

County of Santa Barbara
Policies & Procedures
Acceptance of Donations and Gifts to the County
3/10/2015

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 No.15-____ adopted by the Board of Supervisors on March 10, 2015. 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. 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 the Helicopter Program and supplies, such as firefighting brush pants.*
- *Sheriff – receives donations for special equipment, the SWAT Program, the Aviation Program, the K-9 program, and vehicle donations.*
- *Public Health – receives donations for programs that include Animal Services, Breast Cancer Detection, 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 and the Courthouse Sunken Gardens project.*
- *County Arts Commission – receives various pieces of art or art collections.*
- *Alcohol Drug Mental Health Services (ADHMS) – receives donations of pharmaceutical drug samples and cash donations from individuals and community organizations 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 Board of Supervisors 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.

Policies and Definition of Terms

Authority:	Government Code Section 25355 , California Code of Regulations, Title 2, Section 18944
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 non-profit organizations.
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 "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.
Non-profit Organization and Foundation (NPO)	NPOs that donate to the County must be independent of the County or per Governmental Accounting Standards these accounts would be considered fiduciary and custodial activities of the County. If it is determined a NPO is controlled by the County, it is required that all financial activity is to be recorded in the books of the County, the deposits must be made directly to the County Treasury, and the Board would approve the structure of the board of directors. Employees of the County must not control the board of directors or management of the NPO. Employees of the County must not hold control offices such as president or treasurer, control the bank accounts, or be signatories on the bank accounts. The Board of Supervisors has previously authorized NPOs to be part of the County financial reporting entity (i.e. Santa Barbara Finance Corporation where the Board of Supervisors appoints the board of directors or Public and Education Access Program where the Board of Supervisors is the board of directors).

- Donation Threshold:** Elected or appointed department heads have the ability to accept or reject an individual “gift, bequest or device” (donation), within the jurisdiction of such department, in an amount up to \$10,000. The County Executive Officer may accept donations, not designated for any particular purpose, up to \$10,000. If a donation is greater than \$10,000, an acceptance or rejection decision shall be determined by the Board of Supervisors. If more than one donation during a fiscal year from the same donor will sum to more than \$10,000, the accumulated amount should be brought to the Board of Supervisors for acceptance. A pledge of more than \$10,000, paid in installments, should be brought to the Board of Supervisors for acceptance.
- 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.
- Appraisal/Valuation:** If a donor estimates that a non-cash donation has a value of \$5,000 or more, an appraisal may be necessary. 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 donation receipt template at the end of this document. This receipt should be provided to donors as noted in the following procedures.
- Reporting** Per Government Code section 25355, the CEO and County Auditor will file with the Board of Supervisors each quarter (as part of the quarterly financial report to the Board) a report that describes the source and value of each gift in excess of \$10,000 and a report reflecting the cumulative donations by department for the fiscal year.

Procedures for CASH Donations

All cash donations should be recorded in FIN as donation revenue and appropriated as necessary.

Less than or equal to \$10,000:

1. Provide a receipt to the donor
2. Deposit cash immediately into the County Treasury
3. Complete a budget revision, if necessary, to appropriate the donation revenue

Greater than \$10,000:

1. Provide a receipt to the donor
2. Deposit cash immediately into the County Treasury
3. Prepare a Board Letter recommending Board acceptance or rejection of the donation and include:
 - A recommendation to accept or reject donation
 - The amount of the donation and name of donor
 - The facts and circumstances of the donation
 - 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

- The accounting (fund, department, account) identifying where the cash will be deposited
 - The budget revision, if necessary to appropriate the donation revenue
4. 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

Non-Cash donations are to be recorded in FIN with both a Source (Donation Revenue) and a Use (Capital Asset, Equipment, etc.). The procedures for accepting non-cash donations may be more extensive than cash donations based on donor entity type (taxpayer or a non-profit agency) and the value of the donation.

Less than \$5,000:

1. Provide a receipt to the donor, if requested. The value of the donation should be agreed upon between the County and the donor.
2. Prepare a budget revision to appropriate the donation revenue and asset, if necessary

More than \$5,000 and up to \$10,000, and Received from a Taxpayer:

1. A receipt, documentation, or a qualified appraisal is necessary to support the valuation amount for proper asset recognition in the County's financial statements.
2. A budget revision to appropriate the donation revenue and asset, if necessary.
3. If donor is planning to claim the donation as a charitable deduction on their tax return:
 - Per IRS regulations, a qualified appraisal is necessary to support the valuation amount and the donor should complete IRS Form 8283. The department accepting the donation must sign IRS Form 8283.
 - A copy of the appraisal and IRS Form 8283 should be forwarded to the Auditor-Controller

More than \$5,000 and up to \$10,000, and Received from a NPO:

1. A receipt, documentation, or a qualified appraisal is necessary to support the valuation amount for proper asset recognition in the County's financial statements.
2. A budget revision to appropriate the donation revenue and asset, if necessary.
3. Department should provide a receipt to the donor for the amount of the value, if requested by the donor.

More than \$10,000 and Received from a Taxpayer:

1. A receipt, documentation, or a qualified appraisal is necessary to support the valuation amount 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.
3. If the donor is planning to claim the donation as a charitable deduction on their tax return:
 - Per IRS regulations, a qualified appraisal is necessary to support the valuation amount and the donor should complete IRS Form 8283. The department accepting the donation must sign IRS Form 8283
 - A copy of the appraisal and IRS Form 8283 should be forwarded to the Auditor-Controller
4. Prepare a Board Letter recommending Board acceptance or rejection of the donation and include:
 - A recommendation to accept or reject donation
 - The amount of the donation and name of donor
 - The facts and circumstances of the donation
 - 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 donated asset
 - A budget revision to appropriate the donation revenue and asset, if necessary
 - Send the minute order to the Auditor-Controller who will record the item in the capital asset inventory

More than \$10,000 and Received from a NPO:

1. A receipt, documentation, or a qualified appraisal is necessary to support the valuation amount for proper asset recognition in the County's financial statements.
2. Department to provide a receipt to the donor for the amount of the appraised value, if requested by donor.
3. Prepare a Board Letter recommending Board acceptance or rejection of the donation and include:
 - A recommendation to accept or reject donation
 - The amount of the donation and name of donor
 - The facts and circumstances of the donation
 - 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 donated asset
 - A budget revision to appropriate the donation revenue and asset, if necessary
 - Send the minute order to the Auditor-Controller who will record the item in the capital asset inventory