



The Hope Health Alliance, Inc. Policy & Procedure

		Last Reviewed:	1-23-2021		
Department:	<u>Company-wide</u>	Last Revised:	1-23-2021		
Title:	<u>Donations</u>	Effective:	1-23-2021	Page	1 of 5

Donations Policy and Procedure

Purpose

The Board of Directors of HHA and its staff solicit current and deferred gifts from individuals, corporations, and foundations to secure the future growth and mission of HHA. We appreciate donors' consideration of any gift to HHA. In all matters involving current and prospective donors, the interest of the donor is important to HHA.

These guidelines govern the acceptance of gifts by HHA and provide guidance to prospective donors and their advisors when making gifts to HHA. The provisions of this policy apply to all gifts to HHA for any of its programs. Gifts will be accepted only if they do not interfere with HHA's mission, purpose and procedures.

HHA shall accept only such gifts as are legal and consistent with organizational policy.

Key principles include safeguarding the confidentiality of the donor relationship, providing full disclosure to the donor, and ensuring that gifts are recorded, allocated and used according to the donor intent and designation.

General Policies Relevant to All Gifts

A. Use of Legal Counsel

HHA shall seek the advice of legal counsel in matters relating to acceptance of gifts when appropriate. Review by counsel is recommended for:

- Documents naming HHA as Trustee.
- Gifts involving contracts, such as bargain sales or other documents requiring HHA to assume an obligation.
- Transactions with potential conflict of interest that may involve IRS sanctions.
- Other instances in which use of counsel is deemed appropriate by the gift acceptance committee.

B. Conflict of Interest

HHA will urge all prospective donors to seek the assistance of independent personal legal and financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences. HHA and its employees and agents are prohibited from advising donors about the tax consequences of their donations. Gifts are also subject to the provisions of other HHA policies, including adopted Conflict of Interest policies.

HHA makes every effort to ensure accepted gifts are in the best interests of the organization and the donor.

C. Restrictions on Gifts



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HHA will accept unrestricted gifts, and gifts for specified programs and purposes, provided that such gifts are consistent with its stated mission, purposes, and priorities. HHA will not accept gifts that are too restrictive in purpose. Gifts for purposes that are not consistent with HHA's mission or consonant with its current or anticipated future programs cannot be accepted.

All final decisions on the restrictive nature of a gift, and its acceptance or refusal, shall be made by the gift acceptance committee of the HHA.

D. The Gift Acceptance Committee

The gift acceptance committee shall consist of:

- The President of the Board of HHA;
- The Vice President of the Board of HHA;
- Two Directors of the Board of HHA that have lived experience; and
- ex-officio members shall include the Executive Director and the Clinical Director.

The gift acceptance committee is charged with the responsibility of reviewing gifts over \$1,500 proposed to be made to HHA, properly screening, accepting or rejecting those gifts, and making recommendations to the board on gift acceptance issues when appropriate.

E. Establishing the Value of Donated Property

It is the policy of HHA to comply fully with the valuation rules set out in Publication 561 of the Internal Revenue Service and the relevant income, gift and estate tax laws and regulations.

HHA will ask the person or organization donating the property to assign a cash value to the item.

F. Tax Compliance

HHA's policy is to comply with Internal Revenue Service reporting requirement and all other aspects of state and federal tax law.

G. Types of gifts

The following gifts are acceptable but not intended to represent an exclusive list of appropriate gifts:

- Cash
- Tangible Personal Property
- Real Estate
- Remainder Interests in Property
- Oil, Gas, and Mineral Interests
- Bargain Sales
- Life Insurance
- Charitable Remainder Trusts



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- Charitable Lead Trusts
- Pooled Income Fund
- Retirement Plan Beneficiary Designations
- Bequests
- Life Insurance Beneficiary Designations

The gift acceptance committee of HHA shall make the final determination on the acceptance or rejection of gifts of all forms and inform the Board of HHA of such determinations in a timely manner.

The following criteria govern the acceptance of each gift form:

1) Cash. Cash refers to cash equivalents, including checks, money orders, currency/coin, and credit card payments. Checks or money orders shall be made payable to “The Hope Health Alliance, Inc.”, shall appropriately identify the donor or donors and be delivered to HHA’s administrative staff. Wire and Electronic Funds Transfer (EFT) can usually be arranged with the HHA staff. If a matching gift company or workplace giving company wants to send and ACH/EFT every week instead of a check, these must be authorized by the cash receipting manager at HHA before the enrollment form is sent back to the constituent.

2) Tangible Personal Property. All other gifts of tangible personal property shall be examined in light of the following criteria:

Does the property fulfill the mission of HHA?

Is the property marketable?

Are there any undue restrictions on the use, display, or sale of the property?

Are there any carrying costs for the property?

3) Real Estate. Gifts of real estate may include developed property, undeveloped property, or gifts subject to a prior life interest. Prior to acceptance of real estate, HHA shall require an initial environmental review of the property to ensure that the property has no environmental damage or potential liability. In the event the initial inspection reveals a potential problem, HHA shall retain a qualified inspection firm to conduct an environmental audit. Non-residential properties shall definitely require a Phase I audit. The cost of environmental audits shall generally be an expense of the donor.

When appropriate, a title insurance binder shall be obtained by HHA prior to the acceptance of the real property gift. The cost of this title binder shall generally be an expense of the donor.

Prior to acceptance of real property, the gift shall be approved by the gift acceptance committee with the advice of HHA’s legal counsel. Criteria for acceptance of the property shall include:

Is the property useful for the purposes of HHA?

Is the property marketable?



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Are there any restrictions, reservations, easements, or other limitations associated with the property?

Are there carrying costs, which may include insurance, property taxes, mortgages, or notes, etc., associated with the property?

Does the environmental audit reflect that the property is not damaged?

4) Remainder Interests in Property. HHA will accept a remainder interest in a personal residence, farm, or vacation property subject to the provisions of paragraph 4 above. The donor or other occupants may continue to occupy the real property for the duration of their stated life or lives. Upon termination of the life interest, HHA may use the property or reduce it to cash. Where HHA receives a gift of a remainder interest, expenses for maintenance, real estate taxes, and any property indebtedness are to be paid by the donor or life tenant(s).

5) Oil, Gas, and Mineral Interests. HHA may accept oil and gas property interests, when appropriate. Prior to acceptance of an oil and gas interest the gift shall be approved by the gift acceptance committee with the advice of HHA’s legal counsel, if necessary. Criteria for acceptance of the property shall include:

Gifts of surface rights should have a value of \$20,000 or greater.

Gifts of oil, gas, and mineral interests should generate at least \$3,000 per year in royalties or other income (as determined by the average of the three years prior to the gift).

The property should not have liabilities or other considerations that make receipt of the gift inappropriate

A working interest is rarely accepted. A working interest may only be accepted where there is a plan to minimize potential liability and tax consequences.

The property should undergo an environmental review to ensure that HHA will have no current or potential exposure to environmental liability.

6) Bargain Sales. HHA will enter into a bargain sale arrangement in instances in which the bargain sale furthers the mission and purposes of HHA. All bargain sales must be reviewed and recommended by the gift acceptance committee and approved by the Board of Directors. Factors used in determining the appropriateness of the transaction include:

HHA must obtain an independent appraisal substantiating the value of the property.

If HHA assumes debt with the property, the debt ratio must be less than 50% of the appraised market value.

HHA must determine that it will use the property or alternately, that there is a market for sale of the property, allowing sale within 12 months of receipt.

HHA must calculate and approve the costs to safeguard, insure, and pay expenses of the property (including property tax, if applicable) during the holding period.

7) Life Insurance. HHA will generally accept life insurance but it must be named as both beneficiary and irrevocable owner of an insurance policy before a life insurance policy can be recorded as a gift. The gift is valued at its interpolated terminal reserve value, or cash surrender



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value, upon receipt. Whether any policy is accepted will depend on the economics of the transfer. If the donor contributes future premium payments, HHA will include the amount of the additional premium payment as a gift in the year that it is made.

If the donor does not elect to continue to make gifts to cover premium payments on the life insurance policy, HHA may:

continue to pay the premiums;

convert the policy to paid up insurance; or

surrender the policy for its current cash value.

8) Charitable Remainder Trusts. HHA may accept designation as remainder beneficiary of a charitable remainder trust with the approval of the gift acceptance committee. HHA will not accept appointment as trustee of a charitable remainder trust.

9) Charitable Lead Trusts. HHA may accept a designation as income beneficiary of a charitable lead trust. HHA will not accept an appointment as Trustee of a charitable lead trust.

10) Deferred Compensation/Retirement Plan Beneficiary Designations. HHA generally will accept gifts designating HHA as a beneficiary of the donor's retirement plans including, but not limited to, IRA's, 401(k)'s 403 (b)'s and other plans. Such designation will not be recorded as a gift to HHA until such time as the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

11) Bequests. Donors and supporters of HHA will be encouraged to make bequests to HHA under their wills and trusts. Such bequests will not be recorded as gifts to HHA until such time as the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

12) Life Insurance Beneficiary Designations. Donors and supporters of HHA will be encouraged to name HHA as beneficiary or contingent beneficiary of their life insurance policies. Such designations shall not be recorded as gifts to HHA until such time as the gift is irrevocable. Where the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

Signed:

Doe Adare
Secretary of the Board

Date

Tyler Steinebach
President of the Board

Date