

DONATIONS TO THE AUXILIARY

Reference: (a) Auxiliary Manual COMDTINST M 167790.1G
Chapter 5 & Chapter 6
(b) National Policy # 9-005

There are two routes which one can follow when making a donation of money or property to the Coast Guard Auxiliary: (1) through the Coast Guard Auxiliary Association, Inc. (CGAuxA, Inc) or (2) directly to the Auxiliary unit itself.

COAST GUARD AUXILIARY ASSOCIATION, INC (“CGAuxA, Inc”) is a not-for profit charitable organization sanctioned under 14 U.S.C. Sec. 821 and qualifies under IRS Code 501 (c) 3 to receive tax deductible donations. CGAuxA, Inc. is the vehicle for all national, regional, or local fund raising activities that benefit the Auxiliary, its units and its programs. It has board powers not generally available to operational units of the Auxiliary on a direct basis. However, its powers are still constrained by its organizational charter and the dictates of the AuxMan 1G. It does not constitute a direct operational unit of the Coast Guard Auxiliary.

For a more detailed discussion you are directed to read AuxMan 1G, Chapter 5; beginning on page 5-35. The District Commodore is an ex-officio director of CGAuxA, Inc. and can act as its local agent in respect to certain fundraising activities. There are some important points to keep in mind:

- (A) CGAuxA, Inc. shall conduct its fundraising activities with the utmost sense of propriety and ethics;
- (B) Representatives of CGAuxA, Inc. shall not present themselves as representing any organization other than CGAuxA, Inc.;
- (C) Fundraising shall not be conducted in the Auxiliary uniform;
- (D) Donations offered to the CGAuxA, Inc. may be accepted without receiving prior Coast Guard review and approval.

The CGAuxA, Inc. is not limited to the monetary limits for gifts which applies to units of the Auxiliary. Thus, larger gifts can be routed through the CGAuxA, Inc. for the benefit of an Auxiliary unit which could not be given directly to that unit without incurring significant red tape, a process which is described in the next section of this discussion. Since the CGAuxA, Inc. is tax exempt under IRC 501 (c) 3, appreciated assets can be donated for liquidation by the CGAuxA, Inc. and funds either retained by it or if requested by the donor to be forwarded to an operating unit of the Auxiliary. Anyone contemplating making a donation to the CGAuxA, Inc. should seek the counsel of their tax advisor concerning the tax deductibility and tax valuation (for non-cash) of the donation. This discussion is not intended to offer any tax guidance.

It is important if one desires to have a donation restricted to the use of a particular flotilla or division or even the District, that one clearly indicates this intention at the time the donation is made

through CGAuxA, Inc. CGAuxA, Inc. will process the donation, provide the donor with an appropriate letter for tax deduction purposes and forward the gift to the appropriate local Auxiliary unit.

Donations can be made in three basic mediums:

- (1) In Kind – namely a physical items such as a boat, aircraft, trailer, motor home, real estate.
- (2) In cash – namely money, negotiable securities, insurance policies, annuities.
- (3) Future expectancies – bequests in wills or distributive assets of trusts.

In regard to in-kind donations, the National Board has enacted Policy 9-005 which is reproduced herein. The ability of a local Auxiliary unit to operationally sustain a boat, motor vehicle or aircraft is of key importance in determining whether that unit can be allowed to receive the donation. This District also has a similar policy to the National policy and the same can be found in AuxMan 1G, Section H at page 5-38.

The CG AuxA has an extensive web page on the Coast Guard Auxiliary National Website <https://www.cgauxa.org/> an will provide you with extensive information and how you can make a donation through AuxA.

You may contact the National Association at:

Coast Guard Auxiliary Association, Inc.
1301 West 1st Street, Suite E1
Granite City, IL 62040
Tel: 618-823-5009
web page: <http://cgauxa.org>

If you require local assistance you may contact the DLO or go to the Northeast District-Southern Region web site and on the top bar look for Aux Assoc.

DIRECT DONATIONS OF CASH OR PROPERTY TO AUXILIARY UNITS

As extensive discussion of the procedure that must be complied with if you wish to make a donation of cash or in-kind property directly to an Auxiliary unit can be found in AuxMan 1G, Chapter 5, Section H beginning at page 5-36 through page 5-41. You are urged to familiarize yourself with the AuxMan 1G on this topic. The following is a summary of the major provisions. The Auxiliary, as a uniformed arm of the Coast Guard, cannot be seen as a soliciting body in the eyes of the public and must at all times uphold the honor and dignity of its parent organization, the United States Coast Guard. Thus, the stringent requirements for fund raising outlined hereafter.

Manual Reference	Type/Limit of Donation/gift	Procedural Requirements
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5-38	\$100 or less unsolicited	<ol style="list-style-type: none"> 1. Can be accepted by unit leader or Auxiliarist in leaders absence 2. Provide donor with acceptance letter 3. Must be unsolicited
5-36 Appendix D	\$2500 or less if Solicited	<ol style="list-style-type: none"> 1. DCO and Director both must give advance written permission 2. DLO must first perform prohibited source investigation before permission is given 3. Solicitation must be for the support of an authorized Auxiliary program from which an Auxiliary unit will receive benefit 4. Solicited gift source must be within soliciting unit's area of responsibility meaning from the geographical area being served 5. Aggregate market value of all gifts solicited and accepted from a single source cannot exceed \$5,000 per calendar year
5-37-38 Appendix D	\$5,000 or less if unsolicited	<ol style="list-style-type: none"> 1. Offer to donate must be in writing (e-mail ok) 2. Writing to include: description of gift; estimated market value of gift if other than cash; any conditions placed on the gift or specific purpose to which gift is made including specific unit use 3. Auxiliarist donee forwards written offer with an acceptance recommendation through respective chain of leadership to the DCO 4. DCO acts as acceptance authority for all district units 5. Director notified and DLO must first perform prohibited source determination and advise Director and DSO in writing (e-mail ok)
5-38 Appendix D	\$5,000 but less than \$50,000 if unsolicited	<ol style="list-style-type: none"> 1. Steps 1 and 2 immediately above apply here 2. DCO forwards written offer with an acceptance recommendation, obtains the advice of DLO, DLO performs prohibited source analysis which is forwarded to Director. 3. Director reviews package and advises DCO regarding acceptance 4. If Director determines DCO is not the appropriate Auxiliary acceptance authority the package then forwarded to Chief Director for processing by NACO as the Auxiliary's gift acceptance authority.
5-38 5-37 Appendix D	More than \$50,000 if unsolicited	<ol style="list-style-type: none"> 1. There must be a written offer which includes a description of gift, estimated market value of gift if other than cash; any conditions placed on the gift or specific purpose to which gift is made including specific unit use. 2. DCO and Director forward offer to NACO for processing as the Auxiliary gift acceptance authority. A prohibited source

		investigation will be conducted by NACO staff, see page 5-37 .
5-37	Real Estate – if unsolicited	1. ONLY Commandant, Vice Commandant and CG-8 has any authority to accept any offer of real property 2. There must be a written offer which includes a description of gift, estimated market value of gift; any conditions placed on the gift or specific purpose to which gift is made including specific unit use. 3. Gift should be communicated up the chain of management from DCO and Director to Chief Director and NACO to Commandant’s staff, Manual is silent on this procedure
5-39, 5-40	Testamentary Gifts	1. Gift can be accepted. 2. Manual is unclear and refers only to “above provisions” thus it is presumed that the provisions affecting a particular size of gift apply on a case by case basis. 3. If gift is in the nature of a boat then same criteria apply regarding ability of local unit to maintain the boat if accepted.
5-40-41	In Kind Gifts other than funds of any amount	Auxiliary gift receiving authority in concert with the Director or Chief Director shall consider certain factors: 1. That the gift supports Auxiliary programs/unit will receive a benefit. 2. Unit can safely operate the gift over time. 3. Unit can properly maintain and insure gift over time. 4. Gift is appropriate in terms of the Coast Guard’s core values – inappropriate gifts shall be refused.

*Manual text refers to Appendix E which is in error

It is important to note the distinction between a solicited gift and an unsolicited gift.

(a) **Solicitation** of gifts of any type is generally prohibited by Auxiliarists when acting in their Auxiliary capacity from any federal or non-federal source except for the support of an authorized Auxiliary program from which an Auxiliary unit will benefit; must be made within the unit’s area of responsibility and must be less than \$2500 per donation with an aggregate amount from any particular donor of no more than \$5,000 per calendar year. No solicitation can be made on any Flotilla or Division’s web site.

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

DONATIONS OF FREE SPACE, FREE ADVERTISING OR FREE SERVICES

Solicitation or acceptance of free space, free advertising or free services must adhere to the following guidelines:

1. Must come from within the unit’s area of responsibility, meaning where the unit exists and operates;
2. Must support the Auxiliary unit’s authorized activities;

3. Are not constrained by the monetary limits placed upon donations of cash, funds, personal property or real property, namely can be accepted regardless of market value;
4. May come from **public governmental (federal, state, local) source** without first undertaking a prohibited source analysis or determination;
5. May come from a **semi-public, commercial firm, private individual or organization or prohibited source** only after the DCO and Director BOTH provide written permission after a prohibited source analysis or determination has been made by the DLO.
6. If free use of space or any other donation of advertising or free services requires a written agreement to be entered into between the receiving Auxiliary unit and the donor the DLO MUST first review and approve any such agreement. The Auxiliary may NOT enter into leases for real property but only agree to a license of its use. See the separate discussion on this topic.

PROHIBITED SOURCE ANALYSIS AND DETERMINATION

There is an old saying that one should not look a gift horse in the mouth. That saying does not apply when it comes to donations of any kind made to the Coast Guard and its Auxiliary. The DLO is tasked with determining that acceptance of a donation will not tarnish the image of the Coast Guard and the Auxiliary. In order to achieve this goal, Appendix D to the Auxiliary Manual sets forth a list of criteria that must be investigated in respect to the donor. These are:

- a. Is the donor doing business with the Coast Guard?
- b. Is the donor seeking to do business with the Coast Guard?
- c. Is the donor engaged in activities which are regulated by the Coast Guard?
- d. Do the donor have interests that might be substantially affected by Coast Guard personnel performing or not performing their duties?
- e. Do the above recited criteria apply to a majority of members, such as partners, shareholders or co-participants of an organization seeking to make a donation?

Not affected by the above criteria are:

1. Recreational boaters even though they may be subject to Coast Guard regulation;
2. Any attorney who devotes less than a majority of that attorney's professional time and does not derive a substantial portion of the attorney's personal income lobbying for prohibited sources.

Appendix D also sets forth a list of factors to be considered in performing the prohibited source analysis which include:

- a. The positive impact on the Coast Guard to granting approval of the donation.
- b. The business or regulatory relationship between the prospective donor and the Coast Guard.
- c. The nature and sensitivity of any matter pending between the prospective donor and the Coast Guard.
- d. The likelihood of adverse publicity.

- e. Whether a reasonable member of the public, knowing all of the facts, would lose confidence in the Coast Guard, in other words, is there an appearance of impropriety?

If a donation passes the “smell test” and meets the other criteria set forth above, it may be accepted.

ACKNOWLEDGMENT TO DONOR

- A All gifts of any kind should be acknowledged by the Auxiliary receiving authority with an appropriate letter such as for donations of space, advertising or other free services.
- B. If the value of the gift can be ascertained, in order to comply with the requirements of the Internal Revenue Service, the written acknowledgment should contain:
 - (1) a brief description of the gift;
 - (2) its value;
 - (3) identification of the receiving unit.

RETURN OF GIFTS

Any gift obtained by an Auxiliary unit in violation of the provisions outlined above MUST be returned unless appropriate value is given by the receiving Auxiliary unit. It is, therefore, important to closely adhere to the provisions of AuxMan 1G as outlined above. The outline provided herein is merely for one's convenience and does not substitute for one having a complete understanding of the provisions of the AuxMan.