

Healing California Donation/Gift Policy

Healing California (HC) is a registered 501(c)(3) that encourages the solicitation and acceptance of donations and gifts (hereinafter “gifts”) to help it advance its mission to deliver free, high-quality dental, vision and health care to those in need in California.

The following policies and guidelines govern the acceptance of gifts made to Healing California.

I. Purpose of Policies and Guidelines

The purpose of these policies is to encourage gifts to HC without encumbering it with gifts which might generate more cost or difficulty than benefit, or which are restricted in a manner which hinders our mission, priorities or values.

These policies govern Healing California’s acceptance of gifts and provide guidance to prospective donors and their advisors. The provisions of these policies shall apply to all gifts received by the organization.

While these guidelines establish best practices, we recognize that some gift situations are complex and in rare cases decisions must be made outside of the limits of this guidance.

II. The Gift Acceptance Committee

HC’s Gift Acceptance Committee is an ad hoc Committee and shall consist of:

- a. HC’s Board Chair
- b. HC’s Board Treasurer
- c. Other Board Directors appointed by the Executive Director or the Board Chair
- d. The Executive Director, and most senior Development staff person if different than Executive Director

Our Gift Acceptance Committee will review all gifts made to HC, properly screening and accepting those gifts, and will inform the full Board of gift acceptance issues when appropriate.

III. Use of Legal Counsel

HC will seek the advice of legal counsel in matters relating to acceptance of gifts when appropriate. Review by counsel is recommended for:

- a. Closely held stock transfers that are subject to restrictions or buy-sell agreements.
- b. Documents naming Healing California as Trustee.
- c. Gifts involving contracts, such as bargain sales or other documents requiring Healing California to assume an obligation.
- d. Transactions with potential conflict of interest.
- e. Other instances in which use of counsel is deemed appropriate.

IV. Conflict of Interest

- a. HC cannot provide personal legal, financial, or other advice to donors or prospective donors regarding their gifts.
- b. HC strongly encourages prospective donors to seek the advice of personal legal and financial advisors regarding their gifts and any resulting tax and estate planning consequences.

V. Recording Pledges and Promises to Give

We adhere to Federal Accounting Standard 116 for recording contributions. Contributions and written Promises to Give are recognized and recorded as revenue in the period the gift or pledge is received at their fair values.

VI. Restrictions on Gifts

Unrestricted, general operating gifts are encouraged because of the flexibility they provide.

HC accepts unrestricted gifts, and gifts restricted to specific programs and purposes, provided that such gifts are consistent with our mission, values, and priorities.

HC should decline a gift under *any* of the following circumstances:

- a. Any gift that creates circumstances contrary to HC's charitable purposes and mission.
- b. Any gift which violates federal or state laws.
- c. Any gift, or restrictive clause in a gift, that may cause HC undue pressure, embarrassment, or negative press.
- d. Any gift that contains unreasonable conditions, liens, or other encumbrances.
- e. Any gift that presents exposure to unacceptable liability.

- f. Any gift that could financially jeopardize the donor or HC.
- g. Any gift that may be difficult or costly to administer or which may result in excessive expense for HC.
- h. Any gift that could jeopardize HC's tax-exempt status.
- i. Any gift that could improperly benefit a donor or any HC Team Member.
- j. Any gift which includes unclear, inadvisable, or impractical instructions for distribution.
- k. Any gift that contains a condition that is revocable.

Gifts to HC can be restricted in their use, if the proposed restrictions are consistent with our mission. Gift restrictions must not violate our ethical standards, require illegal discrimination, or otherwise be contrary to our values or best interests.

If the circumstances around a restricted gift change (e.g., restricted gifts for a program/service HC no longer provides) the Gift Acceptance Committee will make all best efforts to notify the donor or their heirs of the change, and proceed with:

- a. Obtaining written permission to reallocate any unused part of the gift to our general funds.
- b. If asked, return any unused portion of the gift to the donor.
- c. If our best efforts to contact the donors or their heirs were to no avail, the allocation of the unused part of the gift will be put to a vote of the full Board.

VII. Types of Gifts

The following gifts are generally acceptable:

- A. Cash
- B. Tangible Personal Property
- C. Securities
- D. Real Estate
- E. Remainder Interests in Property
- F. Bargain Sales
- G. Life Insurance
- H. Charitable Remainder Trusts
- I. Charitable Lead Trusts
- J. Retirement Plan Beneficiary Designations
- K. Bequests
- L. Life Insurance Beneficiary Designations

At this time HC will not accept gifts of Oil, Gas and/or Mineral Interests, or undertake the administration of Charitable Gift Annuities.

The following criteria govern the acceptance of each gift form:

- A. Cash: Acceptable in any form. Checks shall be made payable to Healing California and should be delivered to our administrative offices at 545 S. Raymond Ave, Pasadena, CA.
- B. Tangible Personal Property: All gifts of tangible personal property shall be examined in light of the following criteria:
 - a. Does the property advance our mission?
 - b. Is the property marketable?
 - c. Are there any undue restrictions on the use, display, or sale of the property?
 - d. Are there any carrying costs for the property?
 - e. Any other costs including transportation, cost of selling, storage, maintenance, repairs, location, insurance, or any other cost?

Our Gift Acceptance Committee shall determine the acceptance of tangible property gifts. Gifts of personal property will, as a general rule, be sold upon receipt. However, the Gift Acceptance Committee can elect, after notifying the full Board, to retain a particular item to be used for HC's benefit.

The value of a gift of personal property must be determined by a qualified appraisal under the terms of the IRS. The donor is responsible for obtaining an appraisal of the property by a qualified appraiser and donors must complete an IRS form 8283. If the appraised value of a gift is substantially different than the actual market value at the time of donation, HC reserves the right to refuse or return the gift, at our discretion.

- C. Securities: HC can accept both publicly traded securities and closely held securities.
 - a. Publicly Traded Securities: Marketable securities may be transferred to an account maintained at one or more brokerage firms or delivered physically with the transferrer's signature or stock power attached. As a general rule, all marketable securities shall be sold upon receipt unless otherwise directed by our finance committee. 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 our Financial Officers and/or Gift Acceptance Committee.
 - b. Closely Held Securities: Closely held securities, which include not only debt and equity positions in non-publicly traded companies but also interests in limited partnerships and limited liability companies, or other ownership forms, can be accepted subject to the approval of our Financial Officers and/or Gift Acceptance Committee. However, gifts must be reviewed prior to acceptance to determine:

- I. There are no restrictions on the security that would prevent the charity from ultimately converting those assets to cash;
- II. The security is marketable; and
- III. The security will not generate any undesirable tax consequences for HC.

If potential problems arise on initial review, further review and recommendation by an outside professional should be sought before making a final decision on acceptance for the gift. HC's Financial Officers, Gift Acceptance Committee and legal counsel shall make the final determination on the acceptance of closely held securities when necessary. Every effort will be made to sell non-marketable securities as quickly as possible.

D. Real Estate: Gifts of real estate may include developed property, undeveloped property, or gifts subject to a prior life interest. Prior to acceptance HC shall require an initial inspection of the property to ensure that the property has no environmental or other liabilities. In the event the initial inspection reveals a potential problem, HC shall retain a qualified inspection firm to conduct a thorough investigation. The cost of the investigation shall generally be at the donor's expense.

When appropriate, a title binder shall be obtained by HC prior to the acceptance of the real property gift. The cost of the binder shall generally be at the donor's expense.

Prior to acceptance of the real property, the gift shall be approved by our gift acceptance committee and by our legal counsel. Criteria for acceptance shall include:

1. Is the property useful for our purposes?
2. Is the property marketable?
3. Are there any restrictions, reservations, easements, or other limitations associated with the property?
4. Are there carrying costs - which may include insurance, property taxes, mortgages, or notes, etc. - associated with the property?
5. Does the environmental audit reflect that the property is not damaged?

As a general rule, all Real Estate will be sold upon receipt unless otherwise recommended by the Gift Acceptance Committee and approved by the full board.

E. Remainder Interests in Property: HC will accept a remainder interest in a personal residence, farm, or vacation property subject to the criteria outlined 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, HC may use the property or reduce it to cash. Where HC receives a gift of a remainder interest, expenses for maintenance, real estate taxes, and any property indebtedness shall be paid by the donor or primary beneficiary.

F. Bargain Sales: HC may enter into a bargain sale arrangement in instances in which the bargain sale furthers our mission and purposes. All bargain sales must be reviewed and recommended by HC's Financial Officers, Gift Acceptance Committee and approved by the Board of Directors. Factors to determine the appropriateness of the transaction include:

- i. HC must obtain an independent appraisal substituting the value of the property.
- ii. If HC assumes debt with the property, the debt ratio must be less than 50% of the independently appraised market value.
- iii. HC 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.
- iv. HC must calculate the costs to safeguard, insure, and expense the property during the holding period.

G. Life Insurance: HC 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, HC 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, HC may:

- i. Continue to pay the premiums;
- ii. Convert the policy to paid up insurance; or
- iii. Surrender the policy for its current cash value.

H. Charitable Remainder Trusts: HC may accept designation as remainder beneficiary of a charitable remainder trust with the approval of our Gift Acceptance Committee. HC and any of its Team Members may not accept appointment as Trustee of a charitable remainder trust.

I. Charitable Lead Trusts: HC may accept a designation as income beneficiary of a charitable lead trust. HC and any of its Team Members may not accept appointment as Trustee of a charitable lead trust.

J. Retirement Plan Beneficiary Designations: HC's donors and supporters will be encouraged to name HC as beneficiary of their retirement plans. Such designations will not be recorded as gifts to HC until such time as the gift is irrevocable. When the gift is irrevocable, but is not due until future date, the preset value of that gift may be recorded at the time the gift becomes irrevocable.

K. Bequests: HC's donors and supporters will be encouraged to make bequests to HC in their wills and trusts. Such bequests will not be recorded as gifts to HC until such a 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.

Gifts from estates of deceased donors which do not confirm to our policies may be accepted or rejected pursuant to the procedures outlined above and such decision communicated to the legal representative of the estate. If possible, a mutually agreeable plan shall be negotiated between HC and the representative to make the gift acceptable.

L. Life Insurance Beneficiary Designations: HC's donors and supporters will be encouraged to name HC as beneficiary or contingent beneficiary of their life insurance policies. Such designations shall not be recorded as gifts to HC 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.

VIII. Miscellaneous Provisions

- a. Securing appraisals and legal fees for gifts to HC: It will be the responsibility of the donor to secure an appraisal (where required) and independent legal counsel for all gifts made to HC.
- b. Valuation of gifts for development purposes: HC will record a gift received at its valuation for gift purposes on the date the gift is promised or pledged.
- c. Responsibility for IRS Filings upon sale of gift items: HC's Executive Director and Financial Officers are responsible for filing IRS Form 8282 upon the sale or disposing of any asset sold within two years of receipt when the charitable deduction value of the item is more than \$5,000. HC must file this form within 125 days of the date of sale or disposition of the asset. Acknowledgement of all gifts made to HC and compliance with the current IRS Requirements in acknowledgement of such gifts shall be the responsibility of HC's Executive Director and Board.

IX. Changes to Gift Acceptance Policies

This policy will be reviewed annually by our Board of Directors; any changes must be approved by the Board of Directors.

These policies have been reviewed and affirmed on the 25 day of Sept, 2019.

Signature of organization officer or Board Chair:

