



Department: Development
Topic: GIFT ACCEPTANCE POLICIES AND GUIDELINES
Procedure: Gift acceptance and approval
Date: 8/22/2022

Approvals: _____
President & CEO

Board Chair, on behalf of Board

OBJECTIVE: Lancaster Lebanon Habitat for Humanity (LLHFH), a not for profit organization, encourages the solicitation and acceptance of gifts for purposes that will help LLHFH to further and fulfill its mission. The following policies and guidelines govern acceptance of gifts made to LLHFH for the benefit of any of its programs.

I. Purpose of Policies and Guidelines

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

LLHFH reserves the right to refuse or return any gift that is not consistent with its mission; that could introduce a conflict of interest; that is prohibitively restrictive; that could expose LLHFH to liability, unacceptable expense, or adverse publicity; or that could violate local, state, or federal law.

II. Use of Legal Counsel

LLHFH shall seek the advice of legal counsel in matters relating to acceptance of gifts where appropriate.

III. Conflict of Interest

All prospective donors shall be strongly urged to seek the assistance of personal legal and financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences.

IV. Restrictions on Gifts

LLHFH 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. LLHFH will not accept gifts that are too restrictive in purpose. Gifts that are too restrictive are those that violate the terms of the corporate charter (or trust document if LLHFH is established under trust), gifts that are too difficult to administer, or gifts that are for purposes outside the mission of LLHFH. All final decisions on the

restrictive nature of a gift, and its acceptance or refusal, shall be made by the Gift Acceptance Committee of LLHFH.

V. *The Gift Acceptance Committee*

The Gift Acceptance Committee shall consist of the Executive Committee, President & CEO, Director of Development and Communications, and the Development Committee. The Gift Acceptance Committee is charged with the responsibility of making recommendations to the Board on gift acceptance issues where appropriate.

VI. *Types of Gifts: The following criteria govern the acceptance of each gift form:*

A. Cash: Cash is acceptable. Checks shall be made payable to LLHFH and shall be delivered to the Donor Relations Department for processing. Amounts in excess of \$5,000 will be reviewed by the Gift Acceptance Committee if they originate from any, but not exclusively, from the following controversial sources:

1. Prospective donors involved directly with manufacture, distribution, or sales of the following products or services:
 - a. Alcoholic beverages, cannabis, or other intoxicating products
 - b. Gambling
 - c. Multi-level marketing/Pyramid schemes
 - d. Pharmaceutical
 - e. Pornography
 - f. Tobacco products
 - g. Violence
 - h. Weapons
2. Prospective donors engaged in, or alleged to be engaged in, any of the following types of unethical business practices:
 - a. Child exploitation
 - b. Environmental abuse
 - c. Financial/accounting irregularities
 - d. Unlawful employment practices
 - e. Unethical lending or predatory mortgage servicing practices
 - f. Exploitation of the poor

B. 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 LLHFH?
- 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?

C. Publicly Traded Securities: Marketable securities may be transferred to the LLHFH investment account or delivered physically with the transferor's signature or stock power attached. As a general rule, all marketable securities shall be sold upon receipt unless otherwise directed by the President/CEO, with approval from executive committee.

D. Digital Assets: Gifts of digital assets may include cryptocurrency and non-fungible assets, such as digital art.

1. **Cryptocurrency:** LLHFH will not directly accept donations of cryptocurrency; but will accept donations of cryptocurrency via a 3rd party platform of LLHFH's choice that uses a secure, regulated cryptocurrency exchange. The 3rd party platform will immediately auto-convert the cryptocurrency to US dollars, so the value of the cryptocurrency donation will be the value upon receipt. The IRS classifies cryptocurrencies as property, so these donations receive the same tax treatment as stocks. Anonymous donations of cryptocurrency that exceed \$5,000 will be reviewed by the Gift Acceptance Committee.
2. **Non-Fungible Assets:** LLHFH will not directly accept donations of non-fungible assets; but will accept donations of non-fungible assets via a 3rd party platform of LLHFH's choice that uses a secure, regulated cryptocurrency exchange. The 3rd party platform will immediately sell the non-fungible asset and remit the liquidation to LLHFH in US dollars, so the value of the non-fungible donation will be the value upon receipt. The IRS classifies non-fungible as property, so these donations receive the same tax treatment as stocks. Anonymous donations of non-fungible assets that exceed \$5,000 will be reviewed by the Gift Acceptance Committee.

E. 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, LLHFH may require an initial environmental review of the property to ensure that the property is not contaminated with environmental damage. In the event that the initial inspection reveals a potential problem, LLHFH 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.

Where appropriate, a title binder shall be obtained by LLHFH 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 Gift Acceptance Committee of LLHFH and by LLHFH's legal counsel. Criteria for acceptance of the property shall include:

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

F. Automobiles: Donations of cars will be handled through the Habitat for Humanity International Cars for Homes program, unless a car has been offered to LLHFH and it fills a need for an organization-owned vehicle. All aspects of the title transfer, payment, and record keeping are handled by Cars for Homes, with regular reports and payments sent to LLHFH.

G. Life Insurance: LLHFH 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, LLHFH 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, LLHFH may:

- convert the policy to paid up insurance, or
- surrender the policy for its current cash value.

H. Planned Gifts: LLHFH will utilize the planned giving services of a third-party when consultation or technical support in estate matters are needed. Habitat staff shall urge donors to seek counsel from their own financial planning institution or attorney in matters regarding their estate planning.

Bequests: Donors and supporters shall be encouraged to make bequests to LLHFH under their wills and trusts. Such bequests shall not be recorded as gifts to LLHFH 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.

Retirement Plan Beneficiary Designations: Donors and supporters of LLHFH shall be encouraged to name LLHFH as a beneficiary of their retirement plans. Such designations shall not be recorded as gifts to LLHFH 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.

Charitable IRA Rollovers, or Required Minimum Distributions (RMD): LLHFH shall encourage eligible donors to make contributions from their required minimum distributions from their IRA account during their lifetime. These gifts will be recorded when they are received. LLHFH will be responsible for acknowledging and stewarding these gifts.

Annuities, Trusts, etc.: Donors and supporters shall be encouraged to establish certain planned gifts, such as Charitable Gift Annuities and Charitable

Remainder or Lead Trusts, that ultimately benefit LLHFH. Habitat will refer to the donor to a third-party organization, should the donor request financial planning services.

Life Insurance Beneficiary Designations: Donors and supporters shall be encouraged to name Lancaster Lebanon Habitat for Humanity as beneficiary or contingent beneficiary of their life insurance policies. Such designations shall not be recorded as gifts to LLHFH 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.

VII. Miscellaneous Provisions

- A. **Securing appraisals and legal fees for gifts to LLHFH:** It shall be the responsibility of the donor to secure an appraisal (where required) and independent legal counsel for all gifts made to LLHFH.
- B. **Valuation of gifts for development purposes:** LLHFH shall record a gift received at its fair market value for gift purposes on the date of gift.
- C. **Responsibility for IRS Filings upon sale of gift items:** The Director of Operations is responsible for filing IRS Form 8282 upon the sale or disposition of any asset sold within two years of receipt where the charitable deduction value of the item was \$5,000 or greater. LLHFH must file this form within 125 days of the date of sale or disposition of the asset.
- D. Acknowledgement of all gifts and compliance with the current IRS requirements in acknowledgement of such gifts shall be the responsibility of LLHFH. Refer to IRS Publication 561 *Determining the Value of Donated Property* and IRS Publication 526 *Charitable Contributions*.