



GIFT ACCEPTANCE POLICY

ABC Recovery Center (ABC), a not for profit organization organized under the laws of the State of California, encourages the solicitation and acceptance of gifts to or for the benefit of ABC for purposes that will help ABC to further and fulfill its mission.

The mission of ABC: To provide an environment for those with substance use disorders to achieve lifelong sobriety and re-enter the community as healthy and responsible individuals.

ABC's Trustees have a fiduciary duty to assure that ABC's assets are used efficiently and protected from potential liabilities and diversion to purposes other than those that further ABC's goals. The following policies and guidelines govern acceptance of gifts made to ABC or for the benefit of any of its organizational needs and programs.

I. Purpose of Policies and Guidelines

The Board of Trustees of ABC and its staff solicit current and deferred gifts from individuals, corporations, and foundations to secure the future growth and mission of ABC. We appreciate donors' consideration of any gift to ABC. In all matters involving current and prospective donors, the interest of the donor is important to ABC.

These policies and guidelines govern the acceptance of gifts by ABC and provide guidance to prospective donors and their advisors when making gifts to ABC. The provisions of these policies apply to all gifts to ABC for any of its organizational needs and programs. Gifts will be accepted only if they do not interfere with ABC's mission, purpose and procedures.

ABC shall accept only such gifts as are legal and consistent with organizational policy. While ABC does not provide tax advice, every effort will be made to assist donors in complying with the intents and purposes of the Internal Revenue Service in allowing charitable tax benefits.

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.



II. General Policies Relevant to All Gifts

A. Use of Legal Counsel

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

Closely held stock transfers subject to restrictions or buy-sell agreements.

Documents naming ABC as Trustee.

Gifts involving contracts, such as bargain sales or other documents requiring ABC to assume an obligation.

Transactions with potential conflict of interest that may involve IRS sanctions.

Other instances in which use of counsel is deemed appropriate by the gift acceptance committee.

B. Conflict of Interest

ABC will urge all prospective donors to seek the assistance of independent personal legal and financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences. ABC and its employees and agents are prohibited from advising donors about the tax consequences of their donations. Gifts are also subject to the provisions of other ABC policies, including adopted Conflict of Interest policies.

ABC makes every effort to ensure accepted gifts are in the best interests of the organization and the donor. ABC works to follow The Donor Bill of Rights adopted by the AAFRC Trust for Philanthropy, the Association of Fundraising Professionals and other professional organizations. ABC will comply with the Model Standards of Practice for the Charitable Gift Planner, promulgated by the National Committee on Planned Giving, shown as an appendix to this document.

C. Restrictions on Gifts

ABC will accept unrestricted gifts, and gifts for specified programs and purposes, provided that such gifts are consistent with its stated mission, purposes, and priorities. ABC will not accept gifts that are too restrictive in purpose. Gifts for purposes that are not consistent with ABC's mission or consonant with its



current or anticipated future programs cannot be accepted. Examples of gifts that are too restrictive are those that violate the terms of the corporate charter, gifts that are too difficult to administer, or gifts that are for purposes outside the mission of ABC. All final decisions on the restrictive nature of a gift, and its acceptance or refusal, shall be made by the gift acceptance committee of ABC.

D. The Gift Acceptance Committee

The gift acceptance committee shall consist of three of the following:

The Chair of the Board of ABC

Chair of the Finance Committee of ABC

The Chair of the Development Committee of ABC

ex-officio members shall include the Executive Director and/or the Development Director of ABC

The gift acceptance committee is charged with the responsibility of reviewing all gifts proposed to be made to ABC (except unrestricted cash gifts and proposals for restricted and unrestricted gifts/grants that are generated from ABC's development department), properly screening, accepting or rejecting those gifts, and making recommendations to the board on gift acceptance issues when appropriate.

E. Establishing the Value of Donated Property

It is the policy of ABC to comply fully with the valuation rules set out in Publication 561 of the Internal Revenue Service and the relevant income, gift and estate tax laws and regulations. Copies of Publication 561 are available at www.irs.gov or at ABC's office. Property contributed to ABC that has a value in excess of \$5,000 must be accompanied by an appraisal unless it consists of (i) cash, (ii) marketable securities, (iii) closely held securities with a value of \$10,000 or less, (iv) a vehicle or boat, the value of which will be determined by its sale, (v) intellectual property such as a copyright or patent, (vi) stock-in-trade, inventory or other property that would otherwise be held by the donor for sale to customers in the ordinary course of the donor's business or (vii) property contributed by a corporation that constitutes a "qualified contribution," as described in Section 170(e)(3)(A) of the Internal Revenue Code of 1986, that will be used for the care of the ill, needy or infants.

The fee for the appraisal may not be based on the value of the appraised property, and the appraiser must be "qualified," as that term is used in IRS Publication 561. A "qualified appraiser" is one who is ordinarily in the business of appraising similar property, has appropriate educational and experiential background, who performs appraisals for many different people and purposes (and not primarily either for ABC or for the donor) and who is not employed by ABC, the donor, any relative of the donor or any entity controlled by the donor or members of the donor's family. Duplicate originals of each appraisal should be prepared, one for ABC and one for the donor.



ABC reserves the right to alter the value of property contributed to it on the books and records of ABC for accounting, tax-reporting, annual fund record-keeping or any other purpose if developments after the completion of the gift or information that comes to the attention of ABC after the gift is completed are determined, in the discretion of the Committee or ABC's auditors, to merit such an alteration.

F. Tax Compliance

ABC's policy is to comply with Internal Revenue Service reporting requirement and all other aspects of state and federal tax law.

III. Types of Gifts

The following gifts are acceptable but not intended to represent an exclusive list of appropriate gifts:

- Cash
- Tangible Personal Property, including boats
- Securities
- Real Estate
- Remainder Interests in Property
- Oil, Gas, and Mineral Interests
- Bargain Sales
- Life Insurance
- Charitable Gift Annuities
- Charitable Remainder Trusts
- Charitable Lead Trusts
- Pooled Income Fund
- Retirement Plan Beneficiary Designations
- Bequests
- Life Insurance Beneficiary Designations

The gift acceptance committee of ABC shall make the final determination on the acceptance or rejection of gifts of all forms and inform the Board of ABC of such determinations in a timely manner.

The following criteria govern the acceptance of each gift form:

1) Cash. Cash refers to cash equivalents, including checks, money orders, currency/coin, and credit card payments. Checks or money orders shall be made payable to "ABC Recovery Center", shall appropriately identify the donor or donors and be delivered to ABC's administrative offices. Wire and Electronic Funds Transfer (EFT) can usually be arranged with the ABC staff. If a matching gift company or workplace giving



company wants to send and ACH/EFT every week instead of a check, these must be authorized by the cash receiving manager at ABC before the enrollment form is sent back to the constituent.

2) Tangible Personal Property. All other gifts of tangible personal property shall be examined in keeping with the following criteria:

Does the property fulfill the mission of ABC?

Is the property marketable?

Are there any undue restrictions on the use, display, or sale of the property?

Are there any carrying costs for the property?

3) Securities. ABC can accept both publicly traded securities and closely held securities.

Publicly Traded Securities. Marketable securities may be transferred to an account maintained at one or more brokerage firms or delivered physically with the transferor's signature or stock power attached. As a general rule, all marketable securities shall be sold upon receipt unless otherwise directed by the investment 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 the gift acceptance committee of ABC.

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. Such gifts, however, must be reviewed prior to acceptance to determine that:

There are no restrictions on the security that would prevent ABC from ultimately converting it to cash;

The security is marketable; and

The security will not generate any undesirable tax consequences for ABC.

If potential problems arise on initial review of the security, further review and recommendation by an outside professional may be sought before making a final decision on acceptance of the gift. The gift acceptance committee of ABC with the advice of 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.

Here are the details you can provide to your broker to make transfers:

Fill in info as warranted

4) Real Estate. Gifts of real estate may include developed property, undeveloped property, or gifts subject to a prior life interest. Prior to acceptance of real estate, ABC shall require an initial environmental review of the property to ensure that the property has no environmental damage or potential liability. In the event the initial inspection reveals a potential problem, ABC shall retain a qualified inspection firm to conduct an environmental audit. Non-residential properties will definitively require a Phase I audit. The cost of environmental audits shall generally be an expense of the donor.

When appropriate, a title insurance binder shall be obtained by ABC prior to the acceptance of the real property gift. The cost of this title binder shall generally be an expense of the donor. Prior to acceptance of real property, the gift shall be approved by the gift acceptance committee with the advice of ABC's legal counsel. Criteria for acceptance of the property shall include:

Is the property useful for the purposes of ABC?

Is the property marketable?

Are there any restrictions, reservations, easements, or other limitations associated with the property?

Are there carrying costs, which may include insurance, property taxes, mortgages, or notes, etc., associated with the property?

Does the environmental audit reflect that the property is not damaged?

5) Remainder Interests in Property. ABC will accept a remainder interest in a personal residence, farm, or vacation property subject to the provisions of paragraph 4 above. The donor or other occupants may continue to occupy the real property for the duration of their stated life or lives. Upon termination of the life interest, ABC may use the property or reduce it to cash. Where ABC receives a gift of a remainder interest, expenses for maintenance, real estate taxes, and any property indebtedness are to be paid by the donor or life tenant(s).

6) Life Insurance. ABC will generally accept life insurance but it 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. Whether any policy is accepted will depend on the economics of the transfer. If the donor contributes future premium payments, MITA will include the 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, ABC may:

continue to pay the premiums;
convert the policy to paid up insurance; or
surrender the policy for its current cash value.

7) Charitable Gift Annuities. ABC may offer charitable gift annuities in the future. The minimum gift anticipated for funding is \$50,000. ABC's gift acceptance committee may make exceptions to this minimum. The minimum age for life income beneficiaries of a gift annuity shall be 62. Where a deferred gift annuity is offered, the minimum age for life income beneficiaries shall be 55. No more than two life income beneficiaries will be permitted for any gift annuity. Annuity payments may be made on a quarterly, semi-annual, or annual schedule. ABC's gift acceptance committee may approve exceptions to this payment schedule. ABC will not accept real estate, tangible personal property, or any other illiquid asset in exchange for current charitable gift annuities. ABC may accept real estate, tangible personal property, or other illiquid assets in exchange for deferred gift annuities so long as there is at least a 5-year period before the commencement of the annuity payment date, the value of the property is reasonably certain, and the gift acceptance committee approves the arrangement. Funds contributed in exchange for a gift annuity shall be set aside and invested during the term of the annuity payments. Once those payments have terminated, the funds representing the remaining principal contributed in exchange for the gift annuity shall be transferred to ABC's general endowment funds, or to such specific fund as the donor designated.

8) Charitable Remainder Trusts. ABC may accept designation as remainder beneficiary of a charitable remainder trust with the approval of the gift acceptance committee. ABC will not accept appointment as trustee of a charitable remainder trust.

9) Charitable Lead Trusts. ABC may accept a designation as income beneficiary of a charitable lead trust. ABC will not accept an appointment as Trustee of a charitable lead trust.

10) Deferred Compensation/Retirement Plan Beneficiary Designations. ABC generally will accept gifts designating ABC as a beneficiary of the donor's retirement plans including, but not limited to, IRA's, 401(k)'s 403 (b)'s and other plans. Such designation will not be recorded as a gift to ABC 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.



11) Bequests. Donors and supporters of ABC will be encouraged to make bequests to ABC under their wills and trusts. Such bequests will not be recorded as gifts to ABC 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. The criteria for the acceptance of the gift or bequest will be the same as otherwise provided herein.

12) Life Insurance Beneficiary Designations. Donors and supporters of ABC will be encouraged to name ABC as beneficiary or contingent beneficiary of their life insurance policies. Such designations shall not be recorded as gifts to ABC 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.

IV. Miscellaneous Provisions

A. Securing appraisals, environmental review, assessment or remediation costs and legal fees for gifts to ABC. The cost to secure an appraisal, environmental review, assessment or remediation (where required) and independent legal counsel for any gifts proposed to be made to or for the benefit of ABC are generally the Donor's responsibility.

B. Fees and Commissions

ABC generally does not pay "finder's fees" or commissions to third parties in connection with any kind of gift to ABC. ABC does, however, pay commissions and fees to properly negotiate and transfer assets, including boats. No officer, employee or agent of ABC is or will be compensated in a manner that is dependent on the size or nature of gifts made to ABC by any person. If ABC engages legal counsel, accounting professionals, appraisers or environmental consultants, their fees and expenses will be determined by the time they spend engaged in ABC's work and not by reference to any particular gift in connection with which they are retained.

C. Trips and Special Events

When trips or special events involve a charitable contribution, the fair market value and the charitable contribution amount for each participant will be stated specifically in the promotional literature and donor acknowledgment letter. Donations given to offset the costs of a special event must be recorded as gift income, rather than as a credit to an expense account.

D. Changes to Gift Acceptance Policies

These policies and guidelines have been reviewed and recommended to the Board by the gift acceptance committee of ABC. The Board of ABC must approve any changes to these policies. The policies will be regularly reviewed.