

# Monadnock Humane Society

## GIFT ACCEPTANCE POLICY (GAP)

Effective 3/31/22

1. **Purpose:** The primary purpose of this policy is to set guidelines that will govern acceptance of gifts made to Monadnock Humane Society for the benefit of its operations, programs or services.
2. **Effective Date:** These Policy Guidelines shall become effective January 1, 2010. Revised October 31, 2016. Revised March 31, 2022.
3. **Policy Coordination:**

This policy is designed to work in concert with MHS's Endowment, Investment, and Data Privacy Policies. The Finance Committee will use Generally Accepted Accounting Principles (GAAP) to determine at the time of a gift endowment, whether and how the gift will be accepted. Once so determined, GAAP shall govern the funds to protect the wishes of the donor. The Investment Policy shall govern the investment products in which the funds are invested.
4. **Review and Amendment:**

The Development and Finance Committees shall be responsible for review of this policy and making recommendations for amendments. This policy shall be reviewed at least annually or whenever it becomes inconsistent with state or federal laws. Any amendments shall be written and submitted to the Board to be placed on the agenda for discussion and approval at the next Board meeting.
5. **Donor Considerations:**
  - a. In consideration of both MHS and its donors, this policy is designed to ensure that all gifts to, and for the use by, MHS will provide maximum benefits and protections to all interested parties. (See MHS' Donor Privacy Policy)
  - b. MHS pledges to work with donors to achieve a balance between ensuring their wishes are met, while also ensuring that gifts to MHS do not inadvertently create additional costs and/or administration or are unduly restrictive.
  - c. MHS urges all prospective donors to seek the assistance of personal legal and financial advisors **in matters relating to their gifts, including tax and estate planning impact.**
6. **Gift Acceptance Committee (GAC):**
  - a. **GAC Composition:** The GAC shall be comprised of the Executive Director, Board Chair, Treasurer, Development Com. Chair, and MHS Development & Marketing Director. The GAC may also appoint a temporary member from the board or other standing committee who has experience with the nature of a particular gift in question.
  - b. **Policy Administration:** The GAC will be responsible for administering and reviewing the GAP procedures, and as appropriate, recommending to the Finance & Development

Committees, any changes that may be necessary to ensure compliance with IRS regulations or other applicable state or federal laws.

**c. Final Determination:**

- i. The GAC is responsible for making the final determination for review and acceptance of gifts that come under this policy unless a full board decision is deemed necessary.
- ii. **Negotiations:** Only the GAC, or designated representatives thereof, are authorized to negotiate, on behalf of MHS, with donors relating to gift conditions that are of concern.

**d. Flexibility:** MHS must be allowed flexibility when considering complex gift situations; in some instances, the merits of a particular gift may demand that it be considered by the whole Board and a final decision made by that body.

**e. Gift Review Options:**

- i. Any gift may be considered for GAC review upon request of the Ex. Director.
- ii. Any gifts not covered in this policy shall be reviewed by the GAC and/or board.

**7. Use of Legal Counsel:**

- a. The GAC **shall** seek the advice of legal counsel (or other subject matter expert) in areas relating to acceptance of gifts such as:
  - i. Gifts of securities that are subject to restrictions or buy-sell agreements,
  - ii. Documents naming MHS as trustee or requiring MHS to act in any fiduciary capacity,
  - iii. Gifts requiring MHS to assume financial or other obligations,
  - iv. Transactions with potential conflicts of interest
  - v. Gifts that are legally unclear or include complex or unusual legal conditions, and
  - vi. Gifts of property and all questions regarding said property. (inc. environmental)

**Note - Professional Fees:** MHS will pay reasonable fees for professional services (legal, accounting, etc.) rendered in connection with the completion of a gift to the organization. Such fees will be paid only with the GAC's prior written approval.

**7. Restrictions on Gift Acceptance:** MHS will not accept gifts that:

- a. May result in MHS violating its corporate charter,
- b. May result in MHS losing its status as a 501(c)(3) not-for-profit organization,
- c. May be too difficult or too expensive to administer in relation to their value,
- d. May result in any unacceptable consequences for MHS,
- e. Represent a conflict of interest,
- f. Are designated for purposes outside the mission of MHS.

**8. Types of Gifts:**

- a. **Cash gifts** are acceptable in any form.
- b. **Retirement Plans:** MHS welcomes donors to name the organization as a beneficiary to receive all or a portion of the benefits of retirement plans, such as 401(k) defined contribution plans, corporate defined benefit pension plans, Individual Retirement Accounts, and similar tax-qualified retirement plan vehicles.

- c. **Bequests** of cash will be accepted and applied as designated by the donor and, where possible, negotiated/agreed to regarding terms by the donor and MHS in advance (i.e., Jennie B. Powers Legacy Society members). Bequests of other assets are subject to review of the GAC prior to acceptance.
- d. **Matching Corporate Gifts:** MHS welcomes corporate matching gifts and urges donors with access to this benefit to apply for such gifts.
- e. **Gifts subject to review:** Prior to acceptance and due to the special liabilities they may pose for MHS, the following gifts may be subject to prior review:
  - i. **Negotiable Securities** (marketable) for which there is a readily available secondary market. A letter of agreement from MHS to the donor shall state that the securities will be converted to cash at the earliest possible date through a broker approved by the MHS Finance Committee. These securities may be transferred electronically to an MHS brokerage firm or delivered physically with the transferor's endorsement or signed stock power (with appropriate signature guarantees) attached. All negotiable securities will be sold promptly upon receipt unless otherwise directed by the Finance Committee. In cases where marketable securities may be restricted, for example, by applicable securities laws or the terms of the proposed gift; the decision whether to accept the restricted securities shall be made by the GAC.
  - ii. **Non-Negotiable Securities** including gifts of stock in private corporations and closely held securities. An appraisal for the fair market value of the securities or stock is the responsibility of the owner and shall be completed before acceptance of the gift by MHS.
  - iii. **Charitable Remainder Trusts:** MHS will accept designation as an income beneficiary of charitable remainder trusts. It may be subject to review if it involves non-cash assets.
  - iv. **Charitable Lead Trusts:** MHS will accept designation as an income beneficiary of charitable lead trusts. It may be subject to review if it involves non-cash assets.
  - v. **In-Kind Gifts:** In-kind gifts of goods and services that may benefit the needs and mission of MHS may be accepted. Once accepted, the gift(s) becomes the property of MHS, and MHS retains the right to dispose of the gift as it sees fit unless other arrangements have been made with the donor.
  - vi. **Tangible Personal Property:** The GAC shall review and determine whether to accept gifts of tangible personal property in light of the following considerations:
    - 1) Does the property further the organization's mission or meet a defined organizational need?
    - 2) Is the property marketable?
    - 3) Are there any unacceptable restrictions imposed on the property?
    - 4) Are there any carrying costs for the property for which the organization may be responsible?
    - 5) Is the title/provenance of the property clear?

- vii. **Life Insurance:** MHS will accept gifts of paid-up life insurance policies where MHS is named as both beneficiary and irrevocable owner of all or part of the insurance policy.
- viii. **Real Estate:** All gifts of real estate are subject to review and approval by the GAC. Criteria for review/acceptance of gifts of real estate shall include:
  - 1) Is the property useful for the organization's purposes?
  - 2) Is the property readily marketable?
  - 3) Are there any covenants, conditions, restrictions, reservations, easements, encumbrances or other limitations associated with the property?
  - 4) Are there carrying costs (including insurance, property taxes, mortgages, notes, or the like) or maintenance expenses associated with the property?
  - 5) Does the environmental review or audit reflect that the property is damaged or otherwise requires remediation?
  - 6) Does the gift obligate MHS to ownership in perpetuity?
  - 7) Has the donor provided a qualified appraisal as required by IRS regulations issued under IRS Section 170(a)(1), by a certified professional who has no business or other relationship to the donor?

## 9. Other Gift Acceptance Guidelines

- a. **Anonymous Gifts:** MHS will honor any anonymity request for gifts that are accepted under this policy. See MHS Donor Confidentiality Policy.
- b. **Gift Allocation:** All proceeds from gifts outlined in this policy shall be allocated to the general operating fund or Investment Reserves unless otherwise stipulated, in writing, by the donor and agreed to by MHS.
- c. **Acknowledgments:** MHS will acknowledge the receipt of all gifts and in a manner, which satisfies the IRS substantiation requirements for the deduction of charitable gifts by individual donors currently found in IRS Section 170(f).
- d. **Stewardship:** MHS is indebted to all donors for their commitment to the organization's mission and vision, and accepts the responsibility to utilize all donations appropriately and effectively.
- e. **Appraisals:** Appraisals are the responsibility of the donor and must reflect the fair market value of the item of personal or real property at the time of the gift.
- f. **Documentation and Safekeeping:** All documentation required upon gift acceptance by MHS including a signed and dated pledge letter, a donor's letter of intent, a donor's gift instruction letter, copy of a will, etc. shall be filed both in hard copy and electronically in secure and accessible locations. Donor confidentiality is paramount and will be handled per MHS' Donor Confidentiality Policy.
- g. **Modification of Pledges and Gifts:** Existing agreements/documentation may not be modified without written, notarized documentation from the donor (or authorized rep) and MHS authorized party.
- h. **Finder's Fees or Commissions:** MHS will not pay a fee to any person in consideration for directing a gift to the organization.