

# ***Foundation of the Rotary Club of Honolulu Gift Acceptance Policy***

## **Mission Statement and Purpose of Gift Acceptance Policy**

The primary purpose of the Foundation of the Rotary Club of Honolulu (FRCOH) is to assist in the implementation of programs which encourage, extend and promote the charitable purposes of Rotary International through community and international service, especially in programs which are of service to young people and in programs which advance international understanding, good will, and peace.

The purpose of FRCOH's gift acceptance policy is to govern the acceptance or non-acceptance of proposed gifts and to provide guidance to donors and their professional advisors. All gifts are to be considered for acceptance in accordance with the policies in this document and with any other policies or procedures established by FRCOH.

## **Gift Definition**

A gift is defined as a voluntary transfer of assets from a person or an organization to the Foundation. Gifts are usually in the form of, but are not limited to, cash, securities, real estate or personal property. The Foundation may accept or decline any gift. The following criteria generally identify a gift:

- A gift is motivated by charitable intent.
- Gifts are irrevocable transfers of assets.
- Gifts are not generally subject to an exchange of consideration or other contractual duties between the Foundation and the donor, except for certain split-interest gifts as set out in this Policy, although objectives may be stated and funds may be restricted to a specific purpose.
- Donors are not provided formal financial accountings. A general report to the donor stating the use or impact of the gift is appropriate and may be desirable, especially in the case of a named endowed fund.
- Generally, funds received from individuals, closely held corporations, and family foundations will be classified as gifts. Funds received from corporations, corporate foundations and major foundations will be classified as gifts unless the grant requires performance or other consideration.
- A gift is not completed until it has been accepted by the Foundation. FRCOH reserves the right to decline any gift.

## **Gift Acceptance Policy**

1. The president of FRCOH and the board have the authority to solicit and/or accept gifts on behalf of FRCOH.
2. The gift acceptance committee consists of the executive committee of FRCOH.
3. FRCOH's responsibility is to productively pursue gifts that will further the

organization's mission, goals, and objectives. The primary consideration in the pursuit of gifts is how they can benefit the organization in the most ethical and unencumbered manner. To that end, the following caveats must be considered:

- a. **CORE VALUES:** Is the gift one that is consistent with the organization's standards, principles, and core values?
- b. **COMPATIBILITY OF CAUSE:** Will the gift unnecessarily challenge the organization's ability to further its mission, goals, or objectives?
- c. **PUBLIC RELATIONS:** Does the acceptance of the gift present the organization in an unfavorable light? Does it appear that there may exist a conflict of interest between the donor and the organization?
- d. **MOTIVATION:** Is there clear charitable intent and a commitment to the organization?
- e. **CONSISTENCY:** Will the acceptance of the gift be compatible and in agreement with other fund-raising activities or gifts of the organization?
- f. **CREDIBILITY:** Are the circumstances surrounding the donor and the gift believable?
- g. **ORGANIZATIONAL STABILITY:** If controversy develops, will it be significant enough to weaken the structure of the organization?
- h. **FORM OF GIFT:** Will the nature of the in-kind contribution create problems, such as in advertising or sponsorship?
- i. **SOURCE OF GIFT:** Who is the donor? Is the gift from an individual or a corporation? Does the donor represent a perceived conflict of interest, or might the donor's objectives not fit with the mission of the organization?
- j. **BOTTOM LINE:** Gifts can encourage others to give or do the opposite. What effect will the particular gift have on the organization's bottom line?

FRCOH reserves the right to decline any financial commitment, gift, or bequest, as well as the right to determine how a gift will be credited and/or recognized.

FRCOH accepts unrestricted gifts that are allocated by the governing body in accordance with the mission, program and needs of the organization. FRCOH accepts gifts to support specific programs or projects that may be temporarily-restricted in purpose or time. FRCOH may also establish permanently-restricted funds to be managed as endowments for the sustainable and long-term vitality of the organization. Donors may contribute to existing funds or may propose establishing new funds.

In drafting instruments for the gift of restricted funds to FRCOH, or to any of the affiliated organizations, donors and their advisors shall be encouraged to use language that would permit application of the gift to a more general purpose if, in the opinion of

the board, the designated purpose is no longer feasible.

All receipts from unrestricted bequests, annuities, charitable remainder trusts, or charitable lead trusts shall become a part of the general endowment, unless the executive committee determines a particular unrestricted gift of the type enumerated in this paragraph should be deposited in a different account.

FRCOH will pay no commissions or finder's fees as consideration for directing a gift to FRCOH or to any of FRCOH's affiliates.

Donors are responsible for obtaining their own appraisals for tax purposes of real property or tangible or intangible personal property being given to FRCOH and for any fees or other expenses related to such appraisals.

FRCOH retains the right to obtain its own qualified appraisals of real property or tangible or intangible personal property being offered as a gift at its own expense.

FRCOH will acknowledge receipt of charitable contributions of tangible personal or real property in accordance with IRS requirements. FRCOH will not provide an appraisal, assessment of valuation of non-cash contributions.

Prospective donors shall be responsible for their own legal, accounting, appraisal, transportation, and other fees related to FRCOH.

Prospective donors shall be strongly encouraged in all cases to consult with their own independent legal and/or tax advisors about proposed gifts, including tax and estate planning implications of the gifts. No representative of FRCOH shall provide legal or tax advice to any donor or prospective donor.

Upon request, representatives of FRCOH may provide to the donor sample bequest language for restricted and unrestricted gifts, to ensure that a bequest is properly designated. FRCOH may also provide, upon request, IRS approved specimen trust agreements for review and consideration by the donor and his or her advisors. The specimen or sample nature of such language or agreements shall be clearly indicated on all documents given to donors, and donors shall be advised that consultation with their own legal advisors is essential prior to use of such standard language or specimen agreements.

All information about donors and prospective donors, including but not limited to their names, the names of their beneficiaries, the nature and amounts of their gifts, and the sizes of their estates will be kept strictly confidential by FRCOH and its representatives, unless the donor grants permission to release such information. All requests by donors for anonymity will be honored, except to the extent that FRCOH is legally required to disclose the identity of donors.

The board president or his or her designee is authorized to enter into planned gift agreements on behalf of FRCOH and to execute any and all documents necessary or appropriate to consummate such agreements.

Any exceptions to the Gift Acceptance Policy may be made only in exceptional circumstances, on an individual basis, and shall require the approval of the executive committee of the board.

The Gift Acceptance Policy may be amended by the executive committee of the board.

## **Procedures for Conducting Due Diligence for Real Estate Gifts**

Seven (7) Steps of Acceptance for Gifts of Real Property: Formal acceptance of a planned gift, such as in a Life Estate Reserved gift, is the responsibility of the following two officers of FRCOH: First, President of FRCOH; Second, President of the Rotary Club of Honolulu Board of Directors.

Acceptance ordinarily involves a seven-step process involving various representatives of the board. For example, a real estate gift committee might include: the Foundation President and members of the executive committee. Acceptance of gifts of real estate shall be conditioned upon a proper toxic waste clearance unless there is not the possibility that FRCOH will ever acquire ownership of, or responsibility for, the real estate involved.

1. **Initial Meeting:** Representatives of FRCOH will meet with the donor to clarify the donor's intent regarding the gift (for example, whether the proposed donation is to be made outright or as part of an estate gift).
2. **Decisions Regarding Gift Options:** FRCOH may prepare an analysis of various gift options for the prospective donor. Based on information provided by each donor (estimated real estate value, basis, level of debt, age, tax brackets, and so on), the Foundation will discuss legal and tax issues with donors and their professional advisors, however, any opinions or representations by FRCOH, or its employees or agents shall be for discussion purposes only, and no liability shall be incurred for the dissemination of any such information. The donor must rely on information provided by his or her own attorney and advisors. FRCOH will also discuss the donor's suggestions regarding eventual uses of funds, and possible donor recognition.
3. **Donor Completes Questionnaire and Disclosure Statement:** The donor will be asked to complete the Environmental Questionnaire and Disclosure Statement prior to the on-site inspection. The donor will also need to cooperate in allowing FRCOH to obtain a title report on the proposed gift.
4. **On-Site Property Inspection:** Expert real estate volunteers or professionals designated by the FRCOH President will secure: First, a title report on the proposed gift property, and Second, a Disclosure Statement. They will then personally inspect the property and surrounding areas with board. They will complete the Checklist of Potential Liabilities. Following these steps, they will work together to make a decision that will lead to one of two outcomes. They will decide whether to: 1) Reject the gift property outright; or

- 2) Recommend acceptance as a low-risk property, and call in a professional toxic waste inspector to inspect and test in up to four phases.
5. Four Phases: Professional toxic waste inspectors will examine and test the proposed real estate gift property in a process involving up to four phases. First, Phase One is a “due diligence” step involving the examination of relevant environmental reports, photographs, geology, hydrogeology and an on-site inspection; Second, if indicated, Phase Two requires the taking and analysis of samples from the site, including soil samples, water samples, and soil vapor samples; Third, if evidence of contamination is found, Phase Three involves a thorough site examination to determine the extent of the problem and the estimated cost of clean up; and Fourth, if indicated, actual clean up of the site completes Phase Four. At any phase of this process, FRCOH reserve the right to reject the property.
  6. Appraisals: If a gift is recommended for acceptance, provided all other conditions are positive, an appraisal will be needed. If the gift is a bargain sale, two independent appraisals of the property will be commissioned simultaneously and possibly paid for by FRCOH. Only one appraisal is required for real property funding part of a charitable remainder trust, a life estate reserved, an outright gift, and so on. Current IRS rules state that appraisals are valid for sixty (60) days from date of completion. Each donor will want to obtain his or her separate or independent appraisal for the donor’s tax documentation purposes.
  7. Contingent Acceptance by FRCOH: Following a toxic waste clearance that is completely satisfactory to FRCOH, if the real property gift continues to be a viable gift in every other way, authorized representatives of FRCOH will sign a letter addressed to the donor stating the acceptance that is contingent upon the donor’s satisfactory completion of all remaining documentation requirements.