

## **GIFT ACCEPTANCE POLICIES AND GUIDELINES**

The Community Health Awareness Council, of Mountain View, California, a nonprofit organization organized under the laws of the State of California, encourages the solicitation and acceptance of gifts to the Community Health Awareness Council (hereinafter referred to as CHAC ) for purposes that will help CHAC to further and fulfill its mission. The following policies and guidelines govern acceptance of gifts made to CHAC or for the benefit of any of its programs.

The mission of CHAC is as follows:

The Community Health Awareness Council exists to provide alternatives to self-destructive behavior, and to help create healthy lives for the children and families of Mountain View, Los Altos, Los Altos Hills and the surrounding communities.

### ***I. Purpose of Policies and Guidelines***

The Board of Directors of CHAC and its staff solicit current and deferred gifts from individuals, corporations, and foundations to secure the future growth and mission of CHAC. These policies and guidelines govern the acceptance of gifts by CHAC and provide guidance to prospective donors and their advisors when making gifts to CHAC. The provisions of these policies shall apply to all gifts received by CHAC for any of its programs or services.

### ***II. Use of Legal Counsel and Other Advisors and Assistance***

When evaluating the acceptability of gifts other than outright donations of cash, CHAC shall seek the assistance of outside resources such as attorneys, accountants, and others who are knowledgeable in the issues particular to the proposed gift. In addition, CHAC may utilize the services of others to assist in the subsequent administration of accepted gifts, such as community foundations, other public benefit corporations, and professional administrators. The availability of such assistance may be considered in evaluating whether or not to accept a specific gift.

### ***III. Standards of Practice***

CHAC will urge all prospective donors to seek the assistance of personal legal and financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences. CHAC will comply with the Model Standards of Practice for the Charitable Gift Planner promulgated by the National Association of Charitable Gift Planners and shown as an attachment to this document.

### ***IV. Acceptance of Restricted Gifts***

CHAC will not accept gifts that are too restrictive in purpose, gifts that are too difficult to administer, or gifts that are for purposes outside the mission of CHAC. All final decisions on the restrictive nature of a gift, and its acceptance or refusal, shall be made by the CHAC Board of Directors.

## *V. The Gift Acceptance Committee*

- The gift acceptance committee shall consist of:
  - Executive Committee of the CHAC Board of Directors
  - Chair of the CHAC Development Committee
  - Other members as appointed by the President of the CHAC Board of Directors
  - Ex-Officio members shall include appropriate staff

The gift acceptance committee is charged with the responsibility of reviewing all gifts made to CHAC, properly screening and accepting those gifts, and making recommendations to the Board on gift acceptance issues when appropriate.

## *VI. Types of Gifts*

A. The following gifts are acceptable:

1. Cash
2. Tangible Personal Property
3. Securities
4. Real Estate
5. Remainder Interests in Property
6. Oil, Gas, and Mineral Interests
7. Bargain Sales
8. Life Insurance
9. Charitable Gift Annuities
10. Charitable Remainder Trusts
11. Charitable Lead Trusts
12. Retirement Plan Beneficiary Designations
13. Bequests
14. Life Insurance Beneficiary Designations

B. The following criteria govern the acceptance of each gift form:

1. **Cash:** Cash is acceptable in any form. Checks shall be made payable to CHAC and shall be delivered to the Executive Director or his/her designee in CHAC's administrative offices.

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

- Does the property fulfill the mission of CHAC?
- 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?

The final determination on the acceptance of tangible property gifts shall be made by the Gift Acceptance Committee of CHAC.

3. **Securities:** CHAC can accept both publicly traded securities and closely held securities.

**Publicly Traded Securities:** Marketable securities may be transferred to an account maintained at one or more brokerage firms or delivered physically with the transferor's signature or stock power attached. As a general rule, all marketable securities shall be sold as soon as practicable following receipt. In some cases marketable securities may be restricted by applicable securities laws; in such instance the final determination on the acceptance of the restricted securities shall be made by the CHAC Gift Acceptance Committee.

**Closely Held Securities:** Closely held securities, which include not only debt and equity positions in non-publicly traded companies but also interests in LLPs and LLCs or other ownership forms, can be accepted subject to the approval of the CHAC Gift Acceptance Committee. However, gifts must be reviewed prior to acceptance to determine that: there are no restrictions on the security that would prevent CHAC from ultimately converting those assets to cash, the security is marketable, and the security will not generate any undesirable *liability or* tax consequences for CHAC. If potential problems arise on initial review of the security, further review and recommendation by an outside professional shall be sought before making a final decision on acceptance of the gift. The final determination on the acceptance of closely held securities shall be made by the CHAC Gift Acceptance Committee and legal counsel when necessary. Every effort will be made to sell non-marketable securities as quickly as possible.

4. **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, CHAC shall require an initial environmental review of the property to ensure that the property has no environmental damage. In the event that the initial inspection reveals a potential problem, CHAC shall retain a qualified inspection firm to conduct an environmental audit. The cost of the environmental audit shall generally be an expense of the donor. When appropriate, a title binder shall be obtained by CHAC 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 the real property, the gift shall be approved by the CHAC Board of Directors upon recommendation by the Gift Acceptance Committee of CHAC. Criteria for acceptance of the property shall include:

- Is the property useful for the purposes of CHAC or is it marketable?
- 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?

**5. Remainder Interests In Property:** CHAC 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 the stated life. At the death of the donor, CHAC may use the property or reduce it to cash. Where CHAC 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 primary beneficiary.

**6. Oil, Gas, and Mineral Interests:** CHAC 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. 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 extended liabilities or other considerations that make receipt of the gift inappropriate
- A working interest is rarely acceptable. A working interest may only be accepted when there is a plan to minimize potential liability and tax consequences.
- The property should undergo an environmental review to ensure that *CHAC* would not have potential exposure to environmental liability.

**7. Bargain Sales:** CHAC may enter into a bargain sale arrangement in instances in which the bargain sale furthers the mission and purposes of CHAC. 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:

- CHAC must obtain an independent appraisal substantiating the value of the property.
- If CHAC assumes debt with the property, the debt ratio must be not more than 50% of the appraised market value
- CHAC must determine that it will use the property, or that there is a market for sale of the property allowing sale within 12 months of receipt
- CHAC must calculate the costs to safeguard, insure, and maintain the property (including property tax, if applicable) during the holding period.

**8. Life Insurance:** CHAC 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 value, upon receipt. If the donor contributes future premium payments, CHAC will include the entire 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, CHAC may:

- continue to pay the premiums,
- convert the policy to paid up insurance, or
- surrender the policy for its current cash value.

9. **Charitable Gift Annuities:** CHAC may offer charitable gift annuities only through licensed issuers of such annuities and only on such terms and conditions as the issuer and Gift Acceptance Committee shall approve.

10. **Charitable Remainder Trusts:** CHAC may accept designation as remainder beneficiary of a charitable remainder trust with the approval of the Gift Acceptance Committee of CHAC. CHAC will not accept appointment as Trustee of a charitable remainder trust.

11. **Charitable Lead Trusts:** CHAC may accept a designation as income beneficiary of a charitable lead trust. The CHAC Board of Directors will not accept an appointment as Trustee of a charitable lead trust.

12. **Retirement Plan Beneficiary Designations:** Donors and supporters of CHAC will be encouraged to name CHAC as beneficiary of their retirement plans. Such designations will not be recorded as gifts to CHAC 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.

13. **Bequests:** Donors and supporters of CHAC will be encouraged to make bequests to CHAC under their wills and trusts. Such bequests will not be recorded as gifts to CHAC 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.

14. **Life Insurance Beneficiary Designations:** Donors and supporters of CHAC will be encouraged to name CHAC as beneficiary or contingent beneficiary of their life insurance policies. Such designations shall not be recorded as gifts to CHAC 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.

## ***VII. Miscellaneous Provisions***

A. **Securing appraisals and legal fees for gifts to CHAC:** It will be the responsibility of the donor to secure an appraisal (where required) and independent legal counsel for all gifts made to CHAC.

B. **Valuation of gifts for development purposes:** CHAC will record a gift received by CHAC at its valuation for gift purposes on the date of gift.

C. **Acknowledgment of Gifts:** Acknowledgment of all gifts accepted by the Gift Acceptance Committee shall be the responsibility of the Gift Acceptance Committee.

***VIII. Changes to Gift Acceptance Policies***

These policies and guidelines have been reviewed and accepted by the CHAC Board of Directors. The CHAC Board of Directors must approve any changes to or deviations from these policies.

Approved on the \_\_\_\_\_ day of \_\_\_\_\_, 2019. President, Board of Directors,  
Community Health Awareness Council