

SAMPLE FUND DEVELOPMENT POLICIES MANUAL

TABLE OF CONTENTS

	Page Number
Organizational Mission	
I. Introduction	
A. Fund development polices	
B. Authoritative committee	
C. Overview of document format	
II. Policies to be included	
III. Policy components	
A. Gift acceptance	
B. Gift acknowledgement/administration/stewardship	
C. Restricted vs. unrestricted gifts	
D. Donor recognition/naming opportunities	
E. Confidentiality	
F. Special campaigns	
G. Grants	
H. Use of legal counsel	
I. Contributions by <i>XYZ Organization</i> to other organizations	
J. Special events	
K. Planned gifts	
IV. Fund Raising	
A. Responsibility for generating philanthropy	
B. Responsibility to donors	
C. Coordination of appeals for funds, and approaching donors	
D. Fund raising materials	
E. Files and records	
V. Appendix	
A. Due diligence form for a gift of real estate	
B. Gift processing	
C. Permanency clause	

I. INTRODUCTION

A. Fund Development Policies

To ensure that informed decisions are made regarding the acceptance of solicited and unsolicited gifts to *XYZ Organization, Inc.*, and to protect the organization, its staff and volunteers, specific board-approved policies are needed. The policies contained in this manual were voted upon and adopted by *XYZ Organization, Inc.* on _____ (date). These policies provide uniform guidelines and a solid framework for decision-making. They embody and reflect the organization's mission. Anticipating potential dilemmas, the policies provide necessary guidelines regarding exceptional circumstances. They protect both the donor and the organization from potentially negative situations. Finally, the policies assure that the organization exhibits professionalism, uniformity and consistency in its fund development activities.

B. Authoritative Committee

The entity with the authority to accept and reject gifts and amend these policies is the XYZ Organization, Inc. gift acceptance committee, made up of no less than 5 and no more than 8 members.

C. Overview of Document Format

This manual is prepared in a format designed to be as user-friendly as possible. It is maintained on a CD in the financial office and updated by _____. It is provided in a 3-ring binder for ease of document change and to allow the reader to find specific items quickly. Copies of the manual are supplied to: the policies task force; president/CEO; chief financial officer; chief operating officer; development/campaign department; presidents of all the boards; and staff vice presidents.

II. POLICIES TO BE INCLUDED

The fund development policies manual contains policies regarding:

- A. Gift acceptance
- B. Gift acknowledgement/administration/stewardship
- C. Restricted vs. unrestricted gifts

- D. Donor recognition/naming opportunities
- E. Confidentiality
- F. Specific campaigns
- G. Grants
- H. Use of legal counsel
- I. Contributions by *XYZ Organization, Inc.* to other organizations
- J. Special events
- K. Planned gifts

III. POLICY COMPONENTS

A. Gift Acceptance

It shall be the responsibility of the development data analyst to officially record receipt of all gifts to *XYZ Organization, Inc.* The types of gifts that may be accepted are:

- Cash and pledges
- Tangible personal property
- Securities
- Real property
- In-kind gift
- Life insurance
- Limited partnership interests
- Charitable trusts, CGA, Charitable Remainder Unitrust/ Charitable Remainder Annuity Trust/Charitable Lead Trust
- Partnerships/Limited Interest
- Bequests
- IRA/retirement plans

B. Gift Acknowledgement/Administration/Stewardship

All gifts and donations should be processed through the development department before being deposited in any account. Under all circumstances, IRS rules and regulations will govern. A complete and accurate record of every donor shall be maintained by the development department and shall be kept strictly confidential. Donor anonymity will be protected per written instructions whenever desired by the donor.

1. Gifts at the \$____ level and above shall be acknowledged by the president/CEO, the chair of *XYZ Organization, Inc.* and/or the Foundation Board, and by others who deem it appropriate.
2. Gifts-in-kind (e.g., art objects, equipment, securities, real estate) shall be reviewed by the *XYZ Organization, Inc.* Board Gift Acceptance Committee in conjunction with the CFO, as well as legal counsel when necessary.

They should be reviewed with special care to ensure that acceptance will not commit the organization to financial obligations in excess of budgeted items or other obligations disproportionate to the usefulness of the gift.

Consideration should be given to the cost of maintenance, cataloging, delivery, insurance, display, conditions and any space requirements for exhibition or storage of the gift.

Appraisal of the gift for tax purposes when a gift is given with the intent that the donor receive a tax deduction shall be the sole responsibility of the donor. The donor should use only a “bona fide” appraiser with a registered certification/identification number. *XYZ Organization, Inc.* shall not become involved in the appraisal process. Direct involvement of *XYZ Organization, Inc.* in securing appraisals could result in the appraisal’s accuracy and objectivity being challenged by the Internal Revenue Service. It is in the donor’s best interest that *XYZ Organization, Inc.* neither provide directly nor be responsible for securing the services of appraisers in connection with gifts to the campus.

All gifts-in-kind will be inventoried by the development department in conjunction with the finance department and will become the property of the institution or Foundation to do with as it chooses within the bounds of the contract between donor and institution.

Securities should be transferred in such a manner that the donor’s broker and the CFO of *XYZ Organization, Inc.* sign specific

documentation verifying the date of actual transfer. The donor's tax deduction and Foundation's evaluation should be equated as the average between the "high" and "low" trade on the date the securities are received in the finance department.

XYZ Organization, Inc. investment policies determine what is to be done with donated securities once they are accepted by *XYZ Organization, Inc.*

When a donor claims a charitable deduction of a contribution of property (other than cash) worth more than \$500, s/he must complete Part I of IRS Form 8283 and maintain records regarding the way s/he acquired the property and the property's cost or other basis. The donor's authorized appraiser must also sign the form. *XYZ Organization, Inc.* must also complete Section B, Part I as indicated. The person acknowledging the gift and signing the form must be an official also authorized to sign the tax returns of *XYZ Organization, i.e.* the president/CEO and the CFO. A copy of this completed form must be retained by *XYZ Organization, Inc.* and its designee.

3. Upon receipt of a gift and/or any gift-related documents, the development data entry person will record the gift. A complete record of every contribution will be maintained by the development department.

Restricted gifts will be recorded by the development and finance departments respectively by the use of fund codes.

Personal letters acknowledging all gifts will be sent by the development department within three working days of receipt of gift. Donors will receive annual reports on uses of funds provided, insofar as practicable but only for those amounts in excess of \$_____.

4. Gift Processing: all gifts of cash/check received by any department are to be transmitted directly to the development department (no later than one working day after receipt).

Gifts must be accompanied by ALL ORIGINAL CORRESPONDENCE including the envelope pertaining to the gift and the following specific information when available:

- Donor's name and full address.
- If gift is from other than an individual (i.e. corporation, foundation, association, etc.), an individual's name and title should be reported in addition to that of the firm.
- Amount of gift.
- Date gift is received
- Account in which gift is to be deposited. If a new account is to be established for the gift, so indicate.
- Designation if any.
- Purpose
- Other comments or special instructions. If no original correspondence accompanied gift, this must be stated in writing when the gift is transmitted.

Copies of gift transmittal and related correspondence will become part of the permanent gift files.

5. It shall be the responsibility of the development department in coordination with the public affairs department to initiate the preparation of all public statements concerning gifts to *XYZ Organization, Inc.*
6. It shall be the responsibility of the development department to manage the process of acknowledging and recording tribute gifts (in honor of, in memory of). These gifts should be acknowledged no more than three days after receipt. A thank you should be sent to the donor, as well as a card to the honoree or family indicating a gift has been made to the *XYZ Organization* but not including the amount of the gift.
7. It shall be the responsibility of the development department to send out reminders of pledge payments that are due, and to promptly thank donors when payments on pledges are received.
8. It shall be the responsibility of the development department to welcome new donors with a special letter, packet and invitation to the

campus, and to assure that all new donor contact information is added to the mailing list as quickly as possible.

9. To assure donors that their gifts are being used appropriately and to best advantage, it shall be the responsibility of the development department to communicate regularly with donors about what is being accomplished with contributions.
10. Where a corporation or business matches a gift from an individual donor, the corporation or business shall be listed as the donor of the matching portion. However, a note should be placed in the individual donor's file indicating the matching gift and its amount and recognizing the individual as the facilitator of that gift.
11. It shall be the responsibility of the development department to provide *XYZ Organization, Inc.* with monthly reports of all donations. It is understood that utmost confidentiality shall be maintained regarding these records by all board members.

C. Restricted vs. Unrestricted Gifts

Whether restricted or unrestricted, *XYZ Organization, Inc.* has the right to refuse gifts from questionable sources or that in any way threaten the organization's 501(c)(3) status.

1. Unrestricted

Gifts received from donors without restrictions will be maintained in the unrestricted fund and expended by *XYZ Organization, Inc.* as designated through the budget process. Whenever possible the donor is encouraged to give an unrestricted gift to the organization.

2. Restricted

While *XYZ Organization, Inc.* prefers gifts that are unrestricted in order to apply the funds wherever they are most needed, the organization will also accept restricted donations.

Acceptance of a gift imposes a legal obligation to comply with the terms established by the donor. Therefore, it is necessary that the nature and extent of this obligation is clearly understood. *XYZ*

Organization, Inc. will review each proposed gift and make decisions on a case by case basis.

XYZ Organization, Inc. will accept restricted gifts but the organization reserves the right to refuse such gifts if it feels acceptance is not in the best interest of *XYZ Organization*. The *XYZ Organization, Inc.* board must review and approve any proposed gift that provides financial benefit to any individual or organization besides *XYZ Organization, Inc.*

All restricted gifts shall be reviewed first by the gift policy committee and referred to the *XYZ Organization, Inc.* board, as well as legal counsel when needed.

The restriction cannot be contingent in nature based on future acts of the boards of directors, a specific location or the organization as a whole. The restriction should be as general as possible.

The terms of each restricted gift will be reviewed with the utmost care to ensure that they do not hamper the usefulness and desirability of the gift. Restrictions on planned gifts should be reviewed with the donor and see if applicable at the maturity of the gift. Restrictions changing at maturity are plausible. This must be agreed to at the time of the gift.

If a gift is deemed unacceptable because of the restrictions the donor has placed on its use, the donor will be counseled to remove or modify the restrictions.

It should be agreed upon how the organization will communicate to the donor, when the restriction is satisfied (on a weekly, monthly or annual basis until the maturity of the gift).

Gifts will be refused or returned when the purposes:

- a. are inappropriate or not conducive to the best interest of *XYZ Organization, Inc.*
- b. are clearly a commercial endeavor, or
- c. would obligate *XYZ Organization, Inc.* to undertake responsibilities, financial or otherwise, it may not be capable of meeting for the period required by the terms of the gifts.

D. Donor recognition/naming opportunities

Dedicatory opportunities may be made available to donors in recognition of major gifts at the discretion of *XYZ Organization, Inc.* They serve as catalysts for donor consideration of gifts at higher levels by offering attractive options for public recognition.

XYZ Organization, Inc. has the final and exclusive authority to approve the intentions to award naming rights for buildings, common areas, rooms, equipment, gardens and so on.

XYZ Organization, Inc. will maintain a list of available dedicatory opportunities approved by its board of directors. *XYZ Organization, Inc.* reserves the right to identify and assign values to available dedicatory opportunities.

In determining the value of dedicatory opportunities, particularly at the highest giving levels, it is desirable to identify dollar values in excess of what is needed to meet the campaign goal when appropriate. An optimal target in setting dollar values is twice the amount required. By setting dollar values at this higher level, *XYZ Organization, Inc.:*

- Ensures an attractive “menu” of options for donor choice.
- Elevates donor consideration of gift amounts by making available more ambitious and appealing dedicatory opportunities.
- Ensures that higher value dedicatories are available throughout and after a capital campaign.
- Serves to avoid de-valuing higher level dedicatories for future consideration by donors.
- Ensures sufficient monies to cover costs regardless of contingencies.

Dedicatory opportunities are offered to donors making gifts to *XYZ Organization, Inc.* for the benefit of *XYZ Organization, Inc.* programs and services.

In any case where a prospective donor requests a naming in perpetuity, an attorney with expertise in this area should be consulted on behalf of *XYZ Organization, Inc.* It is the responsibility of the *XYZ Organization, Inc.* board to think about the ramifications of a naming gift into the future. Any proposed named gift in excess of \$_____ must also be reviewed by a lawyer.

XYZ Organization, Inc. reserves the right to refuse any gift and to decline any recognition (wording, etc.) not in keeping with its mission and purpose, or any that it deems inappropriate.

NOTE: planned gifts are valued NOT at face value but according to Internal Revenue code valuations, with regard to naming opportunities. See section on Planned Gifts,

Named funds may be established by donors within the general endowment or unrestricted funds. The terms of the named fund should include language to permit the Foundation to assign an alternative, related use of such funds if it becomes necessary, e.g., due to the elimination of a program supported by the fund.

Such action should be authorized by the donor using language as suggested: *"If, in the opinion of the Board of Directors of XYZ Organization, Inc., all or part of the earnings of the (donor's) fund cannot be usefully applied to the purpose designated (or in the manner requested), the board may, within its corporate powers, use the same for any other purpose which, in its opinion, will best accomplish my wishes and intent."*

If the named fund is not fully funded by the donor, *XYZ Organization, Inc.* has the discretion to shift the funds to the general endowment or unrestricted fund, effectively dissolving the named fund.

It shall be the responsibility of the development department in coordination with the public affairs department to initiate the preparation of all public statements concerning naming gifts to *XYZ Organization, Inc.*

Design of recognition signage is coordinated through the public affairs department. *XYZ Organization, Inc.* has the final right of approval for the name or names and the design for signage on any *XYZ Organization* building or significant areas within buildings. *XYZ Organization, Inc.* will work with donors to insure that the special interests of donors are accommodated when they are compatible with *XYZ Organization, Inc.*'s naming, design and architectural policies.

E. Confidentiality and Ethical Behavior

All information concerning prospective and current donors, including names and addresses, names of beneficiaries, nature and worth of estates, amounts and provisions of planned gifts, etc. shall be kept strictly confidential by XYZ Organization, Inc. and its authorized personnel unless prospects and donors grant permission to use selective information for purposes of referral, testimonial or example. No public announcement shall be released without the prior permission of the donor. Subject to the approval by the board, XYZ Organization, Inc. shall be pleased to accord special recognition to the donor or a designee in respect to a gift, with a donor's consent and approval.

Professional and Ethical Practice: Staff members shall conduct all cultivation, fund raising and stewardship activities undertaken on behalf of the organization in accordance with accepted professional and ethical standards for accuracy, truth, integrity and good faith.

Representatives of XYZ Organization, Inc. shall exercise extreme caution to avoid pressure, persuasion or undue influence with respect to any prospect or donor. The XYZ Organization, Inc. representative is to inform the prospect or donor of gifting opportunities, giving due consideration to the individual's personal interests as well as his or her charitable objectives. The representative may recommend professional financial advisors but must include at least three names.

Personnel who contact prospective donors or promote the Planned Giving Program shall be paid a salary or fixed wage, and shall not receive commissions or percentage of funds raised that could give such personnel a direct beneficial interest in any agreement. Any direct or personal financial benefit resulting from a relationship between a donor and personnel paid to develop a donor's support shall be deemed a benefit to be transmitted to XYZ Organization, Inc.

F. Special Campaigns

From time to time, XYZ Organization, Inc. may conduct special campaigns, including capital/major gift campaigns, to meet specific needs or to fund capital projects. From the date of this document forward, it shall be the responsibility of XYZ Organization, Inc. to enter into any special campaign and to determine the

financial goal. All campaigns should be managed through the development department.

Donors to special campaigns are recorded in the same manner as all other donors to the *XYZ Organization, Inc.* and receive all the privileges and benefits of other donors according to *XYZ Organization, Inc.*'s donor recognition policies.

In the payoff year of a special campaign, it is recommended that donors to the campaign be solicited for annual membership in the annual giving society if they are not already contributors to the annual campaign.

The *XYZ Organization, Inc.* shall determine the allowable payout length for pledges to any special campaign.

G. Grants

XYZ Organization, Inc. recognizes that income received through grants from foundations is desirable and beneficial. All grant proposals written on behalf of *XYZ Organization, Inc.* must be routed through _____. He or she, in conjunction with the president/CEO, must give final approval for the signing and sending of any grant proposal.

Copies of the final proposals should be maintained in the offices of _____ (that individual), the development department and the grantwriter.

It is the responsibility of _____ to follow up on all submitted grant proposals and reporting requirements of grants received, as well as to maintain and build relationships with all funders. Upon approval of a grant, all funder information shall be provided in writing to the development department. The president/CEO should send a thank you to all funders.

It should be noted that the term "grant" in this section refers to a donation, as opposed to a "contract," which while often called a grant is actually funding for a specific project or program that requires extensive, detailed reporting information. These contracts are managed through a chart of accounts created by the finance department in conjunction with the appropriate department.

H. When to use legal counsel

The *XYZ Organization, Inc.* committee should have available an attorney, preferably a tax attorney, that can be consulted. In the area of gifts other than

cash, and any gift where the committee has a question or concern, it is wise to have the ability of legal counsel with tax and real estate expertise to guide the committee.

Legal counsel should prepare or review all contracts that *XYZ Organization, Inc.* is required to sign. In addition, legal counsel should prepare all standard forms, checklists for gifting, and acknowledgment of gifts and procedures for accepting certain gifts.

Legal counsel shall also review forms submitted to the State and/or the Federal Government as needed.

I. Contributions to other organizations

XYZ Organization, Inc. is not in the habit of gift giving to other nonprofits. However, if *XYZ Organization, Inc.* has an interest in a local, state or national nonprofit (e.g., a shared mission), and a donation is requested it should be appropriately budgeted and noted as a donation for separate entity board approval during the budget process.

Management should prohibit donating to other nonprofits that are not related in business nature or mission to *XYZ Organization, Inc.*

If a donation is unbudgeted but management believes it is necessary, management should have it approved by the board.

J. Special Events

XYZ Organization, Inc. supports special events that meet public relations and fund raising goals of the organization. *XYZ Organization, Inc.* also supports partnering with businesses as event sponsors that would be appropriately linked with the *XYZ Organization* mission.

XYZ Organization, Inc. reserves the right to cancel its contract with a company at any time and to do so at very short notice should a company's activities undermine the respect for or the prestige of any of the *XYZ Organization entities*.

The development department will work in conjunction with *XYZ Organization* representatives when they enter into a contract, partner with another organization or speak on behalf of events or programs. All public relations,

especially print materials, must be approved through the development department.

Contracts and Spokesperson: _____ (who) is authorized to sign special event contracts on behalf of the organization. The president and/or the event chair shall be the official spokesperson(s) for the event.

Sponsorships: Sponsorship of an event shall be recognized through the public relations efforts and/or marketing efforts of the event. This recognition includes, but is not limited to, recognition in the event's program book, event tickets and recognition in the *XYZ Organization* newsletter.

Partnerships: A partnership with other nonprofit organizations can be entered into for a program, event or service that benefits both parties. Partnerships will not imply an endorsement of another organization but rather a limited arrangement for a specific purpose and one resulting in a positive experience for *XYZ Organization, Inc.* While it is important for *XYZ Organization, Inc.* to, at times, enter into a partnership with another organization, the logo, branding and tag line is to be protected at all times.

K. Planned Gifts

XYZ Organization, Inc. welcomes and encourages planned gifts. A planned gift is one that results from a donor's careful consideration of how the donation will affect his/her current financial planning and long-range estate planning. It is made now but generally includes an element that does not take effect until sometime in the future.

To donors, these plans offer the opportunity:

- to possibly make larger commitments during their lifetime than they can make as outright gifts
- to make a gift while maintaining income from assets for life to the donor, spouse, dependents or others
- to explore estate planning options and the reduction of federal taxes as provided by law, resulting in distribution of the largest possible portion of the estate in accordance with the wishes of the donor
- to create a memorial in the name of the donor or to honor others during the donor's lifetime
- for recognition while the donors are still living and able to accept expressions of appreciation

The policies contained here are approved by the *XYZ Organization, Inc.* board of directors and commit *XYZ Organization* to a position which will help protect (1) the best interests of the donor, (2) the official representatives of *XYZ Organization, Inc.*, (3) the welfare of *XYZ Organization, Inc.* itself, and (4) the administrators managing the Planned Gifts Program.

A planned gift requires some tax and legal planning before it can be made and may involve obligations between *XYZ Organization, Inc.* and the donor. Because the documentation and execution of many planned gifts may be complex in terms of protecting both the donor and *XYZ Organization, Inc.*, *XYZ Organization, Inc.* will not execute any agreement, trust contract or legal document without the advice of legal counsel.

The donor will always be advised to seek his/her own outside legal and tax counsel before executing a planned gift.

Only staff approved by the *XYZ Organization, Inc.* board of directors will be authorized to negotiate on behalf of *XYZ Organization, Inc.* with any donor in respect to gift annuities, trusts and other formal deferred gift instruments that follow the format described in this manual. Only those designated by *XYZ Organization, Inc.* are authorized to sign on behalf of *XYZ Organization, Inc.*

Acknowledging, thanking, recognizing and stewarding these types of gifts require the same prompt attention as described elsewhere in this manual. If the donor is no longer living at the time of the gift, his or her family will be acknowledged as appropriate.

XYZ Organization, Inc. will accept the following planned gifts under conditions noted:

Gifts of Property Other than Cash and Publicly Traded Securities

- *XYZ Organization, Inc.* shall not accept interests in assets which jeopardize its tax-exempt status
- *XYZ Organization, Inc.* may accept property or interests which are subject to “unrelated business taxable income,” pending advice of legal and tax counsel and approval of the *XYZ Organization, Inc.* board

- *XYZ Organization, Inc.* shall not accept interests in property that may lead to transactions prohibited by the Internal Revenue Code
- *XYZ Organization, Inc.* may decline to accept a gift funded with property which will not be income-producing within a reasonable period of time, which is not liquid (i.e. difficult to sell because there is no ready market), which has environmental liabilities or which has a speculative or difficult-to-determine value. Such assets might include options, partnership interest, stock of closely held corporations, undivided interests in real property or shares of restricted securities
- Before deciding whether to accept any gift of real estate, *XYZ Organization, Inc.* shall obtain (or have the donor obtain and provide to *XYZ Organization, Inc.*) a Phase I Environmental Audit from a professional management consultant and have the audit reviewed by legal counsel.

IRA and Pension Plan Distributions

Naming *XYZ Organization, Inc.* as the after-death beneficiary of a pension plan, profit sharing plan, Keogh, IRA, etc. may save the donor income and possibly estate taxes, and benefit *XYZ Organization, Inc.* Any beneficiary designation should clearly name *XYZ Organization, Inc.* and provide its tax identification number and any other required information.

Life Insurance Policies

Ownership of insurance policies with cash surrender value should be accepted where the donor is committed to making contributions to pay the premiums, and *XYZ Organization, Inc.* is released from any liability for the lapse of any such policy in the event the premiums are not paid. Policies must be owned by *XYZ Organization, Inc.* with *XYZ Organization, Inc.* also as beneficiary of the policy. The policy shall be in compliance with _____ (State) Department of Insurance requirements.

Any beneficiary designation should clearly name *XYZ Organization, Inc.* and provide its tax identification number and any other required information.

Mortgage and Installment Notes

XYZ Organization, Inc. may accept such gifts at its discretion. Legal or other professional advice should be sought and any such gifts should be considered carefully prior to acceptance. While it is not the responsibility or obligation of

XYZ Organization, Inc., it may want to warn the donor that s/he may be treated as having realized profits on the unpaid balance and may be subject to tax according to the Internal Revenue Code.

Real Estate

Due diligence must be performed by *XYZ Organization, Inc.* before accepting any gifts of land or interests in real estate. This is further described in the appendix. As noted earlier, prior to acceptance of the gift by *XYZ Organization, Inc.* a written environmental audit and report must be secured with respect to the property to be donated. The property must also be physically inspected by a representative of *XYZ Organization, Inc.* or an agent acting on its behalf.

Legal counsel shall be consulted on all donated real estate gifts.

In the event the Phase I Environmental Audit reflects a problematic issue with the property to be gifted, a Phase II Environmental Audit may be required prior to any acceptance of the proposed gift. *XYZ Organization, Inc.* is only interested in property which is readily saleable. If the real estate or interest in real estate being offered is not readily saleable, the property may be accepted only if the donor provides a cash gift in an amount sufficient to pay for the anticipated expenses related to the ownership of the property.

Limited Partnership Interests

Before accepting gifts of this nature, *XYZ Organization, Inc.* must perform its due diligence, preferably by consulting legal counsel.

To avoid the imposition of unrelated business taxable income, additional scrutiny of the gift must be made if the partnership engages in an active business or if the partnership property is subject to any debt. It may be advisable to require the donor to indemnify *XYZ Organization, Inc.* against tax or other liabilities asserted against *XYZ Organization, Inc.* as a result of it being a partner. Legal or other professional advice may be sought.

Charitable Gift Annuities

In offering CGA's, *XYZ Organization, Inc.* shall comply with laws and regulations established by the State of _____ and the Internal Revenue Code governing these annuities, including but not limited to _____ (State) Statutes section _____ (627.481 in Florida), as may be amended from time to time.

All amounts received in exchange for a gift annuity agreement shall be maintained in a fully funded annuity reserve, managed to meet annuity obligations. The annuity obligation is a “full faith and credit” obligation of *XYZ Organization, Inc.* Remainder interests shall be separated from the fund only upon the demise of designated annuitants.

Payments to non-charitable beneficiaries under CGA arrangements shall be made quarterly, semi-annually or annually as specified by the donor and agreed to by *XYZ Organization, Inc.* in the gift instrument. Payments shall be made and reported to the beneficiary and reported to the IRS in compliance with IRS regulations.

No gift annuity shall be issued for more than two lives or in exchange for an amount of less than _____ (e.g., \$25,000) or for a person less than 65 years of age on the date of the agreement. Annuity rates shall be those established by the American Council on Gift Annuities. Authority to deviate from these guidelines rests with *XYZ Organization, Inc.* upon the approval of *XYZ Organization Foundation, Inc.*

Deferred payment gift annuities may be issued for persons less than age 65 provided the payments to beneficiaries do not commence before the age of 65.

Charitable Trusts
(Charitable Remainder Unitrust, Charity Remainder Annuity Trust,
Charitable Lead Trust)

As a general policy, *XYZ Organization* shall not act as trustee of a charitable trust. There may be exceptions where it is acceptable for *XYZ Organization* to act as trustee. *XYZ Organization* must examine the nature of the gift property, the estimated annual payout, the projected length of the trust term, and the ability of *XYZ Organization* to act as trustee. Any direct expenses and costs incurred by *XYZ Organization* as trustee of a charitable trust shall be paid for by the trust. Legal and tax counsel should be consulted.

Charitable Remainder Unitrust (CRUT) – should be funded with a minimum of \$_____. When *XYZ Organization, Inc.* is aware of its position as a charitable beneficiary prior to the execution of the document, *XYZ Organization, Inc.*, should, whenever possible, encourage a reasonable rate of interest payout to the non-charitable beneficiary(ies), and to no more than two life beneficiaries with a

minimum of _____ (e.g., 55) years of age. The minimum percentage of payout for a CRUT is 5% as required by law. CRUTs with excessively high payout rates should be discouraged if the payout rates have the capacity to deplete the trust under normal expectation of investment return in a prudent manner.

Charitable Remainder Annuity Trust (CRAT) – should be funded with a minimum of \$_____. The CRAT shall follow the same guidelines as those applied to CRUTs as relates to reasonable payout rates (in this case a fixed percentage of the initial fair market value of the assets, 5% minimum) and minimum age of non-charitable beneficiaries of 55 years. *XYZ Organization, Inc.* shall not act as a trustee of any trust where it is not also at least a 50% or higher lead beneficiary.

Charitable Lead Trust – (fixed percentage unitrust or fixed dollar annuity trust forms). Should be funded with a minimum of \$_____. *XYZ Organization, Inc.* shall not act as a trustee of any trust where it is not also at least a 50% or higher lead beneficiary. Mortgaged property and closely held stock are not suitable for a lead trust.

Life Estate of Personal Residence or Farm

The donor can contribute a personal residence or farm to *XYZ Organization, Inc.* and continue to occupy or use the property until death. An agreement may be entered into with one or more beneficiaries depending upon the circumstances. The donor is responsible for the regular expenses of maintaining the property as usual (e.g., maintenance fees, insurance, property taxes, fixing the roof, putting in a new hot water heater, etc.). Guidelines pertaining to gifts of real property in this manual shall be taken into account when considering any such life estate gift.

Legal counsel shall be consulted when accepting gifts of life estates.

Bequests

XYZ Organization, Inc. may or may not have been notified of bequests and testamentary trusts (trusts arranged through a will) prior to the death of the donor. Specific dollar amounts, a percentage or residue of the estate, gifts of securities, real property and/or business interests may be made as bequests. *XYZ Organization, Inc.* may be a primary, secondary or remainder beneficiary in wills and trusts. *XYZ Organization, Inc.* will make every reasonable effort to accept such gifts, and would reject them only if they are unreasonable, unworkable, or

could jeopardize *XYZ Organization, Inc.* financially, legally or from some other standpoint as described in the document.

It is important to note that **valuing planned gifts for recognition purposes** is more complex than with outright gifts. Naming opportunities may be offered based on the dollar amount as valued by the Internal Revenue Service code, depending upon the nature of the planned gift. Bequests will be recognized through _____ while the donor is living, and permanent naming opportunities may not be reserved until the gift has matured (i.e. when the donor has passed away). More detailed valuing guidelines are available in the development department offices.

IV. FUND RAISING

A. Responsibility for Generating Philanthropy

The final decision for the types of development programs and projects to be pursued rests with *XYZ Organization, Inc.* It is expected that the board will fully embrace the opportunity to develop philanthropy for *XYZ Organization*, actively participate in all development programs, identify and cultivate donor prospects and encourage public support for philanthropy.

The CFO will practice ethical stewardship of donated funds, goods and services and honor donor requests for special consideration and restriction of funds within the guidelines of these policies. If *XYZ Organization, Inc.* is unable to honor a donor's request, the gift will be declined.

B. Responsibility to Donors

XYZ Organization, Inc. will not *knowingly* accept a gift that is not in the best interest of the donor.

No *XYZ Organization, Inc.* staff or board member will under any circumstances provide property appraisals or valuations to donors for tax purposes.

C. Coordination of Appeals for Funds, and Approaching Donors

To maximize the effectiveness and efficiency of the services provided by *XYZ Organization, Inc.* the guidelines that govern fund raising for the benefit of the organization and all its functional units are defined as follows:

1. It shall be the responsibility of the development department, in consultation with *XYZ Organization, Inc.* board to serve as the

coordinating entity for all types of fund raising programs and for all solicitation of funds from private individuals, foundations, businesses, corporations and organizations in order to avoid an excessive number of solicitations in the name of the organization.

2. The development department will be responsible for establishing and maintaining a master calendar that incorporates the schedule of all fund-raising mailings and solicitations.
3. Programs to be coordinated through the development department include:
 - a. Plans to raise funds on an annual basis through the annual giving society, direct mail and other means.
 - b. Special fund raising efforts appealing to various constituencies regarding memorial/honor funds.
 - c. Plans to raise private funds for the construction, expansion or renovation of organization buildings, regardless of other sources of funding, following all appropriate approvals.
 - d. Planned giving fund raising, including endowment.
 - e. Grant writing
 - f. On-line giving
 - g. Special events
 - h. All other programs to raise funds in the private sector.
4. The approval of budgets for fund raising projects is the responsibility of *XYZ Organization, Inc.*

D. Fund Raising Materials

1. Any literature, including brochures, booklets and letters, used to attract private funds to the organization, shall be coordinated through the development department and must follow the brand standard.
2. The internal or external use of brand, the *XYZ Organization, Inc.* logo and/or tagline must be approved by the development department. The most accurate information appropriate to a particular fund raising effort is to be reflected.

E. Files and records

1. It shall be the responsibility of the development department, in conjunction with the finance department, to compile official records on all gifts.
2. It shall be the responsibility of the development department to establish and maintain prospect files; establish and maintain resource file; provide timely and relevant information about prospective individual donors, corporations and foundations

AMENDMENTS OR CHANGES TO THIS DOCUMENT/MANUAL MUST BE APPROVED BY THE BOARD OF DIRECTORS OF *XYZ ORGANIZATION, INC.*

V. APPENDIX

A. Due Diligence form for a gift of real estate

XYZ Organization, Inc. thanks you for considering donating land or an interest in real estate to us. In connection with our obligation to conduct due diligence, we ask that you provide us with a copy of the following materials.

1. Exact legal name of the donor with federal identification number.
2. A legal description and street address of the property, and a copy of the deed.
3. Description of any buildings or other structures located on the property.
4. A survey of the property with location of all structures, easements, and encumbrances appearing on the face of the survey.
5. Information regarding existing zoning status.
6. Information on all ingress/egress for the property.
7. Description of prior use of the property.
8. Description of use of surrounding property, with specific disclosure of any storage tanks or potential environmental factors affecting the property.
9. Disclosure of any contemplated or anticipated condemnations, right-of-ways or other actions by municipalities that may affect the subject property.
10. Phase I Environmental Audit report on the property, including environmental report on any structures located on the real estate.
11. Evidence of title, such as title examination and report, title insurance commitment, or schedule describing any liens, encumbrances (such as mortgages), or title matters affecting the property.
12. Copy of appraisal showing the fair market value of the property current within 60 days.

13. Disclosure of amount of existing real estate taxes, insurance premiums, and assessments attributable to the property.

If you have questions or need further information, please call the development department at _____.

B. Gift processing

Details are available in the development department offices.

C. Permanency clause

As appropriate, the terms of any designated or endowed fund must include language in writing to permit *XYZ Organization, Inc.* to assign different, alternative, modified but related use of such funds as conditions dictate in some distant future. Such action may be authorized by the donor by including the following clause in the transfer of assets while living or by bequest:

“If, in the opinion of XYZ Organization, Inc., (or the entity that furthers the mission of XYZ Organization, Inc. if the entity known as XYZ Organization, Inc. should cease to exist) all or part of the earnings of the fund cannot be usefully applied to the purpose designated (or in the manner requested), the XYZ Organization, Inc. board may, within its corporate powers, use the same for any purpose that, in its opinion, will best accomplish my purposes, wishes and intent.”