

HOPE THROUGH HEALTH FOUNDATION

July 2021

GIFT ACCEPTANCE POLICY STATEMENT

I. POLICY STATEMENT – Gift Acceptance Policy

This policy confirms and restates the authority of Hope Through Health Foundation (“**HTHF**”) to receive or refuse philanthropic gifts to the organization and to establish named gift opportunities.

Gift Acceptance

It is the policy of the Board of Trustees of **HTHF** to offer the donor (including endowment donors to Curamericas Global) the opportunity to make gifts to **HTHF**, both of cash and non-cash assets, in a manner beneficial to the donor while protecting the fiscal and legal integrity of the institution. It is also the policy of the Board to give the opportunity to the donor to make gifts reserving life income for the donor and other beneficiaries through their wills or through current giving. The Board is committed to seek aggressively such gifts and to provide adequate staff and resources for a full and effective program.

The Board authorizes the acceptance of gifts to **HTHF** only where there is donative intent, where there has been full disclosure between the donor and **HTHF** (or between the donor and Curamericas Global) including, to the best of **HTHF**'s ability, full disclosure of any tax or other ramifications to the donor, where the donor has been encouraged to seek her/his own counsel on legal and financial matters, and where the gift is in the best interest of both parties. **HTHF** will provide prospective charitable gift annuity and charitable remainder trust donors with disclosure statements. The Board does not authorize the acceptance of gifts that would jeopardize the financial, legal, or moral integrity or reputation of the institution, or where the gift would cause embarrassment to the donor or her/his family.

The Board of Directors may appoint a Gift Acceptance Committee to assist in the implementation of this policy, but the Board itself shall serve as the Gift Acceptance Committee until such time as a Committee is appointed.

Gift Naming

A. Naming Buildings

Negotiations may be initiated with donors who wish to name the building(s) of new construction or of existing buildings under renovation with a gift size, gift vehicle or gift vehicles, and gift agreement to be determined by **HTHF** on a case-by-case basis, based upon the current philanthropic marketplace and such other factors as **HTHF** may deem appropriate. **HTHF** encourages donors naming buildings also to consider endowing the maintenance of the building to help prevent the need for renovation and possible renaming.

B. Naming through Planned Gifts

1. General Policy

HTHF reserves naming opportunities for current gifts and living donors. Use of an estate or planned gift to name buildings or portions of buildings is not preferred but will be considered on a case-by-case basis. Unless legally impossible, **HTHF** will treat estate and planned gifts with naming

elements as a request. **HTHF** will honor the request at the final distribution of the gift when the name is appropriate, and where the gift meets minimum funding for the naming opportunity at the time of distribution. **HTHF** reserves the right to decline gifts with naming restrictions.

2. **Campaign Policy**

Donors wishing to name an item during a campaign may use the present value of a planned gift only if (a) the gift is established during the campaign in which planned gifts are counted, (b) the gift is irrevocable, (c) **HTHF** is given a copy of the gift instrument (or the pertinent pages thereof), and (d) the present value of the gift equals the minimum funding amount for the naming opportunity.

C. **Honorary Naming**

HTHF reserves the right to honor, through appropriate naming opportunities, any individual or family irrespective of the individual or family's giving record. Such honors will generally be made posthumously.

D. **Donor Recognition Policy**

The **HTHF** donor recognition policy, including any current campaign guidelines, will govern naming opportunities in all instances not covered by this policy. The donor recognition policy and all campaign guidelines shall conform to this policy and may not supersede it without Board approval.

Policy Exceptions

A. **General Exceptions**

Exceptions to this policy must receive the approval of the Gift Acceptance Committee. In cases of policy exceptions, the Board's Executive Committee shall be asked to ratify the Gift Acceptance Committee's action at its regular meetings.

B. **Exceptions for Completed Gifts and Gifts under Negotiation**

Gifts made through estate plans that have been properly executed prior to the date of this policy, and gifts already received by Hope Through Health and Curamericas Global are grandfathered in under this policy. Gifts under negotiation at the time this policy is adopted need not conform to the policy but will be accepted based upon the spirit of this policy and the specific terms negotiated with the donor.

C. **Reviewing Gifts for Conformity**

Gifts established with a written agreement shall be reviewed periodically, and action taken to conform the gift agreement to current law and this policy when necessary or appropriate for the well-being of **HTHF**. Donors are responsible for conforming gifts where **HTHF** is not the trustee or gift manager.

II. ADMINISTRATIVE PROCEDURES

Gift Acceptance

- A. **HTHF** will issue a gift receipt to a donor in an amount equal to the gift's (a) fair market value; (b) cost basis; or (c) present value, as determined using Internal Revenue Service actuarial tables and applicable regulations, all as applicable under the Internal Revenue Code, regulations, rulings, and other applicable federal tax law. Gift receipts for hard-to-value property, such as real estate, closely held stock, and tangible personal property, will not reflect a dollar value.
- B. The Board authorizes **HTHF** for donor recognition purposes to value gifts in an appropriate manner and in consonance with sound accounting principles. Full disclosure must be made to the donor when the gift is valued higher than the value placed on the gift by the Internal Revenue Code in determining the amount of the deduction for the donor's income, gift, or estate taxes. When necessary, the Board authorizes **HTHF** to adjust the value given to a gift in case of revaluation by the Internal Revenue Service.
- C. Full responsibility rests on the donor for claiming any deductions, including filing IRS Form 8283. The donor is responsible for obtaining any needed appraisals and other documentation. Full responsibility also rests on the donor for the value given to tangible personal property, and, when an appraisal is not required, donors will nonetheless be expected to give **HTHF** a written statement of value for these types of gifts.

Assets Acceptable as Gifts

The following assets are acceptable as described, as outright gifts, as bequests or devises (estate gifts), or when appropriate, as funding for a charitable remainder trust, gift annuity, pooled income fund gift or charitable lead trust. It is the customary practice of **HTHF** to liquidate assets that are contributed and to include 100% of the proceeds in the unrestricted endowment funds, unless specifically designated by the donor to named funds.

- A. **Checks/Cash/Electronic Transfers/Gifts by Credit Card are all acceptable.**
- B. **Securities:** Listed securities, or securities actively traded over-the-counter are acceptable. Securities in closely held corporations, S corporations, or otherwise privately held securities are acceptable upon the approval of the **HTHF** Gift Acceptance Committee.
- C. **Real Estate:** Real property that is mortgage free is acceptable if it has an appraised fair market value of \$25,000 or more. Full interests, partial interests and remainder interests in real property are all acceptable. **HTHF** requires prospective donors, at their own expense, to pay for the cost of an appraisal, a Phase I environmental audit, and a survey.

Retained life estates (or Remainder interests) in real estate are contracts. In the case of such gifts, the donor will be expected to agree to pay all property taxes, maintain the property, and provide adequate insurance on the property.

Conditions for acceptance shall include salability and annual maintenance costs including evaluation of any liens against the property and any real estate taxes.

Donor may be asked to sign a statement regarding liability for previous and current environmental or other conditions if **HTHF** deems it appropriate.

- D. **Bargain Sales:** A bargain sale is one in which **HTHF** is provided the opportunity to purchase property at less than its fair market value. The gift is usually the difference between the sale price and the market value.

Bargain sales are not acceptable unless approved by counsel, submitted to the Gift Acceptance Committee, and approved by the Board of Trustees.

- E. **Tangible Personal Property:** Many gifts of tangible personal property are acceptable. Conditions for accepting gifts include salability or “as is” usability and current **HTHF** needs for the type of property offered, physical condition of the property, cost of any storage or insurance needed and any other unusual feature or condition involved in the transfer. Prospective donors should discuss with their accountants or other professional tax advisors whether the proposed gift of tangible personal property might be deemed to be related or unrelated to **HTHF’s** exempt purposes; such determination can affect the income tax charitable deduction allowable, if any.

- F. **Insurance:** Gifts by contract, particularly life insurance, through which **HTHF** will receive a future benefit, are acceptable with a minimum face value of \$25,000, so long as **HTHF** is not required to expend funds from sources other than the donor or the policy itself to maintain the contract. **HTHF** may be named as a percentage or contingent beneficiary of any life insurance policy.

Paid-up life insurance policy gifts in which **HTHF** is the owner and irrevocable beneficiary are acceptable.

While **HTHF** cannot accept a gift of term life insurance, it may be named as a beneficiary.

- G. **Services and Volunteer Expenses:** Gifts of professional or volunteer services, while encouraged, are not tax-deductible.

Volunteers may be entitled to charitable deductions for expenses incurred while volunteering for **HTHF**.

- H. **Other Assets and Gift Methods:** Other types of gifts not mentioned in this policy may be acceptable within reason for the purpose given, and in an amount appropriate for the gift type. The Gift Acceptance Committee is expected to use a fiscally and legally sound rationale for acceptance, and to defer to the Executive Committee of the Board when appropriate. This policy should serve as a general guideline under such circumstances.

Life Income Vehicles

The following life income agreements are acceptable when in compliance with the Internal Revenue Code at the time the gift is established and are subject to reformation as tax laws change. **HTHF** may elect to act as trustee and/or gift manager for these life income vehicles where **HTHF** is to receive at least fifty-one percent (51%) of the remainder interest.

- A. **Gift Annuity:** A gift annuity contract may be established for a minimum gift of \$10,000.

Annuitants must be fifty years of age or older when payments begin. Annuities may have no more than two annuitants.

- B. **Charitable Remainder Trusts:** Both charitable remainder annuity trusts and charitable remainder unitrusts are acceptable. A minimum funding amount of \$100,000 is required to establish these gifts if **HTHF** elects to serve as trustee. The number of life income beneficiaries, and the generations across which beneficiaries may span are negotiable based on meeting IRS requirements for remainder values, generation skipping tax implications for the donor and the funding amount. Minimally funded trusts are limited to two income beneficiaries of the same generation. Annual expenses, such as for the preparation of required trust tax returns, are paid by the trust.

- C. **Pooled Income Fund:** [Not currently marketed by **HTHF**.]

Endowed Funds

- A. **General Guidelines:** **HTHF** encourages donors to establish permanent endowed funds and allows donors to name these.

HTHF accepts unrestricted endowed funds, preferred use endowed funds and restricted endowed funds. Funds must be \$250,000 or more at the time of establishment to be held and invested separately from the **HTHF** general endowment portfolio. (Donations of any size for endowed funds or life income gifts may be held and invested separately from the general endowment portfolio on a temporary basis without conflicting with this policy.)

Restricted endowments should contain language similar to the following: "Should the provisions for the use of the income from this endowment cease to be effective or practicable, the Board is authorized to use such income in a manner consistent with the general intent of such provisions."

Establishing a term of years endowed fund is permitted when recommended by **HTHF** and approved by the Gift Acceptance Committee.

All endowment agreements may be reviewed and approved by the Gift Acceptance Committee.

Donors may accumulate gifts toward minimum funding of an endowed fund with a gift of one-half the required minimum and a signed agreement. Accumulations

toward the minimum must be completed within ten years from the date of the agreement. When accumulation is not completed the agreement will be considered terminated, and gift amounts received will be placed in the **HTHF** general endowment fund. Payments to the recipient purpose or program will not be made until the minimum for the endowment has been received, the endowment agreement is signed and approved by the Gift Acceptance Committee, and sufficient income has been generated for distribution.

Endowed funds may be established with estate or planned gifts. Endowment fund moneys received by **HTHF** through a will or other planned gift which is less than the required minimum funding at the time of distribution will be placed in the **HTHF's** general endowment fund, unless legally impossible. Endowed fund agreements shall be signed by the donor and by a member of the Gift Acceptance Committee.

Designating Gifts

A. Restricted Current Gifts

1. Gifts under \$25,000

Cash and Securities

HTHF will accept restricted gifts when the restriction already exists in the form of a gift fund at the time the gift is made. The fund may be an endowed fund, an annual fund, or a campaign fund. Restricted gifts will also be accepted where the gift is usable by **HTHF** at the time the gift is made, even though a fund does not exist.

Non-cash gifts

Once accepted under this policy, non-cash gifts may be restricted under the same guidelines as cash and securities.

2. Gifts of \$25,000 or greater

Cash and Securities

Donors may make restricted gifts to **HTHF** where the restricted fund exists or where the Gift Acceptance Committee agrees to the restriction.

Non-cash gifts

Restricted gifts are acceptable as above.

B. Restricted Deferred Gifts

1. Estate Gifts (wills, trusts, life insurance, other testamentary instruments)

HTHF will encourage unrestricted estate gifts to the unrestricted endowment fund since specific designations may become inactive or non-existent over time. **HTHF** reserves the right to decline restricted estate gifts.

Upon the donor's request, **HTHF** will provide language to assist in establishing a restricted estate gift. The sample language should generally include the following statement (or similar language): "This designation represents a preferred use for these funds and is not an absolute restriction. Should the exact designation cease to be effective or practicable before or after the gift is received by **HTHF**, the Board is authorized to use this gift in an alternative way consistent with the general intent of this designation."

Gifts received where **HTHF** had no prior knowledge of the amount or nature of the gift, will be treated as if the language above had been included, unless legally impossible. Gifts of \$10,000 or less will be placed in the General Endowment Fund when the restriction no longer exists.

2. **Other planned gifts (charitable remainder trusts, gift annuities, etc.)**

Gifts established through the planned giving program at **HTHF** may be restricted with the approval of the Gift Acceptance Committee.

Acceptance will rely in part on inclusion of language similar to the following in the instrument: "This designation represents a preferred use for these funds and is not an absolute restriction. Should the exact designation cease to be effective or practicable before or after the gift is received by **HTHF**, the Board is authorized to use this gift in an alternative way consistent with the general intent of this designation."

Gifts distributed to **HTHF** where the organization had no prior knowledge of the gift instrument, or its restriction will be handled on a case-by-case basis. **HTHF** reserves the right to decline restricted gifts from planned giving instruments.

Gift Acceptance Procedure

A. **Authority to Negotiate**

The Board authorizes the **HTHF** Executive Director or a delegate to negotiate acceptable gifts (other than cash and listed securities) on behalf of **HTHF**. Gifts negotiated by the delegate must be consistent with this policy.

The Board authorizes the Executive Director or a delegate working through the planned giving program, and any advisor or outside counsel deemed necessary, to negotiate life income gifts (charitable remainder trusts, charitable lead trusts, gift annuities) both inter vivos and through estate planning.

B. **Gift Acceptance Committee**

Negotiated gifts shall be submitted to the **HTHF** Gift Acceptance Committee for approval.

The Executive Director shall be responsible for the committee agenda and for calling the committee to session. Anyone with authority to negotiate (including

delegates) may request a session. The committee may meet before each Board of Trustees meeting or by proxy as needed to formally accept or reject negotiated gifts. The committee may seek the advice or input of any party they deem appropriate to make a fiscally, legally, and morally sound decision.

The Gift Acceptance Committee may request that the Board, in regular session, ratify its committee decisions when appropriate.

Any prospective gift may be referred to the Gift Acceptance Committee for action, may be reviewed by counsel, and may be referred to the Board for acceptance or rejection.

It is the intent of the Board for this Gift Acceptance Policy to be in compliance with all applicable federal, state, and local laws, including without limitation the North Carolina Uniform Prudent Management of Institutional Funds Act (N.C.G.S. § 36E-1, *et seq.*) and to this end the Board directs that (1) the provisions of this Gift Acceptance Policy shall be interpreted in accordance with this intent, and (2) it may amend the terms of this Gift Acceptance Policy in writing at any time, for any reason, including to meet any governing instrument requirements subsequently imposed by law or the interpretation of such law, without instituting judicial proceedings or seeking court approval of the same.

Ratified by the Board of Trustees on July 15, 2021.