

# GIFT AND ACCEPTANCE POLICIES

## ROCKHURST HIGH SCHOOL

### STATEMENT OF POLICY / MISSION STATEMENT:

Private giving helps ensure Rockhurst High School's excellence in secondary education. Private gifts allow the high school to fund programs, scholarships, chairs, campus renovations, and new facilities. The Development Office plans, coordinates, and implements fund-raising programs with Rockhurst alumni, parents, students, friends, corporations, and foundations. The Development Office will inspire new levels of philanthropy in the truest spirit of "men for others" building upon Rockhurst High School experiences and traditions, past and present. The advancement team will carry out this undertaking by fostering a transfer of beliefs where Rockhurst High School constituents will see giving as a privilege rather than an obligation and where donors will "give and not count the cost."

For the Development Office to support the external activities of Rockhurst High School (including admissions, fundraising, alumni activities, the Spectacular auction, athletics, theatre, choral, and much more) a philanthropic spirit must be enhanced so alumni, families, students, and friends feel as if they share ownership in the mission and vision of the institution. Donors will feel that their time, effort, and resources are an investment in Rockhurst High School and in the future of Jesuit education in Kansas City.

### RATIONALE:

While this document is intended to provide guidance to the Rockhurst High School Development Office and other school personnel regarding acceptance of prospective gifts, donors are ultimately responsible for ensuring that the proposed gift furthers their charitable, financial, and estate planning goals. The Development Office does not provide formal legal, accounting, tax, or other advice to prospective donors. Therefore, each prospective donor is urged to seek the advice of independent legal, tax, and estate planning counsel in the gift planning process.

All gift acceptance policies and procedures at Rockhurst High School shall be driven by two principles:

**Principle 1:** A gift shall not be accepted by Rockhurst High School if such acceptance would not be in the interest of the donor and Rockhurst High School. A determination, by the donor, of the donor's "interest" should include, but not be limited to, the donor's financial situation and philanthropic interests, as well as any tax or other legal matters revealed while planning for a gift.

In certain unique cases, a gift may be considered inappropriate due to particular restrictions imposed by the donor. By its very definition, a gift cannot be associated with a private benefit that would jeopardize the charitable contribution deduction if the donor and beneficiary of the restriction have less than an arms-length relationship. There must be a distance between the donor and recipient such that the recipient does not receive benefits that are otherwise not available to colleagues of similar status and interest.

**Principle 2:** A gift shall not be accepted by Rockhurst High School unless there is a reasonable expectation that acceptance of the gift will support the high school, and not confer an undue burden upon its objectives of learning, discovery, and engagement.

**OVERALL PROCESS:**

The valuation of a gift for tax purposes is the responsibility of the donor. Rockhurst High School’s receipt for gifts of cash or “publicly traded securities” is provided to donors to establish the value of a gift for tax purposes. In all other cases it is the responsibility of the donor to secure independent expert appraisals to establish tax deductible values. It is the policy of Rockhurst High School not to pay for appraisals.

The Gift Acceptance Committee shall review all gifts of significance/opportunity/risk. All such gifts shall be documented by a written understanding between the donor and school, and must be approved by the Gift Acceptance Committee before the Development Office may accept the gifts.

Valuation and other transfer costs will be borne by the donor or, in some cases, charged to the fund being established.

**WHO SHOULD KNOW THIS POLICY:**

The following members of the Rockhurst High School community should be aware of and know the aspects of this policy:

- President
- Development Office Staff
- Business Office Staff
- Trustees of the Board
- Members of the Planned Giving Committee
- Members of the Marketing and Development Committee
- Faculty
- Directors/Department Heads (where appropriate)
- Donors (where appropriate)

**GIFT ACCEPTANCE COMMITTEE:**

A Gift Acceptance Committee exists to facilitate the gift acceptance process. The Gift Acceptance Committee is responsible for overseeing the acceptance of substantial gifts and making recommendations to the President. Once a gift has been accepted, the Development Office is responsible for recording and acknowledging it.

The Gift Acceptance Committee shall consist of the following:

- President (ex-officio)
- Chief Development Officer
- Chief Financial Officer
- Chair, Planned Giving Committee
- Appointed Member (non Rockhurst High School employee)
- Appointed Member (non Rockhurst High School employee)

**PROCEDURES FOR THE GIFT ACCEPTANCE COMMITTEE:**

Rockhurst High School shall follow the below-listed procedures in determining whether or not to accept offers of gifts. Rockhurst High School staff shall coordinate its review efforts with the Gift Acceptance Committee and shall seek input from consultants in determining the acceptability of gift offers. When considering the acceptance of gift offers, the Gift Acceptance Committee shall:

1. Identify the donor while maintaining appropriate levels of confidentiality.
2. Determine the legal description of the property/item, and the location of the property/item if appropriate.
3. Ascertain an estimated value of the potential gift from the donor and the basis (comparables, appraisals) on which that estimated value is determined.
4. Determine whether the proposed gift is a one-time gift or if it is part of a longer-term gift program.
5. Determine the terms and conditions of any gift program pursuant to item 4 above.
6. Inform the potential donor, in writing, of school policy and procedures governing the acceptance of offers of gifts of real estate.

Decisions of the committee must be made by consensus. If consensus cannot be reached, gifts will be forwarded to the Office of the President for review and decision.

**CASH/PUBLICLY TRADED STOCKS AND BONDS:**

Rockhurst High School shall accept cash, checks, and other related “cash” gifts. Also, Rockhurst shall accept publicly traded stocks and bonds, as long as they are listed on at least one of the major stock exchanges. These gifts shall not require the approval of the Gift Acceptance Committee. However, the Gift Acceptance Committee may choose to recommend to the President that certain gifts should not be accepted.

**PLEDGES:**

Rockhurst High School shall accept pledges, so long as there is some form of written, signed documentation that clearly delineates the intent of the donor.

The following minimum information must exist to substantiate a pledge:

- The amount of the pledge must be clearly specified.
- There should be a clearly defined payment schedule.
- The donor may not prescribe contingencies or conditions.
- The donor must be considered to be financially capable of making the gift.
- Changes to original pledges must be documented in writing.

The following minimum requirements to record a pledge:

- Anticipated matching gifts will be recorded but not included in pledge amounts.
- Pledges and expected matching gifts will qualify for donor recognition in appropriate giving level groups.
- Under- and over-paid pledges (as a result of either rounding, gift valuation, or incremental giving) will be noted as paid in full when donors' intents are clearly to pay commitments in full.
- Before defaulted pledges are written off, pledge deactivation requests must be reviewed and approved by the President.
- Pledge balances will be written off when Rockhurst High School is notified of a donor's death, unless there are provisions in the donor's will or the family has indicated an intent to complete the pledge.

#### **NAMING OPPORTUNITIES:**

The Board of Trustees, in concert with the President, are the deciding body on the levels of giving that would allow a donor a naming opportunity. Naming opportunities, as a general rule only or unless otherwise stated by the Board of Trustees, shall be discussed when the gift meets or exceeds 50% of the cost of the project, scholarship, or item.

#### **PLANNED GIFTS:**

A bequest to Rockhurst High School can be included in the body of one's trust, will, or in an addition to it (a codicil). To name Rockhurst High School as a beneficiary, please use this language: "Rockhurst High School in Kansas City, Missouri (44-0662501)." The donor may designate its bequest for a specific purpose.

The Development Office shall work with potential donors and may accept gifts that take the form of cash or publicly traded stock as a part of the following testamentary gifts:

- Residuary Bequest – The donor may state that all or a portion of his/her estate be given to Rockhurst High School after specific amounts are distributed to other beneficiaries.
- Specific Bequest – The donor may stipulate that a certain percentage of his/her estate, or a certain dollar amount, or particular securities or other assets be given to Rockhurst High School.

If the Board of Trustees, on the recommendation of the Planned Giving Committee, should approve the school to publicly promote testamentary gifts that include annuities, trusts arrangements, CRAT's, CRUT's, CRIT's, or any other similar vehicles, appropriate parameters will be established by the Planned Giving Committee in concert with the Gift Acceptance Committee and forwarded to the President.

**GIFT RECORDING POLICIES:**

Recording of all gifts shall be the responsibility of Rockhurst High School's Development Office. The Development Office shall:

- Record all gifts, pledges, and bequest distributions to Rockhurst High School in compliance with IRS regulations and acceptable accounting practices.
- Thank all donors to Rockhurst High School. Thank you letters are prepared for signature by the President, primarily as a function of the amount of the gift. For example, all gifts of \$5,000 or more are acknowledged by the President. The process and levels are reviewed periodically and adjusted for acknowledgement by his designate.
- Receipts will be issued for gifts of service and/or gifts in kind. Recognition for service and/or gifts in kind is determined at the discretion of the President. The valuation of service and/or gifts in kinds shall be determined by the donor in writing and not by Rockhurst High School.
- Record all gifts in a proper manner.

For development records, "purpose" will be defined as restricted; unrestricted; designated; undesignated; endowment; annual; and capital (buildings and facilities of the physical plant). For accounting purposes, these designations will be determined by the President or his designate.

**GIFTS OF SIGNIFICANT RISK:**

The following are gifts of significant risk and shall be reviewed by the Gift Acceptance Committee:

- Non-publicly traded securities.
- All gifts of real property.
- Gifts of personal property, if not to be used by the school.
- All gifts of real or tangible personal property subject to donor restrictions regarding the disposal of such property.
- Any bargain sale of property where a donative element is associated with the acquisition of property by the high school below its fair market value.
- Cash gifts with significant donor restrictions.
- All gifts of unusual items or gifts of questionable value.

**REAL ESTATE:**

Gifts of real estate will require Gift Acceptance Committee approval. This approval process may be preceded by, but not limited to, valuation appraisal, environmental review at a minimum level of Phase I, investigation into depreciation for tax purposes by the donor in prior years and a title examination and opinion of title by a qualified attorney or title company. All costs of such investigations will be borne by the donor or the fund.

### **CLOSELY HELD STOCK:**

To accept closely held stock, the approval of the Gift Acceptance Committee shall be required. Approval shall be determined by the following criteria:

- The gift of closely held stock is judged to be in the best interests of Rockhurst High School.
- Prior to or upon transfer of the stock to Rockhurst High School, the donor and Rockhurst High School will sign an agreement (approved by legal counsel) stating the terms of the gift, which shall specify that there are no restrictions on Rockhurst High School's right to use or convey the property. In negotiating the sale of closely held stocks, a fair market value (price per share) will be established at the time of sale. No warranty is given by Rockhurst High School that the valuation will be acceptable to the Internal Revenue Service (IRS). In some cases, Rockhurst High School may obtain an independent appraisal of the value of the stock prior to agreeing to a proposed sale of the stock.

### **LIFE INSURANCE:**

Rockhurst High School shall accept life insurance policies only when such policies are to the benefit of Rockhurst High School.

#### **Guidelines for Gifts of Life Insurance**

##### **Existing Insurance Policies:**

- Transfer of an existing policy should be absolute, with full ownership vested in Rockhurst High School.
- Rockhurst High School reserves the right to surrender the policy if it so desires.
- The policy with outstanding loans shall require the approval of the Gift Acceptance Committee.
- Rockhurst High School should be provided with a summary of the policy, including the donor's cost basis and current cash surrender value.
- When applicable, the donor should agree to contribute, on an annual basis, the amount necessary to maintain the policy in force.

##### **New Insurance Policies:**

- All gifts of new insurance must be with an insurance company rated B+ or better by Moody's.
- Rockhurst High School requests that all proposals for gifts of insurance be submitted to the school prior to making application for the policy.
- Annual Donors to Rockhurst High School will be requested to continue their annual support in either cash or marketable property in addition to a gift of life insurance.
- Rockhurst High School may not accept any insurance policy when the intent of the donor is for the school to pay future premium payments through policy loans.
- Rockhurst High School should be provided with a letter of understanding concerning any policy for which premiums are calculated on the basis of variable interest and mortality assumptions

## Appendix A Definitions

- Bequests:** Naming Rockhurst High School as a beneficiary in one's estate plan is a simple and lasting way to acknowledge the school's role in its life. Donors are encouraged to advise Rockhurst High School of their intention to make such bequests, to ensure that the donor's intent can be carried out through the school's grantmaking and organizational capacity.
- Charitable Bequests:** Donors can make charitable bequests to Rockhurst High School in wills or living trusts.
- Charitable Gift Annuities:** A charitable gift annuity is a contract between the Rockhurst High School and the donor, not a trust agreement, whereby the donor makes an initial payment of cash or marketable securities to Rockhurst and Rockhurst agrees to pay the donor an annuity for the rest of his/her lifetime.
- Charitable Lead Trusts:** This type of gift provides an income stream for a specified period of time to Rockhurst High School. The school receives the income from the trust and applies it to the specific project. The principal is then returned at the end of the set period to whomever the donor designates.
- Charitable Remainder Trusts:** A charitable remainder trust is established when a donor irrevocably transfers money or securities to a trustee who invests the assets to pay annual lifetime income to the donor or others chosen by the donor. At the end of the beneficiaries' lives, the remaining trust assets are distributed to the school. Annuity trusts provide the tax advantages of current contributions with the security of fixed, lifetime incomes, generally for the donors and their spouses. The agreed-upon annual payments remain unchanged regardless of how the investments perform. The unitrust differs from the annuity trust by providing a variable income. Payment is based on a fixed percentage of the net fair market value of the trust assets as valued annually.
- Closely Held Securities (non-public):** Rockhurst High School shall examine any issue that is not publicly traded prior to its acceptance as a gift and may decline a gift of such securities if it deems them difficult to value or not easily marketable. The Gift Acceptance Committee must approve gifts of non-publicly held securities prior to acceptance.
- Conditional Gift:** Gifts, which, because of some qualifier or restriction, are considered non-routine. Conditional gifts may commit Rockhurst High School to act within a specified time or use a gift for a specific purpose. A conditional gift may also include a bargain sale of property to the high school where the acquisition price paid for the property by Rockhurst High School will be less than the property's fair market value and there is a donative intent in establishing the acquisition price of the property below its fair market value.

**Designation Pending:** A term used to describe a gift that is held in a temporary fund while discussions continue with the donor to determine the purpose for which the gift may be used. Designation pending may also be used to hold a gift prior to a school decision as to usage. A gift in designation pending for more than two years will revert to general institutional purposes unless specific arrangements have been made with the donor and the Gift Acceptance Committee has approved.

**Discretionary:** A gift made to Rockhurst High School to be used at “the discretion” of a specified individual such as a member of the faculty, a dean, or the President. This is counted as an unrestricted gift to the high school.

**Endowment:** A permanent fund established in response to an irrevocable contribution of assets to Rockhurst High School. The minimum required to establish an endowed fund is \$50,000. The fund principal is invested “in perpetuity” and a portion of the earnings, based on the spending policy approved by the Rockhurst High School Board of Trustees, is available for support of high school programs or projects. Endowments may take several forms: Unrestricted Endowment - a permanent fund from which earnings may be applied at the discretion of Rockhurst High School; Restricted Endowment - a permanent fund from which earnings may be applied only for a specific purpose such as faculty salaries or undergraduate scholarships.

**Gift:** A gift is consideration given for which the donor receives no direct benefit and requires nothing in exchange beyond an assurance that the intent of the contribution will be honored. A gift may also include a “quid pro quo contribution” where goods or services may be provided to the donor in recognition of the consideration given by the donor.. Gifts made to Rockhurst High School and gifts made directly to the high school are both processed and reported by the Development Office.

**Gift-in-Kind:** A gift-in-kind is an irrevocable non-cash contribution of tangible property or work performed. Tangible property may consist of, but is not limited to, equipment, art, books, collectibles, antiques, or other tangible property. Gifts-in-kind for which donors are eligible for a charitable gift deduction in accordance with current IRS regulations should be reported at the fair market value placed on them by an independent, expert appraiser. If the donor does not supply a value, someone who has knowledge of the general type of item should provide a value for internal purposes only.

**Gifts of Life Insurance:** Gifts of life insurance may name Rockhurst High School beneficiary of the policy or as beneficiary and owner. Naming Rockhurst High School as owner and beneficiary of a paid-up life insurance policy entitles the donor to a deduction equal to its cost basis in the policy, or its replacement cost, whichever is less.

**Gifts of Real Estate:** A gift of real estate to Rockhurst High School provides a charitable deduction for the full fair market value of the gift.



**Gifts of Securities:** Giving stocks and bonds that have increased in value (and that the donor have owned for more than one year) provides even greater tax benefits than giving cash.

Not only is the market value of the securities deductible (subject to applicable limitations), but the donor also avoids paying the capital gains tax on the appreciation.

The value of a securities gift is the median of the high and low market price of the stock or bond on the date of its gift. The donor is entitled to deduct the gift value of securities for up to 30 percent of its adjusted gross income. Any excess can be carried over for an additional five years.

The donor should notify the Development Office of the transfer of stock and indicate how their gift is to be used (example: scholarships, buildings, or as an annual gift). This will enable the Rockhurst High School to acknowledge a gift promptly and respect any restrictions or preferences they may have for the use of the gift.

**Grant:** A grant is an allocation of assets to Rockhurst High School from a foundation, corporation, or non-federal government agency. Usually, a grant is made for a specific purpose, for a defined period of time, and delineated by a formal agreement between Rockhurst High School and the donor. It is usually subject to reporting requirements.

**Life Estate:** Donors can receive a sizable charitable income tax deduction by making a gift to Rockhurst High School of their personal residence or farm, while retaining full use and rights to the property during their lifetime.

**Major Gift:** A major gift at Rockhurst High School is a gift of \$50,000 or more from an individual, organization, foundation, or corporation.

**Matching Gift:** Matching gifts are usually provided by corporations. They are most frequently dollar for dollar, but may be other ratios that match an employee's gift to a nonprofit organization. Matches are most commonly found within the Annual Fund but may follow donor intentions should corporate guidelines permit. At Rockhurst High School, matches may be counted toward gift society memberships if received within the fiscal year in which the individual's qualifying gift is received.

**Outright Gift:** These gifts are typically gifts of cash, stocks, bonds, real property, tangible personal property, or gifts-in-kind.

**Personal Property:** Rockhurst High School may consider gifts of personal property, including but not limited to works of art, patents, copyrights, antiques, stamp and coin collections, jewelry, furniture, rare books, manuscripts, or any other item that has a determinable value. The Gift Acceptance Committee may approve such donations only after a review indicates that the property is either readily marketable or needed by the school. It is the policy of Rockhurst High School to sell or otherwise dispose of all gifts of personal property, unless the items can be used by the school in a manner related to learning, discovery, or engagement. The school's intention to either resell the property or to retain and use it to further its charitable activities shall be communicated to the donor in writing at the time of the gift.

**Planned Gift:** A planned or deferred gift is a commitment established legally during the donor's lifetime, but whose principal benefits usually do not accrue to the charitable recipient until some future time. Annuities, gifts of insurance, trusts, and commitments through estate plans are all usually referred to as planned gifts.

**Pledges:** Pledges are commitments to give a specific dollar amount according to a fixed time schedule. Annual Fund pledges are usually for amounts less than \$10,000 and for periods less than one year. All pledges other than Annual Fund pledges are required to be recorded. During a Campaign for Rockhurst pledge payments will not exceed five years; exceptions to this for very large or other unusual gifts must be granted by the Gift Acceptance Committee.

**Pooled Income Fund:** This type of giving is sometimes called a charitable mutual fund, as it allows the donor to combine gifts with those from other individuals to participate in life income trusts with smaller initial gifts. The annual income is based upon the donor's investment in the fund and varies with the actual earnings of the fund.

**Publicly-Traded Securities:** Securities (1) listed on an exchange in which quotations are published daily; (2) regularly traded in national or regional over-the-counter markets for which published quotations are available; or (3) that are shares of a mutual fund for which quotations are published on a daily basis in a newspaper of general circulation throughout the United States, will be accepted as outright gifts or toward pledges. The value of securities is determined on the recognized gift date, which is established when the donor relinquishes control of the securities. The average of the high and low trading prices on the gift date determine the value of securities for reporting purposes.

**Qualified Appraisal:** Such appraisals are customarily obtained by the donor to support the allowance of specific income tax charitable deductions. Qualified appraisals are required when the claimed deduction for the donated property, other than money or publicly traded securities, is more than \$5,000, or \$10,000 for non-publicly traded securities. Property may be valued internally by using the fair market value as determined by qualified appraisals supplied by the donor.

**Quasi-Endowment:** A fund sequestered and invested with other school endowments, but whose principal may be invaded at the discretion of Rockhurst High School. Although usually unrestricted, quasi-endowment may be restricted or unrestricted.

**Real Property:** Real property includes improved or unimproved land, personal residences, farmland, commercial property, rental property, and mineral interests. If it is the intention of the donor that Rockhurst High School not immediately dispose of real property, an agreement must be made in writing between the school and the donor before acceptance of such property. Gift real estate must be tested to be in conformity with state and federal laws, including EPA regulations, and the donor must provide satisfactory evidence of environmental compliance.

**Restricted Gift:** A gift made with conditions imposed by the donor; such a gift may be for current, endowment, or capital use. Undue conditions may require that Rockhurst High School decline a restricted gift.

**Revocable Trust:** Through a written agreement, the donor transfers assets to a trustee. Income is paid to the donor for the term of the trust.

**Rockhurst Annual Fund:** The organized effort by Rockhurst High School to obtain gifts (primarily unrestricted) on a yearly basis in support of the annual operating budget.

**Unrestricted Gift:** An unrestricted gift is made with no conditions imposed by the donor and may be used for the general educational purposes of Rockhurst High School.

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## **Appendix B**

### **Donor Information**

#### **Donor Bill of Rights**

1. Donors can expect that gifts will be proposed and consummated in the spirit of philanthropy. The gift intent of each donor will be the primary guide for all recommendations.
2. Donors have the right to receive, upon request, reliable financial information from Rockhurst High School.
3. Donors will be informed of all fees being paid to third party sources involved in either soliciting or implementing a specific proposed gift.
4. Donors are encouraged to seek independent advice and counsel when making property or split interest gifts. Rockhurst High School will not make specific recommendations regarding advisors, but will provide a listing of individuals from which a donor might choose.
5. Donors can expect to receive all gift options available, not one-sided recommendations.
6. Donors have the right to choose the beneficiaries and purposes for each gift. However, Rockhurst High School retains the right to choose individual beneficiaries of the donor's largesse, e.g., selection of scholarship recipients, endowed faculty appointments, etc.
7. Donors have the right to be informed of the portion of their gift being used to carry out Rockhurst High School's exempt purposes.
8. Donors have the right to expect that gift proposals should work in the manner proposed.
9. Donors have the right of disclosure concerning any known conflicts of interest surrounding gift proposals.
10. Donors have the right to know that all major gift proposals will take into account the impact that such a gift may have on their stated personal financial and estate planning goals.
11. Donors have the right to expect that tax information provided is reasonable and reliable.
12. Donors should expect that their gift will have follow-up consistent with that proposed or agreed upon by Rockhurst High School. Such follow-up will include proper financial accounting when appropriate.
13. Donors have the right to, and are recommended to, include family members, especially spouses, in the discussion regarding any gift to Rockhurst High School.