

# **Gift Solicitation & Acceptance Policy**

Board approved on March 18, 2021

## **MISSION**

We Unite people and organizations to build a healthy, stable, and well-educated community where individuals, families, and neighborhoods thrive.

## **POLICY PURPOSE**

The purpose of the Gift Solicitation & Acceptance Policy (the "Gift Acceptance Policy") is to establish governance for the solicitation and acceptance of gifts by United Way of Northern Utah ("UWNU") and to provide guidance to prospective donors and their advisors when making gifts to United Way of Northern Utah. The provisions of this policy shall apply to all gifts received by UWNU. This policy will also serve as a guideline to UWNU staff and volunteers involved with accepting gifts, and to outside advisors who assist in the gift planning process. This policy is intended as a guide and allows for limited flexibility on a case-by-case basis. This policy will be reviewed and updated every three years, or as needed. The UWNU Board of Directors (hereafter "Board") recognizes the importance of establishing policies and procedures to meet the development needs of UWNU and of directing efforts to attract private funding support to build permanent endowment funds.

## **RESPONSIBILITY TO DONORS**

- In all gift matters, UWNU staff and volunteers must be aware of and sensitive to each donor's financial needs and concerns. The role of the UWNU representative is to inform the donor and donor's advisors about UWNU gift opportunities. Representatives of UWNU shall help educate donors about appropriate gift opportunities.
- Prospective donors shall be advised to seek legal and financial counsel and/or tax advice from their own advisors and disclose that UWNU staff/volunteers are representing the interests of UWNU.
- UWNU will not knowingly accept a gift that is contrary to the donor's best interests, nor will it accept any gift that knowingly violates the Internal Revenue Code or any other Federal or State laws.
- UWNU will not, under any circumstances: (a) furnish property appraisals or valuations to donors for tax purposes, or (b) knowingly participate in a transaction in which the value of a gift is inflated above its true fair market value.
- In accordance with the provisions of the Internal Revenue Code and related regulations, proper records will be kept and required tax returns filed by UWNU for all gifts processed and/or administered by UWNU. The UWNU Controller or his/her staff shall execute all necessary IRS forms, including IRS forms 8282 and 8283, that relate to gifts processed and/or administered by UWNU. All executed forms are to be reviewed by the Resource Development (RD) and Audit & Finance Committee prior to submission to the IRS.
- All donative instruments will be kept confidential to the extent permitted by law.
- All files will be made available upon request to agents of the Internal Revenue Service.

- All other requests for information will be honored only if the donor has approved the release of information in writing or if current law requires release of the information.

## **SOLICITATION**

The CEO of UWNU has the ultimate responsibility for all fundraising and solicitation for UWNU and shall be accountable to the Board. The CEO may delegate fundraising authority as necessary to the Director of Resource Development & Marketing, RD Committee, etc.

1. Only an employee, consultant, or an authorized volunteer or intern may solicit support for UWNU.
2. There are a limited number of funding/in-kind sources and varying department/program budget gaps at UWNU. To ensure the greatest organizational needs are met, individuals involved with soliciting gifts shall involve the Resource Development team at the earliest stages of solicitation to ensure that donors are not receiving multiple solicitations from UWNU. Under no circumstances should a proposal be submitted without receiving written approval by the Director of Resource Development & Marketing.
3. UWNU shall not engage in commission-based fundraising.
4. UWNU shall strive to minimize the amount of related contributions spent on fundraising expenses; related contributions include donations, legacies and other gifts received as a result of fundraising expenditures.
5. UWNU shall assure that all representations made in promotional, fundraising, and other public information materials are accurate and not misleading with respect to UWNU's accomplishments, activities and intended use of funds.
6. In fundraising and solicitation materials, UWNU shall clearly state whether funds will be used for general purposes or restricted projects.
7. UWNU shall advise donors and prospective donors in writing to seek independent legal and financial advice, as appropriate.
8. If UWNU uses a donor survey as a fundraising device, it shall clearly indicate that the recipient has no obligation to return it.
9. UWNU shall prepare "Instructions for Making Gifts," and update them periodically, to aid donors and prospective donors in making timely gifts.
10. Prior to entering into an agreement to allow commercial entities to use UWNU's logo, name or properties, UWNU shall determine that these agreements will not impair the credibility of UWNU. UWNU and the commercial entity shall publicly disclose how UWNU benefits from the sale of the commercial entity's products or services.

## **GIFT ACCEPTANCE**

The President & CEO has the authority to accept or reject gifts offered to UWNU.

The RD Committee may consult with legal counsel on any gift acceptance matters. When in the opinion of the President & CEO, in consultation with the Director of Resource Development, a gift carries the potential for significant risk or is unique in nature, a recommendation will be taken to the RD Committee. It will then be taken to the Board Executive Committee for final approval if deemed necessary by the RD Committee.

When considering whether to solicit or accept gifts, the organization will consider the following Factors:

**Values**—whether the acceptance of the gift compromises any of the core values of UWNU;

**Compatibility**—Whether there is compatibility between the intent of the donor and the organization's use of the gift

**Public Relationships**—whether acceptance of the gift may damage the reputation of UWNU;

**Consistency**—is acceptance of the gift consistent with prior practice?

**Form of Gift**—Is the gift offered in a form that UWNU can use without incurring substantial expense or difficulty?

**Effect on Future Giving**—Will the gift encourage or discourage future gifts?

**Allowability** - Is the gift in accordance with the provisions of the Internal Revenue Code and related regulations?

All decisions to solicit and/or accept potentially controversial gifts will be made by the CEO in consultation with the Director of Resource Development & Marketing and as needed by the RD Committee and the Board Executive Committee. The primary consideration will be the impact of the gift on the organization.

### **Types of Gifts**

The following gifts shall be considered for acceptance at any time and based on the following requirements:

#### **Cash**

All legal gifts in the form of cash, check, or credit card shall be accepted by UWNU, regardless of the amount. Checks shall be made payable to United Way of Northern Utah.

#### **Publicly Traded Securities**

Readily marketable securities, such as those traded on any recognized stock exchange, can be accepted by UWNU. Gift securities will be sold in accordance with UWNU's current investment policy.

### **Closely Held Securities**

Non-publicly traded securities may be accepted in consultation with proper legal counsel. Prior to acceptance, UWNU shall explore methods of liquidation for the securities through redemption or sale. Securities shall be redeemed or sold within 90 days of acceptance. A representative of UWNU shall contact the parties involved to determine:

1. An estimate of fair market value
2. Any restrictions on transfer
3. No commitment for repurchase of closely held securities shall be made prior to completion of the gift of the closely held securities.

### **Real Estate**

All gifts of real estate must be reviewed by the RD Committee and Building and Facilities Committee before acceptance. Real estate gifts will be accepted based upon projected financial benefit to UWNU to include projected sales price, anticipated time to sell the property, financial encumbrances, and any impairment associated with the property. The donor is responsible for obtaining an appraisal of the property and to cover the cost of the appraisal. Prior to presentation to the RD Committee and Building and Facilities Committee, a member of the UWNU staff must conduct a visual inspection of the property. If the property is located in a geographically distant or isolated area, a qualified real estate broker may be substituted for a member of the staff in conducting the visual inspection.

Prior to presentation to the RD Committee and Building and Facilities Committee, the donor must provide the following documents:

1. Property deed
2. Property tax bill
3. Property title report
4. Property survey
5. Site plans or any other development studies prepared on the property
6. Any existing leases or agreements encumbering the property, including listing agreements with real estate brokers
7. Current property zoning
8. Phase one Environmental Assessment conducted by a qualified environmental consultant testing for hazardous substances on or around the subject property
9. Property appraisal

### **Life Insurance**

UWNU will accept gifts of life insurance policies if the policy premiums are current and has a minimum face value of \$5,000. UWNU may be named as a primary beneficiary, secondary beneficiary or contingent beneficiary of a life insurance policy. Participation in premium finance life insurance programs is prohibited.

### **Tangible Personal Property - (not used within UWNU)**

- Gifts of tangible personal property will be accepted, provided they are easily marketed and sold. Prospective donors of tangible personal property will be referenced to their tax advisors regarding the gift.
- Gifts of jewelry, artwork, collections, and other personal property not related to UWNU's exempt purpose, will be accepted on a case by case basis. Gifts of tangible personal property as defined above shall be sold for the benefit of UWNU.
- No property which requires special display facilities or security measures shall be accepted by UWNU without consultation with the President & CEO. Depending upon the anticipated value of the gift, UWNU shall have a qualified outside appraiser value the gift before accepting it. This will be done independently from the donor's own appraisal. Costs of the appraisal will be covered by the donor. UWNU adheres to all Internal Revenue Service requirements related to disposing of gifts of tangible personal property and the filing of all appropriate forms.

### **Tangible Personal Property - (used within UWNU)**

In-kind donations are goods and services used within UWNU Programs to carry out its mission. Examples of goods or property that might qualify as an in-kind donation are computer hardware and software, office furniture, clothing, office supplies, and food. This category also includes intangible property such as copyrights, and patents as well as items that can be used as fundraisers for prizes or put up for auction to raise money.

Examples of professional services, or expertise, that qualify as in-kind donations include:

- Legal services (most common)
- Accounting services
- Web design and social media help
- Consulting services
- Videography services

In order for a donated service to be recognized as an in-kind service for financial reporting purposes one of the following criteria must be met:

- The service either creates or enhances a nonfinancial asset. For example, a group of volunteers working to build a home for a low income family, or
- The service requires specialized skills, is provided by entities or persons possessing those skills, and would be purchased if it were not donated.

Services that certainly or might qualify as in-kind donations include the discounted or free use of office or meeting space and free administrative services like copying or printing. Other examples are discounted or free catering and a special deal on utilities.

Some goods and services, while donated, may not qualify as in-kind donations. Specifically, anything that is earmarked for use by another entity or products or services that UWNU normally wouldn't purchase. For example, a local musician donates their services to an event that you wouldn't typically engage a musician to perform.

Finally, the value of volunteer hours is not considered a qualifying in-kind gift unless the volunteer is providing a “specialized skill”. For example, volunteers checking-in guests to an event, or someone with a specialized skill, but the volunteer effort is unrelated to the skill.

All volunteer hours should be tracked and documented for inclusion on annual reports even though they don’t show on the financial reports.

### **Memorials and Honorariums**

All memorial and honorarium gifts received by UWNNU will be placed into UWNNU's Unrestricted Endowment Fund, unless otherwise restricted.

## **DEFERRED GIFTS**

UWNNU will consider participating in the following planned giving instruments (" Defined Gifts"):

1. Charitable gift annuities
2. Deferred gift annuities
3. Charitable remainder trusts
4. Charitable lead trusts
5. Bequests
6. Retained life estates
7. Donor advised funds
8. Supporting Organization

The following guidelines will serve as a reference in evaluating Deferred Gifts:

### **Charitable Gift Annuities**

UWNNU will utilize the United Way Worldwide (UWW) National Charitable Gift Annuity Program. UWNNU will adhere to the policies of the UWW National Charitable Gift Annuity Program, including but not limited to, the following provisions:

- There shall be no more than two beneficiaries on a charitable gift annuity.
- The minimum gift accepted to establish a charitable gift annuity is \$10,000.
- No income beneficiary for a charitable gift annuity shall be younger than 60 years old.
- UWNNU follows the American Council on Gift Annuities suggested rates.

### **Deferred Gift Annuities**

UWNNU will utilize the UWW National Charitable Deferred Gift Annuity Program. UWNNU will adhere to the policies of the UWW National Charitable Deferred Gift Annuity Program, including, but not limited to, the following provisions:

- The minimum gift accepted to establish a deferred gift annuity is \$10,000.
- The minimum age for deferred gift annuity payments to commence is 60.
- UWNNU follows the American Council on Deferred Gift Annuities suggested rates.

### **Charitable Remainder Trusts**

- Due to the cost of drafting and administration, all Charitable Remainder Trusts must be reviewed by the RD Committee before acceptance. Charitable Remainder Trusts will be

accepted based upon a projected financial benefit to UWNU after considering all relevant costs and charges.

- Investment of a charitable remainder trust shall be determined by those hired by the donor. No representations shall be made by a UWNU employee or person acting on behalf of UWNU as to the management or investment of such charitable remainder trust. UWNU may provide the donor a list of organizations providing trustee/administrator/investment services, but shall make no recommendations as to which organization to use.
- The payout rate of a charitable remainder trust shall be determined by the donor in conjunction with the donor's advisor(s). By law, the payout rate cannot be lower than 5% nor greater than 50%. UWNU may illustrate to the donor and donor's advisor(s) how the proposed payout rate may impact the ultimate remainder amount received by UWNU.

### **Charitable Lead Trusts**

- Due to the cost of drafting and administration, all Charitable Lead Trusts must be reviewed by the RD Committee before acceptance. Charitable Lead Trusts will be accepted based upon a projected financial benefit to UWNU after considering all relevant costs and charges.
- Investment of a charitable lead trust shall be determined by those hired by the donor. No representations shall be made by a UWNU employee or person acting on behalf of UWNU as to the management or investment of such charitable lead trust. UWNU may provide the donor a list of organizations providing trustee/administrator/investment services but shall make no recommendations as to the organization to use.
- The payout rate of a charitable lead trust shall be determined by the donor in conjunction with the donor's advisor(s). UWNU may illustrate to the donor and donor's advisor(s) how the proposed payout rates may impact the ultimate remainder amount received by UWNU.

### **Bequests**

Donors of UWNU shall be encouraged to make bequests to UWNU under their wills and trusts. The present value of that gift will be recorded, for recognition purposes only, as an expectancy of \$1 unless the donor notifies UWNU otherwise. UWNU requires no proof from the donor as to the details of his/her bequest. Matured bequests will be deposited into UWNU's Unrestricted Endowment Fund, unless otherwise directed by the donor. The legal name to be used in the bequests is "United Way of Northern Utah."

### **Retained Life Estates**

A charitable or retained life estate is an agreement made through a written transfer (deed) of the remainder interest in one's personal residence, farm or ranch to the ministries and/or charities of their choice. The couple or individual retains the right to live in the home for life, with the charity receiving the property after death. The gift or the remainder interest qualifies for an income tax deduction in the year given.

## **Donor-Advised Funds**

- Donors may create a fund from which they recommend distributions that serve community needs and reflect UWNU's mission and goals ("Donor-Advised Funds").
- A minimum gift of \$10,000 is required to establish a Donor-Advised Fund where the donor suggests only beneficiary changes.
- The minimum distribution amount to any project or charity will be \$1,000.
- Advice on distribution of funding is required to be provided by the donor a minimum of once per year, and all recommendations must be in writing.
- The Donor-Advised Fund is irrevocable. Nevertheless, solely to ensure that the fund is a qualified component of UWNU, for federal tax purposes, UWNU acting alone shall have the power to modify the terms of the Donor-Advised Fund Agreement solely to the extent required to ensure such qualification.

## **Supporting Organizations**

- The supporting organization offers both the operational advantages of a private foundation and the tax advantages of the public charities they support. A supporting organization is subject to fewer restrictions than the private foundations but offers the donor less control.
- A supporting organization is classified as a public charity rather than as a private foundation.
- A donor establishes a supporting organization, chooses one or several charitable organizations to be benefited by the supporting organization which will manage the funds.
- The supporting organization may support more than one charity, but all charities must be named at the time the supporting organization is established.

## **RESTRICTIONS**

Policies concerning restrictions imposed by donors upon gifts to UWNU.

### **Unrestricted Gifts.**

UWNU's primary fundraising goal is to obtain unrestricted dollars to support its mission and any special initiatives undertaken by it. Unrestricted gifts may be added to the annual budget to fund current operations or added to the Unrestricted Endowment Fund.

### **Restricted Gifts.**

UWNU will accept gifts from donors who wish to restrict the use of a gift provided:

- A. The gift restriction does not violate Internal Revenue Code or any other Federal or State laws.
- B. The gift restriction is either for (i) an existing program, (ii) the endowment fund, or (iii) a new program for which there is a demonstrated need acceptable to UWNU;
- C. UWNU believes it can work within the gift parameters;
- D. The restriction does not have the potential of becoming administratively onerous or expensive currently, or in the future;



- E. UWNU must approve in advance all restricted gifts.
- F. The language used in creating a restricted gift should allow UWNU to apply the gift to another purpose if, in the opinion of its Executive Committee, the designated purpose is no longer feasible or if the Executive Committee determines that UWNU purposes would be better served by using the gift in another way. The following or similar language may be used to permit such a vote: "Should the purpose designated for my gift no longer exist or become impractical in the opinion of UWNU's Executive Committee, I direct that the Executive Committee redirect my gift to a related purpose or purposes which, in its opinion, most nearly accomplishes my wishes while meeting a then-current need of United Way of Northern Utah."

### **Named Funds.**

Gifts of \$10,000 or more may establish an unrestricted Named Fund, and gifts of \$25,000 or more, payable over no more than five (5) years, may establish a permanently restricted Named Fund for purposes related to UWNU's mission.

### **Anti-Discrimination.**

It is the policy of UWNU not to discriminate against any individual on the basis of race, color, religion, sex, sexual orientation, or national or ethnic origin. Gifts will not be accepted if restrictions on the gift violate this policy.

### **ADMINISTRATIVE ISSUES**

- UWNU staff shall not act as an executor (personal representative) for a donor's estate.
- UWNU may act as co-trustee on a charitable remainder trust when the trust names UWNU as an irrevocable beneficiary and it is deemed by the CEO to be financially beneficial to UWNU.
- UWNU may pay for the drafting of legal documents for a charitable remainder trust when UWNU is named as an irrevocable beneficiary and it is deemed by the CEO to be financially beneficial to UWNU. The donor's own counsel must review the documents at the donor's cost.

### **GIFT CREDIT AND RECOGNITION**

UWNU gift credit and recognition policies will follow the gift recognition practices of UWNU.

### **CONFLICT OF INTEREST**

The interests of the prospective donor should be a primary consideration with respect to any gift to UWNU. Employees of UWNU should provide information to the donor concerning planning techniques available to achieve a donor's charitable goals, including full disclosure. Pressure tactics will not be used and no agreement, trust or contract will be presented that would benefit UWNU at the expense of the donor's best interests and charitable motivations .

### **CONFIDENTIALITY**

All information concerning prospective donors will be confidential and in compliance with UWNU's Donor Information Privacy Policy.

**LEGAL/TAX COUNSEL**

At their discretion, donors have the right to secure the advice of independent legal, tax, and accounting counsel in all matters pertaining to a gift.

Adopted by the Board of Directors, United Way of Northern Utah on this 15th day of April, 2020.