a gift annuity shall be set aside and invested during the term of the annuity payments. Once those payments have terminated, the funds representing the remaining principal contributed in exchange for the gift annuity shall be transferred to Merlin MCC's general endowment funds, or to such specific fund as designated by the donor.
- 10. Charitable Remainder Trusts.** Merlin MCC may accept designation as remainder beneficiary of a charitable remainder trust with the approval of the

board of directors. Merlin MCC will not accept appointment as trustee of a charitable remainder trust.

11. Charitable Lead Trusts. Merlin MCC may accept a designation as income beneficiary of a charitable lead trust. The board of directors will not accept an appointment as trustee of a charitable lead trust.

12. Retirement Plan Beneficiary Designations. Donors and supporters of Merlin MCC will be encouraged to name Merlin MCC as beneficiary of their retirement plans. Such designations will not be recorded as gifts to Merlin MCC 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.

13. Bequests. Donors and supporters of Merlin MCC will be encouraged to make bequests to Merlin MCC under their wills and trusts. Such bequests will not be recorded as gifts to Merlin MCC 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.

14. Life Insurance Beneficiary Designations. Donors and supporters of Merlin MCC will be encouraged to name Merlin MCC as beneficiary or contingent beneficiary of their life insurance policies. Such designations shall not be recorded as gifts to Merlin MCC until such time as the gift is irrevocable. Where the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

7. Miscellaneous Provisions

A. Gift Acknowledgement. Federal law requires the written substantiation of gifts by donee organizations as a prerequisite to deductibility for the donor. Merlin MCC will follow the steps below to ensure each donor receives the maximum deduction allowed by law for the donor's charitable contribution.

Merlin MCC will provide a contemporaneous written acknowledgement for all gifts, regardless of the size of the gift, as soon as possible upon receipt of the gift, and in no circumstances more than 30 days after receipt of the gift. This written acknowledgement must include the following:

1. The amount of cash and a description of any donated property other than cash;
2. A statement of whether Merlin MCC provided any goods or services in consideration for the donation (besides insubstantial, token, and de minimus goods or services);
3. A description and good faith estimate of the value of any goods or services provided in consideration for the donation;
4. If any goods or services were provided by Merlin MCC in consideration for the donation, a statement informing the donor that the amount of the contribution that is tax deductible for federal income tax purposes is limited to the excess of the

amount of the contribution over the value of the goods and services provided by Merlin MCC.

B. Securing appraisals and legal fees for gifts to Merlin MCC. It will be the responsibility of the donor to secure an appraisal (where required) and independent legal counsel for all gifts made to Merlin MCC.

C. Valuation of gifts for development purposes. Merlin MCC will record a gift received by Merlin MCC at its valuation for gift purposes on the date of the gift.

D. Responsibility for IRS filings upon sale of gift items. The board of directors is responsible for filing IRS Form 8282 upon the sale or disposition of any asset sold within two years of receipt by Merlin MCC when the charitable deduction value of the item is more than \$5,000. Merlin MCC must file this form within 125 days of the date of sale or disposition of the asset.

E. Acknowledgement of all gifts made to Merlin MCC and compliance with the current IRS requirements in acknowledgement of such gifts shall be the responsibility of the Executive Director.

8. Periodic Review. The Board will review these policies on at least an annual basis.

Adopted by the board of directors this 6th day of November, 2014.