

Sisters of St. Dominic

GIFT ACCEPTANCE POLICY AND GUIDELINES

The Sisters of St. Dominic (hereafter referred to as the "Racine Dominicans"), a not for profit corporation organized under the laws of the State of Wisconsin, encourages the solicitation and acceptance of gifts for purposes that will help further and fulfill the mission of the Racine Dominicans and to support their sponsored ministries. The following policy and guidelines govern acceptance of gifts made to the Racine Dominicans and to any of its sponsored ministries. Grants are considered a form of gift and are included in this policy.

Any gift that has long-term restrictions or long-term obligations, e.g. up-keep, maintenance and repairs, etc. will always require the approval of the Elected Leadership of the Sisters of St. Dominic.

Procedures for acknowledging gifts that have been accepted and procedures for recording cash and in-kind donations on the financials for each sponsored ministry should be attached to this policy as Appendixes.

I. Purpose of Policy and Guidelines

The Racine Dominicans and any of its sponsored ministries may solicit current and deferred gifts from individuals, corporations, and foundations to secure the current operations and future growth of its programs. It is the purpose of these policies and guidelines to govern the acceptance of gifts and to provide guidance to prospective donors and their advisors when making gifts. The provisions of these policies shall apply to all gifts received by the Racine Dominicans or any of its ministries for programs or services. The abbreviation of "RD" in the balance of this document will be used to mean Racine Dominicans or any of its sponsored ministries. RD Finance Committee shall mean the finance committee of the appropriate governing Board of Directors. RD Finance Director shall mean the Director of Finance of the Racine Dominicans.

II. Use of Legal Counsel

RD shall seek the advice of legal counsel in matters relating to acceptance of gifts where appropriate. Review by counsel is recommended for but not limited to:

- a. review of closely held stock transfers,
- b. review of gifts involving real estate interests, timber interests, mineral interests, and fractional interests,
- c. review of all gifts involving contracts, such as insurance policies, bargain sales or other documents and/or transactions which require RD to undertake a legal obligation,
- d. review of all transactions which involve a conflict of interest,
- e. review of a complicated will, when gift is at death,
- f. and such other instances in which use of counsel is deemed appropriate by the RD Finance Director or the Elected Leadership of the Sisters of St. Dominic.

III. Conflict of Interest

All prospective donors shall be strongly urged to seek the assistance of personal legal and financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences. RD will comply with the Model Standards of Practice for the Charitable Gift Planner promulgated by the National Committee on Planned Giving, shown as an appendix to this document.

IV. Restrictions on Gifts and Grants

RD may accept unrestricted gifts, and gifts for specific programs and purposes, provided that such gifts are not inconsistent with its stated mission, purposes, and priorities. RD 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 RD. All final decisions on the restrictive nature of a gift, and its acceptance or refusal, shall be made by the RD Elected Leadership at the recommendation from the RD Finance Committee and/or RD Finance Director.

- A. A restricted gift is one which is given with any conditions on how it may be used. All gifts are considered unrestricted unless the donor makes the gift with an express written condition.
- B. Restricted gifts may be accepted, subject to the following:
 - 1. No gift may be accepted if it would provide a direct financial benefit to the donor.
 - 2. No gift may be accepted if it is restricted to benefit a specific individual or individuals or if the donor reserves the right to choose the individual to benefit from the gift.
 - 3. No gift may be accepted if it is restricted to uses that are not consistent with the missions of RD.
 - 4. No gift may be accepted if its restrictions would subject RD to adverse publicity.
 - 5. All restrictions must be stated by the donor prior to acceptance of the gift by RD; no gift may be accepted if the donor retains any right to impose additional restrictions after acceptance by RD.
- C. A restricted gift contingent on naming RD or any of its sponsored programs as Trustee will be not be accepted.
- D. Acceptance of restricted gifts with an estimated fair value of \$5,000 or more, if not already approved through the formal budget process, must be approved by the RD Elected Leadership.

V. Types of Gifts

- A. The following gifts are acceptable:
 - 1. Cash
 - 2. Personal Property
 - 3. Securities
 - 4. Real Estate
 - 5. Remainder Interests in Property
 - 6. Oil, Gas, and Mineral Interests
 - 7. Bargain Sales
 - 8. Life Insurance
 - 9. Charitable Remainder Trusts
 - 10. Charitable Lead Trusts
 - 11. Retirement Plan Beneficiary Designations
 - 12. Bequests
 - 13. Life Insurance Beneficiary Designations
 - 14. Intangible Property (i.e. copyright, patent)

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

1. **Cash:** Gifts in the form of cash and checks shall be acceptable regardless of the amount unless, as is the case of all gifts, there is a question as to whether the donor has sufficient title to the assets or is mentally competent to legally transfer the funds as a gift.

All checks shall be made payable to RD and should not be made payable to an employee, agent or volunteer representing RD. All cash and checks shall be delivered to the finance office of one of the appropriate RD sponsored programs.

2. **Personal Property:** Gifts of significant personal property shall be examined in light of the following criteria.

- Does the property support the mission of RD?
- 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?

The final determination on the acceptance of personal property gifts that are of significant value shall be made by the Elected Leadership of the Sisters of St. Dominic. When appropriate the Leadership may request the recommendation of the RD Finance Committee. Gifts of personal property can be delivered to the RD main office.

3. **Securities:** RD can accept both publicly traded securities and closely held securities.

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. 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 Elected Leadership of the Sisters of St. Dominic at the recommendation from the RD Finance Director.

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, may be accepted subject to the approval of the Elected Leadership of the Sisters of St. Dominic at the recommendation from the RD Finance Director. However, gifts must be reviewed prior to acceptance to determine that:

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

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 Elected Leadership of the Sisters of St. Dominic and legal counsel where necessary. Every effort will be made to sell non-marketable securities as quickly as feasible.

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 the real property, the gift shall be approved by the Elected Leadership of the Sisters of St. Dominic with the advice of legal counsel. Criteria for acceptance of the property shall include:

- Is the property useful to the mission of RD?
- 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?
 - a. No gift of real estate shall be accepted by anyone on behalf of RD without prior approval of the Elected Leadership of the Sisters of St. Dominic.
 - b. No gift of real estate shall be accepted without first being appraised by a party chosen by RD who shall have no business or other relationship to the donor. The cost of this appraisal shall generally be an expense of the donor.
 - c. RD must determine that the title is good and property has a market. Where appropriate, a title binder shall be obtained by RD prior to the acceptance of the real property gift. The cost of this title binder shall generally be an expense of the donor.
 - d. No gift of real estate will be accepted without an initial environmental review of the property to insure that the property is not contaminated with environmental damage. RD shall choose an environmental firm which shall have no business or other relationship to the donor. Environmental inspection forms are attached as an appendix to this document. In the event that the initial inspection reveals a potential problem, RD shall retain a qualified inspection firm to conduct an environmental audit. The cost of the environmental audit shall generally be an expense of the donor.

5. **Remainder Interests In Property:** RD may accept a remainder interest in a personal residence, farm, or vacation property subject to the provisions of 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, RD may use the property or reduce it to cash. Where the RD receives a gift of a remainder interest, expenses for maintenance, real estate taxes, and any property indebtedness are to be paid by the donor or primary beneficiary.

6. **Oil, Gas, and Mineral Interests:** RD may accept oil and gas property interests, where appropriate. Prior to acceptance of an oil and gas interest the gift shall be approved by the Elected Leadership of the Sisters of St. Dominic, and if necessary, by RD legal counsel. Criteria for acceptance of the property shall include:

- Gifts of surface rights should have a value of \$30,000 or greater.

- Gifts of oil, gas and mineral interests should generate at least \$5,000 per year in royalties or other income (as determined by the average of the three years prior to the gift).
- The property should not be subject to extended liabilities or other considerations that make receipt of the gift inappropriate. If the interest is a working interest the organization should determine the impact on RD so that it may develop a plan to minimize that impact if accepted.
- The property should undergo an environmental review to ensure that RD has no current or potential exposure to environmental liability.

7. **Bargain Sales:** RD may enter into a bargain sale arrangement in instances in which the bargain sale furthers the mission and purposes of the sponsored ministry. All bargain sales must be reviewed and recommended by the RD Finance Director. Factors used in determining the appropriateness of the transaction include the following.

- RD must obtain an independent appraisal substantiating the value of the property.
- If RD assumes debt with the property, the debt ratio must be less than 50% of the appraised market value
- RD 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
- RD must consider the costs to safeguard, insure, and maintain the property (including property tax, if applicable) during the holding period.

8. **Life Insurance:** RD must be named as both beneficiary and irrevocable owner of an insurance policy before a life insurance policy is recorded as a gift. The gift is valued at its interpolated terminal reserve value, or cash surrender value, upon receipt. If the donor contributes future premium payments, RD 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, RD may:

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

9. **Charitable Remainder Trusts:** RD may accept designation as remainder beneficiary of a charitable remainder trust with the approval of the Elected Leadership of the Sisters of St. Dominic at the recommendation of the RD Finance Committee. RD shall not accept appointment as Trustee of a charitable remainder trust.

10. **Charitable Lead Trusts:** RD may accept a designation as income beneficiary of a charitable lead trust with the approval of the Elected Leadership of the Sisters of St. Dominic at the recommendation of the RD Finance Committee. RD shall not accept an appointment as Trustee of a charitable lead trust.

11. **Retirement Plan Beneficiary Designations:** Donors and supporters of the RD are encouraged to name the Racine Dominicans as beneficiary of their retirement plans. Such designations shall not be recorded as gifts to RD 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. **Bequests:** Donors and supporters of the RD are encouraged to make bequests to the RD under their wills and trusts. Such bequests shall not be recorded as gifts to RD 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. **Life Insurance Beneficiary Designations:** Donors and supporters of the RD are encouraged to name the RD as beneficiary or contingent beneficiary of their life insurance policies. Such designations shall not be recorded as gifts to RD 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.

14. **Intangible Property:** All gifts of intangible personal property shall be examined in light of the following criteria.

- Does the property support the mission of RD?
- 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?

The final determination on the acceptance of any intangible property gifts shall be made by the RD Elected Leadership at the recommendation of the RD Finance Director.

VII. Miscellaneous Provisions

- A. **Expense of appraisals and legal fees for gifts to the Charity:** If an appraisal is required, RD will select the appraiser and the cost will be the responsibility of the donor. All donors are encouraged to seek independent legal counsel for a gift made to RD. All costs will be the responsibility of the donor.
- B. **Valuation of gifts:** RD shall record the value of the gift on the date of the gift.
- C. **Acknowledgement of gifts to donors:** Acknowledgement of all gifts shall be the responsibility of each RD Program. All gifts will be acknowledged in compliance with the current IRS requirements. RD Finance Director will keep the RD Programs informed of the latest IRS guidelines on determining the value of donated property and the acknowledgement requirements.
- D. **Responsibility for IRS Filings:** Certain donated physical property will have additional IRS reporting requirements upon acceptance and if that same donated physical property is sold by RD within an IRS determined time frame. The RD Finance Director will annually advise each RD finance office of the types and values of donations that need special attention.

VIII. Changes to Policies

These policies and guidelines have been reviewed and accepted by the RD Elected Leadership. The RD Elected Leadership must approve any changes to or deviations from these policies.

Approved on the 23rd day of April, 2010.

Sisters of St. Dominic:

Sharon Simon, O.P.

Sharon Simon, OP
President

Agnes Johnson, O.P.

Agnes Johnson, OP
Vice President

Maryann McMahon, O.P.

Maryann McMahon, OP
Secretary/Treasurer