

Gift Acceptance Policy

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HACKENSACK UNIVERSITY MEDICAL CENTER FOUNDATION

Gift Acceptance Policy

Draft – 11/27/2013

Purpose

This policy is designed to assure that all gifts to and for the use of HackensackUMC Foundation (hereinafter sometimes referred to as the “Foundation”) and, especially, those for the benefit of HackensackUMC (hereinafter sometimes referred to as the “Medical Center”) provide the maximum benefit for the donor, the Foundation, and the Medical Center. Because some gift situations may be complex, more costly than beneficial, or restricted in some manner, the Board of Trustees of HackensackUMC Foundation has established these standards by which to accept, evaluate, and manage gifts.

I. Guiding Principles

- HackensackUMC Foundation, a 501(c)(3) organization as defined by the Internal Revenue Code, encourages gifts in support of its mission.
- HackensackUMC Foundation implements this gift acceptance policy to protect
 - the interests of the donor;
 - volunteer solicitors from misunderstandings when soliciting and accepting gifts;
 - the welfare of HackensackUMC Foundation and HackensackUMC; and
 - employees charged with managing gifts and the planned giving program for Hackensack University Medical Center Foundation.
- The Foundation shall always encourage donors to consult with qualified advisers (accountants, certified estate or financial planners, attorneys, investment brokers, etc.) before making a gift to the Foundation, especially a deferred gift.
- The Foundation shall acknowledge all donations in a way that respects and honors the donor.
- In accepting a gift, the Foundation accepts responsibility for administering the gift in a manner consistent with the donor’s wishes. In the process the Foundation shall, where possible, provide the donor with appropriate information about the gift and its use.

II. Gifts Covered by This Policy

This policy covers all gifts to HackensackUMC Foundation or to HackensackUMC for which the Foundation is acting as agent, whether the gifts are made during a donor’s lifetime or by will, trust, or executor’s action after a donor’s death. This policy covers, but is not limited to, gifts of cash, publicly traded securities, private stocks, life insurance policies, tangible personal property (including art, etc.), real estate and other gifts-in-kind.

III. Authority for Accepting Gifts and Responsibility for Reporting Proposed Gifts

The Board of Trustees of HackensackUMC Foundation is authorized to seek and to accept gifts on behalf of HackensackUMC that support the Foundation's mission. All officers of the Foundation and all administrators, physicians, directors, managers, and other leaders at HackensackUMC should, when presented with a gift or the possibility of a gift to the Medical Center or any of its programs, refer the prospective donor to the Foundation's Executive Vice President (or his or her designee), who shall act as the representative of the Foundation's Board of Trustees.

IV. General Procedures

A. Ensuring Compliance with the Policy and the Finance Committee: The Board of Trustees of HackensackUMC Foundation designates the Executive Vice President of the Foundation as the officer who shall ensure compliance with this policy. The Finance Committee shall be responsible for recommending to the full Board of Trustees the acceptance or rejection of any specific non liquid gift. No trustee action is required in the case of gifts of cash, publicly traded securities, or other easily liquidated financial instruments (i.e., savings bonds, municipal bonds, stock options) that come with no or minimal restrictions.

The Finance Committee must review proposed restrictions and/or conduct appropriate due diligence or assign some person(s) or entity to execute such before recommending the proposed gift to the Board of Trustees. If no board meeting is imminent, the Finance Committee may act on behalf of the Board of Trustees when time is of the essence or extraordinary circumstances are attached to the gift.

B. Use of Counsel and Disclosure of Counsel's Role. As necessary, the Executive Vice President (or his or her designee) may employ counsel for advice and other experts for due diligence. If the costs for such advice and expertise will exceed budgeted amounts, the committee shall seek the approval of the Finance Committee of the Board of Trustees prior to additional expenditure. When advisers retained by the Foundation prepare documents or render service of any kind to the Foundation or a prospective donor to HackensackUMC Foundation, Foundation officers shall inform the prospective donor 1) that the professional involved is in the employ of HackensackUMC Foundation, 2) that the professional is not acting on behalf of the donor, and 3) that the prospective donor's own qualified counsel should review any information shared or documents prepared prior to completion of the gift. Furthermore, the Foundation will encourage prospective donors to seek the advice of qualified legal and financial counsel before making a gift to the Foundation or before signing any gift agreement or other contract with the Foundation.

C. Authorization to Negotiate and Execute Gift Agreements on Behalf of HackensackUMC Foundation. The following people are authorized to negotiate gift agreements and planned giving agreements with donors, subject to the provisions of this policy: 1) the chair of the Board of Trustees, 2) the vice chair of the Board of Trustees, 3) the Executive Vice President of the Foundation.

D. Appraisals. Legal and ethical requirements designed to protect both the donor and the Foundation prohibit HackensackUMC Foundation from appraising gifts. Such appraisals, if required by law or advisable under particular circumstances, are to be conducted by qualified

appraisers independent from the Foundation. Under some conditions, the donor will be expected to obtain and pay for such an appraisal. In unusual circumstances, the Executive Director of the Foundation may approve payment or partial payment of the cost of an independent appraisal for a donor's gift.

E. Evaluation and Payment of Costs Associated with Acceptance of Certain Gifts. Foundation staff and the Finance Committee must evaluate proposed gifts of property and gifts-in-kind to determine whether the Foundation can prudently accommodate costs associated with accepting a gift, including costs the Foundation or the Medical Center may bear. Occasionally, associated costs may weigh against accepting a gift. The staff shall report all potential costs to the Finance Committee for its use in deciding to accept or reject a gift. HackensackUMC Foundation may pay fair and reasonable fees for the professional services rendered to the Foundation in direct connection with its own role in accepting or evaluating a gift. The Foundation does not generally pay the donor's costs of completing a gift.

F. Gift Acknowledgement. The Foundation shall furnish all donors with gift acknowledgement letters and receipts in a reasonable amount of time and in accordance with the rules and regulations of the Internal Revenue Service. When appropriate, donors may be given tokens of appreciation within IRS-designated limits. An acknowledgement shall inform the donor of any *quid pro quo* arrangements in the gift transaction, if any, and its effect on potential tax deductibility.

G. Acceptance and Administration of Restricted Gifts. Donors frequently require that gifts be used by the Foundation in particular ways. The Foundation may accept significant restricted or endowment gifts upon consultation with the Finance Committee. If the Foundation accepts a gift subject to such restrictions, the Foundation shall comply with the donor's requirements, which must be in writing and which require a signature from the donor(s) and foundation officers, with rules governing the staff's signing of contracts applied. For the committee to accept a gift with restrictions, the use of the proposed gift must be consistent with the mission, ethical standards, and best practices of HackensackUMC Foundation and of HackensackUMC and may never require the Foundation or the Medical Center to engage in any illegal activity or in an activity that compromises patient care.

H. Gift Agreements and Letters of Understanding. Prior to 1) completing a gift or pledge to a restricted purpose, 2) the initiation of an endowment of any size, or 3) the creation of a deferred gift of any kind, the donor(s) and the Foundation shall enter into either a signed gift agreement or a signed letter of understanding. The Foundation maintains a standard gift agreement for this purpose. In the absence of a gift agreement or a letter of understanding, correspondence will carry the same weight.

I. Minimum Gift Sizes for Endowed Funds. Subject to other provisions in this policy, HackensackUMC Foundation shall accept gifts of any size to existing endowments. To create a new, named endowment, HackensackUMC Foundation requires a minimum amount. As of the effective date of this policy, the minimum amount will depend on the type of endowment. The typical minimum amount for an endowed chair is \$1M (one-million) and the minimum amount for an endowed program is \$100,000. HackensackUMC Foundation will not spend the corpus of an endowed fund (unless otherwise permitted in a gift agreement) and shall apply its annual

endowment spending policy then in effect to determine the income available from the endowment for its restricted purpose. The Foundation reserves the right to change its minimum required gifts for endowments.

J. *Date of a Gift.* The date of a gift is the date the asset ceases to be in the control of the donor, and in determining that control the Foundation will adhere to the rules of the Internal Revenue Service. For gifts delivered by mail, that date shall be the date of the postmark. For assets delivered by hand or overnight service, that date shall be the date the Foundation physically receives the asset. For wire transfers and journal entries, the date of a gift shall be the date the asset is received in the Foundation's account.

K. *Conditions under Which No Gift Is Possible.* HackensackUMC Foundation shall not accept gifts if the Foundation has any question that the donor has insufficient title to the assets, is mentally incompetent to legally effect a transfer, or the donor's restrictions on the gift preclude acceptance.

L. *Confidentiality.* At all times, employees, Board members and fundraising volunteers of the Foundation shall not disclose a donor's gift to a third party without the expressed consent of the donor and only on a need-to-know basis. A donor's confirmation of the spelling of his or her name for the donor recognition gallery, annual report, or a campaign report shall be sufficient consent to list the donor's gift within a range of amounts unless they request to be anonymous.

V. Specific Policies for Liquid Assets and Financial Instruments

A. *Cash.* HackensackUMC Foundation shall accept outright gifts in the form of cash, a check made out to HackensackUMC Foundation, a credit card, or a wire transfer. The Foundation will accept no check made out by a donor to a Foundation volunteer, Foundation employee, or agent of the donor.

B. *Publicly Traded Securities.* HackensackUMC Foundation shall accept gifts of mutual fund shares or securities traded on a recognized public exchange and shall immediately sell those shares or securities upon receipt. In valuing the gift and in determining the date of gift, the Foundation will use the rules of the Internal Revenue Code, i.e., valuing the gift at the average of a security's high price and low price on the date of the gift. The Foundation will accept no restrictions on the timing of the sale of securities, but the Finance Committee may recommend holding an issue in some instances, judged on a case-by-case basis.

C. *Non-Publicly Traded Securities and Other Financial Instruments.* HackensackUMC Foundation may accept non-publicly traded securities and other financial instruments only after considering the costs associated with such a gift, after conducting due diligence, and upon recommendation by the Finance Committee of the Board of Trustees.

VI. Planned Gifts Overview

Planned gifts (also known as “deferred”) are a broad description for charitable gifts that provide a deferred benefit to HUMCF. Examples include charitable gift annuities, gifts of life insurance, remainder trusts, bequests or retirement plan designations. Other types of gifts that are typically categorized as “planned” are property, both real and personal. HackensackUMC Foundation willingly accepts and facilitates the aforementioned gift types as well as appropriate other types not specifically mentioned.

Planned gifts fall into two categories, revocable and irrevocable. Revocable gifts can be changed or withdrawn at the discretion of the donor and most often become irrevocable upon death of the donor, providing estate tax benefits at that time. Revocable gifts are not recorded in the financials until they become irrevocable.

Irrevocable gifts cannot be modified or withdrawn by the donor and generally provide immediate tax benefits for the donor. Irrevocable gifts are recorded at full gift value.

Planned gifts, revocable or irrevocable can be restricted to a particular area of donor interest providing that the intention is clearly stated in the gift instrument. Unrestricted gifts are directed to the annual fund unless otherwise decided upon by the Foundation’s Executive Vice President.

VII. Specific Policies for Gifts of Tangible Personal Property

A. Criteria for Acceptance. HackensackUMC Foundation may accept gifts of tangible personal property—including but not limited to jewelry, artwork, collections, equipment, event tickets, antiques, furniture, or other gifts-in-kind—after following the procedures outlined in section IV and after determining that the proposed gift is 1) marketable and 2) needed by the Medical Center or HackensackUMC Foundation for use in a manner related the mission of the Foundation or Medical Center. HackensackUMC Foundation may also accept gifts of tangible personal property or gifts-in-kind when not related to the mission of either the Foundation or the Medical Center if 1) fair-market value of the item is sufficiently larger than the costs of accepting the gift and 2) the donor fully understands the Internal Revenue Code’s restrictions on valuing and deducting such gifts for tax purposes. No personal property shall be accepted under conditions that obligate the Foundation or the Medical Center to own the property in perpetuity, and in some cases the Finance Committee may choose to seek expert advice, particularly in the case of art, antiques, and other *objets* before approving a gift.

B. Approval and Acceptance Process. In determining the costs of this kind of gift, the Foundation staff and the Finance Committee will seek advice on the costs of transportation, storage, sale, maintenance, repair, and insurance and must determine the value and marketability of the property. If because of its purported value the Internal Revenue Code (the “IRS”) requires a qualified appraisal, the Foundation may ask the donor to obtain a qualified appraisal before accepting the gift and shall in no case offer a valuation of its own in accepting or acknowledging the gift other than a physical description of the gift. The description in an acknowledgment must include sufficient information about the object, its history, creator or manufacturer, and provenance to permit identification of the property.

For the transfer of personal property to occur, the donor must complete a deed of gift, including a full description of the property donated.

The Foundation will cooperate with donors in the filing of IRS Forms 8283 or 8282 and will, as a matter of policy, cooperate with all local, state, and federal investigations into the valuation of this kind of gift. It is the donor's responsibility to assign value to the gift to the satisfaction of the IRS and to comply with all IRS rules for substantiating the value of a gift. For the purposes of gift crediting only, the Foundation may offer a naming opportunity that, in its sole discretion, corresponds to the value of the gift for the Foundation's uses, without regard to the gift's valuation under the rules of the IRS.

C. Disposition. Upon approval and acceptance of a proposed gift of tangible personal property by the Finance Committee, the Foundation may dispose of the gift in any manner it chooses, at its sole discretion, subject to any agreement between the donor and the Foundation. If the Foundation chooses to sell the tangible personal property, it must have the approval of the Finance Committee before selling it for less than its estimated fair-market value. Any expenses for transportation, storage, sale, maintenance, repair, insurance, and acceptance of the personal property will be deducted from the sales proceeds and the remainder then used for the purposes designated by the donor.

VIII. Specific Policies for Gifts of Real Estate

A. Criteria for Acceptance. HackensackUMC Foundation will consider for acceptance gifts of real estate, both improved and unimproved land, including those involving a retained life estate. The Foundation will consider accepting gifts of detached single-family residences, condominiums, apartment buildings, rental property, commercial property, office buildings, agricultural land, leases, mineral rights, natural resource leases, industrial sites, and other sites as deemed advisable. The gift must represent a significant value to the Foundation after accounting for costs and potential liabilities and should, in most cases, come to the Foundation with no mortgages, deeds of trust, restrictions, reservations, easements, mechanic liens, or other limitations of record, all of which the donor must disclose. The Foundation may accept encumbered gifts in unusual cases in which 1) the fair-market value of the potential interest in the property, net of all encumbrances, is substantial and 2) the Foundation is satisfied that the donor understands the tax consequences of such an encumbered gift. In the case of environmentally compromised real estate, the Foundation may accept the property only after extensive due diligence, remediation at the donor's cost, and the possible use of a charitable partner or company with expertise in such properties and their disposition.

B. Approval and Acceptance Process. In considering a gift of real estate, the Foundation and its Finance Committee, in consultation with the Finance Committee, may require the potential donor to present a qualified, reasonably current appraisal obtained at the donor's expense, may undertake its own qualified appraisal, and may in unusual circumstances share with the donor in the cost of a qualified appraisal. The donor is required to present a real estate deed, the most recent real estate tax bill, a plot plan, substantiation of zoning status; and an environmental site assessment, usually a Preliminary Assessment/Phase I environmental audit ("Environmental Audit"). The Foundation may waive the requirement for a complete Environmental Audit if the property has been used exclusively as a residential property prior to development. In cases where this exception applies and no Environmental Audit is undertaken, the donor/executor must have outside parties complete an environmental checklist prepared by

the Foundation and may be required to execute an environmental indemnity agreement. Even in cases in which an Environmental Audit is submitted, the Foundation may require a donor to sign an environmental indemnity agreement. Transfer of the property to the Foundation will not occur until satisfactory documentation is provided to the appropriate committee that federal, state, and local environmental authorities have determined that all environmental issues have been corrected within the limits allowed by law.

The donor must also disclose 1) all carrying costs, including but not limited to property owner's association dues, country club membership dues, transfer charges, taxes, and insurance, and 2) any and all title information in the donor's possession, such as the most recent survey of the property, a title insurance policy, or an attorney's title opinion.

In addition, before the Finance Committee determines whether to accept the property, it must have in hand, written certification from the donor that 1) no violations of state, local or federal law exist on the property; 2) no restrictions on the title to the property exist; 3) no unrecorded rights of way, easements, or encumbrances are attached to the property; 4) no contractual or other donative commitments to individuals, corporations, or groups are attached to the property; and 5) the property is neither the subject of, nor threatened with, litigation.

A Foundation staff member and a representative of the Finance Committee should conduct a visual inspection of the property. If the property is located in a geographically remote area, the Foundation may engage a local, licensed Realtor[®] to conduct the visual inspection on its behalf and provide an opinion of the property's marketability, but even in such a case this policy encourages the presence of at least a Foundation staff member as well.

The decision to accept a gift of real estate will involve considerations of the gift's value to the Foundation; its estimated fair-market value; its marketability; the intended structure of the gift; the potential costs of transfer, legal and expert advice, maintenance, repair, overhead, insurance, and other carrying costs; the uses to which the proceeds from the gift will be put at the Foundation or the Medical Center; and the donative intent of the donor.

C. Disposition. If the Finance Committee recommends to the Board of Trustees the acceptance of the gift of real estate and if the Foundation decides to sell the property as quickly as market conditions permit, a Foundation staff member is required to notify the donor in writing of the decision and the pending sale. The gift shall only be deemed completed upon the execution and delivery of a deed of gift or other appropriate conveyance. All Foundation costs associated with the investigation, conveyance, sale, and delivery of the gift of property, including but not limited to recording fees and, if deemed necessary by the committee, a current survey, title insurance, or an attorney's title opinion, will be either paid by the donor or charged to the proceeds from the sale of the property before the Foundation uses the proceeds for the Foundation's or the stipulated purposes. If the Foundation chooses to sell the real estate for less than its estimated fair-market value, it must have the approval of the Finance Committee. At its discretion and mindful of the donor's intent, the Foundation may choose to retain the real estate and either use it for its own purposes, permit HackensackUMC to use it, assign it to the Foundation's assets including but not limited to its endowment, or some combination of these options.

The Foundation officer involved shall notify the donor in writing that the IRS requires the filing of Form 8283 by the donor along with a qualified appraisal. It is the donor's responsibility to assign value to the gift to the satisfaction of the IRS and to comply with all IRS rules for substantiating the value of a gift. The Foundation officer shall also notify the donor that the IRS requires the filing of Form 8282 if the Foundation sells the property within two years of assuming possession. To the extent permitted, the Foundation will cooperate with the donor in filing Form 8283 and shall file Form 8282, when needed.

The Foundation shall record the gift as it would a gift-in-kind and shall acknowledge it without assigning value to the gift. For the purposes of gift crediting only, the Foundation may offer a naming opportunity that, in its sole discretion, corresponds to the value of the gift for the Foundation's uses, without regard to the gift's valuation under the rules of the IRS.

IX. Specific Policies for Retained Life Estates

A. Criteria for Acceptance. The Foundation, donors of retained life estates, and donors who exchange the remainder value of a retained life estate for a charitable gift annuity or charitable remainder trust are subject to additional policies governing the gift process. Except as the Finance Committee may allow by a separate written contract, donors of a retained life estate gift or exchangers of the remainder value of a retained life estate for a charitable gift annuity or charitable remainder trust are required to pay for all or a portion of the following during the donor's lifetime: maintenance costs, real estate taxes, insurance, real estate broker's commission and other costs of sale, and appraisal costs.

B. Approval and Acceptance Process. In deciding whether to accept a retained life estate or exchange the remainder value of a retained life estate for a charitable gift annuity or a charitable remainder trust, the Finance Committee shall account for all the costs and potential liabilities it would investigate with any gift of real estate and those additional costs or potential liabilities necessitated by the financial implications of a gift of a retained life estate or the exchange of the remainder value of a retained life estate for a charitable gift annuity or a charitable remainder trust. Those costs may include the cost to the endowment of the assets set aside for funding payouts.

The committee shall approve no gift involving a retained life estate without the negotiation of a Life Estate Contract or a Life Tenancy Agreement. That contract or agreement must stipulate at least the right of donors (or life tenants) to all the benefits and burdens of ownership except selling or mortgaging the property, the donor's obligation to pay all taxes, his or her continuing obligation to pay all expenses of maintenance and upkeep, the benefit of all income from the property, a delineation of the rights to lease the property should the life tenants move off the property, the obligation to conduct no business or activity on the property that reduces the property's value or marketability or fail to do those things "reasonable and prudent" to preserve its value, and provisions for enforcement if a party defaults. This policy encourages a separate document to outline the use of the gift or the sale proceeds after the life tenancy ends.

C. Disposition. After the life tenancy ends, disposing of the real estate shall follow the procedures outlined in Section VI above. It is the donor's responsibility to assign value to the gift to the satisfaction of the IRS and to comply with all IRS rules for substantiating the value of

a gift. The Foundation shall record the initial gift of either a retained life estate or the exchange of a remainder value in a life estate for a charitable gift annuity or a charitable remainder trust as it would a gift-in-kind and shall acknowledge it without assigning a value to the gift. For the purposes of gift crediting only, the Foundation may offer a naming opportunity that, in its sole discretion, corresponds to the value of the gift for the Foundation's uses, without regard to the gift's valuation under the rules of the IRS.

X. Specific Policies for Life Insurance Policies

A. Criteria for Acceptance. HackensackUMC Foundation will accept without the necessity for review those gifts of life insurance policies—including whole life, variable and universal life policies—that meet three conditions:

1. The policy's premiums are either paid in full or, if not paid-up as of the date of the gift
 - (a) has a minimum death benefit value of at least \$25,000; and
 - (b) has a signed, written, and enforceable pledge for charitable contributions from the donor in a total amount equaling or exceeding the total annual premiums due and with individual pledge payments scheduled to equal or exceed each policy premium payment as that payment becomes due; and
 - (c) that written pledge also acknowledges, first, HackensackUMC Foundation's absolute ownership of the policy donated and, second, the resulting right of the Foundation to cash in the policy and apply the proceeds for the benefit of the Foundation as may be directed in a separate document; and
2. HackensackUMC Foundation is designated as the owner and as the beneficiary of the policy; and
3. If intended for endowment purposes, the policy's death benefit must meet the minimum funding standard for endowments of the stated purpose(s) by the end of the donor's actuarial life expectancy based on present-value calculations.

If the proposed gift of a life insurance policy does not meet these criteria, the appropriate committee must review the proposed gift and determine whether the Foundation will accept it. The Foundation will encourage the creation of a separate gift agreement to designate the use of the policy's death benefits and to control the outcome of the use of the proceeds if they fail to meet minimum standards for an endowment, if forming an endowment is the intended use of the proceeds.

The donor is solely responsible for substantiating the value of the life insurance policy to the satisfaction of the IRS and for obtaining the necessary appraisals of the policy if the value exceeds IRS limits. If the gift is substantial, the Foundation may choose to share or pay the costs of such an appraisal.

B. Disposition. If the donor fails to meet his or her pledge to pay the premiums of a policy that is not paid up, fails to execute a gift or endowment agreement with the Foundation or otherwise fails to designate the use of the death benefits, or defaults on promises necessary to maintain the policy in force, the Foundation is authorized to cash in the policy, if it so chooses, and use the resulting proceeds either for purposes designated by the donor if those proceeds are

sufficient to do so, or, if they are not, for any purpose within the Foundation's mission that the Board of Trustees decides in its sole discretion.

The Foundation shall record the gift of a life insurance policy as a gift-in-kind, shall describe its details, and shall acknowledge it but without assigning a value to the gift. If the donor makes gifts of cash or appreciated securities to pay for annual premiums, the Foundation may acknowledge those discrete gifts at their full fair-market value. For the purposes of gift crediting only, the Foundation may offer a naming opportunity that, in its sole discretion, corresponds to the value of the gift for the Foundation's uses, without regard to the gift's valuation under IRS rules.

XI. Specific Policies for Bequests

A. Criteria for Acceptance. HackensackUMC Foundation encourages donors to remember HackensackUMC Foundation in their estate planning and to disclose intended bequests via will or trust to the Foundation so it can properly thank them for their generosity and offer appropriate benefits. Disclosure of intended bequests also makes it possible to ensure that the Foundation can carry out their future wishes and that future bequeathed gifts conform to this policy. The Foundation shall maintain at all times and make easily available to all who request it language demonstrating how to create a bequest to the Foundation.

B. Approval and Acceptance Process. All bequests to the Foundation or to the Medical Center, for which the Foundation acts as agent for bequests, should conform to this policy and be useable for the mission of the Foundation or Medical Center. The Finance Committee may choose to accept or reject those gifts from estates of deceased donors that do not conform to this policy or the mission of the Foundation or Medical Center. The Foundation will communicate its decision to accept or reject a bequest to the legal representative of the estate. If possible and if the terms of the bequest permit, the Foundation may attempt to negotiate with the representative of an estate to make a gift acceptable that may initially have been deemed as unacceptable.

C. Disposition. Upon acceptance of a bequest, the Foundation may receive the bequeathed assets either in cash or in kind as deemed most beneficial to the Foundation. The Foundation will record the gift at its estimated fair-market value and may offer the estate's representative the opportunity to create a naming opportunity at the Medical Center if the size of the bequest is sufficient to do so and if no prior gift agreement exists with the deceased donor(s). If such a gift agreement exists or if the terms of the will or trust are explicit and sufficient to determine the donor's wishes, then that agreement or the language of the will or the trust shall govern the use and potential naming opportunities. The Finance Committee shall determine the use of bequests given without restrictions.

XII. Specific Policies for Charitable Gift Annuities

A. Criteria for Acceptance. When a donor wishes to fund a charitable gift annuity, the Foundation will accept all assets permitted under state and federal laws, subject to other provisions of this policy. In setting rates for gift annuities, the Foundation will abide by the rates promulgated by the American Council on Gift Annuities and may only write gift immediate-

payment or deferred-payment annuities for one life, two lives with joint receipt, or two lives with right of survivorship. The Foundation will write no immediate-payment gift annuity that names an income beneficiary less than 55 years of age, unless the annuity is intended to pay college tuition and includes provisions for accelerated payments and early termination of the annuity. The Foundation will write no deferred-payment gift annuity that a) names a beneficiary currently less than 40 years of age and b) who has less than a 20-year deferral, unless the annuity is intended to pay college tuition and includes provisions for accelerated payments and early termination of the annuity. Exceptions to these minimum ages may only be accommodated upon approval by the Finance Committee. The minimum initial contribution for a gift annuity shall be \$10,000. Donors are solely responsible for substantiating the value of assets used to fund a gift annuity to the satisfaction of the IRS. The Foundation will encourage the creation of a separate, written agreement concerning the purposes to which the annuity's residuum is to be used at the Foundation.

B. Approval and Acceptance Process. If the assets funding a gift annuity are cash, publicly traded securities, or easily liquidated financial instruments, a Foundation officer is empowered to prepare the gift annuity agreement without approval from the Finance Committee, although this policy's provisions governing the signing of contracts shall apply. For annuities to be funded with other kinds of assets, the Foundation's officers must consult with the appropriate committee and act only upon its instructions in negotiations.

C. Disposition. In administering its gift annuity program, the Foundation shall make timely payments, abide by all federal and New Jersey laws, abide by other state laws if the donor resides in another state, and comply with registration and reporting requirements in all states in which the Foundation chooses to write gift annuities. The New Jersey Department of Banking and Insurance allows the Foundation to write gift annuities in New Jersey, requires a reserve amount based on the value of all gift annuities in force, and permits the use of the prudent investor rule in managing and investing its segregated gift annuity assets.

Upon acceptance of any asset to fund a gift annuity, the Foundation will record the gift at its estimated fair-market value and at its present value. It may offer the donor the opportunity to create a naming opportunity at the Medical Center if the size of the annuity is sufficient to do so. If such a gift agreement exists, that agreement shall govern the use and potential naming opportunities. If no agreement or instruction exists, the Finance Committee shall determine the use of an annuity's residuum.

XIII. Specific Policies for Charitable Remainder Trusts

A. Criteria for Acceptance. The Foundation will accept remainders from all charitable remainder trusts, assuming the purposes for which any remainder is to be used align with the mission of the Foundation. This policy assumes that one or more officers of the Foundation will be knowledgeable about the kind of assets acceptable for funding a charitable remainder trust and the tax rules governing such trusts. Until further notice or change in New Jersey law, however, the Foundation will neither accept nor reject assets for charitable remainder trusts, and neither the Finance Committee nor any Foundation employee or other person acting on behalf of the Foundation shall recommend the amount or kind of assets with which to fund a trust. Foundation officers may provide financial illustrations and information on trusts and may even

prepare trust documents for a donor to review with his or her qualified counsel. But the donor shall employ his or her own counsel before executing such agreements and is solely responsible for valuing the assets given to a trust to the satisfaction of the IRS.

B. Approval and Acceptance Process. The Foundation and its trustees shall not become involved in approving assets for funding a charitable remainder trust. The Foundation *per se* may not serve as a trustee of a charitable remainder trust.

C. Disposition. If a donor informs the Foundation that the Foundation is the irrevocable beneficiary of a charitable remainder trust and provides proof of such, the Foundation may record the gift at the estimated fair-market value of the Foundation's remainder interest or at its present value. The Foundation may offer the donor the opportunity to create a naming opportunity at the Medical Center if the size of the Foundation's remainder interest is sufficient to do so. If a separate gift agreement exists, then that agreement shall govern the use of the remainder and potential naming opportunities. If no agreement or instruction exists, the Executive Vice President shall determine the use of the trust's remainder, after consulting with the donor if the donor is still alive or with his or her survivors, if not.

XIV. Specific Policies for Charitable Lead Trusts

A. Criteria for Acceptance. The Foundation will accept payments from all charitable lead trusts, assuming the purposes for which any payment is to be used align with the mission of the Foundation. This policy assumes that one or more officers of the Foundation will be knowledgeable about all aspects of a charitable lead trust and the tax rules governing them. Until further notice or change in New Jersey law, however, the Foundation will neither accept nor reject assets for a charitable lead trust. Foundation officers may provide financial illustrations and information on lead trusts and may even prepare or have counsel prepare trust documents for a donor to review with his or her qualified counsel. But the donor shall employ his or her own counsel to execute such agreements and is solely responsible for valuing the assets given to a lead trust to the satisfaction of the IRS.

B. Approval and Acceptance Process. The Foundation and its trustees shall not become involved in approving assets for funding a charitable lead trust. The Foundation *per se* may not serve as the trustee of a charitable lead trust.

C. Disposition. If a donor informs the Foundation that the Foundation is the irrevocable beneficiary of a charitable lead trust and provides proof of such, the Foundation may record the gift at the fair-market value of the first five years of payments from the trust plus the projected present value of all payments for all years after the initial five years. The Foundation may offer the donor a naming opportunity at the Medical Center if the size of the total value is sufficient to do so. If a separate gift agreement exists, that agreement shall govern the use and potential naming opportunities. If no agreement or instruction exists, the Finance Committee shall determine the use of the trust's payments after consulting with the donor, if still living, or with his or her survivors, if not.

XV. Specific Policies for Naming Opportunities

Naming Opportunities. To celebrate the generosity of donors whose support is invaluable to the ongoing mission of HackensackUMC, naming opportunities offer the highest form of public recognition available at the Medical Center. This form of recognition not only demonstrates institutional appreciation of donors, but also educates a broader constituency about the impact and importance of philanthropy to the strength of the medical center.

The naming of any HackensackUMC endowed fund, program or center, as well as any HackensackUMC space or facility requires formal approval by the Executive Committee of the Board of Trustees.

Documentation of the gift and/or signed pledge associated with the naming must be submitted to the Executive Vice President, Foundation, who will prepare the request for presentation to the Finance Committee of the Trustees.

- A. **Endowed Funds:** Donors are afforded the opportunity to have a name permanently associated with an endowed fund at HackensackUMC. Specific naming opportunities and endowed fund minimum gift levels will be established by the Executive Vice President with approval by the Executive Committee.
- B. **Naming Spaces and Facilities:** Donors are also afforded the opportunity to have a name permanently associated with a space or facility at HackensackUMC.
 1. The approximate size of the gift required to name a space will be determined on a case-by-case basis by the Executive Committee.
 2. Naming requests must be accompanied by supporting documentation that outlines the donor gift and terms and the specific space or facility to be named and submitted to the Executive Vice President, Foundation, who will prepare the request for presentation to the Finance Committee of the Trustees.
 3. Strictly honorific naming of spaces or facilities without fundraising will normally not be approved.
- C. **Signage:** Upon approval of the Executive Committee, signage may be displayed to recognize the named space or facility.
 1. Signage should be appropriate to the size of the gift
 2. Signage design should be consistent with HackensackUMC policies for branding and compliment the signage and architecture of the new or renovated space
 3. Proposed wording and format for the signage should be reviewed by the Executive Vice President, Foundation, and approved by the Executive Committee
- D. **Removing Commemorative Signage:** The approval of Executive Committee is needed to remove commemorative signage from existing property.

XVI. Reserved Rights

The Foundation reserves the right to decline certain gifts, particularly 1) those from which the Foundation will realize little or no financial gain, 2) those made for purposes inconsistent with the Foundation's or the Medical Center's missions, 3) those with restrictions that violate the Foundation's or the Medical Center's ethical standards or standards of best practice, 4) those that require illegal discrimination, 5) those given by individuals whose actions or notoriety would, at the sole discretion of the Board of Trustees, bring disrepute upon the Foundation or the Medical Center, or 6) those whose work or financial well-being rests upon business activity proven to cause illness or death. This policy does not attempt to be comprehensive and does not envision every type of gift or every kind of asset used to fund gifts and thus permits the trustees of HackensackUMC Foundation to amend or add to this policy as various situations present themselves.

HackensackUMC Foundation also reserves the right to change the designated purpose or purposes of any restricted gift if the restriction prevents the Foundation or HackensackUMC Foundation from using the gift to fulfill the donor's intentions as expressed in a written agreement or if in the future the restrictions become impractical, unnecessary, or undesirable. Approval of changes in purpose shall require a majority vote of the Board of Trustees. Foundation staff shall inform potential donors, usually through a gift agreement or a letter of understanding, of the Foundation's discretion to change the purpose of a restricted gift. The Foundation will make all reasonable efforts to consult with the donor or the donor's survivors or designees before changing the use of a restricted fund.

ADDENDUM

I. External Fundraising Activity

External fundraisers consist of events or other special initiatives that benefit Hackensack University Medical Center Foundation but are originated and managed by a third party (i.e. civic organization, private business, school group). The following policies ensure fiscal integrity and protect the reputation of HackensackUMC.

A. Community Event Application Form Any party interested in planning an event to benefit HackensackUMC must submit a completed and signed Community Event Application. Submission of this document is required at least 30 days prior to the event. Each proposal is carefully reviewed and evaluated for feasibility and suitability with HackensackUMC's goals and objectives. Events will be reviewed and approved by the Special Events Committee. All fundraising activities for HackensackUMC require written permission from HackensackUMC Foundation in advance.

B. Fundraising and Finances The Attorney General's office notes that HackensackUMC retains a fiduciary duty to ensure that the funds are being handled and accounted for in a responsible manner, and the fundraising is being conducted in a manner that is consistent with the mission and public image of HackensackUMC and HackensackUMC Foundation.

C. Compliance Fundraising events must comply with all relevant state and federal laws.

D. Consideration Events will be considered on a case by case basis. The following is generally NOT acceptable:

1. Projects/events requiring telemarketing, fundraising by mail, door-to-door sales or vending machines.
2. Ideas requiring the acquisition, use, or solicitation of Hackensack University Medical Center donors, vendors, or employees.
3. Projects /events associated with products or services deemed inappropriate (including but not limited to alcohol, tobacco, adult content, etc.)

E. Financial Guidelines

1. Event expenses should be less than 30% of the total amount raised, excluding in-kind donations.
2. The value of in-kind sponsors/donations should not be included in total event revenue, but should be acknowledged.

3. If event expenses are greater than the total collected, the group conducting the event is responsible for payment of these additional expenses.
4. A separate bank account should be established. The title of the account should say, "event name to benefit HackensackUMC Foundation."
5. Only event expenses may be deducted from this account and all donations are to be held in trust for HackensackUMC Foundation.
6. Issuing tax deductible receipts for donations:
 - The host organization must be tax-exempt in its own right to issue tax-deductible receipts for donations or sponsorships.
 - The donor is responsible for verifying the value of in-kind donations, not the recipient.
 - Receipts issued by a non-profit for the charitable donation portion of the ticket price must be clearly identified and differentiated from the "fair market value" of the event.
 - The purchase of raffle tickets, admission tickets, greens fees and tangible goods are NOT eligible as tax-deductible charitable donations.
7. Within 30 days after the event, an expense report and the final settlement should be sent to HackensackUMC Foundation.

F. Event Timing It is the policy of HackensackUMC Foundation to maintain a list of all events and other fundraising efforts benefiting HackensackUMC. This includes activities of HackensackUMC Foundation, HackensackUMC and events sponsored at-large by others in the community.

It is the responsibility of the event coordinator to confirm the fundraising event date with the HackensackUMC Foundation staff to ensure no duplication of events or event dates. This allows for sufficient time between events and maintains some variety of events to maximize support, enthusiasm and attendance.

G. Promotion, Language & Logo Usage HackensackUMC Foundation must review all promotional materials (including press releases, public service announcements, scripts, posters, brochures, etc.) before they are used. HackensackUMC logos are registered trademarks and cannot legally be reproduced without written permission. Any promotional materials must clearly state that the event is raising funds that will benefit HackensackUMC, as well as properly characterize the use of the donation.

HackensackUMC can assist in promoting the event, when appropriate, through HackensackUMC Foundation website, internal e-blasts and other media.

H. *Sponsorships* HackensackUMC Foundation cannot solicit sponsors for third party fundraising events and does not provide any donor or patient contact information.

Event coordinator must provide a list of all potential sponsorship contacts (including all potential in-kind donors) on the application form.

Sponsors cannot conflict with the mission and image of HackensackUMC and HackensackUMC Foundation.

I. *In-kind Sponsorship/Donations* In-kind gifts are defined as non-monetary donations of a product or service, such as printing or silent auction items. HackensackUMC Foundation cannot solicit in-kind sponsors for third party fundraising events.

Items must not be solicited from the NY Football Giants or the Red Bulls in the name of HackensackUMC.

The value of in-kind sponsors/donations should not be included in the total event revenue, but donors should receive an acknowledgement from the event coordinator for their in-kind gift. HackensackUMC Foundation will not receipt in-kind donations.

J. *Raffles* Raffles require a special license. It is the responsibility of the person or persons organizing the event to obtain the necessary license and approvals needed for such a raffle as well as to file a report within 90 days with the agency that issued the raffle license. Failure to do so will result in a fine.

K. *Cancellation and Liability* If circumstances warrant, HackensackUMC Foundation may at any time through any of its directors, officers, senior administrators, or staff, can advise organizers to cancel the event.

All sponsors agree to indemnify and hold harmless HackensackUMC Foundation and all its officers, directors, and employees from any and all claims and liabilities in any way related to the event.