



## Administrative Policies and Procedures

Policy Title: Donation Acceptance Policy	Policy Number: 518
Effective: 9/24	
Supersedes: N/A	
Approval: Milton Dohoney Jr., City Administrator <i>Milton Dohoney Jr.</i>	Page 1 of 7

### 1. Purpose

This policy establishes the requirements and procedures for acceptance, acknowledgment, and administration of donations made to the City of Ann Arbor, including monetary and non-monetary donations. Examples include, but are not limited to, cash or equivalents, bequests, endowments, donations of real estate or personal property, artwork, appreciated stock, etc.

This policy does not apply to the transfer of funds between governmental agencies, cooperative agreements, cost-sharing agreements, partnerships, grants, sponsored travel (travel paid for by an outside party), or gifts accepted by individual employees (see HR Policy 2.3, Conflict of Interest regarding gifts to employees). Collaborations for a common goal are not subject to this policy unless they include a monetary or non-monetary donation component.

Compliance with this policy enables the City to control and monitor the acceptance and use of donated resources and ensures that risks are mitigated from potential conflicts of interest, misappropriation, and other violations of law or City policy.

Unless otherwise stated, the listing of any employee includes their designee.

### 2. Definitions

Benefiting Service Area: The service area that will primarily benefit from a particular Donation.

Donation: A voluntary offer of a monetary or non-monetary asset without any consideration, money, services, or goods in exchange.

Donor: An individual or legal entity that makes a Donation to the City.

Monetary Donation: Cash or any instrument easily converted to cash, such as currency, money orders, checks, stocks, or bonds

Non-monetary Donation: Tangible items like artwork, furniture, equipment, office machines, vehicles, materials, supplies, real estate, or personal property, and intangibles such as services.

Restricted Donation: A Donation upon which the Donor imposes a restriction, condition, or requirement. Examples include Donations that must be used within a specific timeframe, by a named service area, or for a specific project, activity, or purpose.

Unrestricted Donation: A Donation upon which the Donor imposes no restriction, condition, or requirement.

### **3. Responsibilities**

- 3.1 It is the responsibility of all staff to become familiar with this policy and follow the procedures provided in this document.
- 3.2 The Benefiting Service Area is responsible for compliance with this policy, as well as adhering to the restrictions, conditions, and requirements of Restricted Donations. The Benefiting Service Area must consider whether accepting a Donation is in the best interest of the City and will consult with the City Attorney and the Finance Department for large Monetary Donations or unique Non-monetary Donations as further described in this policy. The Benefiting Service Area will also consult with other service areas affected by a Donation (e.g., for on-going maintenance issues affecting other service areas).

### **4. General Provisions**

- 4.1 The City may accept Monetary and Non-monetary Donations at its sole discretion, subject to limitations imposed by law, City Charter, or City policies. For example, the City will not accept a Donation if, in the City's sole discretion, any restriction, condition, or requirement imposed by the Donor or the Donation itself:
  - Is illegal;
  - Is offensive;
  - Is unreasonable to administer or maintain;
  - Creates an actual or apparent conflict of interest or sets an expectation, directly or indirectly, that a Donation would result in a future benefit, such as a contract award or political favor to a Donor or a Donor's family member or business associate; or
  - Creates any other concern, real or perceived, that may result in the loss of reputation, appearance of impropriety, or other negative impact on the City.
- 4.2 Once a Donation has been accepted by the City, the Donation will be deemed final and not revocable except at the City's sole discretion.
- 4.3 City employees and officials cannot receive personal benefit from any Donation. A Donor cannot expect benefit beyond a specified restriction on the Donation that the City has agreed to in writing in advance of accepting the Donation.

- 4.4 Donors who wish to make Restricted Donations must present their proposed restrictions, conditions, and requirements in writing. Restricted Donations must have their restrictions, conditions, and requirements accepted in writing by the City or they will be deemed Unrestricted by the City.

- 4.5 Restricted Monetary Donations with a remaining balance after all restrictions have been fulfilled, completed, or ended will revert to Unrestricted Monetary Donations.

Example: the City receives a Restricted Donation of \$5,000 to be used to procure and install a statue. If the actual total cost for procurement and installation of the statue is only \$4,400, the remaining balance of \$600 becomes an Unrestricted Monetary Donation and may be used for any public purpose within the same Benefiting Service Area or as otherwise designated by the City Administrator.

- 4.6 Non-monetary Donations.

- 4.6.1 In most cases, the City will not accept a Non-monetary Donation that is not cost-effective (e.g., if the total cost to implement or maintain the Donation is expected to exceed the value).

- 4.6.2 Donors will be required to provide an estimated monetary value for their Non-monetary Donations. For internal accounting purposes, the City may value a Non-monetary Donation as it deems appropriate, regardless of the Donor's stated value.

- 4.6.3 The City becomes the sole owner of Non-monetary Donations and acquires the unencumbered right to sell any Non-monetary Donation at its sole discretion. The City Attorney must be consulted to determine if a formal agreement is required prior to acceptance of a Non-monetary Donation. If a Non-monetary Donation is subsequently sold, the Benefiting Service Area will receive the proceeds from the sale unless otherwise determined by the City Administrator.

- 4.6.4 Absent an accepted restriction stating otherwise, the City has the final discretion to relocate, remove, or dispose of any Non-monetary Donation or any item purchased with donated funds at any time, with or without notice to the Donor.

- 4.7 Tax Considerations

- 4.7.1 Donations made to the City of Ann Arbor may be tax deductible in accordance with applicable law (see, e.g., Internal Revenue Code, 26 U.S.C. Sections 170, 2055, 2522).

- 4.7.2 Determination of tax implications and consequences for a Donation is a matter exclusively between the Donor and the taxing authority. The City does not and will not make assurances or representations regarding the tax deductibility of any Donation or the valuation of any Donation for tax purposes.

- 4.7.3 Finance will provide a Donor with a written acknowledgement of the Donation upon request.

#### 4.8 Solicitation and Fundraising

- 4.8.1 The City may request Donations to the City, either directly or through a third party. A request for a Donation from a specific Donor for a specific purpose may only be made by the City Administrator. Broader solicitation requests, such as fund-raising events or programs, will be coordinated by the City Administrator in consultation with the City Attorney to ensure that the manner in which the fundraiser is conducted and the manner in which the Donors are recognized or acknowledged comply with applicable law.
- 4.8.2 Employees may not solicit Donations on behalf of the City unless specifically authorized as part of a fund-raising event or program under the direction of the City Administrator in coordination with the City Attorney.

### 5. **Procedures**

#### 5.1 Prior to Acceptance of a Donation

- 5.1.1 If a Donation valued less than \$10,000 is offered to a particular service area, the Service Area Administrator is responsible for determining whether to accept the Donation in accordance with this policy. The Service Area Administrator must report the Donation using the approval form in Appendix B, as updated by the Finance Department. The signed approval form must be sent to the Accounting Services Manager for retention.
- 5.1.2 If a Donation valued \$10,000 or more is offered to a particular service area, the Service Area Administrator must obtain City Administrator approval for the Donation using the approval form in Appendix B, as updated by the Finance Department. The signed approval form must be sent to the Accounting Services Manager for retention.
- 5.1.3 Donations valued over \$75,000 must go to City Council for acceptance. This threshold value will change (without requiring amendment of this APP) so that it is always equal to the threshold at which contracts for goods and services must go to City Council for approval (i.e., the dollar limit within which purchases may be made and contracts for services entered into without the necessity of Council approval, as set forth in City Charter Section 14.2).
- 5.1.4 All Restricted Donations must have their restrictions, conditions, and requirements approved by the City Attorney, regardless of value. Specific types of Restricted Donations may be preapproved as part of a standard operating procedure authorized by this policy.
- 5.1.5 The City Administrator retains discretion to change or assign a Benefiting Service Area for any Donation, unless prohibited by the terms of a Restricted Donation.
- 5.1.6 If a Monetary Donation does not specify a Benefiting Service Area and the City Administrator does not assign one, the Donation will be deposited into the General Fund, and treated as "Non-Departmental" with no Benefiting Service Area. The City Administrator will be responsible for fulfilling the duties of a Benefiting Service Area for "Non-Departmental" Donations.

- 5.1.7 In determining whether to accept a Donation, the Benefiting Service Area will make a cost-benefit analysis that considers all projected costs that may be incurred by the Benefiting Service Area and other service areas (consulting with other relevant Service Areas, as appropriate) to evaluate whether the long-term cost of a Donation will exceed its value or benefit. The cost-benefit analysis need not be formal or in writing; however, a summary should be provided when seeking approval from the City Administrator for a particular Donation.
- 5.1.8 If the Donation is large, unusual, or expected to encompass multiple fiscal years, the Benefiting Service Area must discuss any reporting and tracking needs with the Accounting Services Manager.
- 5.1.9 The Service Area Administrator will consult with the City Attorney to determine if a particular proposed restriction or Non-monetary Donation raises any legal risks or requires a specific agreement or waiver (e.g., Donations of artwork.)

## 5.2 Acceptance of a Donation

- 5.2.1 Individual employees may not accept Donations unless specifically authorized to do so by the City Administrator or their Service Area Administrator. If an authorized employee receives a Monetary Donation, they must deposit the donated funds as expeditiously as possible using the service area's existing cash receipting process.
- 5.2.2 The Benefiting Service Area must report Non-monetary Donations to the Accounting Services Manager in accordance with APP #516 Fixed Assets. This reporting should include the Donor's valuation, documentation to support the valuation (if the Service Area has such documentation), date of physical receipt, expected useful life, restrictions on use, and other pertinent information.

## 5.3 Expenditure of Donated Funds

- 5.3.1 All City procurement policies and procedures must be followed when expending donated funds.
- 5.3.2 Monetary Donations received by the City are not expendable until a budget amendment has been approved by City Council to appropriate the funds. The Benefiting Service Area will consult with the Financial Manager to determine if a budget amendment is necessary to appropriate a Monetary Donation, which may depend on the amount of the Monetary Donation, whether it has been accepted and earmarked for particular expenditures, or other factors.
- 5.3.3 Unrestricted Monetary Donations will be placed in the General Fund. Restricted Monetary Donations will be placed in the appropriate fund based on the nature of the restriction (e.g., a Restricted Monetary Donation of \$1,000 for lead pipe remediation would go into the Water fund.) Finance will arrange through the budget adoption and amendment process that Restricted Monetary Donations may be used without regard to fiscal year and will remain restricted until conditions of the restriction are fulfilled.

## 5.4 After Acceptance of a Donation

5.4.1 The Benefiting Service Area is primarily responsible for managing and maintaining its own Donations. Where multiple services areas are necessary to manage or maintain a Donation, the Benefiting Service Area will be responsible for coordinating with the other service area(s).

5.4.2 The Benefiting Service Area is responsible for all future reporting to Donors, if applicable. If future reporting has financial elements, the Service Area Administrator will contact the Finance Department to discuss reporting and tracking needs.

#### 5.5 Donation Acknowledgement Letters

5.5.1 Upon request from the Donor, the Benefiting Service Area will complete a Donation acknowledgement letter for the Donor. A sample Donation acknowledgement letter containing the required elements is available for use in Appendix A of this policy, as updated by the Finance Department.

5.5.2 A copy of the Donation acknowledgement letter given to the Donor must be sent to the Accounting Services Manager for retention.

#### 5.6 Service Area or Unit Standard Operating Procedures

5.6.1 A Service Area or Unit that is regularly offered Donations may establish a standard operating procedure ("SOP") containing standards or guidelines for acceptance of Donations. The SOP may be for the guidance of staff or the public. The SOP must be consistent with this policy and reviewed and approved by the City Administrator and City Attorney. The SOP may delegate approval of certain clearly defined types of Restricted Donations or Donor recognition to the Service Area Administrator.

**6. Donor Recognition**

All Donors will receive recognition appropriate to the level and nature of the Donation as determined by the City Administrator, which may include acknowledgments such as signage, plaques, or markings where appropriate. Recognition will typically not include items or activities that may be deemed advertising or endorsements.

**7. Real Estate Donations**

7.1 Donations of real property may require additional due diligence, such as title searches, environmental studies, and surveys, which may entail additional costs. The Benefiting Service Area should consult with the City Attorney as early as possible when considering accepting a Donation of real property. Donations of real estate to the City do not require an appraisal under City Code Section 1:321; however, an appraisal may be appropriate or necessary to determine value for tax, grant matching, or other purposes.

7.2 Acceptance of a Donation of real property (or any interest in real property, such as an easement), requires 8 affirmative votes of City Council per City Charter.

**8. Conflict with Other Policies**

Where this policy conflicts with any other policies related to Donations, promulgated by the City or any of its departments or service areas, this policy controls.



**CITY OF ANN ARBOR, MICHIGAN**  
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## Donation Letter

Dear \_\_\_\_\_ (donor),

On behalf of the City of Ann Arbor (Tax ID: 38-6004534), I would like to express our appreciation for your generous donation which will be used for a public purpose.

We hereby certify that on \_\_\_\_\_ (date) the City received (check one):

\_\_\_ Cash in the amount of \$ \_\_\_\_\_

\_\_\_ Check in the amount of \$ \_\_\_\_\_ Check # \_\_\_\_\_

\_\_\_ Other (describe) \_\_\_\_\_

This donation will be used for the following purpose (check one):

\_\_\_ Unrestricted (any public purpose)

\_\_\_ Restricted (describe) \_\_\_\_\_

We certify the following was provided in exchange for this donation (check one):

\_\_\_ No goods nor services were provided in return for this donation.

\_\_\_ The following was provided in return for this donation (describe)

\_\_\_\_\_ which has an estimated value of \$\_\_\_\_\_.

*Donations made to the City of Ann Arbor exclusively for a public purpose are tax deductible (see Internal Revenue Code, 26 U.S.C. Sections 170, 2055, 2522). However, deductibility of any donation is a matter exclusively between the donor and the Internal Revenue Service. The City does not and will not make assurances on the deductibility of any donation.*

Sincerely,

\_\_\_\_\_  
 Name and Title of City Representative

\_\_\_\_\_  
 Date Signed





**CITY OF ANN ARBOR, MICHIGAN**  
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**Donation Valued in Excess of \$10,000 Preapproval Form**

We are requesting preapproval to accept the following donation:

Type (Cash, goods, services) \_\_\_\_\_

Amount or estimated value \_\_\_\_\_

We intend to use this donation for the following purpose (check one):

☐ Unrestricted (any public purpose)

☐ Restricted (describe) \_\_\_\_\_

\_\_\_\_\_  
 \_\_\_\_\_

We certify the following will be provided in exchange for this donation (check one):

☐ No goods nor services will be provided in return for this donation.

☐ The following will be provided in return for this donation (describe)

\_\_\_\_\_  
 \_\_\_\_\_

which has an estimated value of \$\_\_\_\_\_.

Sincerely,

\_\_\_\_\_  
 Name and Title of Requestor

\_\_\_\_\_  
 Date Signed