

Donations to the City Financial Governance Policy

PURPOSE

The purpose of this policy is to establish a process for acceptance, governance, and documentation of charitable donations made to the City of Fort Collins.

OBJECTIVES

1. To establish and guide relationships with donors who share the City's commitment to provide a high-quality civic environment; and
2. Set standards and protocols for the responsible, accountable, and efficient management of charitable gifts.

APPLICABILITY

- This policy applies to all funds and Service Areas of the City.
- This policy corresponds, relates, and refers to Administrative Policy: Philanthropic Governance

52.1 Overview

Charitable gifts and donations made to the City of Fort Collins—as to any other municipality—are tax-exempt to the fullest extent provided by law. Per IRS code 26 U.S.C. 170(c)(1), a gift to a local government entity is tax deductible if the gift is for public purpose. All donors receive a charitable tax receipt verifying each gift.

Charitable gifts are accepted when they have a purpose consistent with the strategic priorities, goals and objectives of the City of Fort Collins (City) and are in the best interest of the City and its residents. All gifts to the City will be designated by the donor toward City objectives, mission, or program.

Funds or other assets received from foundations, family foundations, corporations, corporate foundations, and third-party fundraisers are classified as gifts.

The City reserves the right to decline any charitable gift if, upon review, the donation is determined in the sole discretion of the City to be not in the best interests of the City or its residents.

The City urges all prospective donors to seek the assistance of personal legal and financial advisors in matters relating to their gifts, including the resulting tax and estate planning consequences. City staff will not provide legal, accounting, tax or other professional advice to donors or prospective donors.

Philanthropic gifts to the City are not charged administrative fees by City Give or the City of Fort Collins.

SOLICIATION OF DONATIONS

City Give, an operational initiative of the City, is a transparent, non-partisan governance structure to uphold the public's trust in the City's ability to honor donor intent and make meaningful investments in our community.

City Give was created to coordinate the many charitable activities across City departments and coordinates all charitable solicitations across the organization to:

- Ensure alignment with City priorities.
- Pair City services with the goals of funders.
- Certify deliverables are feasible and cost-effective; And,
- Prevent the submission of duplicating or competing or duplicative requests for funding.

Sponsorships are event-related and often a marketing decision on the part of donors and businesses. However, sponsors can declare their Sponsorship as a tax deduction. It's the City's fiduciary responsibility to coordinate, track, and record per charitable policies.

The City doesn't solicit in-kind donations from local businesses to support our internal services or events. E.g. City staff may not ask a local restaurant for a gift card as an event raffle prize.

ACCEPTANCE OF CHARITABLE GIFTS TO BENEFIT THE CITY

All charitable gifts are unanticipated revenue and will be designated by the donor via a defined intent to philanthropically support a specific program, department, strategic outcome, or City service area.

Charitable donations do not become the property of the City until accepted by the City consistent with this Policy.

Based on the value of the donation offered as outlined below, appropriate City staff or City Council will review every donation and determine if the benefits warrant acceptance of the gift.

- Charitable donations of cash, real property or personal property valued below \$5,000 may be reviewed and accepted by City Give and/or the Director of the benefited service area.
- Charitable donations of cash, real property, and personal property valued at more than \$5,000 and up to \$100,000 will be reviewed accepted by the City Give Director.

- Charitable donations of cash, real property and personal property valued between \$100,000 and \$200,000 require the acceptance by the City Manager.
- City Council will review and accept charitable donations of cash, real property, and personal property valued above \$200,000.

The City Manager reserves the right to refer any charitable gift to City Council for acceptance.

All donations valued at \$25,000 or more will be accepted through a written agreement consistent with this Policy.

GIFT AGREEMENTS FOR GIFTS VALUED AT \$25,000 OR MORE

A Gift Agreement documents the mutual understanding between a donor and the City and will be made a part of the City’s permanent records to serve as a guide to those in the City who will administer the gift in the future.

Any donation valued at \$25,000 or more to benefit the City of Fort Collins requires a gift agreement.

- Gift Agreements will be generated by the City Give Director, in collaboration with CAO and the Service Area or Department Director of the benefiting department;
- Gift Agreements will be signed by the donor and City Manager.
- A charitable gift of \$25,000 or more made to a supporting 501(c)3 to benefit the City of Fort Collins, referred to as a third-party agreement, also warrant a Gift Agreement to ensure all parties involved—the donor, the support league, and the City—agree to the terms of the gift and expectations of the donor.
- Third-party gifts agreements will be generated by the City Give Director and signed by the donor, Board Chair of the 501(c)3, and City Manager.

A signed award letter from a foundation or corporation is an acceptable form of gift documentation in lieu of a Gift Agreement if it documents restrictions on the gift’s designation, use, reporting requirements, giving vehicle, contribution schedule, recognition, and/or other obligations agreed upon by the foundation or corporation and the City.

Wills, trusts, or other estate planning documents are acceptable forms of gift documentation. However, to help ensure the donor’s philanthropic intent is fully realized, City Give will work with the donor or the donor’s representative to generate a signed gift agreement

Doner recognition, length of recognition, or naming benefits under consideration will be fully outlined in the Gift Agreement.

FINANCIAL ACCOUNTING OF CHARITABLE GIFTS TO THE CITY

The City of Fort Collins is committed to the responsible, transparent, and efficient management of charitable donations to the City which requires that all philanthropic revenue will be used solely by the City for the designated uses determined by donor intent within and for the benefit of certain City services.

A receipt of all charitable gifts accepted by the City will be generated by City Give or the benefiting service area or department and delivered to the donor within 30 days of processing.

Charitable gifts will be deposited into the City Give Business Unit and cannot be redirected by City staff or elected officials.

All philanthropic gifts, by financial definition, are unanticipated revenue to the City and require Appropriation by City Council before funds are transferred from the City Give Business Unit to respective benefiting departments.

- City Give will facilitate the Appropriation of charitable revenue with support from the benefiting departments.

Once accepted and Appropriated, charitable gifts will be delivered from City Give Business Unit directly into the budgets of benefiting projects and cannot be redirected by elected officials or City staff.

As designated revenue, unspent portions of charitable gifts will be carried over and reappropriated until fully spent per the donor's intent.

In the event of unused donor funds, the City will return unused funds to the donor or work with the donor to allocate those funds toward complementary project features per the donor's written consent.

If a philanthropic gift warrants multi-year spending, a non-lapsing BU can be requested by the City Give Director and approved by the Director of Treasury per Ordinance No. 013, 2021.

Multi-year pledges may be utilized to allow donors the flexibility to spread their gift over multiple tax years with payments up to 3 (three) consecutive years.

- Pledges documents must be signed by the donor and appropriate City staff based on the value of the total charitable gift as outlined in this Policy and filed with City Give.
- Multi-year pledges cannot be accepted from donor-advised funds per legal restrictions of the funds.

All charitable gifts collected and/or solicited via credit cards or online payments will be restricted to dedicated digital transaction platforms in orchestration with City Give and established by the City's Treasury Department.

RESTRICTED GIFTS

Certain types of charitable gifts require specialized review prior to acceptance due to the unique liabilities they may pose for the City. Such gifts will be facilitated by City Give in coordination with any specialized professional input outlined per IRS governance. Examples of restricted gifts includes gifts of real property, gifts of personal property, gifts of securities, and real estate.

Real Estate: In limited circumstances, the City may purchase an asset for less than its fair market value. This bargain purchase results in a gift from the owner of the property in an amount equal to the difference between the fair market value and the purchase price by the

university. All charitable gifts of real estate will be managed by the City's Real Estate Services in collaboration with City Give.

- For gifts of real estate totaling over \$5,000, an Appraisal Review of the Appraisal submitted by the donor—per IRS protocol--will be initiated by the City's Real Estate team.

Gifts of stock, securities, and financial assets to the City will be brokered and/or facilitated by a designated financial partner. Currently serving in this role is The Community Foundation of Northern Colorado.

The City reserves the right to decline all charitable gifts and/or determine that an offered gift is a Nonstandard Contribution which is defined by the IRS as the "contribution of an item that is not reasonably expected to be used to satisfy or further the organization's exempt purpose and for which (a) there is no ready market to liquidate the donation to convert it to cash and (b) the value of the item is difficult to ascertain or speculative.

All Fund Agreements for endowments and/or funds held by 3rd party financial partners to benefit the City of Fort Collins will be signed by the Chief Financial Officer to ensure the City accepts the legal terms of the gift and expectations of donors. Annual fund statements will be provided to the City of Fort Collins Treasurer.

CONFIDENTIALITY AND DOCUMENT STORAGE

The City is committed to safeguarding the privacy and confidentiality of charitable donors or prospective donors to the full extent permitted by law, including their names, addresses, telephone numbers, and emails.

Therefore, any information supplied to the City by donors will only be used by the City to fulfill the donors' intent in making the donation. However, the City of Fort Collins as a public institution, may be required legally to provide details of a charitable gift under the Colorado Open Records Act in Title 24, Article 72, Part 2 of the Colorado Revised Statutes (CORA).

The City of Fort Collins does not accept anonymous gifts. But will work diligently to protect and maintain the confidentiality of a donor's name and privileged information at a donor's request.

City staff will not disclose privileged or confidential information to unauthorized parties at any time for any purpose.

City Give will document, track, and store all fully executed records of donor relations, gift agreements, and grant awards, including donor's intended use and all defined terms of charitable gifts.

501(c)3 PARTNERSHIPS, SUPPORT LEAGUES, AND 3RD PARTY FUNDRAISERS

The City values the generosity and passion of community advocates. These entities provide valuable assistance in public outreach, fundraising, and support for the City's mission.

At the same time, as a public trust and the beneficiary of the funds raised, the City is obligated to require that the funds raised by such entities be adequately managed and properly expended in the same manner as if the funds were raised by the City itself.

City staff and departments shall not solicit gifts or donations on behalf of 3rd Parties such as local nonprofits and national causes. Donation drives, holiday giving, and fundraisers will be conducted in orchestration with City Give under the approval of City Hall.

To establish best practices, allocate resources, and develop effective partnerships, fundraising campaigns, and special project funds to benefit the City will be guided by a Memo of Understanding (MOU) to address roles and responsibilities of all parties, relationship orchestration, financial transparency, potential conflicts of interest, and donor confidentiality procedures.

MOU's will be approved and signed by the City Manager, Service Area or Department Director of the benefiting department or facility, and Board Chair of the partnering 501(c)(3) organization or a primary representative of the volunteer or external fundraisers.

Awards and distributions from any organization, nonprofit 501(c) or 3rd Party fundraising on behalf of the City to benefit the City will be regarded and administered as a charitable gift to the City independent of how these valued partners sourced the funds.

- For example, an event held by a support league is not recorded as event revenue when the funds are transferred to the City. Instead, the transferred funds are regarded as a charitable gift to the City.

Third-party fundraisers and community partners will transfer funds raised on behalf of the City as quarterly disbursements unless otherwise determined by the terms of an operating memorandum of understanding of which the City is a party.