



Gift Crediting and Acceptance Policies

Purpose

These gift acceptance policies are meant to provide information and guidance on the solicitation, acceptance, application, and disposition of campaign gifts to the Capital Area Food Bank (“CAFB” or “the Food Bank”). It should be noted that this document is not intended to provide formal legal or tax advice, nor detailed descriptions of giving instruments, but share parameters of the types of gifts sought and accepted through the course of the fundraising campaign beginning July 1, 2021.

Specifically, the policies provide guidelines for CAFB to:

1. Accept gifts that are made using a range of the most common giving instruments;
2. Credit/account for campaign gifts made to CAFB;
3. Recognize donors who contribute to CAFB; and
4. Inform decisions made on matters related to gifts made to CAFB.

Guiding Principles

- a. These policies follow established industry guidelines for best practices in fundraising and used by the majority of nonprofit organizations. These guidelines include Generally Accepted Accounting Principles (GAAP), standards approved by the Financial Accounting Standards Board (FASB), and the National Association of Charitable Gift Planners (CGP).
- b. Gift commitments can be made as either one-time gifts or pledges payable over a period of up to five years, unless a special exception is approved by CAFB’s CEO and CFO.
- c. CAFB will encourage donors to make unrestricted gifts, where possible, as this practice permits the CAFB to apply funds to the area of greatest benefit.
- d. Should a donor choose to restrict their gift for a specific program or activity, CAFB will encourage the benefactor to designate their gift(s) for as general of a purpose as possible, thereby permitting the Food Bank to allocate the gift(s) to the area of greatest need.
- e. CAFB and its representatives will strive at all times to faithfully implement the stated and/or written restrictions of donors while balancing the mission and goals of CAFB.
- f. Persons acting on behalf of CAFB shall encourage donors to discuss proposed gifts with their own legal, financial, and/or tax advisors and should stress the importance of such counsel when gifts in question are structured and irrevocable. At no time should the Food Bank’s Board, staff, or campaign volunteers provide legal and/or tax advice to donors. However, donors can be provided gift illustrations and information upon request.
- g. For the purposes of these policies, the “CAFB organizational leadership” refers to the CAFB’s CEO, CFO and CRMO.

Gift Confirmation

Cash gifts and pledges for the CAFB Capital Campaign will be counted as campaign revenue, must be received during the active portion of the campaign, defined as between July 1, 2021 and June 30, 2026, and requested for the priorities of the campaign, will be counted toward the campaign total. It is CAFB’s hope that capital campaign gifts are in addition to each donor’s level of annual support that allow us to meet the current needs of our clients.

All gifts must be received by CAFB outright or documented in writing via postal letter or email and signed



Gift Crediting and Acceptance Policies

by the donor or the donor's qualified representative. Written confirmation should include a statement that allocates gifts to CAFB or, alternatively, restrictions the gift to programs or activities agreed upon between the donor and CAFB organizational leadership.

Acceptable forms of written confirmation include, but are not limited to, a signed: letter authored by the donor; written agreement; trust document or other legally binding documentation associated with acceptable planned giving instruments, or other legal notification. Email communications authored by the donor are sufficient for gifts not exceeding \$50,000.

In exceptional cases, verbal gifts may be counted, but tracked separately, only with approval of CAFB organizational leadership and if a confirmation letter has been delivered to the donor. Verbal gifts will not be recorded in CAFB financial statements until a payment or written confirmation is received.

Acceptance and Crediting of Outright Gifts

- a. **Cash** Gifts in the form of cash (including checks, ACH and wire transfers) shall be accepted regardless of amount unless, as in the case of all gifts, there is a question as to where donors have sufficient title to the gifted funds or are mentally competent to legally transfer funds to CAFB as gifts. All checks should be made payable to CAFB; under no circumstances should a check be made payable to an employee, agent, or volunteer for the credit of CAFB.
- b. **Publicly Traded Securities** Readily marketable securities shall be accepted. Gifted securities will be sold promptly. At no time will an employee or volunteer working on behalf of the Food Bank commit to a donor that a particular security be retained by CAFB.

Crediting and Guidelines for Publicly Traded Securities:

Gifts of *publicly traded securities* will be acknowledged and counted at the averages of the high and low selling prices on the date that the donors transfer control of assets to CAFB (not the value of the securities on the dates that they are sold by the Food Bank).

Real Estate Proposed gifts of real estate will be reviewed and approved by CAFB organizational leadership, but in general, CAFB will accept gifts of houses, residential condominiums, commercial property, and unimproved land IF the properties are unencumbered, do not pose any potential environmental liability, the properties can be sold within 3-5 months with no tax liabilities to CAFB, and the sales will yield proceeds sufficient to justify the necessary efforts and fully cover any maintenance obligations incurred before the asset(s) is sold. Gifts of real estate will only be accepted if they have no related debt, lease associations, easements, restrictions, reservations and/or inhabitants. Timeshares or other fractional ownership models will not be accepted.

Unless otherwise stated by CAFB organizational leadership, gifts of real estate will only be accepted with the intent that they will be sold as soon as possible.

Prior to accepting any gifts of real estate, the donor will arrange for, and obtain, an appraisal



Gift Crediting and Acceptance Policies

from a qualified appraiser within a period of 60-days before the property is donated. The cost of the appraisal will be borne by the donor; however, the appraiser should have no business or other standing relationship with the donor. Due diligence concerning environmental issues shall be considered before CAFB accepts any gift of real estate. This may involve conducting an environmental audit. The cost of any additional associated expense will be borne by the donor including, but not limited to, legal, accounting, environmental audits, title insurance and appraisal fees in a matter mutually agreed upon by CAFB and the donor.

Crediting and Guidelines for Real Estate:

Gifts of *real estate* will be acknowledged and counted at their appraised value at the time they are gifted (not the sale price).

- c. **Tangible Personal Property** Gifts of high-value tangible personal property may be accepted by the organization, if CAFB organizational leadership deems that sales of such property may (1) be effected without undue burden and (2) realize significant proceeds for the Food Bank.

The donor shall obtain an appraisal, conducted in accordance with generally accepted appraisal standards, from a qualified appraiser who has no business or relationship with the donor. CAFB will only accept a gift of tangible personal property with a value of \$50,000 or more.

Crediting and Guidelines for Tangible Personal Property:

Gifts of *tangible personal property* will be acknowledged and counted at their appraised value at the time they are gifted (not the sale price).

- d. **Other Property** Other types of property, such as mortgages, notes, copyrights, royalties and easements shall only be accepted at the recommendation and approval of CAFB leadership.

Crediting and Guidelines for Other Property:

Gifts of *other property* will be acknowledged and counted at their appraised value at the time they are gifted (not the sale price).

- e. **Gifts In-Kind** Gifts in-kind will be considered for acceptance and recognition if such gifts are eligible for charitable tax deductions under Internal Revenue Service standards.

Crediting and Guidelines for Gifts In-Kind:

1. In general, the monetary value of *gifts in-kind* will only be counted if CAFB organizational leadership determines that such gifts can be converted to cash within a 90-day period or used by CAFB in such a way that they liberate additional funds directed toward operations.
2. *Deep discounts or bargain sales* can be counted if an individual or company provides a bill of sale clearly indicating the normal retail price that CAFB would have paid the individual or



Gift Crediting and Acceptance Policies

company for the product (the “normal price” would reflect any discounts typically provided to CAFB), less the charitable contribution of the discounted amount, and a net cost.

3. The value of *gifts of “time”* in the form of donated professional services will not be counted toward organizational revenue. A donor who wishes to donate professional services should be encouraged to bill CAFB for services rendered, and then make a gift in the amount in which they are paid by the Food Bank.

Illiquid, Deferred, Planned and Other Gifts

Any gifts in support of CAFB that would qualify as illiquid or deferred will be reviewed by CAFB organizational leadership before acceptance and crediting.

a. Illiquid Securities

b. Unrealized Bequests

Donors and supporters of CAFB will be encouraged to make bequests to CAFB under their wills and trusts. Such bequests will not be recorded as gifts to CAFB until such time as the gift is irrevocable.

c. Retirement Plans

Donors and supporters of CAFB will be encouraged to name CAFB as beneficiary of their retirement plans. Such designations will not be recorded as gifts to CAFB until such time as the gift is irrevocable.

d. Life Insurance

CAFB must be named as both beneficiary and irrevocable owner of an insurance policy before a life insurance policy can be recorded as a gift.

e. Charitable Remainder Trusts

CAFB 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, CAFB will not serve as trustee of a charitable remainder trust and will instead encourage the donor to use a professional fiduciary.

f. Charitable Lead Trusts

CAFB may accept a designation as income beneficiary of a charitable lead trust. CAFB will not accept an appointment as Trustee of a charitable lead trust.

Recognition of Gifts

- a. **Gift Acknowledgements:** Gifts will be acknowledged with letters from the CAFB CEO and/or a designee. Written acknowledgement will be mailed within five business days, excluding holidays, of the gift receipt.
- b. **Naming Opportunities:** Under special circumstances, CAFB organizational leadership may approve a suite of naming opportunities at the six-figure level and above. Unless special exception is provided by CAFB leadership, a naming opportunity will not be confirmed until 50% of the required gift has been received.
- c. **Matching Gifts:** Matching gifts will be acknowledged toward donors’ recognition levels.



Gift Crediting and Acceptance Policies

Declining and Returning Gifts

CAFB organizational leadership may decline or return gifts under certain conditions including, but not limited to, the following:

- a. Gifts that are restricted and would require support from other resources that are unavailable, inadequate, or may be needed for other institutional purposes.
- b. Gifts that are restricted and would support purposes or programs peripheral to existing principal purposes of CAFB or create or perpetuate programs or obligations which would dissipate resources or deflect energies from other programs or purposes.
- c. Gifts that could injure the reputation or standing of CAFB or cause it to enter into activities that are in conflict with its mission.
- d. Gifts that could put at risk CAFB tax-exempt status or trigger negative tax situations, such as unrelated business income tax.
- e. Gifts may be returned under certain conditions including, but not limited to, the following:
 1. Cases in which gifts are accepted but, upon further review by CAFB leadership, are subject to the concerns set forth above.
 2. Cases in which CAFB is unable to (or donors perceive that CAFB is unable to) fulfill the donors' philanthropic intentions.

Confidentiality and Anonymity

In performing their duties, CAFB organizational leadership and Board of Directors are privy to information about individuals and families, such as giving history, assets, wealth and family relationships. Due to the sensitivity of this information, all CAFB leaders and staff will adhere to the policy that information shared with them remains confidential, is not discussed with others in private or public settings and is not disclosed or used for any other purposes, without the donor's written consent. Only CAFB volunteer leaders and staff who are involved the solicitation and documentation of a gift will have knowledge of the donor's intentions. Donors may request anonymity and CAFB will work with the donor to determine the appropriate level of anonymity and will ensure this request is fulfilled in accordance with the donor's intent.

Policy Exceptions, Changes and Additions

Any exception, change, or addition to these accepted campaign policies must be approved by CAFB organizational leadership. Such exceptions, changes and/or additions may include policies regarding the acceptance and crediting of gifts and gift instruments not outlined in this policy statement.

Use of Legal Counsel

CAFB may seek the advice of outside legal counsel as appropriate on matters relating to acceptance of gifts. Review by legal counsel is usually sought in connection with:

- a. Documents naming CAFB as Trustee
- b. Gifts involving contracts, such as bargain sales or other documents requiring CAFB to assume a legal obligation
- c. Gifts of patents and intellectual property



Gift Crediting and Acceptance Policies

- d. Transactions with potential conflict of interest that may invoke IRS sanctions
- e. Other instances in which use of counsel is deemed appropriate by CAFB's Executive Committee of the Board of Directors.

Miscellaneous

- a. *Securing appraisals and legal fees for gifts to CAFB:* It will be the responsibility of the donor to secure an appraisal (where required) and the advice of independent legal, financial or other professional advisers as needed for all gifts made to CAFB.
- b. *Valuation of gifts for development purposes:* CAFB will record a gift received by CAFB at its valuation for gift purposes on the date of gift.
- c. *Responsibility for IRS Filings upon sale of gift items:* The Treasurer's office is responsible for filing IRS Form 8282 upon the sale or disposition of any non-marketable asset sold within three years of receipt by CAFB when the charitable deduction value of the item is more than \$5,000. CAFB must file this form within 125 days of the date of sale or disposition of the asset. Form 8282 with Filing Instructions is attached as an appendix to these policies.

Acknowledgement of all gifts made to CAFB and compliance with the current IRS requirements in acknowledgement of such gifts is the responsibility of the Secretary/General Counsel of CAFB or his/her designee. IRS Publication 561 Determining the Value of Donated Property and IRS Publication 526 Charitable Contributions provide excellent guidance and can be downloaded from www.irs.gov.