

Standard 5A and 6B: Accountability to Donors and Gift Acceptance

Accountability to Donors and Gift Acceptance

The land trust has a clear guideline of the types of gifts acceptable to the organization; and maintains financial and other systems to document and comply with any donor restrictions on gifts.

Terms

Unrestricted Funds: funds that have been donated without any restriction by the donor as to their use, and not solicited for any other purpose beyond general funding, i.e. not for a specific campaign or specific fund, eg, stewardship endowment or stewardship activity.

Restricted Funds: funds that have been donated with a designation /restriction(s) by the donor as to their use, or solicited for a specific purpose.

Temporarily Restricted Funds: funds directed towards a specific project or purpose established or not established by UOL. Each established project has a well defined purpose for donations use, or the solicitation of a grant has a well defined purpose for funding use. The donor or grantor specifies the project or purpose of the grant request they would like the gift to go to.

Permanently Restricted Funds: funds that, under the terms of a gift, are not entirely expendable on a current basis. The principal of such funds is to be maintained indefinitely or for a specified or described period of time, and all or some of the income may be unrestricted or restricted for specific use as provided by the donor, or as per the solicitation language of the gift.

Board Designated Funds: funds received as unrestricted funds that have been designated by the Board for a specific purpose or project. Any such designation is nonbinding and may be changed by the Board of Directors by a vote of the quorum of the board.

Gifts

Acceptance of a gift to an established fund or project may be accepted under the restrictions defined for the purpose or project fund description.

Acceptance of a restricted gift where the restrictions have been imposed by the donor imposes an obligation to comply with the terms established by the donor, and must be clearly understood and not impair the usefulness and desirability of the gift. If a gift is deemed unacceptable because of restriction on its use, the donor may be requested to remove or modify the restrictions. Gifts will be declined or returned when a restriction cannot be removed or modified, is or becomes inappropriate or not conducive to the best interest of UOL, or would obligate UOL to undertake responsibilities, financial or otherwise, that it may not be capable of meeting for the required terms of the gift.

If the purpose or project for which the funds were originally provided ceases to exist, the Board may petition a court of competent jurisdiction to establish a different use for the funds in order to reallocate the funds to purposes as near as possible to the original intent of the donor in the absence of the availability of the donor including representative or successor.

Types of Gifts

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Operating Gift: a gift made to support the ongoing operations of UOL. This gift shall be considered available for expenditure in the current or some future year as budgeted by the Board.

Project Gift: a donation to a specific project or purpose of UOL and is considered temporarily restricted until the purpose is met. Project gifts are used for the specific project designated and not for general support.

Approval of Gifts

Dual Responsibility: Utah Open Lands recognizes the dual responsibility in soliciting and accepting gifts. UOL is concerned with its continuing obligations and purpose as a 501(c)3 Land Trust Alliance accredited Land Trust; and is also concerned with the obligation toward accomplishing the wishes of donors.

- UOL reserves the right to refuse to accept any gift, or enter into any planned gift agreement, which UOL concludes would not be in its best interest.
- UOL may hire counsel to review and comment on a donor's planning documents, where deemed appropriate.
- UOL staff members shall conduct all activities undertaken on behalf of the organization in accordance with accepted professional standards of accuracy, truth, integrity and good faith.

Confidential Information

All information obtained from or about donors or prospects shall be held in strictest confidence by UOL, except in cases where such information must be provided by law to government agencies. Names, amounts, conditions or types of gifts will not be released or published without approval of the donor or the donor's fiduciary.

Gift Acknowledgement

Written acknowledgement from UOL of an accepted Gift of \$250 or more will be made contemporaneously with receipt of the Gift.

Gift of Securities

Gifts of readily marketable securities may be accepted by UOL:

Generally all readily marketable securities will be sold immediately upon receipt on the open market.

- Stock controlled under SEC rules (restricted stock that must be held for a certain time period before it can be sold) will be held until the restriction on sale expires and then will be immediately sold on the open market.

Gift of securities which are not readily marketable will be evaluated in a case-by-case basis to determine if the securities will be accepted.

Gifts of Personal Property

Gifts of personal property (other than cash or publicly traded securities) valued in the excess of \$5,000 are required to meet certain criteria.

- The donor must provide an appraisal by an unrelated qualified appraiser.
- UOL must acknowledge the donor's appraisal or appraisal summary in writing, which is to be attached to the donor's tax return.
- UOL is required to notify the IRS of the sale price of any gift of personal property sold within 2 years of the date of

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the gift.

Gifts of Works of Art

Gifts of works of art will be accepted by UOL only if they can be easily sold. However:

- If the donation is for display purposes, no commitment will be made to keep the art.
- The gift will be placed on the UOL books at \$10 unless a valid independent appraisal is supplied by donor.
- The donor should be advised that they may not be entitled to the full charitable deduction.

Gifts of Furniture

Gifts of furniture may be accepted by UOL if the furniture either:

- Is usable and appropriate for use by UOL; or
- can be sold.

Donors are responsible for establishing the amount of their own tax deduction.

Gifts of Automobiles and Other Vehicles

- Automobiles and other vehicles may be accepted by UOL at wholesale "Blue Book" price less any necessary repairs.
- Vehicles will be booked by UOL at wholesale "Blue Book" price less any necessary repairs.
- Vehicles unsuitable for use by UOL will be sold.

Gifts of Tools and Equipment

- New or used tools or equipment will be accepted when the tools or equipment is usable by UOL, or sold if the appropriate market exists.
- Such tools or equipment will be carried on the books at the estimated value at the time of contribution.

Gifts of Other Personal Property

Other items of property will be accepted if:

- They will be useful to UOL; or
- They can easily be sold.

Following IRS regulations, establishment of value is always the responsibility of the donor.

Other matters that will be taken into consideration by UOL before deciding on acceptance of gifts or personal property will be:

- Maintenance and repair costs
- Sales costs
- Storage costs
- Transportation costs
- Staff time
- Insurance costs

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Gifts of Real Property

Unless otherwise directed by the board, before acceptance, all offered gifts of real property, or other interest in real property will be appraised by a qualified appraisal firm at the expense of the donor and furnished to UOL. Any related environmental studies and transactional costs are to be allocated upon agreement by the parties.

If the property is to be used or preserved by UOL, the property will be listed with a broker or brokers at least at the appraised value.

If, because of high real estate taxes, a sizable mortgage or required maintenance expense or supervision of the property, UOL is unwilling to hold the property for a normal contract listing period and will be forced to cash out as quickly as possible, the donor will be so informed. Acceptance of real estate encumbered by debt or high taxes or maintenance costs will be decided on a case by case basis.

UOL is required by law to notify the IRS of the resale price if the property is sold within two years of the contribution.

Gifts of commercial real estate and businesses will be evaluated not only on the basis of property tax and mortgage liabilities, but also taking into consideration that:

- UOL may have to pay income tax on unrelated business taxable income, off-set by all deductions available to a tax-paying entity.
- UOL is a non-profit corporation and receives no tax benefit from depreciation.

Property Accepted

The following guidelines will apply to determine the types of property that will generally be acceptable by UOL:

- Gift of real property or interests in property that has conservation values and furthers the goals of UOL conservation mission or will provide revenue to support the programs of the organization.
- Gifts should not be funded with interests in property which may lead to unrelated business income as defined in the IRC and Treasury Regulations.
- UOL should not act as Trustee in any case.
- UOL will not pay finder's or broker's fees for gifts of land.

Bequests and Planned Gifts

Gifts to UOL made through bequests, insurance policies or annuities, charitable remainder trusts and charitable lead trusts, or other planned gifts are subject review by the board of directors.