

## **THE SAN BRUNO COMMUNITY FOUNDATION GIFT ACCEPTANCE POLICY**

Adopted by the SBCF Board of Directors, November 6, 2019

The following policies govern the acceptance of gifts made to The San Bruno Community Foundation (“SBCF”) for purposes that will help the organization further its charitable mission.

### **Mission**

SBCF’s mission is to advance charitable purposes within the meaning of Internal Revenue Code (“IRC”) Section 501(c)(3). In furtherance of its mission, SBCF’s more specific purpose is to benefit the San Bruno community through enduring and significant contributions to, and investments in, charitable and community programs, and publicly owned community facilities, over the long term. In furtherance of that purpose, SBCF shall conduct or support activities for the benefit, or to carry out the purposes, of organizations, including but not limited to, the City of San Bruno, that: (i) benefit the San Bruno community, and (ii) are described in either (x) IRC Sections 501(c)(4), 501(c)(5), or 501(c)(6) but only if they would be described in IRC Section 509(a)(2) were they organizations described in IRC Section 501(c)(3), or (y) IRC Sections 509(a)(1) or (a)(2).

### **Purpose**

The purpose of this Gift Acceptance Policy is to govern the acceptance of gifts offered to SBCF and to provide guidance to donors and their professional advisors in completing gifts.

### **Donor’s Use of Legal Counsel**

SBCF shall encourage a donor to seek his or her own legal counsel about any legal and/or tax consequences to or for the donor resulting from a gift to SBCF. SBCF shall not provide legal, financial, or tax advice to any donor or prospective donor.

### **SBCF’s Use of Legal Counsel**

SBCF shall seek the advice of an attorney or other qualified professional advisor in matters related to the acceptance of a gift, prior to such acceptance, when appropriate. Review by an appropriate attorney is recommended for:

- Gifts of real property;
- Gifts of stock/memberships/ownership interests of closely held companies;
- Gifts involving contracts or any assumption of an obligation by SBCF;
- Gifts subject to unusual restrictions;
- Gifts that may involve an actual or perceived conflict of interest; and

- Transactions in which the Executive Director, Board of Directors, or authorized Board Committee believes that the use of legal counsel is appropriate.

### **Acceptance of Gifts in General**

SBCF will generally accept unrestricted gifts, and gifts for specific programs and purposes, provided that such gifts are not inconsistent with SBCF's mission, exempt purposes, and priorities. However, SBCF shall have the sole discretion to accept or reject any gift offered to the organization. Except as otherwise set forth in this Gift Acceptance Policy, the SBCF Executive Director shall have the authority to accept or reject any gift offered to the organization on its behalf. SBCF's decisions regarding its programmatic and grantmaking activities will be in the sole discretion of SBCF and its Board of Directors and shall not be unduly influenced by any offered or accepted gift to the organization.

In general, SBCF shall strive not to accept any gifts that: (1) are for purposes that are outside of or do not further the mission and objectives of SBCF; (2) could in any way damage the reputation or goodwill of SBCF; (3) could damage SBCF's status as a tax-exempt organization; (4) are too difficult or expensive to administer; (5) violate or are inconsistent with the terms of SBCF's organizational documents or other policies; (6) could create an actual or perceived conflict of interest for the organization; (7) are too restrictive in purpose or otherwise result in a burden that may diminish SBCF's ability to further its mission; or (8) are otherwise deemed not to be in the best interests of the organization for any reason. Should SBCF receive an offer of a gift that the Executive Director believes may fall into one or more of the categories listed above, the Executive Director shall confer with the President regarding such offered gift. If the Executive Director and President agree that the offered gift falls within one or more of the categories listed above, or are uncertain whether it does, they shall bring the offered gift to the attention of the SBCF Board of Directors. The SBCF Board of Directors shall discuss and decide whether to accept or reject the offered gift. In making its decision, the Board of Directors shall consider all relevant factors. The decision of the SBCF Board of Directors regarding such acceptance or rejection shall be final.

### **Donor Fees and Expenses**

Fees and expenses associated with a donor's gift and its transfer to SBCF, such as appraisal fees, environmental audits, and title binders for gifts of real estate, or other third party professional fees, shall be the exclusive responsibility of the donor.

### **Types of Gifts**

The following types of gifts may be acceptable, as determined by the SCBF Board of Directors and/or Executive Director, in their sole discretion, subject to other provisions of this Gift Acceptance Policy:

- **Cash.** Cash will be accepted in any negotiable form. Checks must be made payable to “The San Bruno Community Foundation.”
  
- **Securities.**
  - Publicly Traded Securities. Publicly traded 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 SBCF Board of Directors. In some cases, marketable securities may be restricted by applicable securities laws; in such instance the final determination on the acceptance of the restricted securities shall be made by the SBCF Board of Directors.
  
  - Closely Held Securities. Closely held securities, which include debt and equity positions in non-publicly traded companies as well as interests in LLPs, LLCs, and other ownership forms, may be accepted subject to the approval of the SBCF Board of Directors. However, gifts must be reviewed prior to acceptance to determine that (1) there are no restrictions on the security that would prevent SBCF from ultimately converting those assets to cash; (2) the security is marketable (*i.e.*, a buyer is in a position to buy the stock); and (3) the security will not generate any undesirable tax consequences for SBCF. Further, prior to acceptance, gifts shall be valued by an independent appraisal, which shall typically be the donor’s obligation (note that the donor may require a *qualified appraisal* in order to take an income tax deduction if a gift of nonpublicly traded securities is valued at \$10,000 or more). 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 SBCF Board of Directors, and, as necessary, legal counsel. Every effort will be made to sell non-marketable securities as quickly as possible.
  
- **Tangible Personal Property.** Gifts of tangible personal property to be used by SBCF in furtherance of its mission may be accepted subject to approval of the Executive Director. Gifts of tangible personal property that will not be used by SBCF in furtherance of its mission may be accepted subject to approval of the SBCF Board of Directors; provided, however, that gifts with a value of under \$5,000 shall require only the Executive Director’s approval. Gifts of tangible personal property that will not be used by SBCF in furtherance of its mission must be reviewed prior to acceptance for (1) marketability; (2) restrictions on their use and sale; and (3) costs associated with possession, ownership, and sale. In addition, SBCF shall only accept vehicles through an established and reputable third-party vehicle donation organization where SBCF receives net proceeds of the gross sales less towing/cleaning/advertising costs and no

more than a 30 percent administrative fee that the vehicle donation organization charges to all charities using its services.

- **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, SBCF shall require an initial environmental review of the property to ensure that the property has no environmental or hazardous waste problems. In the event that the initial inspection reveals a potential problem, SBCF 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.

When appropriate, a title binder shall be obtained by SBCF 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 SBCF Board of Directors and by SBCF's legal counsel. Criteria for acceptance of the property shall include: (1) usefulness to SBCF; (2) valuation; (3) marketability; (4) restrictions, reservations, easements, or other limitations associated with the property; (5) carrying costs, which may include insurance, property taxes, mortgages, or notes, *etc.*, associated with the property; and (6) environmental, hazardous waste, and other risks associated with the property.

- **Bequests.** Donors and supporters of SBCF may make bequests to SBCF under their wills and trusts. To the extent possible and appropriate, SBCF shall encourage donors to describe the specific purposes of their gifts as broadly as possible and to avoid detailed limitations and restrictions in recognition of the changing needs, policies, and circumstances of a charity over time. Because of such changes over time, to the extent permissible under applicable law, endowments shall contain the following (or a similar) contingency clause: "If in the opinion of SBCF's Board of Directors, all or part of the funds cannot be applied in strict conformance with the purpose(s) previously stated, the Board may use these funds for other appropriate purposes as nearly aligned to the original intent of the donor as good conscience and need dictate within the authorized powers of SBCF."

The nature of the bequest (*e.g.*, cash, securities, personal property, real estate) and any associated restrictions shall determine whether and how the bequest shall be accepted by SBCF, subject to other provisions of this Gift Acceptance Policy. Bequests will not be recorded as gifts to SBCF 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.

- **Life Insurance Beneficiary Designations.** Donors and supporters of SBCF may name SBCF as the beneficiary or contingent beneficiary of their life insurance policies. Such

designations shall not be recorded as gifts to SBCF 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 SBCF may name SBCF as the beneficiary of their retirement plans. Such designations shall not be recorded as gifts to SBCF 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 Remainder Trusts.** SBCF may accept designation as a remainder beneficiary of a charitable remainder trust with the approval of the SBCF Board of Directors. SBCF will not accept appointment as Trustee of a charitable remainder trust.
- **Charitable Lead Trusts.** SBCF may accept a designation as an income beneficiary of a charitable lead trust. SBCF will not accept appointment as Trustee of a charitable lead trust.

### **Reporting Requirements**

SBCF is responsible for filing IRS Form 8282 (Donee Information Return) upon the sale or disposition of any asset sold within three years of receipt by SBCF when the charitable deduction value of the item is more than \$5,000, subject to certain limited exceptions. Where required, SBCF must file this Form within 125 days of the date of sale or disposition of the asset.

SBCF shall provide a *written acknowledgement* to donors who make any single charitable contribution of greater than \$250, and a *written disclosure* to donors who receive goods or services in exchange for a single payment in excess of \$75. The acknowledgement and disclosure shall include a description and good faith estimate of the value of goods or services, if any, provided by SBCF in return for the contribution (subject to the token and membership benefits exceptions) and shall describe (but not value) any non-cash contributions made by the donor. IRS Publications 526 (Charitable Contributions) and 1771 (Charitable Contributions: Substantiation and Disclosure Requirements) may be used by SBCF's staff as a reference for fulfilling federal reporting requirements.

### **Exceptions & Modifications**

This Gift Acceptance Policy has been reviewed by SBCF's Board of Directors, which has the power to make changes, or authorize exceptions, to this Gift Acceptance Policy at any time. Any exceptions to or deviations from this Gift Acceptance Policy must be approved by the SBCF Board of Directors.