

California Lawyers Foundation Gift Acceptance Policy

Background and Purpose of Foundation:

California Lawyers Foundation (the “Foundation”) was formed in April 2019 by the California Lawyers Association (the “Association”) to serve as the charitable arm of the Association. As an auxiliary charitable organization of the Association, the Foundation will conduct charitable programs (including continuing legal education (CLE) and other educational programs to support and educate lawyers and others in the legal profession) that further the Foundation’s and the Association’s common mission of promoting excellence, diversity, and inclusion in the legal profession and fairness in the administration of justice and the rule of law. Further, consistent with the Foundation’s charitable purpose, the Foundation will undertake charitable work in the Association’s three key initiative areas: (1) diversity, equity and inclusion; (2) access to justice; (3) civic education and engagement. Subject to this Gift Acceptance Policy, the Foundation may accept gifts¹ restricted to these or other purposes.

General Principles:

To protect the 501(c)(3) tax-exempt status of the Foundation, respect its separate corporate existence, not run afoul of IRS, California Franchise Tax Board and California Attorney General charitable trust rules and guidance, and comply with the rules set forth by the California Fair Political Practices Commission (FPPC), the Foundation operates under the following general principles.

- Decisions with respect to the Foundation must be made by the Foundation’s board and officers, some (but not all) of whom are also officers of the Association. The traditional corporate formalities must be observed with respect to the Foundation to ensure that it acts independently and that the risk of “piercing the corporate veil” does not arise. Officers and directors of the Foundation must act in the best interests of the Foundation.
- All activities of the Foundation must be charitable² in nature and consistent with the charitable purposes of the Foundation as set forth in its governing documents (i.e., Articles of Incorporation and Bylaws) and its application for recognition of exemption under IRC Section 501(c)(3) (IRS Form 1023).
- Any gifts made to and payments made by the Foundation must have a direct nexus to the Foundation’s charitable work. In making decisions about the activities of the Foundation, its board and officers must consider the IRS principles prohibiting private inurement or private benefit—essentially, payments or other benefits to individuals unrelated to the Foundation’s charitable work or unreasonable in amount based on the services provided to the Foundation by the individual.

¹ As used herein, the term “gift” means and includes gifts, donations, contributions, and grants. (The word “grant” is sometimes used to refer to a contribution from a foundation, corporation, or government entity that requires specific deliverables (often including reports) from the grantee.)

² For I.R.S. purposes, the term “charitable” encompasses “educational” and for ease of reference, is used throughout.

- The FPPC prohibits using the Foundation as a mere “pass-through” vehicle for Association payments to reimburse the travel expenses of public officials who serve as speakers or panelists at, or who otherwise attend, educational activities of the Foundation. The Foundation may use its own funds to reimburse speakers and panelists. These activities may include co-sponsored CLE activities, provided the Foundation agrees to co-sponsor and the scope of the activities falls within the parameters of the Foundation’s mission.
- Generally, gifts to the Foundation are irrevocable and must be used to for the charitable purpose for which they are given.
- Subject to this Policy, the Foundation will accept gifts from individuals, corporations (including the Association), foundations, government entities and from other charities or associations.³ In all cases, the purpose of the gift must be consistent with the Foundation’s mission, strategic plan and priorities. The Foundation reserves the right to decline to accept any gift, from any source, in the Foundation’s sole discretion. Factors that might cause the Foundation to reject a gift, include, without limitation, unacceptable restrictions or concern that acceptance of the gift would jeopardize the reputation, good will, charitable status or perceived nonpartisanship or independence of the Foundation.

Types of Gifts Accepted

At this time the Foundation will only accept gifts of checks, cash, cash equivalents (e.g., checks and credit card payments) and marketable securities. Decisions to accept in-kind or non-cash gifts to the Foundation require Foundation board approval and will be considered on a case-by-case basis.

Restricted Gifts from the Association

The Foundation may accept restricted gifts, including gifts from the Association, that are limited to use for a constituent part of the Association, such as a section or committee,⁴ or limited to expenditures on specified initiatives. As noted above, in all cases, the proposed use must be consistent with the Foundation’s mission, strategic plan and priorities.

When appropriate, the Foundation may require the donor to enter into a written agreement that specifies the terms and conditions that apply to a restricted gift.

The Association may request that the Foundation accept gifts restricted to co-sponsoring continuing legal educational programs up to three times per year and will only accept such contributions in increments of \$5,000. Upon request but no more frequently than twice per year, the Foundation will provide reports on the expenditure of such restricted funds consistent with Foundation policies, practices and procedures.

³ Funds that originate from a foreign principal are subject to a higher level of scrutiny due to Foreign Agents Registration Act concerns, among other potential concerns.

Restricted Gifts from Third Parties

The Foundation may also accept restricted gifts that are limited to a particular use from third parties, provided that such use is consistent with the Foundation's mission, strategic plan and priorities. For example, the Foundation would not accept a gift restricted in purpose to scientific research to cure a disease. Subject to this Policy, however, it would likely accept a gift restricted in purpose to supporting a diversity fellowship or scholarship administered by the Association and Foundation or a constituent part of the Association such as a committee or section and the Foundation.

When appropriate, the Foundation may require the donor to enter into a written agreement that specifies any restrictions that apply to a gift.

For further information about opportunities to cooperate with the Foundation, including for Sections of the Association, please see the California Lawyers Foundation Co-Sponsorship Policy.
