



Responsible Official: The President
Responsible Office: Office of the Secretary
Origination Date: January 11, 2013

DIRECTED CHARITABLE CONTRIBUTIONS – POL 1

Policy Statement

A Second Chance (ASC) is a not-for-profit corporation which survives on charitable donations made by individuals and business alike. These donations serve the purpose of allowing ASC to use the donations as ASC sees fit in order to best support the continued mission of the Corporation. From time to time, ASC may receive requests by an individual or business to accept donations with certain requests attached to the donation otherwise known as directed or earmarked giving. These directed/earmarked donations could create a risk for ASC to accept them. This policy provides guidance for all ASC employees on how to handle directed or earmarked donations.

Reason For Policy/Purpose

The purpose of this policy is to provide guidance on how to handle directed or earmarked donations. This policy applies to all ASC received donations.

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Who Approved This Policy

President of A Second Chance

Who Needs To Know This Policy

All ASC staff and Board of Directors

Website Address For This Policy

<http://www.asecondchancemo.org/aboutus-corporation.html>

Definitions

Charitable Donation	Donations including gifts, assets, vehicles, buildings, equipment, money, grants or other forms of giving without any expectation or receipt of economic or tangible compensation or benefit. Further, these donations are made without direction for how the charity will use the donation; the charity is free to use the donation as they see fit.
Donor Directed or Earmarked Donation	Any donation for which the donor designates the purpose or use of the funds without solicitation by the nonprofit.
Laundered Donations	Any donation for which a requirement is made for all or a portion of the donation to be given to an outside organization, charity, business or person.

Policy/Procedures

From time to time situations may arise where a donor proposes to make a charitable donation to ASC but the donation carries with it restrictions. Issues related to these potential donations include whether or not ASC could accept the proposed gift without putting at risk ASC's IRS 501(c)(3) classification and whether or not the contribution is tax deductible by the donor.

The following are several scenarios affected by this policy:

1. A donor wishes to donate to ASC but requires ASC to donate a portion of the donation to another organization; this is considered a Laundered Donation
2. A donor wishes to donate to ASC but requires ASC to use the donation for a specific purpose within ASC; this is considered a Donor directed or earmarked donation
3. A donor wishes to donate to ASC on the condition that ASC hires a certain person or allows a person into the program

Though many other scenarios exist, the above are the common scenarios ASC will face from time to time.

As a general rule, the IRS does not allow earmarked donations to be listed as charitable donations. Per the definition listed in this policy, charitable donations are those donations for which ASC has full control to use the donation as ASC sees fit and is not governed by instructions or requirements listed by the donor. To the extent that ASC can distribute the directed or earmarked funds within its general policies, bylaws, and mission statement in accordance with its exempt purposes, the contribution will be considered deductible. However, any donation that falls outside of the purpose, policies, or mission statement of ASC shall not be allowed. Further, in cases where ASC is merely a conduit, such as scenario 1 above, these types of donations shall not be allowed.

Scenario 1 and 3 above are specifically prohibited as they violate IRS code. Donations received whereby the donor makes a request for the donation to be used for a specific area within ASC's purpose, policies, or mission statement and where such request is not a requirement of the gift shall be considered acceptable and tax deductible. However, any donation that is directed/earmarked (Scenario 2 above) shall be approved by the Board of Directors after meeting the following criteria:

1. The donor is willing to accept that their donation may not be tax deductible in cases where heavy restrictions are accompanied with the donation. The Board of Directors will make this determination.

2. The directed or earmarked gift is being offered for a service or program that currently exists within ASC.

No ASC personnel shall approve the use of such giving until after receiving, in writing, approval from the Board of Directors.

History/Revision Dates

Origination Date: January 11, 2013

Last Amended Date: N/A

Next Review Date: Reviewed by the Board of Directors at the Annual Meeting