

# Health In Harmony

## Policies and Procedures Regarding Gifts

### 1. **Gift Solicitation and Acceptance Policy**

1.1. **Introduction and Purpose:** External financial support is a desirable and necessary component for the future welfare of Health In Harmony. These guidelines are intended to clarify responsibilities of Health In Harmony with regard to gifts in an effort to avoid confusion on the part of those seeking and providing support. Accepting a gift can have profound practical, financial, and/or public relations implications. A gift acceptance policy will help Health In Harmony avoid accepting a gift that compromises our mission and will provide clarity to our donors about what gifts we have the capacity to accept. In addition, it is important to be aware that when accepting non-cash contributions, the US Internal Revenue Service Form 990 asks whether or not the organization has a gift acceptance policy that requires the review of any non-standard contributions.

- 1.1.1. These policies and procedures shall be available to all donors to provide guidance to them and their advisors when considering gifts to Health In Harmony. While Health In Harmony does not provide tax advice, every effort will be made to assist donors in complying with the intent and purpose of the taxing authority in their jurisdiction.
- 1.1.2. Key principles include safeguarding the confidentiality of the donor relationship, providing full disclosure to the donor, and ensuring that gifts are recorded, allocated, and used according to the donor intent and designation.
- 1.1.3. Health In Harmony follows the Code of Ethical Standards and the Donor Bill of Rights, both developed by the American Association of Fundraising Executives (see Attachments 1 & 2).

### 2. **Gift Solicitation:**

- 2.1. Health In Harmony solicits and accepts gifts that are consistent with its mission and that support special projects and core programs as determined by the Board of Directors.
- 2.2. Health In Harmony's solicitations will be accurate, truthful, and candid.
- 2.3. Health In Harmony will establish and have readily available instructions for donors who would like to make future gifts.

### 3. **Gift Acceptance:**

- 3.1. Donations will generally be accepted from individuals, partnerships, corporations (see Attachment 3: Guidelines for Corporate Support), foundations, government agencies, or other entities, without limitations, unless acceptance of gifts from a specific source is inconsistent with the mission of Health In Harmony.

- 3.2. In the course of its regular fundraising activities, Health In Harmony will accept donations of the following: money, securities, real property, and personal property.
  - 3.3. Acceptance of any gift by Health In Harmony signifies its willingness to administer gift funds in compliance with donor directions.
4. **Gifts Generally Accepted Without Review:**
- 4.1. Cash gifts are acceptable in any form, including by check, money order, credit card, wire transfer, or on-line.
  - 4.2. Gifts of marketable securities – stocks, bonds, or other securities may only be accepted upon approval of Health In Harmony. All marketable securities will be sold promptly upon receipt unless otherwise advised by the Board of Directors’ Finance Committee.
    - 4.2.1. Bequests and Beneficiary Designations under Revocable Trusts, Commercial Annuities and Retirement Plans - Donors are encouraged to make bequests to Health In Harmony under their wills and to name Health In Harmony as the beneficiary under trusts, commercial annuities, and retirement plans.
    - 4.2.2. Charitable Remainder Trusts - Health In Harmony will accept designation as a remainder beneficiary of charitable remainder trusts.
    - 4.2.3. Charitable Lead Trusts - Health In Harmony will accept designation as an income beneficiary of charitable lead trusts.
    - 4.2.4. Life Insurance – Health In Harmony will accept gifts of life insurance where - is named as both beneficiary and irrevocable owner of the insurance policy. The donor must agree to pay, before due, any future premium payments owing on the policy.
5. **Gifts Accepted Subject to Prior Review:** Certain types of gifts must be reviewed prior to their being accepted, because they may create liabilities or impose special obligations on Health In Harmony. The types of gifts that will require review, and the review process, are as follows:
- 5.1. Gifts of real property – Land and/or buildings may be accepted upon approval of the Board of Directors or its designated committee. Such gifts will require an initial environmental review by a qualified environmental firm. In the event that the review reveals a potential problem, Health In Harmony may retain a qualified environmental firm to conduct an environmental audit. Criteria for acceptance of gifts of real estate include: Is the property useful for Health In Harmony’s purposes? Is the property readily marketable? Are there covenants, conditions, restrictions, reservations, easements, encumbrances or other limitations associated with the property? Are there carrying costs (including insurance, property taxes, mortgages, notes, or the like) or maintenance expenses associated with the property? Does the environmental review or audit reflect that the property is damaged or otherwise requires remediation?
  - 5.2. Gifts of personal property – Personal property such as automobiles, furniture, business equipment, may only be accepted upon approval of Health In Harmony or its designated committee. Criteria for acceptance of gifts of personal property include: Does the property further Health In Harmony’s mission? Is the property

marketable? Are there any unacceptable restrictions imposed on the property? Are there any carrying costs for the property for which the organization may be responsible? Is the title/provenance of the property clear?

- 5.3. Restricted gifts – Gifts that may only be used for restricted purposes. Criteria for acceptance of restricted gifts include: Approval of the Board of Directors or its designated committee for gifts over \$25,000 and for gifts for programs that have not yet been approved by the Board of Directors.
- 5.4. Unusual gifts – Gifts that are out of the ordinary, such that they differ significantly from the amounts or types of gifts that are routinely received by Health In Harmony, may only be accepted upon approval of the Board of Directors.

## **6. Health In Harmony may elect to refuse:**

- 6.1. Gifts of cash, securities, real estate, or other items of value if there is reason to believe that such gifts are incompatible with the mission of the organization, conflict with its core values, or would create a financial, administrative, or programmatic burden.
- 6.2. Gifts of any type if the potential gift poses a conflict of interest – including but not limited to real conflicts of interests, appearances of conflicts of interest, or perceived conflicts of interest.
- 6.3. Questionable Gifts – Health In Harmony is directed to refer questionable gifts to the Board of Directors for guidance on a case-by-case basis. Employees of the organization are encouraged to bring to the attention of Health In Harmony, or the senior development executive, any concerns they may have about the appropriateness of accepting any gift.

## **7. General Stipulations**

- 7.1. When funds are accepted with restrictions, restrictions will be honored.
- 7.2. Requests by donors to remain anonymous, have their names removed from mailing lists, or to restrict appeals will be honored. Information about donors that should be private will not be made public. Donors will not be subject to excessive pressure when solicited for contributions.
- 7.3. Health In Harmony does not pay fundraisers based on a percentage of the amount raised or other commission formula.
- 7.4. Health In Harmony Development and/or Executive Director will approve all fundraising activity conducted by any staff, volunteers, consultants, contractors, board members, and others soliciting on behalf of the organization.
- 7.5. Health In Harmony reserves the right to remove a name from a honorific or memorial gift if, at any time following the approval of a naming or recognition, circumstances change substantially so that the continued use of that name may conflict with the organization's Mission and Core Values, impugn the reputation of the organization, or compromise the public trust.

## **8. Gift Processing**

### **8.1. Cash gifts:**

- 8.1.1. Outright gifts of cash and cash equivalents such as checks, credit cards, wire transfers or payroll deductions are credited to the donor's giving record at actual cash value and a receipt is issued for the value of the gift.
- 8.1.2. Cash may be delivered in person, by mail, by Electronic Funds Transfer (EFT), or by wire transfer. The date of gift for cash gifts will depend on the type of delivery made.
- 8.1.3. Procedure to process cash gifts:
  - 8.1.3.1. When Health In Harmony staff receive a cash gift in person, they are responsible for transmitting it to the office as soon as possible. The date of gift will be the date it is received in the office.
  - 8.1.3.2. When cash is received by mail, the date of gift usually is the date the envelope is postmarked.
  - 8.1.3.3. When gifts are transferred by EFT or wire, the date of gift is the day that the funds are deposited into Health In Harmony's bank account.
  - 8.1.3.4. Checks made payable directly to Health In Harmony will be deposited directly to Health In Harmony's account.
  - 8.1.3.5. Credit card gifts are recorded on the date that the credit card charges are processed by Health In Harmony. The name on the credit card must match the name of the person making the gift.
  - 8.1.3.6. Gifts of foreign currency will be valued at the US dollar equivalent on the date the gift is received at the office. Accounting is responsible for currency conversion transactions and for informing the development office preparing the gift transmittal of the US dollar amount of the gift. Accounting will record as fees any transaction fees resulting from converting foreign currency to US dollars.
  - 8.1.3.7. Recurring payments by credit card or bank draft can be made online or by sending account information to Development for processing.
  - 8.1.3.8. The donor's giving record will receive hard credit for the value of the gift, and Health In Harmony will receipt the gift on the date the gift is processed by staff.
- 8.1.4. Recognition (soft) credit:
  - 8.1.4.1. Recognition credit is automatically given to the spouse/partner on all types of gifts unless spouses/partners explicitly state they would like to keep their donation histories separate.
  - 8.1.4.2. Recognition credit will also be given if the gift is made by a business entity, provided the donor is the major owner or one of the major owners of the business.
  - 8.1.4.3. Recognition credit can also be given when the gift is made by a family foundation, a living trust, community foundation, donor advised fund, or a matching gift.
- 8.2. Publicly traded securities, mutual funds, and dividend reinvestment accounts:
  - 8.2.1. Marketable stocks, bonds, or other securities traded on national exchanges are acceptable as outright gifts, payments towards pledge commitments,

and to fund various deferred gifts such as charitable remainder trusts and charitable gift annuities.

- 8.2.1.1. Generally, securities are sold as soon as they are received. The charitable deduction and internally recorded value of the gift is based on the average of the high and low selling price for the security on the date of gift.
  - 8.2.1.1.1. A receipt will be issued to the donor reflecting the internal value of the shares on the date of gift, as well as a description of the securities received. The donor's giving record will receive hard credit for the value calculated for internal purposes. Any difference between the average price and the actual selling price will be recorded and treated as a gain or loss to the fund where the gift is deposited and posted to the accounting system Health In Harmony.
- 8.2.1.2. The internal valuation date of gift on a securities transaction depends on the type of delivery used.
  - 8.2.1.2.1. If the security is personally delivered to a representative of Health In Harmony, the gift date is the day the stock certificate is physically delivered to staff.
  - 8.2.1.2.2. If the securities and the required stock power and letter of instructions are mailed, the gift date is the postmark on the envelope.
  - 8.2.1.2.3. When the securities are delivered via any other non-electronic third-party delivery system, the gift date will be the day the security is received by Health In Harmony.
  - 8.2.1.2.4. When securities are electronically transferred from the donor's brokerage account to the brokerage account for Health In Harmony, the gift date is the date the securities are credited.
  - 8.2.1.2.5. When the donor has shares re-issued by the transfer agent in the name of Health In Harmony, the date of gift is the date the certificate is reissued, not the date the new certificate is received.
  - 8.2.1.2.6. Dividend reinvestment accounts (DRIP) are another way that a donor may make a gift of securities. A DRIP account holds stock that is acquired because the donor has their dividends reinvested in order to purchase additional shares. This type of account usually holds fractional as well as full shares.
    - 8.2.1.2.6.1. The date of gift on DRIP accounts will be determined in the same manner as for publicly traded securities.
- 8.2.1.3. Gifts of mutual fund shares are also acceptable; however, transfers of this type take longer to complete. Many mutual funds are not easily transferable and each company sets its own requirements regarding transferring these shares to a charitable organization.
  - 8.2.1.3.1. The date of gift on mutual fund shares will be determined in the same manner as for publicly traded securities.
- 8.2.2. Procedure to process gifts of securities:

- 8.2.2.1. Development is responsible for the processing of gifts of securities to benefit Health In Harmony. Development will work with the donor or their advisers to provide account information required for the transfer.
    - 8.2.2.1.1. Development is authorized to sell the securities immediately upon notification of receipt.
  - 8.2.2.2. Development will properly credit the donor account and send an official receipt.
    - 8.2.2.2.1. The donor's giving record will receive hard credit for the value of the securities. The official receipt will reflect the average of the high/low sales price of the securities on the gift date and include the amount and name of the securities.
    - 8.2.2.2.2. When securities are used to make a payment against a pledge, the pledge balance will be reduced by the amount of the hard credit.
    - 8.2.2.2.3. The gift record will include the sell date and sell amount for Accounting records.
- 8.3. Closely-held securities (non-public) or restricted stock: Under certain circumstances Health In Harmony may accept gifts of securities that are not traded on a public stock exchange or that have restrictions on them.
- 8.3.1. Procedure to process gifts of closely-held securities:
- 8.3.1.1. If a donor wishes to make a gift of closely-held securities, the development office working with the donor should contact Health In Harmony's legal counsel for assistance.
  - 8.3.1.2. Before a gift of closely-held stock can be accepted, Development should discuss acceptance with Health In Harmony's legal counsel, the Executive Director, and the Chairman of the Board of Directors, providing them with information regarding the potential use for the gift, the number of shares, estimated value, the potential to liquidate the shares, and if there are any restrictions as to when the stock can be traded or to whom it may be traded, and the identity of any potential purchaser of the shares.
  - 8.3.1.3. The date of gift will be determined based on the type of delivery that is made - see gifts of publicly traded securities above.
  - 8.3.1.4. The gift is considered a gift of property and the correct transmittal form is the gift of securities transmittal form. The receipt will indicate the number of shares, the name of the company, and the gift date. No gift value will be listed.
  - 8.3.1.5. It is the donor's responsibility to have the gift appraised for appropriate gift value. Accounting will execute the required tax forms (US: IRS form 8283) for the donor and transmit the receipt and the signed tax form to the donor and provide copies to the development office.
  - 8.3.1.6. The donor's giving record will receive hard credit for the appraised value of the shares. No adjustments to the giving record are made once the shares are sold.

#### 8.4. Employer-sponsored Matching gifts:

- 8.4.1. A matching gift may be received from a company or a company funded foundation, matching a gift given to Health In Harmony by an employee, retired employee, or a director of the company, foundation, or other organization.
  - 8.4.1.1. Matching gifts must be credited to the same account(s) as the original gift unless restricted by the matching company.
  - 8.4.1.2. The donor's giving record is soft credited for the value of the matching gift when received.
  - 8.4.1.3. When the gift being matched is a stock gift, the value that will be matched is the internally calculated value as described above, and not the net proceeds from the sale.
  - 8.4.1.4. Potential matching gifts cannot be entered as a part of a pledge the donor makes for future support since those are not funds the donor has control of or is irrevocably entitled to receive.
- 8.4.2. Procedure to process matching gifts: The donor will request a match from their company's matching department. The company or the donor will transmit donation confirmation paperwork to Development. Development will return promptly along with other requested registration information.

#### 8.5. Donor Advised Funds and Community Foundations:

- 8.5.1. Donor Advised Funds and Community Foundations (DAF/CF) in the U.S. are recognized as stand-alone 501(c)(3) tax-exempt charitable organizations. When a donor makes a donation to one of these entities they receive their income tax deduction for doing so from the DAF/CF.
- 8.5.2. A donor may recommend that a donor advised fund or a community foundation make a grant to Health In Harmony or one of the related foundations from funds the donor has given to the DAF/CF. No receipt will be issued to the original donor, but the donor's giving record will be soft credited with the value of the gift and it will be noted that the gift was made by the DAF/CF.

#### 8.6. Gifts of Tangible and Intangible Personal Property:

- 8.6.1. Gifts of tangible personal property include, but are not limited to: books, works of art, manuscripts or archival materials, automobiles, films, video tapes, boats or sporting equipment, computer equipment, furniture, animals, office equipment, machinery, medical equipment, and lab equipment. Gifts of intangible personal property include, but are not limited to: computer software, patents, easements, and copyrights. The deduction allowable for these types of gifts depends on how long the donor has owned the property and if it is related to the charitable purpose of Health In Harmony.
  - 8.6.1.1. Health In Harmony can accept a gift of personal property and may issue a receipt whether it is related or unrelated to the charitable purpose of Health In Harmony. Whether the gift is related or unrelated to the charitable purpose can affect the allowable

- charitable deduction a donor may be permitted to claim under US IRS regulations. Items donated for an auction are not related to the mission.
- 8.6.1.2. The receipt issued to the donor for a gift of personal property will not show a value for the property. The receipt will describe the property received, and the donor's giving record will be soft credited with the estimated fair market value of the item. It is the responsibility of the donor to determine the value of a gift of personal property for their tax purposes. A Health In Harmony employee shall never value personal property for a donor.
  - 8.6.1.3. If the property is a work of art that was created by the donor or something the donor has held for less than 366 days, he or she should be advised to check with their own tax advisor on the potential deductibility of the gift before the gift is accepted.
  - 8.6.1.4. If the personal property and the associated costs of maintaining that property exceed \$1,000 per year, the development officer must secure written approval from the Executive Director before accepting the gift.
  - 8.6.1.5. The date of gift for gifts of personal property will be either the date the property's ownership is completely assigned to Health In Harmony via a deed of gift, even if physical possession will take place at a later date, or an employee of Health In Harmony takes possession of the property.
- 8.6.2. Procedure to process gifts of tangible personal property from US donors intending to seek tax deductions for such gifts:
- 8.6.2.1. The value of the gift must be provided by the donor and should be documented with an appraisal, sales receipt, or other independent documentation for all gifts where the value is \$5,000 or less. For all gifts of personal property in excess of \$5,000 under US law an appraisal of the property may be required under IRS rules if the donor intends to take a tax deduction for the gift.
  - 8.6.2.2. The appraisal can be done no sooner than 60 days prior to the gift or can be done anytime after the gift is completed up until the time the tax return for the donor is submitted.
  - 8.6.2.3. A valid appraisal must be done by a qualified appraiser according to the IRS guidelines. The cost of the appraisal is the responsibility of the donor.
  - 8.6.2.4. The gift receipt issued will contain a description of the property with no indication of value.
  - 8.6.2.5. Accounting will assist development staff members in the preparation of the IRS form 8283 and, if the gift exceeds \$5,000 in value, the GPO will secure the signature of the Executive Director on the form before returning it to the development officer for transmittal to the donor.
  - 8.6.2.6. Gifts of this nature that are disposed of within the time required by the IRS in relation to the gift date must be reported to the IRS on



form 8282. Accounting will prepare the 8282 to be sent to the IRS with a copy to Development for transmission to the donor.

8.7. Gifts-in-kind of services include, but are not limited to, such activities as printing of materials, appraisals, and design work, for example. These services provide valuable support to Health In Harmony. The contribution of services, no matter how valuable to Health In Harmony, is not tax deductible according to the IRS. Therefore no hard credit is recorded for such gifts.

8.8. Miscellaneous Gifts: Whenever the donor is provided something in exchange for the gift such as tickets for a dinner, concert, or other event, the development officer is responsible for providing Accounting with the fair market value associated with attending the event. It is the responsibility of the office sponsoring the event to retain the records proving the value of the ticket, dinner, or other tangible benefit for IRS purposes. Failure to keep the information could result in fines and potential loss of tax-exempt status.

8.9. Auctions and Raffles:

8.9.1. Purchase of a raffle ticket is not a gift under IRS regulations and no gift credit or gift receipt will be issued.

8.9.2. Items donated for sale or giveaway are not considered for a related use (to Health In Harmony's purpose) according to the IRS. Therefore, the receipt that will be issued will list the item donated, but no value. Auction donors must be made aware of this fact.

8.9.3. The description of the donated items should be submitted to Development.

8.9.4. The donor's giving record will be soft credited for the fair market value or the appraised value of the item.

8.9.5. A gift receipt can only be issued to a purchaser of an auction item if the price paid by the successful bidder exceeds the listed fair market value of the item. The amount of the receipt will be the difference paid above the fair market value of the item.

8.9.6. The fair market value must be clearly indicated in the information posted about the item at the auction.

**9. Pledges**

9.1. Pledged commitments: must be written, signed by the donors, and include the amount of the pledge, the pledge period, the date of the first payment, and the frequency of payments. In addition, the written pledge must contain a statement of the gift's designation, purpose, and any restrictions.

9.1.1. Every effort should be made to keep the pledge payment period to five years or less.

9.1.2. A donor's pledge cannot be paid with a closely held stock gift (until liquidated), a payment by a third party such as a community foundation or donor-advised fund, or a matching gift.

9.1.3. Development is responsible for the pledge and should monitor these gifts and when the required pledge amount has been received by a third-party.

## 9.2. Procedure to process pledges:

- 9.2.1. Development staff working with the donor should be certain the pledge is entered in the gift reporting system.
- 9.2.2. Development is responsible for sending the pledge reminders to the donor unless the staff working with the donor requests to send the reminder.
- 9.2.3. When processing a gift that is a pledge payment, Development staff filing the gift transmittal should note that the payment is a pledge payment.
- 9.2.4. Annually, by fiscal year-end, Development will verify to Accounting that all of the pledge balances are correct or report any changes in pledge balances Development is responsible for in the gift recording system. Semi-annually Development will conduct a review of all past-due pledges. Upon review, development will communicate with the Board to determine whether past-due pledges will be written off or followed up with legal action.

**10. Deferred Gifts:** Deferred gifts will benefit Health In Harmony at some point in the future. Generally, these gifts are either revocable (can be changed by the donor at any time) or irrevocable (can not be changed by the donor once the gift is made). The benefits to the donor depend on both the type of gift and if the donor retains the right to modify the gift. Types of deferred gifts include: simple bequests, charitable gift annuities, charitable remainder trusts, charitable lead trusts, life insurance, or retained life estates.

Development is responsible for assisting potential donors in making these types of gifts, entering all deferred gift proposals in the Development database, and preparing and submitting all necessary paperwork to Accounting for the processing and recording of all planned gifts to benefit Health In Harmony.

*\*\*Note: Often, planned gifts are used to fund non-profit endowments. Health In Harmony does not currently have an endowment, but the Health In Harmony board of directors is currently reviewing an endowment policy to determine what is in the best interest of the organization and its donors.*

- 10.1. Charitable bequests: Donors can make a charitable bequest to Health In Harmony via their will or trust of any type of property. Health In Harmony retains the right to accept or decline any gift made through a will and/or trust.
  - 10.1.1. A bequest is a revocable gift. No gift receipt is issued for a bequest until the funds or properties are actually in the hands of Health In Harmony. The receipt issued will be to the Estate of the donor or the Trustee of the donor's trust. While a bequest intent is revocable, it does represent a new commitment by the donor and, therefore, much like a pledge, the donor will receive hard credit as a Bequest Expectancy (pledge) at its face value.
  - 10.1.2. Development oversees the management of all gifts made by a bequest under a will, revocable living trusts and testamentary trusts, through a charitable remainder trust, charitable gift annuity and/or other will substitutes, life insurance policies, or beneficiary designation of a

- retirement account. Development will work with the donor's representative to ensure that the expected gift is properly allocated when received in accordance with the donor's wishes as outlined in their formal documents.
- 10.1.3. Development will provide sample bequest language to donors to facilitate the donor's wishes to make their gifts to the program of their choice.
  - 10.1.4. When Development obtains knowledge that a donor has died, staff will collect and process all paperwork including but not limited to preparing the gift transmittal and ensuring that the appropriate executors/trustees receive the appropriate receipt for gifts made.
  - 10.1.5. The giving record of the donor, now referred to as "The Estate of," will be hard credited with the value of the bequests received. Soft credit is typically not given to any other person or entity for these gifts except for a surviving spouse/partner.
- 10.2. Procedure to process Charitable Bequests:
- 10.2.1. The gift is recorded on a Deferred Gift Transmittal prepared by Development.
  - 10.2.2. The giving record of the donor will be soft credited for the actual value of their gift.
- 10.3. A Charitable Remainder Trust (CRT) is established when a donor irrevocably transfers assets to a trustee who invests the assets to pay income to the donor or others chosen by the donor for their lives or for a term of years (20 is the maximum). At the conclusion of the trust, the remaining assets are distributed to Health In Harmony pursuant to the directions the donor has made. There are two types of charitable remainder trusts: the charitable remainder annuity trust (CRAT) where payments are fixed and never change and the charitable remainder unitrust (CRUT) where the payments are based on the annual valuation of trust assets.
- 10.3.1. The minimum age for establishing a charitable remainder trust is 50 years of age unless the donor opts for a term of years trust (20 years is the maximum allowable term).
  - 10.3.2. Procedure to manage charitable remainder trusts: It is recommended that Health In Harmony not serve as Trustee on a CRT until such time as it has a sophisticated Deferred Giving component of its Development Program. If a donor wants to establish a CRT for the benefit of Health In Harmony, staff should recommend to that donor that they seek advice and guidance from their estate planning attorney. In this instance, the donor's attorney or accountant should prepare all supporting documents needed by the donor to claim their charitable income tax deduction.
  - 10.3.3. The giving record of the donor will be soft credited for the actual value of their gift.

- 10.3.4. A CRT represents a very significant commitment by the donor and, therefore, the gift will be credited in the same manner as a bequest expectancy (pledge).
- 10.4. Gifts of life insurance may name Health In Harmony as beneficiary of the policy or as both the beneficiary and owner of the policy.
  - 10.4.1. No receipt will be issued to the donor unless Health In Harmony is named as both the owner and the beneficiary of the policy.
  - 10.4.2. A receipt for a life insurance policy that is fully paid that names Health In Harmony as both the owner and the beneficiary will reflect the value provided by the insurance company (for US donors, on IRS Form 712).
  - 10.4.3. A receipt for the life insurance policy with premiums remaining to be paid that names Health In Harmony as both the owner and the beneficiary will reflect the value based on a certified independent appraisal, by a qualified appraiser, as required by the IRS.
  - 10.4.4. Subsequent premium payments may be made annually, semi-annually or can be automatically debited from the donor's account to Health In Harmony's account.
  - 10.4.5. Each payment will be recorded on the donor's gift record as an outright gift and a receipt will be issued to the donor for that payment.
  - 10.4.6. A new policy can also be issued in the name of Health In Harmony.
  - 10.4.7. Premium payments made by the donor to Health In Harmony will be receipted to the donor as an outright gift.
  - 10.4.8. Term life insurance policies will not be accepted.
  - 10.4.9. Procedure to process gifts of life insurance:
    - 10.4.9.1. All gifts of life insurance are handled by Accounting. Development should contact Accounting for assistance in completing this gift.
    - 10.4.9.2. The donor's giving record will be hard credited with a planned gift equal to the tax deductible amount of the gift, and soft credited for the face amount of the policy when Health In Harmony is named as both the owner and the beneficiary of the policy.
    - 10.4.9.3. When the policy matures, any excess over the amount recorded as a planned gift will be counted as an outright gift.
- 10.5. Health In Harmony may be named as the beneficiary of retirement plan assets such as IRA's, 401(k) plans and other retirement plans.
  - 10.5.1. A receipt will be issued to the donor or their estate when the proceeds are received by Health In Harmony.
  - 10.5.2. Donors may choose to transfer retirement assets during their lifetime to benefit Health In Harmony.
- 10.6. A receipt will be issued to the donor as an outright cash gift to charity or to a life income vehicle such as a charitable remainder flip unitrust or a deferred charitable gift annuity. The beneficiary designation should be to Health In Harmony.
- 10.7. In a retained life estate (or remainder interest in a residence or farm) the donor makes an irrevocable gift by deed of their personal residence,

vacation home or farm while retaining life use of the property. The donor retains full ownership rights and enjoyment of the real estate until the specified lifetimes or time period has ended; at that point Health In Harmony becomes the sole owner of the property.

**10.7.1. Procedure to process life estate gifts:**

- 10.7.1.1. Accounting will handle the processing of all retained life estate gifts and prepare the appropriate transmittals, IRS Form 8283 and tax-related materials for the donor and send copies to the appropriate development office.
- 10.7.1.2. Transfer is made by deed and the value of the gift is determined by a qualified appraisal of the property done no more than 60 days prior to the date of gift.
- 10.7.1.3. The original deed should be delivered to Health In Harmony for safekeeping.
- 10.7.1.4. The donor's giving record will be hard credited with the charitable deduction (allowed under IRS guidelines) for the gift and soft credited with the appraised value of the real property.
- 10.7.1.5. A receipt will be issued to the donor describing the real property that has been donated (and the deduction allowed under IRS guidelines.)
- 10.7.1.6. After the retained life estate terminates, the property may be sold. The sales price is not considered to be a gift and no gift transmittal should be done at that time.
- 10.7.1.7. A retained life estate is a gift of real property subject to all policies and procedures associated with the gifts of real property listed below.

**11. Gifts of Real Property (Real Estate)** Gifts of real property include improved and unimproved land, residences, condominiums, apartment buildings, rental property, commercial property, woodlands, and farms. Gifts of real property can be valuable assets for furthering the missions Health In Harmony by enhancing the delivery of high quality teaching and related activities and programs. However, gifts of real property can create financial, legal and logistical obligations, particularly if the gift is provided with the expectation or condition that Health In Harmony retains the gift for extended periods, for specific purposes, or in a specific condition.

**11.1. Any gift of real estate must meet the criteria set out below.**

**11.1.1. Gifts of real property must benefit Health In Harmony in at least one of the following ways:**

- 11.1.1.1. Programmatic purpose. Gifts of real property may be accepted to advance the programs of Health In Harmony either as the location for specific programs or as long-term sources of income to support programs.
- 11.1.1.2. Location for specific programs. Gifts of real property may be accepted if the property provides a direct enhancement for a particular program. In these cases, the specific gift must provide a unique opportunity or other advantage that could not be achieved by using resources owned by others.

- 11.1.1.3. Generation of income for programs. Gifts of real property may be accepted that generate income to support programs financially (e.g., facility rental, contract farming, etc.). Health In Harmony must also have a programmatic interest in the property to accept such income producing gifts (e.g., a working forest that can demonstrate leading-edge forest practices may also produce income to support those programs through planting, culture, and harvesting of trees; a site at which students serve internships required by their academic program in which public programs are held may also produce income to support those programs through admission prices or rental for special events).
- 11.1.1.4. Real property to be sold. Gifts of real property may be accepted for immediate sale or short-term retention in anticipation of sale for purposes of providing funds to support other mission-related purposes.
- 11.1.1.5. Other mission-related purposes. Gifts of real property may be accepted if the gifts are determined to be valuable assets to Health In Harmony for other appropriate purposes (e.g., serving as a potential site for a facility, serving as a potential site for a cooperative venture with another organization, adding to the cultural richness of the area, permitting the retention open space, or conservation).
- 11.1.1.6. Gifts of real property that are programmatically advantageous must be accompanied by endowed funds, a revenue generating mechanism, or some other explicit financial plan to support the maintenance of the gift and the fulfillment of the programmatic purpose.
- 11.1.1.7. Gifts of real property must be accompanied by an express understanding that the property may be sold by Health In Harmony at the it's sole discretion at any time.
- 11.1.2. Procedures for Review of Proposals for Accepting Gifts of Real Property:
  - 11.1.2.1. Submission of Proposal. Any proposal for the acceptance of a gift of real property must be in writing and contain a description of the specific criteria that supports acceptance of the gift by Health In Harmony.
  - 11.1.2.2. Proposals to accept gifts of real property that support programmatic goals also must address the following:
    - 11.1.2.2.1. The immediate and long term potential for the gift to support one or more specific programs.
    - 11.1.2.2.2. The uniqueness or special value of the gift to support the identified programs.
    - 11.1.2.2.3. A proposed financial, management, and maintenance plan for the property and the programs that will occur on it.
    - 11.1.2.2.4. Specific criteria to be used over time to evaluate the success of the proposed program and whether or not the program should be continued, and to enable a judgment as to whether

- the property should be retained, used for another purpose, sold or transferred to another owner.
- 11.1.2.3. Proposals to accept gifts of real property that may generate income to support programs also must include a business plan that addresses the following:
    - 11.1.2.3.1. The intended use of the gift.
    - 11.1.2.3.2. The relation of the gift to a programmatic interest of Health In Harmony.
    - 11.1.2.3.3. A logistical plan for managing the property.
    - 11.1.2.3.4. The expected annual net returns to Health In Harmony over the expected retention period of the property.
    - 11.1.2.3.5. The identification of a source of funds to cover expenses incurred while holding the property until it becomes income generating.
    - 11.1.2.3.6. Specific criteria to be used over time to evaluate the proposed business plan to enable a judgment as to whether the property should be retained, used for another purpose, sold or transferred to another owner.
  - 11.1.2.4. Proposals to accept gifts of real property to be sold for proceeds to support other Health In Harmony objectives also must include the following:
    - 11.1.2.4.1. A plan for sale and immediate management of the property.
    - 11.1.2.4.2. The identification of a source of funds to cover expenses incurred while holding the property until it is sold.
    - 11.1.2.4.3. A description of the anticipated net proceeds to be realized from the sale and the proposed use of such proceeds.
  - 11.1.2.5. Proposals to accept gifts for other institutional purposes must include all of the information indicated in this section and be supported by a compelling rationale for acceptance of the gift.
    - 11.1.2.5.1. Information that will be required includes: the current deed and property description; determination if property is a townhouse or condominium; recent property tax bill, most recent survey and map of the property; information regarding known easements, restrictions, covenants, zoning information, right-of-way, conservation easements; current or former uses of property; copy of current leases, mortgages, liens, assessments, homeowner association agreements; most recent appraisal, environmental study or report; listing of any litigation, pending litigation, disputes, issues with neighboring developments; and, any disclosures or known issues.
  - 11.1.2.6. The Proposal must be approved by the Board of Directors.
    - 11.1.2.6.1. The Board of Directors shall evaluate the proposal relative to financial, environmental, and other general property-related considerations and, after due diligence, make a decision.

- 11.1.2.6.2. Upon approval of the Board of Directors, the proposal may be accepted and the Real Estate Acceptance Review Process may proceed.
- 11.1.2.7. **Real Estate Acceptance Review Process:**
  - 11.1.2.7.1. Initial site visit conducted by a representative of the Board of Directors, the Executive Director, and Development, and others whose expertise may be of value.
  - 11.1.2.7.2. At donor expense, a current appraisal conducted by certified independent appraiser, approved by the Office of Real Estate, is required.
  - 11.1.2.7.3. On behalf of Health In Harmony, a full title search by legal counsel at the expense of the donor and an environmental assessment if it is deemed necessary to safeguard the interests and assets of Health In Harmony.
  - 11.1.2.7.4. If residential property is being gifted, a full home inspection will be conducted; or, if commercial property is being gifted, a full building/site inspection will be conducted. The inspection is an expense of the donor.
  - 11.1.2.7.5. The receipt issued to the donor will show a description of the property only. The donor's giving record will be hard credited with the appraised value of the real property.
  - 11.1.2.7.6. Accounting will prepare the necessary forms (e.g., IRS Form 8283) for signature by Health In Harmony. This will be sent to the donor along with the receipt with copies to the development office working with the donor.

## **12. Discounts on Materials and Services**

- 12.1. Corporations and/or individuals may offer significant discounts on materials and/or services to Health In Harmony.
- 12.2. Health In Harmony may, at its discretion, send a letter of acknowledgement to the donor.
- 12.3. No official receipt will be issued listing a valuation of the materials or services as this is not considered to be a gift under IRS guidelines. The donor's giving record will not be credited. The only exception permitted would be those donations qualifying as bargain sales as described in IRS Publication 526.

## **13. Gifts from Staff**

- 13.1. Gifts from staff of Health In Harmony should meet the following three criteria in order to be deductible for tax purposes:
  - 13.1.1. Charitable intent should be the primary reason for making the contribution.
  - 13.1.2. The contribution must be credited to a fund not under sole control of or does not personally financially benefit the donating staff member.
  - 13.1.3. The staff donor should not receive or expect to receive future remuneration from the fund to which their gift was credited.

## **14. Policy Amendment and Review**



- 14.1. The Executive Director or delegate has the authority to amend this policy to reflect Health In Harmony’s procedural changes within the organization and/or to comply with the law whenever it becomes inconsistent with the Internal Revenue Code of 1986 (the “IRC”) as amended or other applicable state and federal laws as of the date the change goes into effect. The Executive Director or delegate will provide a written report to the Board of Directors explaining the reason for the change to the policy.
- 14.2. Responsibility for review of and recommended amendments to the policy will be that of the Board of Directors. The Board of Directors will review this policy at least annually.

**15. Policy Effective Date**

- 15.1. This policy was adopted and became effective on (March 15, 2016). All gifts will be governed under the policy that was in effect at the time when they were accepted.



# CODE OF ETHICAL STANDARDS

## ETHICAL STANDARDS (Adopted 1964; amended Oct 2014)

The Association of Fundraising Professionals believes that ethical behavior fosters the development and growth of fundraising professionals and the fundraising profession and enhances philanthropy and volunteerism. AFP Members recognize their responsibility to ethically generate or support ethical generation of philanthropic support. Violation of the standards may subject the member to disciplinary sanctions as provided in the AFP Ethics Enforcement Procedures. AFP members, both individual and business, agree to abide (and ensure, to the best of their ability, that all members of their staff abide) by the AFP standards.

### PUBLIC TRUST, TRANSPARENCY & CONFLICTS OF INTEREST

#### Members shall:

- 1 not engage in activities that harm the members' organizations, clients or profession or knowingly bring the profession into disrepute.
- 2 not engage in activities that conflict with their fiduciary, ethical and legal obligations to their organizations, clients or profession.
- 3 effectively disclose all potential and actual conflicts of interest; such disclosure does not preclude or imply ethical impropriety.
- 4 not exploit any relationship with a donor, prospect, volunteer, client or employee for the benefit of the members or the members' organizations.
- 5 comply with all applicable local, state, provincial and federal civil and criminal laws.
- 6 recognize their individual boundaries of professional competence.
- 7 present and supply products and/or services honestly and without misrepresentation.
- 8 establish the nature and purpose of any contractual relationship at the outset and be responsive and available to parties before, during and after any sale of materials and/or services.
- 9 never knowingly infringe the intellectual property rights of other parties.
- 10 protect the confidentiality of all privileged information relating to the provider/client relationships.
- 11 never disparage competitors untruthfully.

### SOLICITATION & STEWARDSHIP OF PHILANTHROPIC FUNDS

#### Members shall:

- 12 ensure that all solicitation and communication materials are accurate and correctly reflect their organization's mission and use of solicited funds.
- 13 ensure that donors receive informed, accurate and ethical advice about the value and tax implications of contributions.

- 14 ensure that contributions are used in accordance with donors' intentions.
- 15 ensure proper stewardship of all revenue sources, including timely reports on the use and management of such funds.
- 16 obtain explicit consent by donors before altering the conditions of financial transactions.

### TREATMENT OF CONFIDENTIAL & PROPRIETARY INFORMATION

#### Members shall:

- 17 not disclose privileged or confidential information to unauthorized parties.
- 18 adhere to the principle that all donor and prospect information created by, or on behalf of, an organization or a client is the property of that organization or client.
- 19 give donors and clients the opportunity to have their names removed from lists that are sold to, rented to or exchanged with other organizations.
- 20 when stating fundraising results, use accurate and consistent accounting methods that conform to the relevant guidelines adopted by the appropriate authority.

### COMPENSATION, BONUSES & FINDER'S FEES

#### Members shall:

- 21 not accept compensation or enter into a contract that is based on a percentage of contributions; nor shall members accept finder's fees or contingent fees.
- 22 be permitted to accept performance-based compensation, such as bonuses, only if such bonuses are in accord with prevailing practices within the members' own organizations and are not based on a percentage of contributions.
- 23 neither offer nor accept payments or special considerations for the purpose of influencing the selection of products or services.
- 24 not pay finder's fees, commissions or percentage compensation based on contributions.
- 25 meet the legal requirements for the disbursement of funds if they receive funds on behalf of a donor or client.

# A DONOR BILL OF RIGHTS

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## DEVELOPED BY:



Association of Fundraising Professionals (AFP)



Association for Healthcare Philanthropy (AHP)



Council for Advancement and Support of Education (CASE)



Giving Institute: Leading Consultants to Non-Profits

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**PHILANTHROPY** is based on voluntary action for the common good. It is a tradition of giving and sharing that is primary to the quality of life. To assure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in the not-for-profit organizations and causes they are asked to support, we declare that all donors have these rights:

## I

To be informed of the organization's mission, of the way the organization intends to use donated resources, and of its capacity to use donations effectively for their intended purposes.

## II

To be informed of the identity of those serving on the organization's governing board, and to expect the board to exercise prudent judgment in its stewardship responsibilities.

## III

To have access to the organization's most recent financial statements.

## IV

To be assured their gifts will be used for the purposes for which they were given.

## V

To receive appropriate acknowledgement and recognition.

## VI

To be assured that information about their donations is handled with respect and with confidentiality to the extent provided by law.

## VII

To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature.

## VIII

To be informed whether those seeking donations are volunteers, employees of the organization or hired solicitors.

## IX

To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share.

## X

To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.

# Health In Harmony Guidelines for Corporate Support

## Introduction

Health In Harmony believes that it can best fulfill its mission through a broad base of support from various sources. However, to maintain its independence and objectivity, it seeks to identify any areas where there may be real or apparent conflicts of interest or where the mission, programs, projects, and independence of Health In Harmony could be compromised.

As part of expanding its base of support, Health In Harmony is willing to consider partnerships with and gifts from the corporate sector. Health In Harmony recognizes that corporations, as profit-centered organizations, have obligations to their shareholders, boards, and employees to be successful. Health In Harmony also recognizes that companies support the nonprofit sector not only out of a desire to be helpful, but also with a hope of a return or benefit to the companies.

Given these realities and both legal and ethical considerations, Health In Harmony is willing to negotiate partnerships and accept support from the corporate sector in ways that will benefit and recognize the supporting companies while enabling Health In Harmony to better achieve its mission without compromising its principles.

## Guidelines

Health In Harmony will at all times maintain an independent position on educational issues and concerns.

Health In Harmony will solicit and accept support only for activities that are consistent with its mission.

Health In Harmony will accept funds for research, informational, and educational activities only when the content is to be determined by Health In Harmony or an independent group designated by Health In Harmony.

Health In Harmony will maintain complete control, consistent with any donor restrictions acceptable to Health In Harmony, of all funds provided by corporations, organizations, and individuals.

Health In Harmony will not accept any support that implies or requires endorsements of products.

Acknowledgements for corporate support will be limited to the companies' names, logos, or slogans that are an established part of the supporters' identities,



trade names, addresses, and telephone numbers.

Recognition of major corporate support will be developed in cooperation with the corporate donors and will be consistent with the level of support and Health In Harmony's mission and purposes. Health In Harmony will seek to develop recognition opportunities that are appropriate and meaningful for both the supporting companies and Health In Harmony.

Health In Harmony's intangible intellectual assets, including its name, research and other work, will be protected at all times. Donors will not be permitted to use Health In Harmony's name or other items for commercial purposes or in connection with the promotion of any product.

Health In Harmony's board and staff reserve the right to refuse any donation of cash or other real property, services, noncash gifts or any other forms of support if such support is not in keeping with the above principles or for other reasons that Health In Harmony deems appropriate.