



US Chess Gift Acceptance Policy

US Chess, a 501(c)(3) nonprofit organization organized under the laws of the State of Illinois, encourages the solicitation and acceptance of gifts for purposes that will help US Chess to further and fulfill its mission. The following policies and guidelines govern acceptance of gifts made to US Chess for the benefit of any of its programs.

The mission of US Chess is to:

“Empower people, enrich lives, and enhance communities through chess.”

1. Purpose of Policies and Guidelines

The Board of Directors of US Chess and its staff solicit current and deferred gifts from individuals, corporations and foundations to secure the future growth and missions of US Chess. It is the purpose of these policies and guidelines to govern the acceptance of gifts by US Chess and to provide guidance to prospective donors and their advisors when making gifts to US Chess. The provisions of these policies shall apply to all gifts received by US Chess for any of its programs or services.

2. Use of Legal Counsel

US Chess shall seek the advice of legal counsel in matters relating to acceptance of gifts where appropriate. Review by counsel is recommended for:

- Review of closely held stock transfers that are subject to restrictions or buy-sell agreements
- Review of documents naming US Chess as trustee
- Review of all gifts involving contracts, such as bargain sales or other documents requiring US Chess to assume an obligation
- Review of all transactions with potential conflict of interest that may invoke IRS sanctions
- Other instances in which use of counsel is deemed appropriate by the gift acceptance committee

3. Conflict of Interest

All prospective donors shall be strongly urged to seek the assistance of personal legal and financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences. US Chess will comply with the *Model Standards of Practice for the Charitable Gift Planner promulgated by the National Committee on Planned Giving*, shown as an appendix to this document.

4. Restrictions on Gifts

US Chess 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. US Chess will not accept gifts that are too restrictive in purpose. Gifts that are too restrictive are those that violate the terms of the corporate charter gifts that are too difficult to administer or gifts that are for purposes outside the mission. US Chess shall make all final decisions on the restrictive nature of a gift, and its acceptance or refusal.

5. The Gift Acceptance Committee

The Gift Acceptance Committee serves in an advisory capacity to the Executive Board and shall consist of:

- The President of US Chess
- The Vice-President of Finance of US Chess
- The Executive Director of US Chess
- The Director of Development of US Chess
- The Chairperson of the Development Committee (appointed by the Executive Board) and one additional member appointed by US Chess President, and approved by the Executive Board
- Up to two additional members appointed by the Executive Director of US Chess

The Gift Acceptance Committee is charged with the responsibility of reviewing all gifts made to US Chess other than cash gifts, properly screening and accepting those gifts, and making recommendations to the board on gift acceptance issues where appropriate.

6. Types of Gifts

The following gifts are acceptable:

- Cash
- Tangible personal property
- Securities
- Real estate
- Remainder interests in property
- Bargain sales
- Life insurance
- Charitable gift annuities
- Charitable remainder trusts
- Charitable lead trusts
- Retirement plan beneficiary designations
- Bequests
- Life insurance beneficiary designations
- Cryptocurrency

The following criteria govern the acceptance of each gift form:

- **Cash:** Cash is acceptable in any form. Checks shall be made payable to US Chess and shall be delivered to:

US Chess
PO Box 775308
St. Louis, MO 63177

- **Tangible Personal Property:** All other gifts of tangible personal property shall be examined in light of the following criteria;
 - Does the property fulfill the mission of US Chess?
 - Is the property marketable?
 - Are there any undue restrictions on the use, display or sale of the property?
 - Are there any carrying costs for the property?

The Gift Acceptance Committee of US Chess shall make the final determination on the acceptance of other tangible property gifts.

- **Securities:** US Chess can accept both publicly traded securities and closely held securities.
- **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 Gift Acceptance Committee. In some cases, applicable securities laws may restrict marketable securities; in such instance the Gift Acceptance Committee of US Chess shall make the final determination on the acceptance of the restricted securities.
- **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, can be accepted subject to the approval of the Gift Acceptance Committee of US Chess. However, gifts must be reviewed prior to acceptance to determine that:
 - There are no restrictions on the security that would prevent US Chess from ultimately converting those assets to cash
 - The security is marketable
 - The security will not generate any undesirable tax consequences for US Chess

If potential problems arise on initial review of the security, further review and recommendation by an outside professional may be obtained before making a final decision on acceptance of the gift. The Gift Acceptance Committee of US Chess and legal counsel shall make the final determination on the acceptance of the closely held securities where necessary. Every effort will be made to sell non-marketable securities as quickly as possible.

- **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, US Chess shall require an initial environmental review of the property to ensure that the property is not contaminated with environmental damage. In the event that the initial inspection reveals a potential problem, US Chess 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, unless an exception is made at the discretion of the Gift Acceptance Committee.

Where appropriate, a title binder shall be obtained by US Chess prior to the acceptance of the real property gift. The cost of this title binder shall generally be an expense of the donor, unless an exception is made at the discretion of the Gift Acceptance Committee.

Prior to acceptance of the real property, the gift shall be approved by the Gift Acceptance Committee of US Chess and by its legal counsel. Criteria for acceptance of the property shall include:

- Is the property useful for the purposes of US Chess?
 - Is the property marketable?
 - Are there any restrictions, reservations, easements, or other limitations associated with property?
 - Are there carrying costs, which may include insurance, property taxes, mortgages, or notes, etc., associated with the property?
 - Does the environmental audit reflect that the property is not damaged?
- **Remainder Interests in Property:** US Chess will accept a remainder interest in personal residence, farm or vacation subject to the provisions of the above paragraph on real estate. 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, US Chess may use the property or reduce it to cash. Where US Chess receives a gift of the remainder interest, expenses for maintenance, real estate taxes and any property indebtedness are to be paid by the donor or primary beneficiary.
- **Bargain Sales:** US Chess will enter into a bargain sale arrangement in instances in which the bargain sale furthers the mission and purposes of US Chess. All bargain sales must be reviewed and recommended by the Gift Acceptance Committee and approved by the Executive Board. Factors used in determining the appropriateness of the transaction include:
 - US Chess must obtain an independent appraisal substantiating the value of the property.
 - If US Chess assumes debt with the property, the debt ratio must be less than 50% of the appraised market value.
 - US Chess 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.

- US Chess must calculate the costs to safeguard, insure and expense the property (including property tax, if applicable) during the holding period.
- **Life Insurance:** US Chess must be named as both beneficiary and irrevocable owner of an insurance policy before a life insurance policy can be recorded as a gift. The gifts are valued at its interpolated terminal reserve value, or cash surrender value, upon receipt. If the donor contributes future premium payments, US Chess 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, US Chess may:

- Continue to pay the premiums
 - Convert the policy to paid up insurance
 - Surrender the policy for its current cash value
- **Charitable Gift Annuities:** US Chess may offer charitable gift annuities. The minimum gift for funding shall be \$10,000. The Gift Acceptance Committee 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, semiannual or annual schedule. The Gift Acceptance Committee may approve exceptions to this payment schedule.

US Chess will not accept real estate, tangible personal property or any other illiquid asset in exchange for current charitable gift annuities. US Chess 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 Gift Acceptance Committee of US Chess 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 the US Chess general fund or to such specific fund as designated by the donor.

- **Charitable Remainder Trusts:** US Chess may accept designation as remainder beneficiary of the charitable remainder trust with the approval of the Gift Acceptance Committee of US Chess. The US Chess Executive Board will not accept appointment as trustee of a charitable remainder trust.

- **Charitable Lead Trusts:** US Chess may accept a designation as income beneficiary of a charitable lead trust. The US Chess Executive Board will not accept an appointment as trustee of a charitable lead trust.
- **Retirement Plan Beneficiary Designation:** Donors and supporters of US Chess shall be encouraged to name US Chess as beneficiary of their retirement plans. Such designations shall not be recorded as gifts 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.
- **Bequests:** Donors and supporters of US Chess shall be encouraged to make bequests to US Chess under their wills and trusts. Such bequests shall not be recorded as gifts to US Chess 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.
- **Life Insurance Beneficiary Designations:** Donors and supporters of US Chess shall be encouraged to name US Chess as beneficiary or contingent beneficiary of their life insurance policies. Such designations shall not be recorded as gifts 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.
- **Cryptocurrency:** Donors and supporters of US Chess shall be encouraged to gift their cryptocurrency to US Chess. US Chess would work through a reputable exchange such as Bitpay or Coinbase to liquidate the gift upon receipt.

7. Miscellaneous Provisions

- **Securing appraisals and legal fees for gifts to US Chess:** It shall be the responsibility of the donor to secure an appraisal (where required) and independent legal counsel for all gifts made to US Chess, unless an exception is made at the discretion of the Gift Acceptance Committee.
- **Valuation of gifts for development purposes:** US Chess shall record a gift received at its valuation for gift purposes on the date of gift.
- **Responsibility for IRS filings upon sale of gift items:** US Chess is responsible for filing IRS Form 8282 upon the sale or disposition of any asset sold within two years of receipt where the charitable deduction value of the item was \$5,000 or greater. US Chess must file this form within 125 days of the date of sale or disposition of the asset. Form 8282 with Filing Instructions is attached as an appendix to these policies.
- Acknowledgement of all gifts made to US Chess and compliance with the current IRS requirements in acknowledgement of such gifts shall be the responsibility of US Chess. IRS Publication 561 *Determining the Value of Donated Property* and

IRS Publication 526 *Charitable Contributions* are attached as an Appendix.

8. Changes to Policies

These policies and guidelines have been reviewed and accepted by the Executive Board of US Chess. The Executive Board of US Chess must approve any changes to or deviations from these policies.

Appendix

I. Model Standards of Practice of the Charitable Gift Planner

<https://info.charitablegiftplanners.org/hubfs/Education/Model%20Standards.pdf>

II. IRS Valuation Forms

- IRS Form 8282 and Instruction
<https://www.irs.gov/pub/irs-pdf/f8282.pdf>
- IRS Publication 561 Determining the Value of Donated Property
<https://www.irs.gov/publications/p561>
- IRS Publication 526 about Charitable Contributions
<https://www.irs.gov/forms-pubs/about-publication-526>

Glossary of Terms of Gifts

Cash – Currency or checks of deposit.

Tangible Personal Property - Property other than cash, securities, or real estate (e.g., a painting, stamp collection, or automobile)

Securities - A certificate or other financial instrument that has monetary value and can be traded. Examples are stocks, bonds and options.

Real Estate - Immovable property: land, together with all the property on it that cannot be moved, together with any attached rights.

Remainder Interests in Property – A future interest in land. The interest in real property that is left after another interest in the property ends, such as full title after a life estate (the right to use the property until one dies). A remainder must be created by a deed or will.

Bargain Sales - The sale of a good or service to a charitable organization for less than the fair market value of the good or service received. Bargain sales are often used by donors who wish to make a charitable donation to an organization in a form other than cash.

Life Insurance – Charitable gift life insurance is a method of contributing to charity by taking out life insurance on an individual with the charity as a beneficiary.

Charitable Gift Annuity - Offered through a charity and provides income for the annuitant and a second beneficiary, if any. The annuitant (the person investing funds through the charity) receives a contract or agreement from the charity that states that the charity will pay the annuitant a fixed income for life (lives) with payments to start immediately or at some set future time. Probate or court involvement is avoided on these funds. The income paid under the annuity is secured by the assets of the charity.

Charitable Remainder Trust - An arrangement wherein the remainder interest goes to a legal charity upon the termination or failure of a prior interest.

Charitable Lead Trust - A trust for a fixed term of years wherein a charity is the beneficiary of an annuity or unitrust payment and the remainder goes to a non-charitable beneficiary.

Retirement Plan Beneficiary Designations - Americans over the age of 70½ can distribute up to \$100,000 in a calendar year from an IRA to charities, tax-free. This distribution to charity can be a significant benefit for IRA owners who are required each year to take minimum required distributions, which are included in their gross income for income tax purposes.

Bequests – A gift of property or assets to a beneficiary as defined in a Will.

Cryptocurrency – Cryptocurrency is an alternative currency in the form of a digital asset that provides for secure financial transactions and tracking of same. Cryptocurrency falls outside of central banking systems control.

Approved by the Executive Board March 31, 2019

Mailing address changed from Crossville to St. Louis on April 5, 2024