

SEATTLE HUMANE

GIFT ACCEPTANCE POLICIES AND GUIDELINES

The Humane Society for Seattle/King County, DBA Seattle Humane, a Washington nonprofit corporation, recognized as exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code of 1986, as amended, encourages the solicitation and acceptance of gifts to Seattle Humane (hereinafter referred to as “SH”) for purposes that will help SH to further and fulfill its mission. The following policies and guidelines govern acceptance of gifts made to SH or for the benefit of any of its programs.

The mission of Seattle Humane is: Seattle Humane promotes the human-animal bond by saving and serving pets in need, regardless of age, ability, circumstance or geography.

The members of the SH Board of Directors (the “Board”) and the officers of SH have a fiduciary duty to assure that SH’s assets are used efficiently and protected from potential liabilities and diversion to purposes other than those that further SH’s goals. The following policies and guidelines govern acceptance of gifts made to SH or for the benefit of any of its programs.

I. Purpose of Policies and Guidelines

The Board of Directors of SH and its staff solicit current and deferred gifts from individuals, corporations, and foundations to secure the future growth and missions of SH. These policies and guidelines govern the acceptance of gifts by SH and provide guidance to prospective donors and their advisors when making gifts to SH. The provisions of these policies shall apply to all gifts received by SH for any of its programs or services.

SH shall accept only such gifts as are legal, consistent with organizational policy, and further the mission of Seattle Humane. While SH does not provide tax advice, every effort will be made to assist donors in complying with the intents and purposes of the Internal Revenue Service in allowing charitable tax benefits.

Key principles include safeguarding the confidentiality of the donor relationship, providing full disclosure to the donor, and ensuring that gifts are recorded, allocated and used according to the donor intent and designation.

II. General Policies Relevant to All Gifts

1. Use of Legal Counsel

SH shall seek the advice of legal counsel in matters relating to acceptance of gifts when appropriate. Review by counsel is recommended for:

- a.** Closely-held stock transfers that are subject to restrictions or buy-sell agreements.
- b.** Documents naming SH as Trustee.

- c. Gifts involving contracts, such as bargain sales or other documents requiring SH to assume an obligation.
- d. Transactions with a potential conflict of interest that may invoke IRS sanctions.
- e. Other instances in which use of counsel is deemed appropriate by the Risk Oversight Committee (defined below).

2. Conflict of Interest: Donor Practices

SH will urge 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 of such gifts. SH and its employees and agents are prohibited from advising donors about the tax consequences of their donations. Gifts are also subject to the provisions of other SH policies, including adopted Conflict of Interest policies.

SH makes every effort to ensure accepted gifts are in the best interests of the organization and the donor. SH works to follow The Donor Bill of Rights adopted by the AAFRC Trust for Philanthropy, the Association of Fundraising Professionals and other professional organizations. SH 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.

3. Evaluation on Gifts

SH will accept unrestricted gifts, and gifts for specific programs and purposes, provided that such gifts are not inconsistent with its stated mission, purposes, and priorities. SH has a review process for all gifts and reserves the right to reject any gift based on the assessment of leadership.

The Chief Advancement Officer is charged with the responsibility of evaluating all gifts made to SH, properly screening and accepting those gifts in accordance with the following guidelines of this policy, and making recommendations to the Audit and Risk Management Committee on gift acceptance issues when appropriate.

III. Types of Gifts

The following gifts are acceptable:

- Cash.
- Tangible Personal Property.
- Publicly held Securities.
- Real Estate.
- Remainder Interests in Property.
- Oil, Gas, and Mineral Interests.
- Life Insurance.

- Charitable Remainder Trusts.
- Charitable Lead Trusts.
- Retirement Plan Beneficiary Designations.
- Bequests.
- Life Insurance Beneficiary Designations.

The following criteria govern the acceptance of each gift form:

- 1. Cash.** Cash is acceptable in any form. Checks shall be made payable to SH and shall be delivered to the Chief Advancement Officer in SH's administrative offices.
- 2. 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 SH?
 - Is the property marketable?
 - Are there any undue restrictions on the use, display, or sale of the property?
 - Are there any carrying costs for the property?
- 3. Securities.** SH can accept both publicly traded securities and closely-held securities, under the conditions that follow.
 - a. Publicly Traded Securities.** Marketable securities may be transferred to an account maintained by SH at one or more brokerage firms or delivered physically to SH with the transferor's signature or stock power attached. In some cases, marketable securities may be restricted by applicable securities laws; in such instance the final determination on the acceptance of the restricted securities shall be made by the Audit and Risk Management Committee of SH.
 - b. Closely-Held Securities.** Closely-held securities, which include not only debt and equity positions in non-publicly traded companies but also interests in limited partnerships and limited liability companies, or other ownership forms, can be accepted subject to the approval of the Audit and Risk Management Committee of SH. Gifts must be reviewed prior to acceptance to determine that:
 - there are no restrictions on the security that would prevent SH from ultimately converting those assets to cash;
 - the security is marketable; and
 - the security will not generate any undesirable tax consequences for the SH.

If potential problems arise on initial review of the security, further review and recommendation by an outside professional shall be sought before making a final decision on acceptance of the gift. The Audit and Risk Management Committee of SH and legal counsel shall make the final determination on the acceptance of closely-held securities when necessary. Every effort will be made to sell non-marketable securities as quickly as possible.

4. **Real Estate.** Gifts of real estate may include developed property, undeveloped property, or gifts subject to a prior life interest. Prior to acceptance of real estate, SH shall require an initial environmental review of the property to ensure that the property has no environmental damage or issues. In the event that the initial inspection reveals a potential problem, SH shall retain a qualified inspection firm to conduct an environmental audit. The cost of the environmental audit shall generally be an expense of the donor.

When appropriate, a title binder shall be obtained by SH prior to the acceptance of the real property gift. The cost of this title binder shall generally be an expense of the donor.

Prior to acceptance of the real property, the gift shall be approved by the Audit and Risk Management Committee of SH and by SH's legal counsel. Criteria for acceptance of the property shall include:

- Whether the property is useful for the purposes of SH?
- Whether the property is marketable?
- Whether there are any restrictions, reservations, easements, or other limitations associated with the property?
- Whether there are carrying costs, which may include insurance, property taxes, mortgages, or notes, etc., associated with the property?
- Whether the environmental audit reflects that the property is not damaged?

5. **Remainder Interests in Property.** SH will accept a remainder interest in a personal residence, farm, or vacation property subject to the provisions of paragraph 4 above. The donor or other occupants may continue to occupy the real property for the duration of the stated donor's life. At the death of the donor, SH may use the property or reduce it to cash. Where SH receives a gift of a remainder interest, expenses for maintenance, real estate taxes, and any property indebtedness are to be paid by the donor or primary beneficiary.

6. **Oil, Gas, and Mineral Interests.** SH may accept oil and gas property interests, when appropriate. Prior to acceptance of an oil and gas interest, the gift shall be approved by the Audit and Risk Management Oversight Committee, and if necessary, by SH's legal counsel. Criteria for acceptance of the property shall include:

- Gifts of surface rights should have a value of \$40,000 or greater.
- Gifts of oil, gas, and mineral interests should generate at least \$10,000 per year in royalties or other income (as determined by the average of the three years prior to the gift).
- The property should not have extended liabilities or other considerations that make receipt of the gift inappropriate
- A working interest is rarely accepted. A working interest may only be accepted where when there is a plan to minimize potential liability and tax consequences.
- The property should undergo an environmental review to ensure that SH has no current or potential exposure to environmental liability.

7. **Life Insurance.** SH must be named as both beneficiary and irrevocable owner of an insurance policy before a life insurance policy can be recorded as a gift. The gift is valued at its interpolated terminal reserve value, or cash surrender value, upon receipt. If the donor contributes future premium payments, SH will include the entire amount of the additional premium payment as a gift in the year that it is made.

If the donor does not elect to continue to make gifts to cover premium payments on the life insurance policy, SH may:

- continue to pay the premiums;
- convert the policy to paid up insurance; or
- surrender the policy for its current cash value.

8. **Charitable Remainder Trusts.** SH may accept designation as remainder beneficiary of a charitable remainder trust with the approval of the Audit and Risk Management Committee of SH. SH will not accept appointment as trustee of a charitable remainder trust.

9. **Charitable Lead Trusts.** SH may accept a designation as income beneficiary of a charitable lead trust. The Board of SH will not accept an appointment as trustee of a charitable lead trust.

10. **Retirement Plan Beneficiary Designations.** Donors and supporters of SH will be encouraged to name the SH as beneficiary of their retirement plans. Such designations will not be recorded as gifts to the SH until such time as the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

11. **Bequests.** Donors and supporters of SH will be encouraged to make bequests to SH under their wills and trusts. Such bequests will not be recorded as gifts to SH until such time as the gift is irrevocable. When the gift is irrevocable, but is not

due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

12. **Life Insurance Beneficiary Designations.** Donors and supporters of SH will be encouraged to name SH as beneficiary or contingent beneficiary of their life insurance policies. Such designations shall not be recorded as gifts to SH until such time as the gift is irrevocable. Where the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

IV. **Miscellaneous Provisions**

Securing appraisals and legal fees for gifts to SH. It will be the responsibility of the donor to secure an independent appraisal (where required) and independent legal counsel for all gifts made to SH.

Valuation of gifts for development purposes. SH will record a gift received by SH at its valuation for gift purposes on the date of gift.

Acknowledgement. Acknowledgement of all gifts made to SH and compliance with the current IRS requirements in acknowledgement of such gifts shall be the responsibility of the development department for SH.

Liquidation of Gifts. Unless otherwise provided in this Policy, gifts not in cash will be liquidated upon receipt unless otherwise instructed by the Audit and Risk Management Committee or legal counsel.

V. **Changes to Gift Acceptance Policies**

These policies and guidelines have been reviewed and accepted by the Board of Directors of The Humane Society for Seattle/King County. The Risk Oversight Committee of SH must approve any changes to, or deviations from, these policies.