

FUNDRAISING AND GIFT ACCEPTANCE **PROCESS GUIDE**

Introduction

In order to protect the interests of The Ronald McDonald House – Omaha (“House”), and the persons and/or organizations who support its programs and services, the Development Committee of the Board of Directors has adopted a Fundraising and Gift Acceptance Process Guide (“the Process Guide”) designed to ensure that all gifts to, or for the use of, the House are structured to provide maximum benefit both to the donor(s) and to the House. Any contract, investment or management decision, therefore, shall fully consider the best interests of both.

The Process Guide focuses on gifts (unrestricted and restricted) made in any given year, and on deferred (planned) gifts. Special attention is given to the various types of deferred gifts and to gifts of non-cash property.

The primary purpose of the Process Guide is to promote financial support of the House without encumbering the organization with gifts that may prove to generate greater cost than benefit, or that are restricted in a manner which is not consistent with the House’s stated goals or which, in their acceptance, might create a perception of the House that is not consistent with its mission.

As needed, the House will seek the advice of qualified legal counsel in matters pertaining to gift transfers, including any agreements, contracts, trusts and other legal documents. Furthermore, donors will be routinely advised to seek advice from their personal financial advisors and counsel on the terms being considered, tax implications for any gift(s), and all other legal aspects of their gift(s).

In order to optimize financial support from individuals, the House will respond quickly and positively to all gift proposals offered by prospective donors. It should be understood that except where otherwise stated, this Process Guide is intended as a guideline, and that flexibility must be maintained to accommodate the complexity of some gift situations.

These policies were formally approved by the Board of Directors on August 2, 2016. This document will serve as the official fund raising Process Guide of the House.

Any and all gifts accepted by the House can and will be accepted only insofar as they further the mission of the House.

General Policies Regarding Fund Raising Activities

These policies will be reviewed annually by the Development Committee.

- A. Responsibility for Fundraising: The raising of funds by the House is the responsibility of the Executive Director, and, primarily, the development staff; it may also be supported by and undertaken by volunteers in consultation with the development staff. Although the Board may delegate fundraising responsibilities of the Development Committee to other committees, or to professional consultants, the Board shall retain final approval of and responsibility for all fundraising activities and acceptance of all gifts made to the House.
- B. Honesty and Truthfulness: All fundraising statements, both written and oral, will be direct, concise, complete and accurate. When gifts are received as a result of a specific solicitation, the gift will be applied only to the agreed upon and stated purposes unless the benefactor(s) directs otherwise and modifies the original agreement with the House.
- C. Coerciveness: The House and any of its associated support groups shall not engage in or permit others to engage in any solicitation of a coercive nature. Coercive tactics may include but not be restricted to an implication that giving to the House is a condition of continuing or enhancing any special interest.
- D. Unrelated Business Income Tax (UBIT): The House will accept no gift that will cause it to be subject to the unrelated business income tax without review and approval by both the Development Committee Finance Committee.
- E. Legal Representation and Professional Fees: Benefactors will be advised to seek qualified tax and legal counsel before making any significant gift(s) or using a life income gift. The benefactor is responsible for employing and compensating any such advisors, and should have them prepare all legally binding documents in order to avoid any perceived conflict of interest or undue influence from the House. The House's legal counsel will review contracts and donor agreements as necessary.
- F. Prior Approval: Funds will be sought only for general operating support or for projects and capital purposes which are fully documented and approved by the Board of Directors and the Development Committee. The purpose of this guideline is to coordinate the solicitations of all benefactors. In general, solicitation of benefactors should not be made without the knowledge and approval of the Executive Director and/or the Development Committee.
- G. Benefactor Privacy: While all information about benefactor prospects identified by members of the House community will be shared with the development staff, such information will be disclosed only to those involved in solicitation strategies. Mailing lists will not be made available to outside organizations. The Annual Report, however, is public information and may be made available to outside groups. Benefactors may make anonymous gifts with confidence that their identity will not be disclosed.
- H. Unacceptable Gifts: The House reserves the right to refuse any gift that is not consistent with its mission. In general, the House will not accept gifts:
 2. that require any action on the part of the House that is unacceptable to the Board of Directors;
 3. that are revocable by the benefactor and yet commit the House to name a part of the facility, program, building or endowment fund;
 4. that require the House to guarantee the future permanent employment of any specified person;
 5. that contain unreasonable conditions (e.g., a lien or other encumbrance) on gifts of partial interests of property;
 7. that are financially unsound or could expose the House to liability, e.g., the operation of a business.

- I. Stewardship and Gift Acknowledgement: The development staff will acknowledge gifts within 48 hours of receiving them, absent extraordinary circumstances. The acknowledgement will thank the benefactor and confirm the date, purpose and amount of the gift. Files of all acknowledgement letters will be retained in the development staff, and copies will be available to benefactors if needed in case of loss of the original.
- J. Benefactor Recognition: The Annual Report and other publications are the House's main recognition tools. Benefactors who wish to remain anonymous may do so with every confidence that their identity will not be revealed. Recognition for capital campaign gifts will be noted in campaign materials and the Annual Report once the first payment has been made or on a yearly basis as payments/gifts are received. Outside of any capital campaign (which will include naming opportunities as part of its marketing efforts) and the recognition benefactors receive through the Annual Giving program and establishment of endowed funds and planned gifts, the House must always be careful to ensure appropriate kinds and levels of recognition. Benefactors for special projects or purposes (e.g. memorial trees, items for use by athletic teams or in classrooms, etc.) should not be given more prominent recognition than the gifts of other benefactors. Much of the deserved recognition in these situations can come through House publications.
- K. Honor or Memorial Gifts: Gifts of any amount made in honor or in memory of any person will be recognized in the Honor/Memorial section of the Annual Report. While gifts of any size can be contributed toward an established fund, new memorial funds may not be established without a minimum gift as noted in the endowment section of this document. The House may accept gifts in honor/memory of any person to be directed to a restricted purpose, but no special memorial fund will be created. When the benefactor does not specify that the gift should be designated for a specific purpose, such gifts will automatically be credited to the Annual Giving program as an unrestricted gift.
- L. Services and Gifts in Kind: The House's acknowledgement for gifts of personal property will not state a monetary amount, but will carry a description of the property. Services performed for the House and then "donated" may not be claimed by the benefactor as a charitable deduction for the value of his/her service rendered. However, the provider may be assigned gift credit for the purpose of recognition in the Annual Report or other listing of benefactors.
- M. Naming Opportunities: The naming of facilities (whether from gifts for new or renovated space) will require the approval of the Board of Directors, upon the recommendation of the Development Committee. Examples of naming opportunities would include buildings, libraries, sleep rooms, common rooms or other opportunities that will be labeled or called by a benefactor's name (e.g., the Smith Center). Naming opportunities for specific endowed funds are specified in the endowment section of this Process Guide. Benefactors whose gifts qualify for a naming opportunity will be contacted by the development staff to determine their specific area of interest. Board approval of naming opportunities for facilities is contingent upon payment of at least 20 percent of the benefactor's pledge. As a general rule, at least 50% of the cost of the intended named project must be funded by the benefactor(s) to be forwarded to the Development Committee for naming considerations.

- N. Determining the Date of a Gift: Property delivered physically to the House will be assigned a gift date of the date of delivery. Items sent through the mail will be assigned the gift date of the postmark. Items sent via other delivery services such as Federal Express will be assigned the date they arrive on campus. Real estate gifts are considered complete and delivered on the date a properly executed deed is delivered to the House or when the deed is properly recorded in conformity with the law of the jurisdiction in which the property is located, whichever occurs first. Securities will be assigned a gift date of the date they are transferred to a House account or an account established on behalf of the House.

Types of Gifts

A. Annual Giving Program

1. The Annual Giving program is one of the major fundraising priorities of the House because it is used to offset the yearly operational costs of the House not supported by tuition, endowment draw and other income.
2. The House will accept a gift to the Annual Giving program in any amount, and the benefactor will be credited for the full amount of such a gift.
3. Restricted, designated or in-kind gifts will not be calculated as gifts to the Annual Giving program and, specifically, may not be counted for the leadership giving clubs— unless they relieve some facet of the operating budget during the year the gift is made.
4. Gifts may be made by check, credit card, or securities.
 - a) Cash and Checks: Checks should be made payable to the House and in no event be made payable to an employee, agent or volunteer for the House.
 - b) Marketable Securities: The House encourages and accepts gifts of stock or mutual funds. Shares traded on the following exchanges are acceptable: New York, NASDAQ, OTC, American as well as other major U.S. Exchanges. When transferred through the benefactor's broker to the House's broker, the benefactor will receive credit from the House for the mean (average of high and low) on the date of transfer to the House's broker. When the benefactor transfers/gifts the House in certificate form, he/she will receive credit from the House for the mean (average of high and low) value of the security on the date he/she gave the gift. If mailed, the post date is the acceptable gift date. The House will give the donor credit for the full value of the securities (as valued above) before any brokerage fees have been subtracted. If the value of the average and the sold stock after fees is lower than the gift club entry level, the donor will be entered in the lower gift club. However, when the value of the sold stock after fees is greater than the average noted above, the donor may be recognized in the higher gift club, although the average value will still be used for tax purposes. While most gifts of securities will be sold within 24 hours, the House reserves the right to hold the stock as the Chair of the Board of Directors and the Chair of the Finance Committee deem appropriate. Benefactors should notify the House before seeking to make a transfer in order to ensure a smooth and timely transaction.

B. Restricted Annual Gifts:

1. Gifts designated for a specific purpose which is not funded as a regular operating expense will be considered restricted gifts. In most cases, the funds will be used within the same fiscal year in which the gift is made. The House reserves the right to reject

- restricted gifts when they do not meet the needs/standards as noted in the general guidelines above.
2. Gifts-in-kind (tangible personal property such as equipment, collectibles, jewelry, art work, antiques) will be accepted only if the House is able to:
 - a) Honor the benefactor's intended purpose
 - b) Determine that costs related to relocating the item or putting it into service are reasonable and acceptable to the Board of Directors (e.g., the cost of insurance, storage, maintenance, etc.)
 - c) Assess the continuing long-term value of the gift to the House
 - d) Determine the possibility of future sale or cost of disposal in the future
 - e) Be certain of clear title to the property
 - f) Determine that the value is over \$500 through receipt of an appraisal consistent with IRS guidelines, obtained at the benefactor's cost
 - g) Where appropriate, benefactors will be provided with IRS Form 8282: Donor Information Return (Sales, Exchanges, or Disposition of Donated Property) for reporting purposes.
 3. The House will cooperate fully in all matters related to IRS investigations of non-cash charitable gifts.

C. Real Estate

The House will accept donations of real estate. Due to possible significant risks to the House, however, the following guidelines will apply:

1. Upon notice of a donor's intent to transfer land, an Ad Hoc Committee of the Development Committee shall be convened. This group shall consist of the following:
 - a. Chair of the Board of Directors (non-voting unless there is a tie)
 - b. Chair of the Development Committee
 - c. Chair of the Finance Committee
 - d. Executive Director
 - e. Two other members/constituents selected by the Chair of the Board of Directors who
 - i. May have experience with either commercial and/or residential real estate and/or
 - ii. May have knowledge or interest helpful to the Ad Hoc Committee
2. The Ad Hoc Committee shall have the following information for its discussion and vote.
 - a. No gift of real estate can be accepted without first being appraised in accordance with IRS guidelines by a qualified appraiser, the property undergoes a title search and is eligible for a title insurance policy. If the property is valued at over \$250,000 two appraisals will be required. In addition, the House will require a marketability check, an on-site evaluation by a designee of the Headmaster, and an environmental liability study. All costs of appraisals, environmental studies, title search, and real estate tax due prior to the official transfer, will be borne by the benefactor. Finally, conveyance by warranty deed or Directors deed will be preferred to a quit-claim deed. Benefactors are advised that these studies take time (about 3 months is reasonable) and, therefore, their gift should be planned well in advance of the tax year end in which they want to make the gift.
3. The report and official voted recommendation of the Ad Hoc Committee shall be forwarded to the overall Board of Directors for their formal vote..
5. All benefactors will be provided with IRS Form 8282: Donor Information Return (Sales, Exchanges, or Disposition of Donated Property) for reporting purposes.

6. Real estate donated will be sold promptly unless it is located contiguous to or on the perimeter of the House campus or can be useful in some way to the House as determined by the Board of Directors.

E. Endowment Gifts

1. An endowed fund is a special reserve of money whose principal is most often held in perpetuity, given with some form of designation, stipulation or restriction upon the use of the earnings generated by the endowed fund. The stipulations may be as general as for use in “paying operating expenses,” to varying degrees of specific criteria to be carefully observed in the use of the donated funds.
2. Because the House is always seeking to increase its endowment, it extends the opportunity for benefactors to name and restrict a new fund, with prior acceptance of these restrictions by the Board of Directors. Because needs and programs change over time, we will encourage unrestricted gifts first, then allow limited restrictions to satisfy benefactor requests. Both parties must understand exactly what is expected from the benefactor and from the House.
3. Named, endowed funds with a market value of \$1,000 or more are listed in the Annual Report each year in order to encourage further gifts to endowment.
4. All new endowment gifts will be invested in instruments conducive to appreciation of capital, and will be guided by the House’s investment policy guidelines. In this way, the endowed fund not only will fulfill its purpose of generating annual income, but also will appreciate in value to offset inflation and further benefit the House.
5. No endowment gift or fund will be separately invested without the approval of the Board of Directors.
6. The Finance Committee of the Board will set the spending rate on earnings generated by the endowment. The spending rate will be clearly stated in the Board of Directors Investment Policy Guidelines. Any earnings produced by the investments in excess of the established rate shall be reinvested in the specific endowment fund.
7. Endowment Restrictions:
 - a) All restrictions must be consistent with the mission of the House.
 - c) All gifts intended for restricted endowment purposes will be accepted only on the condition that should the purpose for which the funds are provided cease to exist, the House shall allocate the income from those funds to purposes as near as possible to the original intent of the benefactor (provided that the purpose is tax exempt). Such provisions should be noted and/or specified in all devices with language similar to: Should the purpose(s) of the gift no longer be compatible with the mission of the House, the House is authorized to redirect the funds in order to best carry out the intended purposes stated in the agreement and those of the stated mission of the House.
 - c) Funds may be added from other individuals with similar interests once an endowment is created. This is encouraged by listing various endowed funds in the Annual Report.
 - d) The Board of Directors shall set a minimum amount to establish new designated or restricted endowment funds and decide when the principal and/or the interest from such a fund is to be used.
 - e) Miscellaneous gifts under \$25,000 shall not be named but will be recognized in the Annual Report in the year in which the House received the gift.
 - f) All funds set prior to the acceptance of these policies may be “grandfathered” to their agreement amounts.

F. Estate and Planned Gifts

Estate and planned gifts are welcomed by the House. In working with benefactors who have an interest in a planned giving vehicle, the House may call upon planned giving counsel for advice, direction and help in preparing the necessary samples and proposals to encourage the benefactor to make the gift. At all times, however, benefactors are expected to engage their own advisors and legal counsel to assure the vehicle matches their personal, estate and philanthropic intentions. All benefactors who choose to honor the House in this way are recognized through the House's planned giving recognition club, the Heritage Society, and in various publications and at certain special events.

1. Bequests

- a) Bequests of all kinds (fixed or percentage, residual, contingent or testamentary trusts) are welcome and will be encouraged.
- b) Efforts shall be made to identify bequest expectancies whenever possible in order to avoid gift arrangements that do not conform to this Process Guide, as well as to identify any desired restrictions from the benefactor on the use of funds. The House reserves the right to refuse bequeathed gifts if they do not conform to this Process Guide for outright gifts.
- c) Representatives of the House will not prepare wills for donors, but can suggest the appropriate language needed.
- d) Property, etc., given to the House via bequest will be liquidated following settlement of the estate. Unrestricted bequests in excess of \$10,000 will be placed in the House's endowment, unless otherwise directed by the Executive Director or the Board of Directors.

2. Life Income Plans (charitable remainder annuity trusts, charitable remainder unitrusts, charitable lead trusts, and gift annuities) have the following in common:

- a) No trust shall be encouraged where the net present value of the remainder interest in the trust is less than \$10,000 or 10 percent of the value of the funds transferred to the trust. This rule must especially be considered when a donor is interested in naming beneficiaries under the age of 50 or more than two beneficiaries. This guideline is to protect donors and the House, and the broader non-profit community, from IRS scrutiny. The IRS and the House expect these types of gift plans to include philanthropic or charitable intent.
- b) Calculations of tax consequences and projected remainder value can be made for specific benefactors through the development staff, but only with the verbal and written reminder that such benefactors should seek the advice of their legal and tax advisors.
- c) Each of these plans must constitute an irrevocable gift.
- d) No representation in literature or discussion of a life income plan shall be made which could be construed as marketing the fund as an investment or security of any type.
- e) As a matter of policy, the House does not self-direct life income gifts. The benefactor must choose the Director, which cannot be the House, and must pay any expenses related to the trust.

3. Acceptable planned giving options to the House include:

- a) Charitable Gift Annuities: This popular tool is available with a minimum gift of \$10,000. Deferred annuities are acceptable as long as the income stream begins after the donor reaches the age of 50. The annuity rate is based on the rates approved by the American Council on Gift Annuities. At the end of the annuity, the funds will be retained by the House.

- b) Charitable Remainder Unitrusts (CRUT): These trusts must pay income to beneficiaries on a fixed percentage of trust assets based on the trust's fair market value (usually 4-7 percent). The trust may have a maximum life of 20 years. The minimum amount to establish a trust is \$100,000, though no trust shall be encouraged where the net present value of the remainder interest in the trust is less than \$50,000 or 10 percent of the value of the funds transferred to the trust. Additional funds may be added at a minimum of \$5,000 per addition.
 - c) Charitable Remainder Annuity Trusts (CRAT): These trusts make the same payment each year. The fixed dollar payment is initially determined as a percentage of the value of the assets contributed. Once established more assets cannot be contributed. The minimum amount to establish a trust is \$100,000. The trust should be funded with cash or securities—not real property.
 - d) Charitable Lead Trusts (CLT): This is a trust arrangement that provides an income payment to the House at some designated rate for the benefactor's life or over a pre-established term of years. At the conclusion of the payment period, the assets are returned either to the benefactor or to someone designated by the benefactor. Tax consequences differ depending upon the designation of income. Lead trusts can be started with a minimum gift of \$100,000 for a minimum of five years and are usually funded with cash or securities.
4. Life Insurance: Life insurance may be given, naming the House as irrevocable owner and beneficiary of the policy. The benefactor is responsible for paying the premium and may pay the premium directly or give the premium money to the House with the House paying the premium. In this latter arrangement, the benefactor assumes no obligation for the House to apply the gift to the premium amount, thus making it an outright and tax-deductible gift to the House. Upon receiving a paid up policy, the House can surrender it for the cash value or keep the policy until the death of the benefactor and/or their survivor.
- a) Gifts involving life insurance contracts, remainder trusts, other valuables and more complicated gifts which involve a value of over \$50,000.00 or over \$10,000.00 in annual funding payments shall have the prior approval of the Chair of the Board and the Chair of the Finance and Investment Committee of the Board.
5. Life Estate Gifts: These gifts will be accepted only if they represent a minor portion of the benefactor's estate and there has been full disclosure to the benefactor of the possible future ramifications of the transaction.
- a) The item contributed through a retained life estate agreement (RLEA) must be a benefactor's home (home, vacation home or farm including a residence).
 - b) The benefactors irrevocably relinquishes full or part ownership of their home in exchange for the right to enjoy use of the property as long as they wish. The benefactors are responsible for all maintenance, taxes and insurance on the property as long as they occupy it under the RLEA unless there is an agreement stating otherwise approved by the Board of Directors.
 - c) No income is paid to the benefactors by the House, as a home is a non-income producing asset.

G. Donor Privacy

The Ronald McDonald House of Omaha respects the privacy of our donors. We maintain the following policies to assure our donors that their personal information will be protected and will not be shared with any third party.

1. Information Collection

- a) The House collects, uses, and maintains the following information from donors:

- i. Contact Information: name, company name, job title, complete address(es), telephone number(s), email address(es), family and school system relationships (if applicable)
- ii. Donation Information: check numbers, credit card number and expiration date, amount donated, donor comments and suggestions, and giving history.

All credit card information is entered online through a secure page, sent to the House and processed by our staff. Once an online donation is submitted secure measures are in place to ensure that a donor's credit card information is not compromised.

2. Information Use

- a) The House will not sell, rent, or lease donor information to other organizations. However, the House will use donor information in the following ways:

- i. Help donors complete transactions
- ii. Thank donors for their gifts
- iii. Update donors about organizational activity
- iv. Recognize donors
- v. Distribute gift receipts or statements
- vi. Inform donors about upcoming events and fundraisers
- vii. Analyze internal productivity and effectiveness
- viii. Report to relevant federal and state agencies
- ix. Contact donors about changes to this statement

As part of our donor recognition efforts, the House may publicize donor names through its annual report, newsletters, website, and promotional materials (in the case of sponsorships). Generally, the specific gift amount will not be identified, but the donor will be recognized under the level of giving category that is appropriate to their donation. Donors always have the option of remaining "anonymous" when making a donation and will not be publicly recognized.

3. Access to Information

- a) All access to donor information is strictly limited to House personnel who need to process data. No unnecessary person, group or organization will be allowed to access such data. Board members may be given information on the names of donors, donor history and the amount of gifts if needed to fulfill their responsibilities as directors of the organization. All board members and staff are required to maintain the confidentiality of donor information.

4. Opting Out of Mailings and Solicitations

- a) The House contacts donors through direct mail, e-mail, and telephone. Any donor may request that the Foundation remove them from the House mailing list and/or specify the method of contact.

Gift Reporting, Recognition and Accounting Guidelines for Capital Campaigns

- A. All gifts will be counted toward the total dollars raised for the campaign from the first gift made to the final gift. Pledges will be collected for three to five years after the date of the gift, or on any other schedule the benefactor prefers, not exceeding five years.
- B. The development staff will report to the Board of Directors the total of outright gifts and pledges received at face value, the total of deferred commitments at both face value and discounted to present value, and the grand totals of each of these combined at present value. The development office will also break out totals for specific objectives of the campaign, e.g., facilities vs. endowment.
- C. Oral pledges will be recorded only after the benefactor confirms the pledge in writing, indicating the amount, its purpose, and the pledge payment schedule. All pledges are to be recorded using a pledge confirmation sheet stating the amount, pledge period, purpose and must contain the benefactor's signature.
- D. Deferred gifts will be counted at face value for purposes of recognition to the benefactor; however, both the face value and the present value will be reported to the Board of Directors and to any auditing bodies monitoring the House's finances.
- E. All gifts to a capital campaign will be recognized in the Annual Report.

Donor Bill of Rights

1. Donors can expect that gifts will be proposed and consummated in the spirit of philanthropy. The gift intent of each donor will be the primary guide for all recommendations.
2. Donors have the right to receive, upon request, reliable financial information from the House.
3. Donors will be informed of all fees being paid to third party sources involved in either soliciting or implementing a specific proposed gift.
4. Donors are encouraged to seek independent advice and counsel when making property or split interest gifts. The House will not make specific recommendations regarding advisors, but will provide a listing of individuals from which a donor might choose.
5. Donors can expect to receive all gift options available, not one-sided recommendations.
6. Donors have the right to recommend the purposes for each gift. However, the House retains the right to choose individual beneficiaries of the donor's largesse, e.g., selection of scholarship recipients, endowed faculty appointments, etc.
7. Donors have the right to be informed of the portion of their gift being used to carry out the House's exempt purposes.
8. Donors have the right to expect that gift proposals should work in the manner proposed.
9. Donors have the right of disclosure concerning any known conflicts of interest surrounding gift proposals.
10. Donors have the right to know that all major gift proposals will take into account the impact that such a gift may have on their stated personal financial and estate planning goals.
11. Donors have the right to expect that tax information provided is reasonable and reliable.
12. Donors should expect that their gift will have follow-up consistent with that proposed or agreed upon by the House. Such follow-up will include proper financial accounting when appropriate.
13. Donors have the right to, and are recommended to, include family members, especially spouses, in the discussion regarding any gift to the House.