

SOP # _____ Revision: _____
Effective Date: 2.26, 2011

Prepared by: Governance Comm.
Approved by: Board of Directors

Title: SANTA ROSA PLATEAU FOUNDATION –
GIFT ACCEPTANCE

Policy: No gift will be accepted where there is not obvious charitable intent on the part of the donor. The greater the number of donors and the greater the number of transactions involved in a gift, the greater will be the caution about accepting the gift. The Board of Directors must review and approve the acceptance of gifts, which may require expenditure of funds by the Santa Rosa Plateau Foundation (SRPF) at any time.

Purpose: To ensure that all gifts accepted by the SRPF further the mission or goals of the SRPF, do not conflict with the SRPF's ethical values and principles, and are accepted in accordance with sound business and fiscal practices.

Scope: The procedures outlined below will apply to all gifts offered to the SRPF, including cash, pledges, securities, trusts, insurance policies, real estate, and other gifts-in-kind

Procedure:

1.0 GENERAL GUIDELINES

- 1.1 All contributions will be recognized within thirty (30) days of receipt, and under no circumstances less than five (5) working days of receipt of the gift.
- 1.2 All gifts will be recorded accurately and a monthly report issued to the Executive Director, senior staff, President of the Board of Directors, Board members, and all development volunteer leadership.
- 1.3 No donation will be accepted if the donor or some other person or persons retains or obtains a right, interest, or benefit in a gift. The Board of Directors must determine if a gift has adequate value to sustain that right, interest, or benefit, pay related expenses, and still provide a significant benefit to the SRPF.
- 1.4 All property appraisals must be premised on the property being sold within a reasonable period to time, generally one year.

2.0 IN-KIND-GIFTS

- 2.1 In-kind gifts of property or services are to be valued by the donor and reported to the Executive Director. If the in-kind valuation of the donor is suspect, the SRPF may request an independent appraisal. If the donor is not able to make a valuation, the SRPF may do so, based on fair market value. In all cases regarding the accession of donated personal property, the accession policy of the SRPF will take precedence.

- 2.2 In no case will the SRPF knowingly cooperate in the reporting or crediting of inflated gift values.
- 2.3 Gifts-in-kind will be reviewed to ensure that acceptance will not involve financial commitments in excess of budgeted items or other obligations disproportionate to the usefulness of the gift.
- 2.4 Gifts of securities, which are not readily marketable, such as closely held corporate stock, will be carried on the SRPF's books at a \$1 value, in the absence of financial information, which would enable the Budget and Finance Committee to determine book value. If audited financial statements can be provided to determine book value, such securities will be carried at book value on the SRPF's books.
- 2.5 Gifts of bonds, which require a holding period, will be accepted and cashed when the holding period has expired and will be reviewed to ensure that acceptance will not involve financial commitments in excess of budgeted items or other obligations disproportionate to the usefulness of the gift.
- 2.6 Restricted gifts, which impose on the SRPF a legal obligation to comply with the terms established by the donor, will be reviewed to ensure that the restrictions do not hamper the usefulness and desirability of the gift to the SRPF.
- 2.7 If a gift is deemed unacceptable because of the restrictions the donor has placed on its use, the donor will be counseled to remove or modify the restrictions.
- 2.8 Gifts will be returned or refused when the purpose is inappropriate or not conducive to the best interests of the SRPF, when the gift is a clearly commercial endeavor, or when the gift would obligate the SRPF to undertake responsibilities, financial or otherwise, which it may not be capable of meeting for the period required by the terms of the gift.

3.0 DONATED SECURITIES

- 3.1 Upon receipt of a gift of donated securities, the Executive Director shall notify the chairperson of the Budget and Finance Committee, who shall, as soon as practicable, place the securities with a recognized broker for sale at the earliest date.
- 3.2 Upon receipt of the proceeds of such sale, the funds shall be placed in the money management account for the benefit of the SRPF.
- 3.3 In the event that donated securities have a limited market value, the investment certificates will be placed in the safe deposit box and, on a periodic bases (at least annually) the market value of these securities will be investigated through a recognized broker to determine whether or not, at that time, the securities are marketable.

- 3.4 If it is the opinion of the SRPF's broker that the number of shares involved is sufficient to have a depressing impact on the price of the stock, the sale may be extended over a period of time necessary to avoid such an impact.
- 3.5 If, in the opinion of the Budget and Finance Committee, it is determined that the security is more desirable than another security in the SRPF's endowment fund, the securities will be sold to the fund.
- 3.6 Securities which are assessable or could in any way create a liability to the SRPF will not be accepted. Securities which may not be assigned, such as "E" savings bonds, will not be accepted.

4.0 GIFTS OF REAL PROPERTY

- 4.1 An independent appraisal will be sought from a qualified appraisal firm prior to acceptance of any gift of real property. The purpose of the appraisal is threefold:
 - a. To establish an asking price for the property.
 - b. To determine the donor's tax deduction.
 - c. To provide the SRPF with a reasonable value at which to carry the asset on the SRPF's books.
- 4.2 It is the responsibility of the donor, who will receive the tax deduction, to pay for the appraisal. The SRPF will acknowledge the appraisal in writing.
- 4.3 If it is determined that the SRPF has no other use for the property, it will be listed with a real estate broker in the area for sale at the appraised value.
- 4.4 The property will remain on the market for a reasonable period, no less than one year, before the asking price will be adjusted. However, should high taxes or a sizable mortgage force the SRPF to sell the property before it has been on the market for one year, the prospective donor will be so informed.
- 4.5 Mortgaged properties will not be accepted by the SRPF unless, based on an independent appraisal, the mortgage amounts to fifty percent (50%) or less of the value established by the appraisal.
- 4.6 The law requires that the SRPF notify the Internal Revenue Service (IRS) of the resale price if the property is sold within two years.
- 4.7 Gifts of commercial properties and businesses will be evaluated on the basis of property tax and mortgage liabilities, as well as income tax liabilities. The fact that the SRPF, as a non-profit corporation, receives no tax benefit from the depreciation will also be taken into consideration. Exceptions to this policy may be made by a majority vote of the Board of Directors.

5.0 GIFTS OF PERSONAL PROPERTY

- 5.1 Gifts of personal property valued in excess of \$5,000 must be appraised by a qualified appraiser. The appraisal fee must be paid by the donor. This

independent appraisal will establish the donor's charitable tax deduction, an asking price, and a reasonable asset value to be carried on the SRPF's books.

- 5.2 The SRPF will acknowledge the appraisal in writing, and the appraisal is to be attached to the donor's income tax return.
- 5.3 The SRPF will attempt to sell the property at the appraised value for a reasonable period of time, no less than one year. However, if costs related to maintenance and/or storage make it necessary for the SRPF to sell the property at a lower price, the donor will be so informed.
- 5.4 The SRPF is required to notify the IRS of the sale price of any property gift sold within two years of the date of the gift.

6.0 WORKS OF ART

- 6.1 Gifts of works of art will be accepted by the SRPF. However, no commitment will be made to display the art in the SRPF's offices or to keep the art. If it is not to be displayed in the SRPF's offices, it will be sold.
- 6.2 Works of art will be valued at \$1 on the SRPF's books, unless the donor pays for an independent appraisal. Self-created works of art will be valued on a cost-basis.
- 6.3 If the art has appreciated since acquisition by the donor, the donor will be counseled that a higher tax deduction may be obtained by donating the gift to an art museum or other organization to which the art could be defined as being "related to the charitable purpose" of the organization.

7.0 GIFTS OF FURNITURE

- 7.1 Gifts of furniture will be accepted if the furniture is useable by the SRPF or can be sold quickly for an amount approximating the amount the donor wishes to take as a tax deduction.
- 7.2 Donors are responsible for establishing their own tax deduction.
- 7.3 Furniture to be utilized by the SRPF will be carried as an asset on the agency's books. A local furniture dealer should estimate the value.
- 7.4 Donors offering gifts of furniture will be referred to other charities that accept gifts of furniture when the furniture cannot be utilized by the SRPF.

8.0 GIFTS OF AUTOMOBILES

- 8.1 Gifts of automobiles and other vehicles may be accepted by the SRPF when they are in working order and salable.
- 8.2 If accepted, vehicles will be listed in the SRPF's books at wholesale blue book price, less any necessary repairs.
- 8.3 Vehicles unsuitable for use by the SRPF will be sold.

Revision History:

| Revision | Date | Description of changes | Requested By |
|-----------------|-------------|-------------------------------|---------------------|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |