

County of Santa Barbara

On-line Policies & Procedures Manual

Acceptance of Gifts by County

Activated: 4/11/2006

Updated: 2/3/2006

Policy

The County receives donations for numerous types of unique programs. This policy applies to all donations, including these unique programs, and should be used in conjunction with Resolution #99-485 adopted by the Board of Supervisors on December 7, 1999. This policy has been developed to encourage, recognize, and report donations in the most proper manner as guided by the government code, the Internal Revenue Code, and generally accepted accounting principles. Some examples of cash and non-cash (in-kind) donations received by the County include:

- Probation – receives donations for Camps, Counseling, Education Center and Juvenile Drug Court.
- Fire – receives donations for their Helicopter Program and for new supplies, such as firefighting brush pants.
- Sheriff – receives donations for special equipment and other programs. They also receive donations for the K-9 program, and vehicle donations.
- Public Health – receives a variety of donations for programs that include Animal Services, Patient Donations, Breast Cancer Detection Program, Dental Program, Pharmacy Program and Seniors Program.
- Parks – receives donations for park renovation projects such as the Manning Park Youth Center, Waller Park Road Paving, Waller Park dog-off leash project, Improvements to the Courthouse Sunken Gardens project, and repairs to the Cachuma Lake Nature Center.
- County Arts Commission – receives various pieces of art or art collections.
- Alcohol Drug Mental Health Services (ADHMS) – receives pharmaceutical drug samples from distributors and donations, generally under \$200 in cash, from individuals and community to assist with clients' supplies and services.
- Social Services – receives donated gifts from individuals and community organizations to help low-income families and children. These are generally not cash, but items such as toys, gift cards to a store, clothes, etc. The department also engages in a range of fund raising activities such as rummage sales and silent auctions that raise money from county employees for client needs.
- General Services – occasionally receives proceeds of land like the 3.5-acre site at the Betteravia Government Center.

The Board of Supervisors has delegated to elected or appointed department heads the ability to accept or reject any individual "gift, bequest or device" (donation), within the jurisdiction of such department, in a sum not to exceed \$10,000. The County Executive Officer may accept donations up to \$10,000 not designated for any particular purpose. If a donation is greater than \$10,000, an acceptance or rejection decision shall be determined by the Board of Supervisors. Acceptance of a donation requires that the accounting and Internal Revenue Service procedures as described in later sections be followed by the benefiting department. A donation of any amount may be presented to the Board of Supervisors for acceptance or rejection if the department head determines that doing so would serve the public interest.

Authority:	Government Code Section 25355 California Code of Regulations, Title 2, section 18944.2
IRS Authority:	The County may accept donations as charitable contributions under Internal Revenue Code Section 170(c) (1).
Donor Types:	Donations may be accepted directly from taxpayers, such as individuals, partnerships, and corporations, or from IRC 501(c)(3) non-profit agencies.
Donation Defined:	A voluntary transfer of money or tangible item without compensation to a charity or public institution. A transfer that stipulates advertising, marketing, or other quid-pro-quo in return for the transfer is not a donation, rather it is a "sponsorship" and is beyond the scope of this policy.
Donor Influence:	Donations are not to be accepted from individuals or agencies where acceptance will require the donor to receive a substantial benefit from the County or will allow the donor to determine policy or to exert influence on the County or accepting department.
Donation Types:	Cash or non-cash (in-kind). Non-cash donations can include goods, supplies, equipment, vehicles, buildings, land, computer software, works of art, historical treasures, and other. Non-cash donations should have value to the County in its form for acceptance.
Donation Threshold:	Individual items with a value of less than \$10,000; i.e., pharmaceutical samples, and individual donations of less than \$10,000 from the same donor would not meet the \$10,000 threshold requiring Board of Supervisors (BOS) acceptance. Additionally, if the total from the same donor sums to \$10,000 or more as a random

circumstance during the fiscal year, this total would not be required to be accepted by the BOS. A pledge of \$10,000 or greater, but paid in installments, does qualify.

Acceptance Timing: Donations shall be officially accepted by the department head or the Board of Supervisors prior to placing the donation in use. A department may have physical possession of the donation prior to official acceptance, but must return the donation if it is not accepted.

Donation Solicitation: Departments must avoid any actual or perceived conflict-of-interest surrounding donations. All donations must be made and any actions taken by departments must be with complete impartiality and without favoritism, and the appearance of partiality or favoritism must be avoided. For example, departments must not solicit donations from organizations over which they have regulatory or enforcement authority. Department Heads may pursue donations consistent with County strategic plans and policy, but should not require employees to do so if it is not a primary job function of the employee.

Appraisals/Valuations: If a donor estimates that a non-cash donation has a value of \$5,000 or more, an appraisal is necessary if the donation is other than supplies or materials. The appraisal cost cannot be added to the estimated value of the item. Additionally, the cost and the pursuit of the appraisal should be the responsibility of the donor. The reference to "qualified appraisals" in this document is in accordance with IRS Publication 561 available at www.irs.gov. Supplies and materials that are new and have never been placed in service prior to the donation may be valued with purchase receipts provided by the donor as long as the elapsed time of transfer would not have affected the value.

Policy Exclusions: The following items are excluded from the acceptance or rejection requirements of this countywide policy since they are not donations with respect to this policy. Although excluded, departments may need to develop internal policies or criteria for these specific exclusions for their own tracking or reporting needs.

- a) Volunteer service hours – these are not considered donations since these services are not allowable as IRS charitable deductions and their value is not reported on County financial statements. If a department wishes to acknowledge volunteer service hours as matter of public interest, it is allowable under this policy.
- b) Shared cost programs – programs that share the cost of a County project with individuals or agencies resulting in a benefit for both the County and the cost-sharer. These are not considered donations since the individual is receiving something from the County in return for their contribution.
- c) Operating or capital grants

Donation Receipt: See sample donation receipt at the end of this document. This receipt should be provided to donors as noted in the following procedures.

Procedures for CASH Donations

When accepting cash, the department’s procedures are based on the amount of the cash donation only. The following procedures are numbered and correspond with the \$10,000 threshold as defined in the policy statement. The table to the right is a reference to the policy number applicable to the dollar threshold.

Cash	
	Any Source
<\$10,000	C1
>=\$10,000	C2

C1 - If the cash donation is Less than \$10,000:

1. Department should provide a receipt to the donor for any amount
2. Amount should be deposited immediately into the County Treasury
3. A budget revision should be completed, if necessary, to appropriate the donation revenue

C2 - If the cash donation is Greater than \$10,000:

1. Departments should follow all steps in procedure C1 above
2. Departments should prepare a letter recommending Board acceptance or rejection of the donation. Board letters should include:
 - o A recommendation that the Board of Supervisors accept the donation
 - o The amount of the donation
 - o The name of the donor (per 2 CCR §18944.2)
 - o The facts and circumstances of the donation
 - o Any and all caveats or obligations that acceptance of the donation will require
 - o A description of how the donation will be used for County operations or other County purpose
 - o The accounting (fund, department, account) identifying where the cash will be deposited
 - o The budget revision, if necessary, to appropriate the donation revenue

Action of the Board will result in a minute order of acceptance or rejection. If rejected, the gift shall be returned to the rightful owner.

Procedures for NON-CASH Donations

The procedures for accepting non-cash donations are more extensive than for accepting cash donations. The steps involved are based on several factors, including: the donor entity type (taxpayer or a non-profit agency), and the value of the donation. Another

factor that needs to be considered when determining the procedures is whether or not a taxpaying donor will be deducting the amount as a charitable deduction on their tax return.

	Non-Cash		501(c)(3)
	Taxpayer		
	Deduct	Not Deduct	
<\$5,000	N1	N1	N1
>=\$5,000	N2.A	N2.B	N3
>\$10,000	N4	N4	N5

To help guide readers through the procedures, the table above was created, which references the corresponding procedure number with the distinguishing factors for non-cash donation acceptance.

N1 - If the donation is NON-Cash and Less than \$5,000:

1. Department should provide a receipt to the donor for any amount, if requested by the donor. The value of the donation should be agreed upon by the County and the donor to be less than \$5,000.

N2 - If the donation is NON-Cash and Greater than \$5,000 and Received from a Taxpayer:

- A. If the donor is going to claim the donation as a charitable deduction on their tax return:
 1. Per IRS regulations, a qualified appraisal is necessary to support the valuation amount
 2. The donor must complete IRS Form 8283
 3. The department accepting the donation must sign off on IRS Form 8283 as instructed
 4. Department must provide a receipt to the donor for the valued amount
 5. A copy of the appraisal and IRS Form 8283 should be forwarded to the Auditor-Controller for proper classification in the County's financial statements.
- B. If the donor is not going to claim the donation as a charitable deduction on their tax return:
 1. A qualified appraisal is necessary to support the valuation amount (for items other than materials, and supplies) for proper asset recognition in the County's financial statements.
 2. Department must provide a receipt to the donor for the valued amount.

N3 - If the donation is NON-Cash and Greater than \$5,000 and Received from a 501(c)(3):

1. A qualified appraisal is necessary to support the valuation amount (for items other than materials, and supplies) for proper asset recognition in the County's financial statements
2. Department should provide a receipt to the donor for the amount of the appraised value, if requested by the donor.

N4 - If the donation is NON-Cash and Greater than \$10,000 and Received from a Taxpayer:


1. Departments should follow all steps in procedure N2.A or N2.B above
2. Departments should prepare a letter recommending Board acceptance or rejection of the donation. Board letters should include:
 - A recommendation that the Board of Supervisors accept the donation
 - The appraised value of the donation
 - The name of the donor (per 2 CCR §18944.2)
 - The facts and circumstances of the donation
 - Any and all caveats or obligations that acceptance of the donation will require
 - A description of how the donation will be used for County operations or other County purpose
 - An estimate of annual operating expenses associated with any equipment donated and subsequently accepted by the County

In the case of acceptance of equipment or fixed assets, copies of the minute order should be transmitted to the Purchasing Agent and Auditor-Controller who will record the item in the departmental and County fixed asset inventory. In accordance with GASB 34, the donated value will be recorded as revenue for financial statement purposes only.

N5 - If the donation is NON-Cash and Greater than \$10,000 and Received from a 501(c)(3):

1. Departments should follow all steps in procedure N3 above
2. Departments should prepare a letter recommending Board acceptance or rejection of the donation following procedure N4.2 above.

Donation Receipt Sample:

	County of Santa Barbara 105 E. Anapamu, Santa Barbara, CA 93101	Receipt Number _____
Donation Receipt County Tax ID #95-6002833		Department _____
1. Date of Donation: _____		
2. Donation Received From (Name): _____		
3. Donor Type: <input type="checkbox"/> Individual <input type="checkbox"/> Partnership or Corporation <input type="checkbox"/> 501(c)(3) Non-Profit		
4. If Donor is NOT a 501(c)(3), will donation be taken as a charitable deduction? <input type="checkbox"/> Yes <input type="checkbox"/> No		
5. Donor Tax ID Number: _____		
6. Donor Address: _____		
7. Donation Type: <input type="checkbox"/> Cash Amount: _____		
<input type="checkbox"/> Non-Cash { Donor Value: _____		
{ Description: _____		
8. Appraisal Received (copy attached) <input type="checkbox"/> Yes <input type="checkbox"/> No { Appraisals are required for non-cash donations (other than materials and supplies) valued at \$5,000 or more.		
_____ Donor Signature		_____ Department Authorized Signature
Form Updated 1/31/05, Auditor-Controller's Office		