



# THE NEW SCHOOL

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Curiosity · Character · Community

## ***Gift Acceptance Policy***

***Updated: February 17, 2022***

### **Mission and Vision**

*The New School community empowers each student through a well-rounded experience and inspires a love of lifelong learning.*

*Our students will be confident and engaged learners who lead through collaboration and compassion.*

## **Introduction**

This document serves as the policies established to assure any contributions received align with The New School's mission and expectation of stewardship to the institution, stakeholders, constituents, and prospective donors in accordance with IRS regulations. Further, it is the desire of The New School to follow the Independent School Association of the Central States (ISACS) and the National Association of Independent Schools' (NAIS) guidance. This policy has been approved by the The New School's Board of Trustees. Any acceptance or solicitation of contributions, as defined by this Gift Acceptance Policy, by any faculty, staff, or stakeholder must be facilitated through the Office of Advancement, with support of the Head of School in complete adherence to regulations outlined below. The New School maintains that transparency regarding this policy is the fiduciary responsibility of the school.

## Policy

### I. General

All fundraising programs shall be conducted in a manner that does not conflict with any academic or administrative policies or the school's mission, and that protects the interests of The New School. Concurrently, The New School strives to protect the interests of each donor, and The New School will not knowingly enter any arrangement which would jeopardize the donor's interest or contradict the donor's intent.

Gifts shall be made to the school (not to an individual faculty or staff member or student) and shall be consistent with IRS rules and regulations governing charitable gifts. Other than *de minimis* gifts, such as birthday or holiday gifts to teachers, gifts shall be made directly to the school. Any gifts addressed to an individual faculty, staff member, or student will not be accepted.

The Office of Advancement, in the management and reporting of gifts to The New School, shall be guided by the standards and best practices established by ISAC and NAIS.

#### A. Gift Policy Committee

The Board of Trustees has established a gift Policy Committee to interpret existing policy in regards to charitable gifts and related matters. The Gift Policy Committee has authority to interpret the Gift Acceptance Policy and to provide leadership and governance where judgment is required by the complexity of the situation or because the specific instance is not clearly spelled out in current policy.

The Gift Policy Committee will consist of the Head of School, the Director of Advancement, the Director of Finance, the Chair of the Board of Trustees, Chair of the Advancement Committee of the Board of Trustees, and the Chair of the Finance Committee of the Board of Trustees. Other senior administrators and/or advisors can serve on the Gift Acceptance Committee if appropriate. Additional staff may be asked to attend meetings to provide necessary information about the donation or honorific being reviewed. The Gift Policy Committee is directed to seek the guidance of accountants, attorneys, investment, real estate, or other professionals if specialized knowledge is required to make a decision regarding a gift.

The role of the Gift Policy Committee as it relates to gift acceptance is to review proposed gifts-in-kind and other complex assets gifted to The New School. The committee will represent the school's interest in evaluating the gift for a use related to the school's mission. Gifts that fall under this committee's review include tangible personal property, real property, life insurance, other complex assets, or assets with

potential tax implications to The New School. The category “other complex assets” can include, but is not limited to, intellectual property, partnership interests, and restricted or non-publicly traded securities. The Committee reviews potential gifts utilizing the criteria set forth below.

Market Value and Marketability. The Gift Policy Committee must receive a reasonably current appraisal of the fair market value of the property and interest in the property the school would receive if the proposed gift were approved. The Director of Advancement will inform the donor that, if the gift is completed, the IRS will generally require a qualified independent appraisal made within sixty days of the date of gift. In the event that there is no immediate use for the proposed gift, the appraisal and other information must indicate clearly and convincingly that there is a market for the asset under consideration and that the asset can be sold within a reasonable period of time.

Limitations and Encumbrances. The existence of any and all mortgages, deeds of trust, restrictions, reservations, easements, mechanic liens and other limitations of record must be disclosed. No gift of an interest in such property will be accepted until all mortgages, deeds of trust, liens, restrictions, and other encumbrances have been discharged, except in very unusual cases where the fair market value of the school’s interest in the property net of all encumbrances is substantial or where a separate agreement to pay any such encumbrances which might be charged to the school has been executed by a financially responsible party.

Carrying Costs. The existence and amount of any carrying costs, including but not limited to property owners’ association dues, country club membership dues and transfer charges, taxes and insurance, must also be disclosed.

The Gift Policy Committee has delegated review of such potential gifts to the Head of School

## **B. Policy on Confidentiality of Information**

The New School is committed to protecting the privacy of people whose personal information is held by the school through responsible information management. This includes information on constituents (alumnae, donors and potential donors) that is held by The New School Office of Advancement. Confidential information about The New School constituents, as well as confidential school information in oral form or on electronic, magnetic, or print media, is protected to foster a trusting relationship between the constituent and the institution. In response to this trust, the school requires adherence to its statement of confidentiality. This policy applies to all

employees, including part-time, temporary, contractual, and student employees, paid and unpaid interns, and agents of the school who assist in the school's fundraising and advancement activities. Each person with access to confidential information is personally responsible for the protection of it.

## **II. Prohibited Gifts**

The New School reserves the right to not accept a proposed gift for reasons including, but not limited to, the following:

- The gift or gift transaction involves an illegality.
- The gift or gift transaction does not align with The New School policies or mission.
- The benefit of the gift is outweighed by the potential of negative publicity for The New School that would result from the transaction.
- The gift or gift transaction inhibits The New School from seeking donations from other donors.
- The benefit of the gift is insufficient to offset the extent of administrative and/or legal effort involved.
- The donor, or other prohibited party, wishes to exert control over how the donated funds are used beyond the gift agreement.

## **III. Anonymous Gifts**

Donors may request their gift to be noted as anonymous and excluded from donor lists and reports, and may also decline any publicity regarding their gifts or pledges committed, provided however, that The New School shall honor such requests to the extent that they are not in conflict with federal, state or local laws and/or regulatory obligations.

## **IV. Accepted Gifts**

### **1. Cash**

Gifts in the form of cash, checks, credit cards, wire transfers, ACH transactions, and cryptocurrency will generally be accepted as long as they conform to all Gift Acceptance Policies. Gifts will be credited and receipted to the legal donor. Recognition credit can be provided as appropriate.

Checks are to be made out to The New School. In no event shall a check be made payable to an employee, agent, or volunteer who represents The New School.

### **2. Bequests and Estates**

Donors interested in discussing a potential bequest gift should contact the Office of Advancement, [advancement@thenewschool.org](mailto:advancement@thenewschool.org).

Realized bequests which adhere to the Gift Acceptance Policy are accepted by the Office of Finance. The New School reserves the right to disclaim certain assets proposed for distribution from an estate when inconsistent with the Gift Acceptance Policy. Executors and attorneys in the process of distributing estates should contact the The New School Office of Advancement at [advancement@thenewschool.org](mailto:advancement@thenewschool.org).

### **3. Gifts-In-Kind**

All gifts-in-kind, except for marketable securities, require advance approval from the Office of Advancement. Please contact the Office of Advancement at [advancement@thenewschool.org](mailto:advancement@thenewschool.org).

Gifts-in-kind with a value less than \$5,000 shall be recorded on the school's financial records at the donor's estimated value or at fair market value if independent verification of that value of the gift is provided. Independent verification may include written qualified independent appraisal of the donated property in accordance with IRS regulations, a vendor's invoice indicating the item's cost to the vendor in order to substantiate the fair market value of the goods donated or the donor's original purchase receipt if the gift has not depreciated in value since purchase.

Gifts-in-kind with a value exceeding \$5,000 shall be recorded on the school's financial records at the appraised value. The Gift Policy Committee shall request the donor to provide a copy of the qualified written appraisal of the donated property in accordance with IRS regulations in order to substantiate the fair market value of the goods donated.

#### **A. Marketable securities**

Securities which are traded on any recognized stock market and are readily marketable shall be accepted by The New School and immediately sold. In the case of a multimillion dollar donation of securities, the Director of Finance in consultation with the Chair of the Finance Committee of the Board of Trustees may choose to extend the timeline for liquidating the asset to ensure an orderly transaction. Securities gifts will be valued for recognition value and for The New School records based on the fair market value on the date the school takes possession of the security, in accordance with IRS regulations. The school prefers to only open new accounts, as is required for some mutual fund assets, to accept gifts with a market value of \$25,000 or more. Restricted or non-publicly traded securities will be reviewed by the Gift Policy Committee.

#### **B. Tangible personal property**

Gifts of tangible personal property (books, paintings, musical instruments, etc.) can be accepted if they further the mission of The New School. The Gift Policy Committee may, at their discretion, choose to accept a gift of tangible personal property that is readily marketable for the purpose of liquidating the asset. Property for the use of the school with an appraised or estimated fair market value of less than \$500 may be accepted by the Director of Advancement in consultation with the receiving department. Gifts of property valued at \$500 or more must be approved by the Gift Policy Committee.

#### C. Gifts of Service

Gifts of services, while often considered helpful to the mission of the school, are not considered charitable gifts by the IRS and, while such may be accepted by the school, such cannot be recorded or receipted by The New School.

#### D. Donations in Lieu of Reimbursement

A volunteer may choose to submit for reimbursement those expenses the school would have otherwise expended. The volunteer may then choose to give an equal amount to the school in a separate transaction.

Alternately, volunteers can choose not to submit a request for reimbursable expenses. In this case, volunteers may save their receipts and consult with a tax advisor to determine whether the expenses are deductible as charitable on their tax returns. Upon request, and at its discretion, the school will provide volunteers with a letter acknowledging their non-reimbursed expense, but with no dollar amount specified, which the volunteer may use to substantiate their donation.

#### E. Gifts of Materials to the Library

Generally, only pre-approved gifts that meet the curricular and research needs of the school will be accepted.

#### F. Gifts of Art

The New School generally accepts gifts of art for its permanent collection. Gift offers are reviewed by the Gift Policy Committee, in consultation with relevant advisors, which considers the quality of the work, its appropriateness to the school's holdings and value for teaching purposes, and the artwork's provenance (its history of legal ownership). In some cases, gifts of art will be accepted as gifts of real property and treated accordingly (see section 4 below for additional detail).

#### G. Life insurance

All gifts of life insurance must be reviewed by the Gift Policy Committee. While not encouraged, the school will generally accept gifts of life insurance as long as the school is named as owner and beneficiary of the policy. In addition, the school shall request a copy of the contract and a current vanishing in-force illustration for its review. If a policy is not fully paid, the school should also request a second illustration assuming a 1-2% reduction in interest or dividend rates.

If a policy is a “vanishing premium” policy, then the Director of Advancement shall clarify with the donor the risk of “reappearing premiums” if assumed interest rates or dividends decrease. Often premiums vanish only to reappear later when an economic environment becomes less favorable. Annual illustrations shall be requested for these types of policies.

The school may choose whether to continue making premium payments, with offsetting gifts from the donor, or to surrender a policy for cash. The New School prefers that the school pay the premiums when notices come to the school as owner, with the donor then making a gift to the school in the amount of the premium. This process will maintain a clear audit trail for the substantiation of gifts. The school will not give The New School Annual Fund credit for funds used to offset a premium.

The donor shall be responsible for obtaining a qualified appraisal if the gift was valued at greater than \$5,000, per IRS regulations.

#### **4. Gifts of Real Property (Real Estate)**

The New School will consider gifts of real property including single- and multi-family residences, condominiums, cooperative apartments, apartment buildings, other income-producing property, farms and ranches, and possibly other real estate assets as well. The school will also accept partial interests in such real estate, provided that such interests can be readily sold. The New School will consider outright gifts of real property as well as gifts subject to a retained life estate, gifts for a charitable remainder trust, gifts in exchange for a charitable gift annuity, and bargain sale gifts after assessing the expenses and risks associated with receiving a gift of property in comparison to the value of the gift to the school. Where appropriate, the school will seek to use option agreements and other mechanisms to minimize holding costs and liquidity risk when accepting gifts of real property. Donors considering real estate gifts will be asked to understand that the school must pay special attention to environmental liability risks, marketability risks, and the possible costs of holding real estate pending sale.

Generally, The New School will not accept gifts of time shares or cemetery plots. The school prefers to not accept real estate gifts subject to mortgages or liens, but exceptions could be made (provided the mortgage is assignable) if the property has sufficient value in relation to the debt it carries.

The school retains the right to refuse a gift during negotiations without incurring cost or liability. Possible exposure to environmental liability and possible challenges in marketing the property could be reasons for such a refusal to consider a gift.

When considering potential gifts of real estate, the school will take into account all expenses it might incur, and will project likely net proceeds to come to the school, whether by way of an outright gift or a deferred gift. The net value of the gift to the school - taking into account all appropriate expenses - discounted to present value (today's dollars), should be at least \$50,000 for The New School to consider the gift.

The general practice of the school is to sell all gifts of real estate as soon as possible at the best price obtainable, while taking into account current market conditions.

A. Gifts of Property Subject to a Retained Life Estate

The New School may accept a gift of a residential property (not limited to one's primary residence) or agricultural property for which the donor (and up to one additional party) retains a life interest, or an interest running a fixed number of years. Gifts of property subject to a retained life estate will generally be considered only when the parties retaining a life interest are at least 70 years of age. Life estate donors will be required to enter into a written agreement with the school outlining their ongoing responsibilities for all routine costs and expenses associated with owning and maintaining the property, including property taxes, insurance, assessments, repairs, and maintenance. The agreement will also address the donor's right to lease the property to a third party, and will describe a basis for allocating capital improvements between the life tenant and the school. It will also address such issues as the possible incapacity of the life tenant and the possibility that the life tenant might vacate the property. All involved must understand that a retained life estate arrangement involves a close, long-term relationship between the school and the life tenant/tenants. Annual visits and informal property inspections by school representatives should be conducted, with the projected cost of such visits considered in the school's initial gift acceptance deliberations.

B. Partial interest gifts of real estate

When a donor is preparing to sell a property, The New School will consider accepting a gift of an undivided (fractional) interest in the real estate prior to its sale, provided the property passes all other requirements of these policies (including due diligence inspections). A legal agreement must exist with the other owners regarding ultimate disposition of the property.

Advancement staff should be aware that if a property owner is preparing to list an appreciated property for sale, donating a fractional interest to the school prior to the sale could be a simple and tax-effective way to structure a substantial gift. The charitable deduction generated by such a gift can sometimes largely offset the capital gain realized by the donor in the subsequent sale of the property.

C. Charitable Gift Annuities funded with Remainder Interests in real estate

In certain instances the school would consider issuing a Charitable Gift Annuity in exchange for a gift of property subject to a retained life estate. To consider such a possibility the school would need to determine that its investment in gift annuity payments over the years would yield a sufficient return upon the termination of the life estate as to warrant use of school resources for such a purpose. The New School would make conservative estimates of the life span of the annuitants and of a likely sales price in conducting such an analysis.

**5. Planned Gifts**

A. Charitable Gift Annuities

An income beneficiary must be sixty (60) years old in order to be issued an immediate charitable gift annuity. Deferred payment gift annuities will be issued to donors of any age who are interested in deferring payments until age 60 or later. The minimum amount for a charitable gift annuity is \$10,000. Donors with existing annuities with The New School may be issued additional annuities at a minimum amount of \$5,000.

Typically cash and marketable securities will be accepted to fund a charitable gift annuity. In some cases, the school will accept gifts of real property in exchange for a gift annuity. In those cases, the school follows all policies for acceptance of real property, including use of option agreements where appropriate. Often, the donor will be asked to defer receipt of annuity payments for one or more years. In addition, if a gift annuity is issued in exchange for a gift of real property, the annuity rate offered is discounted at the discretion of the Director of Finance, in consultation with the Chair of the

Finance Committee of the Board of Trustees, in order to compensate the school for the uncertainty of the time period required to sell, the time period to realize proceeds from the sale and to cover the costs associated with marketing and selling the property

B. Pooled Income Funds

An income beneficiary must be fifty (50) years of age to participate in either The New School's Income-Oriented or Growth-Oriented Pooled Fund. In the case of a two-life arrangement, the school allows for the survivor beneficiary to be somewhat younger, typically no younger than age 45. The minimum for a new pooled income fund gift is \$10,000, and additions to the fund may be made in minimum amounts of \$5,000.

Cash and marketable securities are accepted into either pooled income fund with the exception of municipal (taxfree) securities which by law cannot be accepted or held by a pooled income fund trust. Real property or tangible personal property is not acceptable in a pooled fund since the assets are not readily liquid and cannot immediately generate income.

C. Charitable Remainder Trusts

There is no minimum age for the beneficiary of a The New School charitable remainder trust. The school reviews each proposed trust taking into consideration the age of the beneficiary(ies), the payout rate and the effects both have on remainder value. A remainder value of 25% or more is expected. Additions may be made to unitrusts in any amount, while annuity trusts, by law, cannot accept additions.

The New School will give gift credit for the portion of a charitable remainder trust held outside of the school for which the school is named as irrevocable beneficiary. The New School will consider drafting a trust document using the school's retained legal counsel, or serving as trustee, (including when there are multiple remainder beneficiaries) when the estimated present value of the school's remainder interest is at least \$100,000.

Cash, marketable securities and un-mortgaged real property are all acceptable in a charitable remainder trust. In the case of real property, a Net Income with Makeup Unitrust or a Flip Trust can be used in order to allow time for the trustee to sell the property and reinvest the proceeds in an income-producing asset. A donor is asked, when funding a trust with real property, to make an additional cash gift(s) to the trust to cover insurance, maintenance and taxes on the property for as long as the trustee feels it will

reasonably take to sell the property. When such a trust is to be funded with real estate, there are several options for trusteeing the trust: a financial institution of the school's choosing, the donor or their attorney, or, in some instances, the school itself.

## **6. Matching Gifts**

The New School accepts gifts from companies which sponsor matching gift programs for their employees or former employees. Any matching gift received is used for the same purpose as the original gift unless limitations are imposed by the issuing company/foundation that prohibit an identical use.

## **V. Gift Administration**

### **1. Endowed Funds**

#### **A. General Information**

Endowed funds are held in perpetuity, with the principal invested for long-term growth. The use of the income from endowed funds may be either unrestricted or restricted to a specific purpose. Income is determined by a spending policy set by the board of trustees and reviewed annually.

Use of the income must meet the restrictions set forth in the fund description. For that reason, fund descriptions must be written with care, preferably including as few restrictions as possible. When writing fund descriptions, it is important to consider whether the fund will still be useful 100 years from now. All new or updated fund agreements will include The New School contingency clause which provides the board of trustees the power to adjust fund agreements should they become impractical to administer or no longer advance the school's mission in the future.

Many endowed funds underwrite departmental budgets, in which case they are not available to fund new expenses. For example, a new scholarship fund will neither bring an additional financial aid student to The New School nor increase the school's financial aid budget. The school may increase the budget by some amount, in recognition of the new endowed fund, especially if the fund is particularly large.

Income which is not used during one year will accumulate for use in the future unless the gift instrument dictates otherwise. For example, a lecture fund which generates \$5,250 per year will accumulate about \$15,750 if not used for three years. That amount may be used to pay a particularly distinguished lecturer.

## B. Reaching the Endowed Fund Minimum

The minimums to establish a named endowed fund at The New School are set by the board of trustees.

If a donor is interested in reaching the fund minimum over time, a statement of intent form must be completed at the time of the initial gift. This statement of intent is to be approved as part of the fund agreement. The school will generally not accept new endowments where fundraising is required to reach the fund minimum. However, if such a fund is approved, the fund agreement must include a deadline for reaching the minimum and a contingency clause indicating how the fund will be utilized if the endowed fund minimum is not reached (spent out for the restriction indicated, or transferred to another fund, etc.).

Planned gifts may be used to create endowed funds under certain circumstances. If the fund is to be used for financial aid, and the amount of the planned gift at least meets the fund minimum at the time the gift is recorded (for example, at the time a bequest intention is documented; or an annuity or other life-income gift is funded), then the fund shall be deemed to have met the endowed fund minimum, even if the realized proceeds of the gift do not meet the minimum as of the date the gift is realized. However, for other types of funds (such as professorships, research funds, programmatic funds, etc.) the endowed minimum shall only be deemed to have been met after consideration on a case-by-case basis by the Gift Policy Committee.

## 2. Expendable Funds

Expendable Funds are those funds that will be expended over a set time period, often one to three fiscal years. The minimums to establish a named expendable fund at The New School are set by the Board of Trustees. Any requested named expendable fund not addressed in the Named Fund Minimums Policy will be determined commensurate with the nature of the program/scholarship to be supported and will require the approval of the Gift Policy Committee after consultation with the other appropriate senior administrator.

## 3. Naming Guidelines

The New School naming guidelines are established and reviewed by the Board of Trustees.

## 4. Gift Date Policy

The New School does not record a gift date for contributions received. The school records a date processed to reflect when the school has taken possession of the

asset and recorded it for our internal purposes. Donors are encouraged to consult their personal tax advisor for guidance on how to record a gift for tax deduction purposes.

## **VI. Pledge Policies**

### **1. General**

For pledges of \$1,000 or greater, The New School strongly prefers a written Statement of Intent (or similar written documentation) signed by the donor, which includes a specific dollar amount, gift designation(s) and fixed time schedule.

For pledges under \$25,000, email documentation with the donor or some other non-signed documentation (like direct mail reply form or staff documentation of a conversation) is considered sufficient.

Pledges are typically booked with payment schedules of up to five years.

### **2. Bequest Intentions**

Bequest intentions will be recorded for donors age 67 or older under the following conditions: the donor documents a non-contingent bequest intention of \$10,000 or more for The New School by signing a Bequest Intention; and the donor provides a copy of the relevant provision of their will or trust, a copy of their beneficiary designation form, or other third party confirmation. Credit will be discounted depending upon the age of the donor according to a schedule determined by the Gift Acceptance Committee. These bequest intentions will be counted for recognition and fundraising totals. The school will consider recording bequest intentions of any type of asset which would otherwise satisfy the school's gift acceptance policies, including but not limited to: cash, art, retirement plans, real estate, etc.

### **3. The New School Annual Fund**

The New School Annual Fund pledges are typically recorded for the current fiscal year and typically paid in the current fiscal year. Any pledge that is not established specifically as a multi-year pledge and is not paid by the end of the fiscal year is written off. Any exceptions must be approved by the Director of Advancement.

## **VI. Student Fundraising**

All students, faculty, and staff interested in fundraising for a club, organization, or other campus purpose must do so under the supervision of the Office of Advancement in consultation with the appropriate division head.