

# **Gift Acceptance and Administration Policy**

Walden Family Services  
A Foster Family & Adoption Agency  
Revised by the Board of Directors  
February 14<sup>th</sup>, 2019

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**I. INTRODUCTION**

Walden Family Services (hereinafter referred to as the Charity), a nonprofit organization organized under the laws of the State of California encourages the solicitation and acceptance of gifts for purposes that will help to further and fulfill its mission. The following policies and procedures govern solicitation, acceptance, and administration of gifts.

**a. Mission**

Walden’s mission is to support the lives of children and families through lasting relationships.

**b. Purpose of Gift Acceptance and Administration Policy**

These policies and procedures govern the solicitation, acceptance, and administration of gifts by the Charity and provide guidance to prospective donors and their advisors when making gifts. The provisions of these policies shall apply to all gifts received by the Charity for any of its programs or services.

**c. Administrative Responsibility**

The Governing Board of Directors of the Charity empowers the CEO to ensure appropriate compliance with this policy by all staff, consultants, and volunteers.

**II. GIFT ACCEPTANCE**

**a. Types of Gifts**

The policy of the Charity shall be to encourage gifts of any type and description that are consistent with its charitable objectives. However, the Charity reserves the right to abstain from accepting any and all gifts that are not consistent with its purpose for any reason. Gifts that will be considered for acceptance include:

Cash	Life Insurance	Retirement Plan Designations
Tangible Personal Property	Charitable Gift Annuities	Bequests
Securities	Charitable Remainder Trusts	Pooled Income Funds
Real Estate	Charitable Lead Trusts	Other Beneficiary Designations
Remainder Interests in Property	Patents/Royalties	Endowment

- i. Endowments
  - a. \$25k minimum for named endowments.
- ii. Donations not excepted
  - a. Cannabis Companies.

**b. Authority**

The CEO may accept any and all gifts, except for those listed in section “c.” below, requiring Board approval.

**c. Gifts Requiring Board Approval**

The following gifts require Board approval upon recommendation.

- i. **Tangible Personal Property**

Requires Board approval if the gift requires ongoing costs to maintain; entails restrictions on the use, display, or sale; or is not readily marketable.

ii. **Closely Held Securities and Interests in LLPs and LLCs or Other Ownership Forms**

The Board will consider restrictions that would prevent or hamper liquidation, marketability issues, potential unrelated business income tax consequences, etc.

iii. **Real Estate**

All gifts of real estate require Board approval and will consider evaluation of the usefulness of the property for the organization's purposes, marketability, physical condition, zoning restrictions, appraised value, management responsibilities, related expenses, environmental issues, and risk. Donors contemplating a current gift of real estate must provide the following:

1. Qualified Appraisal
2. Phase I Environmental Report. This requirement may be waived for residential properties.
3. Disclosure of all restrictions, reservations, easements, mechanic liens, and encumbrances.
4. Carrying Costs, including but not limited to, taxes, insurance, maintenance, association dues, membership fees, and other expenses.
5. Phase II Environmental Impact Study and/or an "Agreement to Indemnify" if requested by the Board of Directors.

iv. **Life Insurance**

The Charity must be named as both beneficiary and irrevocable owner of an insurance policy before it can be recorded as an outright gift. The gift value for income tax purposes is the lesser of the policy's value or the donor's basis. If the policy is paid in full, its value is generally equal to its replacement value (cost of identical policy given the donor's age and health). If the policy is not paid up, the policy's value will be based on the interpolated terminal reserve value (ITRV) plus any unearned premium. The insurance company provides the ITRV. Beneficiary designations do not require Board approval.

1. **Paid-up Policies:**

Although paid-up policies may be accepted without Board approval, the Board shall determine if the policy will be held, surrendered for cash value, or exchanged for another policy.

2. **Other than Paid-up Policies:**

Insurance policies that are not paid-up require Board approval. If accepted the donor must provide a statement that the Charity did not select the policy donated and that the Charity has no liability and gives no guarantees as to the financial performance of the policy or underlying insurer. If the donor contributes future premium payments, the Charity 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, the Board shall determine whether it will continue to pay the premiums, convert or exchange the policy, or surrender the policy for cash value.

v. **Patents**

All gifts of patents and royalties require Board approval.

- d. **Pledges are recorded at time of written confirmation. Verbal pledges will not be recorded with the exception of paddle raises at auctions.**
- e. **Deferred and Split-Interest Gifts–Deferred and split-interest gifts not listed above may include the following and do not require board approval:**

<b>Bequests</b>	<b>Charitable Remainder Trusts</b>	<b>Pooled Income Funds</b>
<b>Beneficiary Designations</b>	<b>Charitable Lead Trusts</b>	<b>Charitable Gift Annuities</b>

i. **Bequests, Beneficiary Designations, and Charitable Trusts**

The Charity may or may not be informed of its status as a beneficiary or remainder-man with regard to bequests, beneficiary designations, or charitable trusts. If informed, the Charity will provide guidance and appropriate language to the donor and/or donor’s counsel to assist in ensuring that the donor’s intentions are fulfilled. At gift maturity, all acceptance guidelines listed in sections II(b) and II(c) shall apply.

ii. **Pooled Income Funds**

The Charity does not operate a Pooled Income Fund but may refer donors interested in Pooled Income Funds to a Community Foundation. Agreements are between the donor and the Foundation and the Charity assumes no responsibility for fulfillment of agreement terms. Participation requirements are subject to policies of the Community Foundation.

iii. **Charitable Gift Annuities**

The Charity is not licensed as a grants and annuities society but may refer donors interested in charitable gift annuities as a planned giving option to a Community Foundation. Contracts are between the donor and a Community Foundation and the Charity assumes no responsibility for fulfillment of contract terms. Participation requirements are subject to policies of a Community Foundation.

f. **Restricted Gifts**

Restricted gifts must be consistent with the Charity’s mission and purpose. The following guidelines apply:

i. **Temporarily Restricted Gifts**

Principal and income is available for expenditure on gifts made for a specific purpose or in support of a specific program of the Charity.

ii. **Permanently Restricted Gifts (Endowments)**

1. Permanently restricted gifts are subject to appropriate investment and spending policies.
2. Gifts of any size are acceptable for addition to existing endowment funds.
3. New endowments require the following minimum contribution:

- a. As determined by the Board of Directors upon recommendation by the Finance Committee.
  - b. As required by community foundation policy, if established through a community foundation for our benefit.
4. Donors will be requested to sign the Donor Disclosure Waiver allowing alternate use of a permanently restricted gift in such case that it becomes impractical to administer the fund or if the purpose for which the fund was established no longer exists.

**g. Expense Reimbursement**

Donors shall be responsible for all expenses related to making a gift, including but not limited to, attorney and other advisor fees, appraisal fees, and environmental surveys. Exceptions to this policy require Board approval.

**III. GIFT ADMINISTRATION**

**a. Thank You Letters**

Thank You Letters will be issued for all gifts over \$250 within 30 days from the date received. Letters will state the name of the donor, date received, restrictions if applicable, and a description of the gifted property. If the donor received something of value in exchange for the gift (quid pro quo), the Letter will state the value of the item received; otherwise, the Letter shall state: "No goods or services were received in exchange for this gift." Gifts of tangible personal property (including securities) shall not include a valuation of the asset, which is the responsibility of the donor.

**b. Record Keeping**

Gift records reflecting the name of the donor and details of the gift will be maintained in an electronic database and an electronic copy of all Thank You Letters filed for reference.

**c. Recognition**

It is the Charity's intent to communicate appreciation of gifts whenever it is acceptable to the donor and appropriate.

**d. Valuation Standards and Gift Counting Policies**

The following valuation standards and gift counting policies govern gifts to the Charity:

- Publicly traded securities: Average of the high and low value (or bid and ask) on the date received into the Charity's brokerage account.
- Closely-held stock: If \$10,000 or less, the value of the per-share purchase price of the most recent transaction will be used; If over \$10,000-the certified appraisal value provided by the donor will be used.
- Life insurance: Policies are valued at interpolated terminal reserve value, or cash surrender value, upon receipt. Death benefits are credited to the donor's record less any previously reported cash surrender values.
- Pledges: Pledge payments are reported as gifts on the date received, in accordance with the Gift Acceptance and Administration Policy.
- Real property: Certified appraisal value.

- Tangible personal property (other than securities): Values of \$5,000 or less will result in a soft credit to donor's record using an estimate of value provided by the donor or other expertise; values of over \$5,000 will use the evaluation.
- Vehicles, boats, airplanes: Gift credit will be equal to sale proceeds received by the Charity if vehicle is valued at over \$500, unless an approved IRS exception applies. The Charity will issue a 1098-C, required by the IRS, to all vehicle donors following the end of the year in which the gift was made.
- Deferred Gifts: No credit to the donor's record will be made unless the interest of the Charity is irrevocable. If the Charity's interest is irrevocable, the gift will be credited at the net-present value, based on life expectancy tables and discount values chosen by the Charity's CFO.

**e. Special Procedures**

**i. Appraisals and Donor Reporting Requirements**

Donors are required to file Form 8283 for gifts of tangible personal property if the aggregate reported value of the property exceeds \$5,000 (or in the case of non-publicly traded stock - \$10,000) and obtain qualified appraisals as may be required. The CEO will be responsible for signing on behalf of the Charity on Form 8283 when presented for signature by the donor.

**ii. Donee Reporting Requirements**

The CFO will be responsible for filing IRS Form 8282 within 125 days from the date of sale of any asset sold within three years of receipt by the Charity when the charitable deduction value of the item is more than \$5,000.

**iii. Security Liquidation**

It is the policy of the Charity as a fiduciary to liquidate publicly traded securities as soon as possible after receipt to avoid unnecessary market fluctuation. Realized gains or losses on security sales shall be reported as such and do not have an effect on the amount credited to the donor's gift record.

**iv. Serving as Trustee**

To avoid potential conflicts of interest, the Charity will not generally serve in a trustee capacity on trusts established by donors, in which the Charity has a beneficial or remainder interest. Staff of the Charity is prohibited from serving in any fiduciary capacity for donors, other than for members of their immediate family.

**v. Accounting and Reporting Standards**

The Board of Directors of the Charity is responsible for setting the standards for financial accounting. These standards are derived from the Financial Accounting Standards Board (FASB), the American Institute of Certified Public Accountants (AICPA), and the U.S. Federal Office of Management and Budget (OMB).

THIS POLICY WAS APPROVED BY WALDEN'S BOARD OF DIRECTORS ON  
THE FOURTEENTH DAY OF FEBRUARY, TWO THOUSAND NINETEEN.

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Secretary, Board of Directors



