



POLICY FOR ACCEPTANCE, USE, AND DISBURSEMENT OF DONATIONS

Section 1. Purpose

This Policy is established to provide a framework for accepting and using donations. The framework will allow donations to be processed in accordance with good governance, sound fiscal tracking, and generally accepted accounting practices.

Section 2. Definitions

There are two classifications of net assets of the organizations: net assets with donor restrictions, and net assets without donor restrictions.

Net assets with donor restrictions are subject to donor-imposed stipulation on use, time, or purpose.

Net assets without donor restrictions are not subject to donor-imposed restrictions. Board designated net assets are net assets without donor restrictions subject to self-imposed limits by action of the governing board. The amount, purpose, and type of board designations shall be disclosed in the financial statements.

Section 3. Gift Acceptance

Acceptance of any contribution, gift or grant is at the discretion of the Mendocino Coast Healthcare Foundation (MCHFoundation). MCHFoundation will not accept any gift unless it can be used or expended consistently with the purpose and mission of MCHFoundation.

No irrevocable gift, whether outright or life-income in character, will be accepted if under any reasonable set of circumstances, the gift would jeopardize the donor's financial security.

MCHFoundation will refrain from providing advice about the tax or other treatment of gifts and will encourage donors to seek guidance from their own professional advisors to assist them in the process of making their gift.

MCHFoundation will accept donations of cash or publicly traded securities. Gifts of in-kind services and non-cash contributions also will be accepted at the discretion of MCHFoundation.

Certain other gifts (such as real property, personal property, in-kind gifts, non-liquid securities, and contributions whose sources are not transparent or whose use is restricted in some manner) must be reviewed prior to acceptance due to the special obligations raised or liabilities they may pose for MCHFoundation.

The Executive Director is authorized to perform this review and authorize acceptance for these certain other gifts. The Executive Director, however, may bring any gift to the Board of Directors for review and acceptance, and is encouraged to bring all gifts with the potential for elevated risk to the Board of Directors for review and acceptance. MCHFoundation will not accept any gift of property that may have potential hazards or environmental concerns.

MCHFoundation will provide acknowledgments to donors meeting IRS substantiation requirements for property received by the charity as a gift. However, except for gifts of cash and publicly traded securities, no value shall be ascribed to any receipt or other form of substantiation of a gift received by MCHFoundation.

MCHFoundation will respect the intent of the donor relating to gifts with donor-imposed restrictions as described in the next section of this Policy and will also respect the intent of the donor relating to the desire to remain anonymous. With respect to anonymous gifts, MCHFoundation will restrict information about the donor to only those staff or Board members with a need to know.

MCHFoundation will produce a financial report in columnar format showing the two asset categories (with donor restrictions and without donor restrictions). The Sustaining Fund is not an endowment fund and shall be shown as Without Donor Restrictions on the financial report; however, this entire fund is Board Designated at this time for organizational maintenance and growth, and the Board has designated that the Sustaining Fund earnings may be used to support operations.

Section 4. Gift Use and Disbursement

MCHFoundation will use donor gifts which are without donor-imposed restrictions as MCHFoundation deems appropriate. Such funds may be used for MCHFoundation operations to enable the MCHFoundation to conduct its mission or may be directly gifted by MCHFoundation to external parties, agencies, or persons for an identified purpose. Any assets without donor restrictions designated by the Board of Directors for a specific purpose shall be documented in the minutes describing the fund use, the use timeframe (duration until fully spent), and the process for re-designating the funds if not used in the stipulated timeframe and any other self-imposed limits.

MCHFoundation will use donor gifts with donor restrictions in accordance with the donor-imposed restriction. These donor-imposed restrictions must be satisfied, or the funds shall be returned to the donor unless the donor-imposed restrictions can be removed because:

- The donor was aware of and agreed to the restriction terminating after the passage of a period of time, and that time period has passed, in which case the donation will be reclassified as without donor restriction, and this process is documented in the minutes of a meeting of the Board of Directors.

- The donor has been informed that the specific purpose cannot be achieved and agrees that the donation may be used for another purpose; the Board of Directors shall make findings in a resolution adopted at a meeting regarding
 - (1) the reason for the change in purpose,
 - (2) the donor's new understanding, and
 - (3) the efforts undertaken to reach that agreement.
- The donor cannot feasibly be located to remove the donor-imposed stipulations and had been previously advised and agreed that the donation would not be returned if the intended purpose could not reasonably be achieved; the Board of Directors shall make findings in a resolution documenting the situation and the funds shall be reclassified as without donor restriction.
- The donation has been used to satisfy the intent of the donor and minor or trivial amounts of the donation remain but are no longer needed for the restricted purpose, in which case this small balance of the donation will be reclassified as without donor restriction, which shall be documented in the minutes of a meeting of the Board of Directors.