

GIFT ACCEPTANCE POLICY

of

MAKING WAVES ACADEMY

1. Policy and Purposes

This Policy represents the policy of Making Waves Academy (“MWA”) governing the solicitation and acceptance of gifts by MWA. The MWA Board of Directors (the “Board”) and MWA staff and in-kind MWF staff solicit current and deferred gifts from individuals, corporations, foundations and others for purposes that will further and fulfill MWA’s mission. Purposes of this Policy include: (a) guidance for the Board, officers, staff and other constituencies with respect to their responsibilities concerning gifts to MWA; and (b) guidance to prospective donors and their professional advisors when making gifts to MWA. The provisions of this Policy shall apply to all gifts received by MWA.

Notwithstanding the foregoing, MWA reserves the right to revise or revoke this Policy at any time, and to make exceptions to the Policy.

The mission of MWA is to rigorously and holistically prepare students to gain acceptance to and graduate from college to ultimately become valuable contributors to the workforce and their communities.

2. General Policy

MWA shall not accept gifts that:

- Violate the terms of MWA’s organizational documents;
- Would jeopardize MWA’s status as an exempt organization under federal or state law;
- Are too difficult or expensive to administer;
- Are for purposes that do not further MWA’s objectives; or
- Could damage the reputation of MWA.
- Originate from an entity whose primary business is the manufacture or sale of firearms as defined in 18 U.S. Code §921 or tobacco products or alcoholic beverages or marijuana.”.

Subject to Section 3. below, all final decisions on the acceptance or refusal of a gift, shall be made by the Making Waves Academy Board.

3. Policy Regarding Specific Types of Gifts

A. Gifts Generally Accepted Without Review (Unrestricted Gifts of Cash).

MWA will accept unrestricted gifts of cash without prior review by the Board, provided that, for donations of \$500,000 or more from other than current or former Board members or prior donors, the identity of the donor has been vetted with respect to any reputational or policy issues. Unrestricted gifts of cash are acceptable in any form. Checks shall be made payable to MWA.

B. Gifts Subject to Governing Body Review Prior to Acceptance.

All gifts, other than unrestricted gifts of cash or publicly traded securities, or gift opportunities previously published (restricted gifts) must be reviewed by the CEO and Board President, prior to acceptance, unless the Board authorizes certain de minimis gifts or categories of gifts to be accepted without its review. The following guidelines also apply:

(1) Tangible Personal Property:

The Board shall review and decide whether to accept gifts of tangible personal property valued in excess of \$20,000 by considering the following factors:

- i. Whether the property furthers the mission of MWA;
- ii. The marketability of the property;
- iii. The restrictions on the use, display, or sale of the property; and
- iv. Carrying costs and possible liability for the property.

(2) Marketable Securities:

- i. Unrestricted marketable securities may be transferred to an account maintained by MWA at one or more brokerage firms or delivered physically with the transferor's signature or stock power attached. All marketable securities shall normally be sold as soon as practical following receipt.
- ii. If the marketable securities are restricted by applicable securities laws, the Board shall make the final determination on the acceptance of the restricted securities.

(3) Closely-Held Securities:

Closely-held securities, including debt and equity positions in non-publicly traded companies, interests in LLPs and LLCs, or other ownership forms, can be accepted subject to the approval of the Board. The Board shall review and decide whether to accept closely held securities based on the following factors:

- i. Restrictions on the security that would prevent MWA from ultimately converting the securities to cash;
- ii. The marketability of the securities; and

iii. Any undesirable consequences for MWA from accepting the securities.

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 with advice of legal counsel when deemed necessary. Non-marketable securities shall be sold as quickly as possible.

(4) Bequests:

Donors may make bequests to MWA under their wills and trusts. A bequest will not be recorded as a gift until the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the gift will be recorded in accordance with GAAP.

(5) Charitable Remainder Trusts:

MWA may accept designations as remainder beneficiary of a charitable remainder trust. MWA shall not accept appointment as trustee of a charitable remainder trust.

(6) Charitable Lead Trusts:

MWA may accept designations as income beneficiary of a charitable lead trust. MWA shall not accept an appointment as trustee of a charitable lead trust.

(7) Retirement Plan Beneficiary Designations:

MWA may accept designations as beneficiary of donors' retirement plans. Designations will not be recorded as gifts until the gift is irrevocable. When the gift is irrevocable, the gift will be recorded in accordance with GAAP.

(8) Life Insurance:

MWA may accept designations as beneficiary and owner of a life insurance policy. The life insurance policy will be recorded as a gift once MWA is named as both beneficiary and irrevocable owner of a life insurance policy. The gift shall be valued in accordance with GAAP rules. If the donor contributes future premium payments, MWA 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, MWA may:

- i. Continue to pay the premiums;
- ii. Convert the policy to paid up insurance, or
- iii. Surrender the policy for its current cash value.

Donors may name MWA as beneficiary or contingent beneficiary of their life insurance policies. Designations will not be recorded as gifts until the gift is irrevocable. Where the gift is irrevocable, the gift shall be recorded in accordance with GAAP.

(9) Real Estate:

Gifts of real estate may include developed property, undeveloped property, or gifts subject to a prior life interest.

Environmental Review. Prior to acceptance of real estate, MWA shall require an initial environmental review of the property to ensure that the property has no environmental problem. If the initial inspection reveals a potential problem, MWA shall retain a qualified inspection firm to conduct an environmental audit. The cost of the environmental audit shall be an expense of the potential donor.

Title Binder. A title binder shall be obtained by MWA prior to the acceptance of the real property gift when appropriate. The cost of this title binder shall be an expense of the potential donor.

Factors for Acceptance. The Board shall review and decide whether to accept real property based on the following factors:

- i. Whether the property is useful for the purposes of MWA;
- ii. The marketability of the property;
- iii. Any encumbrances, leases, restrictions, reservations, easements, or other limitations associated with the property;
- iv. Any carrying costs associated with the property, including insurance, property taxes, mortgages, notes or other costs;
- v. Any concerns which the environmental audit revealed.

(10) Remainder Interests in Property:

The Board of MWA will accept a remainder interest in a personal residence, farm, or vacation property subject to the provisions of this Section 3. The donor or other occupants may continue to occupy the real property for the duration of the stated life. At the death of the life tenant(s), MWA may use the property or reduce it to cash. Expenses for maintenance, real estate taxes, and any property indebtedness shall be paid by the donor or primary beneficiary.

(11) Restricted Gifts:

A gift with restrictions will be accepted only if and when the restrictions are approved by the Board of MWA or the acceptance of a series of named restricted gift opportunities has been previously submitted and accepted by the Board.

(12) Named Funds – Reserved

4. Additional Provisions

A. Gift Agreements.

Where appropriate, MWA shall enter into a written and signed gift agreement with the donor, specifying the terms of any restricted gift, which may include provisions regarding donor recognition for any gifts in the amount of \$100,000 or more. If the restricted gift is less than \$100,000, an email exchange between the donor and a representative staff person or Board member confirming the gift intention and its use will suffice.

B. Pledge Agreements.

Acceptance by MWA of pledges by donors of future support of MWA (including by way of matching gift commitments) shall be contingent upon the execution and fulfillment of a written and signed charitable pledge agreement specifying the terms of the pledge, which may include provisions regarding donor recognition.

C. Fees.

MWA will not accept a gift unless the donor is responsible for (1) the fees of independent legal counsel retained by donor for completing the gift; (2) appraisal fees; (3) environmental audits and title binders (in the case of real property); and (4) all other third-party fees associated with the transfer of the gift to MWA.

D. Valuation of Gifts.

MWA shall record gifts received at their valuation on the date of gift, except that, when a gift is irrevocable, but is not due until a future date, the gift may be recorded at the time the gift becomes irrevocable in accordance with GAAP.

E. IRS Filings upon Sale of Gifts.

To the extent applicable, the Board shall file IRS Form 8282 upon the sale or disposition of any charitable deduction property sold within three (3) years of receipt by MWA. "Charitable deduction property" means any donated property (other than money and publicly traded securities) if the value claimed by the donor exceeds \$5,000 per item or group of similar items donated by the donor to one or more donee organizations (e.g., the property listed in Section B on Form 8283). MWA shall file this form within 125 days of the date of sale or disposition of the asset.

F. Written Acknowledgement.

MWA shall provide written acknowledgement of all gifts made to MWA and comply with the current IRS requirements in acknowledgement of the gifts.

G. Changes to or Deviations from the Policy.

This Policy has been reviewed and accepted by MWA's Board, which has the sole power to change this Policy. In addition, the Board must approve in writing any deviations from this Policy.

H. Donor Recognition.

MWA does not grant naming rights on any physical structure that is leased by or owned by Making Waves Foundation. The criteria for naming rights recognition of donors for gifts for MWA programmatic support must be reviewed and approved by the MWA board prior to acceptance of the gift and will be accepted only if the donor acknowledges in writing that should the program ceases to exist, no refund or permanent recognition will be provided.