

STONEHILL FRANCISCAN SERVICES & BENEVOLENT FOUNDATION

GIFT ACCEPTANCE AND SOLICITATION POLICY

JANUARY, 2003

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**Article I. Introduction**

*Section 1.01 Purpose.*

- (a) The purposes of this policy are to:
  - (i) maintain and preserve the integrity of Stonehill Franciscan Services and Stonehill Benevolent Foundation (hereinafter referred to as “Stonehill” in the solicitation, planning, and disposition of gifts; and
  - (ii) protect donors and prospective donors to Stonehill.
- (b) All gifts to Stonehill shall be governed by this policy and procedures adopted pursuant to this policy. Reference shall be made to the Major Gift Policy Manual promulgated by the Charity Channel for development and clarification of procedures established pursuant to this policy.

**Article II. Ethical Standards**

*Section 2.01 Donor Bill of Rights.*

Every employee or person acting for and on behalf of Stonehill shall adhere to those standards set forth in **A Donor Bill of Rights** developed jointly by American Association of Fund-Raising Counsel, Association for Healthcare Philanthropy, Council for Advancement and Support of Education, National Society of Fund Raising Executives. The Donor Bill of Rights is attached to this Manual as *Addendum A*.

*Section 2.02 NCPG Model Standards.*

When engaged in gift planning with a prospective donor, every employee or person acting for and on behalf of Stonehill shall adhere to those standards set forth in Model Standards of Practice of the Charitable Gift Planner (hereinafter “Model Standards”) promulgated by the National Committee on Planned Giving. The Model Standards are attached to this Manual as *Addendum B*.

*Section 2.03 Conflict of Interest With Respect to Donors.*

- (a) The interests of the prospective donor shall be a primary consideration with respect to any gift to Stonehill. Stonehill’s employees shall provide true, accurate, and complete information to each prospective donor concerning planning techniques available to achieve a donor’s charitable, financial, and tax goals and objectives. Pressure techniques shall be avoided and no program, agreement, trust or contract shall be presented which would benefit Stonehill at the expense of the donor’s best interests and charitable motivations.
- (b) *Disclosure.* Any conflict of interest that exists between Stonehill and the prospective donor, as it relates to any proposed gift transaction, shall be disclosed to the donor and the donor’s independent legal counsel.
- (c) *Confidentiality.* All information concerning prospective donors shall be confidential to the maximum extent permitted by law.

- (d) *Legal Counsel.* Donors shall be urged to secure the advice of independent legal counsel in all matters pertaining to a gift to Stonehill. It is generally insufficient that a donor has another professional advisor, such as a financial planner, accountant, broker, life underwriter, etc. This is for the protection not just of the donor, but of Stonehill.

Section 2.04        *Conflict of Interest With Respect to Private Inurement.*

It shall be the policy of Stonehill to avoid conflicts of interest arising when Stonehill is contemplating entering into a transaction or arrangement that might benefit the private interest of a Stonehill officer, director, or staff member. This policy is intended to supplement but not replace any applicable Iowa or federal laws governing conflicts of interest applicable to nonprofit organizations.

**Article III.            Program Administration & General Policies**

Section 3.01        *Administration of Program.*

- (a) Staff - All unrestricted gifts of cash, appreciated securities that can be liquidated as Stonehill determines, bequests, or other small-value (value below \$250.00) gifts that are deemed acceptable by Stonehill’s President/CEO and Director of Development and Planning shall be accepted and acknowledged to the donor within seventy-two (72) hours of receipt by the Stonehill Fund Development Office. A restricted gift shall be acceptable by staff only if the donor’s restriction provides the opportunity to fill, in whole or in part, a need established by Stonehill’s board-approved capital or operating budgets, or if it provides sufficient resources for the acquisition of item(s) from management’s “wish-list,” and is consistent with Stonehill’s fund development goals and objectives.
- (b) Other prospective restricted or major-value (values exceeding \$250.00) gifts, shall be reviewed by a committee known as the Gift Review Committee (hereinafter referred to as “GRC”). Stonehill’s Director of Development and Planning, shall provide all prospective and actual donors with written confirmation of the acceptance or rejection of a gift within ten (10) business days of acceptance or rejection by GRC.
  - (i) GRC shall be appointed by the President/CEO of Stonehill Franciscan Services. GRC will consist of the following members:
    - 1) President/CEO
    - 2) Director of Development & Planning
    - 3) Director of Finance
    - 4) A member of Stonehill’s Fund Development Committee and/or a member of the Board of Directors for the Stonehill Benevolent Foundation, and a volunteer attorney or accountant.
    - 5) Others deemed necessary or appropriate by the President/CEO.

Section 3.02        *Solicitation of Gifts*

Formal solicitation of gifts will be made by the President/CEO or other personnel appointed to do so by the President/CEO. All solicitations will be coordinated with the Director of Development and Planning.

**Article IV. Exceptions and Modifications.**

*Section 4.01 Approved in Writing.*

Exceptions to this policy must be approved in writing by the GRC reviewed and recommended by the Stonehill Development Committee, and adopted by the Stonehill Benevolent Foundation Board.

**Article V. Gift Acceptance Procedure.**

*Section 5.01 General Gift Acceptance Procedure.*

- (a) *Acceptable gifts.* All outright, unrestricted gifts of cash money, or tangible personal property shall be considered acceptable by staff.
- (b) *Approval by GRC.* All prospective restricted gifts or major that are not generally acceptable as outlined above, including all split-interest gifts and most forms of tangible personal property with an estimated value that exceeds \$250.00, must be approved and accepted by the GRC.

*Section 5.02 Gifts of Real Property, Personal Property, and Life Insurance.*

- (a) *Special Consideration.* Special consideration will be given to certain types of assets in order to protect the interests of both the donor and Stonehill. All gifts of real property, tangible and intangible personal property, and life insurance must be submitted to the GRC.
- (b) *Gifts of Real Estate.* Gifts of real estate require special handling. All forms of real estate will be considered by GRC.
- (c) *Tangible and intangible Personal Property.* Tangible personal property is property other than real property, often defined as that which can be “touched.” Examples of tangible personal property include automobiles, boats, clothing, personal papers, antiques, china, stamp collections, rare coins, works of art, books, jewelry, gemstones, and home furnishings and appliances. Donations of tangible personal property are often termed “gifts in kind.” GRC will consider all gifts of tangible personal property after it has made two determinations: the asset’s marketability; and its intended use by Stonehill. Intangible personal property is personal property whose value stems from intangible elements rather than physical or tangible elements. Examples of intangible personal property include securities, patents, copyrights, subscription lists, goodwill, trade names and trademarks, player contracts and installment obligations. It also includes partnership interests and certain rights to tangible property, whether personal or real, such as mineral production payments.
- (d) *Life Insurance.* GRC will consider all gifts of life insurance. A donor will receive a charitable income, gift and estate tax deduction for the gift of a life insurance policy to Stonehill. A gift of a paid up permanent life insurance policy will

be accepted provided that Stonehill is named as owner and beneficiary of the policy and the donor intends that the policy proceeds be used for endowment purposes.

**Article VI. Expense Reimbursement**

Expenses to establish a gift to Stonehill are generally the responsibility of the donor. However, reasonable expenses may be reimbursed to a donor upon completion of a gift if approved by the President/CEO or GRC.

**Article VII. Procedures Upon Receipt of a Gift**

Upon the receipt of a gift, which is presently available for the use of Stonehill, the Director of Development and Planning shall prepare and record all closing documents necessary in order to process and finalize a gift. Upon closure of a gift, the Stonehill Director of Development and Planning shall take steps reasonable and necessary to apply the gift assets to the purposes intended by the donor, or liquidate the gift assets in a prompt and reasonable manner, and apply the proceeds for the purposes intended by the donor.

**Article VIII. Appraisals & Reporting Requirement**

Gift acknowledgements reflecting the value of the gift shall be provided only for cash money gifts, publicly traded securities, and/or those for which the donor provides Stonehill an appraisal that has been completed by a qualified third party at the time of the gift. Qualified appraisals are required for contributions of property other than money and publicly traded securities if the aggregate reported value of the item of property exceeds \$5,000.00. In the case of nonpublicly traded stock, a qualified appraisal must be provided.

**Article IX. Serving As Trustee**

Stonehill shall not serve as trustee or fiduciary of Charitable Remainder Trusts, Charitable Lead Trusts, Pooled Income Funds, nor Charitable Gift Annuity.

**Article X. Reporting Requirements.**

*Section 10.01 Form 8282 - Donee Information Return.*

- (a) Form 8282 must be filed on or before the 125<sup>th</sup> day after Stonehill sells, exchanges, or otherwise disposes of charitable deduction property if sold or disposed of within two years of the contribution date. Dispositions after two years need not be reported.
- (b) It shall be impermissible to agree with a donor to delay the sale or liquidation of charitable deduction property solely for the purpose of avoiding the filing of form 8282.

*Section 10.02 Quid pro-quo and Gifts of \$250 or More.*

Stonehill shall provide a donor with written acknowledgment of any single gift of \$250 or more. The gift acknowledgment must make a good faith estimate of the value of any goods or services, if any, provided by Stonehill in exchange for a gift and should describe (not value) any property donated and warrant that no exchange of goods or

services is part of the transaction. All Stonehill solicitations for, and acknowledgements for receipt of gifts for which there is an exchange of goods or services shall be accompanied by a written disclosure of the estimated fair market value of the goods and/or services provided.

## **Article XI. Survey of Acceptable Gifts**

### *Section 11.01 Current Gifts and Split-interest Gifts.*

There are two primary options available to a donor:

- (a) *Current Gifts.* A current gift involves the transfer of money or property to Stonehill by a donor, without the receipt of consideration or economic benefit. The donor must retain no control over the money or property transferred to Stonehill to qualify as a current gift, although the donor may place restrictions on the use of the property.

All restrictions will be considered before acceptance of the gift by staff or the GRC, and if accepted, will be honored. The full cost of accomplishing the restricted purpose of a donor-originated gift must be accepted by the donor. If the gift exceeds the cost of fulfilling the restricted purpose of the gift, Stonehill may convert the excess to unrestricted use. If the restricted purpose is later determined to be unachievable, or the gift amount is insufficient to fulfill the restricted purpose of the gift, Stonehill shall refund the gift to the donor unless the donor agrees to modify or release the restriction. Such refunds shall be made consistent with IRS reporting requirements.

Gifts received in response to any of Stonehill's appeals or campaigns shall be considered "designated" in support of the case statement used during the applicable appeal or campaign, unless the donor specifically "restricts" his/her gift to fulfillment of that case statement or purpose, only. Unrestricted gifts that are classified as "designated" gifts may be converted to other purposes without permission of such donors if the campaign exceeds its goal or the Board of Directors decides the needs of the organization have changed or are not as outlined in the applicable campaign's or appeal's case statement.

- (b) *Split-interest Gifts.* A split-interest gift involves the irrevocable transfer of an asset to Stonehill, but the donor generally retains either an income stream or the remainder interest. Current tax laws allow several planning alternatives for split-interest gifts, although a donor will not receive a charitable income, gift or estate tax deduction unless the program selected is in compliance with the requirements established by the Internal Revenue Code.

*Split-interest Gift Alternatives.* The planned giving program may include the following split-interest alternatives if approved by the Stonehill Benevolent Foundation Board of Directors:

- 1) Charitable remainder trust;
- 2) Charitable lead trust;
- 3) Pooled income funds;

- 4) Charitable gift annuities;
- 5) Gifts of remainder interest in personal residence or farm;
- 6) Life insurance;
- 7) Testamentary charitable gifts (a.k.a. charitable “bequests”); and
- 8) Bargain sale.

*Section 11.02 Pledges.*

Donors wishing to make a pledge of a charitable contribution, which contribution is contingent on the occurrence of a future event (i.e. the passage of time, the death of the donor, etc.), should be advised of the possible adverse income and/or gift and/or estate tax consequences associated with the fulfillment of a binding, as opposed to a nonbinding, pledge. Unless the donor’s independent legal counsel advises the donor otherwise, a donor shall be discouraged from making a binding pledge to Stonehill.

## **Addendum A**

### *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:

1. 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.
2. 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.
3. To have access to the organization's most recent financial statements.
4. To be assured their gifts will be used for the purposes for which they were given.
5. To receive appropriate acknowledgment and recognition.
6. To be assured that information about their donations is handled with respect and with confidentiality to the extent provided by law.
7. To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature.
8. To be informed whether those seeking donations are volunteers, employees of the organization or hired solicitors.
9. To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share.
10. To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.

## **Addendum B**

### *Model Standards of Practice of the Charitable Gift Planner*

#### Preamble

The purpose of this statement is to encourage responsible charitable gift planning by urging the adoption of the following Standards of Practice by all who work in the charitable gift planning process, including charitable institutions and their gift planning officers, independent fundraising consultants, attorneys, accountants, financial planners and life insurance agents, collectively referred to hereafter as "Gift Planners."

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

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Compensation paid to Gift Planners shall be reasonable and proportionate to the services provided. Payment of finders 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. Explanation of the Gift

The Gift Planner shall make every effort, insofar as possible, to insure that the donor receives a full and accurate explanation of all aspects of the proposed charitable gift.

#### 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.*

*Approved 2/13/03 by the SFS Board*