

YMCA of Greater Birmingham
POLICY AND PROCEDURE MANUAL

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Policy Written: June 2023 Reference: COA Revised: Approved:

POLICY

The YMCA of Greater Birmingham (YMCA), a nonprofit corporation organized under the laws of the State of Alabama, encourages and accepts gifts for purposes that will further our mission. Acceptance of charitable gifts by the YMCA shall conform to the recognized standards (see attachment 1) and Generally Accepted Accounting Principles.

TITLE I. GENERAL

A. Mission

The mission of the YMCA is "To put Judeo-Christian principles into practice through programs that build healthy spirit, mind, and body for all."

B. Gift Acceptance

Except when this policy indicates otherwise, gift acceptance is the responsibility of the President and Chief Executive Officer of the YMCA (CEO) and his or her designees. Reception of a gift by staff or volunteers of the YMCA does not necessarily constitute acceptance of that gift if the gift falls outside the parameters and requirements of these guidelines. Gifts not routinely encountered in the course of fundraising are subject to due diligence before determinations of acceptance will be made. This policy applies to all annual, current, or deferred gifts offered, made, received, and accepted by any branch, facility, department, division, program, or service of the YMCA.

C. Responsibility to Donors

1. General. The YMCA, its staff, and its representatives shall assist donors in making gifts within the policies and guidelines of the organization.
2. Confidentiality. The YMCA holds all communications with donors and information concerning donors, their gifts, and prospective donors in strict confidence, subject to legally authorized and enforceable requests for information by government agencies and courts. All other requests for or release of information concerning a donor or a prospective donor will be granted only if permission is granted by the donor or prospective donor.
3. Anonymity. The YMCA shall respect donor requests for anonymity and will take reasonable steps to safeguard donor identity.

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4. Conflict of Interest. The YMCA does not provide personal legal, financial, or other professional advice to donors or prospective donors. Donors and prospective donors are urged to seek the assistance of independent professional advisors in matters relating to their gifts and the resulting tax and estate planning consequences.

D. Accounting, Valuation, and Recognition

Accounting and reporting of charitable gifts, whether tangible or intangible, shall be in accordance with Generally Accepted Accounting Principles (GAAP).

Valuation of charitable gifts shall be in accordance with the published guidelines of the Partnership for Philanthropic Planning.

Donor Recognition is beyond the scope of this policy and may vary from accounting and valuation standards. Separate procedures and guidelines may be established for donor recognition.

E. Costs Associated With Gifts

Costs associated with a gift will normally be the responsibility of the donor as a part of making the gift. Such costs may include, but are not limited to appraisals, taxes due, storage, maintenance, and transfer expenses. Donors should consult with a financial professional regarding the tax consequences and deduction of such costs.

F. Use of Legal Counsel

The YMCA does not provide legal, accounting, or tax advice. Donors shall be advised to consult with attorneys or professional tax advisors. The YMCA may consult with legal counsel in matters pertaining to the acceptance of gifts. In general, the YMCA shall request that a donor pay for legal fees related to a gift from the donor. The YMCA shall generally engage counsel for gifts of: (a) real property, (b) closely-held stock, (c) any property subject to buy-sell agreements or other transfer restrictions, and (d) any property which if accepted would require the YMCA to become party to an agreement or incur legal or fiduciary obligations.

G. Ethics

Unless specifically authorized otherwise by this policy, the YMCA guidelines, procedures, and agreements for the acceptance of gifts shall adhere to the principles outlined in:

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1. The Donor Bill of Rights developed by the Association of Fundraising Professionals (AFP), Association of Healthcare Philanthropy (AHP), Council for Advancement and Support of Education (CASE), and the Giving Institute (Appendix 1)
2. The AFP Code of Ethical Principles and Standards (Appendix 1)
3. Model Standards of Practice for Charitable Gift Planners developed by the National Association of Charitable Gift Planners (Appendix 1)

H. Gifts with Restrictions or Designations

1. Unrestricted Gifts. Donors will be encouraged to make unrestricted gifts to the YMCA to provide maximum flexibility in allocating resources and funding programs for the community. The YMCA will not accept gifts that are inconsistent with its mission, purpose, or are judged too difficult to administer.
2. Restricted and Designated Gifts. The YMCA may accept current and annual gifts with restrictions or designations with the approval of the President and CEO. No gift shall be accepted which creates a financial or administrative burden, impairs the YMCA's ability to define and pursue its mission, requires illegal or unethical acts, hinders governance or administration, or compromises the YMCA's tax-exempt status.
3. Restrictions on Planned Gifts. The YMCA retains the right to disclaim distributions from matured planned gifts. Planned Gifts with restrictions or designations will be accepted and administered in accordance with donor agreements, the YMCA Endowment Policy, and the Uniform Prudent Management of Institutional Funds Act (UPMIFA).

TITLE II. OUTRIGHT GIFTS

An outright gift is a voluntary transfer of value to the YMCA in the form of cash, securities or property without receipt of consideration or economic benefit by the donor in return for making the gift. Such gifts are placed at the immediate disposal of the YMCA and may be either restricted or unrestricted in purpose; however, once the gift is accepted, the donor has no direct decision-making power regarding the gift. Most types of property may be donated to the YMCA as outright gifts, although gifts other than cash and publicly traded securities must comply with the provisions and guidelines set out in applicable policies and procedures.

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A. Gifts of Cash and Marketable Securities

Immediate, completed charitable gifts of the type and nature described below will be accepted in the course of regular business by the YMCA.

1. Cash. Cash is acceptable in the form of U.S. currency, money orders, checks, credit card transaction, or fund transfer. Checks should be made payable to "The YMCA of Greater Birmingham." Foreign currency should be converted to U.S. currency prior to donation.
2. Publicly Traded Securities. Securities regularly traded on a public stock exchange should be transferred to the YMCA's local brokerage account. Marketable securities certificates may be delivered physically to the YMCA offices in accordance with IRS regulations. As a general rule, all marketable securities will be sold upon receipt. When otherwise marketable securities are restricted by applicable law, final determination of the acceptance of a specific gift of such securities shall be the responsibility of the CEO. Gifts of options, contracts, futures, and other alternative investments require CEO approval prior to acceptance.
3. Closely Held Securities. Acceptance of closely held securities, which include debt and equity positions in non-publicly traded companies and interests in partnerships, limited liability companies, and similar entities, must be approved by the CEO.
4. Quid Pro Quo Contributions. Payments made to the YMCA partly as a charitable gift and partly in consideration for goods and services provided as part of an event, sale, auction or similar activity will constitute a *quid pro quo* contribution subject to the provisions of U.S. tax law. The charitable gift amount of a *quid pro quo* contribution may not be counted in fulfillment of an individual annual pledge or as part of a matched contribution. YMCA events or other activities subject to *quid pro quo* requirements must be approved in advance by the CEO.
5. Donor Advised Funds, Pooled Income Funds and Private Foundations. Gifts will be accepted from Donor Advised Funds, Pooled Income Funds, and Private Foundations in accordance with the requirements of U.S. tax law and the sponsoring organization. The YMCA does not serve as a sponsoring or administering organization for Donor Advised Funds, Private Foundations, or Pooled Income Funds.

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B. Gifts of Tangible and Intangible Property and Services

Gifts of tangible and intangible property may be accepted following due diligence to determine if:

1. The property will further the mission and purposes of the YMCA.
2. The property is readily marketable.
3. There are any restrictions on the use, display, or sale of the property.
4. There are carrying costs, adverse legal consequences, or potential liabilities associated with ownership of the property.

Gifts that may obligate the YMCA to perpetual ownership shall be accepted only with the approval of the Board of Directors.

1. Tangible Personal Property (TPP). TPP is corporeal, moveable property as distinguished from real (immovable) property and includes but is not limited to art, collectibles, vehicles, boats, computer hardware, and office equipment. Gifts with values greater than \$5,000 shall be reported at the value determined by a qualified, independent appraiser as defined by the Internal Revenue Service (IRS). In accordance with IRS guidelines, the donor is responsible for obtaining a qualified independent appraisal and submitting a copy of IRS Form 8283 to the YMCA with a copy of the appraisal. Gifts with a value of \$5,000 or less shall be reported in accordance with Title I. paragraph D. (page 2) above and in compliance with any applicable IRS guidelines.
2. Intangible Personal Property. Intangible Personal Property is incorporeal property with value derived from its intellectual content or other intangible properties. It includes, but is not limited to:
 - a. Computer software
 - b. Patents, inventions, and processes
 - c. Copyrights and literary, musical, or artistic compositions
 - d. Trademarks, trade names, or brand names
 - e. Franchises, licenses or contracts

Due to the unique nature of Intangible Personal Property, due diligence and CEO approval will always be required before acceptance of a gift, unless such property is specifically covered by another provision of this policy (i.e. gifts of stock).

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3. Contributed Services. The YMCA gratefully acknowledges the many hours of volunteer time and support given by individuals and corporations. Based on FASB guidelines and IRS regulations, contributed services are not considered charitable contributions and the YMCA does not assign a monetary value to contributed services.
4. Gifts-in-Kind. Based on FASB guidelines and IRS regulations, the following types of in-kind contributions are not considered charitable contributions and the YMCA does not assign a value to these intangible gifts: limited and temporary use of real property, discounts on purchases, and costs of appraisal.

C. Gifts of Real Property

The YMCA welcomes charitable gifts of real estate (immovable property) consistent with our overall mission and purpose and in keeping with these guidelines and procedures. Gifts of real property typically require more consideration and planning than other gifts and the following guidelines and procedures are intended to protect the interests of both the donor and the YMCA.

Each gift of real property is unique and the decision to accept the property is the responsibility of the Board of Directors. This decision process will require sufficient time for reasonable due diligence. Criteria for accepting real property shall include, but not be limited to:

- a. Is the property useful for the purposes of the YMCA?
- b. Is the property marketable with a reasonable expectation of sale within one year?
- c. Are there restrictions, reservations, easements, or other limitations associated with the property?
- d. Is there environmental damage or contamination that could subject the YMCA to liability claims?

The YMCA cannot offer financial, legal, or tax advice to donors, and the information and procedures contained in these policies and attachments should be reviewed with a donor's financial and legal advisors.

1. Property Review. An initial visit to the property will be conducted by the YMCA Financial Development Officer to determine if the gift of property should be recommended for acceptance. A Property Inspection Report (Appendix II) will be completed and forwarded to the YMCA CEO and

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Chief Financial Officer (CFO). The CEO and CFO will together make a recommendation to proceed.

2. Required Information. Because legal restrictions may limit the ability of the YMCA to own or sell a parcel of real estate, relevant information will be reviewed before a decision to accept a gift of real property is made. Documents required for review include, but are not limited to:
 - a. A copy of the current deed to the property.
 - b. A copy of a current real estate appraisal by a qualified real estate appraiser.
 - c. Copies of the current property tax statements and in force insurance policies.
 - d. A recent title search and commitment.
 - e. An Environmental Survey (Appendix II) completed by the appraiser or an environmental engineer. A minimum of a Phase I Environmental Audit will be required for donations of real property used, at any time, for commercial or industrial purposes. The YMCA retains the right to require an environmental audit for residential property. The cost of a survey or audit is the responsibility of the donor.

3. Other Considerations.
 - a. Generally, property should be located in the YMCA service area or contiguous counties to facilitate the inspection and management of the property
 - b. The YMCA normally will not accept gifts of real property encumbered by a mortgage or other liens.
 - c. Expenses incurred in the acceptance and liquidation of a real estate gift shall be the responsibility of the donor and may include but are not limited to association fees, documentary stamps, surveys, termite inspections, structural inspection of buildings, inspections of all utilities, commissions, appraisal fees, title work, a title binder, closing costs, legal fees, property taxes, insurance, environmental assessments, and maintenance costs.
 - d. Donated properties must be in material compliance with all applicable zoning, land use, building and health codes, and other laws, rules, and regulations, and where appropriate, a certificate of occupancy must be provided for improved properties.

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- e. The donor may be required to indemnify the YMCA against any liabilities associated with the property.
 - f. A title binder shall be obtained by the YMCA prior to the acceptance of a gift of real property. Subsequent to the transfer, the donor shall provide the YMCA with a title policy. The cost of this title binder and policy shall be the responsibility of the donor. The acceptance of a gift of real property is conditioned upon title acceptable to the YMCA.
 - g. The YMCA encourages donors to consult with their personal legal and financial advisors about the legal and tax requirements of donating real property.
4. Sale and Disposition. Gifts of real property will normally be marketed and sold immediately. The YMCA reserves the right to make exceptions in specific situations.
5. Bargain Sales and Retained Interest. Gifts of real property with a retained life estate or elements of a bargain sale will be considered on a case by case basis and are subject to the same policies governing acceptance of all other gifts. With gifts of real property with a retained interest, where the donor or other persons continue to occupy the property, all expenses for maintenance, taxes, insurance, and property indebtedness shall remain the responsibility of the donor or the donor's estate.
6. Time Share Interests. The YMCA does not accept Time Share interests of any kind.

TITLE III. DEFERRED GIFTS

A deferred gift involves the irrevocable transfer of an asset to the YMCA at a future date by pledge, agreement, or written notification of intent. Current tax laws allow several planning alternatives for deferred gifts and the YMCA urges all prospective donors to consult with a legal or financial advisor regarding the tax and estate planning impact of deferred gifts. Unless specifically designated otherwise, deferred gifts are allocated to the YMCA Endowment Fund upon receipt from the donor or the respective estate.

A. Expectancies

An expectancy is established when a commitment to the YMCA is made by bequest, estate plan, or other deferred gift with a value to be realized in the future. The expectancy shall be the future value of the gift when known or as determined using the Valuation Standards for Charitable Planned Gifts

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from the National Association of Charitable Gift Planners. If the future value of the gift is not known, the expectancy shall be \$1,000.

Expectancies shall be established only when a commitment is received in writing from the donor. Expectancies shall not be established for gifts when the YMCA is named as a contingent beneficiary.

B. Testamentary and Estate Gifts

1. Bequests. Unrestricted bequests of any size will be accepted so long as such bequests will support and further the mission and purpose of the organization. Restricted bequests will be accepted in accordance with approval of Trustees and Board Policy. A bequest may be for a specific amount, a percentage of the estate, or for the residuum. The YMCA retains the right to disclaim a bequest should receipt not be in accordance with the policies and procedures of the YMCA. All bequest shall be considered gifts to the endowment fund unless specifically designated to a branch/Association annual campaign. All gifts in memoriam will be considered gifts to the current year branch/Association annual campaign unless specifically designated to go to the endowment fund.

The legal name of the organization for the purpose of a bequest is "The Young Men's Christian Association of Birmingham, Inc."

2. Beneficiary Designations. Gifts that result from the YMCA being named as a beneficiary of a retirement plan, life insurance policy (see also paragraph D below), or other estate planning vehicle will be accepted if in keeping with the YMCA mission and purpose. The YMCA retains the right to disclaim a beneficiary designation.

C. Life Income Agreements

1. Trusts. The YMCA encourages its donors to name the organization as an income or remainder beneficiary of a trust. The YMCA cannot accept appointment as Trustee of a trust and encourages donors to consult with a professional fiduciary.
2. Charitable Gift Annuities. The YMCA will not offer Charitable Gift Annuities (CGA).

D. Life Insurance Policies

The YMCA gratefully accepts gifts of life insurance policies in accordance with

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requirements outlined below. Life insurance gifts will be allocated to the Endowment Fund and may not be designated or restricted.

No insurance companies or agents are endorsed by the YMCA for use in funding gifts.

The YMCA retains the right to administer owned life insurance policies in the best interest of the organization to include, but not limited to, conversion and/or surrender of a policy for its current cash value in order to preserve the integrity of the original gift value.

Life insurance policies owned by the YMCA or the rights as a beneficiary will not be sold or transferred to a 3rd party or as part of a viatical agreement.

There are 3 ways to make a life insurance gift to the YMCA.

1. Beneficiary of a Policy. The YMCA will accept assignment as the primary beneficiary of a life insurance policy owned by the donor in accordance with applicable guidelines and procedures.
2. Gift of an Existing Policy. The irrevocable transfer of ownership of a life insurance policy to the YMCA constitutes a completed gift subject to the following:
 - a. The policy is wholly owned by the YMCA with no incidents of ownership retained by the donor.
 - b. The policy should be fully paid-up. The CEO may accept the gift of a life insurance policy with premiums remaining if the donor agrees to make charitable contributions to the YMCA equal to the outstanding premiums.
 - i. "Fully paid up" indicates that sufficient payments on the insurance policy have been made to guarantee or endow a minimum of the face value of the policy.
 - c. There can be no loans outstanding against the policy.
3. Gift of a New Policy. The irrevocable gift of a new life insurance policy to the YMCA is an excellent means of leveraging a charitable gift. The donor will use their personal insurance agent.

In order to preserve the integrity of the life insurance policy and the intent of the donor, the following guidelines are required for acceptance as a gift of all life insurance policies:

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- a. Any combination of policy vehicles or products may be utilized and may be composed exclusively or in an approved combination of Whole Life, Term Life, and Universal Life policies. Term Life policies may only be used in combination with a Whole Life policy. Variable Universal Life policies may not be utilized.
- b. The policy shall be wholly owned by the YMCA with no incidents of ownership retained by the donor.
- c. Policies shall be issued by an insurance carrier with a Moody's rating of A2 or higher.
- d. Policies must be structured so that all premiums required to guarantee or endow the death benefit are paid on an annual basis for up to 5 years (7 years with CEO approval).
- e. Premium illustrations should include a guaranteed return illustration.
- f. The donor will make annual contributions to THE YMCA in the amount of the premium. The YMCA will pay the premium to the insurance carrier.

TITLE IV. PLEDGES AND MATCHES

Pledges are governed by the practices and guidelines in place for the particular gift or program. These guidelines are general in scope and may be altered by the policies, procedures, and guidelines governing a specific type of gift or a specific campaign.

A. Pledges

For the purposes of this document, a pledge is a written notification of intent to make a gift to the YMCA.

1. Pledges must be documented by a pledge card, letter of intent, donor agreement or other form approved by the CDO and CEO.
2. Unless a longer period of time is approved by the CEO, pledges will specify the installments in which the gift is to be paid over a period not to exceed five (5) years.
3. Statements for pledge contributions due will be sent to donors at appropriate intervals consistent with the pledge.
4. Gifts-in-kind, Memorials and Honorariums, *quid pro quo* gifts, contributed services, and gifts without a recognized value cannot satisfy a pledge or serve as a payment toward a pledge.

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TITLE V. CORPORATE CONTRIBUTIONS AND SPONSORSHIPS

Corporate contributions and sponsorships are important sources of funding. Concerns often arise that accepting corporate funds may give the appearance of or actually compromise the ethical integrity of an organization. This policy safeguards against such compromises by clarifying for both potential sponsors and the community at large the requisite criteria used by the YMCA in soliciting and accepting corporate funding.

A. Eligibility

The YMCA will gratefully accept monetary or in-kind donations from any business entity ("Corporation") that meets the following eligibility criteria:

1. The Corporation is not engaged in business activities that conflict in whole or in part with the mission and/or goals of the YMCA or any of its specific programs.
2. The Corporation has not attempted to manipulate or influence the activities, policies, mission, and/or goals of the YMCA or any of its specific programs.
3. The Corporation's donation is unrestricted, i.e., no conditions or requirements are being proposed by the Corporation that must be satisfied by the YMCA to secure the donation. This does not preclude a Corporation from making a donation that is earmarked for a specific purpose or program activity.
4. A promise of a gift is not to be included in a contract from a vendor. All contracts and gift agreements must be separate documents.

B. Conflict of Interest

In addition to the aforementioned eligibility criteria, potential conflicts of interest will be avoided by adherence to the following requisite criteria for all corporate donations.

Donations will not be accepted in exchange for a position on the Board of Directors or any committee of the YMCA, nor will the YMCA solicit funds in exchange for a position on the Board of Directors or any committee of the YMCA.

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1. Board members affiliated with a Corporation will recuse themselves from any Board vote related to the YMCA's relationship with that Corporation.
2. Board members and persons in key staff positions in the YMCA may not have a financial relationship with a potential corporate sponsor such that their personal financial interests and the financial interests of the YMCA or its programs may be perceived to be or may actually be in conflict. Serious financial conflicts of interest as described herein must be resolved before the YMCA may accept a donation from a corporate sponsor with which a conflict exists.

C. Open Disclosure

The YMCA will provide a copy of this policy to any individual or organization that requests it.