



Gift Acceptance Policy & Procedures

Board Approved: 03-19-12

Revisions Approved by Board: N/A

Policy Recap and Compliance Requirements:

- Policy Responsibility: Grant Writer/Development Coordinator
- Changes Approved by: Board of Directors – As Recommended through Subcommittee
- Policy Review: At least annually, with updates to Board Members
- Training: As needed to applicable staff

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WACOSA's Business Purpose

WACOSA (the "Organization") is organized and operated exclusively as a nonprofit corporation exempt from income taxes under the provisions of Internal Revenue Code Section 501(c)3 and the laws of the State of Minnesota. It is the Organization's mission to provide individuals with disabilities the opportunity to work and live in their community. The Organization envisions that individuals of all abilities can be empowered to reach their full potential. It is the Organization's belief that each individual has the right to be treated with dignity and respect, each individual has the right to be a contributing member of their community, and that each individual is a valued member of the workforce, when emphasis is placed on their capabilities and strengths.

Purpose of Gift Acceptance Policy and Procedures

The Organization encourages the solicitation and acceptance of gifts that help to fulfill and support the Organization's mission to the community and consumers served and that support the continuous development of programs needed, including the longevity and prosperity of the Organization's continuous growth.

The purpose of this Gift Acceptance Policy and Procedures (this "Policy") is to:

- 1) Define the various types of gifts the Organization could receive and the standard procedures the Organization will apply when evaluating specific gifts;
- 2) Define the various authorizations needed for the Organization to accept various gifts, including donor-imposed restrictions and applicable legacy restrictions;
- 3) Outline the Organization's documentation standards and procedures, including spending and investment policies for applicable legacy restrictions;
- 4) Discuss how the Organization accurately reports information to and concerning donors in order to protect their intentions and privacy; and

Contribution of Gifts & the Organization's Standard Procedures for Such Gifts

Contributions are gifts of assets for which nothing of substantial value to the donor (or contributor) has been expected in return. Stated below is a list of gifts generally received by nonprofit organizations. This list may not be inclusive of all possible gifts but will serve to establish the appropriateness of unlisted gifts and authorizations necessary to accept such unlisted gifts.

Cash

gifts taking the form of currency include: coins, checks, money orders, bank drafts, or certificates of deposit.

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“Marketable Securities”

includes stocks, bonds, U.S. Government securities, and other actively traded securities.

- It is the Organization’s policy to sell donated marketable securities and invest the proceeds in accordance with the restrictions set forth by the donor. If the donor has not specified any restrictions, the proceeds may be invested in accordance with the standard internal investment policy adopted by the Organization or used to support the general operations of the Organization. [See this Policy’s Donor-Imposed Restrictions section for the Organization’s standards on restrictions.]
- The Organization will maintain an account at a brokerage firm that will enable a donor to transfer the “Marketable Securities” into. After the securities have been transferred, the brokerage firm will initiate the sale of such donated securities.
- Since some securities may have restrictions in place by applicable laws, the Organization may consult with the brokerage firm and/or other counsel prior to the acceptance of such gifts. The Organization will determine if acceptance of the restricted gifts will be approved and the necessary procedures to accept such restricted gifts.
- The gift of marketable securities will be valued using the mean market price on the date of the gift multiplied by the number of shares. The median price is determined by adding the high and the low stock price on the date of the gift and dividing it by two.

“Real Estate”

includes all the natural resources, permanent buildings and remainder interests in real property.

- Prior to the Organization accepting any real estate donation, the Organization will consult with the Central Minnesota Community Foundation (“CMCF”). CMCF’s review of the proposed gift will be reviewed along with the consideration of risk by the Organization’s Executive Director. If the Executive Director wishes to proceed with such gift, the Executive Director will call upon the Gift Acceptance Committee who will perform the roles described in this Policy.
- Remainder interests in real estate will be evaluated by CMCF and be accepted only upon a determination that such gift is safely held by the donor and upon the donor’s death the interest is convertible to cash. As a general policy, expenses for maintenance, real estate taxes and indebtedness and/or other carrying costs associated with the remainder interest of the property will be paid by the donor or the primary beneficiary.
- The gift of real estate will be valued using an outside appraisal acquired by the donor. According to the Internal Revenue Code, an appraisal must be dated no earlier than sixty days prior to the date of the gift, or as subsequently amended.

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“Life Insurance Policies”

- The Organization will only accept and record the gift of a whole life insurance policy if the Organization is named as both the beneficiary and irrevocable owner of the policy. If the Organization is listed as a beneficiary only, a gift will not be recorded until the death of the insured.
- The Organization will not accept obligations to pay premiums to sustain a policy that is not fully paid. In the event the Organization accepts an insurance policy in which future premium payments are needed to sustain the policy, a written agreement must be made that obligates the donor to pay all unpaid premiums. The Organization will then acknowledge the value of such payments as a gift by the donor in the year(s) of payment.
- The Organization may choose to surrender such policy for its cash value. The Organization may delay surrender of such policy if the premiums may be paid from accrued dividends or the accumulated cash value if the donor so stipulates.
- If the Organization accepts a paid-up policy, it will obtain an illustration of the policy every five years to determine whether the policy can sustain itself. In the event the illustration demonstrates the policy cannot sustain itself, the Organization will surrender the policy for its cash value.
- If the gift of life insurance has a cash value and future premium payments are needed, at the date of the gift, the value may be recorded at the interpolated terminal reserve value, which is the amount designated by the insurer to fulfill its obligations under the contract. If the gifted policy is paid-up as of the date of the gift, the gift value is typically the cash surrender value or replacement cost of the policy.
- In accordance with Internal Revenue Service (“IRS”) guidelines, all gifts of property valued over \$5,000 require documentation by a qualified appraiser. The appraisal must be paid for by the donor and must be dated no earlier than sixty days prior to the date of the gift, or as subsequently amended.
- The Organization will retain the original policy on file at its main location.

“Retirement Plan Beneficiary Designations, Bequests and Legacy Requests”

- Donors are encouraged to make gifts to the Organization under their wills and trusts and designate the Organization as beneficiaries of retirement plans held by the donor. These “legacy gifts” will not be recorded until such time as they become irrevocable or they are received by the Organization. If they become irrevocable prior to receipt of such gift, the gift will be valued at present value using standard accounting and tax practices.

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- In the event legacy gifts become irrevocable, the Organization will retain a copy of the will, trust, any codicils, and any petitions from the attorney on file at its main location.
- In accordance with IRS guidelines, all gifts of property valued over \$5,000 require documentation by a qualified appraiser. The appraisal must be paid for by the donor and must be dated no earlier than sixty days prior to the date of the gift, or as subsequently amended.

“Other Personal Property”

includes all movable property.

- In determining whether to accept personal property, the Organization will examine the property if the property consists of an item that might be used by the Organization. In the alternative, the Organization can determine whether the property is sellable and can be sold within a reasonable period of time after the property is received. If it is determined that the property is to be accepted and then sold, the proceeds will be used in the Organization’s general operations, unless a donor-imposed restriction has been applied to the specific gift.
- In accordance with IRS guidelines, all gifts of property valued over \$5,000 require documentation by a qualified appraiser. The appraisal must be paid for by the donor and must be dated no earlier than sixty days prior to the date of the gift, or as subsequently amended.

“Gift of Service”

includes the time of volunteers’ efforts to support the Organization’s mission.

- While the gift of service is crucial to the Organization and very much appreciated, according to the Internal Revenue Code, service hours are not tax-deductible to the donor beyond out-of-pocket expenses associated with the service.
- Unless agreed upon in advance by the Organization’s Executive Director, the Organization will not issue gift receipts or acknowledgments for such out-of-pocket expenses.
- The Organization will not give any tax advice regarding gifts of service or their deductibility in the hands of the volunteer.

“Other Gifts”

include but are not limited to: Charitable Gift Annuities, Charitable Remainder Trusts, Charitable Lead Trusts, Closely Held Stock and Bargain Sales.

- Charitable Gift Annuities are generally defined as those in which the donor is guaranteed payments for life.

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- Charitable Remainder Trusts are generally defined as the remaining interest in a trust that is given to an organization after the trust owner's death.
- Charitable Lead Trusts are defined in which the trust's current income is designated to an organization until the death of the trust owner. Upon the owner's death, current income to an organization is terminated, and the residual value of the trust is given to the owner's designated beneficiaries.
- Closely Held Stock, Bargain Sales and other unique gifts. For these types of gifts, the Organization will consult with the CMCF, or other professional counsel, prior to the acceptance of all donations not listed above. Following CMCF's review of the proposed gift, the Organization's Executive Director will review such report along with any considerations of risk. If the Executive Director wishes to proceed with such gift, the Executive Director will call upon the Gift Acceptance Committee who will perform the roles described in this Policy.

"Gifts Not Listed"

In determining the acceptance of gifts not listed above, all of the following will be considered:

- 1) How does this gift adhere to the Organization's mission, vision, and beliefs?
- 2) Does the gift violate the articles of incorporation or bylaws?
- 3) Is the property useful to the Organization?
- 4) What, if any costs, will be incurred regarding holding and/or disposing of the gift?
- 5) Is the property marketable? Are there restrictions upon sale of the gift?
- 6) What types of donor imposed restrictions can the Organization accommodate?

Authorizations to Accept Gifts

Unrestricted Gift Acceptance

Unrestricted one-time gifts of cash or marketable securities valued at \$30,000 or less will be accepted by the Executive Director and used for the Organization's general operations.

For unrestricted one-time gifts of cash or marketable securities valued over \$30,000, the Executive Director will refer the gift to the Gift Acceptance Committee. The Gift Acceptance Committee will evaluate the needs of the Organization and determine if a specific designation for the gift will be presented to the full Board of Directors. If the Gift Acceptance Committee determines that a designation is not in the Organization's best interests, the gift will be used for the Organization's general operations.

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In addition, the Board of Directors has authorized the Executive Director to accept gifts, in accordance with this policy, of one-time single item donations of unrestricted tangible personal property valued at \$20,000 or less. For gifts of unrestricted tangible personal property valued over \$20,000, the Organization's Executive Director will review the proposed gift along with any considerations of risk. If the Executive Director wishes to proceed with such gift, the Executive Director will call upon the Gift Acceptance Committee who will perform the roles described in this Policy.

Donor-Imposed Restricted & Board Gift Acceptance

Gift Acceptance Committee

As discussed in this Policy, when a certain gift is presented to the Organization, the Executive Director will assemble an ad hoc Gift Acceptance Committee (the "Gift Acceptance Committee") to review the gift. Members will include the Finance Committee of the Board and internal staff such as: the Executive Director, the Grant Writer/Development Coordinator, and the Director of Finance. This Gift Acceptance Committee will evaluate the nature of the gift, review additional factors to consider when accepting "Gifts Not Listed" (as noted above) and make a presentation of either recommendation or withdrawal of such proposed restricted gifts to the full Board for its final approval at the next available board meeting.

General Donor Restrictions

During the gifting process, a donor may request his or her prospective gift to be designated for a specific purpose or program within the Organization. While the Organization will try to honor donor-imposed restrictions, the Organization will review the proposed restrictions prior to gift acceptance. A review of the donor's gift restrictions will determine if the Organization can accommodate the donor's wishes without violating the Organization's governance policies and ensure the gift supports the Organization's mission, vision, and beliefs.

If, at some future date, the Organization determines that circumstances within the Organization have changed, so that the primary or contingent uses and purposes for which the gift has been established are no longer appropriate, existent or are in conflict with the Organization's policies, then the gift may be used in a manner that is in the Organization's best interests, bearing in mind the donor's wishes. In this event, no portion of the gift will revert back to the donor; however, the Organization will make every reasonable effort to contact the donor prior to any change in the gift's disbursement.

As a result of this, the Organization advises donors to describe the purpose of their gifts as broadly as possible and to avoid detailed limitations and restrictions. Donors considering bequests for a specific purpose are encouraged to consult with the Organization first. The Organization will ask the donor to include a language indicating that the donor-imposed-restrictions are flexible if the need arises, as determined by the Organization.

Restricted gifts, including grants, cash or marketable securities that have been solicited by the Organization and presented to the Board prior to solicitation will be accepted by the Executive Director and reported to the full Board after acceptance.

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Restricted gifts under \$30,000 that have not been solicited by the Organization and that have not been restricted by purpose of legacy endowments will be reviewed and approved by the Executive Director, who will also consider any risks involved.

Restricted gifts, including grants, cash or marketable securities valued over \$30,000 that have not been solicited by the Organization and have not been restricted by purpose of legacy endowments will be reviewed along with a consideration of risk by the Executive Director. If the Executive Director wishes to proceed with such gifts, a Gift Acceptance Committee will be formed pursuant to this Policy and will serve the role discussed above.

Legacy Restrictions

General-purpose legacy gifts are established to restrict the principal (or corpus) received from the donor. It is the Organization's intentions to hold legacy gifts received permanently. These permanently restricted gifts allow the Organization to generate investment income, which will be distributed in accordance with the Organization's spending policy. This type of gift allows the donor's legacy to provide continuous yearly support and preserves assets of the Organization, which allows for the longevity and continuous growth of the Organization's future.

The investment returns accumulated in the Organization's legacy fund will be considered temporarily restricted until they have been appropriated for use, at which time they will become unrestricted.

While it is the Organization's intentions to hold legacy gifts permanently, donors are advised that these permanently restricted legacies may become unrestricted and the original corpus may be used by the Organization if the Board of Directors determines that the Organization is experiencing a time of financial hardship that may result in the termination of the Organization if additional funding is unavailable. Such determination must be made by resolution and after considering other alternatives. Respecting the donor's wishes, the Organization will request – in writing or electronically – the original donor to remove the restriction in a record prior to the Board of Director's formal removal.

In the event that the Board of Directors determines that the Organization is in such a state of financial hardship and a donor cannot be located or has not responded the Organization may apply to a court of law for the modification of a particular legacy restriction pursuant to Minnesota statutes. Furthermore, if the Organization determines that a restriction contained in a legacy gift is unlawful, impracticable, impossible to achieve or wasteful, the Organization, sixty days after notification to the Minnesota attorney general, may release or modify the restriction, in whole or in part, if i.) the legacy gift subject to the restriction has a total value of less than \$50,000; ii.) more than twenty years have elapsed since the legacy gift was established; and iii.) the Organization uses the property in a manner consistent with the charitable purposes expressed in the legacy gift.

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A distinctly named legacy may be established within the Organization's legacy fund for gifts of \$20,000 or more. This name will not be approved, or if approved will be revoked, if the name may undermine the public respect for the Organization. Ultimate authority to approve and/or revoke an approved name rests with the Organization.

On an annual basis, the Organization's Board may restrict and transfer operating surplus and/or unrestricted donations to this legacy investment fund. These "quasi-endowment" restrictions will be temporary in nature and removable by Board approval.

Management of Legacy Fund, Spending Policy and Standard Practices

The Organization's Board of Directors recognizes the CMCF as an expert in legacy gift acceptance. The Organization has delegated management of its legacy fund investment to the CMCF.

The Organization has adopted the CMCF's Investment Policy Statement, which details investment risk, diversification of investments, spending policy and organizational administrative fee structures. The standard calculation of investment spending available for general operations includes using a moving average of the fund's market value. This average is determined using the last day of the 20 calendar quarters ending December 31 of the preceding year; if the fund does not have 20 calendar quarters to average, it will use the actual number of invested quarters to determine the spending calculation. It is the Organization's intention to abstain from spending withdrawals until the fund has established eight historical calendar quarters of market activity (two years). After the Organization's initial investment period has passed, the Organization will request a minimal payout, currently at three percent of the rolling average. In the event returns on legacy investments result in negative market fluctuations, and the donor's originally restricted gift is below its principal (corpus) value, all minimal payouts will stop until the donor's original principal (corpus) is restored. *(See attached Investment Policy Statement – Central Minnesota Community Fdn.)*

These legacy policies and procedures have been developed and will be maintained by the Organization in accordance with the Uniform Prudent Management of Institutional Funds Act of the State of Minnesota (UPMIFA), which provides principles for the investment of endowments.

The Organization is also committed to working with the CMCF with regard to the legality of proposed gifts. If necessary, the Board of Directors authorizes the Executive Director to contact legal counsel for specific advice on the legality of specific gifts.

In addition, the Organization will operate this Policy following standard practices and adheres to the models set forth in the "Model Standards of Practice for the Charitable Gift Planner" adopted by the National Committee on Planned Giving and "A Donor Bill of Rights" created by the American Association of Fundraising Counsel. *[See attached "Model Standards of Practice for the Charitable Gift Planner" and "A Donor Bill of Rights."]*

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Annual Review

Annually, the Gift Acceptance Committee will review previously accepted donor-restricted gifts and their remaining open restrictions. A summary of these temporary and permanent restrictions will be presented to the full Board annually.

Right to Refuse Gifts

The Organization reserves the right to refuse any gift that it believes is not in the Organization's best interests, is too restrictive in nature or that may violate the terms of the Organization's governance policies. If a gift is not accepted, the Organization will notify the donor immediately.

Protecting Donor Intentions and Privacy

The Organization recognizes that the principal basis for making a charitable gift should be a desire on the part of the donor to support the work of the Organization. No charitable gift, trust agreement, contract, or commitment may be urged upon any donor or prospective donor to benefit the Organization at the detriment of the donor's intent. The purpose of a prospective gift will be reviewed with the donor to insure the needs of the Organization and the intentions of the donor are both met. For donations valued over \$30,000, a mutual agreement will be made in writing and will outline the interests of both the donor and the Organization.

The Organization will not be involved in the appraisal of any prospective gift. However, the Organization will require, by agreement of acceptance, a copy of such appraisal for gifts received.

It will be the responsibility of the donor to secure and pay for all fees associated with such gifts requiring professional appraisal, documentation and/or other professional consulting.

In an effort to recognize the donor's commitment to the organization, the Organization may print donor names and funding activity in annual reports, newsletters, social media, website postings, etc., unless otherwise specified by the donor. All other information about the donor will remain private and will not be released without the expressed permission of the donor. No public media exposure with respect to a donor's gift will be given to any donor without the donor's consent. A donor's request to be anonymous will be honored and so noted in the donor's file. Donors, however, are encouraged to share, and the Organization will ask that, their "gift stories" be told to encourage others to consider similar gifts.

In addition to the recognition noted above, the Organization has established a Heritage Society. This Heritage Society is comprised of donors that have made or intend to make planned gifts through their estate. Every planned gift donor will be invited to become a member of this society. Members of the Heritage Society will be honored at appropriate events and listed in annual reports, unless the legacy member wishes to remain private.

It is the Organization's policy to discontinue contact with any person upon that person's oral or written request directed to the Organization. The Organization will maintain a record of all requests. This does not prohibit contact by the Organization that is initiated or solicited by a person or person's representative, even if said person has been placed on the "do not contact" list.

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No Legal, Financial or Tax Advice

The Organization encourages all prospective donors to seek legal, financial, and tax advisors in matters related to their gifts and the resulting tax and estate planning consequences of such gifts. While the Organization's staff may explain various aspects of a donation, it is not their intent to provide legal, financial or tax advice. Since each donor's circumstance may vary, the stated gift value recorded by the Organization or stated on a qualified appraisal may not necessarily be the donor's tax-deductible contribution. Due to these circumstances, the Organization encourages all prospective donors to seek tax advisors prior to gift giving.

Administrative Process for Accepting Gifts

Donor gifts are recorded by the Organization's Accounting Department in compliance with the department's Internal Control Policy and Procedures. Notice of cash gifts will be given to the Grant Writer/Development Coordinator to record applicable gifts in the Organization's designated database. The Grant Writer/Development Coordinator will also work with the Accounting Department to inform them of expected gifts, gifts with restrictions, and known gifts earmarked for legacy purposes.

Gifts that require review will be handled promptly using the procedures set forth in this Policy. The Grant Writer/Development Coordinator and/or the Executive Director will be in contact with the prospective donor communicating the steps involved regarding acceptances of their proposed gift and if applicable giving the donor a timeline to estimate acceptance if formal acceptance requires board approval. All gift reviews will be handled as confidentially as possible following the wishes of the prospective donor. If the donor prefers to remain anonymous, an acknowledgement letter will be sent by the Organization if the donor's name and address is known. *[See the Protecting Donor Intentions and Privacy section of this Policy for additional privacy rights of the donor.]*

Donors will receive acknowledgement for all gifts. This acknowledgement letter will serve as a contribution receipt for the donor. Gift acknowledgment letters will be mailed to acknowledge acceptance of the gift after all potential reviews have been completed and the gift has been received. Acknowledgement of all gifts made to the Organization will be in compliance with current IRS regulations governing donations of such gifts.

The acknowledgement will include the value of cash or marketable securities received and the date of the gift. If the gift is property other than cash or marketable securities the Organization will make no representations regarding the value of the gift but will instead acknowledge the type of property received.

Each letter will state whether goods or services were received by the donor in exchange for the gift. If the donor received such goods and/or services, the letter will include the value of such goods or services received. Signed acknowledgment letters will be mailed to donors.

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In addition to gift acknowledgement, the Organization will comply with the IRS Form 8282 for the disposal of gifts. This regulation requires notification to the original donor and the IRS if the Organization disposes of gifts valued over \$5,000 on the original gift date received and the disposal of such gift was received less than three years ago. In accordance with this regulation, Form 8282 will be filed with the IRS and a copy mailed to the donor within 125 days of disposal or within 60 days after the Organization became aware of the filing requirements, as subsequently amended.

Volunteer Related Fundraising

WACOSA welcomes the involvement of volunteers in fundraising efforts. Volunteer related engagement, however, must be done according to organizational policy, ensuring that WACOSA's reputation is maintained and that such fundraising activity is consistent with WACOSA's stated mission and purposes. When possible and practical, volunteer assistance will be solicited to assist WACOSA personnel in accomplishing a fundraising related tasks/goals. In such cases, designated WACOSA personnel will remain the acting supervisors of such volunteers and provide project direction and work activity accordingly.

In the event volunteers wish to fundraise on behalf of WACOSA at times such events are not initiated by WACOSA, volunteers, or their respective organizations, must first gain permission from WACOSA to conduct fundraising or solicit on the organization's behalf. The Executive Director or Vice President of WACOSA will investigate such requests and give the necessary authorizations when necessary. All WACOSA staff wishing to conduct volunteer fundraising on behalf of WACOSA during their personal time are subject to the same requirements.

Training of Gift Acceptance Policies

WACOSA personnel will receive training in Gift Acceptance policies and procedures at orientation/on-boarding and annually thereafter. Training will be focused on those aspects of the policy most relevant to the various duties performed by each respective WACOSA staff.

Note that this Policy may not embrace all areas of Gift Acceptance, and judgment will be exercised in the Organization's best interests. The Organization reserves the right to modify, remove, suspend, terminate or change this Policy in whole or in part at any time with or without notice.

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