

**Gift Acceptance and Administration Policy**  
Mercy Health Clinic

## **I. Introduction**

Mercy Health Clinic (MHC), a nonprofit organization organized under the laws of the State of Maryland, encourages the solicitation and acceptance of gifts for purposes that will help to further fulfill its mission. The following principles and procedures govern solicitation, acceptance, and administration of gifts.

### **A. Mission**

Mercy Health Clinic is a non-sectarian, not-for-profit, community health care provider. The Clinic serves uninsured, low-income adult residents of Montgomery County, Maryland. The Clinic is committed to providing high quality medical care, educational support and pharmaceuticals to eligible patients.

Mercy Health Clinic recognizes the multi-cultural diversity of its patients and pledges to maintain and develop services and programs, which best meet the current and future health care needs of this constituency.

Mercy Health Clinic relies on the support of dedicated medical and non-medical volunteers. To assure consistent and high quality services, the Clinic also relies on some paid personnel; and seeks the support of local government, strategic partners and individual contributors to fund on-going operations and future programs.

### **B. Purpose of Gift Acceptance and Administration Policy**

This policy governs the solicitation, acceptance, and administration of gifts by MHC and provides guidance to prospective donors and their advisors when making gifts. The provisions of this policy shall apply to all gifts received by MHC for any of its programs or services.

### **C. Administration Responsibility**

The Board of Directors of MHC empowers the Executive Director to ensure appropriate compliance with this policy by all staff, consultants, contractors and volunteers.

### **D. Ethical Standards**

#### **1. Guidelines**

Every interaction with donors in the gift planning process on behalf of MHC shall adhere to the "Model of Standards of Practice of the Charitable Gift Planner" set forth by the National Committee on Planned Giving (provided in Attachment I) and the "Donor Bill of Rights" (provided in Attachment II).

#### **2. Independent Counsel**

Donors should be advised to secure the advice of independent counsel with regard to the legal, investment, estate, and tax consequences of gifts to MHC. A donor's attorney or accountant may not also represent MHC on a specific gift.

### **3. Confidentiality**

All information concerning a donor's or prospective donor's gift, including names, gift amount, and other personal information shall be kept confidential unless permission is obtained from the donor to release such information.

## **II. Gift Acceptance**

### **A. Types of Gifts**

The policy of MHC shall be to encourage gifts of any type and description that are consistent with its charitable objectives. However, MHC reserves the right to abstain from accepting any and all gifts that are not consistent with its purpose. Any other offered gift types listed below may be reviewed and presented to the Board of Directors for consideration.

Gifts that will be generally accepted include:

#### **1. Cash**

MHC, regardless of amount, shall accept all gifts by cash, credit card, or check. Checks shall be made payable to Mercy Health Clinic. In no event shall a check be made payable to an individual who represents MHC.

#### **2. Bequests**

MHC accepts specific bequests and remainder gifts, except those which include real estate, art work, rare coins, or other items which must be sold in order for MHC to receive the value of the gift. Exceptions to this may be made subject to the approval of the Board of Directors.

a. For a specific bequest, MHC suggests the following wording: "I hereby give and bequeath \$\_\_\_\_\_ from my estate to Mercy Health Clinic, a Maryland not-for-profit corporation, Montgomery County, Maryland, for its general purposes."

b. For a remainder gift, MHC suggests the following language: "I give and bequeath all (or \_\_\_ %) of the rest, residue, and remainder of my estate to Mercy Health Clinic, a Maryland not-for-profit corporation, Montgomery County, Maryland, for its general purposes."

Bequests shall not be recorded as gifts to MHC until such time as the gift is irrevocable. Where the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable, if MHC knows the amount of the bequest.

#### **3. Publicly Traded Securities**

MHC can accept readily marketable securities, such as those traded on a stock exchange. For gift crediting and accounting purposes, the value of the securities is the average of the high

and low on the date of the gift, in accordance with IRS regulations. Gift securities are likely to be sold by MHC. Realized gains or losses on security sales shall be reported as such and do not have an effect on the amount credited to the donor's gift record.

**4. *Paid-Up Life Insurance Policies***

MHC must be named as both beneficiary and irrevocable owner of an insurance policy before it can be recorded as an outright gift. The gift value for income tax purposes is generally equal to its replacement value.

**5. *Retirement Plan***

MHC must be named as the beneficiary of a retirement plan. Retirement plans shall not be recorded as gifts to MHC until such time as the gift is irrevocable. Where the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable, if MHC knows the amount of the gift

**B. Restricted Gifts**

Acceptance of a restricted gift imposes a legal obligation to comply with the terms established by the donor. Therefore, it is necessary that the nature and the extent of this obligation be clearly understood. For this reason, the terms of each restricted gift will be reviewed with the utmost care to ensure that they do not hamper the usefulness and/or desirability of the gift to MHC. Restricted gifts must be consistent with MHC's mission and purpose. MHC reserves the right to abstain from accepting any restricted gifts that are not consistent with its purpose for any reason. If a gift is deemed unacceptable because of the restrictions the donor has placed on its use, the donor will be guided to remove or modify the restriction.

**C. Authority**

The Board of Directors, Executive Director, or Development staff may accept any and all gifts listed above. All other staff and volunteers should direct donors to those listed above.

**D. Expense Reimbursement**

Donors shall be responsible for the expenses relating to making a gift, including but not limited to attorney and other advisor fees, appraisal fees, etc. Exceptions to this policy require Board approval.

**III. Gift Administration**

**A. Gift Receipting**

Gift receipts will be issued for all gifts within 10 days from the date received. With all gifts where nothing was received in exchange, the receipt should state: "No goods or services were recorded in exchange for this gift" as required by the IRS.

**B. Record Keeping**

Gift records reflecting the name of the donor and details of the gift will be maintained in an electronic database. Development staff is responsible for maintaining gift records.

**C. Recognition**

It is MHC's intent to publicly communicate appreciation of gifts whenever it is acceptable to the donor and appropriate.

**D. Allocation**

All unrestricted gifts will be allocated to general operating funds unless approved by the Board for specific use.

**THIS POLICY WAS APPROVED BY MERCY HEALTH CLINIC'S BOARD OF DIRECTORS ON JULY 27, 2011.**

## **Attachment I - Model Standards of Practice for the Charitable Gift Planner**

**PREAMBLE** The purpose of this statement is to encourage responsible gift planning by urging the adoption of the following Standards of Practice by all individuals who work in the charitable gift planning process, gift planning officers, fund raising consultants, attorneys, accountants, financial planners, life insurance agents and other financial services professionals (collectively referred to hereafter as "Gift Planners"), and by the institutions that these persons represent. This statement recognizes that the solicitation, planning and administration of a charitable gift is a complex process involving philanthropic, personal, financial, and tax considerations, and as such often involves professionals from various disciplines whose goals should include working together to structure a gift that achieves a fair and proper balance between the interests of the donor and the purposes of the charitable institution.

**I. PRIMACY OF PHILANTHROPIC MOTIVATION** The principal basis for making a charitable gift should be a desire on the part of the donor to support the work of charitable institutions.

**II. EXPLANATION OF TAX IMPLICATIONS** Congress has provided tax incentives for charitable giving, and the emphasis in this statement on philanthropic motivation in no way minimizes the necessity and appropriateness of a full and accurate explanation by the Gift Planner of those incentives and their implications.

**III. FULL DISCLOSURE** It is essential to the gift planning process that the role and relationships of all parties involved, including how and by whom each is compensated, be fully disclosed to the donor. A Gift Planner shall not act or purport to act as a representative of any charity without the express knowledge and approval of the charity, and shall not, while employed by the charity, act or purport to act as a representative of the donor, without the express consent of both the charity and the donor.

**IV. COMPENSATION** Compensation paid to Gift Planners shall be reasonable and proportionate to the services provided. Payment of finders fees, commissions or other fees by a donee organization to an independent Gift Planner as a condition for the delivery of a gift are never appropriate. Such payments lead to abusive practices and may violate certain state and federal regulations. Likewise, commission-based compensation for Gift Planners who are employed by a charitable institution is never appropriate.

**V. COMPETENCE AND PROFESSIONALISM** The Gift Planner should strive to achieve and maintain a high degree of competence in his or her chosen area, and shall advise donors only in areas in which he or she is professionally qualified. It is a hallmark of professionalism for Gift Planners that they realize when they have reached the limits of their knowledge and expertise, and as a result, should include other professionals in the process. Such relationships should be characterized by courtesy, tact and mutual respect.

**VI. CONSULTATION WITH INDEPENDENT ADVISORS** A Gift Planner acting on behalf of a charity shall in all cases strongly encourage the donor to discuss the proposed gift with competent independent legal and tax advisors of the donor's choice.

**VII. CONSULTATION WITH CHARITIES** Although Gift Planners frequently and properly counsel donors concerning specific charitable gifts without the prior knowledge or approval of the donee organization, the Gift Planners, in order to insure that the gift will accomplish the donor's objectives, should encourage the donor, early in the gift planning process, to discuss the proposed gift with the charity to whom the gift is to be made. In cases where the donor desires anonymity, the Gift Planners shall endeavor, on behalf of the undisclosed donor, to obtain the charity's input in the gift planning process.

**VIII. DESCRIPTION AND REPRESENTATION OF GIFT** The Gift Planner shall make every effort to assure that the donor receives a full description and an accurate representation of all aspects of any proposed charitable gift plan. The consequences for the charity, the donor and, where applicable, the donor's family, should be apparent, and the assumptions underlying any financial illustrations should be realistic.

**IX. FULL COMPLIANCE** A Gift Planner shall fully comply with and shall encourage other parties in the gift planning process to fully comply with both the letter and spirit of all applicable federal and state laws and regulations.

**X. PUBLIC TRUST** Gift Planners shall, in all dealings with donors, institutions and other professionals, act with fairness, honesty, integrity and openness. Except for compensation received for services, the terms of which have been disclosed to the donor, they shall have no vested interest that could result in personal gain. □ Adopted and subscribed to by the National Committee on Planned Giving and the American Council on Gift Annuities, May 7, 1991. Revised April 1999.

## **Attachment II - The Donor Bill of Rights**

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 ensure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in the nonprofit 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 donation 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.