

INSPIRING KIDS' PASSION FOR READING



## **BOOK TRUST GIFT ACCEPTANCE POLICY**

### **BOOK TRUST MISSION**

Book Trust's mission is to uniquely delivery choice and ownership of books to children from low-income families, increasing their literacy skills and fostering life-long learning.

### **PURPOSE OF BOOK TRUST GIFT POLICY**

The purpose of this gift acceptance policy is to give guidance and counsel to those individuals within Book Trust concerned with the planning, promotion, solicitation, receipt, acceptance, management, reporting, use, and disposition of private sector gifts.

These policies must be viewed as flexible and realistic in order to accommodate unpredictable situations as well as donor expectations, as long as such situations and expectations are consistent with Book Trust's mission and policies. Flexibility must be maintained since some gift situations will be complex and proper decisions can be made only after careful consideration of all related factors. These policies may, therefore, require that the merits of a particular gift be considered by the appropriate staff and/or committee of the board along with legal counsel and directors if necessary.

All fundraising activities and gift acceptance policies, and their day-to-day implementation, are designed and managed by the executive director in conjunction with the appropriate staff, and are subject to approval by the board.

The board and/or the finance committee and the executive director, is responsible for the gift acceptance policy. This responsibility cannot be delegated or waived. These policies and authorizations shall be reviewed by the finance committee on an annual basis or as circumstances warrant.

### **ACCOUNTABILITY**

At Book Trust we recognize on a daily basis that we are the respectfully chosen and trusted individuals to steward our donor's gifts. Our commitment to our valued stakeholders is that board and staff will be individually **accountable** and our organization will also be accountable agency-wide towards our stewardship for our donor's gifts. See Appendix A for *A Donor Bill of Rights*.

### **PHILANTHROPIC INTENT**

The board shall determine that gifts to Book Trust are evidence of philanthropic intent and that the donor's philanthropy is in accord with the stated mission and goals of Book Trust. The purpose is to prevent Book Trust from being an object of philanthropic intent for either designed or innocent avoidance of taxes, prejudiced purposes, or evaluation of gifts without generous, advanced, objective, experienced evaluation.

### **DONORS USE OF LEGAL COUNSEL**

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

Upon request, representatives of Book Trust may provide to the donor sample bequest language for restricted and unrestricted gifts to ensure that a bequest is properly designated. Book Trust may also provide, upon request, IRS-approved prototype trust agreements for review and consideration by the donor and his or her advisors. The sample nature of such language or agreements shall be clearly stated 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.

### **PROFESSIONAL FEES**

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

### **BOOK TRUST'S USE OF LEGAL COUNSEL**

Legal counsel retained by Book Trust shall, as required, review legal documents, contracts, and all donor agreements. Book Trust shall seek the advice of legal counsel in all matters pertaining to its planned giving program. All agreements shall follow the formats of the specimen agreements to be approved by legal counsel unless counsel has agreed in writing to a change for a specific agreement.

### **GIFT SOLICITATION**

The executive director of Book Trust and the board have the authority to solicit and/or accept gifts on behalf of Book Trust. All decisions to solicit and/or accept potentially controversial gifts will be made by the Executive Committee of the Board in consultation with the executive director. The primary consideration will be the impact of the gift on the organization.

Book Trust solicits gifts that are consistent with its mission and that support its core programs. Donations and other forms of support will be solicited from individuals, corporations, foundations, government agencies, or other entities.

### **TYPES OF GIFTS**

In the course of its regular fundraising activities, Book Trust will accept donations of money, real property, personal property, stock, and in-kind services.

Certain types of gifts must be reviewed prior to acceptance due to the special liabilities they may pose for Book Trust. Examples of gifts subject to review include: real property, tangible personal property, and life insurance.

Gifts generally accepted without review:

- 1) *Cash* (check, money order, credit card, or online)
- 2) *Marketable Securities*: Marketable securities may be transferred electronically to an account maintained at one or more brokerage firms or delivered physically with the

transferor's endorsement or signed stock power (with appropriate signature guarantees) attached. *See Stock/Marketable Securities Policy Below*

- 3) *Bequests and Beneficiary Designations under Revocable Trusts, Life Insurance Policies, Commercial Annuities, and Retirement Plans*: Donors are encouraged to make bequests to Book Trust under their wills, and to name Book Trust as the beneficiary under trusts, life insurance policies, commercial annuities and retirement plans.
- 4) *Charitable Remainder Trusts*: Book Trust will accept designation as a remainder beneficiary of charitable remainder trusts.
- 5) *Charitable Lead Trusts*. Book Trust will accept designation as an income beneficiary of charitable lead trusts.

### **GIFT ACCEPTANCE**

Book Trust 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.

When considering whether to solicit or accept gifts, the organization will consider the following factors:

- 1) *Core values*—whether the acceptance of the gift compromises any of the core values of Book Trust
- 2) *Compatibility of Cause*—whether there is compatibility between the intent of the donor and the organization's use of the gift
- 3) *Public Relations*—whether acceptance of the gift may damage the reputation of Book Trust
- 4) *Motivation*—whether there is clear charitable intent and commitment to the organization
- 5) *Primary Benefit*—whether the primary benefit is to Book Trust versus the donor
- 6) *Consistency*—is acceptance of the gift consistent with prior practice?
- 7) *Form of Gift*—Is the gift offered in a form that Book Trust can use without incurring substantial expense or difficulty?
- 8) *Effect on Future Giving*—Will the gift encourage or discourage future gifts?

Book Trust reserves the right to refuse any gift that is not consistent with its mission. In addition to and without limiting the generality of the gift policy, the following gifts will not be accepted by Book Trust:

- 1) Gifts that violate any federal, state, or local statute or ordinance
- 2) Gifts that are counter to or beyond the scope of the Book Trust mission
- 3) Gifts that contain unreasonable conditions (e.g., a lien or other encumbrance) or gifts of partial interest and property
- 4) Gifts that are financially unsound
- 5) Gifts that are intended, intentionally or unintentionally, to endorse a political candidate
- 6) Gifts that contain a condition that the proceeds will be spent by the organization for the personal benefit of a named individual or individuals
- 7) Gifts that require the organization and its administration to employ a specified person now or at a future date
- 8) Gifts that could expose the Book Trust to adverse publicity, litigation, or other liabilities
- 9) Gifts that involve unlawful discrimination based upon race, religion, gender, sexual orientation, age, national origin, color, disability or any other basis prohibited by federal, state, and local laws

## **RESTRICTIONS ON GIFTS**

Unrestricted gifts shall be encouraged unless 1) the donor indicates that he or she is only willing to make a restricted gift or 2) the option of a restricted gift will otherwise significantly increase the chances of obtaining a gift from the donor.

Book Trust will accept designated gifts only as those gifts are consistent with our purpose and our non-profit status. Without exception, all designated gifts accepted will be used per the requested designation.

## **ACCEPTANCE OF DONATED STOCK / MARKETABLE SECURITIES**

Whereas neither the members of the Book Trust National Governing Board, Regional Boards, nor its senior staff are professional investment portfolio managers, it is the policy of this organization to liquidate stock immediately upon receipt.

The possible transaction cost of this sale is considered small compared to the risk of loss that can be experienced with delay in the sale of the stock.

This policy should be communicated to the potential donor of the stock to ensure the donor will not be surprised or offended at the immediate liquidation of the gift.

An investment account will be maintained with a minimum balance of cash or stock as required to facilitate the donation of stock to Book Trust and liquidation of the stock. The maintenance of this account to accommodate these transactions is the responsibility of the executive director in conjunction with the finance committee of this organization.

The finance committee shall conduct an annual internal audit of Stock/Investment account transactions in collaboration with the treasurer to ensure accuracy of balances reported to the board. The committee will provide a brief summary report reflecting activities within the account and verifying the account balance.

Proceeds from the sale of the stock are considered unrestricted contributed income unless the donor has imposed a restriction as a condition of the gift in which case procedures for accounting for restricted contributions will be followed.

## **GIFT VALUATIONS**

Book Trust shall follow accepted guidelines for the valuation of gifts such as stock, real estate, personal property, and life insurance that require specific methods of valuation for the protection of both the donor and Book Trust.

Gifts of art, furniture, books, stamps, coins, and other collections must have values assessed by properly accredited independent appraisers retained by potential donors for appropriate gift tax credit. Book Trust shall acknowledge receipt of such properties but must not verify values.

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

Should Book Trust sell, exchange, or otherwise dispose of any gift (other than checks, cash, or publicly traded stocks or bonds), within two years after the date of the gift, Book Trust will furnish the Internal Revenue Service and the donor with a completed Form 8282.

## **CONFIDENTIALITY**

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 confidential by Book Trust 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 Book Trust is required by law to disclose the identity of donors.

## **STEWARDSHIP AND RESPONSIBILITY**

Book Trust will be responsible for good stewardship toward its donors by following these guidelines:

- 1) All gifts will be acknowledged within seven days of receipt of the gift in accordance with the federal tax law. Book Trust will sign any IRS form or other documents necessary for the donor to obtain a tax deduction for such gifts, so long as such acknowledgment does not entail valuing the gift.
- 2) All gift acknowledgment letters/receipts will be prepared by the executive director or his or her designee.
- 3) Gifts to Book Trust shall be reported in a manner consistent with the standards recommended by the Association of Fundraising Professionals (AFP) or the National Council on Planned Giving (NCPG).
- 4) Files, records, and mailing lists regarding all donors and donor prospects are maintained and controlled by Book Trust. Maximum use will be made of information and contacts that members of the board, various volunteer groups, or the staff have with potential donors. Written reports of interviews and solicitations will be maintained in the donor prospect file and/or computer.
- 5) This information is confidential and is strictly for the use of Book Trust board and staff. Use of this information shall be restricted to organization purposes only. Donor has the right to review his or her donor fund file(s).
- 6) Donors will be acknowledged by giving levels in an annual report and other publications unless a donor has requested that he or she remain anonymous. All requests for donor anonymity will be honored.
- 7) Names of donors will not be provided by Book Trust to other organizations, nor will any lists be sold or given to other organizations.

## **CONFLICT OF INTEREST**

The Book Trust board will assure itself that Book Trust personnel are circumspect in all dealings with donors in order to avoid even the appearance of any act of self-dealing. The board will consider a transaction in which the employee has a “material financial interest” with a donor an act of self-dealing. In reviewing self-dealing transactions, the board shall consider financial interest “material” to an employee if it is sufficient to create an appearance of a conflict. In each case, this will be a question of fact.

The board will examine all acts of self-dealing including, but not limited to prohibition against personal benefit. Those individuals who normally engage in the solicitation of gifts on behalf of Book Trust shall not personally benefit by way of commission, contract fees, salary, or other benefits from any donor in the performance of their duties on behalf of Book Trust. (The definition of individuals includes each of the categories of employees of Book Trust. Individuals are further defined to include associations, partnerships, corporations, or other enterprises in which a member of the staff holds a principal ownership interest.)

## **RELATED PARTY TRANSACTIONS**

Related-party transactions occur between two or more parties with interlinking relationships. As with conflicts of interest, these transactions should be disclosed to the governing board and evaluated to ensure the transaction is based on a sound economic basis that is in the best interest of the organization. The organization should pursue any related-party transactions that are clearly advantageous to the organization, but should avoid those that present conflicts of interest.

The organization shall undertake transactions with related parties only in the following situations:

1. The audited financial statements of the organization fully disclose material related-party transactions.
2. Related parties are excluded from the discussion and approval of related-party transactions.
3. There are competitive bids or comparable valuations.
4. The organization's board approves the transaction as one that is in the best interest of the organization.

## **CONFORMITY TO FEDERAL AND STATE LAWS**

The board will assure itself that fundraising activities comply with local, state, and federal laws.

Adopted by vote of the Book Trust National Governing Board of Directors:

Date \_\_\_\_\_

Signature: \_\_\_\_\_  
Chair, Book Trust

Signature: \_\_\_\_\_  
Secretary, Book Trust

## Appendix A

# A Donor Bill of Rights

**PHILANTHROPY** is based on voluntary action for the common good. It is a tradition of giving and sharing that is primary to the quality of life. To assure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in the not-for-profit organizations and causes they are asked to support, we declare that all donors have these rights:

### I.

*To be informed of the organization's mission, of the way the organization intends to use donated resources, and of its capacity to use donations effectively for their intended purposes.*

### II.

*To be informed of the identity of those serving on the organization's governing board, and to expect the board to exercise prudent judgement in its stewardship responsibilities.*

### III.

*To have access to the organization's most recent financial statements.*

### IV.

*To be assured their gifts will be used for the purposes for which they were given.*

### V.

*To receive appropriate acknowledgement and recognition.*

### VI.

*To be assured that information about their donations is handled with respect and with confidentiality to the extent provided by law.*

### VII.

*To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature.*

### VIII.

*To be informed whether those seeking donations are volunteers, employees of the organization or hired solicitors.*

### IX.

*To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share.*

### X.

*To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.*

#### DEVELOPED BY

American Association of Fund Raising Counsel (AAFRC)  
Association for Healthcare Philanthropy (AHP)  
Council for Advancement and Support of Education (CASE)

Association of Fundraising Professionals (AFP)

#### ENDORSED BY

Independent Sector  
National Catholic Development Conference (NCDC)  
National Committee on Planned Giving (NCPG)  
Council for Resource Development (CRD)  
United Way of America

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