

TITLE	Acceptance of Gifts		
NUMBER	NH-Div-FDN-LD-1200	Last Revised/Reviewed Effective Date:	Mar16
TJC FUNCTIONS	LD-AD		
APPLIES TO	Novant Health		
DIVISION/DEPT	Foundation		

I. SCOPE / PURPOSE

The mission of the Novant Health foundations (a “Foundation”) is to raise awareness and funding to enhance the ability of Novant Health to deliver remarkable medicine and compassionate care. The Foundations are recognized by the federal government as tax exempt organizations under Sec. 501(c)(3) of the Internal Revenue Code.

II. POLICY

This policy governs the acceptance of gifts by the Foundations and applies to all gifts received by the Foundations for any programs or services. This policy does not apply to acceptance of deferred gifts, which is addressed in the Acceptance of Deferred Gifts Policy.

III. QUALIFIED PERSONNEL

N/A

IV. EQUIPMENT

N/A

V. PROCEDURE

The procedure serves as a guideline to assist personnel in accomplishing the goals of the policy. While following these procedural guidelines personnel are expected to exercise judgment within their scope of practice and/or job responsibilities.

A. GIFT SOLICITATION

- Gifts. A gift is an irrevocable charitable contribution to a Foundation for the benefit of Novant Health programs or services, which is intended as a donation and given voluntarily without expectation of payment in return. The purpose(s) of a gift must fall within the purpose and mission of the Foundation.

A gift is *not* payment intended to benefit a specific individual or contingent on a benefit received by the donor. As with all expenditures from a Foundation, contributions must support a bona fide Foundation activity and further the

Foundation's charitable purpose. Gifts cannot be used in a manner that would result in any direct or indirect personal benefit for the donor. The Foundation shall not act as a conduit for funds where if the donation was made directly by the donor to the recipient a tax deduction by the donor would not be allowed by the IRS.

For quid pro contributions, see Section V.B.6

2. Solicitation. Only the Board of Directors of a Foundation and its delegated representatives (Foundation staff and volunteers) are authorized to solicit gifts in the name of the Foundation in order to assure a consistent approach and prevent duplication. However, the Foundations also seek the support of hospital administrators and staff, physicians, nurses and community leaders as partners in soliciting gifts and requests. All efforts should be coordinated through a Foundation to maximize results from the entire team.
 3. Types of Gifts. The Foundation receives gifts in the following forms:
 - a. Pledges – pledges are commitments to give a specific dollar amount according to a fixed time schedule. Generally, all pledges must be in writing.
 - b. Current Gifts:
 - Cash or Checks
 - Credit Card Transactions
 - Marketable Securities
 - Closely Held Securities
 - Real Estate
 - Personal Property (examples: furniture, works of art, office equipment, precious metals, etc.)
 - c. Deferred Gifts:*
 - General bequests of money or securities
 - Specific bequests of property
 - Residuary estate
 - Retirement plans
 - Charitable gift annuity
 - Charitable remainder annuity trust**
 - Charitable remainder unitrust**
 - Charitable lead trust**
 - Insurance policy
 - Life estate in real property
- * This list of deferred is not intended to be a complete list of the types of deferred gifts the Foundation will accept, but rather a list of types of deferred gifts the Foundation may accept if it deems the gift appropriate. This policy does not apply to deferred gifts, which are addressed in the Acceptance of Deferred Gifts Policy.
- ** A Foundation may not be named as a trustee to any trust, unless an exception is approved by SVP Foundations and Community Relations.

4. Matching Gifts. For matching gifts, a Foundation will credit the individual, foundation, or corporation that made the matching gift, not the donor whose gift was matched. However, the matching gift amounts will be recorded and reported to the donor whose gift was matched.
5. Recognition of Donors/Confidentiality. The Foundation recognizes the paramount role of donors and their gifts to the Foundation in achieving its charitable purposes. Foundation staff will recognize and acknowledge donors in appropriate ways both publicly and privately. If a donor prefers to remain anonymous, all information regarding a donor or prospective donor shall be held in strict confidence by the Foundation, subject to legally authorized and enforceable requests for information by governmental agencies and courts.
6. Donor Advice. In no event will Foundation staff provide legal, accounting, tax or other advice to prospective donors. Foundation staff shall urge prospective donors to seek the assistance of independent, personal legal and financial advisors in matters relating to their gift and the resulting tax and estate planning consequences.
7. Donor Advised Funds. A donor advised fund is (1) a fund or account owned and controlled by a “sponsoring organization” (i.e., the Foundation), (2) which is separately identified by reference to contributions of the donor or donors (i.e., the donor’s name is in the name of the Fund), and (3) where the donor (or a person appointed or designated by the donor) has or reasonably expects to have advisory privileges over the distribution or investments of the assets. The Foundation shall **not** create donor advised funds, as there are complicated and negative tax consequences to the Foundation.

B. AUTHORITY TO REVIEW AND ACCEPT GIFTS

1. Board Review and Approval. A Foundation’s Board has gift acceptance authority for specific gifts, which may be delegated to a committee, and responsibility to oversee adherence to this policy.

Gifts requiring recommendation by the SVP of Foundations and Community Relations and approval of the Board shall include the following:

- a. Gifts that have a purpose that may fall outside the purpose and mission of the Foundation
- b. Gifts of real estate - see [Appendix B](#) for requirements.
- c. Closely held securities where there may be concerns about valuation, marketability or legal restrictions - see [Appendix A](#) for requirements.
- d. Other property that may be unusual or fall outside the type of gifts usually handled by the Foundation
- e. All deferred gifts

In cases where such review is required, the staff will give the Board all pertinent details of the proposed gift, remind the Board of the requirements set forth in this policy, and provide to the Board any additional research necessary to aid in its consideration.

In rare instances, a decision regarding acceptance of a property gift, for which review and approval is required, must be made immediately (e.g. a gift on December 31). In such cases, the SVP of Foundations and Community Relations should contact the Board Chair. Any decision to accept should be reported to the Board.

2. Staff Acceptance. Acceptance of gifts by Foundation staff for purposes consistent with the purposes, bylaws, and procedures of a Foundation will not require review and approval by the Board if such gifts are in the following forms and otherwise meet the requirements for acceptance under this policy or in a relevant procedure:
 - a. Cash and credit card transactions
 - b. Marketable securities (i.e., publicly traded) – see [Appendix A](#) for requirements.
 - c. Closely held securities where, in the considered opinion of Foundation staff, (including Finance or an outside advisor, if appropriate) proper valuation of the gift has been provided, there are no special restrictions, and the securities are immediately marketable. See [Appendix A](#) for requirements.
 - d. Personal Property Gifts - see [Appendix C](#) for requirements.
3. Appropriateness of Gift. All gifts should be carefully scrutinized and determined to be appropriate before acceptance, in accordance with the applicable provisions of this policy.
4. Non-acceptance of a Gift. If a gift cannot be accepted, Staff will immediately notify the donor with regret and fully explain any reasons for such action.
5. Acknowledgement. Foundation staff will send a written acknowledgment to a donor to acknowledge a gift within a reasonable time of receipt of such gift.
6. Quid Pro Quo. Quid pro quo contributions are contributions received by a Foundation and the donor receives something of value in return. If a Foundation solicits donations in excess of \$75 and the donor receives something in value in return, the Foundation must provide a disclosure statement reciting a good-faith estimate of the fair market value of the goods or services received by the donor and a statement that the amount of the contribution which is deductible by the donor is equal to the excess of the contribution amount over the value of the goods or services received.

C. FUND ADMINISTRATION

1. PURPOSE OF FUNDS

The purpose(s) of a gift to establish a new fund must be clearly stated in writing by the donor, normally including a Fund Agreement executed by the donor and Foundation staff. The purpose(s) of the gift must fall within the purpose and mission of the Foundation and also must fall within Foundation guidelines as to establishment of new funds.

Except in unusual circumstances, a gift designated by the donor for an existing fund or for an unrestricted endowment of the Foundation does not require any additional statement of purpose by the donor.

2. **FUND AGREEMENT**

All temporarily restricted gifts and permanently restricted gifts, as both are defined below, shall have a written fund agreement signed by the donor and the Foundation. Templates of fund agreements for each type of gift should be maintained at the Foundation.

3. **FUND DESIGNATION AND ACCOUNTING CLASSIFICATION**

Foundation staff shall diligently strive to develop clear understandings with donors as to their expectations for use of their gifts within the mission of the Foundation. However, placement into specific funds and accounting classifications are a Foundation responsibility, in conjunction with Corporate Finance and applicable accounting policies.

- a. Unrestricted Gifts. Any gift for which the donor does not designate a specific purpose within the Foundation's mission shall be placed in the Foundation's unrestricted fund. The minimum to establish an unrestricted endowment is \$50,000.
- b. Temporarily Restricted Gifts. These gifts are *typically* placed in one or more temporarily restricted funds, which are defined as "established to meet one or more current program needs whose expected holding period generally is three years or less." Creating any new temporarily restricted fund shall be based upon a commitment for a minimum gift as established annually by the Board. Further, establishing a new fund shall be based on determination by Foundation staff that it is needed for effective tracking of this specific gift at the donor's request and/or that there is no existing fund designated for the same stated purpose.

Gifts for such funds shall be used for the purposes stipulated by the donors with approval of the Foundation. Proceeds of such gifts may be distributed in their entirety for the stated purposes or converted to endowment (and permanently restricted) classification by the Foundation, upon consultation with and agreement from any and all donors to the fund. If a proposed purpose is unacceptable or impractical the Foundation shall attempt to negotiate an acceptable purpose with the donor. If no acceptable purpose is negotiated, the Board, or its designee, may decline the gift.

- c. Permanently Restricted Gifts. These gifts may be designated by donor(s) for an existing restricted endowment fund or, as permitted by Foundation policy, placed in a new restricted endowment fund. The principal is protected, and only the income, or a portion of the income, is expended. The uses of the income are controlled by donors' restrictions as set forth in the fund agreement. The minimum to establish a restricted endowment is \$100,000.

4. **BARGAIN SALES**

- a. Definition. The sale of personal or real property to a charitable organization for less than the fair market value of the property received.
- b. Procedure. All bargain sales shall be handled by Novant Health Corporate Real Estate and not by Foundation staff.

VI. DOCUMENTATION

N/A

VII. DEFINITIONS

N/A

VIII. RELATED DOCUMENTS

N/A

IX. REFERENCES

N/A

X. SUBMITTED BY

Kim Henderson, SVP Foundations and Community Relations

XI. KEY WORDS

Gifts, donations, foundations

XII. INITIAL EFFECTIVE DATE	March 2016
DATES REVISIONS EFFECTIVE	
DATES REVIEWED (No changes)	
Date Due for Next Review	March 2019

SIGNATURE SHEET

TITLE	Acceptance of Gifts
NUMBER	NH-Div-FDN-LD-1200
TJC FUNCTIONS	LD-AD
APPLIES TO	Novant Health
DIVISION/DEPT	Foundation
ACTION	Initial

APPROVED BY:

Title	Approved By	Signature	Date
SVP of Foundations and Community Relations	Kim Henderson		See electronic approval

COMMITTEES APPROVED BY:

Committee	Chairperson/Designee	Date

Appendix A
Receipt/Transfer of Securities

A. Publicly Traded Stocks and Bonds

A gift of negotiable securities is treated as a property gift and must be transferred intact into Foundation ownership in order to qualify as a tax deductible gift. At the donor's request, for gifts of \$5,000 or more, the Foundation will open an account with the donor's broker for transfer of securities held in "street name" by that broker. In all other cases, the Foundation will provide transfer information to the donor's broker for electronic transfer of "street name" securities into an existing account of the Foundation.

For stocks or bonds held in certificate form, the most direct method of transfer will be for the donor to deliver the securities – unendorsed and with no other blanks filled in by the donor – to the Foundation along with a properly executed stock or bond power document for each security. Also, an unendorsed and otherwise blank stock certificate or bond (other than a bearer bond) can be mailed to the Foundation with a stock or bond power document transmitted separately. A letter of transmittal indicating the donor's name and address and the purpose of the gift should accompany the certificate or bond. The donor's signature on the stock or bond power document must be "guaranteed," a process distinct from notarization normally to be handled only by an employee of a financial institution.

B. Mutual fund shares

Unless the Foundation already has an account with the Mutual Fund management firm, an account in the name of the Foundation must be opened. In many cases, the mutual fund manager will require that the donor sign a specific form or that the Foundation supply a Board resolution authorizing the Foundation to open an account with the mutual fund company.

Occasionally, mutual fund shares will be held in the donor's brokerage account. This typically allows electronic transfer to a Foundation brokerage account.

Because mutual fund transfers often take more time than individual securities, the Foundation and donor must work together to assure reasonable expectations and assure the most timely transfer possible.

C. Closely Held Stock

The process of gifting stock in a closely held corporation can vary based on procedures of the corporation involved. Thus, donors should consult with the company involved and then discuss with Foundation Staff these items: (1) Physical transfer procedures; (2) Possible legal restrictions on the donor's ability to transfer the stock; (3) Relevant information on marketability by the Foundation.

The most common method of transferring closely held stock is for the corporation, or the corporation's transfer agent, to re-register the donated shares in the Foundation's name. Normally, this can be done very quickly, particularly if the donor is a principal of the company.

D. Date and value of gift

Gift date for a transfer of securities made in person is the date when a representative of the Foundation is handed the bond or stock certificate and stock power or, if mailed or sent by courier, the date of mailing or shipping. If the security and the relevant "power" document are postmarked on different days, the later postmark controls.

When a stock or mutual fund gift is made by electronic transfer, the gift date is the date upon which the shares are received into the Foundation account.

When a transfer of stock takes place by means of reregistering ownership of the shares, the date of the gift is the date of the new stock certificate.

Establishing the value of the gift for tax purposes is the legal responsibility of the donor. However, the Foundation can share with the donor our understanding that the value is based on the average of the high and low prices for the gift date. The donor should be informed that any information we give on the gift value is unofficial and should be confirmed to his/her own satisfaction through a broker or tax advisor.

In the case of thinly traded securities for which no quotations are available on the date of the gift, the Foundation should clearly disclose to the donor that valuation for tax purposes is potentially a complex matter that may require his/her consultation with a tax advisor.

As to closely held stock, in view of the fact that there typically is no trading activity to establish the value, a qualified appraisal ordered and paid for by the donor normally will be required.

Appendix B Transfer of Real Estate

The primary principles involved in the Foundation's decision to accept a gift of real estate shall include marketability (value and timing potential), legal issues, existing mortgage issues, and environmental complications making the transaction impractical, or other concerns that the Board determines may be relevant to preserving the positive community image of the Foundation.

1. Real Estate Procedure for Transfer

Transfer of real estate is normally accomplished by means of a deed. However, a vote by the Board to accept a bequest of real property via a donor's will accomplishes a property transfer without a deed and the will becomes legal documentation for that transfer. A gift deed normally is drafted by legal counsel for the donor and reviewed by counsel for the Foundation. The Foundation should seek to obtain a "Warranty Deed" to the property whenever possible.

2. Specific Concerns on Real Estate Gifts

- a. The Foundation must receive a current appraisal (no older than 60 days) of the fair market value of the property. [See Appendix D](#). The appraisal shall be done in accordance with Internal Revenue Service ("IRS") requirements performed by Member Appraisal Institute ("MIA"), Senior Residential Appraiser ("SRA") or Senior Real Property Appraiser ("SRPA"), at the donor's expense. The appraisal and other information must clearly and convincingly demonstrate that there is a market for the property and it can be sold within a reasonable period of time.
- b. The donor must disclose the existence of mortgages, deeds of trust, restrictions, reservations, easements, liens of any type or other limitations on title as well as current zoning and provide income statements, where appropriate. Encumbrances must be removed prior to acceptance of the gift or real estate except in very unusual circumstance approved by the Board and where the Foundation's equity in the real estate will substantially exceed the encumbrances. Prior to acceptance, title insurance must be obtained for the property. Foundation legal counsel may require that a title search be made.
- c. An environmental assessment will be made for all gifts of real estate. The appropriate level of assessment will be determined based on the review of each individual property (i.e., Phase I, Phase II, Phase III or none if the property is highly unlikely to carry environmental risks). In some cases an additional environmental indemnity may be required. Payment for any environmental assessment shall generally be an expense of the donor.
- d. The existence and amount of any carrying cost, such as property owner's association dues, maintenance fees, taxes and property and liability insurance, must also be considered.

3. Date and value of gift

The gift will be completed by the execution and delivery of a deed of gift or other appropriate conveyance document to the Foundation. The costs associated with the conveyance and delivery of the gift (e.g., recording fees, a current survey, title insurance and /or an attorney's title opinion, environmental assessment) will generally be paid by the donor.

Appendix C Personal Property Gifts

1. Consideration of Acceptance of Tangible Personal Property

Foundation staff shall review the property and determine whether it is readily marketable or needed by the Foundation for use in a manner related to its purpose, and the donor shall ensure that it is free and clear of liens and encumbrances. The donor should provide transfer documentation, such as a deed of gift or bill of sale, at the same time that the physical transfer of the item takes place. A timely qualified appraisal paid for by the donor should be provided for an item, or similar items contributed as a group, where the donor claims a value of more than \$5,000. See [Appendix D](#).

A Foundation should not accept gifts of automobiles, boats or other vehicles.

2. Intangible Personal Property

Gifts of items such as creative property rights and similar intangibles can involve highly complex issues, and each situation must involve careful consultation involving donor, Foundation, and appropriate legal/appraisal support.

3. Date and Value of Gifts

In most instances, a gift of tangible personal property will be completed on the date the Foundation takes possession of the item or items in question. However, if the property is mailed or otherwise sent to the Foundation, the date of the gift would be the date of mailing/sending.

The Foundation is not involved in confirming a value for the property. Its interest in the appraisal is solely for its analysis of marketability.

Appendix D
Donor Substantiation of Gifts for IRS Purposes

Form Acknowledgement

This form shall be maintained at the Foundation.

Form Quid Pro Quo Disclosure

These forms shall be maintained at the Foundation.

Appraisals

To substantiate the income tax charitable deduction associated with a contribution of real estate or personal property where the fair market value/deduction is more than \$5,000, the donor will need to obtain and pay for a qualified appraisal. If the appraisal is not made available to the Foundation for its review of the gift, then the Foundation should postpone acceptance of the gift.

Form 8283 – Information about Donated Property

This form must be filed with the donor's tax return for the year in which the gift is made if the total value of all property contributed other than cash exceeds \$500. If the donated property is appraised at over \$5,000, the donor should provide the form to the Foundation to certify that it received the gift by signing the form- the Foundation does not have any role in stating its value, which is the responsibility of the donor. The Foundation should receive a copy of the form for its records and for potential use in filing a Form 8282, as noted below. It is the donor's responsibility to complete and file this form and to obtain any necessary tax advice from the donor's tax advisor.

Form 8282 - Information About Sale of Donated Property

This form must be filed by the Foundation with the IRS if it sells or otherwise disposes of personal property which the donor was required to list on Section B of Form 8283 within three years after receiving it. The Foundation should advise the donor of this requirement (and its policy on re-sale of property) during the process of receiving the gift. Upon any filing of Form 8282, the Foundation should also send a copy of the form to the donor.