



## **Gift Acceptance Policies**

November 2023

Cardinal Newman High School, a not-for-profit Diocesan entity, encourages the solicitation and acceptance of gifts to Cardinal Newman High School (hereinafter, the School), for purposes that will assist the School in furthering and fulfilling its mission. The following policies and guidelines govern acceptance of gifts made to the School or for the benefit of any of its programs.

The mission of the School is as follows: ***Cardinal Newman High School is a Catholic, college preparatory community, educating students in the wholeness of body, mind, and soul, consistent with the teachings of the Catholic Church, manifested by faith, leadership and service.***

### **I. Purpose of Policies and Guidelines**

Cardinal Newman High School solicits current and deferred gifts from individuals, corporations, foundations, and other appropriate business entities, to ensure the continued existence of the school, to secure its future growth and to fulfill the mission of the School. These policies and guidelines govern the acceptance and crediting of gifts by the School and provide guidance to prospective donors and their advisors when making gifts to the School. The provisions of these policies and guidelines shall apply to all gifts proposed as donations or received by the School for any of its programs, events, or projects.

### **II. Use of Legal Counsel-Qualified Tax Advisors**

Cardinal Newman High School shall seek the advice of legal counsel or of qualified tax advisors in matters relating to acceptance of gifts when appropriate. Review by either legal counsel and/or qualified tax advisors is recommended for, but not limited to, the following:

- a. Closely held stock transfers that are subject to restrictions or buy-sell agreements
- b. Documents naming Cardinal Newman High School as Trustee
- c. Gifts involving contracts, such as bargain sales or other documents requiring Cardinal Newman High School to assume an obligation
- d. Transactions with potential conflict of interest that may invoke IRS sanctions
- e. Other instances in which use of counsel or advisors is deemed appropriate by the Gift Acceptance Committee.

### **III. Conflict of Interest**

Cardinal Newman High School will advise all prospective donors to seek the assistance and counsel of personal legal, qualified tax and/or financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences. The School will comply with the Model Standards of Practice for the Charitable Gift Planner promulgated by the National Association of

Charitable Gift Planners: <https://charitablegiftplanners.org/standards/model-standards-practice-charitable-gift-planner>

#### **IV. Restrictions on Gifts**

The School will accept gifts restricted for specific School programs, events, projects, and purposes, provided that such gifts are not inconsistent with its stated mission, purposes, and priorities. The School will not accept gifts that are too restrictive in purpose. Gifts that are too restrictive are those that violate the terms of the bylaws, gifts that are too difficult or too expensive to administer, gifts that are for purposes outside the mission of the School, including but not limited to gifts which are intended to benefit specified individuals, or are otherwise not in the best interests of the School. All final decisions on the restrictive nature of a gift, and its acceptance or refusal, shall be made by the Gift Acceptance Committee of the School.

Any obligations that are made part of a restricted gift must be clear and understood before the gift can be accepted. If a gift is deemed unacceptable because of the restrictions the donor has placed on its use, the donor will be informed immediately and provided the opportunity to remove and/or modify the objectionable or burdensome restriction(s) or revoke the gift.

#### **V. The Gift Acceptance Committee and Gift Processing**

The gift acceptance committee shall consist of:

- The President of the School
- The Principal of the School
- The Chief Financial Officer of the School
- The Director of Advancement of the School
- One other as designated by the President from time to time

The gift acceptance committee is charged with the responsibility of reviewing all gifts proposed as donations to Cardinal Newman High School, properly screening and evaluating those gifts, refusing or accepting those gifts, and making recommendations to the Board on gift acceptance issues when appropriate.

Unrestricted cash gifts shall be deemed accepted by the Committee when received. All restricted gifts are subject to Committee review before acceptance. All donor restrictions on gifts must be in writing by the donor and supplied to the Finance Office at the time the gift is accepted. The Assistant Director of Advancement in the School's Advancement Office is charged with the responsibility of appropriately receiving and acknowledging all gifts accepted by the Committee in a timely fashion and providing all donors with a letter or statement from the School for income tax credit purposes under IRS regulations and guidelines.

#### **VI. Types of Gifts**

A. The following gifts are acceptable, subject to the approval of the Gift Acceptance Committee:

1. Cash
2. Tangible Personal Property
3. Securities
4. Real Estate

5. Remainder Interests in Property
6. Income Interests in Property
7. Oil, Gas, and Mineral Interests
8. Bargain Sales
9. Life Insurance
10. Charitable Gift Annuities
11. Charitable Remainder Trusts
12. Charitable Lead Trusts
13. Retirement Plan Beneficiary Designations
14. Bequests
15. Life Insurance Beneficiary Designations

B. The following criteria govern the acceptance of each gift form:

1. Cash: Cash is acceptable in any form. Checks shall be made payable to Cardinal Newman High School and shall be delivered to the Advancement Office of Cardinal Newman High School. The School will give the donor credit for the full amount of the gift.

2. Tangible Personal Property: All gifts of tangible personal property shall be examined in light of the following criteria:

- Does the property fulfill the mission of the School?
- Is the property marketable?
- Are there any undue restrictions on the use, display, or sale of the property?
- Are there any carrying costs for the property?
- Is the property useful in the educational program?

The final determination on the acceptance of tangible personal property gifts shall be made by the Gift Acceptance Committee of Cardinal Newman High School.

If the gift is used in the School's educational program, the donor will receive credit from the School for income tax purposes equal to the appraised fair market value as established by the donor or a third-party appraiser. If the gift is accepted for resale, the donor will receive a credit from the school for tax purposes equal to his, her, or its cost or the appraised fair market value, if it is less. The School will give the donor credit for the cash realized from the sale of gifts.

3. Securities: The School can accept both unrestricted and marketable publicly traded securities and closely held securities.

A. Publicly Traded Securities: Marketable securities may be transferred to an account maintained at one or more brokerage firms or delivered physically with the transferor's signature or stock power attached. As a general rule, all marketable securities shall be sold upon receipt unless otherwise directed by the Gift Acceptance Committee. In some cases marketable securities may be restricted by applicable securities laws; in such instance the final determination on the acceptance of the restricted securities shall be made by the Gift Acceptance Committee of Cardinal Newman High School.

B. Closely Held Securities: Closely held securities, which include not only debt and equity positions in non-publicly traded companies but also interests in LLPs and LLCs or other ownership

forms, can be accepted subject to the approval of the Gift Acceptance Committee of the School. However, gifts must be reviewed prior to acceptance to determine that:

- there are no restrictions on the security that would prevent Cardinal Newman High School from ultimately converting those assets to cash,
- the security is marketable, and
- the security will not generate any undesirable tax consequences for the School

If potential problems arise on initial review of the security, further review and recommendation by an outside professional may be sought before making a final decision on acceptance of the gift. The final determination on the acceptance of closely held securities shall be made by the Gift Acceptance Committee of Cardinal Newman High School and legal and tax counsel when necessary.

The donor will receive credit from the School for the value of the Security on the date on which he, she or it makes the gift pursuant to the high-low-mean letter generated by the selling broker. The School will give the donor credit for the value of the securities on the date of the gift. All policies shall be in accordance with IRS guidelines.

4. Real Estate: Gifts of real estate may include developed property, undeveloped property, or gifts subject to a prior life interest. Prior to acceptance of real estate, the School shall require an initial environmental review of the property to ensure that the property has no environmental damage or hazards. In the event that the initial inspection reveals a potential problem, the School may retain a qualified inspection, engineering, or other, firm to conduct an environmental audit. The cost of the environmental audit shall generally be an expense of the donor.

When appropriate, a title search shall be obtained by the School prior to the acceptance of the real property gift. The cost of this title search shall generally be an expense of the donor. Prior to acceptance of the real property, the gift shall be approved by the Gift Acceptance Committee of the School and by the School's legal and tax counsel. Criteria for acceptance of the property shall include:

- Is the property useful for the purposes of the School?
- Is the property marketable?
- Are there any restrictions, reservations, easements, or other limitations associated with the property?
- Are there carrying costs, which may include insurance, property taxes, mortgages, or notes, etc., associated with the property?
- Does the environmental audit reflect that the property is not damaged?

In the case of an outright gift of real property, if the property has been held for more than one year, generally the donor will be entitled to an income tax deduction for the value of the property and the donor will not incur a capital gains tax depending upon his, her, or its tax position. In the case of a remainder gift of real property, if the gift is made during the donor's lifetime, the School will give the donor credit for income tax purposes for the present value of the remainder. If the gift is made by Will or any other estate planning instrument, the donor will receive credit from the School for possible estate tax charitable purposes for the present value of the remainder. The School will give the donor credit for: (1) the cash realized from the sale of the property or (2) the present value of a remainder interest in the property. All certified appraisals will be paid by the donor(s).

5. Remainder Interests In Property: The School will accept a remainder interest, whether transferred by lifetime gift or bequest, and without regard to the age of the donor, in a personal residence, farm, vacation property or other acceptable property subject to the provisions of paragraph 4 above and provided that the School has no management responsibility for the period prior to taking possession of the remainder. The donor or other occupants may continue to occupy the real property for the duration of the stated life. At the death of the donor, the School may use the property or reduce it to cash. Where the School receives a gift of a remainder interest, expenses for maintenance, real estate taxes, insurance and any property indebtedness are to be paid by the donor or primary beneficiary.

If the gift is made in lifetime and if the gift qualifies as a charitable remainder trust, the donor will receive credit from the School equal to the present value of the remainder. If the gift is made by will or trust and if the gift qualifies as a charitable remainder trust, the School will give the donor credit equal to the present value of the remainder, irrespective of the donor's age.

6. Gifts of Income Interests: The School will accept a gift of an income interest provided there is no management responsibility and no expense to the School is associated with such an interest. The donor will receive a letter or other appropriate statement from the School for income tax credit purposes under IRS regulations or guidelines for a gift of income interest. The donor may be able to exclude the income payment to the school, from year to year, from his or her income and thus receive the equivalent of a deduction. The donor shall be advised by the School to consult with a qualified tax adviser relating to this matter.

7. Oil, Gas, Related Hydrocarbons and Mineral Interests: The School may accept oil, gas, related hydrocarbons and mineral property interests, when appropriate. Prior to acceptance of an oil, gas, related hydrocarbons or mineral property interest, the gift shall be approved by the Gift Acceptance Committee, and if necessary, by the School's legal and tax counsel. Criteria for acceptance of the property shall include:

- Gifts of surface rights should have a value of \$20,000 or greater.
- Gifts of oil, gas, related hydrocarbons and mineral interests should generate at least \$3,000 per year in royalties or other income (as determined by the average of the three years prior to the gift).
- The property should not have extended liabilities or other considerations that makes receipt of the gift inappropriate
- A working interest is rarely accepted. A working interest may only be accepted where when there is a plan to minimize potential liability and tax consequences.
- The property should undergo an environmental review to ensure that the School has no current or potential exposure to environmental liability.

8. Bargain Sales: Cardinal Newman High School can enter into a bargain sale arrangement in instances in which the bargain sale furthers the mission and purposes of the School. All bargain sales must be reviewed and recommended by the Gift Acceptance Committee and approved by the Board of Trustees. Factors used in determining the appropriateness of the transaction include:

- The School must obtain an independent appraisal substantiating the value of the property.
- If the School assumes debt with the property, the debt ratio must be less than 50% of the appraised market value

- The School must determine that it will use the property, or that there is a market for sale of the property allowing sale within 12 months of receipt
- The School must calculate the costs to safeguard, insure, and expense the property (including property tax, if applicable) during the holding period.

9. Life Insurance: Cardinal Newman High School will accept gifts of life insurance, when the donor contributes an existing policy, provided that the School is named as both beneficiary and irrevocable owner of the insurance policy before the life insurance policy can be recorded as a gift. Policies which are given to the school as described above and are not paid up can be accepted provided that the Gift Acceptance Committee determines that there is a reasonable expectation that the donor will continue to make gifts at least equal to the premiums required to maintain the policy in force. If the donor contributes future premium payments, the School will include the entire amount of the additional premium payment as a gift in the year that it is made.

If the donor does not elect to continue to make gifts to cover premium payments on the life insurance policy, the School may:

- continue to pay the premiums,
- convert the policy to paid up insurance, or
- surrender the policy for its current cash value.

The donor will receive a gift credit from the School for income tax purposes at the time of the gift and a charitable tax credit for post gift premium payments. The School will give the donor(s) credit for the cash value of the policy when it is received.

10. Charitable Gift Annuities: Cardinal Newman High School may offer charitable gift annuities. The minimum gift for funding is \$5,000. The President of Cardinal Newman High School may make exceptions to this minimum. The minimum age for life income beneficiaries of a gift annuity shall be 55. Where a deferred gift annuity is offered, the minimum age for life income beneficiaries shall be 45. No more than two life income beneficiaries will be permitted for any gift annuity. Annuity payments may be made on a quarterly, semi-annual, or annual schedule. The President of Cardinal Newman High School may approve exceptions to this payment schedule.

Cardinal Newman High School will not accept real estate, tangible personal property, or any other illiquid asset in exchange for current charitable gift annuities. The School may accept real estate, tangible personal property, or other illiquid assets in exchange for deferred gift annuities so long as there is at least a five-year period before the commencement of the annuity payment date, the value of the property is reasonably certain, and the President of Cardinal Newman High School approves the arrangement. Funds contributed in exchange for a gift annuity shall be set aside and invested during the term of the annuity payments. Once those payments have terminated, the funds representing the remaining principal contributed in exchange for the gift annuity shall be transferred to Cardinal Newman High School's general endowment funds, or to such specific fund as designated by the donor.

11. Charitable Remainder Trusts: The School may accept designation as remainder beneficiary of a charitable remainder trust with the approval of the Gift Acceptance Committee of the School. The School will not accept appointment as Trustee of a charitable remainder trust.

12. Charitable Lead Trusts: The School may accept a designation as income beneficiary of a charitable lead trust. The Board of Cardinal Newman High School will not accept an appointment as Trustee of a charitable lead trust.

13. Retirement Plan Beneficiary Designations: Donors and supporters of Cardinal Newman High School will be encouraged to name the School as beneficiary or contingent beneficiary of their individual retirement accounts or other retirement plans or accounts. Such designations will not be recorded as gifts to the School until such time as the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

14. Bequests: Donors and supporters of Cardinal Newman High School will be encouraged to make bequests to the School under their wills and trusts. The School will accept bequests, including those for a specific amount, for specific assets, or for a fraction of the donor's residual estate. The School will give the donor's family credit for bequests after they are realized. An exception will be made if the bequest is drafted in a manner which is irrevocable. In those cases, lifetime credit will be given to the testator or trustor for the present value of the bequest. When the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable. No bequest will be counted as a committed gift unless that bequest is irrevocable and proof is determined.

15. Life Insurance Beneficiary Designations: Donors and supporters of Cardinal Newman High School will be encouraged to name the School as beneficiary or contingent beneficiary of their life insurance policies. Such designations shall not be recorded as gifts to the School until such time as the gift is irrevocable. Where the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

## **VII. General Policies and Miscellaneous Provisions**

A. Securing appraisals and legal fees for gifts to the School: It will be the responsibility of the donor to secure an appraisal where required and independent legal counsel for all gifts made to the School.

B. Valuation of gifts for Advancement purposes: The School will record a gift received by the School at its valuation for gift purposes on the date of the gift.

C. Responsibility for IRS Filings upon sale of gift items: The Gift Acceptance Committee of the School are responsible for filing IRS Form 8282 upon the sale or disposition of any asset sold within two years of receipt by the School when the charitable deduction value of the item is more than \$5,000. The School must file this form within 125 days of the date of sale or disposition of the asset.

D. Acceptance and Refusal of Gifts: The Gift Acceptance Committee may review any proposed gifts and such committee, on behalf of the School, reserves the right to refuse any gift.

E. In-Kind Gifts: All in-kind gifts are subject to review by the Gift Acceptance Committee. After acceptance, the School will not assign any monetary value and all IRS guidelines will be followed.