

GIFT ACCEPTANCE GUIDELINES



Rev. February 22, 2024

I. ACCEPTANCE OF DONATIONS

A. GENERAL POLICY

Use of Gifts: Presbyterian Healthcare Foundation (“PHF”) will accept donations for unrestricted use or for any special fund that has been established, e.g. building, equipment, research, patient care, specific departments or hospitals, etc. PHF may accept a gift designated for a specific purpose for which no special fund has been established if it is within the scope of the PHS mission and such gift is not less than \$10,000. Gifts to the endowment are governed by the provisions of section IV below.

In addition to cash gifts, contributions may be accepted from donor-advised funds, IRA rollovers (qualified charitable distributions) or any other lawful vehicle acceptable to the IRS.

The following gifts shall be accepted only upon approval of the PHF Board of Directors or a duly appointed committee: non-cash gifts other than marketable securities; gifts that have conditions stated; gifts designated for purposes not obviously related to the institution’s current mission and services; and gifts that are so restricted that the institution would be required to expend the funds for the benefit of a particular individual. In addition, the following gifts may be accepted only upon approval of the PHF Board of Directors based on the recommendation of PHS management: a gift that requires PHS to assume additional responsibilities or a gift for a service that the institution does not currently offer.

B. GUIDELINES

1. Compensation-personnel employed or retained by PHF shall not be paid a commission or other compensation related to gifts received.
2. Use of professional counsel-PHF will not execute agreements, contracts, trusts or other legal documents with any donor without the advice of PHS legal counsel or contract legal counsel under the guidance of the PHS legal department. Likewise, the prospective donor will be advised to seek the counsel of his/her attorney, financial and/or tax consultant in any and all aspects of the proposed gift, whether by bequest, trust agreement, contract, or other. They will be advised to consult these professionals on matters related to the tax liability of a gift and matters related to planning of his/her personal estate. PHF does not provide tax advice to donors.
3. Confidential information-PHF will use reasonable, good faith efforts to maintain the confidentiality of all information concerning a donor or prospective donor, including his/her name, the names of any beneficiaries, the amount of his/her gift, size of estate, etc., unless permission is obtained from the donor to release such information, or unless PHF is required to do so by a court of law or for required IRS-990 reporting.

II. PLANNED GIFTS

PHF will accept planned-gifts as listed below, subject to the general policy identified above.

A. **BEQUESTS**-A bequest is a charitable gift made at death through a will or trust, or codicil. Bequests of any size may be accepted by PHF as long as the purpose to which the funds are to be applied is consistent with the stated goals, objectives and mission of PHS and PHF.

B. **GIFT ANNUITIES**- A charitable gift annuity is a contract between a donor and PHF. An investment in a gift annuity may be made for a minimum of \$10,000 and beyond that, in increments of \$1,000. A maximum of two lives may be covered. These one or two individuals will receive regular payments for life from PHF based on the value of the assets transferred to PHF. The minimum age for annuitants is age 60. To disperse the actual risk, no gift annuity shall be accepted if the actuarial value of the income stream would represent more than five percent (5%) of the annuity pool. PHF will abide by the maximum suggested annuity rates issued by the American Council on Gift Annuities (“ACGA”). *Note:* these rates represent the maximum recommend rates and donors may accept a lower rate if they wish to increase their income tax deduction.

C. **LIFE ESTATE CONTRACTS**- Subject to provisions of these guidelines pertaining to real estate, an individual may transfer to PHF title to real estate, and the donor or another person retain use of the property for a term of years or the life of the donor and/or another person. The donor shall continue to be responsible for real estate taxes, insurance, utilities and maintenance after transferring title to the property. *Note:* gifts of a remainder interest in real estate do not qualify for an income, gift, or estate tax deduction unless such property qualifies as a personal residence or farm.

D. **LIFE INSURANCE POLICIES**-PHF will accept the following interests in life insurance policies:

1. Ownership of any life insurance policy provided PHF is the beneficiary of the policy. If the donor has borrowed against the cash value of the policy, the gift of the policy should be reviewed to ensure that PHF will receive some residual benefit.
2. PHF may be designated as a beneficiary or joint beneficiary,
3. PHF may receive assignment of dividends and /or benefits on any insurance policy.

E. TRUSTS - PHF may be designated as a beneficiary for any of the trusts listed below:

1. Charitable Remainder Trust.

Trustee: PHF will serve as trustee if the following requirements are met: (1) at least one-half of the remainder passes to PHF; (2) the trust is funded with cash or marketable securities; (3) the trust is funded with at least \$100,000 of assets; (4) PHF has the right to appoint a corporate trustee or co-trustee of the trust, and (5) the beneficiaries meet our minimum age requirements.

If PHF is acting as trustee:

Payment of Expenses: The trustee shall have the power to collect and receive the income of the trust estate, to pay all lawful charges and other expenses properly incident to the management of the trust, and to engage agents to carry out the management of the trust.

Fees: Fees to be paid to any trustee, or other of trustee's agents in administering a trust shall first be charged to income, and if income is insufficient, to principal.

If PHF is not acting as trustee, the donor is responsible for any fees and expenses associated with the trust.

2. Charitable Lead Trust

Trustee: PHF will not serve as trustee of a Charitable Lead Trust.

F. RETIREMENT PLAN ASSETS - PHF may be designated as a beneficiary for all or some portion (a specific dollar amount or percentage) of qualified retirement plans (IRA, 401k, 403b, etc.).

III. GIFTS OF PROPERTY

A. REAL ESTATE

Each proposed gift will be reviewed to ensure that the gift will generate income or may be sold. Proposed gifts will be reviewed by the PHS Real Estate Office and referred to a duly appointed committee of PHF to determine if the gift will be accepted.

Guidelines for acceptance of real estate are:

1. The donor shall secure a qualified appraisal of the property (as required by the Internal Revenue Code) and shall provide a copy to PHF.
2. The Committee may request that the donor secure a Phase 1 environmental site assessment. Ordinarily, lots in a residential subdivision will not require a Phase I assessment.
3. Ordinarily, mortgaged property will not be accepted as an outright gift; however, exceptions may be made provided the property is marketable and has significant equity.
4. Real estate will not be used to fund charitable gift annuities. Donors will instead be urged to make such gifts using a flip charitable remainder unitrust paying the lesser of (1) trust income or (2) a unitrust amount until the property is sold, after which the proceeds are utilized to fund a unitrust starting the year after the property is sold.
5. PHF may consider purchase, at PHF's expense, property inspections, an owner's title insurance policy and an A.L.T.A. (American Land Title Association) survey at the time of the donation.

B. PERSONAL PROPERTY

For non-cash donations, PHF will inform the donor that it is the donor's responsibility to properly value the charitable contribution.

C. WORKS OF ART

PHF does not assign value to works of art for the purpose of establishing an IRS value for the donor. It is the responsibility of the donor to establish an appropriate valuation. Unless otherwise specified in the deed of gift, PHF reserves the right to sell works of art.

Because the contribution deduction for charitable gifts of tangible personal property is limited to the lower of fair market value or cost basis unless the charity will use the tangible property in a way that is related to its tax exempt purpose, in most cases, the donor's deduction for art which has appreciated will be limited to basis, especially if the art will be sold by PHF. If it is intended that the art will be retained and actually displayed in a hospital, it may be possible to obtain a fair market value income tax charitable deduction, but the donor should be advised of these rules.

IV. ENDOWMENT

PHF may accept gifts of any size to existing endowment funds or for an addition to the Area of Greatest Need Fund. The minimum amount required to establish a new endowed fund is \$50,000. After the minimum is met, it is recommended that new endowment funds be invested for a minimum of three years prior to the issuance of spendable income. Exceptions may be made for endowments of \$1 million or more or by request from the donor when the gift agreement is finalized. All new endowment funds require an endowment agreement signed by the donor and PHF. Endowment gifts will be administered in accordance with the New Mexico Uniform Prudent Management of Institutional Funds Act (“*UPMIFA*”).

V. SECURITIES

Upon receipt of a gift of marketable securities, PHF will place the securities with a recognized broker for sale at the earliest reasonable date. In the event that donated securities have a limited market value, the investment certificates may be retained and periodically reviewed for liquidation. For tax purposes, the donor will receive a receipt stating the value of the securities, based on the average of the high and low prices, and closing value, on the date of transfer.

VI. GIFT REFUSAL

In addition to instances previously cited in these guidelines, PHF may refuse any gift that could endanger the tax exempt, non-profit status of PHF or that is inconsistent with the mission, values or community standing of PHF or PHS.

VII. UNRESTRICTED GIFT DESIGNATION

Any undesignated gifts – including annual, major (\$10,000+) or planned gifts – will be directed to the Area of Greatest Need (unrestricted) Fund, a quasi-endowment whose investment and allocation policy is overseen by the PHF Board of Directors.

VIII. GIFTS OF CRYPTOCURRENCY

PHF will accept gifts of cryptocurrency, but will convert them to cash as soon as practicable through a reputable currency exchange. Donors will be made aware that, in order to deduct a cryptocurrency contribution of more than \$5,000, the IRS requires a qualified appraisal of the gift because cryptocurrency is not cash or a marketable security. The donor will be required to obtain this from a firm that does crypto appraisals.

IX. GIFTS FROM CERTAIN INDUSTRIES

The reputational risks of accepting contributions from businesses engaged in cannabis, kratom and similar substances should be considered before accepting such gifts. If gifts are to be accepted from such industries, such gifts should be accepted only from donors legally operating in the state or municipality in which they are located.