



Gift Acceptance Policies

Canine Companions for Independence Inc., a nonprofit organization headquartered in Santa Rosa, CA, encourages the solicitation and acceptance of gifts for purposes that will help the organization further and fulfill its mission. The following policies and guidelines govern acceptance of gifts made to Canine Companions.

I. Purpose of Policies and Procedures

The purpose of this document is to set forth the criteria that Canine Companions uses to determine that a proposed gift is acceptable and to inform prospective donors and their advisors of the types of gifts Canine accepts. While these guidelines establish best practices, they are designed to provide flexibility as directed by Canine Companions leadership.

II. Use of Legal Counsel

Canine Companions seeks the advice of legal counsel as appropriate on matters relating to acceptance of gifts. Review by legal counsel is usually sought in connection with:

- a. Closely held stock transfers
- b. Gifts of real property
- c. Documents naming Canine Companions as Trustee
- d. Gifts involving contracts, such as bargain sales or other documents requiring Canine to assume a legal obligation
- e. Gifts of patents and intellectual property
- f. Transactions with potential conflict of interest that may invoke Internal Revenue Service sanctions
- g. Other instances in which use of counsel is deemed appropriate by Canine Companions leadership.

III. Communications with Donors

Canine Companions holds all communications with donors and information concerning donors and prospective donors in strict confidence, subject to legally authorized and enforceable requests for information by government agencies and courts. Otherwise, Canine Companions will only release information concerning a donor or a prospective donor if permission is first obtained from the donor or prospective donor.

IV. Conflict of Interest

Canine Companions does not provide personal legal, financial or other professional advice to donors or prospective donors. Donors and prospective donors are strongly urged to seek the assistance of their own professional advisors in matters relating to their gifts and the resulting tax and estate planning consequences. Canine Companions endorses the Model Standards of Practice of the Charitable Gift Planner promulgated by the National Committee on Planned Giving (attached as Appendix A) and the Donor Bill of Rights promulgated by the Association of Fundraising Professionals) (attached as Appendix B).

V. Restrictions on Gifts

Unrestricted gifts and gifts restricted to specific programs and purposes may be accepted, provided they are consistent with Canine Companions' mission, purposes and priorities. Canine Companions will not accept gifts that are inconsistent with its mission, core values, purposes or priorities, that are judged too difficult to administer, or that are not in the best interest of the organization.

VI. Determination of Exceptions to the Policy

Canine Companions leadership will review, approve and/or deny all non-marketable gifts to Canine (including gifts of closely held stock or other entity interests, gifts of real estate, and similar gifts), and any other gifts referred to it by members of the Philanthropy department. Canine Companions Leadership consists of the CEO, CFO, Chief Philanthropy Officer, Chief People Officer, Chief Training and Services Officer, Chief Health and Research Officer, Chief Marketing Officer, SVP of Technology and Vice President of Philanthropy. If this group is unable to agree on a decision, they will involve the Chair of the National Board the Chair of the National Board Philanthropy Committee to finalize the decision.

The leadership team is responsible for regularly reporting its decisions on gift acceptance to the Board of Directors. The Committee is also responsible for reviewing these Policies and Procedures at least bi-annually or more often as needed to ensure that they remain consistent with applicable laws and the programs of Canine Companions.

VII. Types of Gifts

A. The following gifts may be considered for acceptance by Canine Companions:

1. Cash
2. Tangible personal property, including in-kind gifts
3. Securities
4. Real estate
5. Remainder interests in property
6. Oil, gas, and mineral interests
7. Bargain sales
8. Life insurance
9. Charitable gift annuities
10. Charitable remainder trusts
11. Revocable trust agreements
12. Charitable lead trusts
13. Retirement plan beneficiary designations
14. Bequests
15. Life insurance beneficiary designations
16. Intellectual property rights

B. The following criteria apply to the acceptance of gifts in these categories.

1. Cash: Cash may be accepted by any employee of Canine Companions and in any negotiable form. Checks must be made payable to Canine Companions.

2. Tangible Personal Property: Canine Companions will, in general, accept tangible personal property gifts valued at \$10,000 or greater if the gift will generate adequate revenue for the organization, and meet the purposes for which the gift is intended. Any person listed on the most current corporate signature resolution may accept gifts of Tangible Personal Property. In assessing the appropriateness of the gift, Canine Companions should address the following questions:

- Is the property marketable? What is the market for the property and what are the costs of transportation to market and sale?
- Are there any undue restrictions on the use, display, or sale of the property?
- Are there any carrying costs (insurance, storage, ongoing maintenance) for the property?
- Is expertise in the type of property required to sell it and, if so, is that expertise available to Canine Companions at no cost?

In Kind Gifts: Philanthropy staff should only accept non-monetary gifts of goods or services if they help or advance Canine Companion's mission. Types of in-kind gifts include :-

GOODS

- Property (see section above)
- Equipment, furniture, vehicles
- Auction items (which are not cash items)

SERVICES

- Services which enhance a nonfinancial asset e.g. a building
- Services requiring specialized skills (e.g. lawyer, vet, architect, web designer) which we would have purchased if they had not been donated.

3. Securities: Canine Companions can accept both publicly traded securities and closely held securities.

- a. Publicly Traded Securities: Marketable securities, which may be accepted by any Canine Companions employee, will 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 will be sold upon receipt. 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 may be made by the Canine Companions leadership team.
- b. Options and Other Rights in Securities: These gifts may be accepted by any person listed on the most current corporate signature resolution, after consideration of the following questions:
 - Is Canine Companions required to advance funds upon exercise of the gift? If so, does Canine Companions have the required funds?
 - Is Canine Companions at risk of loss of funds in accepting the gift?
 - Are the rights restricted? And if so, does the restriction affect the ability of Canine Companions to dispose of the asset? Does the restriction materially impact the value of the gift to The organization?

- Will acceptance of the gift and/or exercise of the option trigger any tax consequences to the donor?
- c. Closely Held Securities: Proposed gifts of closely held securities, which include not only debt and equity positions in non-publicly traded companies but also interests in Limited Liability Partnerships (LLP) and Limited Liability Corporations (LLC) or other ownership forms, will be reviewed by the Canine Companions National Board Finance Committee and the review will consider the following questions:
- What type of entity is represented by the gift? (For example, C Corporation, S Corporation, LLC, LLP.) Canine Companions' policy is to review the entity's governing documents and any agreements to which the donor is a party.
 - Will the security generate unrelated business taxable income to Canine Companions? If so, does the organization have the funds to pay this tax?
 - How is the gift valued? Canine Companions' policy is to require an independent appraisal.
 - Will the gift trigger any negative tax consequences to the donor? Please advise the donor to talk with his professional advisor.
 - Are there restrictions on the security that would prevent Canine Companions from ultimately converting those assets to cash?
 - How does the company operate? Does its operation of the gift interest create liability for Canine Companions?
 - Is the security marketable? If so, what is the market for sale, and estimated time required for sale?

If potential problems arise on initial review of the security, further review and recommendations may be sought from an outside professional before making a decision whether to accept the gift. Every effort will be made to sell non-marketable securities as quickly as possible.

4. Real Estate: Canine Companions will, in general, consider real property gifts with a market value (net of mortgage or any liens) of \$100,000 or greater. Gifts of real estate may include developed property, undeveloped property, or gifts subject to a prior life interest.
- Prior to acceptance of real estate, Canine Companions requires an initial environmental review of the property to ensure that the property is free of environmental damage, and a qualified real estate appraisal.
- In the event that the initial inspection reveals a potential problem, Canine

Companions may retain a qualified inspection firm to conduct an environmental audit.

The prospective donor must bear the cost of the initial environmental review, any subsequent environmental audit and the real estate appraisal.

When appropriate, a title binder shall be obtained by Canine Companions prior to the acceptance of the real property gift. The cost of the title binder will be borne by the donor.

Gifts of real estate may be accepted by any person listed on the most recent corporate signature resolution, subject to the following criteria.

The following criteria applies to gifts of real estate:

- Is the property useful for the purposes of Canine Companions?
- How is the property valued? Canine Companion's policy is to require an independent appraisal.
- Is the property marketable?
- Are there any restrictions, reservations, easements, liens 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 audit reflect that the property is free of environmental damage?
- Will the security generate unrelated business taxable income to Canine Companions? If so, does the organization have the funds to pay this tax?

5. Remainder Interests In Property: Canine Companions may accept a remainder interest in a personal residence, farm, or vacation property subject to the provisions of paragraph (4). At the death of the life tenants, Canine Companions may use the property or reduce it to cash. Where the organization receives a gift of a remainder interest, expenses for maintenance, real estate taxes, and any property indebtedness will be paid by the donor and/or primary beneficiary.

6. Oil, Gas, and Mineral Interests: Canine Companions may accept oil, gas, or mineral interests, when appropriate. These gifts can be accepted by any person listed on the most recent corporate signature resolution. In accepting oil, gas or mineral interests, Canine Companions will determine whether the following criteria have been met:

- Gifts of surface rights should have a value of \$20,000 or greater, as verified by an independent appraisal.
- Gifts of oil, gas, and mineral interests should generate at least \$3,000 per year in royalties or other income (as determined by the average of the three years prior to the gift).

- The property should not have extended liabilities or other considerations that make receipt of the gift inappropriate.
- A working interest is rarely accepted. A working interest may only be accepted when there is a plan to minimize potential liability and tax consequences.
- The property must undergo an environmental review to ensure that Canine Companions has no current or potential exposure to environmental liability. The cost of the environmental review must be borne by the donor.
- A review of the organization will be conducted by the legal team to ensure there are no outstanding lawsuits or other liabilities.

7. Bargain Sales: Canine Companions may enter into a bargain sale arrangement in instances where the bargain sale furthers the mission and purposes of the organization. All bargain sales must be reviewed and recommended by the Gift Exceptions Committee of Canine. In determining the appropriateness of the transaction, Canine will consider whether:

- The value of the property has been substantiated by an independent appraisal.
- Any debt ration assumed with the property is less than 50% of the appraised market value.
- Canine will use the property, or there is a market for sale of the property allowing sale within 12 months of receipt.
- The costs to safeguard, insure, and expense the property (including property tax, if applicable) during the holding period have been determined

8. Life Insurance: Canine Companions must be named as both beneficiary and irrevocable owner of an insurance policy before a life insurance policy can be recorded as a gift. If the donor contributes future premium payments, Canine Companions 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, Canine Companions may:

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

Once the policy is accepted, life insurance holdings will be reviewed annually to

determine whether it is best to continue to pay the premiums, convert the policy to paid up insurance, surrender the policy for its current cash value, or change the underlying investment structure.

9. Charitable Gift Annuities: Canine Companions offers both current and deferred charitable gift annuities to its donors. The minimum funding amount is \$10,000. Canine Companions adheres to the rates set by the American Council on Gift Annuities. The minimum age for current life income beneficiaries of a gift annuity shall be 65, and the minimum age for a deferred charitable gift annuity is age 55. No more than two life income beneficiaries will be permitted for any gift annuity.

Annuity payments may be made on a monthly, quarterly, semi-annual, or annual schedule. Canine Companions will accept only cash or marketable securities for current annuities, and will consider real estate or closely held stock for deferred gift annuities with a deferral period of five years or more, with the approval of the Leadership Team.

10. Charitable Remainder Trusts: Canine Companions encourages its donors to name the organization as a remainder beneficiary of a charitable remainder trust and will work with its donors to structure such agreements. However, the organization will not serve as trustee of a charitable remainder trust and will instead encourage the donor to use a professional fiduciary.

11. Revocable Trust Agreements: Canine Companions encourages its donors to name the organization as a beneficiary of all or a portion of a revocable trust agreement. However, the organization will not serve as trustee of a revocable trust agreement and will instead encourage the donor to use a professional fiduciary.

12. Charitable Lead Trusts: Canine Companions may accept a designation as income beneficiary of a charitable lead trust. Canine Companions will not accept an appointment as Trustee of a charitable lead trust.

13. Retirement Plan Beneficiary Designations: Donors and supporters of Canine Companions will be encouraged to name Canine Companions as beneficiary of their retirement plans. Such designations will not be recorded as gifts to the organization until such time as the gift is irrevocable.

14. Bequests: Donors and supporters of Canine Companions will be encouraged to make bequests to Canine Companions under their wills and trusts. Such bequests will not be recorded as gifts to the organization until such time as the gift is irrevocable.

15. Life Insurance Beneficiary Designations: Donors and supporters of Canine Companions will be encouraged to name Canine Companions as beneficiary or contingent beneficiary of their life insurance policies. Such designations shall not be recorded as gifts to the organization until such time as the gift is irrevocable.

16. Intellectual Property Rights: Intellectual property rights, which include royalties, patents, copyrights, contract rights or other similar interests, will be examined in light of the following criteria:

- Is the intellectual property right related to the mission of Canine Companions?
- Can the ownership of the intellectual property right be clearly transferred or assigned to Canine?
- Is the intellectual property right a full or fractional interest? If fractional, who are the other owners of the property and percentage interests? Is the gift deductible to the donor under the IRS partial interest gift rules?
- Does the right in the intellectual property generate, or have the potential to generate, at least \$5,000 or more each year?
- Is there a market for the sale or licensing of the intellectual property right?
- Are there any costs associated with acceptance of the intellectual property right? (i.e., is the gift a patent application that will require further action to secure, are there any claims, liens or other contests associated with the property, or are there likely to be costs associated with defending the intellectual property right?)
- Are there any restrictions on the retention or use of the property?
- What agreements or other legal documents would Canine Companions be required to execute in order to obtain patents, market the property and grant licenses in the name of the organization?
- What is the incremental value the ownership of the intellectual property brings to Canine Companions?

VIII. **Miscellaneous**

- A. *Securing appraisals and legal fees for gifts to Canine Companions*: It will be the responsibility of the donor to secure an appraisal (where required) and the advice of independent legal, financial or other professional advisers as needed for all gifts made to Canine Companions.
- B. *Valuation of gifts for development purposes*: Canine Companions will record a gift received by Canine Companions at its valuation for gift purposes on the date of gift.

- C. *Responsibility for IRS Filings upon sale of gift items:* The Chief Financial Officer is responsible for filing IRS Form 8282 upon the sale or disposition of any non-marketable asset sold within three years of receipt by Canine Companions when the charitable deduction value of the item is more than \$5,000. Canine Companions must file this form within 125 days of the date of sale or disposition of the asset. Form 8282 with Filing Instructions is attached as Appendix C to these policies.

- D. *Acknowledgement of all gifts made to Canine Companions and compliance with the current IRS requirements in acknowledgement of such gifts is the responsibility of the Secretary/General Counsel of Canine Companions or his/her designee.* IRS Publication 561 Determining the Value of Donated Property and IRS Publication 526 Charitable Contributions provide excellent guidance and can be downloaded from www.irs.gov.

- E. *Disclosure provided for pooled funds.* Canine Companions will provide all appropriate disclosures as required by the Philanthropy Protection Act of 1995 for gifts contributed to pooled funds.

Adopted by: leadership team on TBC

National Board of Directors on TBC

Appendix A

[Model Standards of Practice of the Charitable Gift Planner](#)

Appendix B

[Donor Bill of Rights](#)

Appendix C

[IRS Form 8282](#)