

CATHOLIC FOUNDATION OF RHODE ISLAND, INC.

Gift Acceptance Policies

1. CREATION AND MONITORING OF THE POLICIES

- 1.1. These policies are created and monitored by the Catholic Foundation of Rhode Island Inc. (the Foundation), under the authority of the President of the Foundation (the President), the Most Rev. Bishop of the Diocese of Providence.
 - 1.1.1. The Executive Committee of the Foundation is comprised of the following: President and Treasurer, the Most Rev. Bishop of the Diocese of Providence; the Vice President, the Vicar General; the Secretary, the Chancellor; and the Assistant Treasurer, the Director of Stewardship and Development. Ex-Officio members include the Vicar, Secretariat for Planning and Financial Services and Chief Financial Officer. The Associate Director for Stewardship and Development shall serve as a non ex-officio member.
 - 1.1.2. The Board of Governors of the Foundation shall, from time to time, provide advice and counsel to the President regarding these policies and their implementation.
- 1.2. These policies apply to all gifts and bequests made to the Foundation.
- 1.3. Amendments, modifications or exceptions to the policies may be made from time to time but must be approved by the President.

2. PURPOSES OF THE POLICIES

- 2.1. The purposes for establishing Gift Acceptance Policies are as follows:
 - 2.1.1. Maintain and preserve the spiritual and fiscal integrity of the Foundation.
 - 2.1.2. Assist the Foundation in maintaining its 501 (c) 3 status.
 - 2.1.3. Create the circumstances under which the Foundation can perform the best possible stewardship of gifts.
 - 2.1.4. Inform all donors and prospective donors to the Foundation regarding their gift options under these policies.
 - 2.1.5. Provide parameters within which the staff and volunteers function in discussing and negotiating gifts with interested donors.
 - 2.1.6. Identify, for the donors, the procedures and the limitations provided by the Foundation in the acceptance of gifts.
 - 2.1.7. Assist the leadership of the Foundation in determining acceptable gifts, planned giving gift vehicles, and gift assets.

3. GUIDING PRINCIPLES OF THE POLICIES

- 3.1. In all cases, these are the guiding principles for the review of all gifts offered to or solicited by the Foundation:
 - 3.1.1. To assure that the core values of the Roman Catholic Church are expressed and preserved.
 - 3.1.2. To insure that the interests of the Foundation are appropriately served and protected.
 - 3.1.3. To prevent the exposure of the Foundation to undue liability or any limitation of its ability to carry out its mission.
 - 3.1.4. To assist donors in accomplishing their philanthropic intent consistent with the mission and vision of the Foundation.

4. DONORS RIGHTS

- 4.1. In all its dealings with donors and prospective donors, the Foundation shall respect the rights of donors set forth in the Donor Bill of Rights and observe the Model Standards of Practice for the Charitable Gift Planner, both of which are attached to and incorporated by reference in these policies.
- 4.2. The Foundation will accept only those gifts that serve the donor's best interests.
- 4.3. Members of the Board of Governors of the Foundation and other Foundation committees are frequently persons of wide-ranging business interests. Therefore, a prudent, independent decision process may result in gift transactions with or involving firms or organizations with whom such persons are affiliated. The Conflict of Interest Policy promulgated by the Roman Catholic Bishop of Providence will guide such transactions.
- 4.4. Gifts will be used by the Foundation for the purposes for which they were given.

5. SOLICITATION AND NEGOTIATION FOR GIFTS

- 5.1. The Stewardship and Development staff is authorized to enter into negotiations concerning gift agreements with potential donors to the Foundation. All negotiations shall be conducted in accordance with these policies.
- 5.2. Any formal solicitation of gifts to the Foundation will be made by the Stewardship and Development staff only. All others are encouraged to refer any prospective donor to the designated staff.
- 5.3. Donors shall be responsible for obtaining their own legal, tax and financial advice regarding any gifts made to the Foundation.
- 5.4. Description and explanation of the various tax and financial incentives available to donors as the result of their gifts to the Foundation will take place in the context of encouraging donors to support the mission of the Foundation.

6. USE OF LEGAL COUNSEL

- 6.1. All prospective donors shall be urged to seek their own counsel in matters relating to their gift, tax, and estate planning. If any donors, with the knowledge

of staff of the Stewardship and Development Office, waive the use of such counsel, the Associate Director shall have such donors sign a statement acknowledging that the Foundation has recommended that they seek counsel and that they have chosen not to do so. This statement shall become part of the donor's file at the Foundation.

- 6.2. All agreements in which the Foundation is named as a beneficiary shall be drafted by the donor's legal counsel except in the case of the Charitable Gift Annuity and Pooled Income Fund or other such instruments as may be approved by the President from time to time.
- 6.3. All agreements, contracts, trusts or other legal agreements with respect to gifts and the acceptance of any gift that has the potential to involve litigation or complex tax issues shall be reviewed and approved on behalf of the Foundation by the Foundation's legal counsel. The Foundation's preparation and signing of agreements for charitable gift annuities and pooled income fund contributions is permitted.
- 6.4. Payment of fees for services of the donor's professional advisors for tax and legal advice, as well as for appraisals that will be used to substantiate a donor's charitable tax deduction, is the responsibility of the donor.

7. DONOR INFORMATION

- 7.1. The Foundation may publicize gifts, as it deems appropriate unless notified in writing that the donor wishes to remain anonymous.
- 7.2. All gift arrangements and instruments will be deemed confidential. However, a donor may authorize public announcement of any feature of a gift or gift agreement.
- 7.3. All requests for information will be honored only if the donor approves the release of information or if current law requires release of the information.

8. FINDER'S FEES AND COMMISSION-BASED FUNDRAISING

- 8.1. No person acting for the Foundation, whether as a volunteer, employee, or in any other capacity, shall receive commissions or other remuneration from the Foundation as a result of obtaining a gift, nor any financial reward calculated in proportion to the giving generated.
- 8.2. The Foundation receives services from attorneys, trust officers, accountants, and other professionals. These individuals may serve in a variety of capacities, such as membership on the Board of Governors or on other Foundation committees. The Conflict of Interest Policy as stated in section 4.3 governs work performed by such persons on behalf of the Foundation.

9. USES OF ENDOWED FUNDS

- 9.1. Donors may establish permanently restricted endowed funds at the Foundation with the agreement of the Foundation either with current outright gifts or with the remainder interests of various planned gifts.
- 9.2. Uses of such endowed funds shall be in conformance with the provisions of this policy for charitable beneficiaries as in Section 13.
- 9.3. Beneficiaries: Beneficiaries of endowed funds held in the Catholic Foundation of Rhode Island must be: 1) an entity or entities of the Roman Catholic Church and listed in the Official Catholic Directory (aka The Kennedy Directory) and headquartered in the United States; 2) OR be a 501 (c) 3 tax exempt organization whose mission and polices are not in conflict with the teachings of the Roman Catholic Church. (The Bishop of Providence is the sole arbiter in determining which of those organizations conforms to the teachings of the Roman Catholic Church); 3) or be expressly approved by the Bishop of Providence.
- 9.4. The beneficiaries of permanently endowed funds held by parishes, schools and agencies may be reviewed and modified from time to time to meet local needs by a majority vote of the parish, school or agency corporation, but must remain in compliance with the above stated policy.
- 9.5. The designated beneficiary or beneficiaries and express purpose of permanently endowed funds created by a testamentary wish cannot be amended.

10. COST BASIS OF CONTRIBUTED ASSETS

- 10.1. In the event that a donor is unable to supply credible documentation for the cost basis of an asset given to establish a charitable gift annuity or a charitable remainder trust, the Foundation will assume for its reporting responsibilities under Internal Revenue regulations, that the asset has a cost basis of zero.

11. GIFT VEHICLES

- 11.1. Donors may make gifts to the Foundation in many ways including, but not limited to the following types of gifts.
 - 11.1.1. Outright gifts of cash
Donors make a gift to the Foundation of immediate use by means of cash, check, money order or credit card.
 - 11.1.2. Outright gifts of other property
Donors give their entire and undivided interest in this property to the Foundation.
 - 11.1.3. Beneficiary of a Will
Donors, in their last will and testament, instruct their executors to give to the Foundation, as beneficiary, certain property described in the will.
 - 11.1.4. Beneficiary of a Revocable Living Trust
Donors instruct the Trustee to give to the Foundation, as a beneficiary, certain property over which the trust grants them a power of appointment.

- 11.1.5. **Ownership and/or Beneficiary of a Life Insurance Policy**
Donors irrevocably transfer ownership to the Foundation of an existing life insurance policy or name the Foundation as a revocable or irrevocable beneficiary of a policy or allow the Foundation to purchase a life insurance policy of which they are the insured.
- 11.1.6. **Remainder Interest in a Charitable Remainder Trust**
A charitable remainder trust is a trust created by a donor in which the donor (and one or more other beneficiaries, such as the donor's spouse) receives payments from the trust for life or a term of years, upon the expiration of which the property in the trust passes to the Foundation.
- 11.1.7. **Income Interest in a Charitable Lead Trust**
By means of a charitable lead trust, the donor places income-producing assets in a trust, generally for a period of years, and directs that the income from the property go to the Foundation. At the expiration of the trust, the property returns to the donor or other non-charitable remainder beneficiaries as the donor has designated.
- 11.1.8. **Remainder Interest in a Personal Residence or Farm**
A person may make an irrevocable gift of a remainder interest in a personal residence or farm to the Foundation, and retain the right for him/herself and a beneficiary to use and to reside in the home or farm for life.
- 11.1.9. **Bargain Sales**
A bargain sale occurs when an individual sells property to the Foundation for an amount less than the fair market value on the date of the sale.
- 11.1.10. **Pooled Income Fund**
Donors transfer property to the Pooled Income Fund, retain an income interest in the property for the lives of one or more individuals and contribute the remainder interest in the property to the Foundation.
- 11.1.11. **Charitable Gift Annuity**
Donors transfer cash or other property to the Foundation in exchange for a commitment by the Foundation to pay the donor a specified amount each year during the remainder of the donors' lives. The value of the property transferred to the Foundation exceeds the value of the annuity guaranteed by the Foundation. Donors intend to make a charitable contribution in the amount of the excess.
- 11.1.12. **Beneficiary of Retirement Plans**
Donors may name the Foundation as a beneficiary of all or a portion of their interests in various tax-advantaged plans (e.g., pension and profit sharing plans, 401(k) and 403 (b) plans, Individual Retirement Accounts and Keogh plans) whereby they have set aside assets for retirement.
- 11.1.13. **Transfer on Death beneficiary designations**

Donors may register stocks, bonds, mutual funds or other investment securities or accounts in such a way that ownership of the securities passes to the Foundation as named beneficiary upon the death of the owner.

- 11.2 The Foundation may, from time to time, establish minimum gift levels and specific terms for various gift vehicles.

12. TRUSTEESHIP AND EXECUTORSHIP

12.1. Generally

- 12.1.1. The Foundation will take on the roles of trustee (or co-trustee) and executor (or co-executor) only on the approval of the President.
- 12.1.2. Each trust under which it is proposed that the Foundation serve as trustee, and each will in which the Foundation is named as executor, will be reviewed in terms of the various issues listed below by type of instrument and any other issues deemed appropriate by staff, volunteers or competent legal counsel.
- 12.1.3. The Foundation will assure itself that serving as sole or co-trustee or executor is allowed under its own mission, articles of incorporation, by-laws and laws of the State of Rhode Island.
- 12.1.4. The investments of all trusts for which the Foundation serves as either sole or co-trustee shall be made separately and discretely for each trust and not pooled or otherwise commingled.
- 12.1.5. The Foundation will assure itself that its handling of the investments in such trusts meets the provisions of the Philanthropy Protection Act of 1995.
- 12.1.6. Investments in trusts under which the Foundation serves as trustee or co-trustee with investment authority and estates under which the Foundation serves as executor or co-executor shall meet the standards of risk under applicable statutes and practice and shall balance the needs of both income and remainder beneficiaries.

12.2. Charitable Remainder Trusts

- 12.2.1. The trust must qualify as a charitable remainder trust (either a charitable remainder unitrust or charitable remainder annuity trust) under applicable federal tax regulations in force as of the execution of the trust.
- 12.2.2. The Foundation will serve as trustee only for those trusts with a value at inception of at least \$100,000.
- 12.2.3. The Foundation will be an irrevocable remainder beneficiary of at least 50% of the value of the trust at trust termination.
- 12.2.4. The Foundation should avoid trust documents that contain provisions that allow undue discretion to the Foundation as trustee to vary the amounts of

income distributions to various income beneficiaries (e.g. under “sprinkle” provisions).

- 12.2.5. If any of the funding assets are other than cash or marketable securities, the Foundation will follow the gift acceptance and approval process as specified in Sections 15, 16 and 17 herein prior to acceptance of the Trust.
 - 12.2.6. The trust must allow for the Foundation to take normal and customary trustee fees.
 - 12.2.7. The Foundation shall make a specific determination for each trust that the structure and type of trust (for a unitrust, e.g., standard, net income with or without makeup or flip) is compatible with the type of property that will fund the trust.
- 12.3. Charitable Lead Trusts.
- 12.3.1. The Foundation will avoid serving as trustee for charitable lead trusts.
- 12.4. Charitable Gift Annuities (see Section 19 below)
- 12.5. Pooled Income Fund
- 12.5.1. The minimum gift size for both initial and additional gifts to the pooled income fund is \$5,000.
 - 12.5.2. Cash and marketable securities are the preferred assets for gifts to the pooled income fund.
 - 12.5.3. Real estate and tangible personal property should generally be avoided as funding assets. Funding gifts to the pooled income fund with tax-exempt bonds is prohibited by statute.
- 12.6. Non-charitable trusts, whether inter vivo or testamentary
- 12.6.1. Trusts with a projected term exceeding 50 years, considering ages of immediate and/or successor income beneficiaries, should be avoided.
 - 12.6.2. The Foundation should avoid trusts that contain discretionary powers for the trustee, including sprinkling powers.
 - 12.6.3. Any provisions in the trust that allow the grantor to change the terms of the trust must require the agreement of the Foundation serving as Trustee.
 - 12.6.4. The trust must allow the Foundation to resign as Trustee.
 - 12.6.5. The Foundation prefers to serve as co-trustee, where the other trustee has whatever discretionary powers are provided by the trust and where its duties are limited to administrative ones.
 - 12.6.6. The Foundation should be named as irrevocable beneficiary of at least 50% of the trust remainder, subject to the discretion of the President.

12.6.7. The trust must allow for the Foundation to take normal and customary trustee fees.

12.7. Executorships

12.7.1. The Foundation will assure itself, prior to consenting to serve as executor or co-executor, that terms of the will, including but not limited to, types of assets comprising the estate, distribution provisions and beneficiaries, do not create a situation that affects the Foundation or the Roman Catholic Church in an unfavorable way.

13. CHARITABLE BENEFICIARIES, INCOME OR REMAINDER

13.1. Charitable beneficiaries, besides the Foundation, of instruments under which the Foundation is serving as trustee or executor may be allowed (subject to the suggested 50% requirement above) only at the sole discretion of the President.

14. NON-CHARITABLE BENEFICIARIES, INCOME OR REMAINDER, OTHER THAN DONORS

14.1. The Foundation shall determine that the identity of such beneficiaries does not compromise the Foundation's mission and identity.

15. GIFT APPROVAL AND ACCEPTANCE PROCESS

15.1. Gifts requiring approval by the President under Section 16 shall be submitted to the Vicar, Secretariat for Planning and Financial Services (the Vicar) in a timely manner by the Associate Director for Stewardship and Development (Associate Director) for his recommendation prior to consideration by the President. All other gifts may be accepted as set forth in Section 16.

15.2. The Associate Director may obtain advice and counsel from appropriate members of the Executive Committee of the Foundation and any other persons deemed appropriate prior to submitting the gift to the Vicar.

15.3. The Foundation reserves the right to refuse or disclaim any gift.

15.4. Gifts to the Foundation may be used by the Foundation for its general purposes or added to endowment, unless restricted by the donor.

15.5. The Foundation will not under any circumstances (a) furnish property appraisals or valuations to donors for tax purposes; (b) knowingly participate in a transaction in which the value of a gift is inflated above its true fair market value to obtain a tax advantage for a donor; and c) provide goods or services in return for a charitable gift.

15.6. The Associate Director shall provide all prospective donors with written confirmation of the acceptance or rejection of a gift in a timely manner.

16. TYPES OF ASSETS AND APPROVAL REQUIRED

16.1. Donors may utilize many different types of assets when making outright gifts to the Foundation, or naming the Foundation as a beneficiary. For the purposes of accepting the gift, the following approval requirements shall apply:

- 16.1.1. Cash: Associate Director.
- 16.1.2. Marketable Securities publicly traded: Associate Director.
- 16.1.3. Marketable Securities with restrictions: Associate Director.
- 16.1.4. Tangible Personal Property: Associate Director.
- 16.1.5. Closely Held Stock: President.
- 16.1.6. Proprietorships: President.
- 16.1.7. Partnership Interests: President.
- 16.1.8. Real Estate: President.
- 16.1.9. Oil/Gas Interests, royalty or working: President.
- 16.1.10. Promissory notes or Deeds of Trust: President.
- 16.1.11. Life Insurance Policies, new or existing: President.
- 16.1.12. Retirement Plans: Associate Director.
- 16.1.13. Other types of assets not specified in these Policies: President.
- 16.1.14. Gifts with unusual donor restrictions: President.
- 16.1.15. In-kind gifts: Associate Director.
- 16.1.16. Remainder interests in property: President.

17. FACTORS FOR REVIEW IN ACCEPTANCE PROCESS

- 17.1. When reviewing gifts for approval, the review by the Foundation shall consider, but not be limited to, the following factors.
- 17.2. Final approval for any gift remains at the sole discretion of the President of the Foundation.
 - 17.2.1. Costs associated with the gift, e.g., sale, maintenance, administration, appraisal, insurance, transportation and unpaid taxes.
 - 17.2.2. Liability assumed by the Foundation, e.g., environmental hazards, zoning requirements, building codes, liens or other encumbrances, contingent liabilities.
 - 17.2.3. Ownership of the property, e.g., percentage of interest in the property being given; debt on the property, deed restrictions and covenants, easements.
 - 17.2.4. Effect on non-profit charter, e.g., unrelated business income.
 - 17.2.5. Licensing requirements, legal ramifications, etc.
 - 17.2.6. Restraints or restrictions imposed by the donor, e.g., requirement to hold for any time before sale; use of the property by the Foundation.
 - 17.2.7. Compatibility of gift and donor's interest with the Foundation mission.

- 17.2.8. Purpose of the gift.
- 17.2.9. Marketability of the gift property.
- 17.2.10. Plan for the disposition of the property.
- 17.2.11. The donor's overall financial situation.
- 17.2.12. Any significant public relations issues that may arise because of either the identity of the donor, the type of asset contributed the reason for the gift or any other factor deemed appropriate by the President.
- 17.2.13. Affiliation that the gift may create.
- 17.2.14. Whether the funds or assets used to make the gift were acquired using commonly accepted ethical and moral standards.

18. DATE OF GIFT, GIFT VALUATION AND GIFT CREDITING

- 18.1. The Foundation strives to follow Internal Revenue Service regulations in acknowledging gifts, including date of gift and gift valuation.
- 18.2. The Foundation provides such information to donors only as a courtesy and will state in its gift acknowledgment materials that establishing the date and value of a gift is the sole responsibility of the donor.

19. CHARITABLE GIFT ANNUITIES

- 19.1. The Foundation will accept current gift annuities, which begin payments within one year of the gift date, as well as deferred payment gift annuities, whose initial payment begins at least one year after the gift date. The deferral period will be at the discretion of the donor.
- 19.2. The Foundation will accept annuity gifts for one life, two lives in succession, or joint and survivor agreements. Gift annuity agreements will be limited to one life or two lives in being at the time of the gift.
- 19.3. The maximum annuity rates offered will be the current Uniform Gift Annuity rates and in the case of deferred payment gift annuities, the current Uniform Interest Factors, both adopted by the American Council on Gift Annuities.
 - 19.3.1. The Foundation may establish a maximum annuity rate chart that uses lower, but never higher rates than the Uniform Gift Annuity Rates of the American Council on Gift Annuities.
 - 19.3.2. To conform to the federally mandated "Clay-Brown Rule," the annuity rate offered will generate a charitable deduction of more than 10 percent of the fair market value of the assets given, or the annuity rate will be reduced to the extent necessary for the deduction to equal or exceed 10 percent.
- 19.4. The Foundation will always offer the maximum annuity rate to each potential donor/annuitant, based on the actuarial age of the annuitants, but the Foundation will suggest that if the person is willing to accept a lower rate, a larger charitable deduction would be obtained for the same size gift.

- 19.5. The Foundation will decline to write charitable gift annuities for residents of those states that regulate gift annuities.
- 19.6. Gift assets will be limited to cash and securities for which a ready market exists. Closely held stock and real property will be avoided.
- 19.7. Gift annuities at the Foundation will either be pooled with other investments or segregated into a separate gift annuity fund at the discretion of the Foundation's management. The full annuity gift will be admitted to the investments of the Foundation and will be maintained until the demise of the last annuitant in the agreement.
- 19.8. If a separate gift annuity fund is established, a policy or methodology will be established to identify the changing market value of each agreement, so that an appropriate amount may be withdrawn from the gift annuity fund at the termination of the agreement.
- 19.9. The minimum acceptable gift will be cash or the fair market value of securities valued at:
 - 19.9.1. Current gift annuities: \$10,000.
 - 19.9.2. Deferred Payment Gift Annuities: \$10,000.
- 19.10. The minimum actuarial age of an annuitant on the date the payments start is age 50.
- 19.11. The Foundation may (with approval of the President) elect to reinsure any annuity agreement. The Foundation understands that if the insurance company fails, the Foundation is liable for the payments.
- 19.12. The gift annuity will be effective on the following dates:
 - 19.12.1. Annuities funded with contributions of cash or cash equivalents: the date the funds are received by the Foundation or the date of the postmark of the envelope containing the contribution if the contribution was mailed to the Foundation.
 - 19.12.2. Annuities funded with contributions of DTC-eligible securities: the date the securities are transferred into an account of the Foundation.
 - 19.12.3. Annuities funded with "physical" securities: the date when a properly endorsed stock certificate is unconditionally delivered to the Foundation or the Foundation's agent.
 - 19.12.4. Annuities funded with contributions of both cash and securities or contributions of more than one security: the date upon which the last of the assets is unconditionally delivered to the Foundation.
- 19.13. The value of the contribution establishing a gift annuity will be established as follows:
 - 19.13.1. Cash gifts will be valued at the amount of the contribution.

- 19.13.2. Gifts of securities will be valued at the mean market value of the date on which the securities are transferred to the Foundation or the Foundation's agent.
- 19.13.3. In the case of contributions of both cash and securities or contributions of more than one security, the total value shall be the sum of the values of the assets on the date of the transfer of each of the assets to the Foundation.
- 19.14. Annuities may be paid quarterly, semiannually or annually. Annuity payment amounts will be rounded upward to assure that each payment will be exactly the same amount. The Foundation will never round downward to assure same payment amounts. Annuity payments will be mailed in time to arrive on the payment due date.
- 19.15. The Foundation will make an effort to be aware of the investment and reporting requirements for gift annuities of the state of Rhode Island, as well as any other states where the Foundation is writing gift annuities.
- 19.16. The Foundation will maintain investment and administrative records of our gift annuity fund and program.
- 19.17. The Foundation will maintain a membership with the Conference on Gift Annuities to be aware of changes in rulings, and regulatory and administrative issues connected with administering a gift annuity fund and program.

20. LIFE INSURANCE POLICIES

- 20.1. The Foundation will accept both in-force and new life insurance policies under the following conditions:
 - 20.1.1. The Foundation must either be owner and beneficiary of the policy or be named an irrevocable beneficiary.
 - 20.1.2. The Foundation must receive an illustration of policy values and an explanation of the assumptions and methodology of the illustration.
 - 20.1.3. Interest rate assumptions used in policy illustrations shall be in line with current investment benchmarks deemed appropriate from time to time.
 - 20.1.4. The Foundation must receive a complete copy of the policy contract.
 - 20.1.5. The Foundation must receive a signed donor pledge form for the value of premiums remaining until the policy becomes "paid-up" or the premium "vanishes."
 - 20.1.6. The Foundation shall conduct appropriate due diligence prior to acceptance of the policy.
 - 20.1.6.1. The Foundation shall review at least two third party ratings and financial analyses of the company issuing the life insurance policy. Any insurance company whose rating is below appropriate standards shall

not be accepted by the Foundation. Third party ratings organizations shall include, but not be limited to the following:

- 20.1.6.1.1. AM Best.
- 20.1.6.1.2. Moody's.
- 20.1.6.1.3. Standard & Poors.
- 20.1.6.1.4. Fitch.
- 20.1.6.1.5. Weiss.

20.2. The Foundation will conduct periodic audits of all in-force policies according to the process described in this Section.

20.2.1. In the event that this due diligence process uncovers a policy that would not be accepted if it were presented to the Foundation as a new gift, the Foundation will surrender it for its cash value, unless other factors (e.g., surrender charges) make that action unacceptable.

20.2.2. In the event that a donor is no longer making contributions to pay premiums the Foundation may continue to pay the premiums; convert the policy to paid up insurance; or surrender the policy for its current cash value.

21. REAL ESTATE

21.1. The Foundation will accept gifts of real property – both improved and unimproved – under the following conditions:

21.1.1. The gift may be of the donor's full interest, partial interest or remainder interest in the property.

21.1.2. The property has passed all city, state and other environmental statutes, regulations and tests appropriate for the property type.

21.1.3. The property has clear title. The Foundation will undertake appropriate actions to determine that the property has clear title.

21.1.4. Complete documentation of all relevant matters (including mortgages, deeds of trust, restrictions, reservations, easements, mechanic liens and other limitations) must be supplied by the donor.

21.1.5. The Foundation shall make a determination of the marketability of the property if the property is to be sold, or the suitability for use of the property by the Foundation prior to acceptance of the real estate.

21.1.6. The Foundation shall be represented by counsel at the closing to protect its interests.

21.1.7. If the property is mortgaged, firm agreement shall be reached with the donor regarding the final payment of the mortgage.

21.1.8. If the gift is of a remainder interest, during the donor's lifetime, the donor will be expected to agree to pay

21.1.8.2. all property taxes;

- 21.1.8.3. all maintenance costs for the property;
- 21.1.8.4. the cost of adequate insurance on the property;
- 21.1.8.5. Any other expenses deemed appropriate.
- 21.1.9. The Foundation shall conduct its own appraisal of the property and determine the extent of any carrying costs for the property.
- 21.1.10. Gifts of real property should have an appraised value of at least \$25,000.
- 21.1.11. The Foundation shall inform the donor about the requirements for a qualified appraisal, the filing of IRS Form 8283, the likelihood of the Foundation disposing of the property as soon as practical and the subsequent filing by the Foundation of IRS Form 8282.
- 21.1.12. A suitable questionnaire regarding the property shall be completed by the Associate Director to assure that relevant features of the property are discovered and become part of the decision process.

A DONOR BILL OF RIGHTS

Philanthropy is based on voluntary action for the common good. It is a tradition of giving and sharing that is primary to the quality of life. To assure that philanthropy merits the respect and trust of the general public and that donors and prospective donors can have full confidence in the not-for-profit organizations and causes they are asked to support, we declare that all donors have these rights:

- I. To be informed of the organization's mission, of the way the organization intends to use donated resources, and of its capacity to use donations effectively for their intended purposes.
- II. To be informed of the identity of those serving on the organization's governing board, and to expect the board to exercise prudent judgment in its stewardship responsibilities.
- III. To have access to the organization's most recent financial statements.
- IV. To be assured that their gifts will be used for the purposes for which they were given.
- V. To receive appropriate acknowledgment and recognition.
- VI. To be assured that information about their donations is handled with respect and with confidentiality to the extent provided by law.
- VII. To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature.
- VIII. To be informed whether those seeking donations are volunteers, employees of the organization or hired solicitors.
- IX. To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share.
- X. To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.

Developed by

American Association of Fund Raising Counsel (AAFRC)
Association for Healthcare Philanthropy (AHP)
Council for Advancement and Support of Education (CASE)
National Society of Fund Raising Executives (NSFRE)

Endorsed by

Independent Sector
National Catholic Development Conference (NCDC)
National Committee on Planned Giving (NCPG)
National Council for Resource Development (NCRD)
United Way of America

MODEL STANDARDS OF PRACTICE FOR THE CHARITABLE GIFT PLANNER

Preamble

The purpose of this statement is to encourage responsible gift planning by urging the adoption of the following Standards of Practice by all individuals who work in the charitable gift planning process, gift planning officers, fund raising consultants, attorneys, accountants, financial planners, life insurance agents, and other financial services professionals (collectively referred to hereafter as "Gift Planners"), and by the institutions that these persons represent.

This statement recognizes that the solicitation, planning and administration of a charitable gift is a complex process involving philanthropic, personal, financial, and tax considerations, and often involves professionals from various disciplines whose goals should include working together to structure a gift that achieves a fair and proper balance between the interests of the donor and the purposes of the charitable institution.

I. Primacy of Philanthropic Motivation

The principal basis for making a charitable gift should be a desire on the part of the donor to support the work of charitable institutions.

II. Explanation of Tax Implications

Congress has provided tax incentives for charitable giving, and the emphasis in this statement on philanthropic motivation in no way minimizes the necessity and appropriateness of a full and accurate explanation by the Gift Planner of those incentives and their implications.

III. Full Disclosure

It is essential to the gift planning process that the role and relationships of all parties involved, including how and by whom each is compensated, be fully disclosed to the donor. A Gift Planner shall not act

or purport to act as a representative of any charity without the express knowledge and approval of the charity, and shall not, while employed by the charity, act or purport to act as a representative of the donor, without the express consent of both the charity and the donor.

IV. Compensation

Compensation paid to Gift Planners shall be reasonable and proportionate to the services provided. Payment of finder's fees, commissions or other fees by a donee organization to an independent Gift Planner as a condition for the delivery of a gift are never appropriate. Such payments lead to abusive practices and may violate certain state and federal regulations. Likewise, commission-based compensation for Gift Planners who are employed by a charitable institution is never appropriate.

V. Competence and Professionalism

The Gift Planner should strive to achieve and maintain a high degree of competence in his or her chosen area, and shall advise donors only in areas in which he or she is professionally qualified. It is a hallmark of professionalism for Gift Planners that they realize when they have reached the limits of their knowledge and expertise, and as a result, should include other professionals in the process. Such relationships should be characterized by courtesy, tact and mutual respect.

VI. Consultation with Independent Advisers

A Gift Planner acting on behalf of a charity shall in all cases strongly encourage the donor to discuss the proposed gift with competent independent legal and tax advisers of the donor's choice.

VII. Consultation with Charities

Although Gift Planners frequently and properly counsel donors concerning specific charitable gifts without the

prior knowledge or approval of the donee organization, the Gift Planners, in order to insure that the gift will accomplish the donor's objectives, should encourage the donor, early in the gift planning process, to discuss the proposed gift with the charity to whom the gift is to be made. In cases where the donor desires anonymity, the Gift Planners shall endeavor, on behalf of the undisclosed donor, to obtain the charity's input in the gift planning process.

VIII. Description and Representation of Gift

The Gift Planner shall make every effort to insure that the donor receives a full and accurate representation of all aspects of any proposed charitable gift plan. The consequences for the charity, the donor and, where applicable, the donor's family, should be apparent, and the assumptions underlying any financial illustrations should be realistic.

IX. Full Compliance

A Gift Planner shall fully comply with and shall encourage other parties in the gift planning process to fully comply with both the letter and spirit of all applicable federal and state laws and regulations.

X. Public Trust

Gift Planners shall, in all dealings with donors, institutions and other professionals, act with fairness, honesty, integrity and openness. Except for compensation received for services, the terms of which have been disclosed to the donor, they shall have no vested interest that could result in personal gain.

Adopted and subscribed to by the National Committee on Planned Giving and the American Council on Gift Annuities, May 7, 1991. Revised April 1999