



Upper Bay Counseling & Support Services, Inc.
Board of Directors

Gift Acceptance Policy #4

Introduction

The Board of Directors delegates to the Fund Development Committee (FDC) the authority to accept or reject gifts of cash or its equivalent valued at \$10,000 or less. All prospective major gifts greater than \$10,000 (& gifts other than cash or its equivalent) shall be approved by the Executive Committee in accordance with policies and procedures set forth in this document.

Solicitation of Gifts

All formal solicitations of gifts to UBCSS shall be made only by the department of organizational development, the CEO and the Board of Directors. All employees, representatives, volunteers, or friends of UBCSS are encouraged to refer prospective donors/contacts to the director of organizational development.

Conflict of Interest

Any staff member or director who might reasonably be expected to derive material benefit (directly or indirectly) from any contract or other transaction pertaining to the maintenance or conduct of UBCSS business shall promptly so declare to the UBCSS Board President. The President may request an advisory opinion from the UBCSS legal counsel before making a final determination.

If it is determined that the staff member or director stands to receive a material benefit (directly or indirectly) from the transaction, or if a reasonable person might conclude that he or she may be perceived to receive a material benefit, he or she shall remove himself or herself from all actions, recommendations and discussions regarding the transaction.

Confidentiality

Information concerning donors and prospective donors and donations shall be confidential. No information shall be released to the general public without securing the prior permission of the donor.

Legal/Tax Counsel

Donors shall be encouraged to secure the advice of independent legal and tax counsel in all matters pertaining to making a gift to UBCSS.

Exceptions

Exceptions to policies and procedures contained in this document must be submitted in writing to the FDC for review. Final approval of any and all exceptions will be made by the Executive Committee of the UBCSS Board of Directors

Gift Alternatives

Most types of property may be donated to UBCSS although all gifts must comply with the policies and procedures described in this document. There are 2 primary options available to a donor: an immediate gift and a deferred gift.

Immediate Gift: An immediate gift involves the transfer of money or property to UBCSS by a donor, without the receipt of consideration or economic benefit. The donor must retain no control over the money or property transferred to UBCSS to qualify as an immediate gift, although the donor may place restrictions on the use of the property.

Deferred Gift: A deferred gift involves the irrevocable transfer of an asset to UBCSS with the donor generally retaining either an income stream or the remainder interest. Several deferred gift options are available to prospective donors:

1. Charitable Remainder Trust

A Charitable Remainder Trust is an irrevocable trust created either during the life of a donor or through the donor's will. The trust must provide that a specified sum certain of the trust's value be paid to one or more beneficiaries on an annual or more frequent basis. At least one beneficiary must be non-charitable.

The trust is created for a predetermined number of years for the lives of the named beneficiaries. When the non-charitable interest terminates, the remainder will pass to UBCSS. A minimum recommended gift for a charitable remainder trust is \$25,000.

2. Charitable Gift Annuity

A Charitable Gift Annuity is a contractual arrangement between the donor and UBCSS. The donor transfers money or property to UBCSS in exchange for a promise to pay an annuity to the donor and/or other named beneficiaries for the life of the donor and/or other designee. The rate of return to the donor is based on the tables provided by the American Council on Gift Annuities. The minimum recommended contribution for a charitable gift annuity is \$25,000.

3. Gifts of Remainder Interest in Personal Residence or Farm

A donor may donate the remainder interest in his or her personal residence/s or farm/s to UBCSS. The property may not be held in trust and the transfer must be irrevocable.

4. Life Insurance

A donor may name UBCSS as beneficiary of a life insurance policy. The proceeds will be paid to UBCSS on the death of the insured. A donor may also buy a special policy for the benefit of UBCSS and name UBCSS as beneficiary or owner. Policies can be written that may provide an income tax deduction for premiums paid and an estate tax deduction for proceeds paid.

5. Bequests

A bequest is a charitable gift named in the donor's will or trust and is payable according to terms of the depository document. A donor's estate may receive an estate tax deduction for the value of the charitable gift. A bequest can provide for an outright or a split-interest gift.

6. Bargain Sale

A bargain sale occurs when property is sold to UBCSS for less than its fair market value with donative intent. A bargain sale also occurs when property is exchanged with UBCSS for other property with a lesser fair market value, or upon transfer of an encumbered asset to UBCSS.

In order to qualify as a charitable gift or estate tax deduction, the deferred gift must be in compliance with the requirements established by the Internal Revenue Code. The donor is encouraged to secure the advice of independent legal and tax counsel in all matters pertaining to a deferred gift to UBCSS.

Gift Acceptance Procedure

All prospective major gifts (above \$10,000), and all gifts other than cash or cash equivalents, including all gifts of cash, real property, tangible and intangible personal property and life insurance, must be submitted to the FDC for review prior to acceptance. A written summary of the prospective gift shall be prepared by the FDC and submitted to the Executive Committee. The summary shall include the following information:

- Name of donor/s;
- Description of the asset;
- Estimated value of the gift;
- Income, expense, and encumbrances;
- Purpose of the gift
- Restricted or Unrestricted

Additional information may be requested depending on the type of asset under consideration, as set forth below. The Executive Committee shall review the information provided, obtain additional information, as it deems necessary and present its recommendation to the Board of Directors. The Executive Committee shall make the final decision to accept or reject the prospective gift. The FDC shall notify the donor in writing of the Committee's decision within ten (10) working days.

The department of organizational development shall provide donors with written acknowledgement of gifts of \$250 or more. The acknowledgement shall make a good faith estimate of the value of goods/services (if any) provided by UBCSS in exchange for the gift.

In its review of a prospective gift, the Executive Committee must give special consideration to certain types of assets in order to protect the interests of UBCSS.

Real Estate

Gifts of real estate will require special handling since real estate can be costly to maintain and difficult to liquidate. For prospective gifts of real estate the FDC shall provide additional information to the Executive Committee, to include:

- **Market Value and Marketability:** The Board of Directors may require the donor to provide a current appraisal of property and the value of the interest in the property that UBCSS would receive.
- **Environmental Report:** A “Phase I” environmental study shall be performed on all gifts of real property. The Executive Committee may waive this requirement for certain residential properties used exclusively for residential purposes.
- **Encumbrances and restrictions:** All mortgages, deeds of trust, restrictions, reservations, easements, mechanical liens and other limitations must be disclosed.
- **Carrying Costs:** All carrying costs, including (but not limited to) taxes, insurance, association dues, membership fees and transfer charges, must be disclosed.
- **Title Information:** The Board of Directors may require the donor to provide the Executive Committee with a title insurance policy or an attorney certificate of title.

In reviewing the prospective gift of real estate, the Executive Committee shall consider:

- Is the property useful for the purposes of UBCSS?
- Is the property marketable?
- Are there restrictions, reservations, easements or other limitations?
- What are the carrying costs?
- Are there any current or potential environmental problems?
- Is the property insurable?

Tangible Personal Property

Tangible personal property (other than real estate) is often defined as property that can be “touched.” Examples of tangible personal property include automobiles, boats, clothing, personal papers, antiques, stamp collections, rare coins, artwork, books, jewelry and home furnishings.

For prospective gifts of tangible property, the FDC shall provide additional information to the Executive Committee to include:

- An estimate or appraisal of the property’s fair market value
- Documentation regarding the potential use of the property by UBCSS
- Special arrangements concerning the disposition of the property
- **Title Information:** the donor must provide title or proof of ownership, where appropriate

In reviewing the prospective gift of tangible personal property, the Executive Committee shall consider:

- Is the property useful for the purposes of UBCSS?
- Is the property marketable?
- Are there any undue restrictions on the use, display or sale of the property?

- Are there any public relations issues relating to acceptance of the property?
- What are the carrying costs of the property including those necessary to preserve value of the property and to insure the property?

Intangible Personal Property

Intangible personal property is personal property whose value stems from intangible elements rather than physical or tangible elements. Examples of intangible personal property include: securities, patents, copyrights, subscription lists, goodwill, trade names and trademarks, player contracts and installment obligations. It also includes partnership interest and certain rights to tangible property (personal or real), such as mineral production payments.

For prospective gifts of intangible personal property the FDC shall provide information to include:

- **Market Value and Marketability:** The Board of Directors may require the donor to provide a current appraisal of the property and the value of the interest in the property UBCSS would receive. The appraisal must indicate that there is a market for the asset and that it can be sold in a timely fashion.
- **Encumbrances and Restrictions:** All security interest, restrictions, reservations and other limitations must be disclosed.
- **Carrying Costs:** All carrying costs must be disclosed.
- **Title Information:** The Board of Directors may require the donor to provide proof of ownership or chain of title, where appropriate.

In reviewing a prospective gift of intangible personal property, the Executive Committee shall consider:

- The marketability of the property.
- Restrictions that would prevent UBCSS from ultimately liquidating the asset.
- Carrying costs of the property, including those necessary to preserve the property's value.
- Any public relations issues related to acceptance of the property.
- Any undesirable tax consequences the property may create for the organization.

Life Insurance

A gift of a paid-up whole-life insurance policy shall be considered for acceptance, provided that UBCSS is named as owner and beneficiary of the policy and the donor intends for policy proceeds to be used to support UBCSS' programs. Other policies may be accepted upon review.

For prospective gifts of life insurance, the FDC shall provide the Executive Committee with the following additional information:

- Description of policy
- Face value of the policy
- Premium payment schedule
- Interest rate

- Age of insured
- Other relevant policy information

The Executive Committee shall review the information provided and make a determination as to whether to accept or reject the life insurance policy.

Expense Reimbursement

The Executive Committee must approve the payment or reimbursement of all expenses incurred by the Board of directors in connection with prospective gifts.

Review by Counsel

Some major gifts to UBCSS may need to be reviewed by counsel prior to formal acceptance. The Executive Committee will consider this review step as needed.

Exceptions

Exceptions to policies and procedures outlined in this document must be submitted in writing to the Executive Committee for review. Final approval of any exceptions shall be made by the Board of Directors.

Appraisal Requirements

Qualified Appraisals for Gifts of Property

The Board of Directors may require a qualified appraisal for gifts of property (other than money and publicly traded securities) if the aggregate reported value of the property exceeds \$5,000. For non-publicly traded securities, a qualified appraisal may be obtained if the value exceeds \$10,000.

Qualified Appraisal

A qualified appraisal must be prepared, signed and dated by a qualified appraiser. A qualified appraisal should contain a full description of the property, its location and the terms of any agreement or understanding entered into with respect to the donation if it relates to the use, sale, or other disposition of the property.

Qualified Appraiser

To be a qualified appraiser, an individual must hold him/herself out to the public as an appraiser, perform appraisals on a regular basis and have the qualifications to make appraisals of the type of property being valued, and will certify, in writing, that, to the best of their knowledge and belief:

- The statements of fact contained in the report (appraisal) are true and correct;
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are the personal, impartial, and unbiased professional analyses, opinions and conclusions of the appraisal;
- They have no (for the specified) present or prospective interest in the property that is the subject of this report, and no (for the specified) personal interest with respect to the parties involved;
- They have no bias with respect to the property that is the subject of this report or the parties involved with this assignment;

- Their engagement in this assignment was not contingent upon developing or reporting predetermined results;
- Their compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal;
- Their analyses, opinions, and conclusions were developed and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice;
- They have (or have not) made a personal inspection of the property that is the subject of this report;
- No one provided significant real property appraisal assistance to the person signing this certification. (If there are exceptions, the names of each individual providing significant real property appraisal assistance is stated elsewhere in the report).

The Board of Directors will make the appraiser aware that any false or fraudulent overstatement of the value of the property described in an appraisal may subject the appraiser to civil penalties and may cause subsequent appraisals by this appraiser to be disregarded.

Disqualified Appraiser

An appraiser cannot be a qualified appraiser with respect to a particular piece of donated property if he/she is any of the following persons:

- The donor who claims a charitable deduction from the property being appraised.
- A party to the transaction by which the donor acquired the property being appraised (unless the property is donated within two (2) months of the date of acquisition and its appraised value does not exceed its acquisition price).
- Any person employed by or related to the donor or UBCSS.
- Any person whose relationship to the donor or UBCSS would cause a reasonable person to question the independence of the appraisal.