

THE NATOMAS BASIN CONSERVANCY DONATION POLICY

Introduction

The Natomas Basin Conservancy (Conservancy) is an IRS section 501(c)(3) not-for-profit corporation. The Conservancy is responsible for collecting and managing mitigation fees required by the Natomas Basin Habitat Conservation Plan (NBHCP), using the fees to establish mitigation lands, and managing the mitigation lands for the benefit of the NBHCP's protected plant and animal species. The Conservancy's Board of Directors (Board), management and staff make every effort to ensure the Conservancy operates a financially sound organization.

The Conservancy has historically not solicited or received deductible contributions from donors. However, the 2003 NBHCP authorizes the Plan Operator to seek funding from non-fee sources. Section VI.B.4 of the 2003 NBHCP (page VI-7, "Other Revenues") states, "TNBC shall seek out additional revenues to augment the cost of managing the reserve system in perpetuity. Such revenues may include hunting, farm subsidies, cell tower revenues, etc."

This policy spells out the purpose, intent and guidelines by which non-fee sources of revenue may be derived by the Conservancy.

Risk management / journal entry

Risk Management. The Conservancy will accept donations via debit or credit card through an online payment processor, wire transfer or check and will follow existing policies and internal controls regarding receipt of funds. Management will work with an online payment processor to determine the frequency of transfers to Conservancy's bank accounts for those contributions made through the Conservancy's web site. Reconciliation of statements received from the online payment processor will follow the Conservancy's current process of bank account reconciliations.

Journal Entries. The Conservancy's Chief Financial Officer prepares all entries, including adjusting journal entries. The entries are accompanied by an adequate explanation of the entry and are referenced to appropriate supporting documentation. They are printed monthly with the financial statements for review purposes and for the record. Transfers from the online payment processor to Conservancy's bank accounts will be recorded when transferred, and appropriate documentation will be included for support of the entry.

Website contribution transactions

Website. The Conservancy will coordinate with a third-party consultant to maintain the Conservancy's website so that it includes a "donate" button to facilitate on-line contributions. This facility will request the donor's name, address and the amount of donation. The donor's payment information will be requested and the payment

processed through an online payment processor. The Conservancy will not collect payment information.

Receipts. Donor information will be downloaded no less than annually from the online payment processor and donation acknowledgement receipts will be generated. Written acknowledgment will be sent to every donor regardless of amount, and will include the following information per IRS rules and regulations:

- 1) The name of the organization (The Natomas Basin Conservancy, a California Non-profit Public Benefit Corporation),
- 2) The amount of the contribution,
- 3) A statement that no goods or services were provided by Conservancy in return for the contribution.

Additional information not required but to be included for clarity for the donor:

- 1) The Conservancy's EIN (68-0344388) and tax exempt status (IRC Sec. 501(c)(3) organization)
- 2) The date of the contribution.

In accordance with IRS regulations receipts will be sent to donors as soon as practical but no later than January 31 of the year following the donation.

Identification of potential conflicts

The online payment processor's limit is generally \$2,000.00. For donations between \$2,000.00 and \$10,000.00, donors are directed to call the Conservancy staff and Conservancy senior management must approve such donations. Senior management may not accept contributions in the stated dollar amount if it believes there may be an ulterior motive on the part of the donor, or otherwise where there may be anticipation of a *quid pro quo*. If management believes such may be the case, then it will reject the donation or submit it to the Conservancy's Board of Directors for an acceptance decision. The Board of Directors must approve all donations in excess of \$10,000.00.

In the event the Conservancy notices several donations from several individuals from the same company or corporation in what might appear to be a bundling donation, Conservancy staff will flag the donations for review with the Executive Director. If the donations are determined to be an attempt to influence, the donations will be returned.

Use of Funds

The purpose of accepting donations is to supplement or commence programs not currently supported by mitigation fees, provided such activity is consistent with its tax-exempt purpose and overall mission. Donations will not be used to reduce mitigation fees currently charged or planned in the future.

The Board will determine the projects that may be supported by donation revenue prior to funding. Should a donation come with a request for the funding to go to a specific program, the Board will evaluate the request and determine if the program is within Conservancy's exempt purpose, that the timing of the project is appropriate, and that the donor will receive no private or direct benefit from the program.

Donor Privacy

Donor information will not be sold, shared or otherwise made available outside of Conservancy. Privacy statement information is posted on Conservancy's website.

Flow of funds for website contributions

(illustration only)

1. Donor visits www.natomasbasin.org, clicks on the "donate now" button, and provides name, address, donation amount and payment information
2. Online payment processor captures donor's name, address, date of donation and amount.
3. An online payment processor processes payment and charges the donor's method of payment
4. The online payment processor wire transfers money to Conservancy's bank account. The processor provides a report to Conservancy showing the amount and date of transfer.
5. Conservancy downloads donor report and generates donation acknowledgement which is mailed to the donor as soon as practical but no later than January 31 of the year following the donation.
6. Conservancy records online payment processor transfer entry based on report provided. Cross check of the amount is done through the bank reconciliation process.
7. Conservancy checks the donor amount total from the Conservancy's website against the online payment processor record periodically to confirm transfers are correct, less online payment processor fee.

