
Section H. Solicitations, Gifts, and Donations

Introduction The Coast Guard Auxiliary, in accordance with The Coast Guard Authorization Act of 1996, will operate and do business in accordance with policies and procedures that reflect a high sense of propriety and ethics. The Auxiliary exists to enhance the safety and environmental quality of America's waterways and to support the Coast Guard as authorized by the Commandant. The Coast Guard provides some of the support needed to fulfill these purposes. Operation and administration of the Auxiliary requires additional resources in order to support expanding Auxiliary missions and activities. 14 U.S.C. § 821(c) permits the Auxiliary National Board, and any Coast Guard Auxiliary District or Region, to form a corporation under State law in accordance with policies established by the Commandant. Under this authority, the Commandant, by issuance of this Manual, recognizes Coast Guard Auxiliary Association, Inc. (CGAuxA, Inc.) as the entity established by the National Board and hereby authorized to manage all fiscal matters and fundraising efforts in support of Auxiliary activities not funded by the Coast Guard. Coast Guard Auxiliary Association Inc. resources may be augmented through revenues, grants, gifts, and donations received from outside sources, both public and private. Further guidance regarding the formation of District and regional corporations is set forth in section M of this chapter.

H.1. Policy CGAuxA, Inc. is the vehicle for all national, regional, or broad fundraising initiatives that may benefit the Auxiliary, its units, and its programs. This private, not for profit, domestic corporation, chartered under the laws of the District of Columbia, shall be limited in its efforts only to the extent that 501(c)3 corporations are limited under applicable law. No fundraising or solicitation of monetary (or in-kind) support by any Auxiliary unit or Auxiliarist, from any outside organization or persons, is permitted except as specifically defined and authorized below. This includes prohibition for any Auxiliarist, in their capacity as an Auxiliarist, to perform a solicitation or fundraising activity in support of any other charity, organization, or program unless specifically approved by the Chief Director.

H.1.a. CGAuxA, Inc. Officers and Agents CGAuxA, Inc. has appointed certain officers and agents who will be responsible for the coordination of all CGAuxA, Inc. based fundraising programs on behalf of the Auxiliary. Auxiliary DCOs who are ex officio directors of CGAuxA, Inc. shall be appointed agents for CGAuxA, Inc. for some fundraising programs. CGAuxA, Inc. directors shall always seek written approval and coordinate efforts with the President and Director of Development of CGAuxA, Inc. in advance of any active solicitation or implementation of fundraising initiatives or acceptance of gifts of money (or in-kind) in the name of CGAuxA, Inc.

H.1.b.
CGAuxA, Inc.
Representation

CGAuxA, Inc., as a private non-profit 501(c)3 corporation, shall conduct its fundraising affairs with the utmost sense of propriety and ethics. Representatives of CGAuxA, Inc. shall not present themselves as representing any organization other than CGAuxA, Inc. and shall not conduct any activities on behalf of CGAuxA, Inc. in the uniform authorized for wear by Auxiliarists. Gifts offered to CGAuxA, Inc. (rather than directly to the Coast Guard) for support of Auxiliary programs may be accepted by the corporation without prior Coast Guard review and approval.

H.1.c. Solicited
Gifts

All Auxiliarists, including all district corporation members, when acting in their capacity as Auxiliarists, are prohibited from soliciting any gift of any type from any federal or non-federal source for themselves, any family member, any private organization, any commercial entity, or any other federal or non-federal entity except as described below. Approved District corporations shall be permitted for those limited purposes described in section M of this chapter. Non-federal source means any person, and any entity of any kind, that is not part of the U.S. federal government.

All Auxiliarists, including all district corporation members when acting in that capacity, are prohibited from soliciting any gift of any type from any federal or non-federal source for any Auxiliary unit or district corporation, except in accordance with the following circumstances:

- (1) Any solicitation must be for the support of an authorized Auxiliary program(s) and from which an Auxiliary unit will receive benefit.
- (2) Any solicited gift source must be within the soliciting unit's area of responsibility.
- (3) The market value of each solicited and accepted gift (e.g., funds, personal property – real property is specifically excluded) cannot exceed \$2,500. The aggregate market value of all gifts solicited and accepted from any particular gift source cannot exceed \$5,000 per calendar year.

Solicitation may be exercised at the district, division, or flotilla organizational level. However, neither solicitation nor subsequent acceptance may occur unless and until the DCO and the Director both give advance written permission (e-mail is acceptable). Such permission shall not be given without first obtaining written advice and guidance (e-mail is acceptable) from the DSO-LP, who shall also perform a prohibited source determination with respect to the proposed solicitation in accordance with Appendix E. Just because a gift source may be determined to be a prohibited source, that does not, by itself, mean that soliciting and accepting from that source is precluded. However, the DSO-LP, the DCO, and the Director must thoroughly review all Appendix E factors and considerations before permitting solicitation in such circumstances.

The DCO shall serve as the Auxiliary gift acceptance authority, accepting gifts on behalf of the Auxiliary, for solicited gifts. The source of any solicited and accepted gift shall be acknowledged (with thanks) by the appropriate Auxiliary elected leader (see paragraph H.1.j of this chapter).

Participation by divisions and flotillas in the annual local United Way Campaign is authorized.

H.1.d.
Unsolicited Gifts

An unsolicited gift offer is a gift offer from a non-federal source that was not requested by any Auxiliarist or Coast Guard member acting in their capacity as such. Non-federal source means any person, and any entity of any kind, that is not part of the U.S. federal government.

No Auxiliarist, and no one in the Coast Guard except the Commandant, the Vice Commandant, and CG-8, has any authority to accept any unsolicited offer of real property.

In order to be considered for approval, all unsolicited gift offers to any member or organizational unit of the Auxiliary must be in writing from the gift source (e-mail is acceptable) and include:

- (1) A description of the offered gift.
- (2) The estimated market value of the gift.
- (3) Any conditions the gift source places on the gift (e.g., that the gift must be used for a specific purpose or by a specific Auxiliary element).

An Auxiliarist who receives an unsolicited gift offer must obtain the required information in writing and forward the offer, with an acceptance recommendation, through their respective chain of leadership to the appropriate gift acceptance authority.

The NACO shall act as the Auxiliary gift acceptance authority, accepting gifts on behalf of the Auxiliary, for unsolicited gift offers made at the national Auxiliary level. The NACO may refer such offers to a DCO if deemed more appropriate to be processed at the district level. Acceptance of such offers shall not be made without first notifying the Chief Director, and obtaining written advice and guidance (e-mail is acceptable) from the ANACO-CC, who shall also perform a prohibited source determination in accordance with Appendix E. Just because a gift source may be determined to be a prohibited source, that does not, by itself, mean that accepting from that source is precluded. However, the ANACO-CC, the NACO, and the Chief Director must thoroughly review all Appendix E factors and considerations before acceptance in such circumstances.

The DCO shall act as the Auxiliary gift acceptance authority, accepting gifts on behalf of the Auxiliary, for unsolicited gift offers at the district, division, or flotilla level, and if the market value of the offered gift does not exceed \$5,000. Acceptance of such offers shall not be made without first notifying the Director, and obtaining written advice and guidance (e-mail is acceptable) from the DSO-LP, who shall also perform a prohibited source determination in accordance with Appendix E. Just because a gift source may be determined to be a prohibited source, that does not, by itself, mean that accepting from that source is precluded. However, the DSO-LP, the DCO, and the Director must thoroughly review all Appendix E factors and considerations before acceptance in such circumstances.

For unsolicited gift offers having a market value in excess of \$5,000 but no greater than \$50,000, the DCO shall forward the gift offer (e-mail is acceptable), with an acceptance recommendation, the advice and guidance of the DSO-LP, and the prohibited source analysis, to the Director. The Director shall determine whether or not to authorize the DCO to accept this type of gift offer, and will so notify the DCO. If the Director determines that the DCO is not the appropriate Auxiliary gift acceptance authority, then the Director shall forward the package to the Chief Director for processing by the NACO as the Auxiliary gift acceptance authority as described above. Unsolicited gift offers whose market value is in excess of \$50,000 shall be forwarded to the NACO for processing as the Auxiliary gift acceptance authority.

Neither the NACO nor the DCO may accept any gift offer if the intended Auxiliary unit cannot safely operate the gift or if it cannot properly maintain and store the gift (this includes insurance considerations) over time. Further, neither the NACO nor the DCO may accept a gift offer if it comes with unacceptable conditions.

Exception to the above provisions may be exercised in the event an Auxiliary unit is approached by a non-federal entity with an unsolicited gift of funds (cash or check) not exceeding \$100. In such circumstances and if the DCO is not present, the Auxiliary unit leader may represent the DCO for the purpose of acknowledging and accepting the gift. In the event the Auxiliary unit leader is not present, then any Auxiliarist belonging to the unit may further accept the gift on the unit leader's behalf.

The Coast Guard's statutory gift acceptance authority includes the authority to accept testamentary gifts. The Coast Guard has accepted testamentary gifts, and the Auxiliary may accept them (e.g., a boat that an individual plans to bequeath to a flotilla) pursuant to the above provisions. If time allows, a conditional acceptance decision must be made in advance. All pertinent considerations, facts, and circumstances must be presented so that the determination can be made if the intended Auxiliary unit cannot safely operate the gift or if it cannot properly maintain and store the gift (this includes insurance considerations) over time. Further, the Auxiliary gift acceptance authority may not accept such a testamentary gift offer if it comes with unacceptable conditions.

The source of any unsolicited gift shall be acknowledged (with thanks), whether accepted or not, by the appropriate Auxiliary elected leader (see paragraph H.1.j of this chapter).

H.1.e. Free
Space,
Advertising, and
Other Services

These provisions pertain to Auxiliary units that solicit and/or accept free space, free advertising, or any other free service, all within the accepting unit's area of responsibility, in order to conduct or support authorized Auxiliary activities. They fall outside the gift solicitation and/or acceptance provisions described in paragraphs H.1.c and H.1.d of this chapter that apply to gifts of funds, personal property, and real property. Contract renewals for free space, advertising, and other services are not considered solicitations.

Auxiliary units are permitted to solicit and/or accept free space for Auxiliary needs (e.g., flotilla meetings, storage space, a permanent unit office), free advertising, and other free services regardless of the market value of the space, advertising, or other services, from any public or governmental organization (e.g., schools, military bases, Federal/State/local governmental agencies), without the need for a prohibited source analysis or determination, nor the need to obtain advance written permission from the DCO or the Director.

Auxiliary units are permitted to solicit and/or accept free space for Auxiliary events, free advertising, and other free services regardless of the market value of the space, advertising, or other services, from any semi-public organizations (e.g., homeowners associations, volunteer organizations, churches), commercial firms (e.g., restaurants, retail stores, businesses), private individuals/organizations, or prohibited source, only after the DCO and the Director both give advance written permission (e-mail is acceptable). Such permission shall not be given without first obtaining written advice and guidance (e-mail is acceptable) from the DSO-LP, who shall also perform a prohibited source determination in accordance with Appendix E.

	The source of any accepted free space, advertising, or other services shall be acknowledged (with thanks) by the appropriate Auxiliary elected leader (see paragraph H.1.j of this chapter).
H.1.f. Raffles, Lotteries, and Door Prizes	All raffles and lotteries are forms of gambling activity because those activities require a participant to pay money, or other valuable consideration, to obtain a chance to win a cash or non-cash prize. No Auxiliary unit is permitted to conduct any raffle, lottery, or any other form of gambling activity on any Coast Guard owned or leased property. Auxiliary units may be permitted to conduct raffles, lotteries, or any other form of gambling activity in other locations subject to advance review and written approval (e-mail is acceptable) by the Director. An Auxiliary unit leader shall first consult with the DSO-LP (e-mail is acceptable) to determine whether a desired raffle, lottery, or other gambling activity is prohibited or regulated by State and/or local law. This determination shall be included with the request to the Director. Auxiliary units are permitted to provide door prizes at Auxiliary events or activities without any need to obtain the Director's consent. Provisions of this section may be satisfied by blanket authorization in regional Auxiliary policy manuals or annual blanket authorization by the Director. If ever in doubt or in question about any circumstances regarding the conduct of such activities or the clarity of any associated blanket authorization, the Auxiliary unit leader (e.g., FC or DCDR) shall advise and seek guidance from the DSO-LP.
H.1.g. Employer – Sponsored Gifts	Individual Auxiliarists whose employers sponsor gift or matching gift benefit programs to which the Coast Guard Auxiliary may be an eligible recipient, are permitted to make application for these benefits in their name for the benefit of the Auxiliary. An Auxiliarist who receives such gifts shall tender the gift to the unit elected leader on behalf of the Auxiliary. The senior elected leader of the receiving unit shall appropriately acknowledge (with thanks) receipt all gifts thus received and accepted.
H.1.h. Unit Ownership Consideration Factors	Before permitting any Auxiliary unit to solicit and/or accept a gift other than funds, the Auxiliary gift acceptance authority in concert with the Director and/or the Chief Director, as appropriate, shall consider the following factors in making such determination: (1) The gift supports an authorized Auxiliary program(s) and from which the Auxiliary unit will receive timely benefit.

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- (2) The Auxiliary unit can safely operate the gift over time.
 - (3) The Auxiliary unit can properly maintain and store the gift (this includes insurance considerations) over time.
 - (4) The gift is appropriate in terms of the Coast Guard's core values.
- Inappropriate gifts shall be refused.
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**H.1.i. Written
Gift
Acknowledgement**

As required by applicable IRS regulations regarding gifts, every Auxiliary unit that receives any gift of market value of \$250 or more must, after consultation with the DCO and DSO-LP, provide written acknowledgement (with thanks) of the gift to the source. Such written acknowledgement shall include mention of the gift's description, its value, and the receiving Auxiliary unit. Notwithstanding this requirement, such written acknowledgement (with thanks) should be provided the source of any gift, regardless of value.

**H.2. Return of
Donation**

Funds, property, or services solicited or received without compliance with established procedures must be returned. They may, however, be retained if an Auxiliary unit pays the donor the fair market value (FMV).

**H.3. Sale of
Items**

No Auxiliarist has any authority to sell any Coast Guard property.

Auxiliarists are permitted to sell certain items, including Auxiliary property, to raise funds to support authorized Auxiliary programs. Funds raised by the sale of such items are not limited, and shall be in addition to funds raised through the gift processes described in paragraphs H.1.c and H.1.d of this chapter. These provisions do not include student course materials for public education courses.

Auxiliary sale of items cannot occur unless and until the DCO and the Director both give advance written permission (e-mail is acceptable). Such permission shall not be given without first obtaining written advice and guidance (e-mail is acceptable) from the DSO-LP. The DSO-LP, the DCO, and the Director must consider, among other factors, the propriety of the items and any applicable local laws and ordinances.

Purchase of items for resale shall be from the AUXCEN operated by the CGAuxA, Inc. unless the items are not reasonably available from the AUXCEN. The DSO-LP, the DCO, and the Director shall develop appropriate guidelines regarding the purchase of property by Auxiliary elements for the purpose of subsequent sale.

Auxiliary units that conduct the sale of items are responsible for compliance with all applicable laws and ordinances, including those pertaining to the collection and payment of sales tax.

After a donation is accepted by the Auxiliary, the Auxiliary unit may, at some point, desire to dispose of the property by selling the item and retaining the proceeds with the Auxiliary unit. The following sections must be adhered to in preparation for such sale.

The practice of Auxiliarists purchasing previously donated property for sale can raise serious questions of impropriety. If Auxiliarists desire to participate in such sales, they must do so in a manner which will not create doubt as to their integrity or that of the Auxiliary.

**H.3.a. Fair
Market Value**

Auxiliary units desiring to sell donated property shall determine the fair market value (FMV) of the property through reasonable, unbiased means (e.g., marine surveyor for vessels). They shall advertise the property for sale with the FMV in a local newspaper or trade journal for a period of no less than one week. If the Auxiliary unit chooses to sell the property by auction, the auction must be advertised in the same manner. The highest legitimate offer to purchase will be accepted.

**H.3.b. Closed
Sale**

A closed sale (within the Auxiliary unit or corporation, or only for Auxiliarists or Coast Guard personnel) is strictly prohibited.

**H.3.c.
Documentation**

Documentation of the method used to determine FMV, the advertisement, and the bids received and accepted shall be maintained at the Auxiliary unit for a period of three years. A copy of these documents shall be forwarded to the Director for inclusion in the unit files.

**H.3.d. IRS
Provisions**

Auxiliary units and corporations controlled by Auxiliarists should be familiar with IRS Code provisions pertaining to the disposition of gifts within two years after receipt and the requirement for filing IRS Form-8282 in certain circumstances.

**H.3.e.
Conditional Gifts**

Conditional gifts to the Auxiliary may not be resold without the express prior written approval of the donor. Prior to any sale of such items, the Auxiliary unit proposing sale must obtain the written approval of the Coast Guard gift acceptance authority.

**H.4. Contract
Review**

The DSO-LP shall review and counsel on any and all regional Auxiliary contracts. If ever in doubt or in question about contract provisions or a prohibited source determination analysis, the DSO-LP shall advise and seek guidance from the DCO and the Director to achieve resolution. Auxiliary contract approval authority shall reside with the DCO or appropriate elected leader or staff officer.
