Planned Gift Acceptance Policy

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MISSION

The Surfrider Foundation is dedicated to the protection and enjoyment of the world's ocean, waves, and beaches for all people through a powerful activist network.

PURPOSE

The purpose of this Planned Gift Acceptance Policy is to establish guidelines and procedures by which the Surfrider Foundation accepts, manages, and administers planned gifts. The policy is intended to protect the interests of Surfrider, ensure alignment with its mission, and provide clarity to donors and their advisors regarding the types of gifts accepted and the conditions under which they will be received.

This policy applies to all deferred and planned gifts, including bequests, charitable trusts, gift annuities, and other gift arrangements described herein.

Responsibility for reviewing and accepting planned gifts rests with the Chief Executive Officer, Chief Operating Officer, and Sr. Director of Development, as well as other staff as designated by Surfrider leadership. This includes:

- Reviewing and approving all planned gift arrangements, including non-standard or complex gifts
- Consulting with legal, financial, and tax counsel as needed
- Disclaiming or declining gifts that do not serve the Surfrider Foundation's best interests
- Making exceptions to this policy on a case-by-case basis

Types of Funds

UNRESTRICTED VS. RESTRICTED GIFTS

Unrestricted Gifts are contributions made without any donor-imposed conditions on their use. Surfrider retains full discretion to direct unrestricted funds wherever they are most needed to advance its mission. These gifts provide the greatest organizational flexibility and are encouraged.

Restricted Gifts are contributions subject to donor-specified conditions regarding their use, purpose, timing, or beneficiary. Restrictions may be:

- Purpose-Restricted: Funds designated for a particular program, initiative, project, or department
- Time-Restricted: Funds that cannot be spent until a specified date or triggering event
- Beneficiary-Restricted: Funds directed for the benefit of a specific Surfrider chapter or region
    - Note that gifts of $10,000 or greater may be region-restricted, but may not be restricted to only one chapter

Surfrider will accept restricted gifts only when:

- The restriction aligns with Surfrider's current or anticipated mission and programs
- Surfrider has the operational capacity to honor the restriction
- Legal counsel has reviewed any restriction that may be difficult to modify over time

When a restriction becomes impractical or impossible to fulfill, Surfrider will work with the donor (or their estate) to modify the terms, or will seek legal guidance under applicable state law.

EXPENDABLE VS. ENDOWED GIFTS

Expendable Gifts are gifts where the principal may be spent, in whole or in part, in accordance with the gift's purpose. These funds are drawn down over time, even to exhaustion, and are not intended to exist in perpetuity. Expendable gifts may be unrestricted or restricted. Gifts that are not specified as Endowed will be considered to be fully Expendable.

Endowed Gifts are gifts where the principal is held and invested in perpetuity (or for a defined term), and only a portion of the fund — typically the annual spending distribution, based on the Organization's endowment spending policy — is made available for use each year.

- **True (Permanent) Endowments** require that the principal be maintained permanently by donor directive or legal requirement.
- **Quasi-Endowments** are funds the Surfrider leadership or Board has elected to treat as endowed, but which it retains the authority to spend if necessary.
- **Term Endowments** are endowed for a specific period, after which the principal may be expended.

The minimum gift threshold to establish a named endowed fund at Surfrider is $50,000. Gifts below this threshold may be pooled into an existing endowed fund at Surfrider's discretion.

Types of Planned Gifts Accepted

Surfrider accepts the following categories of planned gifts. Gifts in this section transfer assets to the Surfrider Foundation outright or by beneficiary designation, with no ongoing payment obligation owed by Surfrider to the donor or any other party.

Surfrider will provide donors and their counsel with its legal name, address, and tax identification number for use in drafting bequest language or beneficiary designations. The Surfrider Foundation does not provide legal advice to donors and encourages all donors to consult independent legal counsel. No legal documentation is required during the donor's lifetime for a bequest or beneficiary designation gift, though donors are encouraged to notify Surfrider of their intent.

Upon receipt, Surfrider's policy is to liquidate donated assets, such as securities and real assets, promptly, unless the leadership has made an explicit decision to hold an asset for a defined period or unless the property serves a direct programmatic purpose.

Surfrider may, at its discretion, decline a Planned Gift if acceptance would expose Surfrider to liability, conflict with its mission, or impose unreasonable restrictions.

BEQUESTS (WILLS AND TRUSTS)

The Surfrider Foundation accepts gifts made through a donor's last will and testament or revocable living trust. Bequests may be:

- **Specific**: A named dollar amount or identified asset
- **Residuary**: A percentage or all of the remainder of an estate after other bequests are fulfilled
- **Contingent**: A gift that takes effect only if a primary beneficiary does not survive the donor

SECURITIES AND STOCKS

Surfrider accepts gifts of publicly traded securities, including stocks, bonds, and mutual fund shares. Gifts of publicly traded securities are valued at the mean of the high and low trading price on the date of transfer.

Privately held securities (closely held stock, interests in LLCs or partnerships) may be accepted subject to review by Surfrider leadership and legal counsel. Prior to acceptance, Surfrider will evaluate liquidity, any restrictions on transfer, potential tax liability (including unrelated business income tax), and marketability.

RETIREMENT ASSETS AND IRAS

The Surfrider Foundation accepts gifts of retirement plan assets, including IRAs, 401(k)s, 403(b)s, and similar accounts. Because retirement assets are subject to income tax when distributed to non-charitable beneficiaries, they are often among the most tax-efficient assets to designate to charity.

Donors may name the Surfrider Foundation as:

- A primary beneficiary for a percentage or the entirety of a retirement account
- A contingent beneficiary in the event a primary beneficiary does not survive the donor

LIFE INSURANCE

Surfrider accepts gifts of life insurance policies in two forms:

Irrevocable Beneficiary Designation: The donor names the Surfrider Foundation as a primary or contingent beneficiary of a life insurance policy. The donor retains ownership of the policy. No charitable deduction is available during the donor's lifetime for this arrangement.

Outright Transfer of Ownership: The donor irrevocably assigns ownership of an existing policy to the Surfrider Foundation. The donor may receive a charitable income tax deduction equal to the lesser of the policy's fair market value or the donor's cost basis. If the donor continues to pay premiums on a transferred policy, those premium payments may also be deductible as charitable contributions. At this time, Surfrider will not accept responsibility for paying ongoing policy premiums. If the donor will not or does not maintain the policy, Surfrider will not accept the transfer or will surrender the policy for its cash value.

REAL ESTATE AND TANGIBLE PROPERTY

Real Estate

Surfrider may accept gifts of real property (residential, commercial, agricultural, or undeveloped land) subject to satisfactory completion of the following due diligence:

- A qualified independent appraisal (at the donor's expense) dated no more than 60 days prior to the gift
- A Phase I Environmental Site Assessment to screen for environmental liability
- A review of title, liens, mortgages, and encumbrances
- An assessment of carrying costs (taxes, insurance, maintenance) relative to the property's marketability

Surfrider will not accept real estate subject to a mortgage unless the Surfrider leadership and legal counsel determine that the expected net benefit justifies the liability risk, including potential exposure to debt-financed income rules.

Surfrider reserves the right to sell or dispose of real estate holdings as they see fit.

Tangible Personal Property

Gifts of tangible personal property (artwork, equipment, collections, vehicles, etc.) will be accepted only if the property has clear relevance to Surfrider's mission or can be readily liquidated. Surfrider will not accept tangible property that carries significant carrying costs, poses storage or liability challenges, or requires specialized expertise to manage, unless specifically approved by the Surfrider leadership.

DONOR ADVISED FUNDS (DAFS)

The Surfrider Foundation welcomes grant recommendations from donors who hold Donor Advised Funds at community foundations, financial institutions, or other sponsoring organizations. Distributions from a DAF to the Surfrider Foundation are treated as outright charitable gifts.

Surfrider acknowledges that:

- The sponsoring organization (not the donor) has legal control over DAF assets
- A donor may not receive goods or services in exchange for a DAF grant recommendation
- DAF grants may not be used to satisfy a donor's legally binding pledge

Surfrider encourages donors who intend to make a significant planned gift via a DAF to discuss their intentions with both Surfrider and the sponsoring organization to ensure the grant can be properly structured and administered.

CHARITABLE REMAINDER TRUSTS (CRTs) & CHARITABLE LEAD TRUSTS (CLTs)

The Surfrider Foundation may be named as a beneficiary of Charitable Remainder Trusts (CRT) and Charitable Lead Trusts (CLT) established by donors or other parties.

A CRT provides income to noncharitable beneficiaries for a specified term, after which the remaining assets pass to Surfrider. A CLT provides income to Surfrider for a specified term, after which the remaining assets pass to noncharitable beneficiaries. Distributions from CRTs and CLTs to the Surfrider Foundation are treated as outright charitable gifts.

Surfrider will not serve as trustee of a charitable remainder trust or charitable lead trust and will not accept any role that would impose administrative, fiduciary, or financial obligations on Surfrider. The trustee, not Surfrider, is responsible for the administration, investment management, and tax reporting of the trust.

Surfrider encourages donors who intend to establish a CRT or CLT to consult with their legal and financial advisors and to coordinate with Surfrider to ensure the trust is structured and administered in a manner consistent with the Surfrider Foundation's policies.

Types of Planned Gifts Not Currently Accepted

LIFE INCOME AND PAYMENT-OBLIGATING GIFT ARRANGEMENTS

Certain planned gift vehicles are structured so that Surfrider would be required to make ongoing payments to a donor, annuitant, or other named beneficiary over a period of time before Surfrider ultimately benefits from the gift. While these arrangements can provide meaningful tax and income benefits to donors, they impose significant administrative, legal, actuarial, and financial obligations on the issuing organization.

At this time, the Surfrider Foundation does not accept gifts that create a payment obligation from the Surfrider Foundation to a donor, other beneficiary, or insurance company. This determination reflects the administrative complexity of establishing and maintaining the required legal structures, reserve requirements, state registration compliance, and actuarial oversight associated with these vehicles.

Surfrider will review this position periodically. Donors interested in life income arrangements are encouraged to work with a community foundation or financial institution that administers these programs and can name the Surfrider Foundation as a beneficiary.

The gift types currently declined on this basis are described below.

Charitable Gift Annuities (CGAs) — Not Currently Accepted

A Charitable Gift Annuity is a contractual agreement in which a charity, in exchange for an irrevocable transfer of assets, promises to pay a fixed annuity to one or two annuitants for the remainder of their lives. Upon the death of the last annuitant, the remaining assets benefit the charity.

CGAs require the issuing organization to:

- Register as a CGA issuer in most states, with ongoing compliance filings
- Maintain actuarially determined reserves segregated from general operating funds
- Assume investment and longevity risk on annuity obligations
- Administer tax reporting to annuitants (Form 1099-R) each year

The Surfrider Foundation does not issue Charitable Gift Annuities at this time. Donors who wish to establish a CGA with Surfrider as remainder beneficiary may do so through a sponsoring organization such as a community foundation that offers CGA programs on behalf of designated charities.

Charitable Remainder Trusts (CRTs) & Charitable Lead Trusts (CLTs) — Not Currently Accepted As Trustee

A Charitable Remainder Trust (CRT) is an irrevocable split-interest trust in which the donor (or named beneficiaries) receive an income stream — either a fixed amount (Charitable Remainder Annuity Trust) or a percentage of the trust's annual value (Charitable Remainder Unitrust) — for life or a term of years, after which the remaining assets pass to one or more charitable remainder beneficiaries, such as the Surfrider Foundation.

A Charitable Lead Trust (CLT) is an irrevocable split-interest trust in which one or more charitable beneficiaries, such as the Surfrider Foundation, receive an income stream for a term of years, after which the remaining assets pass to noncharitable beneficiaries, such as the donor’s family.

CRTs and CLTs require the serving trustee to:

- Administer the trust corpus under fiduciary standards
- Calculate and distribute income payments to beneficiaries annually
- File annual trust tax returns
- Manage trust investments in accordance with applicable law

The Surfrider Foundation does not serve as Trustee of Charitable Remainder Trusts or Charitable Lead Trusts at this time. Donors who wish to establish a CRT or CLT and name the Surfrider Foundation as a beneficiary are welcome to do so — Surfrider will gladly accept distributions as provided under the terms of the trust, including remainder distributions from CRTs and income distributions from CLTs. Donors should work with an independent corporate trustee (such as a bank trust department or community foundation) to administer the trust.

Life Insurance with Unfunded Payment Obligations – Not Currently Accepted

Outright Transfer of Ownership: The donor irrevocably assigns ownership of an existing policy to the Surfrider Foundation, which may have ongoing premium payment obligations. At this time, Surfrider will not accept responsibility for paying ongoing policy premiums. If the donor does not agree to or fails to maintain the policy by paying the premiums, Surfrider will not accept the transfer of ownership or may surrender the policy for its cash value.

Other Gifts that the Surfrider Foundation Will Not Accept

Surfrider reserves the right to decline any gift that, in the judgment of its leadership:

- Conflicts with Surfrider's mission, values, or environmental commitments
- Exposes Surfrider to legal, financial, reputational, or environmental liability
- Carries restrictions that cannot reasonably be honored
- Requires the expenditure of staff resources or funds disproportionate to the gift's value
- Is encumbered with debt exceeding the expected net value of the gift
- Involves assets of questionable legal title or provenance

Valuation of Gifts

All gifts will be valued in accordance with IRS regulations and generally accepted accounting principles. Surfrider will provide donors with a written acknowledgment of gifts received but will not provide appraisals or determine the fair market value of non-cash gifts on behalf of donors. Donors are responsible for obtaining qualified appraisals for gifts requiring them (generally non-cash gifts valued over $5,000) and for completing IRS Form 8283 where applicable.

Donor Recognition and Confidentiality

Donors who make planned gifts of any type may be recognized in the Surfrider Foundation's legacy circle or through other appropriate recognition vehicles, subject to donor preference. Donors who wish to remain anonymous will have that preference honored.

All information regarding a donor's estate plans, financial circumstances, and gift intentions shall be held in strict confidence by Foundation staff, and shall not be disclosed to outside parties without the donor's written consent, except as required by law.

Gift Agreements

All significant planned gifts — and all gifts that establish a named fund, impose restrictions, or involve deferred arrangements — should be documented in a written Gift Agreement signed by both the donor and the Senior Director of Development or an authorized representative of the Surfrider Foundation. Gift Agreements should address:

- The nature, purpose, and terms of the gift
- Any naming rights or donor recognition
- The fund type (unrestricted/restricted; expendable/endowed)
- Successor provisions if the gift's purpose becomes impractical
- The Surfrider Foundation's right to manage and invest the assets

Relationship with Donors and Professional Advisors

Surfrider encourages all prospective planned giving donors to seek the advice of independent legal, financial, and tax counsel before finalizing a planned gift. Staff and volunteers of the Surfrider Foundation shall not serve as legal or financial advisors to donors in connection with gifts to the Surfrider Foundation. Surfrider is happy to work directly with a donor's attorneys, financial planners, and accountants to facilitate gift arrangements.