

# **Gift Acceptance Policies**

## **Catholic Foundation for the Diocese of Davenport**

### **Davenport, IA**

The Catholic Foundation for the Diocese of Davenport (CFDD), a nonprofit corporation in the State of Iowa, encourages, solicits, accepts and manages gifts in order to foster stewardship and distributes income so as to advance the priorities of the Diocese of Davenport and its entities according to Gospel values.

The mission of the Diocese of Davenport is as follows:

*As a Eucharistic community, we live out Jesus' call to go and make disciples of all nations and to love God and neighbor.*

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

The CFDD promotes and encourages current and deferred gifts from individuals, corporations, and foundations to secure the future growth and mission of the Diocese and its entities. It is the purpose of these policies and guidelines to govern the acceptance of gifts by the CFDD and to provide guidance to prospective donors and their advisors when making gifts to the CFDD. The provisions of these policies shall apply to all gifts received by the CFDD for any of its programs or services.

#### **II. Use of Legal Counsel**

The CFDD shall seek the advice of legal counsel in matters relating to acceptance of gifts where appropriate. Review by counsel is recommended for:

- review of closely held stock transfers that are subject to restrictions or buy-sell agreements,
- review of documents naming the CFDD as Trustee,
- review of all gifts involving contracts, such as bargain sales or other documents requiring the CFDD to assume an obligation,
- review of all transactions with potential conflict of interest that may invoke IRS sanctions,
- and such other instances in which use of counsel is deemed appropriate by the Gift Acceptance Committee.

The Foundation urges all prospective donors to seek the assistance of personal legal and financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences.

#### **III. Restrictions on Gifts**

The CFDD will accept unrestricted gifts, and gifts for specific programs and purposes, provided that such gifts are not inconsistent with its stated mission, purposes, and priorities. Presently, the CFDD board has restricted funds in the following categories: Diocesan Operations, Seminary Education, Healthcare for Priests, Deacon Formation, Social Action, Faith Formation Catholic Schools and other funds as the board approves. The CFDD will not accept gifts that are too restrictive in purpose. Gifts that are too restrictive are those that violate the terms of the corporate charter, gifts that are too difficult to administer, or gifts that are for purposes outside the mission of the CFDD.

The Gift Acceptance Committee of the CFDD shall make all final decisions.

#### **IV. The Gift Acceptance Committee**

The Gift Acceptance Committee shall consist of the Vicar General, Chief Financial Officer, and the Director of Development and up to two other members approved by the CFDD. The Gift Acceptance Committee is charged with the responsibility of reviewing all gifts made to the CFDD, properly screening and accepting those gifts, and making recommendations to the Bishop of the Diocese on gift acceptance issues where appropriate. The Bishop has the right to overturn any decision made by the Gift Acceptance Committee. Only gifts that meet these CFDD gift acceptance policies shall be accepted.

#### **V. Types of Gifts**

A. The following gifts are acceptable:

1. Cash
2. Tangible personal property
3. Securities
4. Real Estate
5. Remainder interests in property
6. Bargain sale
7. Life Insurance
8. Charitable gift annuities
9. Charitable remainder trusts
10. Charitable lead trusts
11. Retirement plan beneficiary designations
12. Bequests
13. Gifts of grain and livestock.
14. Vehicles
15. Endowed gifts

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

1. Cash is acceptable in any form. Checks shall be made payable to the CFDD.
2. Tangible personal property shall be examined in the light of the following criteria:
  - Does the property fulfill the mission of the diocesan entity?
  - 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?
3. The CFDD can accept both publicly traded and closely held securities. Marketable securities may be transferred to an account maintained at one or more brokerage firms or delivered physically with transferor's signature or stock power attached. Ordinarily, all marketable securities shall be sold upon receipt unless otherwise directed by the Gift Acceptance Committee. Closely held securities, which include not only debt and equity positions in non-publicly traded companies but also interests in Limited Liability

Partnerships (LLPs) and Limited Liability Corporations (LLCs) or other ownership forms, can be accepted subject to the approval of the Gift Acceptance Committee of the CFDD.

4. 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 CFDD shall require an initial environmental review of the property to insure that the property has no environmental issues and a building inspection for code issues or structural concerns. In the event that the initial inspection reveals a potential problem, the CFDD shall retain a qualified inspection firm to conduct an environmental audit. The cost of the environmental audit and/or building inspection 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 CFDD and the Diocese's legal counsel.

Criteria for acceptance of the property shall include:

- Is the property useful for the purposes of the Diocese of Davenport and its entities?
  - Is the property marketable?
  - Are there any restrictions, reservations, easements, or other limitations associated with the property?
  - Are there any 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 acceptable?
5. The CFDD will accept a remainder interest in a personal residence, farm, or vacation home subject to the provisions in paragraph 4 above. 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 CFDD may use the property or reduce it to cash. Where the Foundation receives a gift of a remainder interest, expenses for maintenance, real estate taxes, any property indebtedness and liabilities are to be paid by the donor.
  6. The CFDD will enter into a bargain sale arrangement in instances in which the bargain sale furthers the mission and purposes of the Diocese. All bargain sales must be reviewed and recommended by the Gift Acceptance Committee. Factors used in determining the appropriateness of the transaction include:
    - The CFDD must obtain an independent appraisal substantiating the value of the property.
    - If the CFDD assumes debt with the property, the debt ratio must be less than 50% of the appraised market value.
    - The CFDD 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 CFDD must calculate the costs to safeguard, insure, and cover expenses of the property (including property tax, if applicable) during the holding period.
  7. The CFDD may accept a gift of life insurance provided the CFDD or the Diocese is named both the beneficiary and the irrevocable owner of the insurance policy. The gift shall be

valued upon receipt using the Internal Revenue Service's safe harbor rules. If the donor contributes future premium payments, the CFDD 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 CFDD may:

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

8. The CFDD offers charitable gift annuities. These will be administered through the Community Foundation of the Great River Bend.
9. The CFDD may accept designation as remainder of a charitable remainder trust with the approval of the Gift Acceptance Committee of the CFDD. The CFDD will not accept appointment as Trustee of a charitable remainder trust.
10. The CFDD may accept a designation as income beneficiary of a charitable lead trust. The CFDD will not accept an appointment as Trustee of a charitable lead trust.
11. Donors and supporters of the Foundation shall be encouraged to name the CFDD as beneficiary of their retirement plans. Such designations shall not be recorded as gifts to the CFDD 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.
12. The CFDD encourages its donors to make bequests to the CFDD in their wills and trusts. Such bequests shall not be recorded as gifts to the CFDD 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.
13. Gifts of Grain and Livestock: Gifts of grain and livestock shall be treated in a similar manner to gifts of stock. As a general rule any gift of grain given to the CFDD or one of its entities shall be sold immediately upon receipt at the fair market value at the time of the gift. The transfer is handled through a grain elevator in much the same way as a stock gift is handled through a broker.
14. For the donation of a vehicle, the CFDD will strictly follow the guidelines set out in IRS Publications 4303 and 526. In general, if the CFDD decides to sell the vehicle after donation, the deduction is limited to the gross proceeds from the sale and a letter regarding the value is sent immediately to the donor. Occasionally the donor may deduct the vehicle's fair market value on the date of the gift. These exceptions to the standard are described in IRS Publication 4303.
15. For donors wishing to receive the 25% state tax credit for gifts to a community foundation

and/or for donor restricted endowed gifts, such gifts will be placed in the Catholic Diocese of Davenport Endowment Fund at the Community Foundation of the Great River Bend or another qualified community foundation.

16. Unless otherwise stated, gifts up to \$25,000 other than securities can be disposed of without Gift Acceptance Committee approval.

## **VI. Miscellaneous Provisions**

1. It will be the responsibility of the donor to secure his/her own independent legal counsel and to secure an appraisal (where required) for all gifts made to the CFDD.
2. The CFDD shall record a gift received by the CFDD at its valuation for gift purposes on the date of the gift.
3. The Gift Acceptance Committee of the CFDD is responsible for filing IRS Form 8282 upon sale or disposition of an asset sold within three years of receipt by the CFDD when the charitable deduction value of the item is more than \$5000. The CFDD must file this form within 125 days of the date of the sale or disposition of the asset.
4. Acknowledgement of all gifts made to the CFDD and compliance with the current IRS requirements in acknowledgement of such gifts shall be the responsibility of the CFDD.

## **VII. Gift and Donor Recognition Policies**

1. Acknowledgment of all gifts made to the CFDD, in compliance with the current IRS requirements in acknowledgment of such gifts, shall be the responsibility of the appropriate official of that entity.
2. All life income instruments – Charitable Remainder Trusts, Charitable Gift Annuities, and Lead Trusts – shall be acknowledged at the value of the charitable tax deduction amount at the time the gift is made.
3. All diocesan entities are encouraged to utilize donor recognition tools, such as plaques and trees, to encourage gifts for specific purposes. Qualification for recognition on these instruments may or may not have minimum giving levels.
4. Gifts-in-kind will be considered for recognition if such gifts are eligible for a charitable tax deduction under current IRS standards and if the appropriate officer of the specific diocesan entity determines the gift can be converted to cash or used by the CFDD.
5. Gifts of personal property will be recognized at the appraised value of the gift at the time it is made. If there are restrictions on the sale, the gift will be reviewed on an individual basis.

## **VIII. Naming Opportunities**

Naming opportunities in conjunction with the receipt of an irrevocable gift may be appropriate. The determination of the minimum qualifying gift and the actual physical location to be named is a decision made by the Diocese in collaboration with the head official of the specific diocesan or parish entity involved or the CFDD.

## **IX. Changes to Policies**

These policies and guidelines have been reviewed and accepted by the Bishop of the Diocese of Davenport. The Board of Directors of the CFDD must approve, submit any changes to or deviations from these policies to the Bishop of the Diocese of Davenport.

11/4 /09 Gift Acceptance Policy Catholic Foundation  
5/21/2012 CFDD board reviewed, edited and approved.