

Gift Acceptance Policies and Procedures

Adopted from David Wheeler Newman “**Effective Gift Acceptance Policies and Procedures,**” *The Journal of Gift Planning*, vol. 13, no. 2, 2nd quarter 2009 and presented by the Partnership in Philanthropic Planning (PPP) as a part of their Best Practices, Model Documents program.

I. Purpose

The purpose of this statement is to articulate the policies of the Board of Directors of Martin Memorial Foundation, Inc (MMF or the “Charity”) of Stuart FL concerning the acceptance of charitable gifts to the Charity. The MMF Board of Directors acts on behalf of Martin Memorial Health Systems, Inc. (MMHS), in matters related to the solicitation, acceptance, recording and acknowledging of gifts and will adopt appropriate procedures to implement these policies which will be reflected in the *Policies, Guidelines and Procedures manual updated 2011* for the Martin Memorial Foundation.

II. Responsibility to Donors

- A. General. The Charity, its staff and representatives shall endeavor to assist donors in accomplishing their philanthropic objectives in providing support for the Charity.
- B. Confidentiality. Information concerning all transactions between a donor and the Charity shall be held by the Charity in strict confidence and may be publicly disclosed only with the permission of the donor.
- C. Anonymity. The Charity shall respect the wishes of donors wishing to support the Charity anonymously and will take appropriate steps to safeguard those donors’ identities.
- D. Disclaimer. Each prospective donor to the Charity shall be informed that the Charity does not provide legal, tax or financial advice, and they shall be encouraged to discuss all charitable gift planning decisions with his or her legal, financial or tax advisor before entering into any commitment to make a gift to the Charity.

III. Gift Restrictions

- A. Unrestricted Gifts. To provide the Charity with maximum flexibility in the pursuit of its mission, donors shall always be encouraged to make unrestricted gifts to the Charity.
- B. Budgeted Programs or Facilities. The Charity may accept a gift that is restricted as to its use if the Charity’s approved budget for the year in which the gift is to be accepted includes proposed funding for the specific program, purpose or facility for which the restricted gift is made.

- C. Other Restrictions. The Charity may accept a gift that is restricted as to a use if the Charity's budget for the year in which the gift is accepted does not include funding for the restricted use of the gift, with the prior written approval of the Foundation Vice President/Chief Philanthropic Officer (CPO).
- D. Variance Power. Unless otherwise approved in advance by the Foundation Vice President/CPO the Charity will reserve the right, in the document that restricts the use of the gift, to broaden or alter the purpose of the gift should it be determined in the future that the original purpose of the gift no longer meets the needs or serves the mission of the Charity.

IV. Donor Recognition

- A. General. The MMF Board of Directors may establish criteria for the recognition and honoring of a donor with certain honors or benefits based on various giving levels achieved by a donor and the type of gift. These honors or benefits may include the listing of the donor's name on a roll or plaque of significant donors or the opportunity to receive invitations to donor recognition events.
- B. Buildings and Other Facilities. Except in the case of naming opportunities that appear on a schedule of naming opportunities approved by the Board of Directors in the context of a capital campaign or special initiative, the staff of the Charity shall make no commitments to a donor concerning the naming of buildings or other facilities without the approval of the Gift Acceptance Committee of the MMF Board upon recommendation of the Foundation Vice President/CPO.

V. Fiduciary Relationships

- A. General. The Charity will not agree to serve as executor of a decedent's estate, nor as trustee of a living trust or other trust intended to serve as a person's primary estate planning document.
- B. Trusteeship. The Charity may not serve as trustee of trusts to maintain its gift annuity reserve accounts, as required by relevant state insurance law, in connection with the Charity's gift annuity program. The Charity shall not serve as trustee of a Charitable Remainder Trust (CRT). If an exception is made, the trust must have assets of at least \$250,000 and the annuity or unitrust percentage amount may not exceed 6%, and the trust names the Charity irrevocably as a beneficiary of at least 50% of the remainder. The Charity will not serve as co-trustee of a trust.

VI. Commitment of Charity Assets

- A. Bargain Sale. Commitment of funds of the Charity in a bargain sale transaction to acquire assets from a donor shall require the prior written approval of the Chief Financial Officer of MMHS and the Foundation Vice President/CPO. Such approval shall generally be restricted to situations in which the asset to be acquired is one that will be used by the Charity in its program or that can be readily disposed of for cash within a reasonable time.

- B. Gift Annuities. The Charity shall issue charitable gift annuities to donors, in exchange for their contributions, using annuity rates and guidelines published by the American Council on Gift Annuities (ACGA).
- C. Partnership and Other Liabilities. The Charity will not accept interests in partnerships or other investment entities exposing the Charity to liability, including the obligation to provide capital contributions or other funding for the investment, without adequate indemnity from the donor to fulfill those obligations.
- D. Real Estate. While the Charity encourages gifts of real estate, potential liability of the Charity arising from real estate should be minimized pursuant to procedures to be adopted by the MMF Gift Acceptance Committee.

VII. Reporting and Valuation Standards

- A. Reporting. For campaign and other reporting purposes, the Charity shall use the Partnership in Philanthropic Planning (PPP-formerly the National Committee on Planned Giving) Guidelines for Reporting and Counting Gifts (www.ppp.org).
- B. Valuation of Planned Gifts. To evaluate the Charity's planned giving program and to compare the relative value of various planned gift approaches, the Charity shall utilize the Partnership in Philanthropic Planning, *Valuation Standards for Charitable Planned Gifts*.

VIII. Ethical Standards

The Charity is committed to the highest ethical standards. Foundation staff at all levels of the organization shall adhere to the Model Standards of Practice for the Charitable Gift Planner adopted by the American Council on Gift Annuities and the Partnership in Philanthropic Planning and the Association of Healthcare Philanthropy (AHP).

IX. Delegation

- A. Staff. Implementation of these policies is delegated to the Foundation Vice President/CPO of the Charity, who shall be responsible for oversight of the acceptance of all gifts by the Charity.
- B. Gift Acceptance Committee. The MMF Board of Directors shall delegate to its Gift Acceptance Committee the responsibility of approving Gift Guidelines and Acceptance Procedures to implement these policies. The Foundation Vice President/CPO, who shall be an *ex officio* member of that committee, may from time to time propose to the committee revisions to the procedures.

X. Approval of Exceptions

- A. Acceptance of gifts to the Charity in a manner that is in any way inconsistent with this statement of policy must be approved in writing by the Foundation Vice President/CPO who shall report such exceptions to the MMF Board of Directors at its next regular meeting.

- B. The MMF Board and Gift Acceptance Committee reserve the right to make exceptions to any of these policies in order to address concerns or recommendations from donors so long as the MMHS Chief Financial Officer approves the exceptions.

XI. Periodic Review

- A. General. A committee of the MMF Board of Directors, of which the Foundation Vice President/CPO shall be a member, as shall the MMHS Chief Financial Officer (or his or her designee), shall periodically (but no less frequently than every five years) review these policies to ensure that they continue to accurately describe the policies of the Charity with respect to acceptance of charitable gifts, and shall propose to the full Board of Directors of MMF and MMHS for adoption those revisions that the Committee shall determine to be necessary or appropriate in order for the **Gift Acceptance Policy** to accurately reflect the policies of the Charity.
- B. Specified Review. These policies shall be reviewed and ratified by the MMF Board of Directors each time the Board determines that the Charity will embark on a capital or other fundraising campaign. These policies shall also be reviewed upon the enactment or promulgation of legislation or regulatory rules affecting fundraising and gift acceptance by the Charity, to assure continued compliance by the Charity with relevant legislation and rules.

Gift Acceptance Procedures

Purpose

The purpose of these procedures is to implement the **Gift Acceptance Policies** adopted by the Board of Directors of the Martin Memorial Health Foundation (the “Charity”). These procedures describe the types of assets that the Charity will accept and the guidelines to be observed by its staff in accepting and documenting the gift of those assets. These procedures apply to all gifts received by the Charity.

I. Supervision and Coordination

Acceptance and documentation of gifts must be under the supervision of the Foundation Vice President/CPO in order to maximize the value of those gifts to the Charity, while minimizing costs and risks to the Charity and to Martin Memorial Health System (MMHS) associated with those gifts.

II. Adherence to Policies

Each member of the staff of the Charity shall be given a copy of the **Gift Acceptance Policies** adopted by the Board of Directors of the Charity. These procedures shall be applied by the development staff in compliance with that Policy. Questions regarding interpretation of the Policy should be directed to the Foundation Vice President/CPO.

III. Donor Expenses

- A. General. As a general rule, and except as provided elsewhere in these procedures for specific assets, including real estate, expenses associated with a donor’s gift should be borne by the donor. Typical expenses include appraisal fees to substantiate the value of the donor’s gift for tax purposes and the donor’s legal fees.
- B. Payment by Charity. The Charity may, with the prior approval of the Foundation Vice President/CPO agree to pay some or all of the donor’s expenses associated with the gift following a determination by the Foundation Vice President/CPO that doing so is necessary to facilitate the gift.

IV. Written Agreements

- A. General. All gift arrangements other than a simple outright gift of cash shall be memorialized in a written document describing the restrictions, if any, imposed on the gift by the donor and other obligations that may be undertaken by the Charity with respect to the gift.
- B. Legal Counsel. All gift agreements prepared by the Charity shall be reviewed and approved by the Charity’s legal counsel. Once the document is approved, it may then be forwarded to the donor (and his or her advisor) for review. No review or approval by the Charity’s counsel shall be necessary if an agreement is contained on a form that has been previously approved by the Charity’s legal counsel.

- C. Signatures. The following persons are authorized to sign gift agreements on behalf of the Charity: MMHS President and CEO, Foundation Vice President/CPO and MMHS Chief Financial Officer.

V. Pledges

- A. Binding Commitment. The Foundation staff will encourage donors wishing to make their gifts in installments over time to document their commitment to the Charity in a written Pledge Agreement that will create a ***binding legal*** obligation on the donor, as well as a claim against the donor's estate if the commitment remains unpaid at his or her death. For donors wishing to retain more flexibility by making their commitment nonbinding, documentation shall be referred to as a "letter of intent" in order to avoid confusion with binding commitments documented as Pledge Agreements. Nonbinding letters of intent may usually count as direct gifts. The following guidelines (VB through VD) apply to Pledge Agreements in which the donor undertakes a binding legal obligation.
- B. Duration. Unless a longer period is approved by the Foundation Vice President/CPO, the Pledge Agreement will specify the installments in which the gift is to be paid over a period, not to exceed five years. The Foundation is responsible for recording, acknowledging, billing and monitoring the status of all pledges and payments.
- C. Minimum Amount. Pledges payable over more than one year shall be approved by the Foundation Vice President/CPO
- D. Donor's Estate. Each Pledge Agreement shall provide that any portion of the donor's commitment remaining unpaid at the donor's death shall be a liability of the donor's estate, enforceable by the Charity.

VI. Gift Restrictions

- A. Unrestricted Gifts. Donors shall always be encouraged to make unrestricted gifts to the Charity.
- B. Budgeted Programs or Facilities. The Charity may accept a gift that is restricted as to its use if the Charity's approved budget for the year in which the gift is to be accepted includes proposed funding for a specific program, purpose or facility for which the restricted gift is made. The responsible gift officer must confirm that the gift restriction falls into this category.
- C. Other Restrictions. The Charity may accept a gift that is restricted as to use if the Charity's budget for the year in which the gift is accepted does not include funding for the restricted use of the gift, with the prior written approval of the Foundation Vice President/CPO.
- D. Variance Power. Unless otherwise approved in advance by the Foundation Vice President/CPO the Charity will reserve the right, in the document that restricts the use of the gift, to broaden or alter the purpose of the gift should it be determined in

the future that the original purpose of the gift no longer meets the needs or serves the mission of the Charity.

VII. Named Funds

- A. General. A donor may establish a named endowment fund, subject to the Charity's endowment, investment and spending policies, for general purposes of the Charity or for restricted purposes approved in accordance with these procedures.
- B. Minimum Contribution. A named endowed fund requires a minimum commitment of \$50,000. It may be established with a minimum initial contribution from the donor of \$10,000 if the donor enters into an agreement to bring the endowed fund to a minimum of \$50,000. Until such time, the fund is treated as a quasi-endowment and the principal may be invaded.
- C. Administration of Named Funds. The assets contained within each named endowment fund shall be commingled for investment and administration with the endowment fund of the Charity. All policies applied to those endowment funds, including the formula for spending from endowment funds and the potential for an administrative fee, shall apply to all named funds.
- D. Variance Power. Unless otherwise approved in advance by the Foundation Vice President/CPO the Charity will reserve the right, in the gift agreement creating the named endowment fund, to broaden or alter the restrictions as to the use of the endowment fund, should it be determined in the future that the original restricted purpose of the named endowment no longer meets the needs or serves the mission of the Charity.
- E. Termination of Named Fund. A named endowment fund may be terminated if the Board of Directors of the Charity, upon recommendation of the Foundation Vice President/CPO determines that the market value of the assets remaining within the fund is uneconomically low in relation to the cost of administering the fund. In such case, all remaining assets within the named fund shall be transferred to the general endowment fund of the Charity to be administered pursuant to its terms.
- E. Restricted Gift Portion. All donors of endowed funds will be encouraged to establish 20% of their gift as a restricted fund; the other 80% will be permanently restricted. The entire fund will be considered in the allocation of each year's total investment return and in the determination of the amount to be distributed from the fund on an annual basis.

VIII. Donor Advisory

The Charity does not provide personal legal, financial, tax compliance or other professional advice to donors. While gift officers may provide the Charity with gift illustrations, including calculations, and draft documents prepared or approved by the Charity's legal counsel, donors will be advised in writing, in gift proposals made to donors, to seek the assistance of their own legal counsel or other professional advisors in matters relating to the legal, tax and estate planning consequences of the proposed gift to the Charity.

IX. Ethical Standards

The Charity is committed to the highest ethical standards. Each member of the development staff having donor contact shall subscribe to the Model Standards of Practice for the Charitable Gift Planner adopted by the American Council on Gift Annuities, the Partnership in Philanthropic Planning (PPP) and the Association of Healthcare Philanthropy (AHP). To emphasize the importance to the Charity of this commitment, these documents shall be distributed to each Foundation staff member annually.

X. Marketable Securities

- A. General. The Charity will assist in the transfer of custody of marketable securities from the donor (or his or her custodian) to the Charity. If the securities are to be mailed, the stock certificates should be mailed separately from the signed stock power with signature guaranty. If the share certificates are hand delivered, the stock power may be attached. If the securities are in street name, the donor's broker may transfer them to a brokerage account designated by the Charity.
- B. Restrictions. If the donor is a member of the Charity's Board of Directors, or a corporate officer of the Charity, the gift officer will notify the Foundation Vice President/CPO for the purpose of determining whether sale of the securities might be restricted under Rule 144 or other provisions of securities law.
- C. Reporting Policy. Gifts of marketable securities will be accounted for at their value on the date the gift is made, determined by taking the mean between the high and low quotes on the date of the gift.
- D. Disposition. The Charity will instruct its brokers that all marketable securities will be sold upon receipt. The Foundation Vice President/CPO is authorized to override this general rule and direct that the securities should not be sold, following consultation with MMHS's Chief Financial Officer.

XI. Closely Held Stock

- A. General. Stock that is not regularly traded on an established national exchange, such as NYSE or NASDAQ, may not be accepted without the prior written approval of the Foundation Vice President and the MMHS Chief Financial Officer.
- B. Opportunities For Sale. Criteria to be applied in evaluating the closely held stock include the long term prospects for the company and if there is an opportunity for the Charity to sell the stock for cash in the foreseeable future, for example pursuant to a planned sale of the company.
- C. Subchapter S. If the company in question is a Subchapter S corporation another criteria shall be the UBTI (unrelated business taxable income) consequences of holding and selling the stock.
- D. Minimum Amount. Gifts of closely held stock should be at least \$100,000. Exceptions may be made by the Foundation Vice President/CPO.

XII. Interests in Partnerships and Limited Liability Companies

- A. General. Interest in partnerships and limited liability companies may only be accepted with the prior written approval of the Foundation Vice President/CPO.
- B. Limited Liability. The principal factor to be evaluated by the responsible gift officer in recommending the gift for approval by the Foundation Vice President/CPO shall be a determination that the Charity will not incur liability as a result of holding this asset. The gift officer will review, or request legal counsel to review, the governing documents of the partnership or limited liability company to determine if capital call provisions might require the Charity to contribute funds to the partnership or LLC. Assuming there are no such capital call provisions, the gift officer must determine that the entity is either a limited liability company or a limited partnership and, if the latter, that the interest that the Charity will receive is a limited partner interest. The Charity will generally not accept general partner interests.
- C. UBTI. The gift officer must evaluate, with assistance from the MMHS finance department if required, the possibility that UBTI will be attributed to the Charity as a result of ownership of the interest in the partnership or LLC.
- D. Minimum Amount. Gifts of partnership or LLC interests shall be at least \$100,000.

XIII. Tangible Personal Property

- A. General. The Charity may accept tangible personal property gifts valued at \$10,000 or more with the prior written approval of the Foundation Vice President/CPO.
- B. Related Use. The gift officer must determine if the tangible personal property would be retained by the Charity for use in its programs. If so, the gift officer (before recommending the gift to the Foundation Vice President/CPO for approval) shall determine, with the assistance of the department or office within the Charity that would be responsible for the continuing use of the tangible personal property, the estimated carrying costs, including insurance, storage, curatorial services, maintenance, etc., for the property. The gift officer shall also evaluate whether any restrictions on use of the property that are required by the donor are consistent with the institutional needs of the Charity.
- C. Unrelated Use. If the property will not be retained for use by the Charity, the gift officer must determine, prior to recommending the gift for approval by the Foundation Vice President/CPO, a plan for selling the property for cash, including the anticipated time frame and marketing expense for the proposed sale.

XIV. Life Insurance Policies

- A. General. Donors shall be encouraged to name the Charity as a primary, secondary or contingent beneficiary of their life insurance policies.
- B. Recording the Gift. To be recorded as a gift, a Charity must be named as both a beneficiary and owner of the life insurance policy. The Charity will also record gifts

of cash by the donor to be used by the Charity to pay premiums on a life insurance policy that it owns.

XV. Real Property

- A. Approval. Acceptance of all real estate gifts requires approval by the Foundation Vice President/CPO upon recommendation of the MMHS Chief Financial Officer or the Real Estate Manager.
- B. Information. The responsible gift officer shall assist the MMHS Chief Financial Officer or Real Estate Manager in compiling relevant information regarding the real estate including:
1. The copy of the Deed conveying the property to the donor.
 2. The copy of the current property tax bill.
 3. A preliminary title insurance report.
 4. A copy of each promissory note, mortgage, deed of trust or other liens on the property.
 5. A copy of each lease of other contract affecting the property.
 6. If the property is income producing, a copy of the profit and loss statements for the two most recent years.
 7. A summary of current insurance coverage for the property.
 8. Copies of correspondence with governmental authorities, tenants or prospective purchasers concerning the property.
 9. A current market analysis of the property.
 10. An accounting of financial liabilities in gated type communities for equity memberships, homeowners dues and annual dues or other related expenses related to home ownership in that neighborhood.
- C. Environmental Review. If after reviewing this information the MMHS Chief Financial Officer or Real Estate Manager determines that sale of the real estate is likely to provide proceeds to the Charity of at least \$100,000, the MMHS Chief Financial Officer or Real Estate Manager shall determine, based on physical inspection of the property, whether further evaluation of environmental hazards on the property is required to protect the Charity and/or MMHS from liability.
- D. Physical Inspection. The Foundation gift officer or the MMHS Chief Financial Officer or Real Estate Manager shall conduct a physical inspection of the property, or arrange for such inspection by a professional inspector, and a written summary of

the inspection shall be included in the file documenting the consideration and acceptance of the gift.

- E. Title Insurance. The Charity shall obtain the policy of the insurance protecting its title to the real property received from a donor.
- F. Remainder in Residence. The Charity may accept the gift of a personal residence subject to the donor's retained life state. The estimated value of the residence, net of encumbrances, must exceed \$250,000, unless otherwise approved by the Foundation Vice President/CPO and the MMHS Chief Financial Officer. The retained interest can extend beyond no more than two (2) lives. The gift shall be documented with a deed and life estate agreement approved by the Charity's legal counsel, with the life estate agreement clearly delineating responsibility for expenses of taxes, insurance and maintenance of the property. While the Charity should not accept responsibility for contributions for capital improvements such as plumbing or roof repairs, it should retain the right to perform maintenance or make required repairs if the Charity determines it is necessary to protect its economic interest in the property.

XVI. Retirement Plan Assets

- A. General. The Charity will accept funds it receives as the designated beneficiary of a retirement plan (for example, an IRA, a 401(k) plan or a defined contribution plan). The Charity should obtain a copy of the executed designation form that the donor has submitted to the retirement plan administrator to name the Charity as the beneficiary.

XVII. Other Assets

- A. General. Acceptance of any other type of property as a gift to the Charity shall require the prior written approval of the Foundation Vice President/CPO.
- B. Vehicles. The Charity will generally not accept gifts of automobiles, boats or other vehicles.

XVIII. Charitable Gift Annuities

- A. Rates. For charitable gift annuities issued for contributions of cash or marketable securities, the Charity will utilize the rates published from time to time by the American Council on Gift Annuities. If an annuity will be issued in exchange for a gift of real estate, the real estate will be discounted before applying the ACGA rates by factor of between 15% and 25% of the appraised value of the property, with the discount factor to be approved by the Foundation Vice President/CPO upon a recommendation from the gift officer or the MMHS Chief Financial Officer taking into account the anticipated costs of selling the property and the likely carrying costs of the property prior to its sale.
- B. Minimum Gift. For a charitable gift annuity with payments starting immediately, the minimum gift shall be \$10,000. For a deferred gift annuity, the minimum gift shall be \$25,000.

- C. Minimum Age. The minimum age when payments begin for a current or deferred gift annuity (or the earliest age for an annuity providing a flexible starting date) shall be 60.
- D. Maximum Gift. Any annuity gift above \$1million must be approved by the MMF Gift Acceptance Committee.

XIX. Charitable Remainder Trusts

- A. General. The Charity will encourage its donors to establish charitable remainder trusts providing an irrevocable remainder interest to the Charity, and will assist prospective CRT donors by providing calculations illustrating tax benefits and projecting distributions and by providing a draft of the CRT agreement using a form approved by the Charity's legal counsel.
- B. Trusteeship. The Charity shall not serve as trustee of a CRT. If an exception is made, the trust must have assets of at least \$250,000 and the annuity or unitrust percentage may not exceed 6%, and the trust names the Charity irrevocably as a beneficiary of at least 50% of the remainder.

XX. Bargain Sale Transactions

- A. General. Bargain sale transactions other than charitable gift annuities may be accepted by the Charity only with the prior written approval of the Foundation Vice President/CPO and the MMHS Chief Financial Officer. Since bargain sale transactions require the outlay of funds by the Charity, these transactions should be approved only in very limited circumstances.
- B. Use of Acquired Property. One such circumstance involves property that the Charity intends to keep for use in its programs that may be acquired on beneficial terms in a bargain sale transaction.
- C. Marketable Assets. In limited circumstance, the Charity may consider bargain sale transactions to acquire property that would not be retained for use in the Charity's programs, if it is determined in the approval process that the property can be sold for cash in a timely manner.

XXI. Amendment

- A. Periodic Review. A committee of the MMF Board of Directors with representatives of the MHS Chief Financial Officer and Foundation Vice President/CPO shall review these procedures no less than every five years to recommend revisions for approval by the Gift Acceptance Committee and the MMF and MMHS Boards.
- B. Specified Review. These procedures shall be reviewed and ratified by the MMF Board of Directors each time the Board determines that the Charity will embark on a capital or other fundraising campaign. These procedures shall also be reviewed upon the enactment or promulgation of legislation or regulatory rules affecting fundraising

and gift acceptance by the Charity, to assure continued compliance by the Charity with relevant legislation and rules.