



1. Definitions

For purposes of this Policy,

- A. A charitable gift is an irrevocable donation of money or property from a donor to a charitable organization. There should be no donor expectation of anything of significant value in return. A charitable gift may come from non-governmental sources or the private-sector; government funds cannot be treated as a charitable gift.
- B. An unrestricted charitable gift may be spent at the discretion of paws4people and is not limited to specific purposes, objectives, programs, or organizational units. A gift is considered unrestricted if the donor does not specify how the funds are to be used.
- C. A restricted charitable gift is earmarked for a specific purpose, objective, program, or organizational unit; however, once the restricted charitable gift is received by paws4people, the donor does not have control over expenditures or over the work performed.
- D. A pledge is a charitable gift that is written, signed, dated, and promises to fulfill a commitment at some future time and according to terms set by the donor and accepted by paws4people in a Charitable Gift Agreement.
- E. Valuation is the value placed on the charitable gift of property for paws4people crediting purposes.
- F. Fair Market Value (FMV) is defined by the IRS as "the price a willing, knowledgeable buyer would pay a willing, knowledgeable seller when neither has to buy or sell."
- G. A bequest is a charitable gift of money and/or property by will.
- H. A trust is a financial arrangement among three parties whereby property (real or personal, tangible or intangible) is transferred by one party to be held by another party for the benefit of a third party.
- I. A Charitable Lead Trust is an irrevocable trust that generates a potential income stream for one or more charitable organizations of the donor's choice, with the remaining assets eventually going to family members or other beneficiaries.
- J. A Charitable Remainder Trust is an irrevocable trust that generates a potential income stream for its beneficiaries, with the remainder of the donated assets eventually going to one or more charitable organizations.
- K. A gift agent is defined as a Trustee, officer, employee, independent contractor, Client, Handler, volunteer, or other authorized representative of paws4people with responsibilities, directly or indirectly, related to charitable gift solicitation, acceptance, and/or revenue administration.
- L. Cy Pres is a legal term derived from French, which means "as close as possible."

2. Entities Affected by this Policy

This Charitable Gift Solicitation, Acceptance, and Administration Policy (the "Policy") is applicable to and governs all charitable gifts to paws4people, Inc., its North Carolina single member limited liability companies¹ (collectively "paws4people"), and all paws4people gift agents.

3. Purpose

Charitable gift solicitation, acceptance, substantiation, disclosure, and revenue administration includes rigorous financial IRS guidelines and state-by-state solicitation compliance issues, which require that data be compiled accurately and reported regularly (i.e., audited financial statements, IRS Form 990, state charitable registration, IRS Publication 526

¹ paws4people, Inc. formed PAWS PTS|MST Centers, LLC (EIN: 47-4550098), a single member limited liability company (SMLLC) under North Carolina law in July 2015. paws4people's SMLLC is regarded by the IRS as a program of paws4people. The IRS considers a charitable gift to an SMLLC to be a charitable gift to paws4people. paws4people is the donee organization for purposes of the substantiation and disclosure required by the IRS.



"Charitable Contributions²," and IRS Publication 1771 "Charitable Contributions Substantiation and Disclosure Requirements"³).

This Policy is predicated on best practices and standards for the acceptance of cash, non-cash, planned gifts, and fundraising event gifts, as well as matters relating to charitable gift revenue administration and the stewardship of charitable gifts.

This Policy, and the business practices associated with it, will positively impact paws4people's charitable gift revenue sequence, financial and IRS reporting, and aid in boosting donor confidence through enhanced gift administration and reporting. It will provide greater transparency for paws4people's resource development practices and will enable resource development staff to create and sustain positive relationships with donors, while protecting and maintaining the values, mission, and goals of paws4people.

Adherence to the comprehensive and coordinated charitable gift solicitation, acceptance, and revenue administration standards, as set forth in this Policy, will encourage stronger, more collaborative relationships among internal and external stakeholders and will significantly enhance paws4people's overall operations and fundraising capacity.

4. Charitable Gift Committee

The Charitable Gift Committee shall consist of the Executive Director (ED), Deputy Executive Director Operations & Finance (DEDOP), Deputy Executive Director Public Awareness & Information Technology (DEDPAIT), and Corporate General Counsel (CGC).

The Charitable Gift Committee is charged with reviewing charitable gifts, pledges, and bequests offered to paws4people where and as appropriate, in accordance with this Policy and with applicable laws, rules, and regulations.

No less frequently than semi-annually, the Charitable Gift Committee shall report to the Board of Trustees regarding charitable gifts that have been accepted by paws4people.

5. Guiding Principles

- A. paws4people does not utilize the services of professional fundraisers, professional solicitors, or fundraising consultants.
- B. paws4people will not compensate, whether through commissions, finders' fees, or other means, any third party for directing a charitable gift or a donor to paws4people.
- C. paws4people participates in the Combined Federal Campaign, which is an annual workplace charity campaign for Federal civilian, postal, and military donors, and in annual workplace campaigns of state and private employers, respectively.
- D. Criteria for charitable gift acceptance focus primarily on the charitable gift's immediate usefulness or its liquidity. Ideally, a proposed charitable gift should be useful to paws4people in the short-term or be easily converted to cash.
- E. paws4people reserves the right to decline a charitable gift that may jeopardize its determination and status as a 501c3 public charity, is made for purposes that are inconsistent with its mission, or that it determines not to be in the best interest of the organization.

² <https://www.irs.gov/pub/irs-pdf/p526.pdf>

³ <https://www.irs.gov/pub/irs-pdf/p1771.pdf>



6. Donors

- A. Donors are a critical component of paws4people's ability to fulfill its mission.
- B. paws4people respects its donors, values their charitable gifts, and counts on them not only for financial support but also as true advocates of paws4people.
- C. paws4people refrains from providing advice about the tax or other treatment of charitable gifts.
- D. paws4people encourages donors to consult with their personal advisors (accountants, certified estate or financial planners, attorneys, investment brokers, etc.) prior to making any charitable gift, particularly a planned gift, and to investigate fully the resulting tax and estate planning consequences.
- E. paws4people does not cover charitable gift-related expenses such as donor travel, shipping, and appraisals.
- F. paws4people will provide acknowledgments to donors meeting IRS substantiation requirements for money and property received as a charitable gift.
- G. Except for gifts of cash, no value shall be ascribed to any receipt or other form of substantiation of a charitable gift received by paws4people.
- H. All donors to paws4people should have the right to expect privacy and anonymity regarding their charitable gifts, unless otherwise indicated. Please see the Privacy Policy for more details.
- I. Donors who make charitable gifts, by mail or through the website are added to the donor database. They can be contacted by official organization correspondence only. If they indicate they wish to cease receiving official organization correspondence, that shall be indicated in the donor database and contact shall cease. Please see the Privacy Policy for more details regarding "Opting Out."
- J. Notification of a donation shall only be made as indicated by the donor on the donation webpage or mailed donation form at the time of donation. If "send acknowledgement to" section is completed, acknowledgement shall be send via official organization correspondence to the party indicated.
- K. Upon request, Clients or Handlers may be made aware of the names of donors who donated specifically to in their honor or to their Pay-It-Forward (PIF) campaigns. No contact information for the donor shall be shared with the Client or Handler.
- L. All corporate sponsorship donations shall be outlined in a written sponsorship agreement. All logo placement, recognition, or request of sponsor anonymity shall be outlined in that agreement.

7. Pay-It-Forward Campaign

The Pay-It-Forward (PIF) campaign is a separate and distinct process whereby a paws4people Client/Handler voluntarily engages in fundraising, awareness, or other operational efforts on behalf of paws4people, thus helping paws4people to continue to provide more Assistance Dogs and Facility Dogs for more people. It also provides a mechanism whereby each paws4people Client/Handler engages in activities outside his/her comfort level, thus allowing him/her to get involved in a process that is "bigger-than-themselves," which can provide therapeutic benefits in and of itself. The PIF campaign allows each paws4people Client/Handler an opportunity to engage in and become members of the "paws4people family," and to help those who will come after him/her; because the same opportunity was afforded them by each paws4people Client/Handler who came before him/her.

A charitable gift is earmarked by a donor for a Client/Handler's Pay-It-Forward Campaign is for the use of paws4people because the organization has full control of the donated funds and discretion to use such funds⁴ to continue to provide more Assistance Dogs and Facility Dogs for more people.

⁴ Rev. Rul. 62-113, 1962-2 C.B. 10



8. Unrestricted Charitable Gifts

- A. Donations of unrestricted charitable gifts are encouraged because of the flexibility provided in meeting the most pressing needs of paws4people. Unrestricted donations are used in support of its charitable mission and help to fund the entirety of the organization, operations, programs, and services, and future growth.
- B. The Charitable Gift Committee will consider the following general criteria when deciding whether to accept each form of charitable gift:
- i. Cash offered without condition or restriction to paws4people.
 - ii. Checks made payable to "paws4people."
 - iii. Credit card payments made via paws4people's website.
 - iv. Fund transfers, including wire and ACH transfer are acceptable when the incoming wire fee is paid by the donor.
 - v. Tangible personal property may be accepted. The Charitable Gift Committee will consider the following non-exclusive list of factors when deciding whether or not to accept such a gift:
 - the property fulfills the mission of paws4people;
 - the property is marketable;
 - there are no undue restrictions on the sale, use, or display of the property;
 - the storage and other carrying costs are nominal; and
 - it can be readily liquidated to produce cash with no more than a nominal cost to paws4people.
 - vi. Securities:
 - paws4people may accept gifts of marketable securities. As a general rule, all marketable securities will be sold upon receipt unless otherwise decided by paws4people. Where otherwise marketable securities are restricted by applicable law, final determination of the acceptability of a gift of such securities shall rest with the Charitable Gift Committee.
 - Closely held securities, including debt and equity positions in non-publicly traded companies as well as interests in LLPs, LLCs, or other ownership forms, can be accepted upon approval of the Charitable Gift Committee. Every effort will be made to sell closely held securities as soon as possible, unless otherwise decided by paws4people. The Charitable Gift Committee will consider the following non-exclusive list of factors in deciding whether or not to accept such a gift:
 - legal and/or contractual restrictions on resale and company policy on resale (i.e., window periods);
 - expectations for marketability;
 - tax consequences for paws4people that would arise from acceptance of the charitable gift; and
 - the nature of the company's business.
 - vii. Real Estate: In certain instances, paws4people may accept gifts of developed or undeveloped real estate. In deciding whether to accept such property, the Charitable Gift Committee will consider whether the property is useful for the purposes of paws4people, whether it is marketable, and whether the donor agrees that the property can be sold at paws4people's discretion. In addition, prior to any acceptance of real property, the donor shall do the following, the results of which shall be shared with paws4people and shall also be considered by the Charitable Gift Committee in its decision:
 - for all real estate, allow for a visual environmental site inspection by an approved representative of paws4people, which must result in at least a satisfactory evaluation;
 - for non-residential real estate, perform, at the donor's expense, an Environmental Audit;
 - provide paws4people, at the donor's expense, with a qualified appraisal;
 - provide paws4people, at the donor's expense, with the results of a title search, recent tax statements, and a tax map;
 - disclose and satisfy any mortgage or encumbrance on the property; and
 - disclose any carrying costs (including maintenance, insurance, condo or coop fees).



- Under special circumstances, as determined by the Charitable Gift Committee, the expenses allocated to the donor above may be borne by paws4people.

Bargain Sales of Real Estate: paws4people may enter into bargain sales of real estate that are consistent with its mission. In a bargain sale, paws4people purchases property from a seller/donor at a discounted price and simultaneously accepts as a charitable gift from the seller/donor the amount of the discount. Prior to any bargain sale, paws4people will obtain an independent appraisal substantiating the value of the property. Factors considered by the Charitable Gift Committee in determining the appropriateness of a proposed transaction include, among others:

- the results of an independent appraisal obtained by paws4people;
- the utility or salability of the property; and
- carrying costs of the property.

Remainder Interests in Real Estate: paws4people may accept a remainder interest in real property, subject to the terms of subparagraph vii. The donor or other occupants may continue to occupy the real property for the duration of the stated life. At the death of the donor or stated life, paws4people may use the real property or reduce it to cash. Where paws4people receives a charitable gift of a remainder interest, expenses for maintenance, real estate taxes, and any property indebtedness are to be paid by the donor or beneficiary prior to transfer to paws4people.

viii. **Life Insurance:**

- paws4people will not accept a charitable gift of a term life insurance policy.
 - paws4people may accept as a charitable gift group term insurance for coverage over \$50,000. By giving that excess as a charitable gift, the donor avoids any income tax on the insurance over \$50,000.
- paws4people may accept a charitable gift of a new and existing universal, variable, or whole life insurance policy.
- Donors are encouraged to name paws4people as beneficiary of their existing universal, variable, or whole life insurance policies of which they are owners and which policies do not have any policy loans or debt (loan or debt should be paid off by donor before gifting). A beneficiary designation will be recorded as a charitable gift, at its present value, when the charitable gift becomes irrevocable. Alternatively, where paws4people is named as beneficiary and irrevocable owner of a universal, variable, or whole life insurance policy, it can be recorded as a charitable gift.
- If the donor of a universal, variable, or whole life policy contributes future premium payments, paws4people will include the entire amount of the additional premium payment as a charitable gift in the year that it is made.
- If the donor does not continue to make gifts to cover premium payments, paws4people may, at its discretion, continue to pay the premiums, convert the policy to paid up insurance, or surrender the policy for its current cash value.
- At all times, paws4people reserves the right to cash in any insurance policy or retain it as an investment, at its option.

ix. **Charitable Remainder Trusts:** paws4people may accept designation as remainder beneficiary of a charitable remainder trust. paws4people may not serve as trustee of a charitable remainder trust.

x. **Charitable Lead Trusts:** paws4people may accept designation as an income beneficiary of a charitable lead trust. paws4people may not serve as trustee of a charitable lead trust.

xi. **Retirement Plan Beneficiary Designations:** Donors are encouraged to name paws4people as beneficiary of their retirement plans. Such designations will be recorded as charitable gifts, at their present value, when the charitable gift becomes irrevocable.



- xii. Donor Advised Funds and Private Foundations: paws4people accepts charitable gifts from donor advised funds and private foundations.
- Where benefits are provided in return for a charitable gift from a donor advised fund or private foundation and the donor does not waive the benefits, paws4people cannot sign an acknowledgement representing that no goods or services were provided in return for the charitable gift, even if the individual pays separately for the non-deductible portions. In such circumstances, paws4people will issue a receipt stating that goods and/or services were received and indicating both the tax-deductible and non-deductible portion of the charitable gift.
 - paws4people will not accept a charitable gift from a donor advised fund or private foundation to satisfy an individual's legally-binding pledge obligation to paws4people.
- xiii. Bequests: The Charitable Gift Committee should be consulted in advance concerning a proposed testamentary charitable gift.
- If the Charitable Gift Committee decides to accept the proposed testamentary charitable gift, paws4people will provide suggested language developed by the CGC that will be included in the donor's Will.
 - All papers and documents relating to probate matters, including notices of hearings, wills, documentary evidence of assets, and forms of receipt for distribution as assets, should be forwarded promptly to the Charitable Gift Committee.
 - Acknowledgment of a testamentary charitable gift is generally made after distribution from the estate. In some cases, however, acknowledgment prior to receipt may be appropriate.
- xiv. Matching Funds: paws4people encourages the use of corporate match programs where companies match the fundraising efforts of its employees. Some companies have programs in place under which if their employees fundraise for paws4people, then the company will match the entire amount up to a certain limit.
- xv. Quid Pro Quo Contribution: In circumstances determined by the Charitable Gift Committee, a donor may give a charitable gift to paws4people and receive a good or service.
- paws4people must provide a disclosure statement to the donor when the donor's payment (quid pro quo contribution) exceeds \$75⁵.
 - paws4people must inform the donor that the amount of the charitable gift deductible for federal income tax purposes is limited to the excess of any money (and the value of any property other than money) contributed by the donor over the fair market value of goods or services provided by the charity, and provide the donor with a good faith estimate of the fair market value of the goods or services that the donor received.
 - No disclosure statement is required if the goods or services given to the donor have an insubstantial value.
 - paws4people must furnish the statement in connection with the solicitation or the receipt of the quid pro quo contribution. If the disclosure statement is furnished in connection with a particular solicitation, it is not necessary for paws4people to provide another statement when it actually receives the contribution.

⁵ <https://www.irs.gov/Charities-&-Non-Profits/Charitable-Organizations/Charitable-Contributions-Quid-Pro-Quo-Contributions>



9. Restricted Charitable Gifts

- A. When a donor wishes to make a restricted charitable gift, that donor shall determine and communicate gift parameters in advance to the Charitable Gift Committee. Such parameters may include the following:
 - i. Donation amount and type;
 - ii. Restrictions and designation;
 - iii. Charitable gift date;
 - iv. Distribution term;
 - v. Reporting requirements; and
 - vi. Provisions for disposition of charitable gifts when the purpose or project terminates or becomes impossible to achieve.
- B. All final decisions on the restrictive nature of a charitable gift and its acceptance or refusal shall be made the Charitable Gift Committee. The Charitable Gift Committee may rely upon authoritative legal and accounting precedent, standards, or literature in evaluating donor intent with respect to charitable gifts that purport to be restricted.
- C. All restricted charitable gifts must be governed by a Charitable Gift Agreement executed by the donor and paws4people's ED.
- D. paws4people reserves the right to change the designated purpose of any restricted charitable gift if the restriction prevents paws4people from using the charitable gift to fulfill the donor's intentions or becomes impractical, unnecessary, or undesirable.
- E. paws4people will advise potential donors of paws4people's discretion to change the purpose of a restricted charitable gift. At the time a change is made, paws4people will make a reasonable effort to hold a discussion with the donor, or if then deceased, his or her heirs, or such other persons designated by the donor.
- F. When a donor makes a restricted charitable gift to paws4people, which charitable gift is accepted by paws4people, a segregated restricted charitable gift account is established for that gift.
- G. Funds are to be expended in accordance with the restrictions identified by the donor at the time the charitable gift is received.
- H. If several donors make a charitable gift with the same restriction, the charitable gifts can be commingled within the same charitable gift fund.
- I. Balances in a restricted charitable gift account carry forward from one fiscal year to the next. The charitable gift account is closed out when the funding has been exhausted.
- J. In addition to making sure charitable gift funds are being spent appropriately, the DEDOF is responsible to monitor the balance in the fund and make certain the fund is not over expended.

10. Documentation Required Accompanying Charitable Gifts

- A. Charitable gifts must be accompanied by documentation as required by applicable federal and state law.
- B. Electronic donations made on or through the paws4people website need no further indication of donative intent.
- C. All other gifts must be clearly identified as charitable gifts by the donor. Checks may be accompanied by a declaration of donor's intent.
- D. In-kind donations may be accompanied by a declaration of donor's intent, and delivery should be arranged with paws4people.



11. Determining Value of a Charitable Gift

- A. All appraisals of real and personal property contributed to paws4people shall be done in accordance with IRS Publication 561, "Determining the Value of Donated Property."⁶
- B. A real property valuation must be prepared by a licensed appraiser who has been approved by "Members of the Appraisal Institute" or similar.
- C. Expenses incurred to obtain an appraisal shall be the responsibility of the donor.
- D. In limited circumstances, paws4people may approve payment of the cost of an outside appraisal.
- E. The dollar amount of a charitable gift shall be the amount of cash actually received; or, if in the form of a pledge, the full amount pledged; or the equivalent to the fair market value of securities or other property. The valuation of stock depends upon the date of its receipt.
- F. Valuation of goods or services received by a donor in a Quid Pro Quo charitable donation must be determined in accordance with the IRS written disclosure rules and applicable Revenue Procedures.⁷

12. Charitable Gift Agreements

- A. A Charitable Gift Agreement shall contain the complete understanding between the donor and paws4people, purpose of the charitable gift, funding type and amount of charitable gift, specific information regarding formal acceptance, administration, recognition, promotion, and reporting.
- B. A Charitable Gift Agreement must be prepared by the CGC signed by the ED and the donor after review by his/her/its legal counsel.
- C. A Charitable Gift Agreement is required for:
 - i. An unrestricted charitable gift of more than \$50,000;
 - ii. A restricted charitable gift;
 - iii. A multi-year pledge;
 - iv. A pledge that may last longer than the lifetime of the donor;
 - v. Transfer of property at the death of the donor;
 - vi. Charitable gifts involving real estate;
 - vii. Any charitable gift that the Charitable Gift Committee determines to be in the best interest of the organization.
- D. A payment schedule must be attached to the final, fully-executed Charitable Gift Agreement for a multi-year pledge.
- E. A Charitable Gift Agreement shall contain:
 - i. Cy Pres language, which permits paws4people to alter the use of the gift in a manner that adheres to donor intent and is acceptable to the donor if, sometime in the future, the original purpose of the gift becomes difficult or impossible to carry out.
 - ii. paws4people reserves the right to change the designated purpose of any restricted charitable gift if the restriction prevents paws4people from using the charitable gift to fulfill the donor's intentions or becomes impractical, unnecessary, or undesirable.
 - iii. paws4people discretion to change the purpose of a restricted charitable gift. At the time a change is made, paws4people will make a reasonable effort to hold a discussion with the donor, or if then deceased, his or her heirs, or such other persons designated by the donor.

⁶ <https://www.irs.gov/pub/irs-pdf/p561.pdf>

⁷ <https://www.irs.gov/Charities-&-Non-Profits/Substantiating-Charitable-Contributions>



13. Receipts

- A. All charitable gifts to paws4people are recorded by name of donor and include gift date, gift purpose, and value.
- B. Acknowledgements are sent to donors by the DEDOF or his designee.
- C. Receipts are issued to donors for charitable gifts that qualify for income tax charitable deductions as allowed by the IRS.
- D. Receipts for charitable gifts that provide goods and services include a description of such goods and services and list both the deductible and non-deductible portions of the gift.
- E. No receipts are issued for gifts that, while greatly appreciated, do not qualify for income tax charitable deductions.

14. Review and Amendment to the Policy

The Board of Trustees must approve any changes to or deviations from the Policy.