



American Orchid Society
Education. Conservation. Research.

GIFT ACCEPTANCE: POLICY AND PROCEDURES

SUMMARY

The AOS gift acceptance policy sets out the conditions under which the Society accepts or rejects gifts, and sets out guidelines under which the gifts may be managed for the benefit of the Society's mission and purposes. This policy is intended to guide the AOS professional staff, Officers and Trustees on matters of gift acceptance.

1.0 AUTHORITY

Bylaws 8.3 The Board shall be authorized to accept or refuse any deeds, securities, mortgages, bequests, or gifts of any kind or nature on behalf of the Society and in furtherance of any or all of the objects of the Society in concurrence with the established gift acceptance policy of the Society.

2.0 TYPES OF GIFTS ACCEPTED

2.1 The AOS encourages and solicits gifts that can be used to further the mission and purpose of the AOS and which will not pose financial or other liabilities to the organization.

2.2 The AOS accepts contributions of cash, publicly traded securities, personal and real property, either as outright gifts or through planned gift vehicles that are acceptable under United States IRS guidelines. Planned gift vehicles include bequests, life insurance policies, charitable gift annuities, charitable remainder trusts, gifts of residual interest, and gifts of retirement benefits. Gifts of in-kind services will be accepted at the discretion of the AOS.

2.3 Certain gifts such as those listed below and contributions whose sources are not transparent or whose use is restricted in some way will be reviewed prior to acceptance due to the special obligations raised/required or the liabilities they may pose for the AOS.

The following are examples and are not inclusive:

- Gifts of real property,
- Personal property such as paintings, books, sculpture, furniture, or other works of art, or collections of such, especially if made on conditions or expectation that the Items will be permanently exhibited, or collections maintained etc.,
- In-kind gifts,
- Publicly traded securities, gifts of closely-held securities, promissory notes, partnership interests, stock options, or other negotiable instruments,
- Bequests, life insurance, reinsured gift annuities, gifts of retirement benefits,
- Gifts that, because of their unusual nature, present questions as to whether they are within the role and scope of the AOS,
- Gifts that, because of their size and nature, present questions as to the impact on the AOS, e.g. require maintenance, storage space etc.,
- Gifts that present the potential for an obligation on the AOS under local, state, or federal law that the organization may be unwilling or unable to assume,
- Contributions whose sources are not transparent or whose use is restricted due to the special obligations and potential liabilities they pose to the AOS.

2.4 In approving gifts, consideration will be given to the size of the gift, its impact on the AOS, and the financial and other liabilities to the AOS raised by the gift. Case by case decisions will not be considered as setting precedent for the next occasion.

2.5 The AOS will not put a value on donor gifts. This will be done by the donor prior to offering it to the AOS. Any costs, such as appraisal fees, will be borne by the donor. The AOS reserves the right to secure and rely on its own appraisal. In cases involving real estate and other complex matters, the AOS advises the donor obtain legal counsel to determine the approach to be taken.

3.0 AOS RESPONSIBILITIES TO DONORS

3.1 The American Orchid Society will provide acknowledgement to donors of cash receipts as well as receipts to donors meeting IRS substantiation requirements for goods and real estate received as gifts. However, except for gifts of cash and publically traded securities, no value shall be ascribed to any receipt or other form of substantiation of a gift received by the AOS.

3.2 The AOS will respect the intent of the donor relating to gifts accepted for restricted purposes.

3.3 The AOS will respect requests by donors to remain anonymous, restricting this information to only those administrative staff with a need to know and appropriate IRS regulations.

3.4 In all matters involving the donor, the interest and well being of the donor must take priority. In cases of potential conflict of interest those acting on behalf of the AOS must declare a conflict and allow an impartial individual to act for the organization.

3.5 All professional staff, volunteers and members of the Board will conduct themselves in accordance with accepted professional standards of accuracy, truth and integrity. They will inform, serve, guide, and otherwise assist donors who wish to support the AOS's activities but not pressure or unduly persuade.

3.6 All donors can choose to have their gift fully expended (i.e. used) or endowed (i.e. become a permanently restricted asset), and can direct their gift to a specific program or project. The proposed use of the gift may affect whether it can be expended or endowed. On rare occasions, a gift may be declined as a result of the restrictions on the gift.

4.0 ASSET MANAGEMENT

4.1 All financial assets held by the AOS are invested in accordance with policies established and approved by the Board. For other gifts the AOS assumes a duty of care. However, once a donation is made the AOS reserves the right to manage that asset as it sees fit (while respecting the conditions of restriction, if any were put in place.).

4.2 Documentation of major gifts, e.g. above \$5,000 and their designation will be maintained to ensure that donors' wishes are articulated, met and kept in current record.

4.3 The Treasurer or the Chair of the Investment Subcommittee will report annually to the Board on the status of gifts, including investment vehicles. Interest accrued will be used according to current accounting standards and the instructions of the donor (as restricted or unrestricted funds) at the time of gifting.

4.4 Interest earned on permanently restricted funds is temporarily restricted and can only be spent to support the purpose of the original permanently restricted gift. Interest earned on temporarily restricted funds is unrestricted income and can be used for the general purposes of the society.

5.0 Effective Date

This policy shall become effective on January 26, 2017.

Approved by the Board of Trustees

January 26, 2017



GIFT ACCEPTANCE OPERATIONAL PROCEDURES

1.0 Cash and web donations will be recorded and acknowledged (in most cases an electronically automated response) within 14 working days of receipt by the AOS office, and will be deposited to the appropriate AOS account. A daily electronic record is kept of all financial donations and can be made available to the President, EC and Board as requested or on a monthly basis.

2.0 All other donations, including substantial cash donations, will be clocked in by the AOS Office and reviewed by the President and/or the Executive Committee or his designates before acceptance.

2.1. Donations will be reviewed as expeditiously as possible regard to feasibility, financial and other liabilities, compatibility with AOS mission, goals, ethical values, restrictions and special conditions, and, if deemed required, by AOS legal counsel.

2.3 A short assessment of each donation will be presented to the Board and a decision made on acceptance or rejection.

2.4 A letter of acknowledgement and thanks will be sent to the donor after this decision (signed by the President). For refused gifts, a letter indicating the reason for the refusal will be sent to the potential donor as soon as the decision is taken.

3.0 Financial donations which are invested and interest earned will be tracked, and results reported to the EC and Board on a regular basis, not less than at each fall and spring meeting.

4.0 All gift procedures and actions must be compliant with IRS requirements and NY not-for-profit law.

5.0 Special Procedures

5.1 **Gifts of securities** are credited in accordance with the rules and regulations in effect at the date the donor relinquishes control to the AOS. Neither losses nor gains realized by the sale of the securities after their receipt affect the gift value credited to the donor. Any brokerage fees

incurred and changes in value resulting from liquidation are considered gains, losses or operating expenses or earnings of programs benefiting by the gift.

5.2 Real and Personal Property Major gifts of real and personal property over \$5,000 – such as land, houses, paintings, antiques, and rare books – are recorded at the fair market value placed upon them by an independent, expert appraiser paid for by the donor. Small gifts of real and personal property – such as rare books, prints, etc., with an apparent worth of less than \$5,000 are valued by the donor and their informal valuation is used for internal reporting purposes.

5.3 Annuities, Charitable Remainder Trusts, Pooled Income Funds, and Gift Annuities Gifts made to establish charitable remainder trusts, contributions to pooled income funds, and gift annuities are credited in accordance with rules and regulations in effect at the date the donor relinquishes the asset(s). Gift recognition is given for the full fair market value.

5.4 Charitable Lead Trusts In recording the value of a charitable lead trust, only the income received from it each year during the period of the operation of the trust is included in gift totals.

5.5 Life Estates Gifts of remainder interest in a personal residence or farm will be credited in accordance with rules and regulations in effect at the date the donor relinquishes control. Gift recognition is given for fair market value placed upon them by an independent, expert appraiser paid for by the donor.

5.6 Insurance The cash surrender value of the policy is recorded, rather than its face value, as a gift.

5.7 Fund raising requests. Authorization to solicit funds in the name of the AOS should be controlled and managed by the EC, and upon approval of the Board. All cash/checks must be made payable to the AOS, recorded and deposited by the Administrative office. No fees or commissions shall be paid to a third party by the AOS for fundraising on the organization's behalf. (The reason for this is that the AOS is ultimately accountable and reportable to the IRS on Schedule M.)