
DENVER PET PARTNERS – POLICY STATEMENT

GIFT ACCEPTANCE POLICY

Mission

“To enhance the lives of people and to promote the human-animal bond through the effective delivery of, and education regarding animal-assisted activities and animal-assisted therapy.”

Purpose of Policy

Denver Pet Partners’ Board of Directors (the “Board”), staff and volunteers solicit gifts from individuals, businesses, foundations and governmental agencies to secure the future growth and mission of Denver Pet Partners. Certain types of gifts, however, pose special issues and risks to Denver Pet Partners and must be reviewed prior to acceptance. This Policy provides guidance as to the types of gifts that can be accepted without review, those that require review by the Board (and, if appropriate, Denver Pet Partners’ legal counsel), and those that Denver Pet Partners is not in a position to accept under any circumstances. It also provides guidance as to how gifts should be administered and handled. This Policy applies to all gifts received by Denver Pet Partners for any of its programs or services.

Definition of Gift and Related Terms

Gifts to Denver Pet Partners may come in a variety of forms, including cash, securities, products and services, real property and tangible personal property. Gifts may be **current** or **deferred**. Gifts may be solicited or unsolicited. The most common types of deferred gifts are bequests, charitable remainder trusts, annuity trusts and multi-year-pledges. Gifts received by Denver Pet Partners may be **unrestricted** as to purpose or use, or they may be **restricted** for a particular program or activity to which the funds or resources must be directed. In addition, a gift may be currently expendable or the donor may require it to be held as part of an **endowment**, meaning the gift is to be held in perpetuity or for another period of time with only a portion of the gift or its investment earnings being currently expendable. In all cases, a gift is an irrevocable transfer of money or property to Denver Pet Partners.

Standards of Conduct

Denver Pet Partners holds itself to a high standard of ethical conduct, and will abide by its conflicts of interest policy in accepting any gift. Denver Pet Partners will not accept gifts, enter into business relationships or accept support that will compromise its public image or its commitment to its mission, or from organizations with which it disagrees on either ethical or moral grounds.

Denver Pet Partners urges prospective donors to consult with personal legal and financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences.

Types of Gifts Accepted

Cash gifts, in any form (e.g., cash, check, money order, wire transfer or credit card), will be accepted without review unless the Executive Director, in his or her judgment, determines that the gift involves special circumstances requiring review by the Board. All checks should be made payable to Denver Pet Partners. In no event should a check be made payable to an employee, agent or volunteer for the credit of Denver Pet Partners.

Marketable securities, such as publicly traded securities, commercial paper, Treasury bills and other money market instruments, will be accepted without review unless the Executive Director, in his or her judgment, determines that the gift involves special circumstances requiring review by the Board. Such securities may be transferred to an account maintained by Denver Pet Partners at one or more brokerage firms or may be delivered physically with the donor's signature or stock power attached. As a general rule, all publicly traded securities and commodities will be sold upon receipt unless otherwise directed by the Board.

In some cases, marketable securities may be restricted by applicable securities laws. The Board will review and approve these types of gifts prior to acceptance, unless the Board determines the matter should be referred to the Board. These securities will be sold at the first available opportunity, unless otherwise directed by the Board.

Non-marketable securities and closely-held business interests, such as debt and equity positions in non-publicly traded companies, and interests in sole proprietorship, partnerships, limited partnerships, limited liability companies and S corporations, will only be accepted upon review and approval of the Board. In any case, if the gift involves Denver Pet Partners taking on a material obligation, it will be accepted only upon approval by the Board.

Denver Pet Partners will not accept any such security or business interest without evaluating whether the gift:

- Has an ascertainable value;
- Contains restrictions that would prevent it from being sold or assigned for cash;
- Disparages or harms the reputation and good name of Denver Pet Partners (for instance by contravening the mission of DPP)
- Is marketable; and
- Will generate any undesirable tax consequences for Denver Pet Partners (e.g. unrelated business taxable income).

If the initial evaluation reveals concerns, the Board may seek further review and recommendation by outside professionals prior to acceptance of the gift. If accepted, every effort will be made to sell security or business interest as quickly as possible.

Real property gifts, including developed property, undeveloped property and gifts subject to a prior life interest, will only be accepted upon approval of the Board. Denver Pet Partners generally will not accept any real estate without the following:

- Evaluation of whether the property is marketable or could be useful to Denver Pet Partners in carrying out its mission;
- On-site inspection by the Executive Director and/or a member of the Board;
- Evaluation of any carrying costs associated with the property (e.g., real estate taxes and insurance);
- Review of any restrictions, easements or other limitations to which the property is subject;
- An environmental inspection or audit performed by qualified inspection firm; and
- Title search and title policy.

The donor should bear the cost of any appraisal, title policy or environmental inspection or audit, except under the circumstances described below under “Fees.” The Board may waive the requirement of an environmental inspection or audit if, after evaluating the environmental history and condition of the property, it determines that it is not warranted (erring on the side of caution). Denver Pet Partners will not accept, under any circumstances, a gift that would expose Denver Pet Partners to expenses related to environmental cleanup or litigation that could result from such acceptance.

Remainder interests in a personal residence, ranch or vacation property will be reviewed and accepted in the same manner as real property gifts. The donor or other occupants may continue to occupy the real property for the duration of the stated life. At the death of the stated life, Denver Pet Partners may use the property or sell or otherwise dispose of it. Where Denver Pet Partners receives a gift of a remainder interest, expenses for maintenance, real estate taxes and any property indebtedness are to be paid by the donor or primary beneficiary.

Tangible and intangible personal property, including auction items donated for fundraising events, art and collectibles, motor vehicles, copyrights and other intellectual property, may be accepted by the Executive Director without further review unless, in his or her judgment, the gift involves special circumstances requiring review by the Board. In considering whether to accept property, the following criteria will be used:

- The property’s relationship to Denver Pet Partners’ mission;
- Its marketability or potential use in Denver Pet Partners’ activities or fundraising;
- Any restrictions imposed on the property’s use, display or sale;
- Its carrying costs and costs of sale; and
- Any special reporting requirements imposed by the IRS (in the case of gifts of motor vehicles and intellectual property).

As a general rule, Denver Pet Partners will sell all tangible and intangible property that it cannot readily use in its exempt activities or for fundraising as soon as reasonably practical, unless other directed by the Board. Such property will generally not be accepted unless there is reason to believe the property can be used by Denver Pet Partners or easily sold.

Planned gifts are welcomed and encouraged by Denver Pet Partners, including:

- Gifts by bequest (will or revocable trust);
- Gifts by beneficiary designation (e.g., retirement plans, life insurance policies and savings accounts);

- Gifts with income going to donor and remainder to Denver Pet Partners (e.g., charitable remainder trusts). Denver Pet Partners would not serve as trustee but would accept gifts of remainder or lead interests of trusts administered elsewhere.
- Gifts with income going to Denver Pet Partners and remainder to donor's choice (e.g., charitable lead trusts). Denver Pet Partners would not serve as trustee but would accept gifts of remainder or lead interests of trusts administered elsewhere.

Information on these giving arrangements can be obtained from Denver Pet Partners' legal counsel. Generally speaking, gift instruments for planned gifts should be prepared by the donor's counsel, except that Denver Pet Partners may provide sample language for beneficiary designations. Planned gifts will not be recorded as gifts to Denver Pet Partners until such time as the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

Bargain sales are transfers of property partially by gift and partially by sale. The sale component can arise by virtue of Denver Pet Partners assuming debt or an obligation on the property. Bargain sales will be reviewed and accepted in the same manner and using the same criteria applicable under this Policy to outright gifts of the same type of property. In addition, Denver Pet Partners generally will not enter into a bargain sale without an independent appraisal substantiating the value of the property and, if debt is to be incurred or an obligation assumed by Denver Pet Partners, a debt ratio of less than 50% of the appraised market value of the property.

Restricted gifts impose a legal obligation on Denver Pet Partners to use the gift for the particular program or purpose directed by the donor. The nature and the extent of this obligation must be clearly understood. For this reason, the terms of each restricted gift will be reviewed by the Board to ensure the restrictions do not hamper the usefulness or desirability of the gift. If a gift is deemed too restrictive to be useful or desirable, the donor will be counseled to remove or modify the restrictions. If no agreement can be reached, the gift will be declined.

Gifts "in memory of" or "in honor of" persons by name will be treated as unrestricted unless the donor requests otherwise.

Endowment gifts are gifts of money or other property which are to be held in perpetuity or for another period of time, with only a portion of the gift or its investment earnings being currently expendable. Denver Pet Partners will pursue the required mechanisms to manage such endowment gifts should this situation arise.

In-kind gifts of goods and services may be accepted by the Executive Director without further review unless, in his or her judgment, the gift involves special circumstances requiring review by the Board.

Other gifts not discussed above will be reviewed and approved by the Board on a case by case basis.

Types of Gifts Not Accepted

Denver Pet Partners reserves the right to refuse any gift that (i) is contrary to Denver Pet Partners' articles of incorporation or bylaws; (ii) would result in Denver Pet Partners losing its 501(c)(3) status; (iii) is too difficult or expensive to administer in relation to its value; (iv) is for a purpose outside Denver Pet Partners' mission; or (v) would result in any unacceptable consequences to Denver Pet Partners. The decision to decline a gift for any reason may occur at any level (e.g., by the Executive Director, by the Board).

DPP volunteers should not accept gifts of any kind offered during a visit. This includes gifts from patients, residents, facility staff, or anyone else present in the visit situation. If gifts are offered, the volunteer should express their gratitude at the thoughtfulness of the person and direct them to the DPP website for instructions on how to donate to DPP.

Legal Counsel

Denver Pet Partners will seek the advice of legal counsel in matters relating to gift acceptance when appropriate. Review by counsel is generally recommended for the following gifts:

- closely held business interests;
- securities subject to restrictions or buy/sell agreements;
- real property, motor vehicles or intellectual property;
- arrangements that require Denver Pet Partners to act in a fiduciary capacity, such as trustee;
- bargain sales or other arrangements that require Denver Pet Partners take on or assume a significant legal or financial obligation;
- gifts of a life insurance policy in which Denver Pet Partners continues to pay the premium for the insured;
- gifts involving a significant use/purpose restriction or endowment;
- planned gifts in the form of a charitable remainder trust, charitable lead trust, pooled income fund or charitable gift annuity); and
- other gifts in which use of counsel is deemed appropriate by the Executive Director or the Board.

Acknowledging and Reporting Gifts

To provide donors with the supporting documentation needed to claim a charitable contribution for their gift, Denver Pet Partners will provide donors with written acknowledgement of any gift. The DPP Accountant is responsible for this task. For acknowledgement purposes, Denver Pet Partners will follow the following guidelines:

- **For cash gifts**, acknowledgement in the form of a receipt for tax purposes will include the amount of the gift, the date of receipt, if no goods or services were provided by Denver Pet Partners to the donor in exchange for the gift, a statement to that effect, and if goods or services were provided by Denver Pet Partners, a good faith estimate of the value of such goods or services. Such acknowledgements via a tax receipt are required for annual gifts totaling \$250 and for any amounts less than \$250 if explicitly requested by the donor.

- **For non-cash gifts**, acknowledgement will include a description of the gift property (*but not an indication as to its value*), the date of receipt, if no goods or services were provided by Denver Pet Partners to the donor in exchange for the gift, a statement to that effect, and if goods or services were provided by Denver Pet Partners, a good faith estimate of the value of such goods or services.
- **For quid pro quo gifts of cash or property** (over \$75 in value), which are payments or transfers that are part charitable contribution, part payment for goods or services, acknowledgement will follow the appropriate format listed above, and also will include (i) a statement that the amount of the contribution that is deductible for federal tax purposes is limited to the excess amount of the contribution over the value of the goods or services provided by the organization; and (ii) a good faith estimate of such goods or services.

Suitable recognition for major gifts, including naming opportunities, will be given to donors at the discretion of the Board, subject to relevant guidelines.

For reporting purposes, Denver Pet Partners will follow these guidelines:

- **Valuation of gifts** for internal bookkeeping purposes only (*as Denver Pet Partners does not indicate gift value for gift acknowledgement purposes*) will occur as of the date the donor relinquished control of the asset to Denver Pet Partners. The amount reported on Denver Pet Partners' books should be arrived at without regard to the donor's personal estimation of the gift's value, the worth and date of the gift reported by the donor to the IRS, or the value placed on it by the IRS in reference to the individual's personal tax liability.
- The **gift's date** will be defined as the date the donor irrevocably relinquished control of the property to Denver Pet Partners.
- **Appraisals** of property are the responsibility of the donor.
- **IRS filings** must be made with respect to certain non-cash gifts. Denver Pet Partners will make all such filings within the specified time frame. Specifically, if a donor makes a gift of property (other than certain publicly traded securities) valued at more than \$5,000, Denver Pet Partners must acknowledge that gift (*but not indicate agreement as to the value of the gift claimed by the donor*) on IRS Form 8283, which the donor is responsible for preparing and filing. If Denver Pet Partners disposes of such property within three years of receipt, Denver Pet Partners is responsible for preparing and filing IRS Form 8282. Special filing requirements also apply for gifts of intellectual property that produce income during any given year (see Form 8899) and gifts motor vehicles, boats and airplanes valued at more than \$500 (see Form 1098-C).

Fees

Finder's fees and commissions will not be paid to any person in consideration of directing a gift to Denver Pet Partners nor will any be paid in connection with the completion of a gift to Denver Pet Partners without the written approval of the Board.

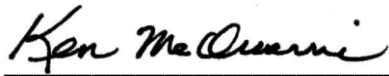
Professional fees will be paid by Denver Pet Partners only in situations where Denver Pet Partners will reap significant benefit from the gift and the donor believes it is proper for Denver Pet Partners to bear all or part of the attending fees for completion of the gift. Such fees will be paid only with the prior written approval of the Board.

Administrative fees to cover all or a portion of Denver Pet Partners' indirect costs of administering certain gifts will be determined and charged against the gift as follows:

- Current, restricted gifts: determined by the Board annually.
- Endowments: 2% which will be assessed quarterly based upon the value of the Fund at the end of each calendar quarter, calculated as follows: $\text{fee} = \frac{1}{4}$ (fee percentage x value of Fund at end of quarter).

Denver Pet Partners reserves the right to amend and/or supplement this Policy at any time.

Adopted by DPP Board of Directors: 2013-March-12



Printed Name: Ken McQuarrie

Title: Secretary

RESOURCES

IRS Form 8282 and Instructions

IRS Publication 561 (Determining the Value of Donated Property)

IRS Publication 526 (Charitable Contributions)