

Gift Acceptance Policies and Guidelines

Willis Dady
Emergency Shelter



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Willis Dady Emergency Shelter
Cedar Rapids, Iowa

Gift Acceptance Policies and Guidelines

The Willis Dady Emergency Shelter (WDES) encourages the solicitation and acceptance of gifts to WDES for purposes that will help the organization further and fulfill its mission. The following policies and guidelines govern acceptance of gifts made to WDES or for the benefit of any of its programs.

I. General Standards

A. Purpose of Policies and Guidelines

The purpose of these policies and guidelines is to govern the acceptance of gifts, defined as cash, securities, real estate, or other tangible items by WDES and to provide guidance to prospective donors and their advisors when making gifts to WDES.

WDES reserves the right to decline any gift which does not further the mission or goals of WDES or which would result in the incurrence of excessive expense or administrative effort.

The Executive Director of WDES will be responsible for initiating the necessary review process of any gifts when applicable.

B. Use of Legal Counsel and Tax Professionals

1. WDES shall seek the advice of the relevant professionals – including qualified Board members – in matters relating to acceptance of gifts when appropriate.
2. All prospective donors will be urged to seek their own counsel in matters relating to their planned gifts, specifically related to tax consequences and terms or financial circumstances. At no time will WDES function in the role of the donor’s counsel.
3. If requested by a donor, WDES may prepare suggested language pertinent to a bequest or beneficiary assignment, for the review and approval of the donor’s counsel.

C. Professional and Ethical Standards

Representatives of WDES agree to comply with the Association of Fundraising Professionals: Code of Ethical Principals and Standards WDES will maintain the highest level of integrity and confidentiality in donor relationships.

D. Restrictions on Gifts

WDES will not accept gifts that are too restrictive in purpose. Gifts that are too restrictive are those that are for purposes outside the mission of WDES. WDES’ Board of Directors shall make all final decisions on the restrictive nature of a gift, and its acceptance or refusal. Unless otherwise noted 10% of all gifts will be designated to administrative costs.

Due to scheduling differences among various funding cycles, WDES occasionally asks multiple sources for funds to support of the same or similar expenses. Occasionally this results in receipt by WDES of more funds than are needed to support a particular activity, program or other category of expenses at a particular time. In such situations WDES will consult with representatives of the relevant funding sources with the intent of determining use(s) of the additional funds in a manner similar to the original intent of the gift(s).

II. Types of gifts

A. Outright Current Gifts

WDES encourages current support through the following options:

1. Cash

No special limitations – checks should be made out to Willis Dady Emergency Shelter. Actual cash/currency should be delivered directly to WDES for verification (receipt) and deposited in the appropriate bank account.

In the case of events where large sums of cash are expected to be present, an appropriate designee will be present to ensure that donations reach the Shelter or the Shelter's financial institution.

2. Securities

Donors should be encouraged to properly execute a separate stock power, delivered separately from the actual stock certificate if mailed, in the case that certificates are in the donor's possession. If held in an agency account, then arrangements should be made by the President or Treasurer to appoint the donor's broker, in writing, as the WDES's agent to execute the transfer of the securities. With the exception of those that are retained for investment purposes or added to existing holdings, all securities will be liquidated in accordance with recommendations from appropriate council and Board of Directors approval.

Closely Held Securities

Closely held securities, which include not only debt and equity positions in non-publicity traded companies but also interests in LLP's and LLC's or other ownership forms, can be accepted subject to the approval of the Board of Directors. However, gifts must be reviewed prior to acceptance to determine that:

- There are no restrictions on the security that would prevent WDES from ultimately converting those assets to cash
- The security is marketable, and
- The security will not generate any undesirable tax consequences for WDES.

If potential problems arise on initial review of the security, further review and recommendation by an outside professional may be sought before making a final decision on acceptance of a gift. The final determination on the acceptance of closely held securities shall be made by the Board of Directors of WDES and legal counsel when necessary.

Real Property

WDES will accept gifts of real estate consistent with its mission and purpose. WDES shall have the absolute right to accept or refuse any gift of real estate for reasons WDES deems prudent and in the best interest of WDES, including but not limited to

issues regarding encumbrances, zoning, easements, environmental problems, and salability. All real estate acceptances are subject to the approval of the Board of Directors.

No gift of real estate shall be accepted without first being:

- (a) appraised by a party chosen by WDES, who shall have no business or other relationship to the donor
- (b) accompanied by an abstract of title or title insurance policy to WDES showing that the donor owns this property free and clear of liens and encumbrances.
- (c) accompanied by a title opinion provided by a qualified professional
- (d) accompanied by appropriate valuation documentation and environmental audit requirements and a satisfactory determination of potential for marketability as determined by a licensed appraiser or appropriate counsel to WDES. Title shall be conveyed to WDES by warranty deed. The donor shall pay all real estate taxes pro-rated through the date of transfer.

Oil, Gas & Mineral Interests

The receipt of oil, gas or mineral interests will be reviewed on a case by case basis, using the same factors as are appropriate to the acceptance of other real estate gifts.

3. Tangible Personal Property

All other gifts of tangible personal property shall be examined in light of the following criteria:

- Does the property fulfill the mission of WDES?
- Is the property marketable?
- Are there any undue restrictions on the use, display, or sale of the property?

The final determination on the acceptance of other tangible gifts shall be made by the appropriate representative of WDES. For potential gifts that are intended for the use or consumption of clients and/or WDES staff, staff shall establish guidelines. Insofar as is practical, staff shall make such guidelines known via website, newsletter, signage and other media. Such guidelines are to be reviewed and updated frequently. In general, the acceptance of clothing is limited to new or gently used items and food is limited to what is likely to be consumed by clients within 24 hours. All items are subject to quantity limitations at the discretion of staff.

III. Gift Reception

A. Outright Planned Gifts

WDES encourages future support of its projects and goals through contributions of cash, securities, personal and real property in the form of will bequests or beneficiary assignments in trusts, life insurance, and qualified retirement plans.

1. Wills

Bequests to WDES may be made for specific items or amounts, percentages, contingent or residual values in a donor's Last Will and Testament. It is recommended that the following language be used:

Willis Dady Emergency Shelter, a non-profit organization located in Cedar Rapids, Iowa

2. Revocable Trusts

Similar to wills, donors may name WDES the beneficiary of specific amounts or property in a trust.

3. Life Insurance

WDES may be named as beneficiary or contingent beneficiary of existing (or new) personal or group life insurance policies. WDES may also accept the outright gift of existing or new insurance policies by the transfer of ownership of such policy to WDES. Donors should be advised of their responsibility to WDES to cover anticipated premium payments and care should be given to request conservative projections from the insurance companies involved regarding projected premium requirements. In the case that there is an ongoing premium, WDES Board of Directors will be asked for approval.

4. Qualified Retirement Plans

Similar to life insurance, WDES may be named as primary or contingent beneficiary of any qualified individual or group retirement plans.

B. Split Interest Planned Gifts

WDES encourages future support of its projects and goals through contributions of cash, securities, and real property in the form of charitable remainder and lead trusts, gift annuities, and retained life estates. Split interest gifts funded with real property will be subject to the same rules for valuation and acceptance as outlined previously.

Prior to the culmination of any split interest planned gift, WDES will meet with the donor and the donor's legal and tax counsel to review and clarify procedures and expectations for all parties.

1. Charitable Remainder and Lead Trusts

Each trust can be in the form of either annuity trust (fixed payout) or unitrust (variable payout based on a percentage of the trust as valued each year). The payout rate for trusts will be a minimum of 5% (or as set by IRS regulation) and a maximum of 10% - the actual rate determined in coordination with the donor and WDES, based upon reasonable expectations of the investment environment at the time of the gift and the expected payout period.

WDES will not accept an appointment as Trustee of a charitable remainder or lead trust unless it is the sole charitable beneficiary.

WDES should encourage donors who wish to establish charitable remainder annuity trusts (fixed annual payments based on the initial fair market value of the trust assets) of the potential that the annual payments from the charitable remainder annuity trust may result in the complete consumption of the assets of the charitable remainder annuity trust if the investment performance of the charitable remainder annuity trust does not keep pace with the annual payments. A similar problem does not exist for a charitable remainder unitrust (annual payments adjust with fair market value of trust assets).

2. Gift Annuities

Cash or securities may be used to fund a gift annuity with WDES and may have up to two-life income beneficiaries aged 60 or more. Minimum funding level for gift annuities is set at \$5,000. Standard agreements and payout rates will use published information of the National Committee on Gift Annuities as the determining guide. Rates may be negotiated at a lower rate with a donor, but may never exceed the Committee rates.

WDES will not accept real estate, tangible personal property, or any other liquid asset in exchange for current charitable gift annuities. WDES may accept real estate, tangible personal property, or other illiquid assets in exchange for deferred gift annuities so long as there is at least a 5 year period before the commencement of the annuity payment date, the value of the property is reasonably certain, and the President of the Board of Directors and Executive Director of WDES approve the arrangement.

Funds contributed in exchange for a gift annuity shall be set aside and invested during the term of the annuity payments. Once those payments have terminated, the funds representing the remaining principal contributed in exchange for the gift annuity shall be transferred to WDES's general endowment funds, or to such specific fund as designated by the donor.

3. Retained Life Estate

WDES will accept real property (personal residence, secondary residence, or farmland only) as remainder interest gifts whenever the condition of the property, the projected term, and circumstances of the property's remainder value permit. The transfer is dependent upon the life tenant(s) accepting their contractual obligation, by state law and federal regulation, for any mortgage payments, taxes, insurance, maintenance and repairs. Retained Life Estate requires approval of the WDES Board of Directors. Should the donor breach their contractual obligations, recourse will be determined by the WDES Board of Directors.

4. Bargain Sales

A bargain sale arrangement shall be entered into instances in which the bargain sale furthers the mission and purposes of WDES. All bargain sales must be reviewed and approved by the Board of Directors of WDES. Factors used in determining the appropriateness of the transaction include:

- WDES must obtain an independent appraisal substantiating the value of the property.
- If WDES assumes debt with the property, the debt ratio must be less than 50% of the appraised market value less the holding value.
- WDES must determine that it will use the property, or that there is a market for the sale of the property allowing sale within 12 months of receipt.
- WDES must calculate the costs to safeguard, insure, and expense the property (including property tax, if applicable) during the holding period.

C. Miscellaneous Provisions

- 1. Securing appraisals and legal fees for gifts to WDES:** It will be the responsibility of the donor to secure independent appraisal upon request by WDES and independent legal counsel for all gifts made to WDES. It is not the responsibility of WDES to see that donors are appropriately represented.
- 2. Valuation of gifts for development purposes:** WDES will record a gift received at its valuation for gift purposes on the date of the gift.
- 3. Responsibility for IRS Filings upon sale of gift item:** WDES is responsible for filing IRS Form 8282 upon the sale or disposition of any asset received as a donation sold within two years of receipt by WDES when the charitable deduction value of the item is more than an amount determined appropriate at the time of the gift reception. WDES must file this form within 125 days of the date of sale or disposition of the asset.
- 4. Acknowledgement of all gifts:** WDES shall be responsible for acknowledging gifts made to WDES when stipulated by current IRS requirements. IRS Publication 561 *Determining the Value of Donated Property* and IRS Publication 526 *Charitable Contributions* are attached to these policies as an Appendix.

These policies and guidelines have been reviewed and accepted by the Board of Directors of WDES. The Board of Directors of WDES must approve any changes to or deviations from these policies.

Approved on the 22nd day of December, 2012
