

**EXHIBIT A: PROPOSED REVISION TO PROCEDURE FOR THE ACCEPTANCE AND
DISBURSEMENT OF DONATIONS**

NAPA COUNTY
AUDITOR-CONTROLLER'S OFFICE

PROCEDURE FOR THE ACCEPTANCE AND DISBURSEMENT OF DONATIONS

SUBJECT Acceptance and Disbursement of Donations
Resolution No. 25-xx, issued xx/xx/xxxx

REVISION DATE xx/xx/xxxx

EFFECTIVE DATE xx/xx/xxxx

DISTRIBUTION Department Heads
Department Managers
Financial Users

AUTHORIZED BY Tracy A. Schulze, Auditor-Controller

OVERVIEW

Donations to Napa County are considered contributions and may be tax deductible in accordance with the *Internal Revenue Code Section 170(c)(1)* and *California Revenue and Taxation Code Section 24359* if they are to be used for a public purpose.

Pursuant to *California Government Code Section 25355*, the Board of Supervisors has delegated the responsibility to accept Donations (gifts, bequests or devises) made by an individual or an organization in the amount of \$10,000 or less per quarter, to Department Heads, and the responsibility to accept Donations made by an individual or organization in the amount of \$1,000 or less per quarter to Department managers.

For donations made by an individual or organization in excess of \$10,000 per quarter, a request for acceptance is required to be filed with the Board of Supervisors describing the source and value of each gift, bequest or devise to be received.

Board Resolution No. 25-xxx consolidates and supersedes the following:

1. Board of Supervisors Resolution No. 99-56, adopted May 24, 1995, authorizing the Napa County Library Director to accept donations up to \$2,000 in general and up to \$5,000 from Friends of the Library;
2. Board of Supervisors Resolution No. 05-40, adopted March 8, 2005, authorizing the Auditor-Controller to accept donations in the amount of \$1,000 or less per occurrence;
3. Board of Supervisors Resolution No. 06-120, adopted on June 20, 2006 for the Health and Human Services Agency (HHS) to accept donations on behalf of the Homeless Shelter;
4. Board of Supervisors Resolution No. 08-171, adopted December 9, 2008, for the Health and Human Services Agency (HHS) to accept donations on behalf of the Children's Recovery Center (CRC) and Child Welfare Services Division (CWS) ; and

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PROCEDURES

All county departments are subject to the following procedural requirements.

A. PRELIMINARY ASSESSMENT

1) Type of Donation

- a) Cash – Cash, Checks and Money Orders
- b) Non-Cash – Merchant Gift Cards, Capital Assets, perishable and non- perishable goods, and equipment.

2) Appropriateness of Donation

Determine if the donation to be received can be utilized in accordance with statutes and County policy. The Department's representative in County Counsel should be consulted if there are any questions regarding the utilization of the donation(s). If the donation has been received as a bequest, then the donation shall be used in accordance with the will of the decedent. Donations are to be used to enhance the well-being of the citizens of Napa County and operations of the County departments serving the citizens of Napa County.

B. ACCEPTANCE OF CASH DONATIONS

1) Departments should send a thank-you letter for donations of \$100 or more within three (3) business days of acceptance.

The letter should include the following:

- a. Name and address of donor
- b. Date of donation (received date)
- c. Amount of cash donation
- d. Purpose of the donation (if declared by donor or if known how it will be used)
- e. Acknowledgement that the donor did not receive any goods or services in return for the donation (i.e., book, dinner, etc.)
- f. County Federal Tax ID Number

Refer to Exhibit B for an example of a thank-you letter. Copies of thank-you letters should be forwarded promptly to the Auditor-Controller's Office at donations@countyofnapa.org. Letters should be sent to any donor who requests one, regardless of the amount of the donation.

2) Department managers may accept cash donations by any individual or organization totaling \$1,000 or less.

- a) No pre-approval is required from the Auditor-Controller's Office for this category of donations.
- b) Record and deposit each donation within three (3) business days of receipt – **Refer to Section C** for instructions on recording cash donations.
- c) If applicable, complete the thank-you letter as outlined in Section (B)(1) and email a copy to donations@countyofnapa.org.

3) Department heads may accept cash donations by any individual or organization of up to \$10,000.

- a) Complete the thank-you letter as outlined in Section (B)(1) and email a copy to

donations@countyofnapa.org.

- b) Upon acceptance by the Department Head, record and deposit the donation within three (3) business days. **Refer to Section C** for instructions on recording cash donations.

4) Acceptance of cash donations by any individual or organization in excess of \$10,000 requires approval by the Board of Supervisors.

- a) Prepare a Board agenda letter in Legistar for the next available Board of Supervisors (BOS) meeting.

The Board agenda letter should include the following:

1. Name of donor
2. Date of donation (received date)
3. Amount of cash donation
4. Purpose of the donation (if declared by donor or if known how it will be used)
5. Acknowledgement that the donor did not receive any goods or services in return for the donation (i.e., book, tape, dinner, etc.)
6. A copy of the thank-you letter

Wait for instructions from the Board of Supervisors on whether to accept or decline the donation – **Refer to Section F** for instruction on declined donations.

Upon acceptance by the Board of Supervisors, forward a copy of the approved board agenda letter to the Auditor-Controller's Office via donations@countyofnapa.org.

- b) Record and deposit the donation within three (3) business days of receiving Board of Supervisor approval – **Refer to Section C** for instructions on recording cash donations.

C. RECORDING CASH DONATION(S)

Cash donation(s) shall be recorded in revenue account 47500 Donations/Contributions within three (3) business days depending on receipt or approval requirements. Include the donation receipt number and/or donor's name, and, if applicable, any particular purpose outlined in the donation, in the deposit description.

D. ACCEPTANCE OF NON-CASH DONATIONS

When accepting non-cash donations such as gift cards, bus passes, dog food, blankets, etc., the same limits for acceptance and acknowledgment as outlined in **Section B (ACCEPTING CASH DONATIONS)** shall apply. Refer to Section E for guidance on how and when to record non-cash donations.

Stock Donations shall be promptly sent to the Treasurer who will arrange for the sale of the stocks and deposit the net proceeds into the appropriate account.

The only exception to the procedures in Section B is in how Non-Cash Donations are recorded (**Section E**), and no cash value is stated in the Thank You Letter. (*Refer to Section (B)(1)(d) and Exhibit B*)

E. RECORDING NON-CASH DONATION(S)

- 1) If non-cash donations are received, the department may consult with the Auditor-Controller's Office (ACO) to determine how the non-cash item should be recorded.
- 2) **Products donated that would normally be purchased with County funds**, shall be recorded in revenue account 47500 donations/contributions within three (3) business days depending on receipt or approval requirements and offset by the appropriate expense account.
 - a) Examples of non-cash donations which would normally be purchased with County funds include pet food for the animal shelter and mattresses for NCHA Farmworker Centers.
 - b) Donations of office furniture or equipment that would be purchased with County funds require an estimated value to be supported by a quoted fair market value, professional appraisal, etc., when recorded in the revenue and expense accounts.
 - c) When the estimated value of donated product(s) exceeds budget allocation, it may be necessary to complete a budget adjustment to offset the expense.
- 3) **Products donated that would not normally be purchased with County funds** are not recorded in revenue account 47500 donations/contributions but rather recorded and tracked outside of the general ledger.

Examples of non-cash donations that would not normally be purchased with County funds include gift cards for food, beverage, clothing, movies, etc.

- 4) Consult the ACO to determine the proper manner of recording donations of tangible assets with a fair market value over the County's capital asset threshold (e.g., artwork, vehicles, or trailers).
- 5) Gift cards/certificates/bus passes shall be recorded and tracked on a log (**refer to Exhibit B**) and the log is to be made available to the Internal Audit section of the Auditor-Controller's Office annually by July 10 reflecting the balances as of fiscal year-end June 30.

F. DECLINED DONATIONS

Upon notification from the Auditor-Controller's Office or based on the actions of the Board of Supervisors that the donation has been declined, the Department must:

- 1) Draft a letter within three (3) business days of receiving notification that the donation has been declined. The letter should express the County's appreciation and include an explanation that the donation was not accepted by the Auditor-Controller or the County's Board of Supervisors and if available, the reasons for declining the donation.
- 2) Return the donated item to the donor through certified-return receipt mail if it can be easily mailed (checks, money orders, or merchant gift cards, etc.) If the donation is cash or not easily mailed, then the decline letter should explain that the donor must retrieve the donation within two (2) weeks from the date of the decline letter. Contact the Auditor-Controller's office if donors do not retrieve declined donations.

G. REPORTING TO THE BOARD OF SUPERVISORS

Departments are required to report all cash and non-cash donations to the Internal Audit section of the Auditor-Controller no later than five (5) business days after quarter-end. Internal Audit will issue a report to the Board of Supervisors of the aggregated donations known to have been received by all Napa County departments. Department quarterly donation report should include the following:

- The total value of the cash donations received;
- The Department receiving and utilizing the donation; and
- Description of any non-cash donations received and estimated value.

H. SAFEGUARDING AND ACCOUNTABILITY

- 1) Cash donations awaiting acceptance approval from the Department Manager, Department Head, or the Board of Supervisors shall be kept in a locked box in a locked drawer or in a locked safe with limited access until deposited.
- 2) Non-cash, cash equivalent, donations such as merchant gift cards and bus passes shall be kept in a locked box in a locked drawer or safe with limited access and accounted for and tracked using a gift card/bus pass log – **Refer to Exhibit B for an example.**

- a) The initial entry should list the certificates, card numbers, or other specific identification of the non-cash items.

- b) Disbursement approval of the non-cash, cash equivalent items (i.e., merchant gift cards) will be provided in writing by a member of the Department staff that has been authorized by the Department Head or their designee.

After the distribution of the donation is approved, the merchant gift card number or identification of the non-cash item shall be logged out.

The written documentation shall be filed with the log indicating issuance.

- c) The dollar value balance on the log as of June 30th shall be reported to the Internal Audit section of the Auditor-Controller's Office within five (5) business days after year-end.
- d) The Internal Audit section of the Auditor-Controller's Office shall have the ability to examine the log, the merchant gift cards, and other non-cash items for safeguarding and accountability purposes.

I. DISPOSITION OF DONATION

- 1) In accordance with California Government Code Section 25355, the Board of Supervisors must approve the disposal of the property and any income derived from the donations for those lawful uses and purposes as are prescribed in the terms of the donation, bequest, or devise.

Board approval of the disposition of donations can occur through resolution or consent item.

- 2) Refer to the County's Capital Asset policy for the disposal of non-cash capital asset items.

J. DECLARED EMERGENCIES

- 1) Donations received during Declared Emergencies shall be coordinated with the Logistics Section Chief. The Auditor-Controller, as the Finance Section Chief, shall receive all cash donations directly and shall be provided all documentation for non-cash donations, including volunteer hours.
 - a) Cash Donations: All checks and back up documentation shall be routed directly to the Auditor-Controller for receipt, tracking and acknowledgement. Back up documentation shall include a donor contact name, business name if applicable, and address if not on the check itself.
 - b) Non-Cash Donations: Donations of goods should include back up documentation: this may include packing slips, zero-based invoices, written communication (including emails) providing any level of information regarding the donation, a donor contact name, business name if applicable, and address.
 1. General emergency donations of goods for countywide use (e.g., water, food, personal protective equipment) should be routed through the Logistics chief.
 2. Donations during declared emergencies of goods for a specific county function (e.g., pet food for the animal shelter) should be coordinated with the Logistics Section Chief to mitigate the potential for duplicative expenditures (e.g., animal shelter personnel should inform the Logistics Section Chief as donations of pet food come in to avoid the Logistics Section ordering unnecessary pet food).
- 2) During a declared emergency, the Auditor-Controller is responsible for depositing all cash received, sending all acknowledgment letters and tracking all donations. The donations will be reported during a public meeting when financial updates of the event are presented, or as part of the quarterly donation report to the Board.

**Exhibit A: Non-Cash, Cash Equivalent
Donations Log**

**Gift Card/Bus Pass Log
(Example)**

USE ONE FORM PER MERCHANT												
MERCHANT'S NAME GIFT CERTIFICATES / GIFT CARDS												
												SIGN OR INITIAL
DATE IN	CERTIFICATE NUMBERS	QUANTITY RECEIVED	VALUE OF EACH CERTIFICATE	TOTAL VALUE	NUMBER OF CERTS ISSUED	ISSUED CERTIFICATE #S	REMAINING VALUE OF CERTIFICATES	DATE ISSUED	ISSUED TO	REQUESTOR AGENCY	APPROVED BY (SIGNATURE)	ISSUED BY (SIGNATURE)
7/3/2022	201 - 226	25	\$ 25.00	\$ 625.00	3	201-203	\$ 550.00	7/20/2022	T. SMITH	HHSA-MH		
					4	204-207	\$ 450.00	8/3/2022	C. JONES	HHSA-PH		
					5	208-213	\$ 325.00	8/6/2022	C. JONES	HHSA-PH		
					10	213-223	\$ 75.00	8/8/2022	P. CANN	HHSA-IHSS		
					3	224-226	\$ -	8/10/2022	P. CANN	HHSA-IHSS		
8/3/2022	530-560	30	\$ 25.00	\$ 750.00	1	530	\$ 725.00	8/12/2022	C. JONES	HHSA-PH		
					4	531-534	\$ 625.00	8/15/2022	T. SMITH	HHSA-MH		
(YOU MAY ALSO ASSIGN ONE CERTIFICATE # PER LINE)												
9/3/2022	735	4	\$ 250.00	\$ 1,000.00	1	735	\$ 750.00	9/5/2022	C. JONES	HHSA-PH		
	736				1	736	\$ 500.00	9/6/2022	P. CANN	HHSA-IHSS		
	737				1	737	\$ 250.00	9/10/2022	T. SMITH	HHSA-MH		
	738				1	738	\$ -	9/11/2022	C. JONES	HHSA-PH		

Exhibit B: Thank-you Letter Example

(Use Department letterhead)

Date

Name

Address

Dear Name,

Thank you very much for your generous gift of (cash amount or list of goods)* donated to the Department and/or Program on Date. We deeply appreciate your support and are very grateful for your active involvement in our success.

(Optional: Insert program/event information about where donations are/will be used)

Your donation may be tax deductible to the extent allowed by law per Internal Revenue Code Section 170(c)(1) and California Revenue and Taxation Code Section 24359. Napa County's Federal Tax Identification Number is 94-6000525. No goods or services were provided to you in exchange for your donation.

Sincerely,

Name of Department Head, Title

cc: Tracy A. Schulze
Napa County Auditor-Controller

**Do not include estimate value for non-cash donations! This is the responsibility of the donor for IRS purposes*