



## **Gift Acceptance Policy**

The AAJ Foundation (“Foundation”) is a nonprofit corporation, incorporated in the District of Columbia and exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (“IRC”), which qualifies as a public charity under IRC Section 509(a)(3). The Foundation operates for charitable and educational purposes, including but not limited to supporting the charitable, scientific, and educational activities of the American Association for Justice (“AAJ”), also known as the Association of Trial Lawyers of America (“ATLA®”), a nonprofit corporation, incorporated in the District of Columbia and exempt from federal income tax under IRC Section 501(c)(6).

### **Purpose of the AAJ Foundation Gift Acceptance Policy**

The purpose of this policy is to set forth the criteria that the Foundation and its Gift Acceptance Committee use to determine the acceptability of proposed gifts and to provide guidance to prospective donors and their advisors when making gifts. These guidelines establish best practices and is intended only as a guide. This policy allows for flexibility on a case-by-case basis as directed by the Gift Acceptance Committee.

### **Guiding Principles**

All gifts accepted by the Foundation must be consistent with the Foundation’s mission, purposes, and priorities. The purposes of the Foundation are, including but not limited to, supporting the charitable, scientific, and educational activities of AAJ.

### **Types of Gifts and Criteria for Acceptance**

#### **A. Gift Types**

AAJ Foundation may accept the following types of gifts, according to the criteria set forth in this Policy:

- 1. Cash**
- 2. Securities**
- 3. Tangible Personal Property**
- 4. Life Insurance**
- 5. Charitable Remainder Trusts**
- 6. Revocable Trust Agreements**
- 7. Charitable Lead Trusts**
- 8. Bequests**
- 9. Retirement Plan Beneficiary Designations**
- 10. Other Property**



## **B. Criteria for Acceptance**

### **1. Cash**

The Foundation will accept monetary gifts in any form, including, but not limited to, cash, credit card, or check. Checks should be made payable to the AAJ Foundation, unless otherwise specified. Under no circumstance should a check be made payable to an individual representative, agent of the Foundation, or the American Association for Justice.

### **2. Securities**

The Foundation may accept both publicly-traded and closely-held securities, in accordance with the following criteria:

#### **a. Publicly-traded Securities**

The Foundation may accept marketable securities, such as those traded on an established national or regional stock exchange. Gifts of publicly-traded securities will be sold by the Foundation immediately upon receipt or as soon as feasible.

#### **b. Closely-held Securities**

Closely-held securities, which include debt and equity positions in non-publicly traded companies, as well as interests in LLPs, LLCs or other ownership forms, may be accepted upon review and approval of the Gift Acceptance Committee. The Foundation shall consult legal counsel prior to accepting any such gift.

Such gifts must be reviewed prior to acceptance to determine the following:

- (i) What type of entity is represented by the gift (e.g., C Corporation, S Corporation, LLC, LLP);
- (ii) Whether the security will generate unrelated business taxable income to the Foundation, and, if so, whether the Foundation has the funds to pay this tax;
- (iii) Whether there are restrictions on the security that would prevent the Foundation from ultimately converting those assets to cash;
- (iv) How the company operates and whether its operation of the gift interest creates any liability for the Foundation;
- (v) Whether the security is marketable, and if so, what the market is for sale, and estimated time required for sale.

Prior to acceptance, the value of the gift must be established by an independent appraisal. The donor is responsible for securing a qualified appraisal in compliance with IRS regulations, and paying any fees associated with obtaining it; the donor shall consent to having



a copy of the appraisal sent directly to the Foundation from the appraiser. The Foundation retains the right to obtain its own qualified appraisal at its own expense. For gift recognition purposes, the Foundation will use the value of the securities on the day that the gift is complete.

Gifts of closely-held securities will be sold as soon as feasible; gifts that require a holding period may be accepted and sold when the holding period has expired.

### **3. Tangible Personal Property**

The Foundation will accept tangible personal property gifts valued at \$10,000 or greater if the gift will generate adequate revenue for the organization, and meet the purposes for which the gift is intended. In assessing the appropriateness of the gift, the Foundation should address the following questions:

- (i) Whether the property is marketable and what is the market for and costs of transportation to market and sale;
- (ii) Whether there are any undue restrictions on the use, display, or sale of the property;
- (iii) Whether there are any carrying costs (insurance, storage, ongoing maintenance) for the property.

Gifts of tangible personal property shall be used by the Foundation when suitable or sold for the benefit of the Foundation as soon as feasible, including at auction when appropriate.

The donor is responsible as may be necessary for securing a qualified appraisal of the property in compliance with IRS regulations, and for paying any fees or other expenses associated with obtaining it; the donor shall consent to having a copy of the appraisal sent directly to the Foundation from the appraiser. The Foundation retains the right to obtain its own qualified appraisal at its own expense.

### **4. Life Insurance**

The Foundation must be named as both beneficiary and irrevocable owner of an insurance policy before a life insurance policy can be recorded as a gift. If the donor contributes future premium payments, the Foundation 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, the Foundation may:

- (i) continue to pay the premiums on the policy;

- (ii) convert the policy to paid up insurance; or
- (iii) surrender the policy for its current cash value.

Upon notification of a donor naming the Foundation a beneficiary, the Foundation may request a copy of the actual designation form.

## **5. Charitable Remainder Trusts**

For trusts valued at \$250,000 or more, the Foundation encourages its donors to name the organization as a remainder beneficiary of a charitable remainder trust and will work with its donors to structure such agreements. However, the Foundation will not serve as trustee of a charitable remainder trust and will instead encourage the donor to use a professional fiduciary.

## **6. Revocable Trust Agreements**

The Foundation encourages its donors to name the organization as a beneficiary of all or a portion of a revocable trust agreement. However, the Foundation will not serve as trustee of a revocable trust agreement and will instead encourage the donor to use a professional fiduciary.

## **7. Charitable Lead Trusts**

For trust valued at \$100,000 or more, the Foundation may accept a designation as income beneficiary of a charitable lead trust. However, the Foundation will not accept an appointment as Trustee of a charitable lead trust.

## **8. Bequests**

The Foundation may accept designations as the beneficiary of wills or trusts. The Foundation shall encourage donors considering such bequests to transfer assets that have immediate value to Foundation, or that can be liquidated. Gifts appearing to require more cost than benefit shall be discouraged or rejected. Donors should be encouraged to use designation language supplied by the Foundation and reviewed by legal counsel. Furthermore, donors should be encouraged to describe the specific purposes, if any, of their bequests as broadly as possible to avoid unduly burdensome limitations and restrictions.

The Foundation and its staff shall not act as an executor for a donor's estate. Upon notification of a donor's intent to name the Foundation a beneficiary, the Foundation may request a copy of the portion of the donor's will or trust instrument naming the Foundation a beneficiary.

## **9. Retirement Plan Beneficiary Designations**

The Foundation may accept beneficiary designations for retirement plans. Upon notification of a donor's intent to name the Foundation a beneficiary, the Foundation may request a copy of the actual designation form.

## **10. Other Property**

The Foundation will not accept gifts of real property. Other property not otherwise described in this section, tangible or intangible, is discouraged from being accepted by the Foundation. The Foundation may accept such property but only if it is reviewed and approved by majority vote of the Gift Acceptance Committee and AAJ Foundation Board of Directors prior to acceptance.