

Policy Title: HANDLING, ACCOUNTING AND REPORTING FOR RECEIVING CONTRIBUTIONS	Policy Number: NATL.FIN.ACCT.3.L
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1.0 Policy Statement

- 1.1** Unrestricted contributions may be used to fund any expense related to KFHP/H's overall mission. Temporarily restricted contributions (hereinafter, "restricted") must be used within a time frame or in specific ways, or for purposes more specific than the broad limits resulting from the nature of KFHP/H's basic mission and purpose. These are further discussed in the "Accounting" section below.
- 1.2** Soliciting of contributions is generally against KFHP/H Policy (See Appendix A, Board Resolution on Donations), but employees should be prepared to accept contributions to KFHP/H when they are offered if authorized, or to direct contributors to a person authorized to accept the contribution (see the Accepting Contributions section below.) Familiarity with this policy, region/area-specific procedures, and roles and responsibilities will not only help KFHP/H appropriately handle contributions, but will enhance the donor's experience with KFHP/H, as well.
- 1.3** Policy also allows facilitation of contributions in memory of a loved one who received care from KFHP/H as approved by regional management, and the facilitation of planned giving by providing information to employees, physicians and members.

2.0 Purpose

This document sets forth the overall policies, terms and conditions for the solicitation, acceptance, accounting and reporting of incoming contributions to programs and activities of Kaiser Foundation Hospitals, Kaiser Foundation Health Plan, Inc., and their charitable subsidiaries, referred to individually and collectively as "KFHP/H", in accordance with FAS 116 and FAS 117. For purposes of this policy, the term "contributions" includes gifts and donations.

3.0 Scope

- 3.1** This policy covers the accounting and financial reporting of incoming contributions made to KFHP/H, and its principal operating tax-exempt subsidiary health plans. Contributions may include, but are not limited to, cash, stocks, bonds, bequests, real estate, other real property, and personal property such as autos.
- 3.2** Grants for the purposes of education or research received directly or indirectly from federal, state or local governments or their agencies, from pharmaceutical and industry sources, from foundations or similar nonprofit organizations are not addressed in this policy. These may not be contributions, but may be exchange transactions in which both parties receive goods or services of commensurate value.

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- 3.3** Contributions, awards or grants made by KFHP/H to other programs or organizations are not addressed in this policy.
- 3.4** Gifts and gratuities to employees of KFHP/H are not addressed in this policy, but are addressed in the *National Human Resources Policy: Recognition Awards, Gifts and Celebrations*. Gifts and gratuities to/from employees and to/from vendors are also addressed in the *Kaiser Permanente Principles of Responsibility* and in the *National Compliance Office: Conflicts of Interest* policy.

4.0 Definitions

- 4.1 Contribution** - A contribution is a voluntary nonreciprocal transfer of cash or other assets to an entity, or a settlement or cancellation of its liabilities by an individual or another entity, acting in a capacity other than that of an owner. Contributions may be unrestricted, or may be temporarily or permanently restricted, depending on the contributor's stipulations. Generally contributions are unconditional, but a donor may require that the ultimate asset transfer take place only after the occurrence of a specified future and uncertain event.
- 4.2 Statement of Financial Accounting Standards No. 116 (FAS 116) *Accounting for Contributions Received and Contributions Made***. This Statement establishes accounting standards for contributions and applies to all entities that receive or make contributions. Generally, contributions received, including unconditional promises to give, are recognized as revenues in the period received at their fair values. Contributions made, including unconditional promises to give, are recognized as expenses in the period made at their fair values. Conditional promises to give, whether received or made, are recognized when they become unconditional, that is, when the conditions are substantially met.
- 4.3 Statement of Financial Accounting Standards No. 117 (FAS 117). *Financial Statements of Not-for-Profit Organizations***. This Statement establishes standards for general-purpose external financial statements provided by a not-for-profit organization. Its objective is to enhance the relevance, understandability, and comparability of financial statements issued by those organizations. It requires that those financial statements provide certain basic information that focuses on the entity as a whole and meets the common needs of external users of those statements.

5.0 Provisions

KFHP/H's policies on accounting and reporting for incoming contributions are outlined below. Although region or area-specific procedures may vary because of differences in systems, organizational structure, jurisdiction, etc., these procedures must all be consistent with and supportive of this general policy.

- 5.1 General** - The policy of the KFHP/H Boards states that unsolicited contributions to KFHP/H will be accepted and acknowledged. Most often these contributions are made in remembrance of a loved one who received care from KFHP/H or in recognition of care provided by a team of health care professionals (e.g., a

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cardiac unit). Contributions of this type may be made to a particular department (i.e., Hospice or a specific facility) or to one or more KFHP/H organizations. Policy also allows the facilitation of planned giving by providing information to employees, physicians and members.

5.2 Accepting Contributions

- 5.2.1** Most often those who give to KFHP/H do so with the expectation that their contributions qualify as charitable contributions as defined by the IRS. Kaiser Foundation Health Plan, Inc., Kaiser Foundation Hospitals and the Regional Health Plan subsidiaries (Kaiser Foundation Health Plan of Georgia, Kaiser Foundation Health Plan of Ohio, etc.) are nonprofit charitable organizations, exempt from federal income tax pursuant to Section 501(c)3 of the Internal Revenue Code.
- 5.2.2** Checks should be made payable to Kaiser Foundation Health Plans, Inc., Kaiser Foundation Hospitals, or its health plan subsidiaries. When intended for a specific department, that should be indicated on the memo line on the face of the check, or preferably with an accompanying note or letter from the donor. Restrictions or conditions on contributions are subject to acceptance by the Board of Directors of the recipient.
- 5.2.3** The Permanente Medical Groups (TPMG, SCPMG, etc.) are separate, for-profit legal entities that do not qualify for tax-exempt status. Contributions to KFHP/H, and the regional health plans are tax deductible, while those to the Medical Groups are not. This difference in tax treatment should be made clear to contributors, as all may not be aware of this important distinction.
- 5.2.4** KFHP/H employees should not accept contributions of any kind on behalf of the Permanente Medical Groups. Any requests or questions regarding incoming contributions for a Permanente Medical Group should be referred to the appropriate Medical Group finance officer. In addition, employees of the Permanente Medical Groups should not accept contributions of any kind on behalf of KFHP/H.
- 5.2.5** Regions and Program Offices are responsible for establishing guidance on the size of contributions which various authorized individuals can accept. Higher dollar amounts should receive review and approval by an appropriate level of management. In some cases, donations may need to be referred to the Board for approval.
- 5.2.6** Any restrictions on contributions must be understood and evaluated by the person(s) authorized by regional, local financial or Community Benefit management and/or by local Policies and Procedures, to accept contributions before a contribution is accepted. (See "Legal Division Review" below for contributions exceeding \$50,000.)

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- 5.2.7** If there is a reasonable likelihood that a restricted contribution is more than will be required to comply with the restriction, addressing this possibility at the time of contribution can avoid issues later. The contributor should be asked if any excess should be returned, or if KFHP/H should retain the remaining balance as an unrestricted contribution. This preference should be reflected in the acknowledgement letter. (See "Contribution Handling" section.)
- 5.2.8** KFHP/H does not accept or solicit contributions from vendors and suppliers who may have a real or perceived conflict of interest. This includes contributions from pharmaceutical companies (except for the purpose of research in the public domain and Continuing Medical Education), purchaser groups or vendors with whom KFHP/H has a contractual and/or business relationship.
- 5.2.9** Most contributions offered are in response to the care provided by KFHP/H to the individual or to a loved one. On rare occasion the source or nature of a contribution may not be consistent with KFHP/H's overall mission, or its acceptance may not be consistent with KFHP/H's public image. Any concerns about the propriety of a contribution should be discussed and resolved with the Legal Division, local Controller, or Compliance Office before accepting the contribution. If the decision not to accept the offer is made, the contribution should be politely declined.

5.3 Contribution Handling

- 5.3.1** Appropriate accounting and cash handling controls such as segregation of duties must be followed when working with cash and checks, or accepting, depositing and recording contributions. A single employee should not perform more than one of the following functions in the processing of contributions:
- 5.3.1.1** Approving the acceptance of contributions.
 - 5.3.1.2** Physically depositing and recording cash contributions.
 - 5.3.1.3** Authorizing expenditures of the contributions.
- 5.3.2** All contribution receipts will be documented and recorded in a transaction log or ledger. These receipts will be reviewed and reconciled to the General Ledger on a monthly basis in accordance with the Region/Area account reconciliation procedures.
- 5.3.3** Recognition must be given to all donors in the form of a written acknowledgment letter on KFHP/H letterhead expressing appreciation. This letter should be sent within 30 days after receipt of the contribution and will serve as the donor's receipt for tax purposes. It should include the amount of the contribution and identify any specific intended use or restriction imposed by the donor, e.g., "to be used in the San Diego Hospice operations." Additional wording about the circumstances or use of the gift may be added as appropriate at the writer's discretion.

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- 5.3.4** The acknowledgement letter may be sent by the person accepting the contribution, or if the amount is large or unusual situations exist, may be sent by a more prominent member of the management team. In all cases, the following phrase is required below the sender's signature:

"This gift was given in exchange for nothing but goodwill. No goods or services were received for this contribution. This letter serves as a receipt for tax purposes."

See Appendix D for a sample acknowledgement letter.

- 5.3.5** Differences across Regions or Areas may exist in how or through whom the contributions are received; some may do so at each operating location, others may opt for a more centralized approach. This Policy defines only the types of controls and activities that must occur, and leaves the definition of detailed implementation to each Region or Area Management.

5.4 Accounting

- 5.4.1** KFHP/H's policy is to comply with Generally Accepted Accounting Principles (GAAP) and all relevant IRS or other governmental rules and regulations. Cash contributions to KFHP/H may be given by a donor without restrictions or with restrictions.
- 5.4.2** Some restrictions require only that the funds be used in a specific area or department. Accounting rules (SFAS 116) state that any department expense (e.g. labor, training, travel, etc.) can satisfy this restriction. KFHP/H policy requires that management make an active, timely decision to determine against which expense(s) contributions will be applied. This decision must be documented, and the supporting documentation provided to General Accounting before the funds are either reclassified from the balance sheet to the income statement or posted initially as revenue.
- 5.4.3** Other restrictions require that the contributions be used for a specific purpose, such as Hospice patient funeral expense. This restriction can be met only when the specific use has been realized or the required activity has occurred, and appropriate documentation has been provided to General Accounting.
- 5.4.4** Should KFHP/H determine that it is unable to comply with the donor imposed restrictions or if all of the funds were not required to comply with the restriction and previous arrangements did not address this issue, the contributor should be contacted to discuss proper disposition of any funds not spent (see "Accepting Contributions" section above.)

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5.4.5 General guidance for contribution accounting is as follows:

- 5.4.5.1** Unrestricted Contributions are recognized immediately as revenue. These can be used to fund any expense related to KFHP/H's overall mission. Expenditures of these funds do not need to be tracked against the initial contribution amount. Delegation of Authority (DOA) approval and segregation of duties standards must be followed.
- 5.4.5.2** Temporarily Restricted Contributions are given with the donor's requirement that they be used for specific purposes. Their accounting treatment depends on *when the restriction is satisfied as discussed above*.
- 5.4.5.2.1** Restrictions on contributions that are met and appropriately documented in the same period (month) in which they are received, should be recorded as *unrestricted contribution* revenue.
- 5.4.5.2.2** Restrictions that are not met in the same period in which the contribution is received should be booked in *Temporarily Restricted Contributions (Equity)* upon receipt, and reclassified to revenue *only after* the restriction is met and appropriately documented. These balances must be monitored by General Accounting and periodically reconciled to the General Ledger by appropriate finance staff. All related expenses must be reviewed to ensure that they comply with the restriction. DOA approval and segregation of duties standards must be followed.
- 5.4.5.3** Permanently Restricted Contributions are booked to a permanently restricted contributions (equity) account. The contribution principal cannot be spent. Interest proceeds from its investment may be used to support KFHP/H's mission, but must comply with donor's stipulations. DOA approval and segregation of duties standards must be followed.
- 5.4.5.4** An authorized person (as defined by Region/Area procedures) will review and approve the recording of each contribution. This review may be included with the periodic account activity review and/or reconciliation.
- 5.4.5.5** KFHP/H may enter into written or oral agreements with donors involving future nonreciprocal transfers of cash, other assets and services. Such agreements between KFHP/H charitable organizations and potential donors will be reported as

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contribution revenue and receivables if such agreements are, in substance, unconditional promises to give.

- 5.4.5.6** If promises to donate involve sums to be contributed over a period of more than one year, the appropriate Controller or his or her designee will review, approve, and determine appropriate accounting. The particulars of these and other complex or unique situations require discussion with the appropriate Controller or his or her designee to ensure accurate classification and valuation. Any such agreement shall be communicated to the appropriate Controller within 30 calendar days of the agreement.

5.5 Tracking

- 5.5.1** All contribution receipts and all restricted contribution expenditures will be tracked. This tracking will include contribution date, amount, name of donor, any restrictions and account to which the contribution was booked, as well as disbursement dates, amounts, purpose, and account in which the disbursement was recorded. Specific roles and responsibilities for these activities will be defined in Regional Procedures.

- 5.5.2** Copies of the following documentation should include, but not be limited to, the following and be retained for the longer of local regulatory standards or seven years, in accordance with IRS guidelines. Records for the transfer of real property are to be kept permanently. All records will be retained per the National Record Retention Policy.

- 5.5.2.1** Copy of the check received from the donor and/or the receipt of property with full disclosure of any restrictions or amendments.
- 5.5.2.2** Copy of the written offer for amounts greater than \$1,000, restricted contributions or non-cash contributions, if applicable.
- 5.5.2.3** Copy of the promise to give, if applicable.
- 5.5.2.4** Legal Department recommendations.
- 5.5.2.5** Copy of the independent appraisal, if applicable.
- 5.5.2.6** Evidence that donor restrictions have been met.
- 5.5.2.7** Written Board approval of acceptance, if applicable.

- 5.6 Cash Handling and Safeguarding of Assets** - All cash contributions will be handled in compliance with relevant Area/Regional cash handling policies to ensure timely reporting and appropriate safeguarding of assets.

5.7 Expenditures

- 5.7.1** All expenditures of contributions will be supported by appropriate documentation and approved by authorized persons. Expenditures of unrestricted contributions do not require special tracking or approvals other than standard DOA approval. Expenditures of restricted

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contributions will be recorded in a transaction log or ledger, and shall comply with restrictions on the donated funds from which they are drawn. Periodically these transactions will be reviewed and reconciled to the General Ledger (See Reconciliations section below). Disbursement authority will be consistent with DOA levels defined and approved for the center to which the expense is being charged.

5.7.2 While it is KFHP/H's policy not to appeal to KFHP/H members or to the general public for contributions, including contributions for capital projects or Health Plan covered services and benefits, unsolicited contributions received may be used for capital purchases, consistent with Regional policies and procedures.

5.8 Reconciliations

5.8.1 On a monthly basis, the local contribution transaction logs or ledgers will be reconciled to the General Ledger. This will include a review and approval of all account activity (debits and credits) since the last reconciliation and a review and evaluation of the balances. Transactions will be reviewed for completeness, accuracy and compliance with GAAP; stale dated items will be identified and resolved; balances promised and not received will be evaluated for collectibility and/or write off; and adequacy of balances to meet approved expenditures will be validated.

5.8.2 These reconciliations will be prepared and approved independently at the appropriate local, regional or national level, then forwarded to the appropriate Controller's designee. Timing, format and other aspects of the reconciliation documentation and process should be specified in local policies or service agreements.

5.9 Write Offs - All balances written off due to uncollectibility or other reasons will be appropriately documented for review and approval by an authorized individual with the applicable DOA.

5.10 Accountability

5.10.1 Each Controller is responsible for complying with the contribution accounting policies within her or his part of the organization. The Controller may be directly involved in these activities, or manage them through a designee. Irrespective of the approach, this responsibility includes ensuring complete documentation, following GAAP, ensuring appropriate segregation of duties, and complying with all other requirements outlined in this policy.

5.10.2 Detailed accountabilities are to be outlined and clarified in Area/Region-specific procedures based on roles and responsibilities. Any person who accepts, processes, reports, monitors or oversees contribution activity will be accountable for complying with these policies and those procedures.

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5.11 Board Approval and Reporting

5.11.1 Contributions are reported to and approved by the Board of Directors of the receiving legal entity. Restricted contributions in excess of \$5,000 will be reported individually, and all others will be reported in the aggregate. Regional Controllers will provide a report of donors and amounts received on at least a quarterly basis. This report will be sent to the Office of Board and Corporate Governance Services - Program Office (or the Regional Counsel for the Georgia and Mid-Atlantic States Regions for contributions in those regions) to the appropriate staff person for Board for Directors approval. Although the method and procedures for reporting within regions may vary, ultimate submissions to the Board should follow the format outlined in Appendix E.

5.11.2 All contributions of \$5,000 or more during the calendar year from a single source will be reported to the Board. This requirement applies whether the funds are received in a single contribution, or in many contributions over the course of the year.

5.12 Legal Division Review - The Legal Division will review (1) all donations of real property and (2) all non-cash contributions (stocks, bonds, real or personal property except books) exceeding \$50,000. Contributions (cash or non-cash) with restrictions *may* be reviewed by Legal on a case by case basis, if local leadership and regional finance do not believe they can adequately evaluate the obligations that the restriction imposes upon KFHP/H. Legal will make a recommendation whether to accept or reject the contribution, and communicate the recommendation and evaluation to Area or Region Management. Documentation supporting this review is required to be maintained at the contribution site in accordance with the National Compliance Record Retention Policy. Local management may decide whether or not to accept non-cash contributions valued at less than \$1,000. In these cases, the acknowledgement letter should describe the non-cash contribution, but should not include any assessed value.

5.13 Valuation of Non-Cash Assets - Local leadership is responsible for obtaining a valuation of non-cash assets. The value of non-cash contributions will be determined through quoted market prices, where available, market prices of similar assets, or present value techniques. Additionally, any non-cash item with a declared value over \$5,000 will be supported by an independent appraisal. The method and basis of the valuation will be documented and given to the region receiving the asset.

5.14 Works of Art or Collections - Contributions of works of art, historical treasures or similar assets will not be capitalized or recognized as revenue if the assets are held for public exhibition, or education or research for the public good as opposed to financial gain. These are to be protected, cared for and preserved, and kept unencumbered.

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5.14.1 This type of contribution should be referred to Legal for review, recommendation of acceptability, and where deemed appropriate, valuation.

5.15 Procedures - The policies presented in this document define policy parameters and outline required activities. Regional differences driven by factors such as systems, organizational structure or functional scope make a single Program-wide set of procedures impractical. Each region or area is responsible for developing appropriate procedures to support this policy. Every person involved with processing or overseeing contributions is accountable for understanding and complying with this policy and for following specific local procedures.

6.0 References/Appendices

Statement of Financial Accounting Standards

FASB Statement No. 57, *Related Party Disclosures*

FASB Statement No. 116, *Accounting for Contributions Received and Contributions Made*

FASB Statement No. 117, *Financial Statements of Not-for-Profit Organizations*

FASB Statement No. 136, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others*

Principles of Responsibility

<http://kpnet.kp.org/national/compliance/responsibility/index.html>

National Compliance Office - Conflicts of Interest Policy

<http://dms.kp.org/docushare/dsweb/View/Collection-18694>

National Human Resources Policy: Recognition Awards, Gifts and Celebrations

Appendices

Appendix A – Board Resolution on Donations, December 2002

Appendix B – Transaction Examples

Appendix C – Legal Division Review Examples

Appendix D – Sample Acknowledgment Letter

Appendix E – Sample Board Report of Contributions

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7.0 Signature Line

This policy was approved by the following representative of Kaiser Foundation Health Plan, Inc., Kaiser Foundation Hospitals, and their subsidiaries.

NLT Member: Kathy Lancaster, Executive Vice-President and Chef Financial Officer

Signature: Kathryn Lancaster Date: 10/18/07

Revision History

Original Approval Date: 04/27/06	Revision Approved Date: 10/18/07
Original Effective Date: 04/27/06	Revision Effective Date: 11/01/07
Original Communicated Date: 04/27/06	Revision Communicated Date: 11/01/07

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Appendix A - Board Resolution on Donations, December 2002

REPORT REGARDING PROPOSED POLICY ON SOLICITATION AND ACCEPTANCE OF CONTRIBUTIONS

It is recommended that the Board of Directors approve the following Policy on Solicitation and Acceptance of Contributions. This policy will supersede the 1983 Board policy on solicitation of contributions which prohibited solicitation of all types of contributions.

POLICY

This policy sets forth the terms and conditions for the solicitation and acceptance of contributions to programs and activities noted below, and applies to Kaiser Foundation Hospitals, Kaiser Foundation Health Plan, Inc., and their subsidiaries (collectively "Kaiser" or "the Kaiser organizations").

The Kaiser organizations are guided by the following fundamental principles in meeting their financial requirements: (1) Kaiser shall be financially self-sustaining, and (2) the cost of facilities and activities should be borne by the members whom the facilities primarily serve.

Consistent with the above principles and except as provided below, it is Kaiser's policy not to appeal to Kaiser members or to the general public for contributions, including contributions for capital projects or Health Plan covered services and benefits. This policy is applicable to all types of contributions, including, but not limited to, cash, stocks, bonds, bequests, real estate and other real and personal property, such as automobiles.

Notwithstanding the above, Kaiser may:

- Submit requests to specific public or private sources for grants to fund medical and scientific research in the public domain.
- Solicit contributions for designated Community Benefit programs such as research, education and community partnerships, in accord with guidelines to be developed by the Chief Executive Officer or his or her designee.
- Solicit contributions for Kaiser sponsored disaster funds, such as a fund to assist employees, members or organizations following a disaster (e.g., earthquake, fire, terrorist attack), as approved by the Chief Executive Officer or his or her designee, the Senior Vice President – Community Benefit or regional management, as appropriate.
- Facilitate contributions in memory of a loved one who received care or services from the Kaiser Permanente Medical Care Program ("Kaiser Permanente"), as approved by regional management.
- Facilitate contributions by providing information to employees, physicians and members who may wish to make a planned gift to the organization.

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Contributions may be solicited in accord with this policy from Kaiser Permanente employees, physicians, retirees, graduates of Kaiser Permanente training programs, members and/or the general public.

Unsolicited contributions to Kaiser will be gratefully accepted and acknowledged. Most often unsolicited contributions are made in remembrance of a loved one who received care from Kaiser Permanente or in recognition of care provided by a team of health care professionals (e.g., a cardiac unit). Contribution of this type may be made to a particular department (e.g., hospice or facility) or as an undesignated gift to the organization.

Restrictions or conditions on contributions are subject to acceptance by the Board of Directors of the recipient.

Consistent with this policy and organizational practice, Kaiser does not accept or solicit contributions from vendors and suppliers who may have a real or perceived conflict of interest. This includes contributions from pharmaceutical companies (except for the purpose of research in the public domain and Continuing Medical Education), purchaser groups or vendors with whom Kaiser has a contractual and/or business relationship. This would not preclude collaboration with vendors, suppliers or purchaser groups on programs or activities that are for educational purposes or provide a community benefit, as approved by the Chief Executive Officer or his or her designee or the Senior Vice President – Community Benefit.

RESOLVED, that this corporation's Policy on Solicitation and Acceptance of Contributions, as presented at this meeting, is approved.

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Appendix B - Transaction Examples

KFHP/H's stated policy is to comply with Generally Accepted Accounting Principles (GAAP). The examples below illustrate how contributions are to be booked.

The following entries use generic account names and do not include account numbers because specific accounts used may vary by Region. Specific account numbers used in the Regions will be noted in the Region-specific procedures, but must fall within UCOA accounts 4737 and 4746. Each Region is responsible for ensuring that the appropriate accounts are defined, open, and communicated to those who use the accounts.

Receipt of Unrestricted Contributions. Once received, these incoming contribution funds can be spent in any manner that supports KFHP/H's ongoing purpose or mission. Expenditures may be for any type of natural expense, including salaries, education, supplies, member assistance, etc. These expenditures need not be monitored specifically against the initial contribution amount other than standard DOA approval.

DR Cash	XXX	
CR Unrestricted Contribution Revenue (4737-4746)		XXX
To record the receipt of unrestricted contributions.		

Receipt of Temporarily Restricted Contributions. These incoming contribution funds are booked on the balance sheet until the restriction is met. When the funds are spent, the balance is taken into income to offset the related expense. Until the funds are completely spent, the balances and all related expenditures must be tracked locally in a transaction log or ledger, and periodically reconciled to the General Ledger. These balances will not be carried for more than twelve months; after that period the funds will be taken into temporarily restricted contribution revenue.

DR Cash	XXX	
CR Temporarily Restricted Donated Capital (3857)		XXX
To record the receipt of temporarily restricted contributions.		

DR Expense	XXX	
CR A/P or Cash		XXX
To record use of funds as expended.		

DR Temporarily Restricted Donated Capital – Released (3858)	XXX	
CR Revenue – Temporarily Restricted Donations (4765)		XXX
To release the restriction on funds and recognize revenue earned.		

Restrictions met in the same reporting period (month) in which the donor-restricted contribution was received should still be recorded as two separate transactions.

DR Cash	XXX	
CR Temporarily Restricted Donated Capital (3857)		XXX
To record the receipt of the contribution		

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DR Temporarily Restricted Donated Capital - Released (3858) XXX
 CR Revenue – Temporarily Restricted Donations (4765) XXX
 To release the restriction on funds and recognize revenue earned.

Recognition of Promises to Donate. GAAP requires that valid promises to donate be recognized and recorded at the time the commitment is made. These balances need to be reviewed periodically both for valuation and collectibility, and adjusted (written off in whole or in part, or increased as appropriate) to reflect current expectations and reality.

Unconditional Promises to Give
 DR Accounts Receivable – Donations (1820) XXX
 CR Unrestricted Contribution Revenue (4737-4746) XXX
 To record the promise to receive a contribution.

DR Cash XXX
 CR Accounts Receivable – Donations (1820) XXX
 To record receipt of the promised contribution.

Conditional Promises to Give
 DR Accounts Receivable – Donations (1820) XXX
 CR Temporarily Restricted Donated Capital (3857), or
 Unreleased Permanently Restricted Donated
 Capital – PY (3856) XXX
 To record the promise to receive a contribution.

DR Cash XXX
 CR Accounts Receivable – Donations (1820) XXX
 To record the receipt of the promised contribution.

DR Expense XXX
 CR A/P or Cash XXX
 To record use of funds as expended.

DR Temporarily Restricted Donated Capital – Released (3858) XXX
 CR Revenue – Temporarily Restricted Donations (4765) XXX
 To release the restricted funds and recognize the revenue.

Recognition of Permanently Restricted Contributions (Endowments). Endowment principle must be permanently recorded on the balance sheet.

DR Cash XXX
 CR Unreleased Permanently Restricted Donated
 Capital – PY (3856) XXX
 To record receipt of permanently restricted funds.

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Income generated from the principle may be recorded as either Revenue – Temporarily Restricted Donations (4765) or Permanently Restricted Donations (4766), depending on the conditions imposed by the donor.

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Appendix C - Legal Division Review Examples

Additional guidance regarding Legal Division review of charitable contributions, prior to acceptance:


- The following do *not* require Legal review:
 - Check or cash contributions from acceptable sources that support the operations of departments or buildings of Kaiser.
 - Check or cash contributions from acceptable sources to support research, such as cancer or heart studies.
 - Books acceptable to the libraries.
 - Unrestricted check or cash contributions from acceptable sources.

- The following *do* require Legal review:
 - Proposed contributions in the form of personal or real property. Examples include securities, land, buildings, paintings or other works of art, stamp or coin collections, interest in investment properties, and other unusual items.
 - Proposed contributions from companies whose main products or lines of business appear to conflict with KFHP/H's mission, such as tobacco, alcoholic beverages or firearms.
 - Restrictions appear unreasonable. Examples include requiring that contributions be invested in a particular bank, business or security; or limiting use for a product or service that will require significantly more than the proposed contribution, when receipt of the remaining funds is questionable.
 - Contribution of services to Kaiser by non- KFHP/H personnel or organizations.

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Appendix D - Sample Acknowledgement Letter

The following provides an example contribution acknowledgement letter. While the wording at the bottom needs to be consistent, the body of the letter may be tailored to appropriately address the specifics of a given situation.



KAISER PERMANENTE

Date

Donor Name
Address 1
Address 2

Dear (contributor):

On behalf of Kaiser Foundation Hospitals, I want to acknowledge receipt of and thank you for your recent donation of \$ to our organization.

Kaiser Permanente aspires to be distinguished by a strong social purpose and is dedicated to improving the health of the people in the communities it serves. We will be pleased to use your generous contribution to assist us with our ongoing efforts in (service area) OR, if a specific use was defined, state that purpose.

We are deeply grateful for the financial support provided by your gift. Thank you.

Sincerely,

Kaiser Foundation Hospitals

(name)
Service Area Manager, or other as appropriate

This gift was given in exchange for nothing but goodwill; no goods or services were received for this contribution. This letter serves as a receipt for tax purposes.

Policy Title: HANDLING, ACCOUNTING AND REPORTING FOR RECEIVING CONTRIBUTIONS	Policy Number: NATL.FIN.ACCT.3.L
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Appendix E - Sample Board Report of Contributions

REPORT OF CONTRIBUTIONS KAISER FOUNDATION HOSPITALS and HEALTH PLAN PERIOD: JULY 1 - SEPTEMBER 30, 20XX SUMMARY	
<div style="border: 1px solid black; padding: 5px; display: inline-block;"> <i>Sample data, for illustrative purposes only.</i> </div>	
SUMMARY - ALL REGIONS	Amount (\$'s)
Restricted Donations \geq \$5,000	\$ 18,250
Restricted Donations < \$5,000	9,554
All Unrestricted Donations	<u>6,354</u>
TOTAL DONATIONS	<u>\$ 34,158</u>
SUMMARY - BY REGION	
Northern California	\$ 15,557
Southern California	8,465
Northwest	5,750
Hawaii	890
Ohio	925
Colorado	n/r
Mid-Atlantic	1,543
Georgia	1,028
Any Other	<u>-</u>
TOTAL DONATIONS	<u>\$ 34,158</u>
n/r = No Report for Period	

Policy Title: HANDLING, ACCOUNTING AND REPORTING FOR RECEIVING CONTRIBUTIONS	Policy Number: NATL.FIN.ACCT.3.L
Owner Department: CONTROLLER'S DEPARTMENT	Effective Date: 11/01/07
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**REPORT OF CONTRIBUTIONS
KAISER FOUNDATION HOSPITALS and HEALTH PLAN
PERIOD: JULY 1 - SEPTEMBER 30, 20XX
DETAIL by REGION**

Sample data, for illustrative purposes only.

Northern California	Amount (\$'s)	
Restricted Donations \geq \$5,000	\$ 8,194	
J Doe family		SF Hospice
Restricted Donations < \$5,000	2,675	
All Unrestricted Donations	<u>4,688</u>	
TOTAL DONATIONS	\$ <u>15,557</u>	
 Southern California	 Amount (\$'s)	
Restricted Donations \geq \$5,000	\$ 5,000	
F Vengano & Assoc.		SD Oncology Patient Support
Restricted Donations < \$5,000	1,850	
All Unrestricted Donations	<u>1,615</u>	
TOTAL DONATIONS	\$ <u>8,465</u>	
 Colorado		
		None Reported

Etc. by region, tying to lead schedule