



Gift Acceptance Policies and Guidelines

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Second Harvest Food Bank of Santa Clara and San Mateo Counties, a not-for-profit organization under the laws of the State of California, encourages the solicitation and acceptance of gifts to Second Harvest Food Bank of Santa Clara and San Mateo Counties (hereinafter referred to as SHFB) for purposes that will help SHFB further and fulfill its mission. The following policies and guidelines govern acceptance of gifts made to SHFB or for the benefit of any of its programs.

The mission of SHFB is to provide food for people in need in our community.

I. Statement of Purpose

SHFB manages a comprehensive program for long-term financial support of SHFB through a broad range of charitable gift options. The program actively solicits and accepts contributions to SHFB through bequests and other advantageous tax, financial and estate planning techniques.

The board of directors shall formally establish policies that officially commit the organization to a position which will protect:

- (1) the best interests of the donor;
- (2) the official representatives of Second Harvest Food Bank;
- (3) the welfare of Second Harvest Food Bank itself; and
- (4) the administrators charged with management related to a deferred gift program.

II. Use of Legal Counsel

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

- a. Transactions with potential conflict of interest. This may include use of board members as sales agents in transactions, leases of gift property to staff or board etc.
- b. Closely held stock transfers and gifts of real estate.
- c. The review of transactions governed by contracts or legal documents. This would include trusts naming SHFB as the trustee or any document obligating the trustee to take action.
- d. Other circumstances in which the finance committee or board of directors believe that use of independent counsel is appropriate.

III. Conflict of Interest

With respect to planned giving gifts, the interest of individual donors shall come before that of SHFB. SHFB 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. If a representative of SHFB makes a referral to an attorney, it shall be understood that the attorney is to represent the donor's interests. No program, agreement, trust, contract, or commitment shall be knowingly urged upon any prospective donor that would benefit SHFB at the expense of the donor's interests and welfare.

SHFB recognizes the potential conflict between receiving donations from certain types of funders and fulfilling its programs. SHFB will not accept contributions from corporations, industries, organizations or congregations and their respective foundations whose core activities may be in direct conflict with the mission of SHFB or which may put SHFB's non-discriminatory or non-partisan standing at risk or in any way will limit SHFB's ability to carry out its mission.

IV. Restrictions on Gifts

SHFB 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. SHFB 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, gifts that are too difficult to administer, gifts that are for purposes outside the mission of SHFB or gifts that require unreasonable marketing benefits. All final decisions on the restrictive nature of a gift, and its acceptance or refusal, shall be made by the CEO and finance committee or the CEO and the executive committee of the board of directors.

V. Anonymous Gifts

SHFB will accept gifts from donors who wish to remain anonymous. All SHFB staff are authorized to accept gifts. As such, staff members are authorized to know the origin of the gift including the donor name and gift amount. SHFB reserves the right to refuse any gift it believes is not in the best interest of the organization.

Those donors who do not request anonymity may have their names published in the SHFB annual report which is distributed to funders and other agency stakeholders and constituents.

VI. Influence

Representatives of SHFB shall exercise extreme caution to avoid pressure, persuasion, or undue influence when a representative is to inform, counsel, and assist the donor in gift planning concerns. Representatives will exercise prudent consideration of the donor's personal interests as well as his/her charitable objectives.

All personnel employed by SHFB who contact prospective donors to solicit gifts or promote the planned gift program shall be paid a salary or fixed wage but shall not receive commissions that could give such personnel a direct beneficial interest in any agreement.

Any personal, financial, or beneficial interest that may accrue to Second Harvest Food Bank personnel as a direct result of the development of relationships for which personnel was deployed as a condition of employment shall be considered a benefit transferable to the institution.

VII. Scope of service

Services of representatives of SHFB shall extend beyond the consideration of SHFB to help donors remember whatever additional charitable interests they may have in other organizations and agencies.

VIII. Confidential information

All private donor information, including addresses, phone numbers, names of beneficiaries, nature and worth of estates, amount of provisions, etc., shall be kept strictly confidential by SHFB and its

authorized personnel unless the donor grants permission to use selective information for purposes of referral, testimonial, or example at the discretion of authorized representatives. Donors who make planned gifts will be notified of their inclusion in SHFB's 1974 Legacy Society and will have the opportunity to remain anonymous if they prefer.

IX. Authorization for negotiation

Only the personnel approved by the board of directors shall be authorized to negotiate on behalf of the institution with any donor with respect to gift annuities, trusts, life income agreements, and other formal planned gift instruments. Any agreements that involve a legal obligation on the part of the institution or its agents which do not follow the forms described in this program or are special agreements of any kind will require the approval of the CEO and finance committee or the CEO and the executive committee of the governing board of directors. Any real estate, real property, or hard-to-value assets exchanged for an agreement of any kind must be approved by the CEO and finance committee or the CEO and executive committee of the governing board before being accepted.

X. Disposition of Funds

Only upon the demise of the last life income beneficiary shall the principal amount of a planned gift be released to or for the use of the institution, and only an amount equal to the charitable remainder as determined by the finance committee or governing board shall be released unless otherwise stated by the agreement.

XI. Types of Gifts Accepted

A. The following gifts are acceptable

1. Cash
2. Food
3. Bequests
4. Publicly Traded Securities
5. Closely Held Securities
6. Retirement Plan and IRA Beneficiary Designations
7. Life Insurance Beneficiary Designations
8. Charitable Remainder Trusts
9. Charitable Lead Trusts
10. Real Estate
11. Tangible Personal Property
12. Charitable Gift Annuities
13. Remainder Interests in Property

B. The following criteria govern the acceptance of each gift form:

1. Cash

Cash is acceptable in any form. Checks shall be made payable to Second Harvest Food Bank of Santa Clara and San Mateo Counties and shall be delivered to one of SHFB's offices.

2. Food

Donations of food items are always welcome. Community members are encouraged to donate non-perishable food items through community-based food drives. Donations of fresh produce gleaned

from local gardens will be accepted unless there a quarantine is in effect that precludes SHFB from accepting such donations.

Prepared or perishable foods will be accepted at the discretion of SHFB personnel.

3. Bequests

Donors and supporters of SHFB will be encouraged to make bequests to SHFB under their wills and trusts. Such bequests will not be recorded as gifts to SHFB 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.

3. Publicly Traded Securities

Marketable securities may be transferred to an account maintained at one or more brokerage firms 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 CEO or Finance Committee. In some cases marketable securities may be restricted by applicable securities laws; in such instances the final determination on the acceptance of the restricted securities shall be made by the CEO or the finance committee.

4. Closely Held Securities

Closely held securities, which include not only debt and equity positions in non-publicly traded companies but also interests in LLPs and LLCs or other ownership forms, can be accepted subject to the approval of the finance committee or the executive committee of the board of directors. However gifts must be reviewed prior to acceptance to determine that:

- The security has been formally appraised (at the expense of the donor).
- There are no restrictions on the security that would prevent SHFB from ultimately converting those assets to cash.
- The security is marketable and can be sold quickly and
- The security will not generate any undesirable tax consequences for SHFB

If potential problems arise on initial review of the security, further review and recommendation by an outside professional may be sought before making a final decision on acceptance of the gift. The final determination on the acceptance of closely held securities shall be made by the finance committee or executive committee of the board of directors and legal counsel when necessary. Every effort will be made to sell securities as quickly as possible.

5. Retirement Plan and IRA Beneficiary Designations

Donors and supporters of SHFB will be encouraged to name SHFB as beneficiary of their retirement plans and IRAs. Such designations will not be recorded as gifts to SHFB 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.

6. Life Insurance Beneficiary Designations

Donors and supporters of SHFB will be encouraged to name SHFB as beneficiary or contingent beneficiary of their life insurance policies. Gifts of life insurance when SHFB is designated both owner and beneficiary may be accepted. When all rights in a policy are gifted to SHFB, the donor shall be informed of the advantages of making a gift of the premium amount to SHFB and

encouraged to continue to make premium payments. Premium payments made to a policy that SHFB owns are tax-deductible. Such designations will not be recorded as gifts to SHFB 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.

7. Charitable Remainder Trusts

SHFB may accept designation as remainder beneficiary of a charitable remainder trust with the approval of the CEO and finance committee or the CEO and executive committee of the board of directors. SHFB will not accept appointment as Trustee of a charitable remainder trust.

8. Charitable Lead Trusts

SHFB may accept designation as income beneficiary of a charitable lead trust. SHFB will not accept appointment as Trustee of a charitable lead trust.

9. Real Estate

Gifts of real estate may include developed property, undeveloped property, or gifts subject to a prior life interest. SHFB will not accept gifts of time-shares. Prior to acceptance of real estate, SHFB shall retain a licensed contractor to inspect the property. In the event that the initial inspection reveals a potential problem, SHFB shall retain a qualified inspection firm to conduct an environmental audit. The cost of the environmental audit shall be paid for by the donor.

When appropriate, a title binder shall be obtained by SHFB prior to acceptance of the real property gift. The cost of this title binder shall be paid for by the donor.

Prior to acceptance of the real property, the gift shall be approved by the executive committee of the board of directors and by SHFB's legal counsel. Criteria for the acceptance of the property shall include:

- Usefulness of property for the purposes of SHFB
- Present market value, as determined by a formal appraisal
- Undue restrictions on the use or sale of the property
- Knowledge of other owners and their interests
- Marketability – assessment of the market for salability, including likely timeframe for sale
- Restrictions, reservations, easements or other limitations associated with the property
- Carrying costs including insurance, taxes, mortgages, notes etc.
- Costs associated with improvement, renovation or retrofitting
- Appreciation/depreciation potential
- Zoning
- Income potential while the property is held
- Cost of acquisition
- Results of the environmental audit

10. Tangible Personal Property

The criteria for the acceptance of tangible personal property shall include the following considerations:

- Does the property fulfill the mission of SHFB?
- 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?
- Do the costs associated with liquidating the property exceed the benefits?

The final determination on the acceptance of other tangible property gifts shall be made by the CEO and Senior Director of Development.

11. Charitable Gift Annuities

SHFB may accept charitable gift annuities after SHFB receives written approval to accept gift annuities by the state of California (under the provisions outlined by the American Council on Gift Annuities).

A minimum of \$25,000 is required to fund a charitable gift annuity. Subsequent annuities from the same donor may be accepted at a minimum of \$10,000.

The minimum age for life income beneficiaries of a gift annuity shall be 65. Where a deferred gift annuity is offered, the minimum age for life income beneficiaries shall also be 65. No more than two life income beneficiaries will be permitted for any gift annuity.

Gift annuity rates used shall be those suggested by the American Council on Gift Annuities. Any other gift annuity rates used must first be approved by the executive committee of the board of directors.

Annuity payments may be made on a semi-annual or annual schedule. SHFB CEO may approve exceptions to this payment schedule.

Funds contributed in exchange for a gift annuity shall be set aside and invested during the term of the annuity payments. Once those payments have terminated, the funds representing the principal contributed shall be transferred to SHFB's general operating fund.

12. Remainder Interests in Property

SHFB may accept a gift of personal residence or farm with a life estate retained by the donor. The donor may retain the right to live in the property, share this right with another, or gift the right to a third party. Acceptance of the property shall be subject to all the requirements for the acceptance of any gift of real estate as outlined above. In addition SHFB shall have a written agreement stating that the donor will be responsible for any expenses concerning maintenance, insurance, taxes and other matters. At the death of the final life tenant, SHFB shall have unrestricted title to the property and may use the property or reduce it to cash. Acceptance of a gift of a personal residence or a farm with a retained life estate shall require the prior approval of the executive committee of the board of directors.

C. **Miscellaneous Provisions**

1. **Securing appraisals and legal fees for gifts to SHFB:** It is the responsibility of the donor to secure and pay for an appraisal (when required) and independent legal counsel (when needed) for all gifts made to SHFB.
2. **Valuation of gifts for development purposes:** SHFB will record a gift received by SHFB at its valuation for gift purposes on the date of the gift.

3. **Responsibility for IRS filings upon sale of gift items:** The SHFB finance department is responsible for filing all appropriate tax forms when the charitable deduction value of the item is more than \$5,000.
4. **Gift acknowledgements:** Acknowledgements of all gifts made to SHFB and compliance with the current IRS requirements in acknowledgement of such gifts shall be the responsibility of the development department. Donors may specify their communication and acknowledgement preferences.
5. **Sponsorships:** SHFB has a robust sponsorship fundraising program. Campaign, fuel and program sponsorships which publicly recognize corporations, organizations, foundations and individuals for their gifts will be accepted at the discretion of the CEO and Senior Director of Development. Marketing and public relations benefits recognizing sponsors will be fulfilled as they are outlined in the specific sponsorship contracts. SHFB will carefully consider offering sponsorship opportunities to institutions that have religious or political affiliations and institutions whose core business conflicts with the mission of SHFB. SHFB may at the discretion of the CEO, refuse any sponsorship offer that is deemed to conflict with or potentially damage the fundraising objectives of the agency.
6. **Donor privacy:** Except as otherwise indicated, SHFB uses the personally identifiable information ("Personal Information"): (a) to respond to any donor inquiries or questions about our services; (b) for internal marketing purposes and as part of SHFB's donor database; (c) to provide donors additional and updated information, materials and other advertisements regarding SHFB services; (d) to offer donors other materials and/or information that SHFB believes may be of interest; (e) to cooperate with government officials or parties in litigation under process of law, or as otherwise required by law; (f) to protect the security or integrity of the Site; (g) to protect against a threat of safety or destruction of property; and/or (h) to protect against legal liability.

In an effort to encourage philanthropy and promote giving opportunities at corporations, SHFB staff work closely with corporate philanthropy managers on fundraising campaigns. When philanthropy managers are actively fundraising by soliciting donations from their constituents, SHFB may provide donor names and gift amounts to corporate philanthropy managers on a discretionary basis unless otherwise instructed by the donor. Before providing donor gift information, the corporate philanthropy manager must sign a confidentiality agreement. A confidentiality agreement must be on record at SHFB in order for donor names and gift amounts to be released to philanthropy managers. Philanthropy managers will not be provided with personal donor information such as telephone numbers, spouse names or personal addresses.

XII. Types of Gifts Not Accepted

1. Pooled Income Fund

SHFB will not accept pooled income fund gifts. SHFB may not offer its own pooled income fund or a pooled income fund in cooperation with other charities.

2. Time Shares

SHFB will not accept gifts of time-shares.

XIII. Individuals Authorized to Accept Gifts

The following staff members are authorized to accept planned gifts on behalf of SHFB precluding those instances that require board or committee pre-approval.

- Chief Executive Officer
- Senior Director of Development
- Director of Development
- Major Gifts Officer

Staff will seek the approval of the finance committee or board of directors for acceptance of any gift which in their judgment poses substantial risk to SHFB, even if they are otherwise authorized by these policies and guidelines to approve such gifts.

XIV. Changes to Gift Acceptance Policies

These policies and guidelines have been reviewed and accepted by the executive committee of the board of directors of SHFB. The executive committee of the board of directors of SHFB must approve any changes to or deviations from these policies.

Approved on the 2nd day of February, 2009.