

## **Save The Bay Gift Acceptance Policies and Guidelines**

Save The Bay, an environmental, nonprofit organization organized under the laws of the State of California, encourages the solicitation and acceptance of gifts to Save The Bay for purposes that will help the organization to further its mission. The following policies and guidelines govern acceptance of gifts made to Save The Bay (hereinafter also referred to as the **“Organization”**) for the benefit of any of its programs.

The mission of Save The Bay is to protect and restore San Francisco Bay for people and wildlife. As climate change and pollution threaten the Bay, we lead initiatives to make our region sustainable for future generations.

<b>I. Purpose of Policy and Guidelines</b>
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The Board of Directors of Save The Bay and its staff encourage outright gifts, pledges, and deferred commitments from individuals, foundations, and corporations to further the organization’s mission and future growth. These policies provide guidance to Save The Bay personnel and to prospective donors regarding acceptance, recording, and acknowledgment of gifts to the Organization. The provisions of these policies shall apply to all gifts received by Save The Bay for any of its programs or services.

Gift acceptance is governed by these overriding principles:

- 1) Save The Bay will not accept a gift that is not in the interest of the Organization or that provides the donor with any influence over the organization’s policies or programs beyond that of any other member.
- 2) Donors are ultimately responsible for ensuring a proposed gift furthers their own charitable, financial and estate planning goals. Prospective donors should seek the advice of independent legal counsel in planning gifts, as the Organization’s staff does not give legal, accounting, tax, or other financial advice to prospective donors.
- 3) Save The Bay will not accept a gift that would be restricted in a manner not in keeping with the Organization’s mission or that is likely to generate a disproportionate cost or inappropriate obligation in relation to the benefit received.

Gift recording and acknowledgement is governed by the Internal Revenue Service guidance and Generally Accepted Accounting Principles.

## **II. Statement of Gift Acceptance Policy**

The Board of Directors has delegated responsibility to the Director of Development (DOD) to review and accept gifts, including outright gifts, pledges, and deferred commitments, in consultation with the Executive Director and Chief Financial Officer of Save The Bay. However, gifts determined by the Director of Development to pose moderate or material risk to the institution will not be accepted unless approved by the organization's Executive Committee. Such gifts include, but are not limited to:

- Gifts from recognized Bay polluters, major wetland developers or water diverters, or antagonists of Bay Area environmental organizations
- Gifts with conditions, including those with matching requirements
- Gifts restricted for a purpose other than the organization's current or planned programs or projects
- Gifts in which the donor wishes to anonymously contribute in excess of One Hundred Thousand Dollars (\$100,000)
- Gifts of personal property exceeding One Hundred Thousand Dollars (\$100,000) in value, that are subject to donor restrictions regarding disposal of the property, or would be difficult to liquidate
- Gifts of real property
- Patents
- Stock options or non-publicly traded securities

Before a proposed gift is submitted to the Executive Committee for consideration, the DOD shall perform the due diligence task of reviewing the background of the donor and the source of the gift funds. The Executive Committee shall then review this information and consider all matters it believes relevant to determine whether or when to accept such a gift. A majority of then-sitting Executive Committee members is required to approve or decline gifts.

The Organization may hold a gift and not immediately book it if documentation is incomplete or questions remain unanswered. The DOD will work with the appropriate parties to resolve issues or complete documentation of the gift. Gifts with conditions and/or restrictions must be articulated in writing by the donor so both parties are clear.

Save The Bay advises all prospective donors to seek the assistance of personal legal and financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences. Save The Bay will comply with the *Model Standards of Practice for the Charitable Gift Planner* promulgated by the National Committee on Planned Giving, shown as an appendix to this document.

### III. Types of Gifts

Gifts to Save The Bay may be in the form of outright gifts, pledges, or deferred commitments. Gifts can be either conditional or unconditional, and restricted or unrestricted, within each of these classifications. Accounting treatment and acknowledgement of gifts varies according to gift type.

#### **Outright Gifts**

Outright gifts include cash and cash equivalents, securities, real and personal property, and in-kind services. Outright gifts are recorded as a debit to asset and credit to income at the time of receipt, unless they are conditioned upon meeting certain barriers, in which case they are recorded as a debit to asset and a credit to deferred revenue until the barriers are overcome.

#### **Cash and Cash Equivalents**

Cash is acceptable in any form, including check, EFT, wire transfer, or credit card transfer. Checks shall be made payable to Save The Bay and can be mailed or delivered to Save The Bay administrative offices or through its Direct Mail Service Provider. A receipt will be issued for all cash and cash equivalent gifts in the amount of \$250 or more.

#### **Securities**

Save The Bay can accept both publicly traded securities and closely held securities:

*Publicly Traded Securities* (stocks, bonds, and mutual funds) are typically sold immediately by Save The Bay but may be retained under certain circumstances.

*Securities Not Publicly Traded:* A qualified appraisal and Save The Bay's acknowledgment of receipt on IRS Form 8283 are required for gifts of securities that are not publicly traded if their total value is more than \$10,000.

Gifts of securities are valued at the mean of the high and low price of the security as of the date of the gift. The date of the gift is defined as the date of the postmark on the envelope or the date the security is hand-delivered

(physical certificates) or the date the stock is received in one of Save The Bay's brokerage accounts (book-held securities). Save The Bay will liquidate gifted securities as soon as possible. A receipt will be issued for all securities valued at \$250 or more.

Gifts of cryptocurrency will be converted to cash and processed in the same way as gifts of securities.

### **Real and Personal Property**

Save The Bay accepts gifts of real and personal property if they are able to be used by the organization or are readily able to be disposed of / liquidated. Gifts of real and personal property are valued at their full fair market value. Gifts with fair market values exceeding \$5,000 will be reported at the values placed on them by qualified independent appraisers as required by the IRS for valuing non-cash charitable contributions. Gifts of \$5,000 or under may be reported at either the value declared by the donor or the value placed on them by a qualified expert or expert source. If a value as specified above is not placed on a gift of personal property, the value shall be recorded at \$1. Gifts of intellectual property shall be valued according to applicable IRS guidelines.

Title to the gift property should be clear, unencumbered, and properly documented. Careful consideration should be given to maintenance, insurance, storage, and transportation costs of all gifts-in-kind.

### **In-kind Services**

The IRS does not allow charitable deductions for gifts of services (only for tangible items), even if the market value of such services can readily be attained. The Organization may acknowledge and thank the donor for services, without specifying a dollar amount. In addition, "recognition credit" (not legal credit) may be entered into Save The Bay's donor database for donor recognition/stewardship purposes, according to Save The Bay's established gift recognition standards. No receipt should be generated.

### **Pledges**

A pledge is a commitment to give. Pledges typically will be fulfilled with payments of cash, credit cards, EFT, payroll deductions or marketable securities. Once the pledge is detailed in writing, it is recorded as a debit to accounts receivable and credit to income, unless it is conditioned upon meeting certain barriers, in which case it isn't recorded until the barriers are overcome. A receipt is issued once the pledge has been fulfilled.

If real estate or other non-marketable assets are used as payment, the initial value

recorded against the pledge shall be the fair market value of the real estate or assets as determined by an independent qualified appraisal. As with gifts of securities, donors shall receive legal and recognition credit equal to the fair market value (normally based on an appraisal within 60 days of the gift date), regardless of the sale price of the asset.

If publicly traded securities are used as payment, the amount booked against the pledge shall be valued on the legal date of the gift.

Expected matching gift amounts (such as from employers) cannot be used to reduce pledge balances from an individual donor because the individual does not have possession of the funds. It is permissible for the donor to have matching funds deposited into the same fund as his or her gift if permissible by the matching corporation. The pledge agreement should reflect the anticipated amount for which the donor is personally responsible. We welcome gifts from donor-advised funds and notification from donors that they are recommending such gifts. However, because these gifts cannot be obligated by the donor they cannot satisfy pledges or result in benefits to the individual or the fund.

### **Deferred Commitments**

Deferred commitments, such as charitable bequests and trusts, are pledges conditioned upon someone passing away. Deferred commitments are not recorded until the individual has passed (ie the condition is met) and Save The Bay receives written notification with a tangible dollar amount. At that time the gift is recorded as a debit to accounts receivable and credit to income.

For a bequest involving real property, the executor, personal representative or trustee may be asked to sell the property within the estate or trust and distribute the net proceeds to Save The Bay. Save The Bay may also choose to decline to accept the property. Save The Bay will not act as trustee of any trust (whether charitable or revocable) without the advance approval of the Executive Committee. Realized bequests with no donor restrictions tied to the gift, will be assigned to Save The Bay's Board Designated Reserve (quasi-endowment) fund. A receipt is issued once the deferred commitment has been fulfilled.

### **Special Circumstances**

#### **Matching Gifts**

Save The Bay honors each organization's matching gift policies while optimizing matching opportunities as much as possible. If Save The Bay staff has reason to believe that a donor is not in compliance with a matching entity's policies, staff will contact the donor for clarification. Examples may be gifts directed to non-

qualifying programs or pooling of gifts with non-employee donors. Save The Bay will not knowingly submit claims for non-qualifying gifts.

### **Gifts from Employees**

Gifts to Save The Bay from the Organization's employees are encouraged and may be accepted if the purpose of the gift is to support bona fide Save The Bay activities. Such gifts are subject to Save The Bay's policies and procedures for expenditure to ensure there is no personal benefit to the donor/employee that would jeopardize the tax deductibility of the gift.

### **Commemorative (Memorial, Honoria and "On Behalf Of") Gifts**

Memorial and in honor of gifts are encouraged by Save The Bay as generous and thoughtful ways to recognize people's lives and accomplishments. When a memorial gift is made, the decedent's next of kin is notified by the Organization; such notifications must not specify gift amounts. In the case of Honoria gifts, the honored person is notified of the gesture but again without detail about gift amounts.

### **Premiums and Goods or Services Received**

The IRS requires nonprofits to verify that no substantial goods or services were received in exchange for a contribution in order for the gift to qualify for a full charitable deduction. The IRS permits small value benefits based on the amount paid without disclosure. The IRS changes these limits annually. The DOD should be contacted for the current limits. Standard receipts verify this qualification. Where premiums or services are offered, the receipt reflects the total amount paid as well as a value and description of the benefits received.

### **Auction Items**

Donors who purchase items at an auction may claim a charitable contribution for the excess of the purchase price paid for an item over its fair market value. The donor must be able to show, however, that he or she knew the value of the item was less than the amount paid. For example, an institution may publish a catalog, given to each person who attends an auction, providing a good faith estimate of items that will be available for bidding. Assuming the donor has no reason to doubt the accuracy of the published estimate, if he or she pays more than the published value, the difference between the amount paid and the published value may constitute a charitable contribution deduction. In addition, donors who provide goods for an institution to sell at an auction often ask the institution if the donor is entitled to claim a fair market value charitable deduction for a contribution of appreciated property to the institution that will later be sold. Under these circumstances, the law limits a donor's charitable deduction to the donor's tax basis in the contributed property and does not

permit the donor to claim a fair market value charitable deduction for the contribution. Specifically, the Treasury Regulation under Section 170 provides that if a donor contributes tangible personal property to an institution that is put to an “unrelated use,” the donor’s contribution is limited to the donor’s tax basis in the contributed property. The term “unrelated use” means a use that is unrelated to the institution’s exempt purposes or function. The sale of an item is considered unrelated, even if the sale raises money for the institution to use in its programs.

### **Corporate Sponsorships**

Most corporate sponsorship dollars are fully countable (less the value of tangible benefits received); the determining factor is whether the recognition the corporation receives constitutes advertising. The IRS defines advertising in this instance as competitive pricing or product information displayed because of the donation. If the recognition fits this definition of advertising, the sponsorship is an exchange transaction, not a gift. Simple name or logo placement is not advertising.

If, in return for a gift, a donor or donor organization has its name placed on a brick, chair, building or other item or program that remains part of the institution, this recognition does not reduce the value of the gift so long as it is not advertising as defined by the IRS, above.

### **Trade and Barter Gifts**

When services are provided and tickets or other deliverables are offered in return, no gift transaction is considered to have occurred, even if the value of the service exceeds that of the tickets.

### **Gift Refunds**

There may be circumstances when it is in the best interest of donor relations to reimburse a donor. The DOD shall review these requests. If approved, any reimbursements to donors shall be treated as income to the individual. in recognition of the fact that all gifts are permanent , with donors likely having claimed a tax deduction for the gift. If the payment is equal to or greater than \$600, and was made in a prior tax year, such payments shall result in the generation of a 1099 to the donor who will then be obligated to pay taxes on the stated amount.

### **Non-cash Charitable Contributions (IRS Form 8283)**

*Non-cash Gifts over \$500:* If a donor wishes to claim an income tax deduction of \$500 or more in any year for gifts to Save The Bay which are not cash, the

donor must file IRS Form 8283 (Non-cash Charitable Contributions) with his or her federal income tax return.

*Non-cash Gifts over \$5,000:* Normally, if a donor wishes to claim charitable income tax deduction exceeding \$5,000 in any tax year for gifts that are not cash or publicly traded securities, then the donor needs to obtain qualified appraisals of the property donated and Save The Bay must acknowledge receipt by signing the IRS Form 8283, which the donor then files with his or her income taxes. Normally Save The Bay cannot provide or pay for an appraisal for a donor's tax purposes nor will Save The Bay attempt to estimate for a donor the fair market value of any real or personal property gift of more than \$5,000.

Form 8283 is processed through the Organization's Development Office. It is the donor's responsibility to submit Form 8283 to the Development Office.

#### IV. Gift Valuation

	Federal and/or state government tax laws & regulations	Save The Bay's financial accounting records	Gift credit & donor recognition	Toward Save The Bay's fundraising goals – fiscal year and/or a specific campaign effort	Attributed to fundraising staff who secured the gift
Type of Gift	Count At				
<b>Cash</b>	Face value				
<b>Pledges</b>	Face value if documented				
<b>Marketable Securities</b>	Appraised face value				
<b>Closely Held Securities</b>	Appraised face value				
<b>Real Property</b>	Appraised face value				
<b>Tangible Personal Property</b>	Appraised face value				
<b>In-Kind Gifts</b>	Appraised face value				
<b>Retained Life Estate</b>	Appraised face value	Appraised face value when documented, regardless of donor's age, but segregated.			
<b>Irrevocable Deferred Gifts</b>	Present value	Appraised face value when documented, regardless of donor's age, but segregated.			
<b>Revocable Deferred Gifts</b>	No value	Face value when documented, regardless of donor's age, but segregated.			

*These policies are consistent with National Committee on Planned Giving and the Association of Fundraising Professionals Adopted Standards.*

#### V. Changes to Gift Acceptance Policies

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