

**CASA ESPERANZA, INC
and
CASA ESPERANZA ENDOWMENT FOUNDATION, INC.**

GIFT ACCEPTANCE POLICIES

**Approved by the Casa Esperanza, Inc & Casa Esperanza Endowment Foundation
Board of Directors on October 27, 2011.**

For purposes of this document, Casa Esperanza, Inc. and Casa Esperanza Endowment Foundation will be referred to as “the Agency.” All gifts are subject to the approval of the Board of Directors. The Board reserves the right to accept or reject any gift as they may deem appropriate.

I. GIFT TYPES

- **Gifts of Cash:** Gifts of cash generally will be accepted unless the Board of Directors determine that:
 - The gift is inconsistent with the policy related to restricted gifts.
 - Acceptance of the gift may be perceived as a conflict of interest.
 - Acceptance of the gift may cause embarrassment to the Agency.
 - The Agency cannot meet the guidelines related to the restriction placed on the gift or for the recognition requested.

- **Gifts of Cash Restricted:** All private gifts of cash \$5000 and above will be acknowledged with a letter of understanding to be signed by both the donor and the CEO of the Agency. If the gift is for general and unrestricted purposes, the letter shall so state. If the gift is for restricted purposes, the letter will state all terms and conditions of the gift and will be signed by both the donor and CEO of the Agency. In cases of grants, there is generally such an understanding signed as part of the grant proposal process, and these expectations will be fully carried out by the Agency.

- **Gifts of Grants:** All grants of any amount will be acknowledged with a commitment letter upon receipt of gift. A grant fulfillment report will be submitted to grantor at the end of granting period.

- **Gifts of Securities:** Gifts of readily marketable securities will be accepted by the Agency, subject to the guidelines for cash gifts as state above.
 - The Agency will govern the disposition of securities and will make all decisions regarding the sale or retention of securities.
 - The Agency will relocate the securities custody from the donor (or his broker) to that of the Agency. If the securities are to be mailed, the stock

certificates will be mailed separately from the signed stock power with signature guarantee.

- The amount of the donation of the securities will be determined by taking the mean between the high and low quotes on the date of receipt of the gift, multiplied by the number of shares tendered.
- Gifts of securities which are not readily marketable will be accepted under the following conditions:
 - Securities will be carried at value as long as audited financial statements are provided to the Agency to substantiate the value.
 - In the absence of financial information which would enable determination of the book value, gifts of closely held corporate stock will be carried on the Agency's books at one dollar (\$1.00) per share.
 - Gifts of bonds which require a long holding period will be accepted and cashed when the holding period has expired.
- Gifts of securities which will not be accepted include:
 - Securities which are assessable or which could in any way create a liability to the Agency.
 - Securities which by their nature may not be assigned, such as Series E savings bonds. However, such bonds are acceptable as part of an estate gift.
 - Securities which have no apparent value.
- **Gifts of Tangible Personal Property (gifts in-kind)**
 - General Rules:
 - If current law unfavorably views gifts of tangible personal property for an unrelated use, donors should be advised that the Agency is unable to put such gifts to a related use.
 - The establishment of value is the responsibility of the donor. If the value is over \$5000, the donor must have a qualified appraisal, with the appraisal summary on the back of IRS Form 8283 completed and signed by both the appraiser and the Agency. If the Agency sells the item(s) within two (2) years, the Agency must file IRS Form 8282, informing the donor and the IRS of the amount for which the item(s) were sold.
 - All gifts of art will accepted by the following process:
 - The decision whether or not the art is put to a related Agency use rests solely with the Agency.
 - If the art is to be retained by the Agency, gift will be entered into the Agency's books at the artist's or the donor's declared value.
 - If the art is to be sold, the gift will be entered into the Agency's books at the time of sale and valued at the price for which it was sold.
 - Gifts of Automobiles and Other Vehicles:
 - All automobiles and other motor vehicles will be donated through the Agency's Donation Program and will be placed on Agency books at the price for which the vehicle was sold. For tax

purposes, donors will be provided with letters of receipt with sales information included.

- Gifts of miscellaneous personal property:
 - Items will be taken under consideration by the Agency prior to determination of gift acceptance. Such consideration will include: transportation costs, storage costs, selling/marketing costs, maintenance and/or repair costs, and item's usefulness to the Agency.
 - Items of miscellaneous personal property will be accepted if they are determined to be useful to the Agency or can be easily sold.
- **Gifts of Real Property:** All gifts of real property will be considered for acceptance by the Agency's Board of Directors after a property analysis has been completed by the Agency as follows:
 - A representative appointed by the organization will personally inspect the property to:
 - Assess the character of the property in relationship to the surrounding properties.
 - Evaluate the physical condition of the property and to what extent maintenance and repairs may be required;
 - Observe any apparent hazards or other liabilities, including any apparent environmental hazards.
 - Ascertain whether or not the property is readily salable.
 - Ensure that any outstanding property taxes are paid in full.
 - The establishment of value is the responsibility of the donor. If the value is more than \$5000, a professional appraisal, generally paid for by the donor, is to be made of the property. The appraisal summary on the back of IRS Form 8283 must be completed and signed by the appraiser and by the Agency. If the Agency sells the property within two (2) years, the Agency must file IRS Form 8282 informing the donor and the IRS of the sale amount.
 - The Agency will review and analyze any debt encumbrance on any potential donation of real property prior to the acceptance of same.
 - The following items must be obtained by the Agency to assist in preparation of property analysis:
 - Deed showing how property is vested.
 - The most recent property tax bill showing assessed value of land and improvements as well as tax valuation.
 - Any association agreements showing any assessment fees which may be due.
 - Preliminary title report listing any conditions, easements, covenants and restrictions on the property, such as liens, encumbrances, such as back taxes, and property use.

- Any existing rental or lease agreements.
 - Any existing notes or mortgages.
 - If applicable, a Phase I environmental impact report purchased by the donor and, if necessary, a Phase II report.
 - If applicable, an engineer's report and/or seismic report.
 - Any existing notices of liability and/or violations of state, county or city codes.
 - Any other pertinent information which will affect the value of marketability of the property in question.
- A current real estate market analysis should be obtained by the Agency, and should the analysis indicate a significantly lower value than the appraisal or donor expectations, the analysis will be reviewed with the donor. Donors must always be advised to seek their own counsel to review terms of the donation.
- Gifts of commercial properties and businesses will be evaluated not only on the basis of property tax and mortgage liabilities, but will also taken the following into consideration:
 - The Agency may collect rents, but may not operate a business which may result in taxable unrelated business income unless authorized to do so by the Agency's Board of Directors.
 - The Agency, as a 501(c)(3) organization, receives no tax benefit from depreciation.
- Upon acceptance of the gift of real property, the Agency will:
 - Ensure that property is correctly registered with the appropriate county governmental agency and that property taxes are current.
 - Determine if the property is to be held or sold, except in cases where the Agency is not the trustee or owner.
 - If property is to be held, the Agency's Board of Directors will determine the necessity of appointing a professional individual or firm to make decisions relating to the property, including financial decisions, contracts, expenditures and fund investments.
- If the property is to be sold, the Agency will:
 - List the property with an experienced broker licensed to operate in the area where property is located.
 - List the property at a fair market value.
 - List the property for a reasonable amount of time.
 - Have total discretion regarding when and at what price the property will be sold unless a separate agreement has been made with the donor.

II. DEFERRED AGREEMENTS AND CONTRACTS

- **Irrevocable Annuities, Gift Annuities and Trusts**
 - The Agency has a legal right to the remainder interests or a portion thereof of all irrevocable annuities and trusts in which it is named, regardless of who serves as trustee.

- **Revocable Agreements**
 - Revocable agreements will be counted for asset purposes at ninety percent (90%) of face value, but only if there is a signed document from the donor on file at the Agency.

- **Life Insurance**
 - Only those life insurance policies in which Casa Esperanza, Inc. or Casa Esperanza Endowment Foundation, Inc. is named the irrevocable owner and beneficiary will be accepted, and policies will be kept on file at the Agency.
 - The surrender value and any premiums paid by the donor will be recorded as income from fundraising and as an asset on the Agency's balance sheet.

- **Remainder Trusts**
 - The fair market value in charitable remainder trusts, life estate agreements and pooled income funds will be recorded both on Agency balance sheets and in the summary of anticipated future income.

III. DONOR RECOGNITION

- Casa Esperanza will maintain donor recognition for various levels of giving.
- All gifts to the Agency will be acknowledged within two weeks of receipt of the gift. Gifts to the Vehicle Donation Program will be acknowledged within one week of notification of sale of vehicle.
- Confidentiality and anonymity when requested will be honored.

IV. SOURCES OF DONATIONS

- The Agency will accept gifts from any legitimately operated organization or business which provides services and/or products which are legal to provide, produce and/or sell.
- Questionable sources of resources from any business, corporation, foundation and/or individual will be brought to the Agency Board of Directors by the CEO for discussion and decision of acceptance.

V. ACCEPTANCE AUTHORITY

- In all matters of gift acceptance, the Agency's Board of Directors will serve as the final authority.