12.23 Gift Acceptance Policy

Community Catalysts of California (CCC), a not for profit 501(c)3 corporation organized under the laws of the State of California encourages the solicitation and acceptance of current and deferred gifts from individuals, corporations, and foundations for purposes that will further and fulfill its mission.

Gifts can be made directly to CCC, the Butterfly Club, or the Community Catalysts Endowment Fund held by the San Diego Foundation. Gifts will be directed to the Community Catalysts Endowment Fund when they involve planned giving vehicles requiring the establishment and administration of various trusts as determined by the Board of Directors or if directed by the donor's wishes.[i]

Purpose of Policies

The purpose of these policies is to provide a working document, which serves as a guide for minimizing risk and maximizing the intended results of the organization's endowment building program. Specifically, it seeks:

- To support a program of asset development, which encourages endowment gifts and others to further the organization's mission.
- To review opportunities for making planned gifts to permanently support the work of the organization.
- To clarify the terms of gifts which the Board authorizes the staff to accept on behalf of the organization.
- To educate the Board on potential problems that may make a specific gift unacceptable.
- To delineate the administrative responsibilities of the organization with respect to endowment gifts.

These policies do not embrace all areas in which judgment must be exercised. It is expected that additional policies and procedures will be added as appropriate.

Principles

The organization's management and administrative officers must exercise sound judgment in handling situations not specifically covered in these policies.

In view of the importance of endowment gifts to the organization, those charged with attracting and maintaining them must be given wide latitude and, at the same time, must maintain the dignity and integrity of the organization and the best interests of its donors.

To that end, the organization subscribes to the Model Standards of Practice for the Charitable Gift Planner as adopted by the National Committee on Planned Giving and to the Donor Bill of Rights as created by the American Association of Fund Raising Counsel (AAFRC), Association for Healthcare Philanthropy (AHP), the Association of Fundraising Professionals (AFP), and the Council for Advancement and Support of Education (CASE). These codes for fundraising and planned giving practitioners were adapted for CCC and are attached to this document.

The organization has the responsibility to ensure that any gifts it receives support its mission. Accordingly, the organization reserves the right to refuse any gift that it believes is not in the best interests of the organization and its constituents.

The organization also recognizes that the principle 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 expense of the donor's intent.

Gift Categories

Various types of gifts may be contributed to the organization. Many are outright gifts by living donors, either on a one-time or on a periodic basis. Others are deferred gifts that take effect upon the donor's death or at some future time. The organization receives the following types of gifts:

- Cash (including cash equivalents, such as Certificates of Deposit and savings accounts)
- Marketable securities (stocks, bonds, U.S. government securities)
- Closely held stock (non-publicly traded securities)
- Real estate
- Life insurance policies
- Other properties (works of art, furniture/equipment, precious metals, etc.)

Acceptance of Gifts

The Board of Directors has authorized the Chief Executive Officer (CEO) to accept gifts for purposes consistent with the purposes and Bylaws of the organization if such gifts are in the following forms:

- Cash
- Marketable securities
- Tangible personal property valued at $50,000 or less
- Gifts Requiring Approval
- Gifts requiring review and approval of the Board of Directors (or its authorized committee) include the following:
- Gifts that have purposes that may fall outside the purposes and Bylaws of the organization
- Life Insurance
- Closely held securities
- Real Estate (an environmental report must be submitted to the Board; a sample is attached).
- Other assets that may be unusual or fall outside the type of gifts usually handled by the organization

The organization shall seek legal and/or other professional counsel, as appropriate, in all matters pertaining to unusual gifts.

1. Acceptance

Action to Accept Gifts

Contributions are recorded and deposited by the finance department within 24 hours of receipt unless special circumstances warrant further review of the gift.

Gift acknowledgment letters are mailed within two business days of receipt of the gift.

Gifts that require review will be handled promptly by the staff calling a meeting of the Board of Directors and delivering all relevant information necessary to make decision to Board members prior to the meeting.

If a gift is not accepted, staff will notify the donor immediately.

All gift reviews will be handled with confidentiality.

Special Notation: In certain instances (e.g., a gift on December 31), a decision regarding gift acceptance must be made immediately. In such a case, the staff will contract all members of the Board of Directors immediately. If not, all members can be reached, approval to accept the gift can be made by either the Chair of the Board of Directors or his or her board designee when there is concurrence with the CEO that the gift should be accepted without reservation. In the unlikely circumstance that neither of the above individuals can be reached, the CEO is authorized to accept such a gift if in his or her judgment there are no significant reservations. The CEO will report all such action to the Board of Directors.

Gift Review Factors

Factors to be considered by the CEO and the Board of Directors in their review include:

- The charitable intent and ultimate benefit to the organization and its constituents
- The nature of any restrictions
- The permanency of the gift
- The administrative costs of managing the gift assets
- Potential for actual or perceived conflict of interest
- Consistency with the mission, purposes, bylaws, and policies of the organization.

2. Disposition

Disposition of Gifts

It is the policy of the organization to convert all gifts to cash and reinvest that cash according to the organization's Investment and Spending Policies.

If assets offered to the organization are illiquid and cannot readily be sold, acceptance of the gift may depend on whether, in the judgment of the Board of Directors, a buyer is likely to be found within a reasonable period.

If a donor requests that the organization retain specific assets, the Board of Directors must decide whether acceptance and retention of the specific assets serves the purposes of the organization.

Planned gifts

The Board of Directors will direct all unrestricted gifts received as a result of a planned giving trust vehicle to the Endowment Fund.

Unrestricted planned giving gifts that the Board deems administrable "in house" may be directed to the general fund or other program/project of CCC.

Planned gifts that are donor designated will be used in a manner consistent with the donor's restriction.

The Board of Directors, in keeping with the organization's Investment and Spending Policies, will allocate annual distributions from the Endowment fund.

Distributions from the Endowment fund are to be directed to CCC for use as determined by the Board of Directors.

Memorial Gifts

Unrestricted memorial gifts may be directed to the Endowment Fund or to CCC for use determined by the Board of Directors.

Unrestricted memorial gifts are gifts of cash or other liquid asset in memory or in honor of an individual.

3. Valuation

Gift valuation

The organization shall follow existing laws and Internal Revenue Service regulations for the valuation of gifts.

Donors of gifts of cash or cash equivalents will receive receipts that include the amount and date of the gift.

Gifts such as stock, real estate, personal property, life insurance, etc. require specific methods of valuation for the protection of both the donor and the organization.

Publicly Traded Stocks and Bonds are accepted at the fair market value as determined under Internal Revenue Service rules.

They are acknowledged by receipt for the number of shares given and the value of the securities on the date of the gift.

The value of the gift is the median market price on the date of the gift multiplied by the number of shares.

Adding the high and the low stock price and dividing by two determine the median price.

The date of the gift is the date when the donor made the gift (as opposed to when the organization received notification of it).

The Board of Directors prior to acceptance will review stock in Closely held Corporations, Real Estate, and Personal Property.

Receipt for such gifts will reflect description of the gift only, omitting valuation.

In instances where the organization issues a receipt with no financial valuation, the donor is required to establish the gift's value by independent appraisal.

It is the donor's personal responsibility to defend against challenges to claim for tax benefits.

Once the gift value is determined, the CEO or his designee prepares an acknowledgement letter to the donor for signature by the CEO.

Life Insurance Policies: If the organization is made the owner of a term insurance policy, a receipt without gift valuation, which describes the policy, will be issued to the donor.

If an insurance policy has a cash value at the time of the gift, a receipt containing the policy descriptions and the amount of the policy interpolated terminal reserve as of the date of the gift will be issued to the donor.

The insurance company should provide the interpolated terminal reserve value as of the date the policy is transferred on Form 712, Life Insurance Statement, which CPAs should attach to the gift tax return.

A receipt will be issued for the value of all gifts contributed by the donor to the organization for the purposes of paying insurance premiums.

4. Procedures
Gift Processing

Contributions are gifts of cash or other assets for which nothing of substantial value to the contributor is expected in return.

Gift Acknowledgement

Thank You letters are prepared and signed by the CEO and sent to all contributors of $250 or more within two working days of receipt of the gift.

The CEO sign acknowledgment letters to endowment donors or any donation valued at $500 or more.

All such letters serve as a contribution receipt for the donor.

Each letter will state either that no goods or services were received by the contributor in exchange for the gift or that goods and services were received by the contributor having a stated dollar value.

The notice of a bequest will be directed to the CEO. A letter of condolence, signed by the CEO, will be sent immediately to the appropriate family member(s)

The CEO will request a copy of the will, any codicils, and any petitions from the attorney.

He or she will also check the organization's files to determine if the donor, at some earlier time, sent a copy of the will or the working of the provision to the organization.

An expectancy file will be created in the donor's name.

Donor Recognition

The organization realizes the paramount role of donors and their gifts in achieving its charitable purposes.

Staff and Board members recognize donors in appropriate ways both publicly and privately, subject to confidentiality provisions and the anonymous gift provisions.

Anonymous Gifts

A contributor's request to be anonymous will be honored and so noted in the contributor's file.

If the name and address of the contributor is known, an acknowledgment letter by the CEO will be sent which references the donor's request of anonymity.

5. Planned Giving

Bequests

Bequests received by the organization will be applied to the charitable purposes requested by the donor.

If no restrictions are specified, the Board of Directors may add the bequest assets to the Endowment Fund or if administrable "in-house" to the general or other fund of CCC.

Bequests of $20,000 or more may establish a permanent named fund in the donor's memory as part of the Endowment Fund if requested by the family or as directed in the will.

Endowment funds that are established with assets of $20,000 or more will begin distributions after one year to allow the fund to earn income and provide realized and unrealized gain.

Bequests of any amount may be directed to the general fund unless restricted by the donor's estate.

The staff will keep a file of expected bequests and will work with donors to ensure that gifts intended to create a new fund meet with the organization's purposes and its capacity to carry out the donor's wishes.

General-Purpose Endowment Gifts

Many people choose to make unrestricted gifts to the organization's Endowment Fund. In such cases, the net assets released are used for ongoing operating expenses or selected priorities that the Board chooses.

Donor-Designated Endowment Gifts

Others prefer to designate their gifts for one of the endowment's specific purpose funds:

- The Butterfly Club
- Darlene Stewart Scholarship Fund

- Affordable Housing Fund
- Others by Board designation

Trusts

Charitable Remainder Unitrusts, Charitable Remainder Annuity Trusts, and Charitable Lead Trusts will be directed to the Endowment Fund.

The organization is an appropriate beneficiary of a charitable remainder unitrust (CRUT), charitable remainder annuity trust (CRAT), or charitable lead trust (CRT), but the San Diego Foundation is equipped to set up and administer these trusts.

The donor engages an independent trustee or serves as his or her own trustee. Because CRUTs, CRATSs, and CLTs name the organization as beneficiary of the charitable interest, it is important that the staff work with the donor and the donor's counsel and the San Diego Foundation to insure that the organization will be able to carry out the donor's wishes.

Charitable Gift Annuities: the organization may offer Charitable Gift Annuities through the San Diego Foundation.

The donor gives a gift of at least $10,000 to the Foundation for the Community Catalysts Endowment Fund.

The donor receives fixed and guaranteed income payments for the rest of his/her life and/or the life of a second person.

Upon the donor's death (and that of the second person), the organization's Endowment Fund receives the unused portion of the gift.

The organization's CEO meets with the donor and Foundation's staff to complete the gift.

Life Insurance

Life Insurance: the donor may give an insurance policy outright to the organization.

The donor names the organization as the owner and beneficiary of the life insurance policy and the organization retains the policy in its offices.

Alternatively, the donor may decide to retain ownership of the policy and name the organization as the beneficiary.

Upon redemption, a permanent endowed fund may be established in the donor's name for gifts of $20,000 or more or if unrestricted it can be directed to the general fund of CCC.

Premium payments may be made by the donor by direct payment to the organization at least 10 days prior to the premium due date.

Such payments are deductible by the donor as charitable gifts for IRS income tax purposes.

The organization cannot assume delinquent premium payments. In such instances, the policy will be canceled with the accrued cash value added to the organization's general or Endowment Fund.

Premiums may be paid from accrued dividends or the accumulated cash value if the donor so stipulates only when such accrued dividends or accumulated cash value are enough to pay in full all remaining premiums.

Authority to Act on Behalf of the Organization: the CEO is authorized to represent the organization in facilitating charitable giving agreements with prospective donors and signs all such agreements on behalf of the organization.

Legacy Society

The Organization's Legacy Society: the organization's Legacy Society is composed of individuals who have made plans to leave a gift to the organization through their estate plans.

Every planned gift donor will automatically become a member of the Legacy Society.

Members of the Legacy Society will be honored at appropriate special events and listed in the annual report.

Donor's Advisors

Professional Advisors: the organization strongly encourages all donors to discuss proposed gifts with their legal and financial advisors.

Prospective donors shall be advised, both orally and in writing, to seek their own counsel in matters related to charitable giving, tax, and estate planning.

Likewise, the organization shall seek the advice of an experienced attorney when considering the acceptance of unusual or complex gifts.

Public Relations

Publicity: no public media exposure with respect to a gift will be given any donor without the donor's consent.

Donors will be asked to allow their "gift stories" to be told to encourage others to consider similar gifts.

IRS Filings

The Chief Financial Officer (CFO) is responsible for filing IRS Form 8282 upon the sale or disposition of any asset sold within two years of receipt by the Charity when the charitable deduction value of the item is more than $5,000.

The CFO must file this form within 125 days of the date of sale or disposition of the asset.

Acknowledgement of all gifts made to the Charity and compliance with the current IRS requirements in acknowledgement of such gifts shall be the responsibility of the Board of Directors.

The CFO shall execute all acknowledgement documentation and report to the CEO and the Board of Directors.

Confidentiality

Confidentiality: all information concerning donors and prospective donors, including names, names of beneficiaries, amount of gift, size of estate, etc. shall be kept strictly confidential by the organization and its authorized personnel unless permission is granted by the donor to release such information.

Amendment of Policies: Review and Amendment of Policies: these policies will be reviewed annually by the authorized committee and may be amended by the recommendation of the committee and approval by the Board of Directors.

These policies and guidelines have been reviewed and accepted by the Board of Directors of CCC. As authorized by the Board of Directors, the Gift Acceptance Committee and/or the CEO may approve any changes to or deviations from these policies.

Effective Date: January 1, 2009

Revised: January 18, 2010