

## **Community Health Services Contribution Policy**

### **Policy: Board Giving**

Each Board member will be expected to make an annual cash donation to CHS, to the best of their ability.

### **Policy: Gift Acceptance**

Purpose: The purpose of this gift acceptance policy is to govern the acceptance of gifts and to provide guidance to donors and their professional advisors in completing gifts.

#### **A. Cash Gifts and Pledges**

1. Unrestricted Gifts of Cash – Gifts given without restriction on the use of the gift
  - a) Unrestricted gifts are recorded as unrestricted and used to fund current operations or to maintain reserves.
  - b) It is recommended that all contributions above \$5,000 (even unrestricted gifts) be accompanied by a statement that makes clear the donor's intent in contributing his or her gift.
  - c) Unrestricted bequests of \$25,000 are designated at the discretion of the Board of Directors.
  
2. Restricted Gifts of Cash – Gifts given for purposes specified by the donor – only donors can restrict gifts
  - a) Gifts restricted for Operations are recorded and deposited into the current operating account or into the Operating Reserve.
  - b) Gifts restricted for Programs are recorded and deposited into the Program Reserve to be used for current or future programs as specified by the donors.
  - c) Gifts restricted for Endowment are put into the Endowment Fund with interest only to be used as specified by donors.
  
3. Pledges – Promises to contribute amounts specified by donors
  - a) Pledges may be restricted or unrestricted as described above and may be one-year or multi-year commitments.
  - b) Pledges are expected to be fulfilled with contributions of cash or stock.
  - c) For in-kind contributions to be used to fulfill pledges, the contributions must cover expenses that appear in the annual budget.

d) Annual Fund pledges are expected to be paid in the fiscal year in which they are pledged and thus are not reflected in the audited financial statement.

#### 4. Matching gifts

Unless the company specifies otherwise, matching gifts from corporations follow the restrictions of the donor whose gift is being matched: if a donor makes an unrestricted gift, the matching gift is unrestricted and, if the donor makes a restricted gift, the match is likewise restricted. CHS counts matching gifts toward an individual's gift total in the year the matching gift is received.

#### 5. Publicly Traded Securities

Upon receipt of a gift of donated securities the Executive Director will place the securities for sale with a recognized broker approved by the Board of directors. Receipt and disposition of securities will be reported to the Board of directors.

#### 6. Credit Cards

For gifts made by credit card, the date the charge is accepted for processing by CHS is the applicable date of the gift.

### **B. Non-Cash Gifts**

#### 1. In-Kind Contributions – Gifts of goods or services

a) When CHS receives a gift of goods and services, often referred to as a "Gift in Kind" (e.g., building materials, equipment), or a gift of individual or corporate services (e.g., advertising, printing, installation, etc.) and the value of that gift is determined to be less than \$5,000, the gift is processed as a non-cash gift and is considered restricted in nature. CHS does not issue a receipt showing the cash value of such gifts, but acknowledges receipt of the object or services.

b) In-kind contributions that cover expenses in the annual operating budget may be used to fulfill pledges to CHS. Such a contribution is acknowledged as payment toward the pledged amount.

c) For any gift-in-kind with an apparent value in excess of \$5,000, the gift is considered restricted, and CHS is required to sign the Form 8283 which must be filed by the donor with the Internal Revenue Service; CHS will retain a copy of the signed and executed Form 8283. If CHS disposes of the item in question within two years of its receipt, CHS must file Form 8282 with the Internal Revenue Service.

d) For tax purposes gifts in kind must be valued by the donor and costs associated with an appraisal are the responsibility of the donor.

## 2. Real Estate or Real Property

- a) No gift of real estate or real property is accepted if such acceptance causes CHS to incur a financial burden, potential liability, or other obligations, unless otherwise determined by the Board of Directors.
- b) A Phase I environmental impact study performed at the owner's expense is required for acceptance of a gift of real estate.
- c) Acceptance is contingent on an independent appraisal paid for by the donor. CHS does not value any such donated item for tax purposes.
- d) If property cannot be liquidated in a reasonable amount of time, CHS may choose to decline the gift.

## 3. Life Insurance

- a) CHS accepts only fully paid insurance policies for which CHS is named as beneficiary and the irrevocable owner of the policy.
- b) Gifts of life insurance are credited at face value as pledges receivable as designated by the Board of Directors.

## 4. Closely Held Securities

- a) Gifts of closely held securities will be subject to prior approval of the Board of directors if the donor has a qualified buyer.
- b) The valuation of securities that are not publicly traded is the responsibility of the donor. The donor must provide a qualified buyer who is ready, willing and able to purchase the securities upon the acceptance of the donation.
- c) Donor is responsible for all costs associated with ensuring donated securities are liquidated.

## 5. Planned Gifts

- a) Trusts – CHS welcomes Charitable Remainder Trusts, Charitable Remainder Unitrusts, and Charitable Lead Trusts. While CHS does not actively manage such trusts, it does refer donors to Board approved professionals who can assist them.
- b) Gift Annuities – This contractual agreement whereby CHS pays the beneficiary a specified annuity for life in exchange for a gift may be entered into after approval by the Board of Directors. The donor will be referred to a professional approved by the Board. The minimum gift accepted for a gift annuity is \$25,000 and will be administered by a Board approved professional.

## C. Named Funds

A donor may establish a Named Fund, provided the Board approves the amount and purpose and finds the name to be acceptable. Agreements establishing Named Funds are reviewed and approved by the Board of Directors prior to

acceptance of the Named Fund. Signed Named Fund Agreements are on file in the Office of the Executive Director.

#### **D. Unacceptable Gifts**

The Board makes the final decision about acceptance of gifts that may be deemed to fall outside of established policy guidelines. CHS is not required to accept any charitable gifts or contributions, particularly those which:

1. Are designated with restrictions that fall significantly outside the organization's mission and program priorities
2. May cost the organization money, provide a liability or potential penalty of any kind
3. Have conditions that are not in the best interest of CHS, or those that fall outside ethical boundaries
4. Are not able to be liquidated into cash in a reasonable amount of time.

#### **E. Interpretation of Gift Acceptance Policies**

The Development Director is assisted in the interpretation and implementation of these guidelines by the Executive Director.

#### **F. Review and Amendments of Gift Acceptance Policies**

1. Responsibility for review and suggested amendments is with the CHS Executive Director.
2. The procedure for amending the guidelines is for the Executive Director to present written recommendations to the Board of Directors for approval.

#### **G. Code of Conduct**

Representatives of CHS exercise caution to avoid pressure, persuasion or undue influence and encourage donors to seek their own counsel when considering a planned gift option. All personnel employed by CHS to contact prospective donors or to promote the planned gifts program are paid a salary or fixed wage, and do not receive commissions which could give such personnel a direct beneficial interest in any agreement.

#### **H. Confidentiality**

CHS recognizes that it is in a position of trust with the donor, and that the donor has placed trust in the organization concerning confidentiality. Therefore, all donor information, correspondence, and governing instruments are kept in a secure

place, which is accessible to individuals with approval of one of the following: the Executive Director. It is known throughout CHS that this is confidential information.

### **I. Use of Constituent Lists**

It is the organization's policy not to sell its constituent lists to individuals or organizations interested in using it for fund raising.

### **J. Protection of Donor's Interest**

No program, agreement, trust, contract or commitment is knowingly urged upon any prospective donor that would benefit CHS at the expense of the donor's interest or welfare. No agreement is made between CHS and any agency, person, company or organization on any matter related to investments, management or otherwise which knowingly jeopardizes the donor's interest.

### **K. Use of Legal Counsel**

A prospective donor is advised to seek legal or tax counsel of his/her attorney in any and all aspects of a proposed gift, whether by bequest, trust agreement, contract, or outright gift. They are advised to consult with their attorney or accountant on matters related to the tax implications and estate planning aspects of a planned gift agreement. CHS consults with separate legal counsel in all matters pertaining to its planned giving program and consults counsel when executing agreements, contracts, trusts or legal documents. In no case is CHS's attorney the attorney for the donor. Donors are advised to seek their own legal or tax counsel. No legal fee is paid by CHS for the drafting of a will or other trust instruments on behalf of prospective donors even if the organization is to be named as a beneficiary. No legal fee is paid by CHS for determining the marketability of any donated property, whether securities or real property. The Board must authorize any exceptions to this policy.

### **L. Gift Acknowledgement Policies**

Effective 1994, the Omnibus Budget Reconciliation Act of 1993 (OBRA) added Internal Revenue Code section 170(f)(8) which denies donors a charitable deduction for any contribution of \$250 or more unless the donor obtains a written acknowledgement of the contribution from the charity. CHS is in full compliance with the law; it is the policy of the organization to provide an acknowledgement for all gifts regardless of the size. The law also requires charities to provide written disclosure about the solicitation or receipt of quid pro quo contributions that exceed \$75.00. The disclosure must: Inform the donor that the amount of the contribution that is tax deductible for federal income tax purposes is limited to the excess of the amount on any money and other property contributed by the donor, over the value of the goods and services provided by the charity; and provide the donor with a good faith estimate of the value of such goods

and services. This disclosure must be made when the contribution is solicited or when the contribution is received.

There are three situations in which a disclosure is not required: where the goods or services are insubstantial, i.e., token or otherwise de minimus; where no donation intent is present, i.e., sales of T-shirt at reunion; and where only an intangible benefit is provided to the donor, i.e., participation in a religious ceremony.

**M. Policy for Thanking Donors**

In addition to processing all gifts and generating gift receipts, CHS is responsible for thanking donors for their gifts in a timely manner. This acknowledgement includes the official gift receipt. CHS has established internal procedures for thanking donors for their contribution including information on who signs the letter, what type of acknowledgement letter is sent, what letters are kept in permanent files, etc.

Adopted: \_\_\_\_\_

Reviewed and/or Amended: \_\_\_\_\_